MSCI INC.

2019 ESG INVESTOR ENGAGEMENT

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Forward-looking statements

- This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. In some cases, you can identify forward-looking statements by the use of words such as “may,” “could,” “expect,” “intend,” “plan,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond MSCI’s control and that could materially affect actual results, levels of activity, performance or achievements.
- Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in MSCI’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018 filed with the Securities and Exchange Commission (“SEC”) on February 22, 2019 and in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC. If any of these risks or uncertainties materialize, or if MSCI’s underlying assumptions prove to be incorrect, actual results may vary significantly from what MSCI projected. Any forward-looking statement in this presentation reflects MSCI’s current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to MSCI’s operations, results of operations, growth strategy and liquidity. MSCI assumes no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise, except as required by law.

Other information

- Percentage changes and totals in this presentation may not sum due to rounding.
- Percentage changes refer to the comparable period in 2018, unless otherwise noted.
- Foreign currency exchange rate fluctuations reflect the difference between the current period results as reported compared to the current period results recalculated using the foreign currency exchange rates in effect for the comparable prior period. While operating revenues adjusted for the impact of foreign currency fluctuations includes asset-based fees that have been adjusted for the impact of foreign currency fluctuations, the underlying assets under management ("AUM"), which is the primary component of asset-based fees, is not adjusted for foreign currency fluctuations. Approximately two-thirds of the AUM are invested in securities denominated in currencies other than the U.S. dollar, and accordingly, any such impact is excluded from the disclosed foreign currency adjusted variances.

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Company overview

WHO WE ARE

7,000[1] blue-chip clients in 85+ countries
- Across investment and trading spectrum
- World's most sophisticated investors use our products and services

Must have products and services
- Across asset classes for performance and risk
- **~$1.6B** Run Rate as of September 30, 2019
- **10%** YoY organic subscription Run Rate growth in 3Q19

Strong performance and inclusive culture
- Global, multi-cultural workforce
- Driving innovation for industry- leading solutions[2]

3,350+ talented employees in 20+ countries
- **200** researchers
- **1,600** technologists & data scientists
- **750** coverage & marketing professionals
- Extensive knowledge of the investment process

WHAT WE DO

Provide products and services that global investors can use to build better portfolios for a better world

Note: Details referenced above are as of September 30, 2019.
[1]Number of clients based on the shipping address of the ultimate customer utilizing the product which counts affiliates, user locations, or business units within a single organization as separate clients.
[2]Unless otherwise noted, solutions throughout this presentation refers to the usage of our products and/or services by our clients to help them achieve their objectives.

Select highlights

Leading provider of **critical decision** support tools and services for the **global investment** community with an **attractive financial model** based on recurring revenue, cash generation and capital flexibility

Robust governance structure with a **highly experienced Board** comprised of directors with **strategy relevant skills** such as finance/investment, talent management and technology

Pay-for-Performance compensation structure and enhancements to 2019 long-term incentive plan further prioritize **shareholder value creation** and facilitate an **"owner-operator" mindset**

Strong focus on succession planning and talent management as overseen by the Compensation & Talent Management Committee

ESG oversight by Chief Responsibility Officer who reports to the Nominating and Corporate Governance Committee

Our strategy

MSCI's business strategy

Mission: Better investments for a better world

Strategy: To help investors build *better* portfolios and transform for the future, **MSCI will deliver**:

Must-have **content**

Indexes

Data

Analytical tools

Cutting-edge **technology**

Distribution: how we collect data

Processes: cloud computing

Internal technology

Actionable, Integrated **client solutions**

Powering better investment decisions

Helping clients tap into our data sources, indexes, research-driven models and tools

Scale & Differentiation.

Powerful secular trends

Savings growing at ~$20T per year[1]

~$100T of professionally managed assets growing 5% per year[2]

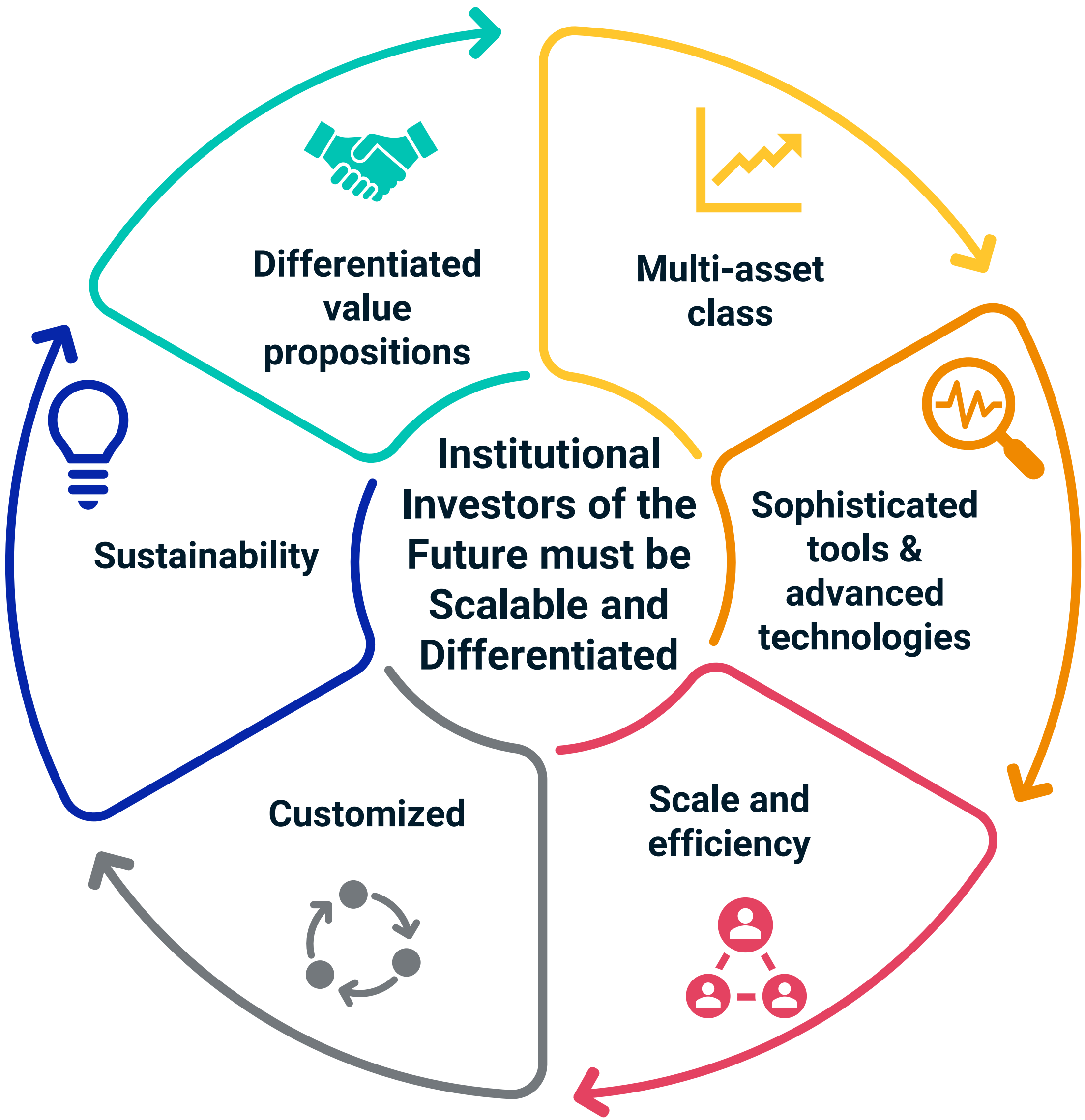
Investing across geographies and asset classes

Investment opportunities increasingly accessible

Portfolios are increasingly complex yet customized

[1] Based on data from the World Bank, calculated as Global Gross Savings as a % GDP multiplied by Global GDP.
[2] Numbers based on company estimates and multiple third party reports.

Impact of trends on investment industry

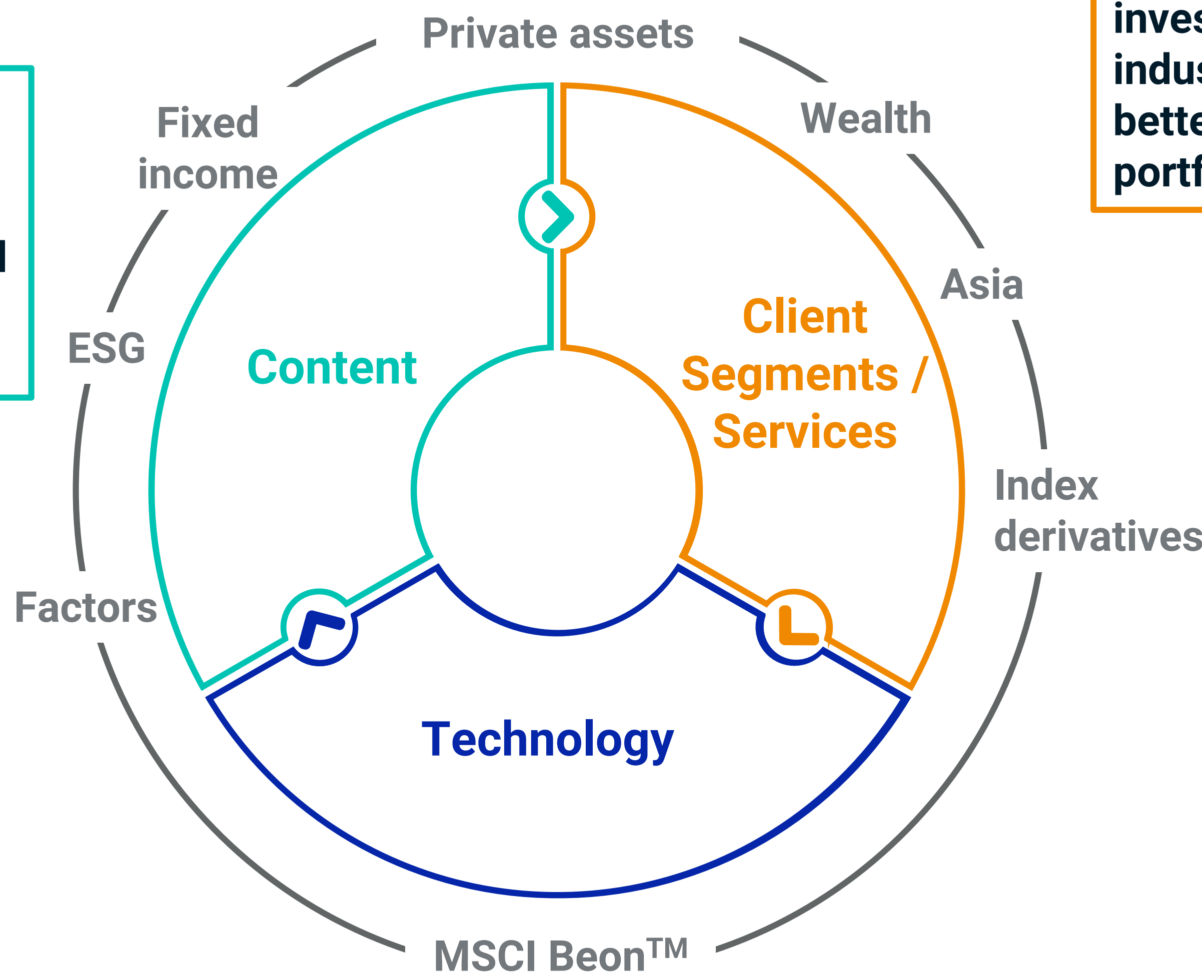


Investment institutions must adapt.

Key strategic growth areas

Must-have content to build and explain mass-customized or differentiated portfolios

Helping clients throughout the investment industry build better portfolios



Scalable, sophisticated, content-enabling technology

Three key pillars and eight growth frontiers.

Industry accolades

2019 GlobalCapital Derivatives Awards
Index Product Creator & Developer

Responsible Investment Association Australasia
Best piece of investor relevant ESG research

Independent Research in Responsible Investment Survey 2019
Best firm for SRI Research
Best firm for corporate governance research
Best firm for sustainability indexes

FOW and Global Investor Asia Capital Markets Awards
2018 Index provider of the year

Environmental Finance Green Bond Awards
Best Green Bond Index
(The Bloomberg Barclays MSCI Green Bond Index)

Insurance Asia News (Institutional Asset Management Awards 2018)
Best ESG product innovation award

Chartis RiskRech100 2019
Winner:
Risk as a service
Enterprise stress testing
Buy-side

Risk Awards 2018
Winner:
Market liquidity risk product
Risk capital calculation product

Robust financial model

		FY 2014-2018	3Q19
RECURRING REVENUE & HIGH RETENTION	Recurring, Visible Revenue Model	Recurring revenues[1] ~98% annually	Recurring revenues[1] >97%
	Strong Historical Retention Rates	>92% annually	95.0%
OPERATIONAL EFFICIENCY	Scalable Cost Structure	Adjusted EBITDA margin / Operating margin 53.9% / 47.9% (2018) 41.0% / 33.8% (2014)	Adjusted EBITDA margin / Operating margin 56.0% / 51.0%
	Tax Structure in line with Operating Footprint	Effective tax rate 19.4% (2018) 35.5% (2014)	Effective tax rate 18.8%
ATTRACTIVE CASH DYNAMICS	High Cash Generation	Free Cash Flow (“FCF”) / Operating cash flow $563.8m / $612.8m (2018) $257.6m / $308.5m (2014)	FCF / Operating cash flow $173.8m / $188.5m
	Robust Operating Model	FCF / Operating cash flow as % of Income from continuing operations >100% annually	FCF / Operating cash flow as % of Income from continuing operations 127% / 138%

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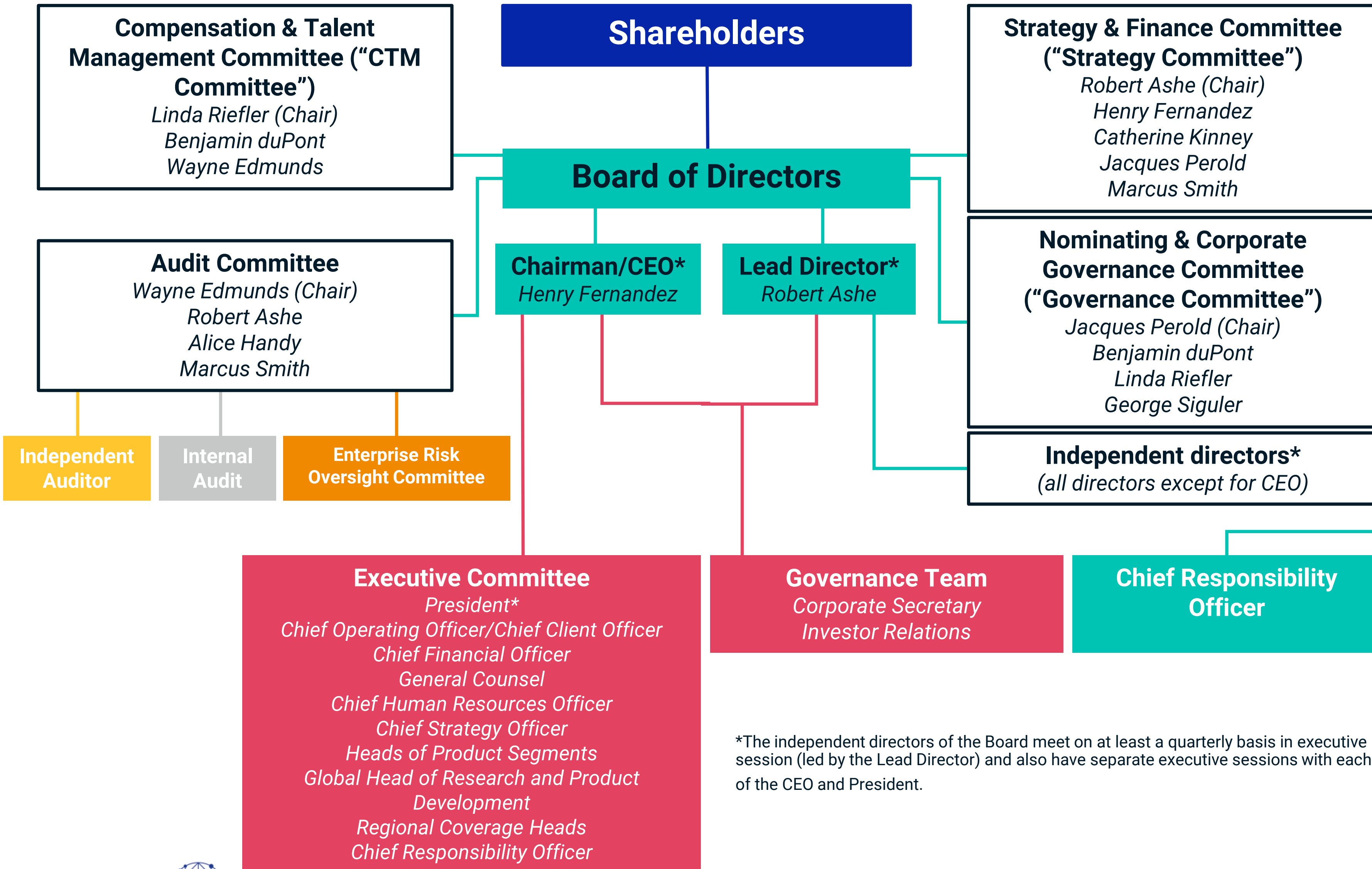
[1]Recurring Revenues include recurring subscription and asset-based fees revenues.

Our governance

Governance structure



*The independent directors of the Board meet on at least a quarterly basis in executive session (led by the Lead Director) and also have separate executive sessions with each of the CEO and President.

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Board governance

Governance highlights

- Independent Lead Director has expansive list of duties that provides for effective independent oversight, including approving Board agendas, leading executive session of independent directors, overseeing annual review of Chairman, facilitating communication between Chairman and independent directors, and meeting directly with management
- Appointed a new Lead Director (Robert G. Ashe) and new chairs for all NYSE-mandated committees in 2018
- Annual election of directors: majority voting standard for uncontested elections with resignation policy; plurality for contested elections
- No dual-class stock and no poison pill
- Robust onboarding program for new directors and ongoing director education
- Annual review of charters/governance policies; Political Activities Policy adopted in 2019

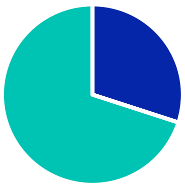
Oversight of risk management activities

- Board, through its committees, oversees risk management activities, including those relating to cybersecurity risks

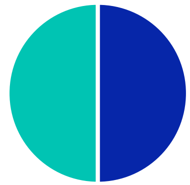
Board oversees major risks			
CTM Committee oversees risks associated with compensation policies and practices	*Strategy Committee* oversees risks relating to Company's strategic plan	*Governance Committee* oversees risks relating to governance structure and other corporate governance matters	*Audit Committee* oversees risks relating to key accounting and reporting policies, and cybersecurity and enterprise risks; quarterly update from Enterprise Risk Management and Information and Technology Risk

Diverse & engaged board

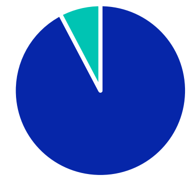
Our Directors exhibit an effective mix of skills, experience, diversity and perspectives



30% Women



Over 50% Gender, Racial or National Diversity



9 of 10 Directors are Independent

Outside Board Policy

- Directors may not serve on more than 4 public company boards, including the Company's
- All directors are in compliance with the outside board policy
- Our Chairman/CEO serves on no other public company board

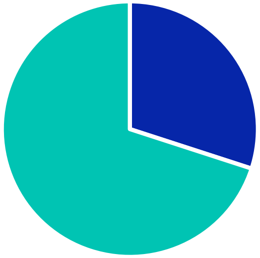
Diverse Skills & Experiences

- Executive Leadership
- Governance / Public Company Board
- Industry Experience
- International Experience
- Regulatory Compliance / Government
- Investments / Strategy
- Financial Expertise: CFO and Audit
- Risk Management
- Consumer Insight / Investor Relations
- Technology
- Corporate Affairs
- Talent Management / Executive Compensation

Director evaluation & refreshment

Director Tenure & Ongoing Board Refreshment

- Director skills matrix reviewed regularly to aid in search of potential candidates
- Mandatory retirement age set at 72
- Director search firm retained to assist with director succession planning



3 of 10 directors joined the board within the past 5 years; ongoing search for new directors

Annual Board Performance Evaluations

Process

Annual Board and committee evaluations led by the Chair of the Governance Committee
- Each director completes a self-assessment questionnaire
- Lead Director conducts individual director interviews

In 2019, the Board engaged a third party evaluation firm for a comprehensive assessment of the Board's practices

The Lead Director and Chair of the Governance Committee review the results with the Board in executive session; requests for enhancements are subsequently discussed with management

Feedback & Recent Initiatives

Enhanced review of strategic goals:
- Creation of strategic scorecard and periodic review with Board to track progress
- Board and committee agendas increasingly focused on "forward-looking" topics
- Appointment of dedicated Chief Strategy Officer

Increased focus on ESG:
- Governance Committee assigned responsibility for ESG oversight
- Appointment of Chief Responsibility Officer who periodically reports to the Governance Committee
- ESG goals incorporated into CEO's goals for annual incentive compensation

Succession planning and talent management:
- President meets in executive session with independent directors on a quarterly basis
- Potential successors to senior management invited to speak at Board meetings for additional exposure
- Succession planning at levels beyond the Executive Committee; accelerate development of current internal candidates at all levels

Executive compensation

Compensation@MSCI

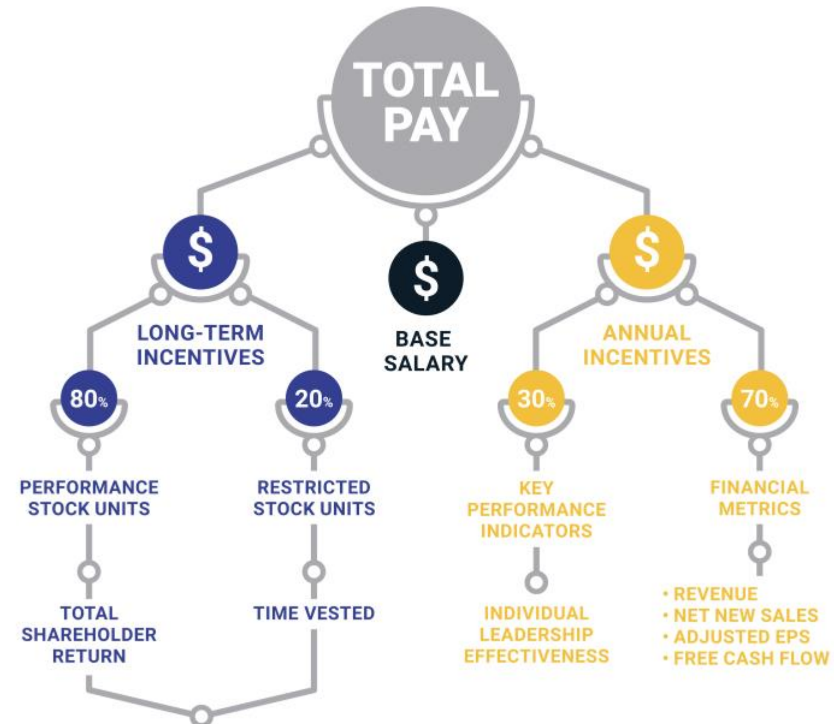
SUPPORTS OUR CULTURE OF HIGH PERFORMANCE AND ACCOUNTABILITY

- Provide competitive compensation
- Link compensation to Company, Product/Function and Individual Performance
- Provide transparency and a clear line of sight into how compensation is determined
- Differentiate and recognize individual performance and behavior – the "**What**" and the "**How**"
- Allows each pay component to be determined independently and for different purposes

Base Salary + Target Annual Incentive Plan (AIP) + Target Long-Term Incentive Plan (LTIP) = Target Total Compensation

Current executive compensation structure

	Component	Objective	Pay In
Fixed Compensation	Annual Base Pay	• The only fixed component of our executive compensation program • Provides certainty and predictability to meet ongoing living and financial commitments	Cash
Variable Compensation	AIP	• Alignment of management's interests with shareholders' interests • Introduced to drive one year performance results • Specific financial criteria and key performance indicators	Cash
	LTIP	• Align interests of management with the execution of Company's long-term strategy and shareholder value • Promotes retention	Performance Stock Units Restricted Stock Units[1]



Reflects weightings for the President, COO and the heads of each product segment in 2016. CEO was weighted 100% PSUs in 2016. Our CEO and NEOs were not eligible to receive PSUs in 2017 and 2018.

Other Executive Committee members were weighted 40% RSUs and 60% PSUs in 2017 and 2018.

80% or More At Risk Performance Based Compensation for NEOs.

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(1) CEO receives 100% of LTIP in performance shares

Shareholder alignment and engagement

- 2019 enhancements to the compensation program meant to further align interests of management with that of shareholders
  - Increased stock ownership requirements (CEO: 6x; CFO/President/COO: 4x; all other EC members: 3x)
  - Implemented more rigorous clawback policy (covers broader range of detrimental conduct and financial restatements)
  - Introduced a 5-Year Cliff vesting PSU award to enhance “owner/operator” mindset
  - Enhanced LTIP program in response to shareholder feedback

What we heard	What we did	Why
Eliminate relative TSR CAGR	2019 PSU awards will vest and be performance adjusted based solely on rigorous absolute TSR CAGR thresholds	Absolute TSR CAGR is an all-encompassing measure of Company performance that does not divert focus from any individual strategic priority Metric complements the performance measures under our AIP which directly tie to the Company’s strategy
Performance period should not be extended another six months for performance shares	Eliminated “retesting” feature in new PSUs for 2019 and going forward	Increases management’s accountability
Shareholders indicated they prefer that a majority of our CEO’s long-term incentive awards be performance-based	100% PSUs in 2016 and in 2019 (no equity grants in 2017 or 2018)	CEO should be primarily rewarded for increasing absolute shareholder value which reinforces our “owner-operator” philosophy and is aligned with executing our strategic plan

2019 long-term incentive mix

LTI Vehicle	CEO	President and COO & CCO	Executive Committee Members	Managing Directors
2019 RSU Award	0%	20%	40%	50%
2019 3-Year PSU Award	50%	50%	40%	35%
2019 5-Year PSU Award	50%	30%	20%	15%

2019 PSU performance goals

The table below sets forth the TSR CAGR adjustment percentage for the 3-Year PSUs.

TSR CAGR (%)	Adjustment Percentage (%)
30.00 (maximum)	300
20.00	200
10.00 (target)	100
9.00	50
8.00 (threshold)	25
< 8.00	0

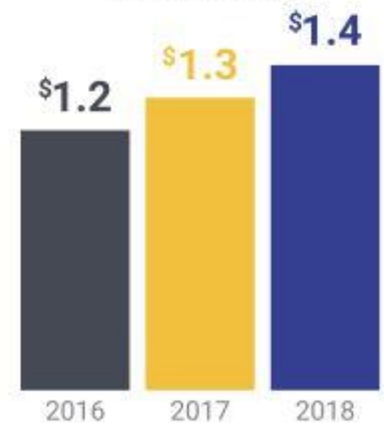
The table below sets forth the TSR CAGR adjustment percentage for the 5-Year PSUs.

TSR CAGR (%)	Adjustment Percentage (%)
20.00 (maximum)	200
15.00	150
12.50 (target)	100
10.00	50
< 10.00	0

Pay-for-performance

- Rigorous TSR metric for PSUs and financial metrics for annual cash incentive compensation reflects strong alignment between company performance/shareholder return and executive compensation

Operating Revenues
(in billions)



Diluted EPS / Adjusted EPS*

Accountability and compensation governance

What we do	What we don't do
✓ Emphasize variable compensation ✓ Have formula-based annual cash-incentives ✓ Subject equity awards to vesting requirements ✓ Impose stock ownership guidelines on directors and Executive Committee members ✓ Maintain clawback policy incentive-based compensation (cash and equity) ✓ Provide for double-trigger vesting upon a change in control ✓ Have restricted dividend equivalents on performance vesting awards that are only paid if and when underlying award vests ✓ Grant CEO equity entirely in PSUs tied to multi-year absolute TSR ✓ Retain independent compensation consultant at direction of the CTM Committee	✗ Do not provide gross-ups to cover excise taxes ✗ Do not have employment agreements with executive officers ✗ Do not allow directors or employees to hedge or pledge company stock, engage in short sales, purchases or sales or options, puts or calls, as well as derivatives, such as swaps, forwards or futures or trade on a short-term basis on company stock ✗ Do not allow repricing of options or stock appreciation rights awards without shareholder approval ✗ Do not provide for “liberal” share recycling when shares are tendered or withheld to satisfy tax withholding obligations or as payment of an option exercise price

Our people

We have been focusing on **SIX WORKSTREAMS** to drive a **PERFORMANCE AND GROWTH** culture transformation

1. **Drive high company performance through higher employee engagement.** Increased investment in learning and development to create an environment where all MSCI colleagues can professionally and personally grow and thrive.

2. **Provide premier, differentiated talent development experiences to those individuals who demonstrate the highest potential to grow** into larger more strategic roles and contribute in meaningful ways.

3. **Strengthen the link between pay and performance** by evolving our compensation program to provide even stronger differentiation and line of sight between performance and rewards and by linking employee compensation to specific measurable personal, functional and company results.

4. **Create an environment where all MSCI colleagues can truly be their authentic selves and thus contribute at their maximum potential.** Strengthen and promote our culture of diversity and inclusion.

5. **Design the MSCI Corporate workplace to enable strong OneMSCI collaboration and improved communications and productivity.**

6. **Embrace methodologies that enable and sustain a high performance and growth culture**, such as Agile, Lean and Design Thinking.

Succession planning and talent management

TALENT MANAGEMENT IS A TOP PRIORITY

Annual review by the Board of talent management and succession plans.

Annually, every function develops and reviews their talent plans with the CEO and President.

Discussions aim to identify succession candidates and top talent who can enable MSCI to achieve its strategy.

Appropriate action plans are created to ensure we are developing the next generation of leaders.

Integrated Talent Management

Inclusion & diversity

The **CTM Committee, at least annually, reviews the Company's diversity and inclusion programs and initiatives**, which includes review of the following:

- Increased diversity representation in **executive talent development and succession plans**
- Increased **diverse representation in leadership and management development programs**
  - Female representation increased by 28%
  - Emerging Market Center (EMC) representation increased by over 200%
- **Annual Diversity and Inclusion Summit** hosted by the CEO and Executive Committee members and attended by high performing women at the Company, MSCI Pride leaders and members of the Executive Diversity Council ("EDC")
- Launched formal **Women's Mentorship/Sponsorship Program** to accelerate diverse talent pipeline
- Conducted proactive **Equal Pay** efforts for many years
- Enhanced our **Employee Resource Groups (ERGs)** to champion a culture of inclusion to drive increased engagement: Women's Leadership Forum, MSCI Pride and Eco Groups
- Improved **talent acquisition** process to increase diverse talent applicants and strengthen interview practices and discipline

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Significant progress on building a performance and growth culture since 2015

- Engagement and manager scores show an upward trend
- Long-term loyalty shows a big improvement
- Senior leader scores continue to improve
- Glass Door scores are better than external norms in all categories with major improvement the past several years

- Trending in the right direction*
- Overall, employee engagement increased 25% from 2015 to 2018

++++++++++++++++++++++++++++++++

- 87% of employees are proud to work at MSCI, up twelve percentage points from 2015
- 90% would recommend MSCI as a company to do business with, up seven points from 2015
- 92% of managers meet regularly with their teams, up sixteen points from 2015

*Engagement data: 2015-2018

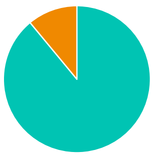
Corporate responsibility

Governance and risk management

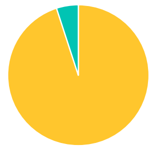
- Diana Tidd, who was **appointed Chief Responsibility Officer ("CRO")** of MSCI in 2019, reports to the **Governance Committee** twice per year
  - The corporate responsibility operating plan was presented to the Governance Committee in April 2019
  - Updates on the progress and impact of our corporate responsibility efforts to date were presented in October 2019
- In 2019, we formed a management-level **Corporate Responsibility Committee ("CRC")**, chaired by the CRO, to oversee our ESG disclosures and management practices
  - The focus of the CRC includes building out the framework, infrastructure, process and measurements to drive MSCI's ESG agenda and establish MSCI as a leader in corporate ESG
  - Committee members represent functions most directly tied to corporate responsibility including, but not limited to, HR, Corporate Services, Legal, Marketing and ESG Research
- Our **Enterprise Risk Management** ("ERM") and **Information and Technology Risk Management** ("IT Risk") functions play a critical role in managing risks for MSCI
  - ERM activities monitored by the Enterprise Risk Oversight Committee include the cross-functional identification, assessment, and management of ESG risks, including climate change impact risks to MSCI
  - IT Risk activities include cybersecurity risk management, as well as comprehensive business resiliency planning with regular disaster recovery and continuity testing
  - Quarterly, both functions report to the Audit Committee

Sustainable operations

- **While MSCI's environmental impact as a financial services company is relatively small, we are committed to sustainable operations**



89% of our global staff are in offices with LEED, BREEAM or equivalent recognition



95% of our offices utilize motion sensors and automated lighting

Our principal data centers, located in the U.S., have been powered by renewable energy since Jan 2016

We average over 13,000 virtual meetings monthly

  - Travel policies encourage employees to minimize the trips to lower carbon footprint and costs
  - Continued reduction in use of paper through extensive use of electronic documents

- **We are focused on providing an environmentally aware workplace**
  - Participate in office recycling programs / efforts to ensure e-waste is properly disposed
  - Work with our vendors to source sustainable products, for example:
    - Build new offices and remodel with furniture from 70% to 90% recycled materials: vendor has the highest recycled content on the market with 100% of fixtures and furniture certified to a holistic environmental product standard (LEED, WELL, BIFMA Level)

- **MSCI is cognizant of climate-related risks with the potential to impact our business**
  - We conducted a scenario analysis aligned with the Task Force on Climate-Related Financial Disclosures, which included an analysis of short- and long-term climate-related risks

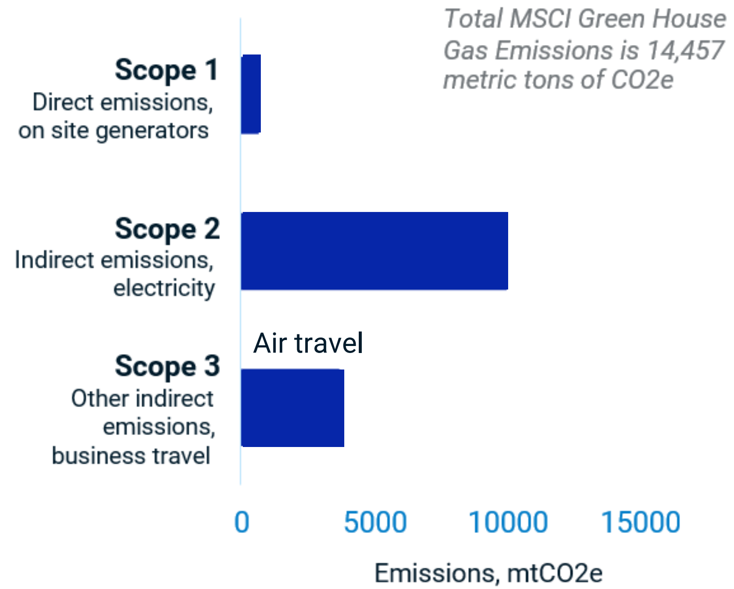
Transparency and engagement

Transparency

In 2019, we demonstrated our commitment to transparency by filing reports with the UN-backed PRI (Principles for Responsible Investment) and CDP (Carbon Disclosure Project)

- For PRI, MSCI become one of over 2,500 asset owners, asset managers and service providers filing a transparency report detailing efforts to promote the PRI principles and commitment to sustainable finance

- MSCI filed a “public response” to CDP for the first time in July 2019 detailing our carbon output and our governance policies and procedures related to climate risks and opportunities. CDP runs a global disclosure system. CDP data is used extensively including by MSCI ESG Research



Engagement

MSCI engages with its employees and suppliers to further ESG practices

- Staff across 13 offices, representing 89% of our headcount, kicked off “Eco Groups” to promote sustainability and awareness of environmental issues in our offices and communities. Current campaigns include an effort to reduce the use of disposables and office supplies
- MSCI maintains a Supplier Code of Conduct. The expectation is that all suppliers will:
  - Minimize their impact on the environment;
  - Uphold our core values including with respect to labor, human rights and legal compliance; and
  - Accept MSCI’s right to perform due diligence on suppliers

Appendix: non-GAAP measures and operating metrics

Reconciliation of Adjusted EBITDA to Net Income

(UNAUDITED)

In thousands	Three months ended Sep. 30, 2019	Sep. 30, 2018
Index adjusted EBITDA	$ 177,680	$ 154,477
Analytics adjusted EBITDA	37,797	37,046
All Other adjusted EBITDA	5,312	4,014
Consolidated adjusted EBITDA	**220,789**	**195,537**
Multi - Year PSU payroll tax expense	–	–
Amortization of intangible assets	12,361	11,681
Depreciation and amortization of property, equipment and leasehold improvements	7,209	7,453
Operating income	**201,219**	**176,403**
Other expense (income), net	32,471	29,557
Provision for income taxes	31,765	23,014
Income from continuing operations	**136,983**	**123,832**
Income (loss) from discontinued operations, net of income taxes	–	–
Net income	**$ 136,983**	**$ 123,832**

In thousands	Twelve months ended Dec. 31, 2018	Dec. 31, 2017[1]	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Index adjusted EBITDA	$ 607,853	$ 522,241	$ 431,478	$ 392,987	$ 349,685
Analytics adjusted EBITDA	143,645	125,624	128,507	95,468	72,173
All Other adjusted EBITDA	20,935	11,892	9,472	(6,758)	(13,104)
Consolidated adjusted EBITDA	**772,433**	**659,757**	**569,457**	**481,697**	**408,754**
Multi - Year PSU payroll tax expense	–	–	–	–	–
Amortization of intangible assets	54,189	44,547	47,033	46,910	45,877
Depreciation and amortization of property, equipment and leasehold improvements	31,346	35,440	34,320	30,889	25,711
Operating income	**686,898**	**579,770**	**488,104**	**403,898**	**337,166**
Other expense (income), net	57,002	112,871	102,166	54,344	28,828
Provision for income taxes	122,011	162,927	125,083	119,516	109,396
Income from continuing operations	**507,885**	**303,972**	**260,855**	**230,038**	**198,942**
Income (loss) from discontinued operations, net of income taxes	–	–	–	(6,390)	85,171
Net income	**$ 507,885**	**$ 303,972**	**$ 260,855**	**$ 223,648**	**$ 284,113**

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[1] As a result of the adoption of recent accounting guidance, the Company has restated its adjusted EBITDA by excluding $0.6 million of non-service related pension costs from adjusted EBITDA expenses for the full-year ended Dec 31, 2017

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

	Twelve months ended				
In thousands (except per share data)	**Dec. 31, 2018**	**Dec. 31, 2017**	**Dec. 31, 2016**	**Dec. 31, 2015**	**Dec. 31, 2014**
Net income	$ 507,885	$ 303,972	$ 260,855	$ 223,648	$ 284,113
Plus: Income (loss) from discontinued operations, net of income taxes	–	–	–	(6,390)	85,171
Income from continuing operations	507,885	303,972	260,855	230,038	198,942
Plus: Amortization of acquired intangible assets	43,981	39,157	47,033	46,910	45,877
Plus: Multi-Year PSU payroll tax expense	–	–	–	–	–
Plus: Debt repayment and refinancing expenses	–	–	–	–	7,944
Less: Discrete excess tax benefit related to Multi-Year PSU vesting	–	–	–	–	–
Less: Gain on sale of Alacra (not tax-effected)	–	(771)	–	(6,300)	–
Less: Gain on sale of FEA (not tax-effected)	(10,646)	–	–	–	–
Less: Gain on sale of InvestorForce	(46,595)	–	–	–	–
Less: Valuation allowance released in connection with InvestorForce divestiture	(7,758)	–	–	–	–
Less: Tax reform adjustments	(8,272)	34,500	–	–	–
Less: Income tax effect	1,678	(10,772)	(15,243)	(16,039)	(19,096)
Adjusted net income	**$ 480,273**	**$ 366,086**	**$ 292,645**	**$ 254,609**	**$ 233,667**
Diluted EPS	$ 5.66	$ 3.31	$ 2.70	$ 2.09	$ 1.70
Plus: Amortization of acquired intangible assets	0.49	0.43	0.49	0.43	0.39
Plus: Multi-Year PSU payroll tax expense	–	–	–	–	–
Plus: Debt repayment and refinancing expenses	–	–	–	–	0.07
Less: Discrete excess tax benefit related to Multi-Year PSU vesting	–	–	–	–	–
Less: Gain on sale of Alacra (not tax-effected)		(0.01)		(0.06)	
Less: Gain on sale of FEA (not tax-effected)	(0.12)				
Less: Gain on sale of InvestorForce	(0.52)				
Less: Valuation allowance released in connection with InvestorForce divestiture	(0.09)	–	–	–	–
Less: Tax reform adjustments	(0.09)	0.38	–	–	–
Less: Income tax effect	0.02	(0.13)	(0.16)	(0.14)	(0.16)
Adjusted EPS	**$ 5.35**	**$ 3.98**	**$ 3.03**	**$ 2.32**	**$ 2.00**

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

In thousands	Three months ended Sep. 30, 2019	Three months ended Sep. 30, 2018
Net cash provided by operating activities	$ 188,535	$ 143,825
Capital expenditures	(7,782)	(8,590)
Capitalized software development costs	(6,983)	(4,517)
Capex	(14,765)	(13,107)
Free cash flow	**$ 173,770**	**$ 130,718**

In thousands	Twelve months ended Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Net cash provided by operating activities[1]	$ 612,762	$ 404,158	$ 442,363	$ 321,247	$ 308,508
Capital expenditures	(30,257)	(33,177)	(32,284)	(40,652)	(42,659)
Capitalized software development costs	(18,704)	(15,640)	(10,344)	(8,500)	(8,216)
Capex	(48,961)	(48,817)	(42,628)	(49,152)	(50,875)
Free cash flow	**$ 563,801**	**$ 355,341**	**$ 399,735**	**$ 272,095**	**$ 257,633**

[1] 2014 adjusted to include $2.8 million of excess tax benefits that was reported as a component of cash flows from financing activities prior to the adoption of accounting guidance that required this to be reflected as a component of cash flows from operating activities.

Calculation of Operating Cash Flow and Free Cash Flow Conversion *(UNAUDITED)*

In thousands	Three Months Ended Sep. 30, 2019
Net cash provided by operating activities	$ 188,535
Capital expenditures	(7,782)
Capitalized software development costs	(6,983)
Capex	(14,765)
Free cash flow	**$ 173,770**
Income from continuing operations	**$ 136,983**
Net cash provided by operating activities	$ 188,535
÷ Income from continuing operations	$ 136,983
Operating cash flow conversion %	**138%**
Free cash flow	$ 173,770
÷ Income from continuing operations	$ 136,983
Free cash flow conversion %	**127%**

	Twelve Months Ended				
In thousands	**Dec. 31, 2018**	**Dec. 31, 2017**	**Dec. 31, 2016**	**Dec. 31, 2015**	**Dec. 31, 2014**
Net cash provided by operating activities[1]	$ 612,762	$ 404,158	$ 442,363	$ 321,247	$ 308,508
Capital expenditures	(30,257)	(33,177)	(32,284)	(40,652)	(42,659)
Capitalized software development costs	(18,704)	(15,640)	(10,344)	(8,500)	(8,216)
Capex	(48,961)	(48,817)	(42,628)	(49,152)	(50,875)
Free cash flow	**$ 563,801**	**$ 355,341**	**$ 399,735**	**$ 272,095**	**$ 257,633**
Income from continuing operations	**$ 507,885**	**$ 303,972**	**$ 260,855**	**$ 230,038**	**$ 198,942**
Net cash provided by operating activities	$ 612,762	$ 404,158	$ 442,363	$ 321,247	$ 308,508
÷ Income from continuing operations	$ 507,885	$ 303,972	$ 260,855	$ 230,038	$ 198,942
Operating cash flow conversion %	**121%**	**133%**	**170%**	**140%**	**155%**
Free cash flow	$ 563,801	$ 355,341	$ 399,735	$ 272,095	$ 257,633
÷ Income from continuing operations	$ 507,885	$ 303,972	$ 260,855	$ 230,038	$ 198,942
Free cash flow conversion %	**111%**	**117%**	**153%**	**118%**	**130%**

[1] 2014 adjusted to include $2.8 million of excess tax benefits that was reported as a component of cash flows from financing activities prior to the adoption of accounting guidance that required this to be reflected as a component of cash flows from operating activities.

Use of non-GAAP financial measures

- MSCI has presented supplemental non-GAAP financial measures as part of this presentation. Reconciliations are provided in slides 36-39 above that reconcile each non-GAAP financial measure with the most comparable GAAP measure. The non-GAAP financial measures presented in this presentation should not be considered as alternative measures for the most directly comparable GAAP financial measures. The non-GAAP financial measures presented in this presentation are used by management to monitor the financial performance of the business, inform business decision-making and forecast future results.
- "Adjusted EBITDA" is defined as net income before (1) provision for income taxes, (2) other expense (income), net, (3) depreciation and amortization of property, equipment and leasehold improvements, (4) amortization of intangible assets and, at times, (5) certain other transactions or adjustments, including the impact related to the vesting of the multi-year restricted stock units granted in 2016 to certain senior executives that were subject to the achievement of multi-year total shareholder return targets, which are performance targets with a market condition (the "Multi-Year PSUs").
- "Adjusted net income" and "adjusted EPS" are defined as net income and diluted EPS, respectively, before the after-tax impact of the amortization of acquired intangible assets, the impact of divestitures, the impact of adjustments for the Tax Cuts and Jobs Act that was enacted on December 22, 2017 ("Tax Reform"), except for amounts associated with active tax planning implemented as a result of Tax Reform, and, at times, certain other transactions or adjustments, including the impact related to the vesting of the Multi-Year PSUs. For periods prior to the first quarter 2017, the amortization associated with capitalized software development costs was included as an adjustment to adjusted net income and adjusted EPS as it was not material.
- "Free cash flow" is defined as net cash provided by operating activities, less Capex.
- Asset-based fees excluding the impact of foreign currency exchange rate fluctuations ("ex-FX") does not adjust for the impact from foreign currency exchange rate fluctuations on the underlying AUM.
- We believe adjusted EBITDA is a meaningful measure of the operating performance of MSCI because they adjust for significant one-time, unusual or non-recurring items as well as eliminate the accounting effects of capital spending and acquisitions that do not directly affect what management considers to be our core operating performance in the period.
- We believe adjusted net income and adjusted EPS are meaningful measures of the performance of MSCI because they adjust for the after-tax impact of significant one-time, unusual or non-recurring items as well as eliminate the accounting effects of acquisitions that do not directly affect what management considers to be our core performance in the period.
- We believe that free cash flow is useful to investors because it relates the operating cash flow of MSCI to the capital that is spent to continue and improve business operations, such as investment in MSCI's existing products. Further, free cash flow indicates our ability to strengthen MSCI's balance sheet, repay our debt obligations, pay cash dividends and repurchase shares of our common stock.
- We believe that the non-GAAP financial measures presented in this presentation facilitate meaningful period-to-period comparisons and provide a baseline for the evaluation of future results.
- Adjusted EBITDA, adjusted net income, adjusted EPS and free cash flow are not defined in the same manner by all companies and may not be comparable to similarly-titled non-GAAP financial measures of other companies. These measures can differ significantly from company to company depending on, among other things, long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. Accordingly, the Company's computation of these measures may not be comparable to similarly titled measures computed by other companies.

Use of operating metrics

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