# 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, 2015**

**OR**

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

**For the transition period from __________ to __________**

**Commission file number 001-33812**

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☐ No ☒

As of July 23, 2015, there were 109,660,488 shares of the registrant’s common stock, par value $0.01, outstanding.

**MSCI INC.**
**FORM 10-Q**

**FOR THE QUARTER ENDED JUNE 30, 2015**

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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, 2014, as amended, 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 Alert 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. Condensed Consolidated Financial Statements**

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

| | As of | |
|---|---|---|
| | June 30, 2015 | December 31, 2014 |
| | (unaudited) | |
| **ASSETS** | | |
| **Current assets:** | | |
| Cash and cash equivalents | $ 455,021 | $ 508,799 |
| Accounts receivable (net of allowances of $938 and $857 at June 30, 2015 and December 31, 2014, respectively) | 214,487 | 178,717 |
| Deferred taxes | 16,720 | 22,209 |
| Prepaid income taxes | 53,682 | 29,180 |
| Prepaid and other assets | 36,866 | 31,727 |
| Total current assets | 776,776 | 770,632 |
| Property, equipment and leasehold improvements (net of accumulated depreciation and amortization of $105,731 and $92,808 at June 30, 2015 and December 31, 2014, respectively) | 93,293 | 94,074 |
| Goodwill | 1,565,453 | 1,564,904 |
| Intangible assets (net of accumulated amortization of $395,743 and $372,209 at June 30, 2015 and December 31, 2014, respectively) | 410,199 | 433,628 |
| Other non-current assets | 29,907 | 30,937 |
| **Total assets** | $2,875,628 | $2,894,175 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current liabilities:** | | |
| Accounts payable | $ 2,170 | $ 2,835 |
| Accrued compensation and related benefits | 69,874 | 111,408 |
| Other accrued liabilities | 47,825 | 47,894 |
| Deferred revenue | 338,763 | 310,775 |
| Total current liabilities | 458,632 | 472,912 |
| Long-term debt | 800,000 | 800,000 |
| Deferred taxes | 128,366 | 137,838 |
| Other non-current liabilities | 54,916 | 50,592 |
| **Total liabilities** | 1,441,914 | 1,461,342 |
| **Commitments and Contingencies (see Note 8)** | | |
| **Shareholders' equity:** | | |
| Preferred stock (par value $0.01; 100,000,000 shares authorized; no shares issued) | — | — |
| Common stock (par value $0.01; 750,000,000 common shares authorized; 128,039,963 and 126,637,390 common shares issued and 110,578,431 and 112,072,469 common shares outstanding at June 30, 2015 and December 31, 2014, respectively) | 1,280 | 1,266 |
| Treasury shares, at cost (17,461,532 and 14,564,921 common shares held at June 30, 2015 and December 31, 2014, respectively) | (785,787) | (588,378) |
| Additional paid in capital | 1,161,410 | 1,022,221 |
| Retained earnings | 1,081,671 | 1,022,695 |
| Accumulated other comprehensive loss | (24,860) | (24,971) |
| **Total shareholders' equity** | 1,433,714 | 1,432,833 |
| **Total liabilities and shareholders' equity** | $2,875,628 | $2,894,175 |

**See Notes to Unaudited Condensed Consolidated Financial Statements**

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | (unaudited) | | | |
| **Operating revenues** | $270,580 | $254,226 | $533,349 | $493,914 |
| **Operating expenses:** | | | | |
| Cost of services | 76,753 | 76,816 | 159,406 | 152,243 |
| Selling, general and administrative | 75,556 | 71,516 | 148,021 | 139,174 |
| Amortization of intangible assets | 11,695 | 11,442 | 23,397 | 22,712 |
| Depreciation and amortization of property, equipment and leasehold improvements | 8,065 | 5,921 | 15,272 | 11,749 |
| **Total operating expenses** | 172,069 | 165,695 | 346,096 | 325,878 |
| **Operating income** | 98,511 | 88,531 | 187,253 | 168,036 |
| Interest income | (185) | (192) | (389) | (348) |
| Interest expense | 11,116 | 5,366 | 22,224 | 10,425 |
| Other expense (income) | 164 | (726) | 342 | 345 |
| **Other expense (income), net** | 11,095 | 4,448 | 22,177 | 10,422 |
| **Income from continuing operations before provision for income taxes** | 87,416 | 84,083 | 165,076 | 157,614 |
| Provision for income taxes | 31,399 | 27,280 | 59,435 | 53,665 |
| **Income from continuing operations** | 56,017 | 56,803 | 105,641 | 103,949 |
| **Income (loss) from discontinued operations, net of income taxes** | — | 50,857 | (5,797) | 84,110 |
| **Net income** | $ 56,017 | $107,660 | $ 99,844 | $188,059 |
| **Earnings per basic common share:** | | | | |
| Earnings per basic common share from continuing operations | $ 0.50 | $ 0.48 | $ 0.94 | $ 0.89 |
| Earnings per basic common share from discontinued operations | — | 0.44 | (0.05) | 0.71 |
| **Earnings per basic common share** | $ 0.50 | $ 0.92 | $ 0.89 | $ 1.60 |
| **Earnings per diluted common share:** | | | | |
| Earnings per diluted common share from continuing operations | $ 0.50 | $ 0.48 | $ 0.93 | $ 0.88 |
| Earnings per diluted common share from discontinued operations | — | 0.43 | (0.05) | 0.71 |
| **Earnings per diluted common share** | $ 0.50 | $ 0.91 | $ 0.88 | $ 1.59 |
| **Weighted average shares outstanding used in computing earnings per share:** | | | | |
| **Basic** | 112,143 | 116,702 | 112,330 | 117,140 |
| **Diluted** | 112,931 | 117,664 | 113,225 | 118,128 |
| **Dividend declared per common share** | $ 0.18 | $ — | $ 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, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | (unaudited) | | | |
| Net income | $56,017 | $107,660 | $99,844 | $188,059 |
| Other comprehensive income (loss): | | | | |
| Foreign currency translation adjustments | 6,151 | (2,758) | (439) | (1,726) |
| Income tax effect | 766 | 1,065 | 634 | 665 |
| Foreign currency translation adjustments, net | 6,917 | (1,693) | 195 | (1,061) |
| Pension and other post-retirement adjustments | (271) | 173 | (97) | 166 |
| Income tax effect | 64 | (2) | 13 | 2 |
| Pension and other post-retirement adjustments, net | (207) | 171 | (84) | 168 |
| Other comprehensive income (loss), net of tax | 6,710 | (1,522) | 111 | (893) |
| Comprehensive income | $62,727 | $106,138 | $99,955 | $187,166 |

**See Notes to Unaudited Condensed Consolidated Financial Statements**

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

| | Six Months Ended June 30, 2015 | Six Months Ended June 30, 2014 |
|---|---|---|
| | (unaudited) | |
| **Cash flows from operating activities** | | |
| Net income | $ 99,844 | $ 188,059 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Amortization of intangible assets | 23,397 | 25,452 |
| Stock-based compensation expense | 14,539 | 12,457 |
| Depreciation and amortization of property, equipment and leasehold improvements | 15,272 | 11,968 |
| Amortization of debt origination fees | 893 | 888 |
| Deferred taxes | (3,541) | 3,475 |
| Amortization of discount on long-term debt | — | 240 |
| Excess tax benefits from share-based compensation | (13,232) | (2,773) |
| Gain on disposition of subsidiary, net of costs | — | (84,615) |
| Other non-cash adjustments | 3,849 | 548 |
| Changes in assets and liabilities, net of assets and liabilities assumed: | | |
| Accounts receivable | (36,181) | (59,081) |
| Prepaid income taxes | (11,541) | (19,578) |
| Prepaid and other assets | 1,631 | (6,181) |
| Accounts payable | (669) | 1,229 |
| Accrued compensation and related benefits | (37,711) | (42,237) |
| Deferred revenue | 27,989 | 54,484 |
| Other accrued liabilities | 1,087 | 11,790 |
| Other | 5,083 | (2,073) |
| **Net cash provided by operating activities** | 90,709 | 94,052 |
| **Cash flows from investing activities** | | |
| Disposition, net of cash provided | — | 362,811 |
| Capital expenditures | (15,550) | (18,486) |
| Capitalized software development costs | (2,787) | (3,478) |
| Proceeds from the sale of capital equipment | 55 | 8 |
| **Net cash (used in) provided by investing activities** | (18,282) | 340,855 |
| **Cash flows from financing activities** | | |
| Repayment of long-term debt | — | (10,125) |
| Repurchase of treasury shares | (97,567) | (108,903) |
| Proceeds from exercise of stock options | 1,760 | 5,406 |
| Excess tax benefits from stock-based compensation | 13,232 | 2,773 |
| Payment of dividends | (40,843) | — |
| **Net cash used in financing activities** | (123,418) | (110,849) |
| **Effect of exchange rate changes** | (2,787) | 747 |
| **Net (decrease) increase in cash and cash equivalents** | (53,778) | 324,805 |
| **Cash and cash equivalents, beginning of period** | 508,799 | 358,434 |
| **Cash and cash equivalents, end of period** | $ 455,021 | $ 683,239 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | $ 20,747 | $ 9,346 |
| Cash paid for income taxes | $ 78,347 | $ 71,896 |
| Supplemental disclosure of non-cash investing activities: | | |
| Property, equipment and leasehold improvements in other accrued liabilities | $ 5,731 | $ 14,576 |

**See Notes to Unaudited Condensed Consolidated Financial Statements**

**MSCI INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(UNAUDITED)**

## 1. INTRODUCTION AND BASIS OF PRESENTATION

MSCI Inc., together with its wholly-owned subsidiaries (the "Company" or "MSCI"), is a global provider of investment decision support tools, including indexes, portfolio risk and performance analytics and multi-asset class market risk analytics products and services. The Company's flagship products are its global equity indexes and environmental, social and governance ("ESG") products, its private real estate benchmarks, its portfolio risk and performance analytics covering global equity, its multi-asset class, market and credit risk analytics and its performance reporting products and services offered to investment consultants.

On March 17, 2014, MSCI entered into a definitive agreement to sell Institutional Shareholder Services Inc. ("ISS"). As a result, the Company reported the operating results of ISS in "Income (loss) from discontinued operations, net of income taxes" in the Unaudited Condensed Consolidated Statements of Income for the three and six months ended June 30, 2015 and 2014. Unless otherwise indicated, the disclosures accompanying these unaudited condensed consolidated financial statements reflect the Company's continuing operations. The Company completed the sale of ISS on April 30, 2014. See Note 3, "Disposition and Discontinued Operations," for further details.

### 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, 2015 and December 31, 2014, the results of operations and comprehensive income for the three and six months ended June 30, 2015 and 2014 and cash flows for the six months ended June 30, 2015 and 2014. 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, as amended, for the year ended December 31, 2014. The unaudited condensed consolidated financial statement information as of December 31, 2014 has been derived from the 2014 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*

For the six months ended June 30, 2015 and 2014, BlackRock, Inc. accounted for 10.5% and 10.4%, respectively, of the Company's operating revenues.

## 2. RECENT ACCOUNTING STANDARDS UPDATES

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *"Revenue from Contracts with Customers,"* 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 using either a full retrospective or modified approach to adopt ASU 2014-09. On July 9, 2015, the FASB voted to 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 evaluating the potential impact that the update will have on its unaudited condensed consolidated financial statements.

In April 2015, the FASB issued Accounting Standards Update No. 2015-03, *"Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs,"* or ASU 2015-03. The objective of ASU 2015-03 is to simplify the presentation of debt issuance costs requiring that debt issuance costs related to a recognized debt liability be presented on the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Currently, debt issuance costs are recognized and presented as a deferred charge (that is, an asset). The new guidance is effective for annual reporting periods (including interim periods within those periods) beginning after December 15, 2015, with early adoption permitted for financial statements that have not been previously issued. The Company is evaluating the potential impact of the adoption of ASU 2015-03, but does not expect the adoption to have a material effect on its unaudited condensed consolidated financial statements.

In April 2015, the FASB issued Accounting Standards Update No. 2015-05, *"Intangibles – Goodwill and Other – Internal-Use Software,"* or ASU 2015-05. The amendments in ASU 2015-05 provide guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The guidance will not change GAAP for a customer's accounting for service contracts. The new guidance is effective for annual reporting periods (including interim periods within those periods) beginning after December 15, 2015, with early adoption permitted. The Company is evaluating the potential impact of the adoption of ASU 2015-05, but does not expect the adoption to have a material effect on its unaudited condensed consolidated financial statements.

## 3. DISPOSITION AND DISCONTINUED OPERATIONS

On March 17, 2014, MSCI entered into a definitive agreement to sell ISS. ISS was classified as a discontinued operation during the three months ended March 31, 2014. Since that time, MSCI has segregated the operating results of ISS in "Income (loss) from discontinued operations, net of income taxes" in the Unaudited Condensed Consolidated Statements of Income for the three and six months ended June 30, 2015 and 2014.

The sale of ISS was completed on April 30, 2014 for $367.4 million, subject to final working capital adjustments. The value of the assets and liabilities of ISS that were disposed, directly attributable transaction costs and the resulting gain on disposal that had been reported in "Income from discontinued operations, net of income taxes" for the three and six months ended June 30, 2014 was as follows:

| **(in thousands)** | |
|---|---|
| Cash proceeds | $ 367,355 |
| Less: Initial working capital adjustments | (316) |
| Total proceeds | 367,039 |
| Less assets sold and liabilities relieved resulting from disposal: | |
| Cash and cash equivalents | (4,544) |
| Accounts receivable | (15,765) |
| Deferred taxes (current) | (3,174) |
| Prepaid taxes | (617) |
| Prepaid and other assets | (4,500) |
| Property, equipment and leasehold improvements (net of accumulated depreciation and amortization of $4,213) | (8,544) |
| Goodwill | (254,233) |
| Intangible assets (net of accumulated amortization of $50,283) | (121,269) |
| Other non-current assets | (1,645) |
| Accounts payable | 574 |
| Accrued compensation and related benefits | 6,783 |
| Other accrued liabilities | 4,034 |
| Deferred revenue | 51,767 |
| Deferred taxes (non-current) | 59,129 |
| Other non-current liabilities | 5,576 |
| Other comprehensive income including currency translation adjustments and pension and other post-retirement adjustments | 4,004 |
| Net assets sold | (282,424) |
| Less: Transaction costs | (5,946) |
| **Gain on sale of ISS** | $ 78,669 |

Amounts associated with discontinued operations reflected in the Unaudited Condensed Consolidated Statements of Income for the three and six months ended June 30, 2015 and 2014 were as follows:

| | Three Months Ended June 30, | |
|---|---|---|
| | 2015 | 2014 |
| | (in thousands) | |
| Revenue from discontinued operations | $ — | $ 10,912 |
| Income from discontinued operations before provision for income taxes | $ — | $ 80,147 |
| Provision for income taxes | — | 29,290 |
| **Income (loss) from discontinued operations, net of income taxes** | $ — | $ 50,857 |

| | Six Months Ended June 30, | |
|---|---|---|
| | 2015 | 2014 |
| | (in thousands) | |
| Revenue from discontinued operations | $ — | $43,122 |
| Income from discontinued operations before provision for income taxes | $ — | $86,364 |
| Provision for income taxes | 5,797 | 2,254 |
| **Income (loss) from discontinued operations, net of income taxes** | $(5,797) | $84,110 |

The three months ended March 31, 2014 included a $30.6 million income tax benefit associated with establishing a net deferred tax asset on the difference between the ISS tax basis and book basis. This net deferred tax asset was realized in the three months ended June 30, 2014 upon the closing of the sale, which reflects the tax basis capital loss realized on this book gain.

The six months ended June 30, 2015 reflect the impact of an out-of-period income tax charge associated with tax obligations triggered upon the sale of ISS.

## 4. RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

As required by FASB's ASC Subtopic 220-10, "*Comprehensive Income—Overall*," the following tables present the amounts reclassified from "Accumulated other comprehensive income (loss)" by the respective line item in the Unaudited Condensed Consolidated Statements of Income for the three and six months ended June 30, 2015 and 2014.

**Reclassifications Out of Accumulated Other Comprehensive Income (Loss)[1]**
**(in thousands)**

| Details about Accumulated Other Comprehensive Income (Loss) Components | Amount Reclassified from Accumulated Other Comprehensive Income (Loss) | | Affected Line Item in the Unaudited Condensed Consolidated Statements of Income |
|---|---|---|---|
| | Three and Six Months Ended June 30, 2015 | Three and Six Months Ended June 30, 2014 | |
| Defined benefit pension plans | | | |
| Amount recognized as a component of net periodic benefit expense for curtailments and settlements | $ — | $ (186)[2] | |
| | — | 6 | Tax expense |
| | $ — | $ (180) | Net of tax |
| Foreign currency translation adjustment | $ — | $ 4,184[2] | |
| Total reclassifications for the period, net of tax | $ — | $ 4,004 | |

(1) Amounts in parentheses indicate expenses or losses moved to the Unaudited Condensed Consolidated Statements of Income.
(2) These accumulated other comprehensive income components were reclassified to “Income (loss) from discontinued operations, net of taxes” as part of the gain on the disposition of ISS.

## 5. 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 the three and six months ended June 30, 2015 because of their anti-dilutive effect. There were 104,272 stock options excluded from the calculation of diluted EPS for the three and six months ended June 30, 2014 because of their anti-dilutive effect.

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:

| (in thousands, except per share data) | Three Months Ended June 30, 2015 | Three Months Ended June 30, 2014 | Six Months Ended June 30, 2015 | Six Months Ended June 30, 2014 |
|---|---|---|---|---|
| Income from continuing operations, net of income taxes | $ 56,017 | $ 56,803 | $105,641 | $103,949 |
| Income (loss) from discontinued operations, net of income taxes | — | 50,857 | (5,797) | 84,110 |
| Net income | $ 56,017 | $107,660 | $ 99,844 | $188,059 |
| Less: Allocations of earnings to unvested restricted stock units(1) | (18) | (153) | (32) | (268) |
| Earnings available to MSCI common shareholders | $ 55,999 | $107,507 | $ 99,812 | $187,791 |
| Basic weighted average common shares outstanding | 112,143 | 116,702 | 112,330 | 117,140 |
| Effect of dilutive securities: | | | | |
| Stock options and restricted stock units | 788 | 962 | 895 | 988 |
| Diluted weighted average common shares outstanding | 112,931 | 117,664 | 113,225 | 118,128 |
| Earnings per basic common share from continuing operations | $ 0.50 | $ 0.48 | $ 0.94 | $ 0.89 |
| Earnings per basic common share from discontinued operations | — | 0.44 | (0.05) | 0.71 |
| **Earnings per basic common share** | $ 0.50 | $ 0.92 | $ 0.89 | $ 1.60 |
| Earnings per diluted common share from continuing operations | $ 0.50 | $ 0.48 | $ 0.93 | $ 0.88 |
| Earnings per diluted common share from discontinued operations | — | 0.43 | (0.05) | 0.71 |
| **Earnings per diluted common share** | $ 0.50 | $ 0.91 | $ 0.88 | $ 1.59 |

(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 have a right to participate in all of the earnings of the Company in the computation of basic EPS and, therefore, these restricted stock units are not included as incremental shares in the diluted EPS computation.

## 6. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements at June 30, 2015 and December 31, 2014 consisted of the following:

| Type | Estimated Useful Lives | As of June 30, 2015 | As of December 31, 2014 |
|---|---|---|---|
| | | (in thousands) | |
| Computer & related equipment | 2 to 5 years | $ 135,792 | $ 118,537 |
| Furniture & fixtures | 7 years | 10,169 | 9,569 |
| Leasehold improvements | 1 to 21 years | 49,804 | 49,756 |
| Work-in-process | — | 3,259 | 9,020 |
| Subtotal | | 199,024 | 186,882 |
| Accumulated depreciation and amortization | | (105,731) | (92,808) |
| Property, equipment and leasehold improvements, net | | $ 93,293 | $ 94,074 |

Depreciation and amortization expense of property, equipment and leasehold improvements was $8.1 million and $5.9 million for the three months ended June 30, 2015 and 2014, respectively. Depreciation and amortization expense of property, equipment and leasehold improvements was $15.3 million and $11.7 million for the six months ended June 30, 2015 and 2014, respectively.

## 7. GOODWILL AND INTANGIBLE ASSETS

### *Goodwill*

The Company carries goodwill as reflected in the table below:

| (in thousands) | Goodwill |
|---|---|
| Goodwill at December 31, 2014 | $1,564,904 |
| Foreign exchange translation adjustment | 549 |
| Goodwill at June 30, 2015 | $1,565,453 |

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***Intangible Assets***

Amortization expense related to intangible assets for the three months ended June 30, 2015 and 2014 was $11.7 million and $11.4 million, respectively. Amortization expense related to intangible assets for the six months ended June 30, 2015 and 2014 was $23.4 million and $22.7 million, respectively.

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

| | Estimated Remaining Useful Lives | As of June 30, 2015 | As of December 31, 2014 |
|---|---|---|---|
| | | (in thousands) | |
| Gross intangible assets: | | | |
| Customer relationships | 5 to 21 years | $ 360,835 | $ 360,835 |
| Trademarks/trade names | 5 to 21.5 years | 223,382 | 223,382 |
| Technology/software | 3 to 8.5 years | 193,293 | 193,681 |
| Proprietary data | 13 years | 28,628 | 28,627 |
| Covenant not to compete | 2 years | 900 | 900 |
| Subtotal | | 807,038 | 807,425 |
| Foreign exchange translation adjustment | | (1,096) | (1,588) |
| Total gross intangible assets | | $ 805,942 | $ 805,837 |
| Accumulated amortization: | | | |
| Customer relationships | | $(131,186) | $ (119,058) |
| Trademarks/trade names | | (87,525) | (81,545) |
| Technology/software | | (171,096) | (167,083) |
| Proprietary data | | (5,641) | (4,589) |
| Covenant not to compete | | (413) | (187) |
| Subtotal | | (395,861) | (372,462) |
| Foreign exchange translation adjustment | | 118 | 253 |
| Total accumulated amortization | | $(395,743) | $ (372,209) |
| Net intangible assets: | | | |
| Customer relationships | | $ 229,649 | $ 241,777 |
| Trademarks/trade names | | 135,857 | 141,837 |
| Technology/software | | 22,197 | 26,598 |
| Proprietary data | | 22,987 | 24,038 |
| Covenant not to compete | | 487 | 713 |
| Subtotal | | 411,177 | 434,963 |
| Foreign exchange translation adjustment | | (978) | (1,335) |
| Total net intangible assets | | $ 410,199 | $ 433,628 |

The estimated amortization expense for the remainder of 2015 and succeeding years is presented below:

| Years Ending December 31, | Amortization Expense (in thousands) |
|---|---|
| Remainder 2015 | $ 23,557 |
| 2016 | 46,925 |
| 2017 | 41,655 |
| 2018 | 38,506 |
| 2019 | 36,960 |
| Thereafter | 222,596 |
| Total | $ 410,199 |

**8. 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, 2015 and 2014 was $6.7 million and $6.8 million, respectively. Rent expense for the six months ended June 30, 2015 and 2014 was $13.5 million and $13.4 million, respectively.

***Return of capital.*** On December 13, 2012, 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 beginning immediately and continuing through December 31, 2014 (the "2012 Repurchase Program").

Prior to 2014, the Company repurchased an aggregate of $200.0 million worth of shares through multiple accelerated share repurchase ("ASR") agreements under the 2012 Repurchase Program. On February 6, 2014, MSCI utilized the remaining $100.0 million repurchase authorization provided by the 2012 Repurchase Program.

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"). Share repurchases made pursuant to the 2014 Repurchase Program may take place through December 31, 2016 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, terminated or extended by the Board of Directors at any time without prior notice.

On September 18, 2014, as part of the 2014 Repurchase Program, the Company 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, the Company received approximately 4.5 million shares of MSCI's common stock on September 19, 2014 and approximately 1.2 million shares of MSCI's common stock on May 21, 2015 for a combined average price of $52.79 per share.

On June 2, 2015, the Company began purchasing shares of MSCI's common stock on the open market in accordance with SEC Rule 10b5-1 (the "June 2015 10b5-1 Buyback Plan"). Through June 30, 2015, the Company paid $62.6 million to receive approximately 1.0 million shares of MSCI's common stock under the June 2015 10b5-1 Buyback Plan and paid an additional $6.7 million for shares of MSCI's common stock that had not yet been received as of June 30, 2015.

Since the introduction of the initial 2012 Repurchase Program, the Company has paid $669.4 million and has received an aggregate of approximately 14.4 million shares under the programs.

On September 17, 2014, the Board of Directors approved a plan to initiate a quarterly cash dividend. The Company has declared and paid cash dividends per common share during the periods indicated:

| | Dividends Per Share | Amount (in thousands) |
|---|---|---|
| 2014: | | |
| Fourth quarter | $ 0.18 | $ 20,393 |
| 2015: | | |
| First quarter | $ 0.18 | $ 20,411 |
| Second quarter | 0.18 | 20,442 |
| Total cash dividends declared and paid | $ 0.36 | $ 40,853 |

***Long-term debt.*** On November 20, 2014, the Company completed its private offering of $800.0 million in aggregate principal amount of 5.25% senior unsecured notes due 2024 (the "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 Senior Notes, together with cash on hand, to repay in full its then outstanding term loan indebtedness of $794.8 million, which bore interest at LIBOR plus a margin of 2.25%.

The 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 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 Senior Notes, together with accrued and unpaid interest, on or after November 15, 2019, at redemption prices set forth in the Indenture dated as of November 20, 2014, among the Company, the subsidiary guarantors and Wells Fargo Bank, National Association, as trustee. 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 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.

Interest on the Senior Notes accrues at a fixed rate of 5.25% per annum and is payable semiannually in arrears on May 15 and November 15 of each year. The first interest payment was made on May 15, 2015. The Company will make interest payments to holders of record of the Senior Notes on the immediately preceding May 1 and November 1.

Long-term debt was $800.0 million at both June 30, 2015 and December 31, 2014.

In connection with the closing of the Senior Notes offering 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 life of the Senior Notes and the 2014 Revolving Credit Agreement. At June 30, 2015, $13.8 million of the deferred financing fees remain unamortized, $1.8 million of which is included in "Prepaid and other assets" and $12.0 million of which is included in "Other non-current assets" on the Unaudited Condensed Consolidated Statement of Financial Condition.

The Company amortized $0.4 million of deferred financing fees in interest expense during each of the three months ended June 30, 2015 and 2014. The Company amortized $0.9 million of deferred financing fees in interest expense during each of the six months ended June 30, 2015 and 2014. Approximately $0.1 million and $0.2 million of debt discount was amortized in interest expense during the three and six months ended June 30, 2014, respectively. There was no unamortized debt discount outstanding as of December 31, 2014.

At June 30, 2015 and December 31, 2014, the fair market value of the Company's debt obligations was $811.0 million and $831.0 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. The Company does not enter into derivative contracts for trading or other speculative purposes.

***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, 2015, the Company had outstanding foreign currency forwards with a notional amount of $26.6 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, 2015 | As of December 31, 2014 |
|---|---|---|---|
| Non-designated hedging instruments: | | | |
| Asset derivatives: | | | |
| Foreign exchange contracts | Prepaid and other assets | $ 21 | $ — |
| Liability derivatives: | | | |
| Foreign exchange contracts | Other accrued liabilities | $ (87) | $ (243) |

The Company's foreign exchange forward contracts were classified within Level 2, 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 tables present 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 for the periods indicated:

| 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, | |
|---|---|---|---|
| | | 2015 | 2014 |
| Foreign exchange contracts | Other expense & income | $ (1,000) | $ (407) |

| 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, | |
|---|---|---|---|
| | | 2015 | 2014 |
| Foreign exchange contracts | Other expense & income | $ 412 | $ (567) |

## 9. INCOME TAXES

The Company's provision for income taxes was $59.4 million and $53.7 million for the six months ended June 30, 2015 and 2014, respectively. These amounts reflect effective tax rates of 36.0% and 34.0% for the six months ended June 30, 2015 and 2014, respectively.

The effective tax rate of 36.0% for the six months ended June 30, 2015 reflects the Company's estimate of the effective tax rate for the period and is impacted by certain discrete items totaling $0.6 million related to state taxes which decreased the Company's effective tax rate by 0.6 percentage points.

The effective tax rate of 34.0% for the six months ended June 30, 2014 reflects the Company's estimate of the effective tax rate for the period and is impacted by certain discrete items totaling $2.7 million related to state taxes and the release of reserves associated with certain IRS examinations which decreased the Company's effective tax rate by 1.8 percentage points.

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 2014. 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 through 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 examination. 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.

**10. SEGMENT INFORMATION**

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

MSCI operates and reports as a single business segment.

Revenue by geography is based on the shipping address of the customer. The following table sets forth revenue for the periods indicated by geographic area:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | (in thousands) | | | |
| **Revenues** | | | | |
| Americas: | | | | |
| United States | $130,057 | $118,226 | $255,673 | $229,058 |
| Other | 10,375 | 9,363 | 20,230 | 18,790 |
| Total Americas | 140,432 | 127,589 | 275,903 | 247,848 |
| EMEA: | | | | |
| United Kingdom | 42,155 | 38,381 | 82,396 | 75,857 |
| Other | 55,380 | 57,500 | 110,309 | 108,628 |
| Total EMEA | 97,535 | 95,881 | 192,705 | 184,485 |
| Asia & Australia: | | | | |
| Japan | 10,958 | 11,852 | 22,560 | 23,812 |
| Other | 21,655 | 18,904 | 42,181 | 37,769 |
| Total Asia & Australia | 32,613 | 30,756 | 64,741 | 61,581 |
| Total | $270,580 | $254,226 | $533,349 | $493,914 |

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

The following table sets forth long-lived assets on the dates indicated by geographic area:

| | As of | |
|---|---|---|
| | June 30, 2015 | December 31, 2014 |
| Long-lived assets | (in thousands) | |
| Americas: | | |
| United States | $1,923,417 | $1,944,433 |
| Other | 2,768 | 3,293 |
| Total Americas | 1,926,185 | 1,947,726 |
| EMEA: | | |
| United Kingdom | 119,855 | 120,781 |
| Other | 11,467 | 13,345 |
| Total EMEA | 131,322 | 134,126 |
| Asia & Australia: | | |
| Japan | 690 | 837 |
| Other | 10,748 | 9,917 |
| Total Asia & Australia | 11,438 | 10,754 |
| Total | $2,068,945 | $2,092,606 |

**11. SUBSEQUENT EVENTS**

On July 28, 2015, the Board of Directors declared a cash dividend of $0.22 per share for third quarter 2015. The third quarter 2015 dividend is payable on August 31, 2015 to shareholders of record as of the close of trading on August 17, 2015.

**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, 2015, and the related condensed consolidated statements of income and of comprehensive income for the three-month and six-month periods ended June 30, 2015 and June 30, 2014 and the condensed consolidated statements of cash flows for the six-month periods ended June 30, 2015 and June 30, 2014. 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, 2014, 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 27, 2015, 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, 2014, 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 31, 2015

## 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, as amended, for the fiscal year ended December 31, 2014 (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 the Form 10-K.*

### Overview

For more than 40 years, our research-based models and methodologies have helped the world's leading investors build and manage better portfolios. We believe clients rely on our products and services for deeper insights into the drivers of performance and risk in their portfolios, broad asset class coverage and innovative research and can use our products to help design and implement their investment strategies. Our line of products and services includes indexes, analytical tools, data, real estate benchmarks and environmental, social and governance ("ESG") research. Our products and services address multiple markets, asset classes and geographies and are sold to a diverse client base, including asset owners, such as pension funds, endowments, foundations, central banks, family offices and insurance companies; institutional and retail asset managers, such as managers of pension assets, mutual funds, exchange traded funds ("ETFs"), real estate, hedge funds and private wealth; and financial intermediaries, such as banks, broker-dealers, exchanges, custodians and investment consultants. As of June 30, 2015, we had over 6,900 clients across 83 countries. We had offices in 35 cities in 22 countries to help serve our diverse client base, with 51.7% of our revenues coming from clients in the Americas, 36.1% in Europe, the Middle East and Africa ("EMEA") and 12.2% in Asia and Australia.

Our principal sales 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 generate a limited amount of our 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 implementation, 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 growth for the Company in total and by product category as well as operating profit growth. In addition, we focus on operating metrics, including Run Rates and retention rates 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 operating profits into excess cash in the future. Our revenue 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) actively seeking to acquire products, technologies and companies that will enhance, complement or expand our client base and our product offerings.

To maintain and accelerate our revenue and operating income growth, in recent years we have significantly invested in and expanded our operating functions and infrastructure, including additional product management, sales and client support staff and facilities in locations around the world and additional staff and supporting technology for our research and our data operations and technology functions (the "Enhanced Investment Program").

The purpose of the Enhanced Investment Program was to maximize our medium-term revenue and operating income growth, while at the same time ensuring that MSCI would remain a leading provider of investment decision support tools into the future. As a result, the rate of growth of our investments had, in recent years, exceeded that of our revenues, which had slowed the growth of, or even reduced, our operating profit. For example, for the year ended December 31, 2014, our revenues grew by 9.1% but our operating income decreased by 0.9% compared to the year ended December 31, 2013 due, in part, to increased investment in our business. However, we completed our Enhanced Investment Program in the year ended December 31, 2014, and have again achieved operating margin expansion in the first six months of 2015. We expect margin expansion to continue throughout 2015, exclusive of any non-recurring charges we may incur.

## Factors Affecting the Comparability of Results

*Share Repurchases*

On December 13, 2012, our 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 beginning immediately and continuing through December 31, 2014 (the "2012 Repurchase Program"). We utilized $200.0 million of the repurchase authority through December 31, 2013.

On February 6, 2014, we utilized the remaining $100.0 million repurchase authorization provided by the 2012 Repurchase Program.

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"). Share repurchases made pursuant to the 2014 Repurchase Program may take place through December 31, 2016 in the open market or in privately negotiated transactions from time to time based on market and other conditions.

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"). On September 19, 2014, we paid $300.0 million in cash and received approximately 4.5 million shares of MSCI's common stock. On May 21, 2015, we completed the September ASR Program by receiving approximately 1.2 million shares. In total, 5.7 million shares were delivered for an average purchase price of $52.79 per share. The repurchased shares are held in treasury.

On June 2, 2015, we began purchasing shares of our common stock on the open market in accordance with SEC Rule 10b5-1 (the "June 2015 10b5-1 Buyback Plan"). Through June 30, 2015, we paid $62.6 million to receive approximately 1.0 million shares of our common stock under the June 2015 10b5-1 Buyback Plan and paid an additional $6.7 million for shares of our common stock that had not yet been received as of June 30, 2015.

Since the introduction of the initial 2012 Repurchase Program through June 30, 2015, we have paid $669.4 million and have received an aggregate of approximately 14.4 million shares under the programs.

The share repurchase programs have effectively decreased the weighted average shares outstanding used in calculating our basic and diluted earnings per share.

The discussion of our results of operations for the three months ended June 30, 2015 and 2014 is presented below. The results of operations for interim periods may not be indicative of future results.

*Senior Notes and Credit Agreement*

On November 20, 2014, we completed our private offering of $800.0 million in aggregate principal amount of 5.25% senior unsecured notes due 2024 (the "Senior Notes") and also entered into a new $200.0 million senior unsecured revolving credit agreement (the "2014 Revolving Credit Agreement"). We used the net proceeds from the offering of the Senior Notes, together with cash on hand, to repay in full our outstanding term loan indebtedness, which bore interest at a rate of 2.25% for the six months ended June 30, 2014.

**Results of Operations**

***Three Months Ended June 30, 2015 Compared to the Three Months Ended June 30, 2014***

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

| | Three Months Ended June 30, 2015 | Three Months Ended June 30, 2014 | Increase/(Decrease) | |
|---|---|---|---|---|
| | (in thousands, except per share data) | | | |
| Operating revenues | $270,580 | $254,226 | $ 16,354 | 6.4% |
| Operating expenses: | | | | |
| Cost of services | 76,753 | 76,816 | (63) | (0.1%) |
| Selling, general and administrative | 75,556 | 71,516 | 4,040 | 5.6% |
| Amortization of intangible assets | 11,695 | 11,442 | 253 | 2.2% |
| Depreciation and amortization of property, equipment and leasehold improvements | 8,065 | 5,921 | 2,144 | 36.2% |
| Total operating expenses | 172,069 | 165,695 | 6,374 | 3.8% |
| Operating income | 98,511 | 88,531 | 9,980 | 11.3% |
| Other expense (income), net | 11,095 | 4,448 | 6,647 | 149.4% |
| Income from continuing operations before provision for income taxes | 87,416 | 84,083 | 3,333 | 4.0% |
| Provision for income taxes | 31,399 | 27,280 | 4,119 | 15.1% |
| Income from continuing operations | 56,017 | 56,803 | (786) | (1.4%) |
| Income (loss) from discontinued operations, net of income taxes | — | 50,857 | (50,857) | (100.0%) |
| Net income | $ 56,017 | $107,660 | $(51,643) | (48.0%) |
| Earnings per basic common share: | | | | |
| From continuing operations | $ 0.50 | $ 0.48 | $ 0.02 | 4.2% |
| From discontinued operations | — | 0.44 | (0.44) | (100.0%) |
| Earnings per basic common share | $ 0.50 | $ 0.92 | $ (0.42) | (45.7%) |
| Earnings per diluted common share: | | | | |
| From continuing operations | $ 0.50 | $ 0.48 | $ 0.02 | 4.2% |
| From discontinued operations | — | 0.43 | (0.43) | (100.0%) |
| Earnings per diluted common share | $ 0.50 | $ 0.91 | $ (0.41) | (45.1%) |
| Operating margin | 36.4% | 34.8% | | |

***Operating Revenues***

Our revenues are grouped into the following two product categories:

- Performance products, consisting of index, real estate and ESG products; and
- Analytics products, consisting of risk management analytics and portfolio management analytics products.

The following table summarizes operating revenues by product category for the periods indicated:

| | Three Months Ended June 30, 2015 | 2014 | Increase/(Decrease) | |
|---|---|---|---|---|
| | (in thousands) | | | |
| Performance products: | | | | |
| Subscriptions | $ 111,850 | $106,162 | $ 5,688 | 5.4% |
| Asset-based fees | 51,160 | 44,095 | 7,065 | 16.0% |
| Total performance products | 163,010 | 150,257 | 12,753 | 8.5% |
| Analytics products: | | | | |
| Risk management analytics | 80,917 | 77,666 | 3,251 | 4.2% |
| Portfolio management analytics | 26,653 | 26,303 | 350 | 1.3% |
| Total analytics products | 107,570 | 103,969 | 3,601 | 3.5% |
| Total operating revenues | $270,580 | $254,226 | $16,354 | 6.4% |
| Recurring subscriptions | $215,566 | $205,265 | $10,301 | 5.0% |
| Asset-based fees | 51,160 | 44,095 | 7,065 | 16.0% |
| Non-recurring subscription revenue | 3,854 | 4,866 | (1,012) | (20.8%) |
| Total operating revenues | $270,580 | $254,226 | $16,354 | 6.4% |

Total operating revenues grew 6.4% to $270.6 million for the three months ended June 30, 2015 compared to $254.2 million for the three months ended June 30, 2014. This primarily reflects growth of 5.0% in recurring subscription revenues and 16.0% in asset-based fee revenue. Adjusting for the impact of foreign currency exchange rate fluctuations, recurring subscription revenues would have grown 7.3% for the three months ended June 30, 2015 compared to the three months ended June 30, 2014.

Our performance products primarily consist of equity and real estate index subscriptions, equity index asset-based fees products and real estate and ESG products. Our performance products are used for performance benchmarking and attribution, index-linked investment product creation, the assessment of corporate management of ESG risks and opportunities, investment manager selection and investment research. We derive revenues from our performance products through index data and ESG subscriptions, fees based on assets in investment products linked to our indexes and non-recurring licenses of our historical index data. We also generate a limited amount of revenues based on the trading volume of futures and options contracts linked to our indexes. Revenues related to performance products increased 8.5% to $163.0 million for the three months ended June 30, 2015 compared to $150.3 million for the three months ended June 30, 2014.

Subscription revenues from our performance products were up 5.4% to $111.9 million for the three months ended June 30, 2015 compared to $106.2 million for the three months ended June 30, 2014. The increase was primarily driven by growth in revenues from equity index benchmark and ESG products.

Asset-based fee revenues attributable to our performance products increased 16.0% to $51.2 million for the three months ended June 30, 2015 compared to $44.1 million for the three months ended June 30, 2014. The increase was primarily driven by an increase of $81.8 billion, or 22.7%, in the average value of assets under management ("AUM") in ETFs linked to MSCI indexes. Higher trading volumes in futures and options contracts based on MSCI indexes and growth in assets from non-ETF passive funds also contributed to the increase.

As of June 30, 2015, the value of assets in ETFs linked to MSCI equity indexes was $435.4 billion, up $56.7 billion, or 15.0%, from $378.7 billion as of June 30, 2014. Of the $435.4 billion of assets in ETFs linked to MSCI equity indexes as of June 30, 2015, 55.7% were linked to indexes related to developed markets outside of the U.S., 21.3% were linked to emerging market indexes, 17.8% were linked to U.S. market indexes and 5.2% were linked to other global indexes.

The following table sets forth the value of assets 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 March 31, 2014 | June 30, 2014 | September 30, 2014 | December 31, 2014 | March 31, 2015 | June 30, 2015 |
|---|---|---|---|---|---|---|
| AUM in ETFs linked to MSCI Indexes | $ 340.8 | $378.7 | $ 377.9 | $ 373.3 | $ 418.0 | $435.4 |
| Sequential Change in Value | | | | | | |
| Market Appreciation/(Depreciation) | $ 1.3 | $ 15.2 | $ (17.2) | $ (8.3) | $ 13.0 | $ (6.9) |
| Cash Inflow/(Outflow) | 6.6 | 22.7 | 16.4 | 3.7 | 31.7 | 24.3 |
| Total Change | $ 7.9 | $ 37.9 | $ (0.8) | $ (4.6) | $ 44.7 | $ 17.4 |

Source: Bloomberg and MSCI

The following table sets forth the average value of assets in ETFs linked to MSCI indexes for the periods indicated:

| (in billions) | Quarterly Average 2014 March | June | September | December | 2015 March | June |
|---|---|---|---|---|---|---|
| AUM in ETFs linked to MSCI Indexes | $330.8 | $359.6 | $ 385.9 | $ 373.6 | $392.5 | $441.4 |

Source: Bloomberg and MSCI

The historical values of the assets 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 the second U.S. business day of each month. Information contained on our website, including our Investor Relations homepage, is not incorporated by reference into this Quarterly Report on Form 10-Q or any other report filed by us with the SEC.

Our analytics products, which consist of risk management analytics and portfolio management analytics products, increased 3.5% to $107.6 million for the three months ended June 30, 2015 compared to $104.0 million for the three months ended June 30, 2014.

Our risk management analytics products offer risk and performance assessment frameworks for managing and monitoring investments in organizations globally. These products allow clients to analyze investments in a variety of asset classes and are based on our proprietary integrated fundamental multi-factor risk models, value-at-risk methodologies, performance attribution frameworks and asset valuation models. We also offer products for monitoring, analyzing and reporting on institutional assets. Additionally, we provide products consisting of software applications which help users value, model and hedge physical assets and derivatives across a number of market segments including energy and commodity assets.

Revenues related to risk management analytics products increased 4.2% to $80.9 million for the three months ended June 30, 2015 compared to $77.7 million for the three months ended June 30, 2014. The increase in risk management analytics revenues was due to higher revenues from our RiskManager, HedgePlatform, BarraOne and InvestorForce products.

Our portfolio management analytics products consist primarily of equity portfolio analytics tools. Revenues related to portfolio management analytics products increased 1.3% to $26.7 million for the three months ended June 30, 2015 compared to $26.3 million for the three months ended June 30, 2014. The increase was driven by higher revenues from our equity analytics products.

***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 represents the forward-looking revenues for the next 12 months from all subscriptions and investment product licenses we then provide to our clients under renewable contracts or agreements assuming all contracts or agreements that come up for renewal are renewed and assuming then-current currency exchange rates. For any license where fees are linked to an investment product's assets or trading volume, the Run Rate calculation reflects, for ETF fees, the market value on the last trading day of the period and for non-ETF funds and futures and options, the most recent periodic fee earned under such license or subscription. The Run Rate does not include fees associated with "one-time" and other non-recurring transactions. In addition, we remove from the Run Rate the fees associated with any subscription or investment product license agreement with respect to which we have received a notice of termination or non-renewal during the period and determined that such notice evidences the client's final decision to terminate or not renew the applicable subscription or agreement, even though such notice is not effective until a later date.

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:

- 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 timing of implementation and report deliveries;

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- fluctuations in foreign exchange rates; and
- the impact of acquisitions and dispositions.

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

| | As of | | | Year-Over-Year Comparison | Sequential Comparison |
|---|---|---|---|---|---|
| | June 30, 2015 | June 30, 2014 | March 31, 2015 | | |
| | | (in thousands) | | | |
| Run Rates: | | | | | |
| Performance products | | | | | |
| Subscription | $ 436,115 | $393,848 | $ 422,581 | 10.7% | 3.2% |
| Asset-based fees | 201,221 | 176,554 | 190,581 | 14.0% | 5.6% |
| Performance products total | 637,336 | 570,402 | 613,162 | 11.7% | 3.9% |
| Analytics products | | | | | |
| Risk management analytics | 315,901 | 309,619 | 309,284 | 2.0% | 2.1% |
| Portfolio management analytics | 109,532 | 106,486 | 108,364 | 2.9% | 1.1% |
| Analytics products total | 425,433 | 416,105 | 417,648 | 2.2% | 1.9% |
| Total Run Rate | $1,062,769 | $986,507 | $1,030,810 | 7.7% | 3.1% |
| Subscription total | $ 861,548 | $809,953 | $ 840,229 | 6.4% | 2.5% |
| Asset-based fees total | 201,221 | 176,554 | 190,581 | 14.0% | 5.6% |
| Total Run Rate | $1,062,769 | $986,507 | $1,030,810 | 7.7% | 3.1% |

Total Run Rate grew 7.7% to $1,062.8 million as of June 30, 2015 compared to $986.5 million as of June 30, 2014. Subscription Run Rate grew 6.4% to $861.5 million as of June 30, 2015 compared to June 30, 2014. Adjusting for the impact of foreign currency exchange rate fluctuations and the acquisition of Governance Holdings Co. (“GMI Ratings”), subscription Run Rate grew 8.1% as of June 30, 2015 compared to June 30, 2014.

Total Run Rate from performance products grew 11.7% to $637.3 million at June 30, 2015 compared to $570.4 million at June 30, 2014.

Subscription Run Rate from performance products grew 10.7% to $436.1 million at June 30, 2015 from $393.8 million at June 30, 2014. Adjusting for the negative impact of foreign currency exchange rate changes and the positive impact related to the acquisition of GMI Ratings, subscription Run Rate increased 10.7%. The growth in performance products subscription Run Rate was driven primarily by growth in equity index benchmark and data products, in addition to strong growth in ESG products.

Asset-based fee Run Rate from performance products increased 14.0% to $201.2 million at June 30, 2015, from $176.6 million at June 30, 2014. The increase was primarily driven by higher inflows into ETFs linked to MSCI indexes and non-ETF passive funds.

As of June 30, 2015, AUM in ETFs linked to MSCI indexes were $435.4 billion, up $56.7 billion, or 15.0%, from June 30, 2014. The increase in AUM for MSCI-linked ETFs consisted of market decreases of $19.4 billion and net inflows of $76.1 billion.

Total Run Rate from analytics products increased 2.2% to $425.4 million for the three months ended June 30, 2015 compared to $416.1 million for the three months ended June 30, 2014.

Risk management analytics products Run Rate increased 2.0% to $315.9 million at June 30, 2015 compared to $309.6 million at June 30, 2014. Adjusting for the impact of foreign currency rate changes, Run Rate increased 5.8% as of June 30, 2015 compared to June 30, 2014.

Portfolio management analytics products Run Rate increased 2.9% to $109.5 million at June 30, 2015 from $106.5 million at June 30, 2014. Adjusting for the impact of foreign currency rate changes, Run Rate increased 5.5% as of June 30, 2015 compared to June 30, 2014.

*Subscription Sales*

The following table sets forth our net new recurring subscription sales and non-recurring sales for the periods presented:

| | Three Months Ended | |
|---|---|---|
| | June 30, 2015 | June 30, 2014 |
| | (in thousands) | |
| New recurring subscription sales | $ 29,575 | $ 29,078 |
| Subscription cancellations | (12,170) | (13,173) |
| Net new recurring subscription sales | $ 17,405 | $ 15,905 |
| Non-recurring sales | $ 5,700 | $ 5,671 |

***Aggregate and Core Retention Rates***

The following table sets forth our Aggregate Retention Rates by product category for the indicated three months ended:

| | June 30, 2015 | June 30, 2014 |
|---|---|---|
| Performance products | 94.5% | 94.1% |
| Analytics products | | |
| Risk management analytics | 94.1% | 91.6% |
| Portfolio management analytics | 92.9% | 94.8% |
| Analytics products total | 93.8% | 92.4% |
| Total | 94.2% | 93.2% |

The following table sets forth our Core Retention Rates by product category for the indicated three months ended:

| | June 30, 2015 | June 30, 2014 |
|---|---|---|
| Performance products | 94.5% | 94.1% |
| Analytics products | | |
| Risk management analytics | 94.1% | 91.6% |
| Portfolio management analytics | 92.9% | 95.8% |
| Analytics products total | 93.8% | 92.7% |
| Total | 94.2% | 93.3% |

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

For the calculation of the Core Retention Rate, the same methodology is used except that the cancellations in the period are reduced by the amount of product swaps. We do not calculate Aggregate or Core Retention Rates for that portion of our Run Rate attributable to assets in investment products linked to our indexes or to trading volumes of futures and options contracts linked to our indexes.

In our businesses, Aggregate and Core Retention Rates are generally higher during the first three fiscal quarters and lower in the fourth fiscal quarter.

***Operating Expenses***

We group our operating expenses into four categories:

- Cost of services;
- Selling, general and administrative ("SG&A");
- Amortization of intangible assets; and
- Depreciation and amortization of property, equipment and leasehold improvements.

In both the cost of services and SG&A expense categories, compensation and benefits represent the majority of our expenses. Other costs associated with the number of employees such as office space and professional services are included in both the cost of services and SG&A expense categories and are consistent with the allocation of employees to those respective areas.

The following table shows operating expenses by each of the categories for the periods indicated:

| | Three Months Ended June 30, | | Increase/(Decrease) | |
|---|---|---|---|---|
| | 2015 | 2014 | | |
| | (in thousands) | | | |
| Cost of services: | | | | |
| Compensation and benefits | $ 59,444 | $ 56,668 | $ 2,776 | 4.9% |
| Non-compensation expenses | 17,309 | 20,148 | (2,839) | (14.1%) |
| Total cost of services | 76,753 | 76,816 | (63) | (0.1%) |
| Selling, general and administrative: | | | | |
| Compensation and benefits | 51,422 | 46,015 | 5,407 | 11.8% |
| Non-compensation expenses | 24,134 | 25,501 | (1,367) | (5.4%) |
| Total selling, general and administrative | 75,556 | 71,516 | 4,040 | 5.6% |
| Amortization of intangible assets | 11,695 | 11,442 | 253 | 2.2% |
| Depreciation and amortization of property, equipment and leasehold improvements | 8,065 | 5,921 | 2,144 | 36.2% |
| Total operating expenses | $172,069 | $165,695 | $ 6,374 | 3.8% |
| Compensation and benefits | $110,866 | $102,683 | $ 8,183 | 8.0% |
| Non-compensation expenses | 41,443 | 45,649 | (4,206) | (9.2%) |
| Amortization of intangible assets | 11,695 | 11,442 | 253 | 2.2% |
| Depreciation and amortization of property, equipment and leasehold improvements | 8,065 | 5,921 | 2,144 | 36.2% |
| Total operating expenses | $172,069 | $165,695 | $ 6,374 | 3.8% |

Operating expenses were $172.1 million for the three months ended June 30, 2015, an increase of 3.8% compared to $165.7 million for the three months ended June 30, 2014. Adjusting for the impact of foreign currency exchange rate fluctuations, operating expenses would have grown 8.6% for the three months ended June 30, 2015 compared to the three months ended June 30, 2014.

Compensation and benefits expenses typically represent more than 60% of total operating expenses. These costs generally contribute to the majority of our expense increases from period to period, reflecting increased compensation and benefits expenses for current staff and changing staffing levels. We had 2,779 and 2,762 employees as of June 30, 2015 and 2014, 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.

During the three months ended June 30, 2015, compensation and benefits costs were $110.9 million, an increase of 8.0% compared to $102.7 million for the three months ended June 30, 2014. The increase in compensation and benefits costs was driven by an increase in severance and higher costs for current staff and the current impact of the prior year's increase in staffing levels.

Non-compensation expenses for the three months ended June 30, 2015 decreased 9.2% to $41.4 million compared to $45.6 million for the three months ended June 30, 2014. The decrease was driven by stronger cost discipline following the conclusion of the Enhanced Investment Program that was completed in the year ended December 31, 2014.

***Cost of Services***

Cost of services includes costs related to our research, data management and production, software engineering and product management functions. Costs in these areas include staff compensation and benefits, occupancy costs, market data fees and information technology services. Compensation and benefits generally contribute to a majority of our expense increases from period to period. Total cost of services was $76.8 million for each of the three months ended June 30, 2015 and 2014.

Compensation and benefits expenses for the three months ended June 30, 2015 increased 4.9% to $59.4 million compared to $56.7 million for the three months ended June 30, 2014. The increase in compensation and benefits expenses was primarily impacted by higher severance costs.

Non-compensation expenses for the three months ended June 30, 2015 decreased 14.1% to $17.3 million compared to $20.1 million for the three months ended June 30, 2014. The decrease was primarily driven by lower costs related to travel & entertainment, information technology and other costs.

***Selling, General and Administrative***

SG&A includes expenses for our sales and marketing staff and our finance, human resources, legal and compliance, information technology infrastructure and corporate administration personnel. As with cost of services, the largest expense in this category relates to compensation and benefits. Other significant expenses are for occupancy costs, third-party professional fees and information technology costs. For the three months ended June 30, 2015, SG&A increased 5.6% to $75.6 million compared to $71.5 million for the three months ended June 30, 2014.

Compensation and benefits expenses increased 11.8% to $51.4 million for the three months ended June 30, 2015 compared to $46.0 million for the three months ended June 30, 2014. The increase was primarily impacted by higher costs related to severance as well as higher costs for current staff and the current impact of the prior year's increase in staffing levels.

Non-compensation expenses for the three months ended June 30, 2015 decreased 5.4% to $24.1 million compared to $25.5 million for the three months ended June 30, 2014. The decrease was primarily driven by lower costs related to travel & entertainment, recruiting and other expenses.

***Amortization of Intangible Assets***

Amortization of intangible assets expense was consistent between periods, totaling $11.7 million and $11.4 million for the three months ended June 30, 2015 and 2014, respectively.

***Depreciation and Amortization of Property, Equipment and Leasehold Improvements***

Depreciation and amortization of property, equipment and leasehold improvements for the three months ended June 30, 2015 increased 36.2% to $8.1 million compared to $5.9 million for the three months ended June 30, 2014. The increase was related to higher depreciation associated with the investments made in information technology infrastructure.

***Other Expense (Income), Net***

Other expense (income), net for the three months ended June 30, 2015 increased to $11.1 million compared to $4.4 million for the three months ended June 30, 2014, with the increase primarily driven by $5.8 million higher interest expense resulting from the higher interest rates associated with servicing debt under our Senior Notes.

***Income Taxes***

The provision for income tax expense increased to $31.4 million for the three months ended June 30, 2015 compared to $27.3 million for the three months ended June 30, 2014. These amounts reflect effective tax rates of 35.9% and 32.4% for the three months ended June 30, 2015 and 2014, respectively. The increase in the effective tax rate is primarily due to a benefit of $2.6 million related to state taxes and the release of reserves associated with certain IRS examinations recognized for the three months ended June 30, 2014. Excluding the impact of these items, the effective tax rate was 35.6% for the three months ended June 30, 2014.

***Income (Loss) from Discontinued Operations, Net of Income Taxes***

On April 30, 2014, we completed the sale of ISS for cash consideration of $367.4 million, subject to final working capital adjustments. ISS, together with the previously sold CFRA product line, is reflected as discontinued operations in our unaudited condensed consolidated financial statements.

Income from discontinued operations, net of income taxes was $50.9 million for the three months ended June 30, 2014 and included a net gain of $48.1 million resulting from the disposition of ISS.

**Results of Operations**

***Six Months Ended June 30, 2015 Compared to the Six Months Ended June 30, 2014***

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

| | Six Months Ended June 30, 2015 | Six Months Ended June 30, 2014 | Increase/(Decrease) | |
|---|---|---|---|---|
| | (in thousands, except per share data) | | | |
| Operating revenues | $533,349 | $493,914 | $ 39,435 | 8.0% |
| Operating expenses: | | | | |
| Cost of services | 159,406 | 152,243 | 7,163 | 4.7% |
| Selling, general and administrative | 148,021 | 139,174 | 8,847 | 6.4% |
| Amortization of intangible assets | 23,397 | 22,712 | 685 | 3.0% |
| Depreciation and amortization of property, equipment, and leasehold improvements | 15,272 | 11,749 | 3,523 | 30.0% |
| Total operating expenses | 346,096 | 325,878 | 20,218 | 6.2% |
| Operating income | 187,253 | 168,036 | 19,217 | 11.4% |
| Other expense (income), net | 22,177 | 10,422 | 11,755 | 112.8% |
| Income from continuing operations before provision for income taxes | 165,076 | 157,614 | 7,462 | 4.7% |
| Provision for income taxes | 59,435 | 53,665 | 5,770 | 10.8% |
| Income from continuing operations | 105,641 | 103,949 | 1,692 | 1.6% |
| Income from discontinued operations, net of income taxes | (5,797) | 84,110 | (89,907) | (106.9%) |
| Net income | $ 99,844 | $188,059 | $(88,215) | (46.9%) |
| Earnings per basic common share: | | | | |
| From continuing operations | $ 0.94 | $ 0.89 | $ 0.05 | 5.6% |
| From discontinued operations | (0.05) | 0.71 | (0.76) | (107.0%) |
| Earnings per basic common share | $ 0.89 | $ 1.60 | $ (0.71) | (44.4%) |
| Earnings per diluted common share: | | | | |
| From continuing operations | $ 0.93 | $ 0.88 | $ 0.05 | 5.7% |
| From discontinued operations | (0.05) | 0.71 | (0.76) | (107.0%) |
| Earnings per diluted common share | $ 0.88 | $ 1.59 | $ (0.71) | (44.7%) |
| Operating margin | 35.1% | 34.0% | | |

***Operating Revenues***

The following table summarizes the revenue by product category for the periods indicated:

| | Six Months Ended June 30, 2015 | Six Months Ended June 30, 2014 | Increase/(Decrease) | |
|---|---|---|---|---|
| | (in thousands) | | | |
| Performance products: | | | | |
| Subscriptions | $221,894 | $203,505 | $18,389 | 9.0% |
| Asset-based fees | 97,040 | 84,995 | 12,045 | 14.2% |
| Total performance products | 318,934 | 288,500 | 30,434 | 10.5% |
| Analytics products: | | | | |
| Risk management analytics | 161,393 | 153,246 | 8,147 | 5.3% |
| Portfolio management analytics | 53,022 | 52,168 | 854 | 1.6% |
| Total analytics products | 214,415 | 205,414 | 9,001 | 4.4% |
| Total operating revenues | $533,349 | $493,914 | $39,435 | 8.0% |
| Recurring subscriptions | $427,852 | $400,237 | $27,615 | 6.9% |
| Asset-based fees | 97,040 | 84,995 | 12,045 | 14.2% |
| Non-recurring subscription revenue | 8,457 | 8,682 | (225) | (2.6%) |
| Total operating revenues | $533,349 | $493,914 | $39,435 | 8.0% |

Total operating revenues for the six months ended June 30, 2015 increased 8.0% to $533.3 million compared to $493.9 million for the six months ended June 30, 2014. This primarily reflects growth of 6.9% in recurring subscription revenues and 14.2% in asset-based fee revenue. Adjusting for the impact of foreign currency exchange rate fluctuations, recurring subscription revenues would have grown 9.2% for the six months ended June 30, 2015 compared to the six months ended June 30, 2014.

Revenues related to our performance products increased 10.5% to $318.9 million for the six months ended June 30, 2015 compared to $288.5 million for the six months ended June 30, 2014.

Subscription revenues from our performance products were up 9.0% to $221.9 million for the six months ended June 30, 2015 compared to $203.5 million for the six months ended June 30, 2014, driven primarily by growth in revenues from our equity index benchmark products.

Asset-based fee revenues attributable to our performance products increased 14.2% to $97.0 million for the six months ended June 30, 2015 compared to $85.0 million for the six months ended June 30, 2014. The increase was primarily driven by growth in assets from MSCI indexes and higher trading volumes in MSCI-based futures and options contracts.

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

| | Year-to-Date Average | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | | | | 2015 | |
| (in billions) | March | June | September | December | March | June |
| AUM in ETFs linked to MSCI Indexes | $330.8 | $345.4 | $ 358.9 | $ 362.5 | $392.5 | $417.0 |

Source: Bloomberg and MSCI

Revenues related to our analytics products increased 4.4% to $214.4 million for the six months ended June 30, 2015 compared to $205.4 million for the six months ended June 30, 2014.

Within our analytics products, revenues related to risk management analytics products increased 5.3% to $161.4 million for the six months ended June 30, 2015 compared to $153.2 million for the six months ended June 30, 2014. The increase was primarily driven by higher revenues from our RiskManager and BarraOne products.

Within our analytics products, revenues related to portfolio management analytics products increased 1.6% to $53.0 million for the six months ended June 30, 2015 compared to $52.2 million for six months ended June 30, 2014. The increase in revenues was the result of higher revenues from our equity analytics products.

*Subscription Sales*

The following table sets forth our net new recurring subscription sales and non-recurring sales for the periods presented:

| | Six Months Ended | |
|---|---|---|
| | June 30, 2015 | June 30, 2014 |
| | (in thousands) | |
| New recurring subscription sales | $ 59,100 | $ 59,500 |
| Subscription cancellations | (23,820) | (27,151) |
| Net new recurring subscription sales | $ 35,280 | $ 32,349 |
| Non-recurring sales | $ 10,115 | $ 10,469 |

***Aggregate and Core Retention Rates***

The following table sets forth our Aggregate Retention Rates by product category for the indicated six months ended:

| | June 30, 2015 | June 30, 2014 |
|---|---|---|
| Performance products | 95.2% | 94.5% |
| Analytics products | | |
| Risk management analytics | 93.6% | 91.3% |
| Portfolio management analytics | 92.5% | 92.7% |
| Analytics products total | 93.4% | 91.6% |
| Total | 94.3% | 93.0% |

The following table sets forth our Core Retention Rates by product category for the indicated six months ended:

| | June 30, 2015 | June 30, 2014 |
|---|---|---|
| Performance products | 95.2% | 94.5% |
| Analytics products | | |
| Risk management analytics | 93.6% | 91.3% |
| Portfolio management analytics | 92.5% | 94.6% |
| Analytics products total | 93.4% | 92.1% |
| Total | 94.3% | 93.3% |

***Operating Expenses***

The following table shows operating expenses by each of the categories for the periods indicated:

| | Six Months Ended June 30, 2015 | 2014 | Increase/(Decrease) | |
|---|---|---|---|---|
| | (in thousands) | | | |
| Cost of services: | | | | |
| Compensation and benefits | $124,705 | $112,950 | $11,755 | 10.4% |
| Non-compensation expenses | 34,701 | 39,293 | (4,592) | (11.7%) |
| Total cost of services | 159,406 | 152,243 | 7,163 | 4.7% |
| Selling, general and administrative: | | | | |
| Compensation and benefits | 101,632 | 92,148 | 9,484 | 10.3% |
| Non-compensation expenses | 46,389 | 47,026 | (637) | (1.4%) |
| Total selling, general and administrative | 148,021 | 139,174 | 8,847 | 6.4% |
| Amortization of intangible assets | 23,397 | 22,712 | 685 | 3.0% |
| Depreciation and amortization of property, equipment, and leasehold improvements | 15,272 | 11,749 | 3,523 | 30.0% |
| Total operating expenses | $346,096 | $325,878 | $20,218 | 6.2% |
| Compensation and benefits | $226,337 | $205,098 | $21,239 | 10.4% |
| Non-compensation expenses | 81,090 | 86,319 | (5,229) | (6.1%) |
| Amortization of intangible assets | 23,397 | 22,712 | 685 | 3.0% |
| Depreciation and amortization of property, equipment, and leasehold improvements | 15,272 | 11,749 | 3,523 | 30.0% |
| Total operating expenses | $346,096 | $325,878 | $20,218 | 6.2% |

Operating expenses were $346.1 million for the six months ended June 30, 2015, an increase of 6.2% compared to $325.9 million for the six months ended June 30, 2014. The increase included a non-cash charge of $3.4 million attributable to the termination of a technology project related to our analytics products. Adjusting for the impact of foreign currency exchange rate fluctuations, operating expenses would have grown 10.6% for the six months ended June 30, 2015 compared to the six months ended June 30, 2014.

During the six months ended June 30, 2015, compensation and benefits costs were $226.3 million, an increase of 10.4% compared to $205.1 million for the six months ended June 30, 2014. The increase was primarily driven by higher costs related to severance and higher costs for current staff and the current impact of the prior year's increase in staffing levels, as well as a non-cash charge of $2.9 million attributable to the termination of a technology project related to our analytics products.

Non-compensation expenses for the six months ended June 30, 2015 were $81.1 million, a decrease of 6.1% compared to $86.3 million for the six months ended June 30, 2014, primarily reflecting decreases in costs related to travel & entertainment and recruiting, partially offset by a non-cash charge of $0.5 million attributable to the termination of a technology project related to our analytics products.

***Cost of Services***

For the six months ended June 30, 2015, total cost of services increased 4.7% to $159.4 million compared to $152.2 million for the six months ended June 30, 2014.

Compensation and benefits expenses for the six months ended June 30, 2015 increased 10.4% to $124.7 million compared to $113.0 million for the six months ended June 30, 2014. The increase in compensation and benefits expenses was primarily impacted by higher severance and higher costs for current staff and the current impact of the prior year's increase in staffing levels, as well as a non-cash charge of $2.9 million related to the termination of a technology project in analytics products.

Non-compensation expenses for the six months ended June 30, 2015 decreased 11.7% to $34.7 million compared to $39.3 million for the six months ended June 30, 2014. The decrease was driven by stronger cost discipline following the conclusion of the Enhanced Investment Program that was completed in the year ended December 31, 2014. This was partially offset by a non-cash charge of $0.5 million attributable to the termination of a technology project related to our analytics products.

***Selling, General and Administrative***

For the six months ended June 30, 2015, SG&A was $148.0 million, an increase of 6.4% compared to $139.2 million for the six months ended June 30, 2014.

Compensation and benefits expenses increased 10.3% to $101.6 million for the six months ended June 30, 2015 compared to $92.1 million for the six months ended June 30, 2014. The increase was primarily impacted by higher costs related to current staff and increased staffing levels.

Non-compensation expenses for the six months ended June 30, 2015 decreased 1.4% to $46.4 million compared to $47.0 million for the six months ended June 30, 2014. The decrease was primarily driven by lower costs related to recruiting, travel & entertainment, partially offset by an increase in marketing costs.

***Amortization of Intangible Assets***

Amortization of intangible assets expense totaled $23.4 million and $22.7 million for the six months ended June 30, 2015 and 2014, respectively.

***Depreciation and Amortization of Property, Equipment and Leasehold Improvements***

Depreciation and amortization of property, equipment, and leasehold improvements totaled $15.3 million and $11.7 million for the six months ended June 30, 2015 and 2014, respectively. The increase was related to higher depreciation associated with the investments made in our information technology infrastructure.

***Other Expense (Income), Net***

Other expense (income), net for the six months ended June 30, 2015 was $22.2 million compared to $10.4 million for the six months ended June 30, 2014, with the increase primarily driven by $11.8 million higher interest expense resulting from higher interest rates associated with servicing debt under our Senior Notes.

***Income Taxes***

The provision for income tax expense for the six months ended June 30, 2015 was $59.4 million, an increase of 10.8% compared to $53.7 million for the six months ended June 30, 2014. These amounts reflect effective tax rates of 36.0% and 34.0% for the six months ended June 30, 2015 and 2014, respectively. The increase in the effective tax rate is primarily due to a $2.7 million benefit related to state taxes and the release of reserves for the six months ended June 30, 2014. Excluding the benefit, the effective tax rate was 35.8% for the six months ended June 30, 2014.

***Income (loss) from Discontinued Operations, Net of Income Taxes***

Loss from discontinued operations, net of income taxes, for the six months ended June 30, 2015 reflects the impact of a $5.8 million out-of-period income tax charge associated with tax obligations triggered upon the sale of ISS. Income from discontinued operations, net of income taxes was $84.1 million for the six months ended June 30, 2014 and includes a net gain of $78.7 million resulting from the sale of ISS.

**Critical Accounting Policies and Estimates**

We describe our significant accounting policies in Note 1, "Introduction and Basis of Presentation," in the Notes to Consolidated Financial Statements included in the 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, 2014.

**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 credit facility. We intend to use these sources of liquidity to 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 28, 2015, the Board of Directors authorized the Company to explore financing options that could increase the Company's leverage and interest expense.

*Senior Notes and Credit Agreement*

On November 20, 2014, the Company completed its private offering of $800.0 million in aggregate principal amount of 5.25% senior unsecured notes due 2024 (the “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 lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent. The Company used the net proceeds from the offering of the Senior Notes, together with cash on hand, to repay in full our outstanding term loan indebtedness of $794.8 million, which bore interest at LIBOR plus a margin of 2.25%.

The 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 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 Senior Notes on or after November 15, 2019, together with accrued and unpaid interest, at redemption prices set forth in the Indenture (defined below). 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 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 2012 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.

Interest on the Senior Notes accrues at a fixed rate of 5.25% per annum and is payable semiannually in arrears on May 15 and November 15 of each year. The first interest payment was made on May 15, 2015. We will make interest payments to holders of record of the Senior Notes on the immediately preceding May 1 and November 1.

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 indenture governing our Senior Notes (the “Indenture”) among us, each of the subsidiary guarantors, and Wells Fargo Bank, National Association, as trustee, contains 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 Indenture restricts 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 Indenture 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, 2015, our Consolidated Leverage Ratio was 1.67:1.00 and our Consolidated Interest Coverage Ratio was 11.22:1.00.

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 $192.3 million, or 18.6%, of our total revenue for the twelve months ended June 30, 2015, approximately $35.9 million, or 10.1%, of our consolidated operating income for the twelve months ended June 30, 2015, and approximately $386.3 million, or 13.4%, of our total assets and $137.2 million, or 9.5%, of our total liabilities, in each case as of June 30, 2015.

*Share Repurchases*

On February 6, 2014, we entered into the February 2014 ASR Program to initiate share repurchases aggregating $100.0 million. As a result, we received 1.7 million shares on February 7, 2014 and 0.6 million shares on May 5, 2014 for a combined average purchase price of $43.10 per share.

On September 18, 2014, we entered into the September 2014 ASR Program. On September 19, 2014, we paid $300.0 million in cash and received approximately 4.5 million shares of our common stock under the September 2014 ASR Agreement. On May 21, 2015, we completed the September ASR Program, receiving approximately 1.2 million shares. In total, 5.7 million shares were delivered for an average purchase price of $52.79 per share. The repurchased shares are held in treasury.

On June 2, 2015, we began purchasing shares of MSCI's common stock on the open market in accordance with SEC Rule 10b5-1. Through June 30, 2015, we paid $62.6 million to receive approximately 1.0 million shares of MSCI's common stock under the June 2015 10b5-1 Buyback Plan and paid an additional $6.7 million for shares of MSCI's common stock that had not yet been received as of June 30, 2015.

From July 1, 2015 through July 24, 2015, we paid an additional $68.1 million and received 1.2 million more shares under the June 2015 10b5-1 Buyback Plan. Under the June 2015 10b5-1 Buyback Plan, we have purchased a total of 2.2 million shares for an average purchase price of $62.62 per share.

*Cash Dividends*

On September 17, 2014, the Board of Directors approved a plan to initiate a quarterly cash dividend. In aggregate, the Company has declared and paid cash dividends totaling $61.2 million since the initial quarterly cash dividend approval.

On July 28, 2015, the Board of Directors declared a cash dividend of $0.22 per share for third quarter 2015. The third quarter 2015 dividend is payable on August 31, 2015 to shareholders of record as of the close of trading on August 17, 2015.

**Cash Flows**

| | As of | |
|---|---|---|
| | June 30, 2015 | December 31, 2014 |
| | (in thousands) | |
| Cash and cash equivalents | $455,021 | $ 508,799 |

Cash and cash equivalents were $445.0 million and $508.8 million as of June 30, 2015 and December 31, 2014, respectively. As of June 30, 2015 and December 31, 2014, $97.1 million and $102.3 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 short-term investments, will continue to be sufficient to fund our domestic operating activities and cash commitments for investing and financing activities, such as scheduled debt repayments and material capital expenditures, for at least the next 12 months and for the foreseeable future thereafter. In addition, we expect existing 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 (Used In) Provided by Operating, Investing and Financing Activities*

| | Six Months Ended June 30, | |
|---|---|---|
| | 2015 | 2014 |
| | (in thousands) | |
| Cash provided by operating activities | $ 90,709 | $ 94,052 |
| Cash (used in) provided by investing activities | (18,282) | 340,855 |
| Cash used in financing activities | (123,418) | (110,849) |
| Effect of exchange rates on cash and cash equivalents | (2,787) | 747 |
| Net (decrease) increase in cash and cash equivalents | $ (53,778) | $ 324,805 |

*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 $90.7 million and $94.1 million for the six months ended June 30, 2015 and 2014, respectively. The year-over-year decrease reflects increased cash payments for expenses, partially offset by improved billings and collections from customers.

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 $18.3 million for the six months ended June 30, 2015 compared to cash provided by investing activities was $340.9 million for the six months ended June 30, 2014. The year-over-year decrease primarily reflects the $362.8 million cash payment received upon the disposition of ISS in the six months ended June 30, 2014.

*Cash Flows From Financing Activities*

Cash used in financing activities was $123.4 million and $110.8 million for the six months ended June 30, 2015 and 2014, respectively. The year-over-year increase primarily reflects the impact of the payment of dividends, which began in the three months ended December 31, 2014. Partially offsetting this was the impact of lower treasury share repurchases and lower repayments on our debt as well as higher excess tax benefits associated with the conversion of options and restricted stock units to shares.

### Off-Balance Sheet Arrangements

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

## Item 3. Quantitative and Qualitative Disclosures about Market Risk

***Foreign Currency Risk***

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

A significant portion of our revenues from our index-linked investment products are based on fees earned on the value of assets invested in securities denominated in currencies other than the U.S. dollar. For all operations outside the United States where the Company has designated the local non-U.S. dollar currency as the functional currency, revenues 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 "Other expense (income), net" in our Unaudited Condensed Consolidated Statements of Income.

Revenues from index-linked investment products represented approximately $97.0 million, or 18.2%, and $85.0 million, or 17.2%, of our total revenues for the six months ended June 30, 2015 and 2014, respectively. While our fees for index-linked investment products are substantially invoiced in U.S. dollars, the fees are based on the investment product's assets, approximately two-thirds of which 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 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, 2015 and 2014, approximately 12.9% and 15.5% of our total revenues, respectively, were invoiced in currencies other than U.S. dollars. For the six months ended June 30, 2015, 54.2% of our revenues invoiced in foreign currency were in Euros, 23.6% were in British pounds sterling and 12.4% were in Japanese yen. For the six months ended June 30, 2014, 53.8% of our revenues invoiced in foreign currency were in Euros, 24.1% were in British pounds sterling and 11.5% were in Japanese yen.

We are exposed to additional foreign currency risk in certain of our operating costs. Approximately $143.1 million, or 41.3%, and $159.5 million, or 44.2%, of our total operating costs for the six months ended June 30, 2015 and 2014, respectively, were denominated in foreign currencies, the significant majority of which were denominated in British pounds sterling, Indian rupees, Hungarian forints, Euros, Hong Kong dollars, Swiss francs, Chinese yuan and Mexican pesos. Expenses incurred in foreign currency may increase as we expand our business outside the United States.

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. As a result of these positions, we recognized total foreign currency exchange losses of $2.5 million and $1.6 million for the six months ended June 30, 2015 and 2014, respectively. These amounts were recorded in "Other expense (income), net" in our Unaudited Condensed Consolidated Statements of Income.

## 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, 2015, 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, 2015 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, 2015 and 2014 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, which arise in the ordinary course of business. While the amounts claimed could be substantial, the ultimate liability cannot 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, 2014 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 Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

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

There have been no unregistered sales of equity securities.

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The table below sets forth the information with respect to purchases made by or on behalf of the Company of its common shares during the three months ended June 30, 2015.

**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(2) | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(2) |
|---|---|---|---|---|
| Month #1 (April 1, 2015-April 30, 2015) | 16,953 | $ 61.31 | — | $ 550,000,000 |
| Month #2 (May 1, 2015-May 31, 2015) | 1,664,924 | $ 55.98(3) | 1,145,823 | $ 550,000,000 |
| Month #3 (June 1, 2015-June 30, 2015) | 1,014,347 | $ 61.90 | 1,011,705 | $ 487,374,000 |
| Total | 2,696,224 | $ 58.24 | 2,157,528 | $ 487,374,000 |

(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 2014 Repurchase Program.

(2) See Note 8, "Commitments And Contingencies" in the Notes to the Unaudited Condensed Consolidated Financial Statements included herein for further information regarding our stock repurchase programs.

(3) Reflects the impact of the receipt of 1,145,823 million shares at an average price of $52.79 per share upon the settlement of the September 2014 ASR.

## Item 3. Defaults Upon Senior Securities

None.

## Item 4. Mine Safety Disclosures

Not applicable.

## Item 5. Other Information

On July 27, 2015, the Compensation Committee (the "Committee") of the Board of Directors approved a redesign of the Company's cash bonus compensation program to more closely align management's interests with those of shareholders by introducing a more formulaic approach that takes into account specific financial criteria when determining cash bonuses. Specifically, the Committee approved a cash bonus plan (the "Bonus Plan") for fiscal year 2015 for the members of the Company's Executive Committee, including each of the Company's current named executive officers: Henry A. Fernandez (Chief Executive Officer and President), Robert Qutub (Chief Financial Officer), C.D. Baer Pettit (Head of the Product Group and Head of Index Products) and Christopher F. Corrado (Chief Information Officer).

The Company's executive compensation program has historically been based on the concept of "Total Reward," which focused on the aggregate of three components: base pay, annual cash bonus, and long-term incentives. With the approval of the Bonus Plan, the Company is transitioning from its Total Reward philosophy to a compensation approach that considers each of these three components separately. The Bonus Plan reflects a shift to a more formulaic cash variable compensation approach that will measure one-year performance results against financial targets and certain strategic goals. The actual determination of a cash bonus for each Executive Committee member will continue to be subject to the limits under the Company's Performance Formula and Incentive Plan (the "Formula Plan") in compliance with Section 162(m) of the Internal Revenue Code of 1986. In transitioning to a more formulaic approach for cash bonuses, the Committee is also assessing the appropriate design of long-term equity-based compensation, aiming to more closely align management's interests with those of shareholders.

The Committee believes that subjecting a portion of each Executive Committee member's cash bonus compensation to pre-established performance targets, as provided under the Bonus Plan, will continue to promote shareholder value creation by more closely aligning executive compensation with Company performance and strategic goal attainment.

Each participant in the Bonus Plan is eligible to earn an annual target cash bonus. The table below sets forth the 2015 target cash bonus opportunities for the Company's named executive officers under the Bonus Plan.

| Named Executive Officer | 2015 Target Bonus Opportunity ($) |
|---|---|
| Mr. Fernandez | 1,198,125 |
| Mr. Qutub | 685,000 |
| Mr. Pettit | 850,000 |
| Mr. Corrado | 575,000 |

Participants may receive between 0% and 150% of their target bonus opportunity based on attainment of the level of financial performance metrics (weighted at 70%) and individual performance metrics (weighted at 30%). For fiscal year 2015, the financial performance metrics are allocated equally based on total Company revenue and operating income for Messrs. Fernandez, Qutub and Corrado; and allocated 20% on total Company revenue, 20% on net new Sales and 30% on Contribution Margin (Product Revenue less Product Expenses (direct and allocated)) for Mr. Pettit. The financial performance targets are based on the 2015 operating plan approved by the Board of Directors on January 14, 2015. To receive his or her annual cash bonus, each participant must be actively employed by the Company on the date the cash bonuses are paid and must be an employee in good standing.

Following the end of the applicable fiscal year, the Committee will determine whether and to what extent each performance metric has been attained and the amounts, if any, payable to each participant under the Bonus Plan and, in doing so, the Committee may exercise discretion to decrease, but not increase, any amounts payable under the Bonus Plan as the Committee deems appropriate, in each case, in accordance with the terms of the Formula Plan.

On July 27, 2015, in order to continue to promote the alignment of executive compensation and shareholder value creation, the Committee approved an amendment to the 2015 performance stock unit ("PSU") award agreements (including the special one-time PSUs described in the Form 8-K we filed with the SEC on February 2, 2015) to provide that unvested PSUs will, from the date of the amendment, accrue the right to receive dividend equivalent payments with payment at the same time as, and subject to the same vesting and forfeiture provisions applicable to, the PSUs to which such dividend equivalent payments relate. Dividend equivalent payments will be paid in the form of cash or shares of MSCI common stock (or a combination thereof), except where local law requires payment in shares, and will accrue from the date of the amendment until the grantee becomes a record holder of the shares of MSCI common stock underlying the award. Prior to this amendment, 2015 annual and special PSU award agreements provided for the accrual of dividend equivalent payments only for vested PSUs, which would be paid in the form of cash or shares of MSCI common stock, as applicable, with payment at the same time as dividends were paid to MSCI's stockholders generally.

The amendment applies to all unvested annual and special PSU awards granted in 2015 and will apply to all future awards of PSUs, unless otherwise determined by the Committee.

Copies of the amended forms of award agreement for the annual and special PSUs are filed as Exhibits 10.2 and 10.3, respectively, to this Form 10-Q and are incorporated herein by reference.

**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 31, 2015

MSCI INC.
(Registrant)

By: /s/ Robert Qutub
Robert Qutub
Chief Financial Officer
(Principal Financial Officer)

## EXHIBIT INDEX

## MSCI INC.

## QUARTER ENDED JUNE 30, 2015

| | 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. Change in Control Severance Plan (filed as Exhibit 10.1 to the Company’s Form 8-K (File No. 001-33812), filed with the SEC on May 29, 2015 and incorporated by reference herein) |
| †* | 10.2 | Form of Performance Award Agreement for Performance Stock Units for Executive Officers under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan |
| †* | 10.3 | Form of Special Performance Award Agreement for Performance Stock Units under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan |
| | 11 | Statement Re: Computation of Earnings Per Common Share (The calculation of per share earnings is in Part I, Item 1, Note 5 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 31, 2015, 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.

# FORM OF PERFORMANCE AWARD AGREEMENT FOR PERFORMANCE STOCK UNITS FOR EXECUTIVE OFFICERS UNDER THE MSCI INC. 2007 AMENDED AND RESTATED EQUITY INCENTIVE COMPENSATION PLAN

MSCI Inc. ("**MSCI**," and together with its Subsidiaries, the "**Company**") hereby grants to you Performance Stock Units ("**PSUs**") as described below. The awards are being granted under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan (as may be amended from time to time, the "**Plan**").

| | |
|---|---|
| **Participant:** | [Name] |
| **Number of PSUs Granted:** | [#] PSUs |
| **Grant Date:** | [Date] (the "**Grant Date**") |
| **Vesting Schedule:** | [•] |
| **Performance Period:** | [•] |

Your PSUs may be subject to forfeiture or recoupment if you terminate employment with the Company or do not comply with the notice requirements, as set forth in the Plan and this Performance Stock Unit Award Agreement (including Exhibit A and Exhibit B attached hereto, this "**Award Agreement**").

You agree that this Award Agreement is granted under the Plan and governed by the terms and conditions of the Plan and Exhibit A and Exhibit B attached hereto. You also agree that PSUs granted to you pursuant to this Award Agreement and any Shares issued in settlement or satisfaction thereof are subject to the MSCI Clawback Policy. You will be able to access a prospectus and tax supplement that contains important information about this award via the MSCI website or your brokerage account. Unless defined in this Award Agreement, capitalized terms shall have the meanings ascribed to them in the Plan.

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

**MSCI Inc.**

______________________________

Name:
Title:

**EXHIBIT A**

# TERMS AND CONDITIONS

# OF THE PERFORMANCE AWARD AGREEMENT

Section 1. PSUs Generally. MSCI has awarded you PSUs 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 Adjusted PSUs only if you remain in continuous employment with the Company through the Vesting Date, or as otherwise set forth below. Each PSU corresponds to one share of MSCI common stock, par value $0.01 per share (each, a "**Share**"). Each PSU constitutes a contingent and unsecured promise by MSCI to deliver one Share on the conversion date for such PSU.

Section 2. Performance Adjustment, Vesting and Conversion Schedule and HSR Act.

(a) *Performance Adjustment.* The number of PSUs awarded under this Award Agreement shall be adjusted, within a range of [•]% to [•]% of the number of PSUs originally awarded to you, after the end of the Performance Period based on the achievement of the [•] and [•] performance metrics (collectively, the "**Performance Metrics**") set forth in the table below. Following the end of the Performance Period, management of MSCI shall provide its calculation of the Performance Metrics to the Committee. The Committee will review the extent of the achievement of the Performance Metrics and shall certify in writing such achievement.

The number of PSUs that will be converted into Shares pursuant to Section 2(b), Section 4 or Section 5 (the "**Adjusted PSUs**") will be determined based on the following formulas no later than [•] (the "**Adjustment Date**"):

| | | | | | |
|---|---|---|---|---|---|
| (i) | Number of PSUs Granted | x | Adjustment Percentage | = | Number of Initial Adjusted PSUs |

The "**Adjustment Percentage**" will be derived as set forth in the table below; *provided* that there will be extrapolation and interpolation (rounded to two decimal places) to derive the Adjustment Percentage not expressly set forth below, and any fractional shares resulting from the application of the Adjustment Percentage will be rounded down. In the event that the threshold performance for either Performance Metric is not satisfied, the number of Initial Adjusted PSUs will be zero.

[Table]

(ii) Following the adjustment set forth in (i) above, the number of Initial Adjusted PSUs shall be further adjusted to reflect [•] as follows:

| | | | | |
|---|---|---|---|---|
| Number of Initial Adjusted PSUs | x | [•] Percentage | = | Number of Adjusted PSUs |

The “[•] **Percentage**” will be derived as set forth in the table below; *provided* that there will be extrapolation and interpolation (rounded to two decimal places) to derive [•] not expressly set forth below, and any fractional shares resulting from the application of the [•] will be rounded down.

[Table]

(b) *Vesting and Conversion*. The PSUs will vest [•] (the “**Vesting Date**”); *provided* that, subject to Section 4 and Section 5, you continue to be employed by the Company on the Vesting Date; *provided, further*, that you have complied with all applicable provisions of the HSR Act. Vested Adjusted PSUs shall convert into Shares no earlier than [•], and no later than the Adjustment Date.

(c) *HSR Act*. If Adjusted PSUs would have vested pursuant to this Section 2 or Section 4, 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 Adjusted PSUs shall occur on the first date following the date on which you have complied with all applicable provisions of the HSR Act.

Section 3. <u>Dividend Equivalent Payments</u>. Section 3(a) applies to your PSUs with a right to receive dividend equivalent payments whose record date occurs prior to [•], and Section 3(b) applies to your PSUs with a right to receive dividend equivalent payments whose record date occurs on or after [•].

(a) Until your PSUs 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 unconverted PSUs immediately prior to the record date (taking into account any adjustments pursuant to Section 2(a) and adjustments provided under the Plan). No dividend equivalents will be paid to you with respect to any unvested, canceled or forfeited PSUs. 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 <u>Exhibit B</u>. MSCI will pay the dividend equivalent when it pays the corresponding dividend on its common stock or on the next regularly scheduled payroll date.

(b) Until your PSUs convert to Shares, if MSCI pays a dividend on Shares, you will be credited with a dividend equivalent payment in the same amount as the dividend you would have received if you held Shares for your vested and unvested PSUs immediately prior to the record date (taking into account any adjustments pursuant to Section 2(a) and adjustments provided under the Plan). Assuming you hold PSUs on the record date, MSCI will credit the dividend equivalent payments when it pays the corresponding dividend on its Shares. Your dividend equivalents will vest and be paid at the same time as, and subject to the same vesting and cancellation provisions set forth in this Award Agreement with respect to, your PSUs (provided that, subject to Section 20, the dividend equivalents may be paid following the scheduled conversion date on the next regularly scheduled payroll date). No dividend equivalents will be paid to you with respect to any canceled or forfeited PSUs. MSCI will decide on the form of payment and may pay dividend equivalents in Shares, in cash or in a combination thereof, unless otherwise provided in Exhibit B.

Section 4. Termination of Employment. Upon termination of employment with the Company prior to the Vesting Date pursuant to this Section 4, the following special vesting and payment terms will apply to your unvested PSUs:

(a) *Termination of Employment Due to Death or Disability*. If your employment with the Company terminates due to death or Disability, in each case, prior to the Vesting Date, your Adjusted PSUs will vest and convert into Shares on the Adjustment Date (even though you are not employed by the Company on the Vesting Date). Upon a termination of employment due to death, the Adjusted PSUs shall be delivered in accordance with Section 9.

(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 the Vesting Date, your Adjusted PSUs will vest and convert into Shares on the Adjustment Date (even though you are not employed by the Company on the Vesting Date); *provided* that such vesting and conversion is subject to your execution and non-revocation of an agreement and release of claims satisfactory to the Company within 60 days following termination of your employment.

(c) *Full Career Retirement.* If your employment with the Company terminates due to Full Career Retirement (i) prior to or on the Vesting Date, your Adjusted PSUs will convert into Shares on the Adjustment Date; *provided*, that, if on the Adjustment Date you are subject to a non-compete restriction which has not yet expired, your PSUs will convert into Shares at any time, in the discretion of the Committee, during the period (A) commencing on the Adjustment Date and (B) ending on [•] or (ii) after the Vesting Date, but prior to the Adjustment Date, your Adjusted PSUs will convert into Shares on [•]; *provided*, *however,* that, in each case, you do not engage in Competitive Activity prior to the applicable conversion date set forth in this Section 4(c). In the event you engage in Competitive Activity (x) prior to or on the applicable conversion date, you will forfeit the PSUs (whether or not they are Adjusted PSUs) outstanding as of the date of your Full Career Retirement or (y) after the applicable conversion date, but prior to or on the expiry date of your non-compete restriction, you will promptly deliver to the Company all Shares acquired upon conversion of the Adjusted PSUs (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 engaged in Competitive Activity.

(d) *Governmental Service Termination.* If your employment with the Company terminates prior to the Adjustment Date in a Governmental Service Termination, to the extent permitted under Section 409A, your PSUs will be adjusted (within a range of [•]% to [•]%) based on the expected (or actual, as the case may be if such termination occurs after the expiration of the Performance Period) achievement of the Performance Metrics for the Performance Period, which will be determined by extrapolating from the Performance Metrics that have been achieved as of the end of the most recent completed fiscal quarter prior to the date your employment with the Company terminates, and such Adjusted PSUs will vest and convert into Shares within 60 days following the date of such termination. If your employment with the Company terminates after the Adjustment Date in a Governmental Service Termination under circumstances not involving a Cancellation Event, your Adjusted PSUs will vest and convert into Shares within 60 days following the date of such termination.

(e) *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 PSUs that have not vested as of your last day of employment with the Company; and

(ii) If, prior to the Vesting Date, you give MSCI notice of your intention to resign from your employment with the Company as of a date following the Vesting Date, your PSUs 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 PSUs delivered to you in accordance with this Section 4(e)(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 PSUs 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 PSUs will be treated in accordance with Section 4(b) or 4(c), as applicable.

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

Section 5. <u>Change in Control</u>.

(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 PSUs under the Plan by the Company (if it is the surviving corporation) or by the surviving corporation or its parent, in which case your PSUs 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 PSUs immediately prior to such Change in Control in the event a buyer will not continue or assume the PSUs; *provided*, *however*, in each case, the Performance Metric targets relating to any outstanding PSUs (that are not Adjusted PSUs) will be deemed to have been achieved at [•]. Following a Change in Control in which your outstanding PSUs are continued or assumed pursuant to clause (i) above, such PSUs may be settled in cash, stock or a combination thereof.

(b) *Qualifying Termination*. In the event of a Qualifying Termination (as defined below), your PSUs 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 PSUs are continued or assumed.

Section 6. <u>Cancellation of Awards</u>. Notwithstanding any other terms of this Award Agreement, your PSUs 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 PSUs 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 7. <u>Tax and Other Withholding Obligations</u>. Pursuant to rules and procedures that MSCI establishes (including those set forth in Section 16(a) of the Plan), tax or other withholding obligations arising upon vesting and conversion (as applicable) of your PSUs may be satisfied, in MSCI'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 sufficient 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 PSUs convert. In order to comply with applicable accounting standards or the Company's policies in effect from time to time, MSCI may limit the amount of Shares that you may have withheld 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 8. <u>Nontransferability</u>. You may not sell, pledge, hypothecate, assign or otherwise transfer your PSUs, other than as provided in Section 9 or by will or the laws of descent and distribution or otherwise as provided for by the Committee.

Section 9. <u>Designation of a Beneficiary</u>. If you reside in the United States, you may make a written 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. To make a beneficiary designation, you must complete and file the form attached hereto as Appendix A with your personal tax or estate planning representative. Any Shares that become payable upon your death, and as to which a designation of beneficiary is not in effect, will be distributed to your estate. You may replace or revoke your beneficiary designation at any time. If there is any question as to the legal right of any beneficiary(ies) to receive Shares under this award, 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 10. Ownership and Possession. Except as set forth herein, you will not have any rights as a stockholder in the Shares corresponding to your PSUs prior to conversion of your PSUs.

Section 11. 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 PSUs 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 12. Compliance with Laws and Regulations. Any sale, assignment, transfer, pledge, mortgage, encumbrance or other disposition of Shares issued upon conversion of your PSUs (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 13. No Entitlements.

(a) *No Right to Continued Employment*. This PSU 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 PSUs and other equity-based awards, are discretionary. This award does not confer on you any right or entitlement to receive another award of PSUs 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 PSUs 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.

(d) *Section 162(m)*. Notwithstanding any other provisions of this Award Agreement, if MSCI considers you to be one of its named executive officers at the time provided for the conversion of your Adjusted PSUs and determines that any dividend equivalent payments may not be fully deductible by virtue of Section 162(m) of the Code, MSCI shall delay payment of such dividend equivalents, unless the Committee, in its sole discretion, determines not to delay such payment. This delay will continue until the date of your separation from service with MSCI or, to the extent permitted under Section 409A, the end of the first taxable year of MSCI as of the last day of which you are no longer a named executive officer (subject to earlier payment in the event of your death as described below).

Section 14. 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 15. 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 16. Award Modification and Section 409A.

(a) *Modification.* MSCI reserves the right to modify or amend unilaterally the terms and conditions of your PSUs, without first asking your consent, or to waive any terms and conditions that operate in favor of MSCI. MSCI may not modify your PSUs in a manner that would materially impair your rights in your PSUs without your consent; *provided, however,* that MSCI may, without your consent, amend or modify your PSUs 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 PSUs are not subject to tax prior to payment. MSCI will notify you of any amendment of your PSUs 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 Adjusted PSUs 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 Adjusted PSUs 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 Adjusted PSUs 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 16(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 16(b)(ii) shall occur or be made immediately. For the avoidance of doubt, any determination as to form of payment provided in this Section 16(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 PSUs, to the extent necessary or advisable to comply with Section 409A and reserves the right to make any changes to your PSU award so that it does not become subject to Section 409A or become subject to a Specified Employee Period.

Section 17. 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 18. 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 19. Governing Law; Venue. This Award Agreement and the related legal relations between you and the Company will be governed by and construed in accordance with the laws of the State of New York, without regard to any conflicts or choice of law, rule or principle that might otherwise refer the interpretation of the award to the substantive law of another jurisdiction. 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 20. Rule of Construction for Timing of Conversion. With respect to each provision of this Award Agreement that provides for your PSUs to convert to Shares, or your dividend equivalents to be paid, on a specified event or date, such conversion or payment 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 conversion or 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 21. 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, 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 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 PSUs, including, but not limited to, the grant, vesting or settlement of the PSUs, 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 PSUs 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 PSUs, 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 PSUs, 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 PSUs, 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 PSU 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 PSUs and other equity-based awards, are discretionary, voluntary and occasional. This award does not confer on you any contractual or other right or entitlement to receive another award of PSUs, any other equity-based award or benefits in lieu of PSUs 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 PSUs 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 PSU 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 PSUs and the Shares subject to the PSUs 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 PSUs and the Shares subject to the PSUs, and the income and value of 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;

(viii) unless otherwise agreed with MSCI, the PSUs and the Shares subject to the PSUs, and the income and value of 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 PSUs 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 PSU or of any amounts due to you pursuant to the settlement of the PSU or the subsequent sale of any shares of Common Stock 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 PSU 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, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in MSCI, details of all PSUs 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 PSUs 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 B*. Notwithstanding any provisions in this Award Agreement, the PSUs shall be subject to any special terms and conditions set forth in Exhibit B to this Award Agreement for your country. Moreover, if you relocate to one of the countries included in Exhibit B, the special terms and conditions for such country will apply to you, to the extent MSCI determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Exhibit B constitutes part of this Award Agreement.

(h) *Insider Trading Restrictions/Market Abuse Laws*. 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.*, PSUs) 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 are responsible for ensuring compliance with any applicable restrictions, and you should consult your personal legal advisor on this matter.

Section 22. 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 Proprietary Information or failure to comply with your obligations under MSCI's Code of Conduct or otherwise with respect to 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* if, without the consent of MSCI:

(d) 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

(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) 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.

A "**Change in Control**" shall be deemed to have occurred if any of the following conditions shall have been satisfied:

(a) any one person or more than one person acting as a group (as determined under Section 409A), other than (i) any employee plan established by the Company, (ii) the Company or any of its affiliates (as defined in Rule 12b-2 promulgated under the

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

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

(c) the consummation of a merger or consolidation of the Company with any other corporation or other entity, or the issuance of voting securities in connection with a merger or consolidation of the Company pursuant to applicable stock exchange requirements; *provided* that immediately following such merger or consolidation the voting securities of MSCI outstanding immediately prior thereto do not continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity of such merger or consolidation or parent entity thereof) 50% or more of the total voting power of MSCI's stock (or if the Company is not the surviving entity of such merger or consolidation, 50% or more of the total voting power of the stock of such surviving entity or parent entity thereof); and *provided, further*, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person (as determined under Section 409A) is or becomes the beneficial owner, directly or indirectly, of securities of MSCI (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its affiliates other than in connection with the acquisition by the Company or its affiliates of a business) representing 50% or more of either the then outstanding Shares or the combined voting power of MSCI's then-outstanding voting securities shall not be considered a Change in Control; or

(d) the sale or disposition by the Company of all or substantially all of the Company's assets in which any one person or more than one person acting as a group (as determined under Section 409A) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions.

Notwithstanding the foregoing, (1) no Change in Control shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of MSCI common stock immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns substantially all of the assets of the Company immediately prior to such transaction or series of transactions and (2) no event or circumstances described in any of clauses (a) through (d) above shall constitute a Change in Control unless such event or circumstances also constitute a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the Company's assets, as defined in Section 409A. In addition, no Change in Control shall be deemed to have occurred upon the acquisition of additional control of the Company by any one person or more than one person acting as a group that is considered to effectively control the Company. In no event will a Change in Control be deemed to have occurred if you are part of a "group" within the meaning of Section 13(d)(3) of the Exchange Act that effects a Change in Control.

Terms used in the definition of a Change in Control shall be as defined or interpreted pursuant to Section 409A.

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Committee**" means the Compensation Committee of the Board, any successor committee thereto or any other committee of the Board appointed by the Board with the powers of the Committee under the Plan, or any subcommittee appointed by such Committee; *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 at any time during the period commencing on the date of termination of your employment and ending on the one-year anniversary thereof:

(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 to be a Competitor shall be deemed Competitive Activity.

"**Competitor**" means any entity that is engaged in any activity, or that owns a significant interest (equity, voting, financial or otherwise) in an entity, that competes with any business activity the Company engages in, or that you reasonably had knowledge of or should have had knowledge of that the Company was planning to engage in on the date of your termination of employment with the Company.

"**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.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

["**Full Career Retirement**" means a termination of employment with the Company other than under circumstances involving any Cancellation Event (other than the required notice periods) and other than 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 of affiliate of MSCI.][1]

["**Full Career Retirement**" means a termination of employment with the Company other than under circumstances involving any Cancellation Event (other than the required notice periods) and other than due to your death or Disability on or after the date that you meet any of the following criteria:

---

1 Include if applicable.

(a) age 50 and 12 years of service with the Company as a Managing Director or comparable officer;

(b) age 50 and 15 years as an officer of the Company;

(c) age 55 with five years of service with the Company and age plus years of service equals or exceeds 65; or

(d) 20 years of service with the Company;

*provided* that, for purposes of this definition, service with the Company will include any period of service with the following entities and any of their predecessors:

(i) Barra Inc. and its subsidiaries, prior to the acquisition by the Company;

(ii) Capital International Perspectives S.A., prior to the acquisition by the Company;

(iii) Morgan Stanley;

(iv) Morgan Stanley Group Inc. and its subsidiaries ("MS Group") prior to the merger with and into Dean Witter, Discover & Co.; and

(v) Dean Witter, Discover & Co. and its subsidiaries ("**DWD**") prior to the merger of Morgan Stanley Group Inc. with and into Dean Witter, Discover & Co.; provided that, in the case of an employee who has transferred employment from DWD to MS Group or vice versa, a former employee of DWD will receive credit for employment with DWD only if he or she transferred directly from DWD to Morgan Stanley & Co. Incorporated or its affiliates subsequent to February 5, 1997, and a former employee of MS Group will receive credit for employment with MS Group only if he or she transferred directly from MS Group to Morgan Stanley DW Inc. or its affiliates subsequent to February 5, 1997.

For the avoidance of doubt, you will only receive credit for employment with the entities listed above to the extent that you were an employee of such entity on the closing date of the applicable corporate transaction described above or, in the case of the MS Group, if you were an employee of the MS Group on the closing date of the spin-off of MSCI from the MS Group and, in each case, you became an employee of MSCI (or one of its Subsidiaries) as of the closing date of such transaction.][2]

"**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

[2] Include if applicable.

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 Reward that was in existence prior to a Change in Control (for purposes of this clause (b), Total Reward is comprised of your annual base salary, your annual bonus and the grant date fair value of your equity-based incentive compensation awards for the year prior to the year in which your termination of employment occurs);

(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; or

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

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.

**APPENDIX A**

# Designation of Beneficiary(ies) Under
# MSCI Inc. 2007 Amended and Restated
# Equity Incentive Compensation Plan

This Designation of Beneficiary(ies) shall remain in effect with respect to all awards issued to me under any MSCI equity compensation plan, including any awards that may be issued to me after the date hereof, unless and until I modify or revoke it by submitting a later dated beneficiary designation. This Designation of Beneficiary(ies) supersedes all my prior beneficiary designations with respect to all my equity awards.

I hereby designate the following beneficiary(ies) to receive any survivor benefits with respect to all my equity awards:

| | Beneficiary(ies) Name(s) | Relationship | Percentage |
|---|---|---|---|
| (1) | | | |
| (2) | | | |

Address(es) of Beneficiary(ies):

(1)
(2)

Contingent Beneficiary(ies)

Please also indicate any contingent beneficiary(ies) and to which beneficiary(ies) above such interest relates.

| | Beneficiary(ies) Name(s) | Relationship | Nature of Contingency |
|---|---|---|---|
| (1) | | | |
| (2) | | | |

Address(es) of Contingent Beneficiary(ies):

(1)
(2)

Name: (please print) Date:

Signature

Please complete and file this form with your personal tax or estate planning representative.

**EXHIBIT B**

## [COUNTRY-SPECIFIC TERMS AND CONDITIONS]

**FORM OF SPECIAL PERFORMANCE AWARD AGREEMENT**
**FOR PERFORMANCE STOCK UNITS**
**UNDER THE MSCI INC. 2007 AMENDED AND RESTATED EQUITY INCENTIVE**
**COMPENSATION PLAN**

MSCI Inc. ("**MSCI**," and together with its Subsidiaries, the "**Company**") hereby grants to you Performance Stock Units ("**PSUs**") as described below. The awards are being granted under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan (as may be amended from time to time, the "**Plan**").

| | |
|---|---|
| **Participant:** | [Name] |
| **Number of PSUs Granted:** | [#] PSUs |
| **Grant Date:** | [Date] (the "**Grant Date**") |
| **Vesting Schedule:** | [•] |
| **Performance Periods:** | [•] |

Your PSUs may be subject to forfeiture or recoupment if you terminate employment with the Company or do not comply with the notice requirements, as set forth in the Plan and this Performance Stock Unit Award Agreement (including Exhibit A and Exhibit B attached hereto, this "**Award Agreement**").

You agree that this Award Agreement is granted under the Plan and governed by the terms and conditions of the Plan and Exhibit A and Exhibit B attached hereto. You also agree that PSUs granted to you pursuant to this Award Agreement and any Shares issued in settlement or satisfaction thereof are subject to the MSCI Clawback Policy. You will be able to access a prospectus and tax supplement that contains important information about this award via the MSCI website or your brokerage account. Unless defined in this Award Agreement, capitalized terms shall have the meanings ascribed to them in the Plan.

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

**MSCI Inc.**

______________________________
Name:
Title:

**EXHIBIT A**

# TERMS AND CONDITIONS
# OF THE SPECIAL PERFORMANCE AWARD AGREEMENT

Section 1. PSUs Generally. MSCI has awarded you PSUs 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 PSUs only if you remain in continuous employment with the Company through each Vesting Date, or as otherwise set forth below. Each PSU corresponds to one share of MSCI common stock, par value $0.01 per share (each, a "**Share**"). Each PSU constitutes a contingent and unsecured promise by MSCI to deliver one Share on the conversion date for such PSU.

Section 2. Performance Adjustment, Vesting and Conversion Schedule and HSR Act.

(a) *Performance Adjustment.* The number of PSUs initially awarded to you under this Award Agreement shall be adjusted as follows: (i) the first tranche of PSUs shall be adjusted after the end of the First Performance Period, (ii) the second tranche of PSUs shall be adjusted after the end the Second Performance Period and (iii) the third tranche of PSUs shall be adjusted after the end of the Third Performance Period, in each case, within a range of [•]% to [•]% of the number of PSUs per tranche and based on the achievement of the applicable Performance Period [•] set forth below. Following the end of each Performance Period, management of MSCI shall provide its calculation of the Performance Period [•] to the Committee. The Committee will review the extent of the achievement of the Performance Period [•] and shall certify in writing such achievement.

The number of PSUs per tranche that will be converted into Shares pursuant to Section 2(b), Section 4 or Section 5 (each such tranche, the "**Tranche of Adjusted PSUs**") will be determined based on the following formula no later than [•] of the year following the last day of the applicable Performance Period (each, an "**Adjustment Date**"):

| | | | | |
|---|---|---|---|---|
| Number of PSUs Per Tranche | x | [•] Adjustment Percentage | = | Number of Adjusted PSUs Per Tranche |

The "[•] **Adjustment Percentage**" will be derived as set forth in the table below; *provided* that there will be extrapolation and interpolation (rounded to two decimal places) to derive the Performance Period [•] not expressly set forth below, and any fractional shares resulting from the application of the Performance Period [•] will be rounded down.

[Table]

(b) *Vesting and Conversion*. The PSUs 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. Each tranche of vested PSUs shall convert into Shares no earlier than [•] of the year following the year in which the applicable Vesting Date occurs and no later than the applicable Adjustment Date.

(c) *HSR Act*. If a tranche of PSUs would have vested pursuant to this Section 2 or Section 4, but did not vest solely because you were not in compliance with all applicable provisions of the HSR Act, the vesting date for such tranche of PSUs 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. Section 3(a) applies to your PSUs with a right to receive dividend equivalent payments whose record date occurs prior to [•], and Section 3(b) applies to your PSUs with a right to receive dividend equivalent payments whose record date occurs on or after [•].

(a) Until your PSUs 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 unconverted PSUs immediately prior to the record date (taking into account any adjustments pursuant to Section 2(a) and adjustments provided under the Plan). No dividend equivalents will be paid to you with respect to any unvested, canceled or forfeited PSUs. MSCI will decide on the form of payment and may pay dividend equivalents in Shares, in cash or in a combination thereof, unless otherwise provided in Exhibit B. MSCI will pay the dividend equivalent when it pays the corresponding dividend on its common stock or on the next regularly scheduled payroll date.

(b) Until your PSUs convert to Shares, if MSCI pays a dividend on Shares, you will be credited with a dividend equivalent payment in the same amount as the dividend you would have received if you held Shares for your vested and unvested PSUs immediately prior to the record date (taking into account any adjustments pursuant to Section 2(a) and adjustments provided under the Plan). Assuming you hold PSUs on the record date, MSCI will credit the dividend equivalent payments when it pays the corresponding dividend on its Shares. Your dividend equivalents will vest and be paid at the same time as, and subject to the same vesting and cancellation provisions set forth in this Award Agreement with respect to, your PSUs (provided that, subject to Section 20, the dividend equivalents may be paid following the scheduled conversion date on the next regularly scheduled payroll date). No dividend equivalents will be paid to you with respect to any canceled or forfeited PSUs. MSCI will decide on the form of payment and may pay dividend equivalents in Shares, in cash or in a combination thereof, unless otherwise provided in Exhibit B.

Section 4. Termination of Employment. Upon termination of employment with the Company prior to any Vesting Date pursuant to this Section 4, the following special vesting and payment terms will apply to your unvested PSUs:

(a) *Termination of Employment Due to Death or Disability*. If your employment with the Company terminates due to death or Disability, in each case, prior to any Vesting Date, your unvested PSUs will vest and convert into Shares on the applicable Adjustment Date(s) (even though you are not employed by the Company on the applicable Vesting Date(s)). Upon a termination of employment due to death, each Tranche of Adjusted PSUs shall be delivered in accordance with Section 9.

(b) *Involuntary Termination of Employment by the Company.* In the event of an involuntary termination of your employment by the Company without Cause prior to any Vesting Date, your unvested PSUs will vest and convert into Shares on the applicable Adjustment Dates(s) (even though you are not employed by the Company on the applicable Vesting Date(s)); *provided* that such vesting and conversion is subject to your execution and non-revocation of an agreement and release of claims satisfactory to the Company within 60 days following termination of your employment.

(c) *Governmental Service Termination.* If your employment with the Company terminates prior to any Adjustment Date in a Governmental Service Termination, to the extent permitted under Section 409A, your PSUs will be adjusted (within a range of [•]% to [•]%) based on the expected (or actual, as the case may be if such termination occurs after the expiration of any Performance Period) achievement of the Performance Period [•], which will be determined by extrapolating from the Performance Period [•] that has been achieved as of the end of the most recent completed fiscal quarter prior to the date your employment with the Company terminates, and each such Tranche of Adjusted PSUs will vest and convert into Shares within 60 days following the date of such termination. If your employment with the Company terminates after the applicable Adjustment Date in a Governmental Service Termination under circumstances not involving a Cancellation Event, each remaining Tranche of Adjusted PSUs will vest and convert into Shares within 60 days following the date of such termination.

(d) *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 PSUs that have not vested as of your last day of employment with the Company; and

(ii) If, prior to any applicable 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 PSUs 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 PSUs delivered to you in accordance with this Section 4(d)(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 PSUs may be forfeited and (B) if, after you have given notice of your intention to resign from your employment with the Company, the Company involuntarily terminates your employment without Cause prior to the expiration of your notice period, your outstanding PSUs will be treated in accordance with Section 4(b).

Notwithstanding anything to the contrary contained herein, each Tranche of Adjusted PSUs 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 PSUs under the Plan by the Company (if it is the surviving corporation) or by the surviving corporation or its parent, in which case your PSUs 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 PSUs immediately prior to such Change in Control in the event a buyer will not continue or assume the PSUs; *provided*, *however*, in each case, the Performance Period [•] target relating to any outstanding PSUs (that have not been adjusted pursuant to Section 2(a)) will be deemed to have been achieved at [•]. Following a Change in Control in which your outstanding PSUs are continued or assumed pursuant to clause Section 5(a)(i) above, such PSUs may be settled in cash, stock or a combination thereof.

(b) *Qualifying Termination*. In the event of a Qualifying Termination (as defined below), your PSUs 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 PSUs are continued or assumed.

Section 6. Cancellation of Awards. Notwithstanding any other terms of this Award Agreement, your PSUs 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 PSUs 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 7. Tax and Other Withholding Obligations. Pursuant to rules and procedures that MSCI establishes (including those set forth in Section 16(a) of the Plan), tax or other withholding obligations arising upon vesting and conversion (as applicable) of your PSUs may be satisfied, in MSCI'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 sufficient 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 PSUs convert. In order to comply with applicable accounting standards or the Company's policies in effect from time to time, MSCI may limit the amount of Shares that you may have withheld 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 8. Nontransferability. You may not sell, pledge, hypothecate, assign or otherwise transfer your PSUs, other than as provided in Section 9 or by will or the laws of descent and distribution or otherwise as provided for by the Committee.

Section 9. Designation of a Beneficiary. If you reside in the United States, you may make a written 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. To make a beneficiary designation, you must complete and file the form attached hereto as Appendix A with your personal tax or estate planning representative. Any Shares that become payable upon your death, and as to which a designation of beneficiary is not in effect, will be distributed to your estate. You may replace or revoke your beneficiary designation at any time. If there is any question as to the legal right of any beneficiary(ies) to receive Shares under this award, 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 10. Ownership and Possession. Except as set forth herein, you will not have any rights as a stockholder in the Shares corresponding to your PSUs prior to conversion of your PSUs.

Section 11. 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 PSUs 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 12. Compliance with Laws and Regulations. Any sale, assignment, transfer, pledge, mortgage, encumbrance or other disposition of Shares issued upon conversion of your PSUs (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 13. No Entitlements.

(a) *No Right to Continued Employment*. This PSU 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 PSUs and other equity-based awards, are discretionary. This award does not confer on you any right or entitlement to receive another award of PSUs 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 PSUs 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.

(d) *Section 162(m)*. Notwithstanding any other provisions of this Award Agreement, if MSCI considers you to be one of its named executive officers at the time provided for the conversion of your Adjusted PSUs and determines that any dividend equivalent payments may not be fully deductible by virtue of Section 162(m) of the Code, MSCI shall delay payment of such dividend equivalents, unless the Committee, in its sole discretion, determines not to delay such payment. This delay will continue until the date of your separation from service with MSCI or, to the extent permitted under Section 409A, the end of the first taxable year of MSCI as of the last day of which you are no longer a named executive officer (subject to earlier payment in the event of your death as described below).

Section 14. 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 15. 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 16. Award Modification and Section 409A.

(a) *Modification.* MSCI reserves the right to modify or amend unilaterally the terms and conditions of your PSUs, without first asking your consent, or to waive any terms and conditions that operate in favor of MSCI. MSCI may not modify your PSUs in a manner that would materially impair your rights in your PSUs without your consent; *provided, however,* that MSCI may, without your consent, amend or modify your PSUs 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 PSUs are not subject to tax prior to payment. MSCI will notify you of any amendment of your PSUs 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 Global Head of Human Resources, 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 Adjusted PSUs 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 Adjusted PSUs 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 Adjusted PSUs 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 16(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 16(b)(ii) shall occur or be made immediately. For the avoidance of doubt, any determination as to form of payment provided in this Section 16(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 PSUs, to the extent necessary or advisable to comply with Section 409A and reserves the right to make any changes to your PSU award so that it does not become subject to Section 409A or become subject to a Specified Employee Period.

Section 17. 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 18. 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 19. Governing Law; Venue. This Award Agreement and the related legal relations between you and the Company will be governed by and construed in accordance with the laws of the State of New York, without regard to any conflicts or choice of law, rule or principle that might otherwise refer the interpretation of the award to the substantive law of another jurisdiction. 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 20. Rule of Construction for Timing of Conversion. With respect to each provision of this Award Agreement that provides for your PSUs to convert to Shares, or your dividend equivalents to be paid, on a specified event or date, such conversion or payment 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 conversion or 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 21. 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, 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 (*e.g.,* your period of service would not include any contractual notice 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 PSUs, including, but not limited to, the grant, vesting or settlement of the PSUs, 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 PSUs 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 PSUs, 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 PSUs, 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 PSUs, 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 PSU 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 PSUs and other equity-based awards, are discretionary, voluntary and occasional. This award does not confer on you any contractual or other right or entitlement to receive another award of PSUs, any other equity-based award or benefits in lieu of PSUs 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 PSUs 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 PSU 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 PSUs and the Shares subject to the PSUs 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 PSUs and the Shares subject to the PSUs, and the income and value of 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;

(viii) unless otherwise agreed with MSCI, the PSUs and the Shares subject to the PSUs, and the income and value of 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 PSUs 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 PSU or of any amounts due to you pursuant to the settlement of the PSU or the subsequent sale of any shares of Common Stock 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 PSU 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, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in MSCI, details of all PSUs 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 seeks 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 PSUs 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 B*. Notwithstanding any provisions in this Award Agreement, the PSUs shall be subject to any special terms and conditions set forth in Exhibit B to this Award Agreement for your country. Moreover, if you relocate to one of the countries included in Exhibit B, the special terms and conditions for such country will apply to you, to the extent MSCI determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Exhibit B constitutes part of this Award Agreement.

(h) *Insider Trading Restrictions/Market Abuse Laws*. 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.*, PSUs) 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 are responsible for ensuring compliance with any applicable restrictions, and you should consult your personal legal advisor on this matter.

Section 22. 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 Proprietary Information or failure to comply with your obligations under MSCI's Code of Conduct or otherwise with respect to 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* if, without the consent of MSCI:

(d) 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

(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) 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.

A "**Change in Control**" shall be deemed to have occurred if any of the following conditions shall have been satisfied:

(a) any one person or more than one person acting as a group (as determined under Section 409A), other than (A) any employee plan established by the Company, (B) the Company or any of its affiliates (as defined in Rule 12b-2 promulgated under the Exchange Act), (C) an underwriter temporarily holding securities pursuant to an offering of such securities, or (D) a corporation owned, directly or indirectly, by stockholders of MSCI in substantially the same proportions as their ownership of MSCI, is or becomes, during any 12-month period, the beneficial owner, directly or indirectly, of securities of MSCI (not including in the securities beneficially owned by such person(s) any securities acquired directly from the Company or its affiliates other than in connection with the acquisition by the Company or its affiliates of a business) representing 30% or more of the total voting power of the stock of MSCI; *provided* that the provisions of this subsection (a) are not intended to apply to or include as a Change in Control any transaction that is specifically excepted from the definition of Change in Control under subsection (c) below;

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

(c) the consummation of a merger or consolidation of the Company with any other corporation or other entity, or the issuance of voting securities in connection with a merger or consolidation of the Company pursuant to applicable stock exchange requirements; *provided* that immediately following such merger or consolidation the voting securities of MSCI outstanding immediately prior thereto do not continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity of such merger or consolidation or parent entity thereof) 50% or more of the total voting power of MSCI's stock (or if the Company is not the surviving entity of such merger or consolidation, 50% or more of the total voting power of the stock of such surviving entity or parent entity thereof); and *provided, further*, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person (as determined under Section 409A) is or becomes the beneficial owner, directly or indirectly, of securities of MSCI (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its affiliates other than in connection with the acquisition by the Company or its affiliates of a business) representing 50% or more of either the then outstanding Shares or the combined voting power of MSCI's then-outstanding voting securities shall not be considered a Change in Control; or

(d) the sale or disposition by the Company of all or substantially all of the Company's assets in which any one person or more than one person acting as a group (as determined under Section 409A) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions.

Notwithstanding the foregoing, (1) no Change in Control shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of MSCI common stock immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns substantially all of the assets of the Company immediately prior to such transaction or series of transactions and (2) no event or circumstances described in any of clauses (a) through (d) above shall constitute a Change in Control unless such event or circumstances also constitute a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the Company's assets, as defined in Section 409A. In addition, no Change in Control shall be deemed to have occurred upon the acquisition of additional control of the Company by any one person or more than one person acting as a group that is considered to effectively control the Company. In no event will a Change in Control be deemed to have occurred if you are part of a "group" within the meaning of Section 13(d)(3) of the Exchange Act that effects a Change in Control.

Terms used in the definition of a Change in Control shall be as defined or interpreted pursuant to Section 409A.

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Committee**" means the Compensation Committee of the Board, any successor committee thereto or any other committee of the Board appointed by the Board with the powers of the Committee under the Plan, or any subcommittee appointed by such Committee.

“**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.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**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 Reward that was in existence prior to a Change in Control (for purposes of this clause (b), Total Reward is comprised of your annual base salary, your annual bonus and the grant date fair value of your equity-based incentive compensation awards for the year prior to the year in which your termination of employment occurs);

(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; or

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

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.

"**Performance Period**" means [•].

"**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.

**APPENDIX A**

**Designation of Beneficiary(ies) Under**
**MSCI Inc. 2007 Amended and Restated**
**Equity Incentive Compensation Plan**

This Designation of Beneficiary(ies) shall remain in effect with respect to all awards issued to me under any MSCI equity compensation plan, including any awards that may be issued to me after the date hereof, unless and until I modify or revoke it by submitting a later dated beneficiary designation. This Designation of Beneficiary(ies) supersedes all my prior beneficiary designations with respect to all my equity awards.

I hereby designate the following beneficiary(ies) to receive any survivor benefits with respect to all my equity awards:

| | Beneficiary(ies) Name(s) | Relationship | Percentage |
|---|---|---|---|
| (1) | | | |
| (2) | | | |

Address(es) of Beneficiary(ies):

(1)
(2)

Contingent Beneficiary(ies)

Please also indicate any contingent beneficiary(ies) and to which beneficiary(ies) above such interest relates.

| | Beneficiary(ies) Name(s) | Relationship | Nature of Contingency |
|---|---|---|---|
| (1) | | | |
| (2) | | | |

Address(es) of Contingent Beneficiary(ies):

(1)
(2)

Name: (please print) Date:

Signature

Please sign and return this form to MSCI's Human Resources Department.

**EXHIBIT B**

# [COUNTRY-SPECIFIC TERMS AND CONDITIONS]

**Exhibit 15.1**

July 31, 2015

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

Commissioners:

We are aware that our report dated July 31, 2015 on our review of interim financial information of MSCI Inc. for the three and six month periods ended June 30, 2015 and June 30, 2014 and included in the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2015 is incorporated by reference in its Registration Statement on Form S-8 No. 333-147540, No. 333-165888 and No. 333-167624 dated November 20, 2007, June 3, 2010 and June 18, 2010, respectively.

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 31, 2015

/s/ Henry A. Fernandez

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

**Exhibit 31.2**

# SECTION 302 CERTIFICATION

I, Robert Qutub, 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 31, 2015

/s/ Robert Qutub

Robert Qutub
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, Chief Executive Officer and President of MSCI Inc. (the “Registrant”) and Robert Qutub, 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, 2015, 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 31, 2015

| | |
|---|---|
| /s/ Henry A. Fernandez | /s/ Robert Qutub |
| Henry A. Fernandez | Robert Qutub |
| Chairman, Chief Executive Officer and President | Chief Financial Officer |
| (Principal Executive Officer) | (Principal Financial Officer) |