

MSCI FIRST QUARTER 2017

Earnings Presentation

May 4, 2017

FORWARD – LOOKING STATEMENTS

- **Forward-Looking Statements – Safe Harbor Statements**

- This earnings presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, our full-year 2017 guidance. These forward-looking statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. In some cases, you can identify forward-looking statements by the use of words such as “may,” “could,” “expect,” “intend,” “plan,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and that could materially affect our 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, 2016 filed with the Securities and Exchange Commission (“SEC”) on February 24, 2017 and in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC. If any of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what MSCI projected. Any forward-looking statement in this earnings presentation reflects MSCI’s current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to MSCI’s operations, results of operations, growth strategy and liquidity. MSCI assumes no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise, except as required by law.

OTHER INFORMATION

- Percentage changes and totals in this earnings presentation may not sum due to rounding.
- Percentage changes refer to the comparable period in 2016, unless otherwise noted.
- Gross sales include both recurring subscription and non-recurring sales as reported in Table 6: Sales and Aggregate Retention Rate by Segment (unaudited) of the press release reporting MSCI's financial results for the first quarter 2017.
- Foreign currency exchange rate fluctuations are calculated to be 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. We do not provide the impact of foreign currency fluctuations on our asset-based fees tied to average AUM, of which approximately two-thirds are invested in securities denominated in currencies other than the U.S. dollar, and accordingly, the impact of any such is excluded from the disclosed foreign currency adjusted variances.
- On August 1, 2016, MSCI closed the sale of its Real Estate occupiers benchmarking business. Unless indicated otherwise, reported financial results and operating metrics have not been updated to exclude the results of this business.
- Based on accounting guidance, all stock-based compensation excess tax benefits and tax shortfalls are recognized in the provision for income taxes in the statement of income as discrete items, beginning in first quarter 2017 on a prospective basis. Previously, these discrete amounts were recorded in additional paid in capital on the statement of financial condition.
- Beginning in first quarter 2017, adjusted EPS includes amortization expense associated with capitalized software development costs. For periods prior to first quarter 2017, the amortization associated with capitalized software development was not included as an adjustment to adjusted net income and adjusted EPS as it was not material.

Q1 2017 – CONTINUED STRONG EXECUTION¹

REVENUE GROWTH

Growth in Operating Revenues +8.0%

OPERATIONAL EFFICIENCY

Increase in Operating Expenses / Adj. EBITDA Expenses +3.0% / +3.3%

Growth in Operating Income / Adj. EBITDA +15.4% / +13.2%

Operating Margin / Adj. EBITDA Margin Improvement +280 bps / +220 bps

Lower Effective Tax Rate (530 bps)

CAPITAL OPTIMIZATION

Lower Diluted Share Count (8.4%)

Increased Leverage² +0.4x

Growth in Diluted EPS / Adj. EPS +33.3% / +29.4%

Building Shareholder Value

POWER OF THE INTEGRATED FRANCHISE

Integration Within:

Clients

Client Investment Opportunities and Challenges

Content

Research and Product Development

Models / Methodologies

Derived Data

Algorithms

Applications
&
Services

Content-Enabling Applications / Services

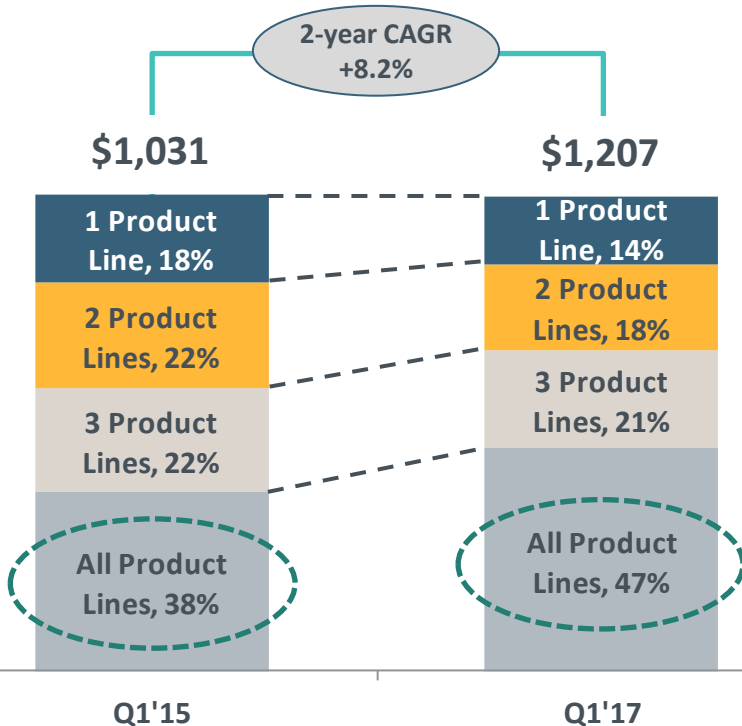
Better / More Efficient Client Investment Decisions

INTEGRATED FRANCHISE – CLIENTS

(US\$ in millions)

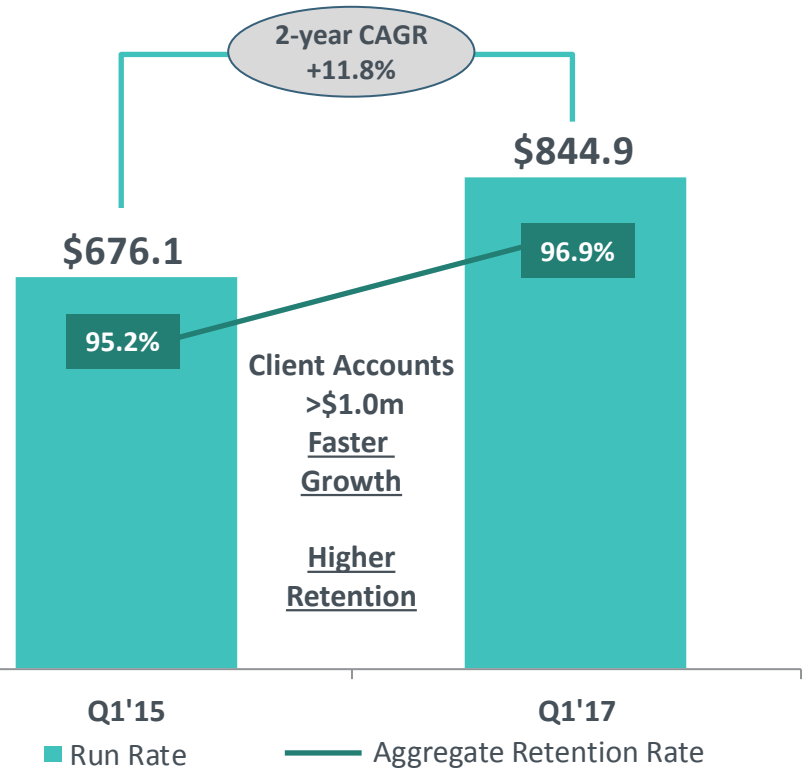
Increasing Run Rate from Clients¹ that Buy From All Products Lines²

% of Total Run Rate



Faster Growth / Higher Retention from Larger Clients¹

Run Rate from Clients >\$1.0m



Cross-Selling Positively Impacting Growth; Larger Accounts Growing Faster



¹ The number of clients are calculated based on a parent entity basis. We had approximately 3,900 and 3,800 clients as of Q1'15 and Q1'17, respectively. The change in the number of clients between the two periods is due to the addition of new clients and the loss of existing clients, including as the result of merger, divestiture or dissolution, and other adjustments.

² Products Lines include Index, Analytics, ESG and Real Estate.

INTEGRATED FRANCHISE – CONTENT

| | | Asset Class | | | | |
|---------|--|---|--|--|--|---------------------------|
| | | Equities | Fixed Income | Hedge Funds | Real Estate | Private Equity |
| Content | | <p>Indexes <i>(Market Cap, Factor & ESG)</i></p> <p>Fundamental / Historical Data</p> | <p>Single-Security Analytics</p> <p>Pre-Payment Models</p> | <p>Position Level Risk Models</p> <p>Exposure / Risk Reporting</p> | <p>Indexes & Market Information</p> <p>Performance Attribution</p> | <p>Risk Models</p> |
| | | <p>Factor Models in Single / Multi-Asset Class(es)</p> <p>Stress-Testing, Scenario and Value-at-Risk Models</p> <p>Performance Attribution Models Across Asset Classes</p> <p>Environment, Social and Governance Research and Ratings</p> | | | | |

INTEGRATED FRANCHISE – INDEX CONTENT

CONTENT

Market Cap

Factors

ESG

Thematic



GROWTH OPPORTUNITIES

- Globalization of equity investing driving demand for ACWI
- Increased demand for lower cost index-based equity investment products
- Investors seeking combined benefits of active and passive investing through factors

Maintain Leadership in Core Products and Continue to Develop New Offerings

INTEGRATED FRANCHISE – ESG CONTENT

CONTENT

Ratings

Governance

Screening

GROWTH OPPORTUNITIES

- Investors increasing focus on ESG criteria to evaluate stocks in their portfolio
- Integration of ESG into the mainstream of the investment process
- Wealth segment is adding capabilities around ESG content and ESG themed investments

Leveraging Our Content to Make MSCI the Acknowledged Leader for ESG Content

INTEGRATED FRANCHISE – ANALYTICS CONTENT & APPLICATIONS

PRODUCTS & SERVICES

Content

(Models driving derived data and algorithms)

Content-Enabling Applications

Solutions / Services



GROWTH OPPORTUNITIES

- Addressing complexity of clients' investment processes (risk management, portfolio construction, performance attribution, etc.)
- Delivering efficiencies in clients' investment processes through integrated models, data and applications
- Meeting need for services / solutions to enhance clients' use of analytics

Market Evolving to More Integrated Services / Solutions Model

INTEGRATED FRANCHISE – ANALYTICS

Phase I

Beginning of Phase II

Pre - 2015
Separate Products

Equity Analytics

Factor-Based
Risk Management

Position-Based
Risk Management

2015 & 2016
Combination / Restructuring of Analytics
Product Line

Profitability Focus

Streamlined
Management

Integrated Sales
Team

Use-Case / Client
Focus

Expense
Rationalization

Data and Technology
Integration

New Initiatives

Fixed Income
Analytics

Managed Services

New Analytics
Platform

2017 & Beyond
Driving Top-Line
Growth

Increasing Delivery
of all MSCI Content
via Integrated
Applications

Integrated Processing
Environment and
Content-Enabling
Applications

Increasing Services /
Solutions

Better / More Efficient Performance and Risk
Environment for Clients

Q1'17 FINANCIAL SUMMARY

(US\$ in millions, except for EPS)

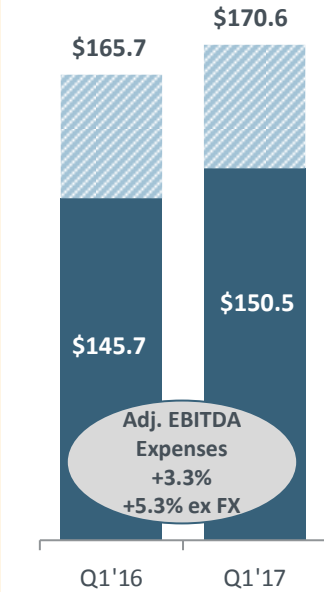
Operating Revenue

+8.0%
+8.9% ex FX¹



Operating Expenses

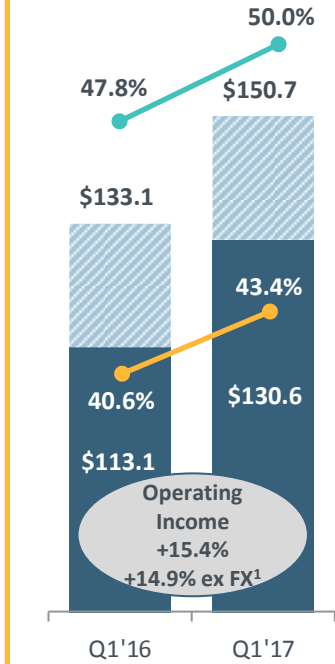
Operating Expenses
+3.0%
+4.8% ex FX



▨ = Depreciation and Amortization

Operating Income

Adj. EBITDA
+13.2%
+12.8% ex FX¹

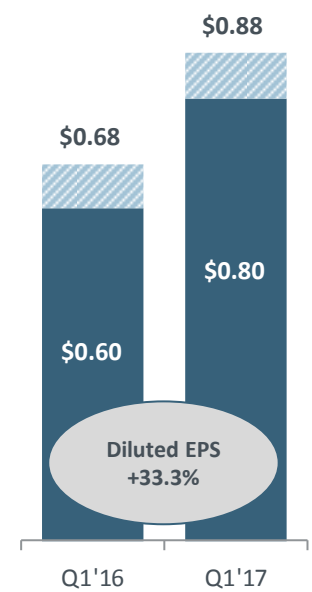


▨ = Depreciation and Amortization

● = Adj. EBITDA Margin
● = Operating Margin

Earnings Per Share

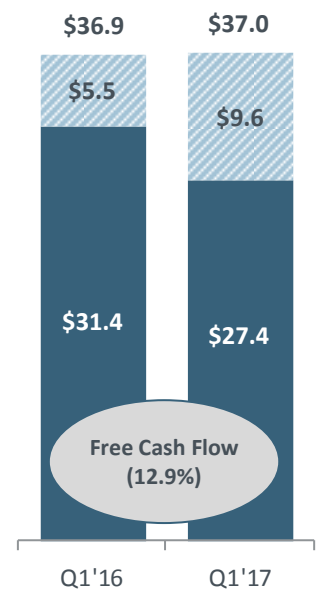
Adj. EPS
+29.4%



▨ = Diluted EPS, plus the after-tax impact of amortization of acquired intangible assets

Cash Generation

Cash from Operations
+0.3%



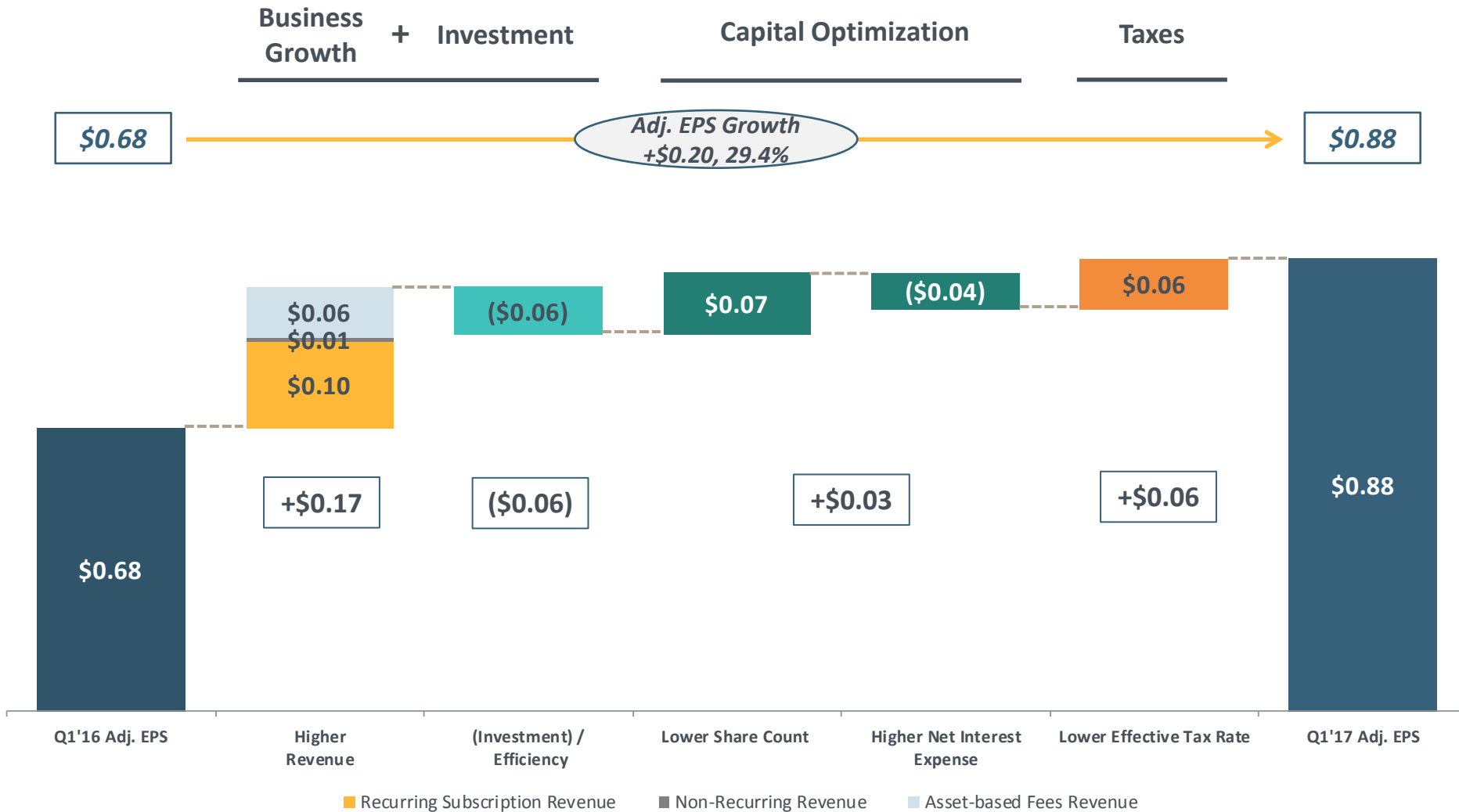
▨ = Capex

Strong Financial Performance Across All Metrics



¹ MSCI does not provide the impact of foreign currency fluctuations on our asset-based fees tied to average AUM, of which approximately two-thirds are invested in securities denominated in currencies other than the U.S. dollar, and accordingly, the impact of any such fluctuation is excluded from the disclosed foreign currency adjusted variances.

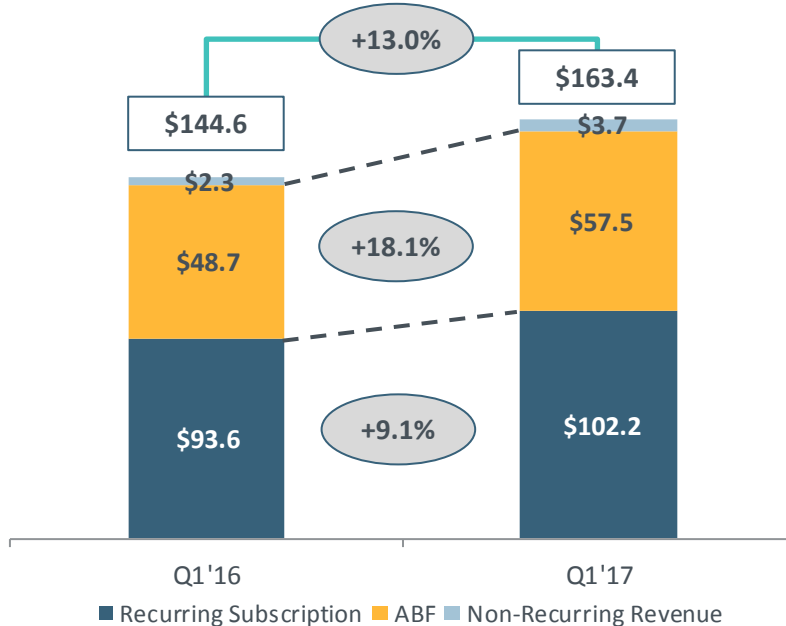
Q1'17 VS. Q1'16 ADJUSTED EPS BRIDGE



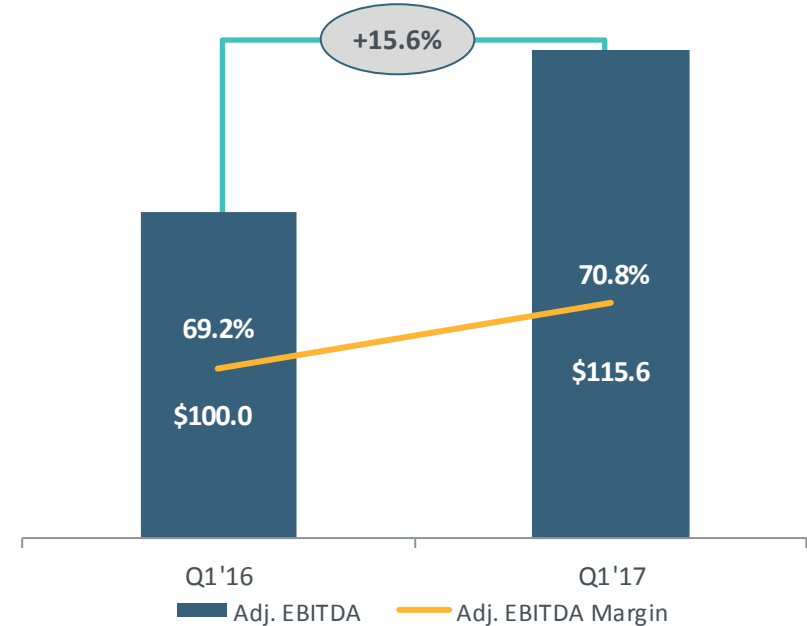
INDEX SEGMENT

(US\$ in millions)

Operating Revenue



Adj. EBITDA & Adj. EBITDA Margin (%)



- Higher recurring subscription revenues driven by growth in core products (strength in small cap) and new products, including factor, thematic and custom index products, and higher usage fees
- Asset-based fees (ABF) revenue growth driven by 28.5% increase in average AUM in ETFs linked to MSCI indexes

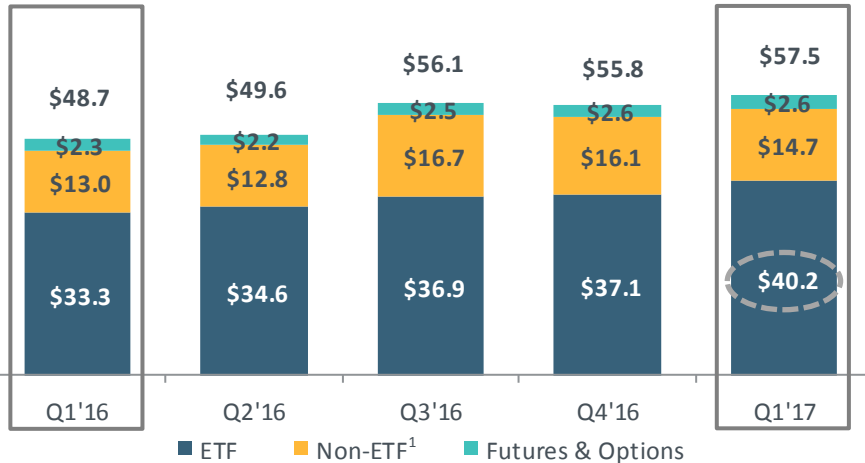
- Increase in margin driven by strong revenue growth
- Continued investment to enhance existing products and innovate new products

Strong Top-Line and Adjusted EBITDA Growth

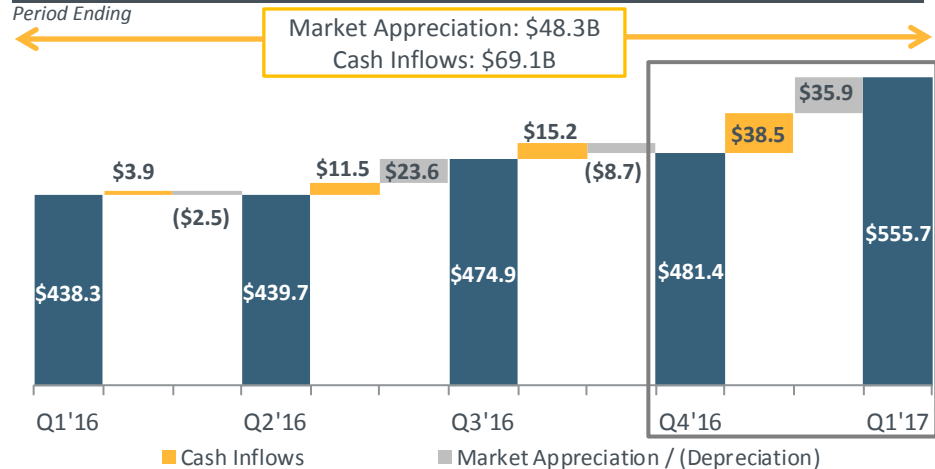
INDEX SEGMENT – ASSET-BASED FEES DETAIL

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

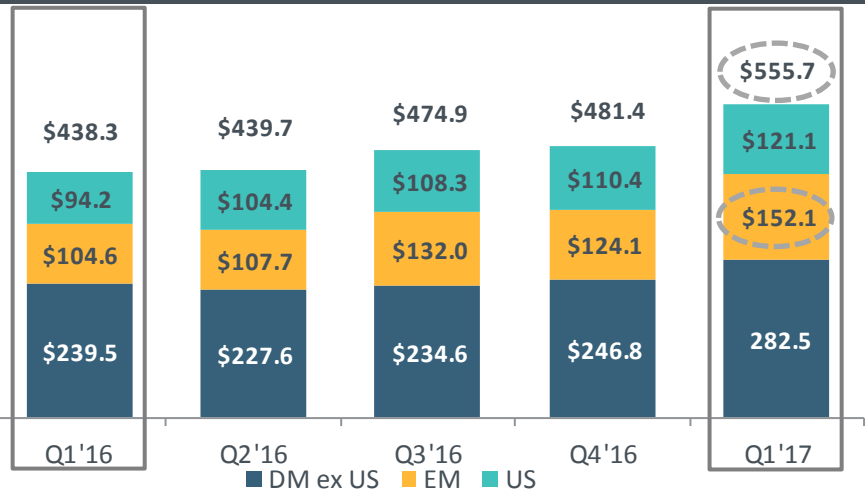
Quarterly Asset-Based Fees Revenue Trend



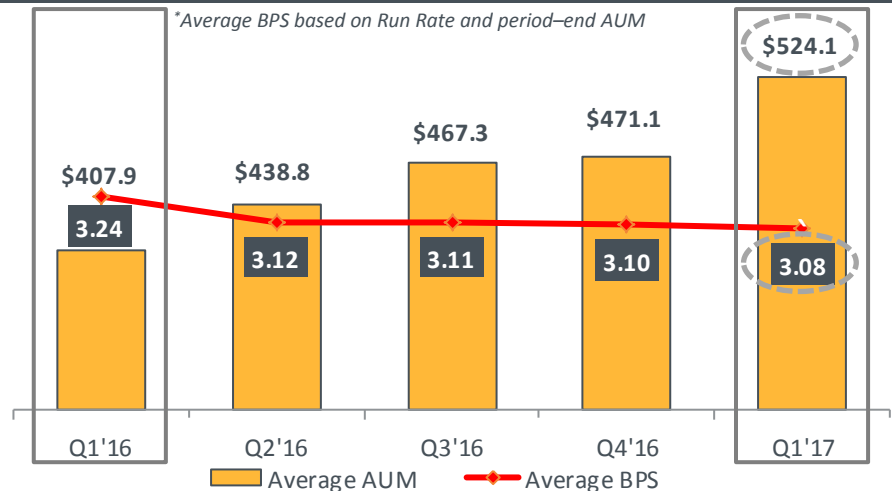
Quarterly AUM & Market Movement of ETFs Linked to MSCI Indexes



Quarter-End AUM by Market Exposure² of ETFs Linked to MSCI Indexes



Quarterly Avg. AUM and Avg. BPS* of ETFs Linked to MSCI Indexes



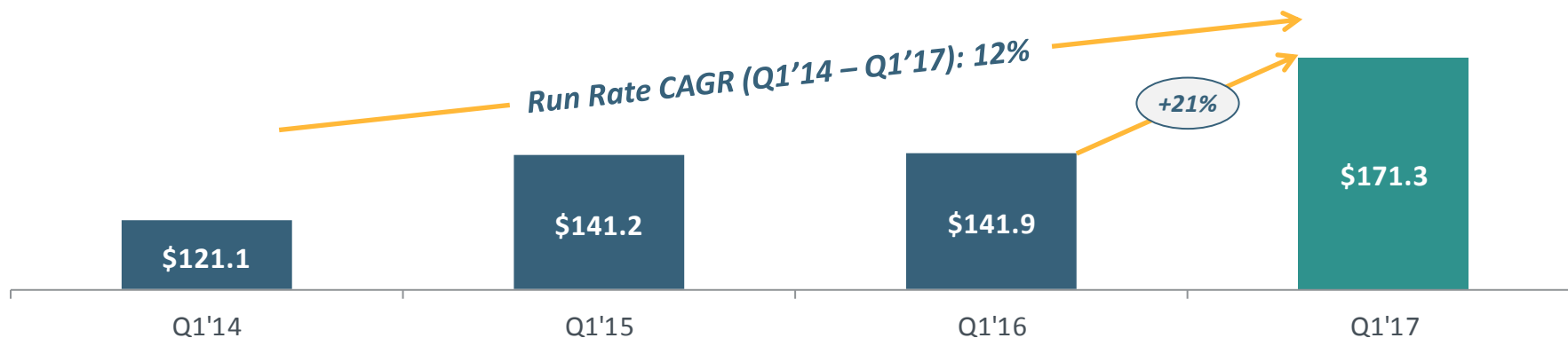
¹ The decline in our non-ETF passive product, compared to the fourth quarter 2016, was principally due to higher revenue accrual true-ups and initial fund fees in Q4 of \$1.1 million. As a reminder, unlike ETFs where the latest AUM is available daily through public market data sources and used to record revenues, non-ETF passive assets are not public and are reported by our clients to us generally on a one quarter lag.

² Note: US = ETFs linked to MSCI indexes the majority of whose weight is comprised of securities in MSCI Developed Market (DM) countries, primarily or exclusively in the US. DM ex US = ETFs linked to MSCI indexes the majority of whose weight is comprised of securities in MSCI DM countries other than the US. EM = ETFs linked to MSCI indexes the majority of whose weight is comprised of securities that are not in MSCI DM countries. Prior periods have been reclassified to conform to the current period classification.

ETFs LINKED TO MSCI INDEXES – GROWTH DRIVERS

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

Growth in Run Rate of ETFs Linked to MSCI Indexes



Growth in ETF AUM Linked to MSCI Indexes

| 03/31/16 AUM | % of Total | Q1'17 vs. Q1'16 | | | 03/31/17 AUM | % of Total | |
|------------------|-------------|--|--------|------------|--------------|------------------|-------------|
| | | | | Net Growth | | | |
| \$330.5 | 75% | Flagship Index Families ¹ | \$27.7 | \$36.7 | +\$64 / 19% | \$394.9 | 71% |
| \$41.9 | 10% | New Index Families ² | \$30.9 | \$6.5 | +\$37 / 89% | \$79.3 | 14% |
| \$65.9 | 15% | U.S. Segment Index Families ³ | \$10.5 | \$5.1 | +\$16 / 24% | \$81.5 | 15% |
| Avg. BPS* | 3.24 | | | | | Avg. BPS* | 3.08 |

Legend: ■ Net Cash Flows ■ Market Movement

Run Rate Up 21% YoY Driven by Strong Inflows and Market Appreciation



¹ Flagship Index Families, e.g., ACWI, EM, EAFE, Japan etc.

² New Index Families, e.g., Developed Market IMI (all market cap sizes), USA Minimum Volatility etc.

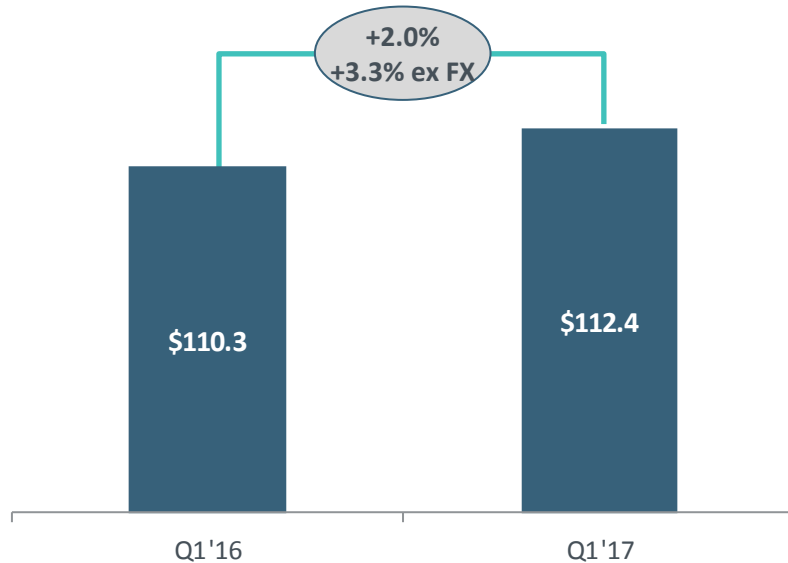
³ U.S. Segment Index Families, e.g., US REIT, US Sectors etc.

* Average BPS based on Run Rate and period-end AUM.

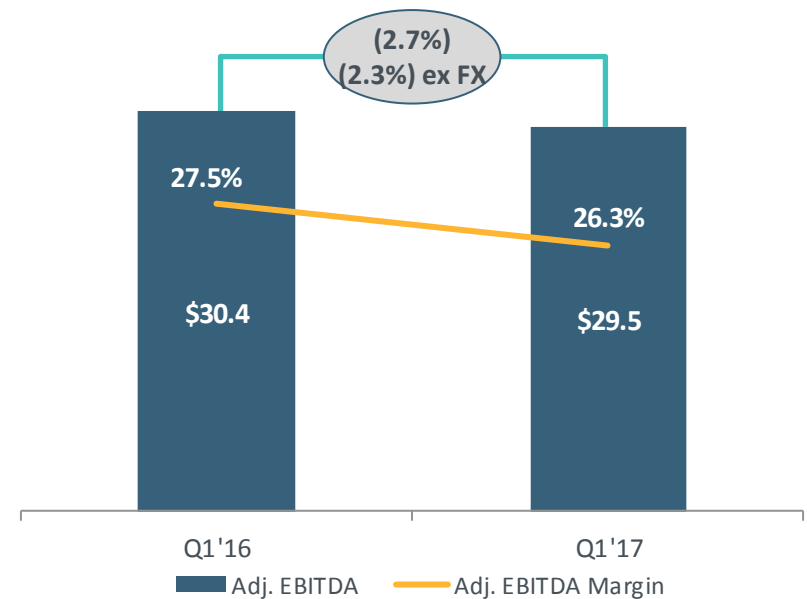
ANALYTICS SEGMENT

(US\$ in millions)

Operating Revenue



Adj. EBITDA & Adj. EBITDA Margin (%)

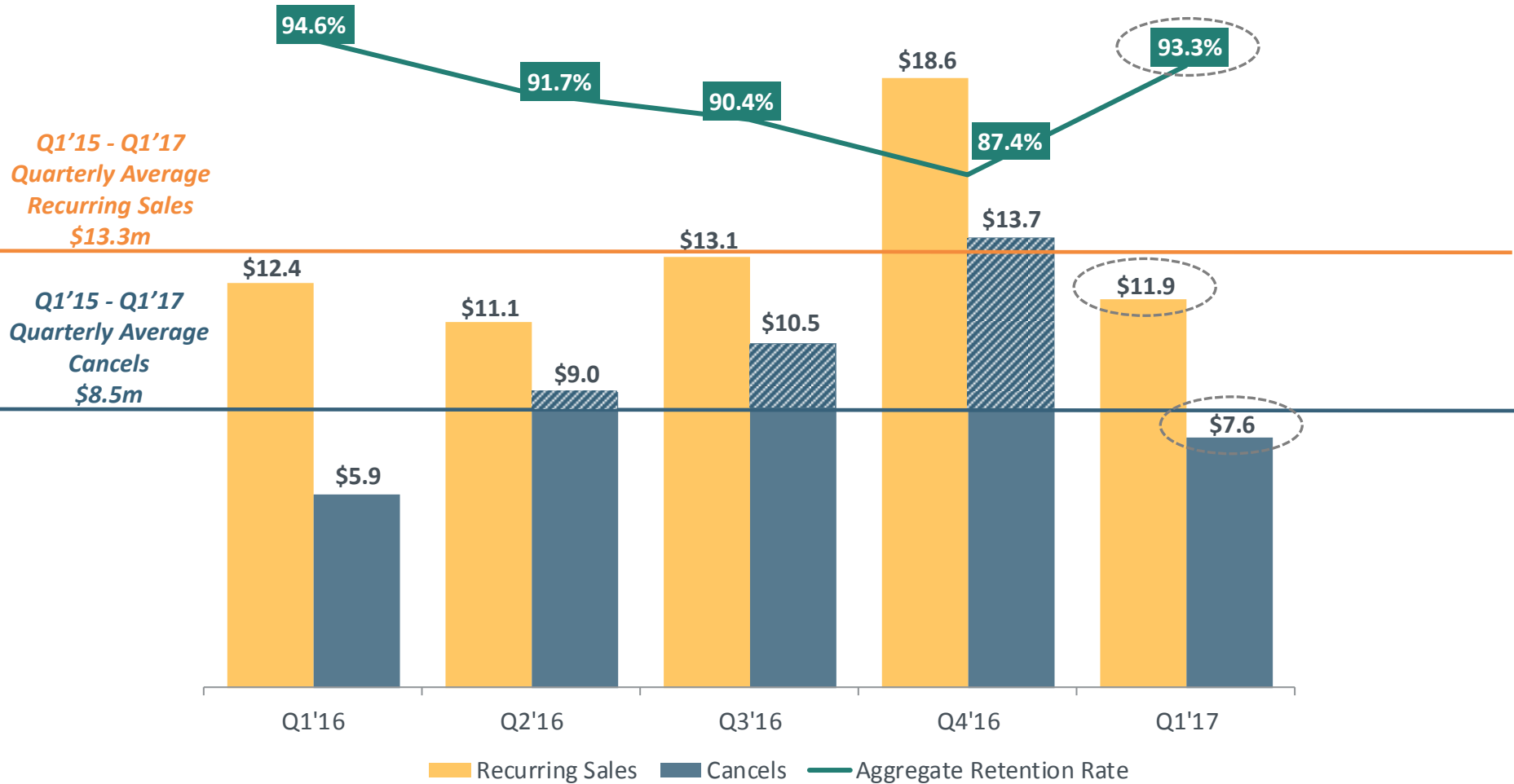


- Higher equity model revenues driven by increasing use of factors to explain performance
- Sales into Asset Manager segment strong; regulation use-case driving demand from Banking client segment

- Continued investment in new initiatives to drive future growth

ANALYTICS RECURRING SALES AND CANCELS

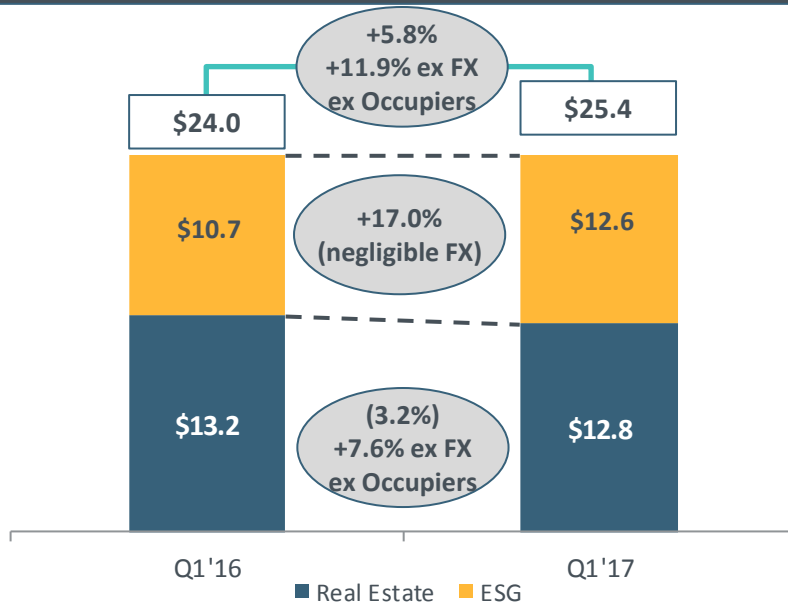
(US\$ in millions)



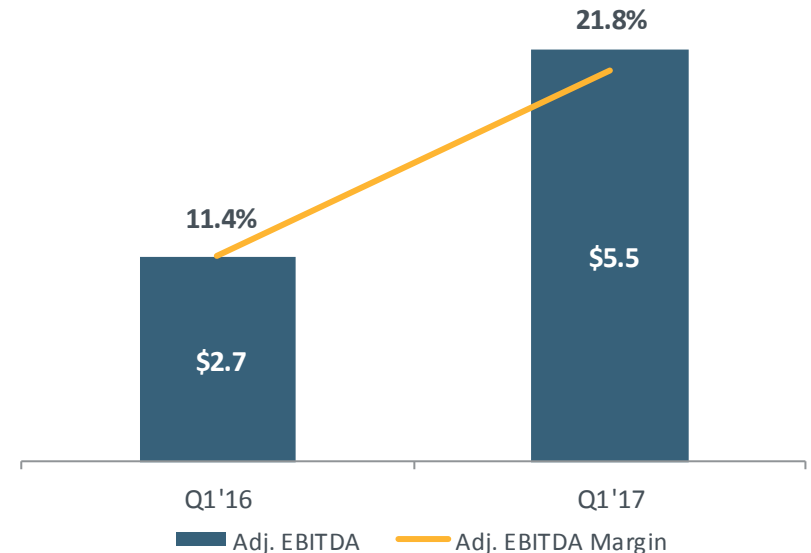
ALL OTHER SEGMENT

(US\$ in millions)

Operating Revenue



Adj. EBITDA & Adj. EBITDA Margin (%)

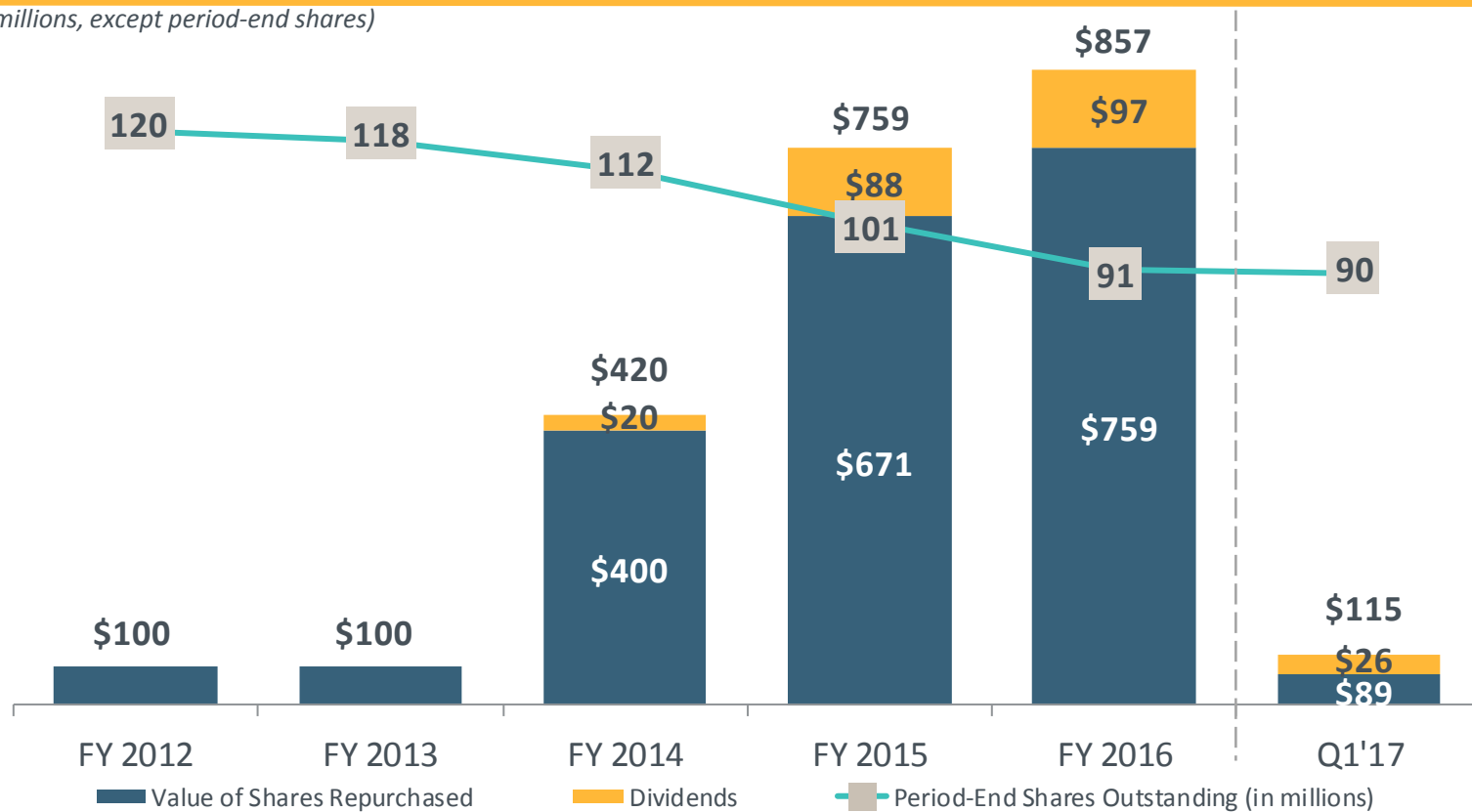


- ESG Ratings product Run Rate up 27%
- Real Estate impacted by FX – revenues up 8% on organic basis, excluding FX impact

- Significant margin improvement driven by higher ESG revenues and lower Real Estate costs
- Restructuring of Real Estate product line continues

STRONG TRACK RECORD OF RETURNING CAPITAL

(US\$ in millions, except period-end shares)



- Total capital returned since 2012: \$2.4B
- Total shares repurchased since 2012: ~36m
- In first quarter 2017 and through April 28, 2017, a total of 1.1m shares were repurchased at an average price of \$82.25 per share for a total value of \$88.7m
- \$0.8B remains on outstanding share repurchase authorization as of 04/28/17

BALANCE SHEET AND LIQUIDITY

(US\$ in millions)

As of March 31, 2017

| | | |
|---|---------|------------------|
| Cash & Cash Equivalents | | \$697.0 |
| Cash & Cash Equivalents in the US ¹ | \$447.4 | |
| Cash & Cash Equivalents held outside of the US | \$249.5 | |
| Total Debt² | | \$2,100.0 |
| 5.25% \$800m senior unsecured notes due 11/2024 | \$800.0 | |
| 5.75% \$800m senior unsecured notes due 8/2025 | \$800.0 | |
| 4.75% \$500m senior unsecured notes due 8/2026 | \$500.0 | |
| \$220m unsecured revolving credit facility terminating 8/2021 | \$0.0 | |
| Net Debt | | \$1,403.0 |
| Total Debt / Adj. EBITDA | | 3.6x |
| Net Debt / Adj. EBITDA | | 2.4x |
| Credit Ratings (S&P / Moody's)* | | BB+ / Ba2 |

*Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

- Target gross leverage remains 3.0x – 3.5x and we expect to return to within the stated range in the coming quarters
- Commitment to deploy capital quickly in the most efficient method to achieve the highest return for shareholders

Strong Balance Sheet



¹ Includes approximately \$125m - \$150m in minimum cash balances, which MSCI seeks to maintain for general operating purposes.

² Excludes deferred financing fees of \$24.1m as of March 31, 2017.

FY 2017 GUIDANCE

(US\$ in millions)

| Metric | <u>FY 2017 Guidance</u> |
|---|--------------------------------|
| Operating expenses | \$690 - \$705 |
| Adjusted EBITDA expenses | \$605 - \$620 |
| Interest expense | \$116 |
| <hr/> | |
| Net cash provided by operating activities | \$360 - \$410 |
| Capex | <u>(\$50 - \$40)</u> |
| Free cash flow | \$310 - \$370 |

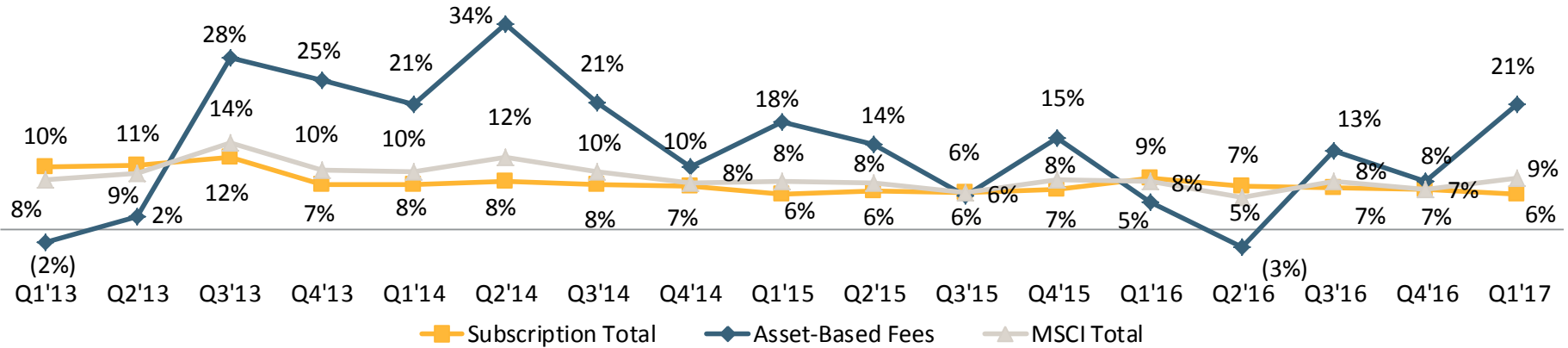
- Effective tax rate expected to be in the range of 31.5% to 32.5%
- Dividend pay-out in the range of 30% - 40% of adjusted EPS

APPENDIX

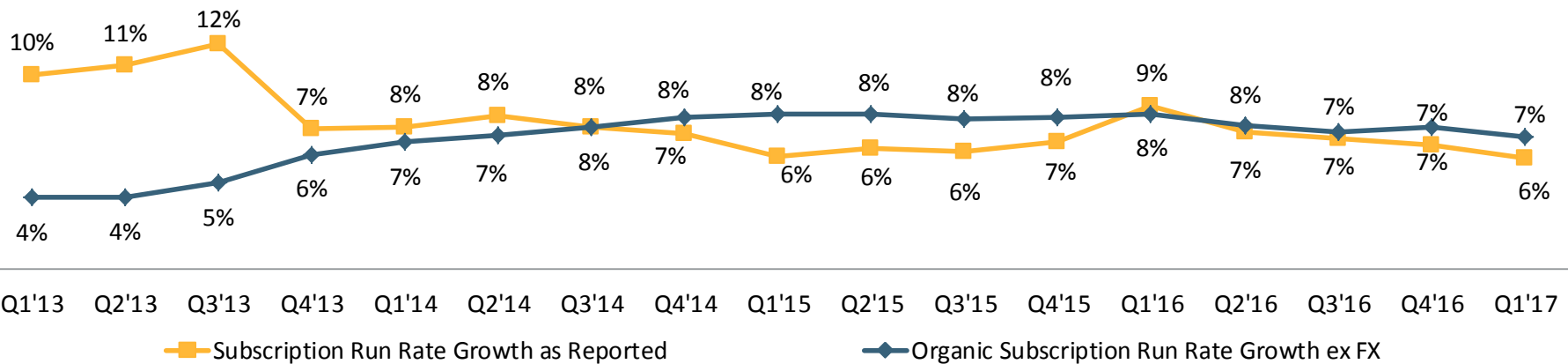
Supplemental Disclosures & Reconciliation of Non-GAAP Measures to GAAP Measures

Q1'13 – Q1'17 YoY RUN RATE GROWTH TREND

YoY Run Rate Growth as Reported

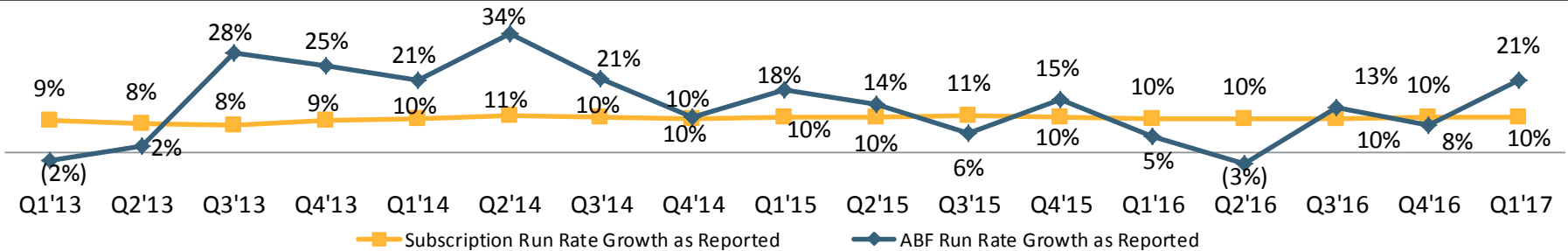


YoY Subscription Run Rate Growth as Reported vs. Organic Growth (excluding FX Impact and Acquisitions/Divestitures)

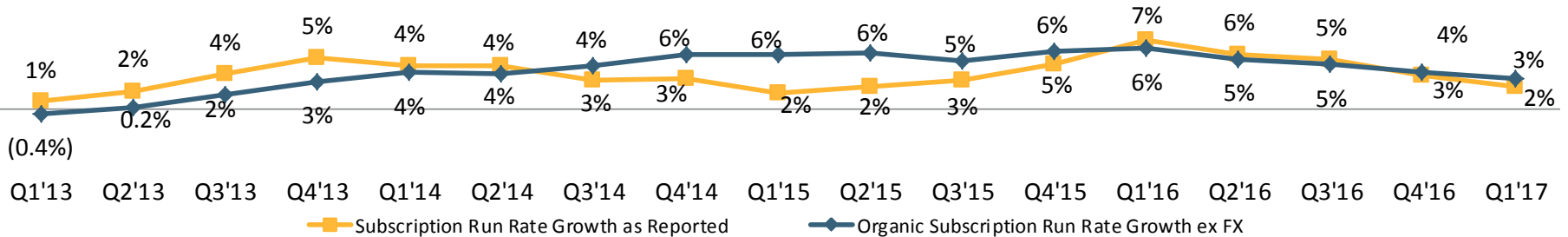


Q1'13 – Q1'17 YoY SEGMENT RUN RATE GROWTH TREND

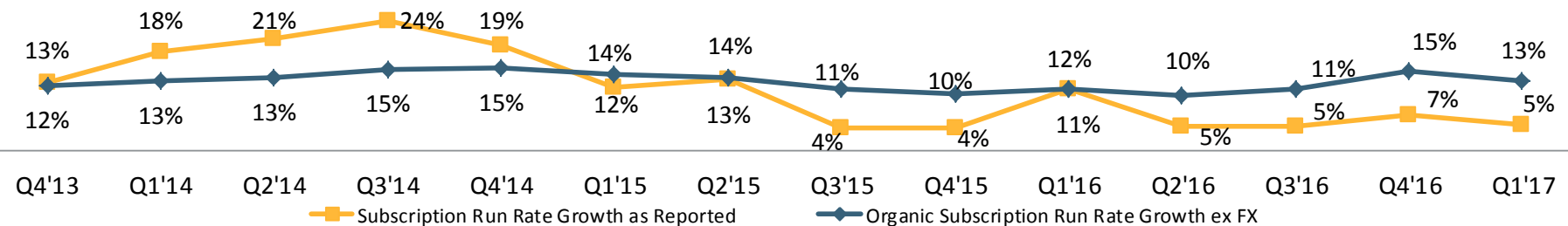
Index



Analytics



All Other



RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME

| In thousands | Three Months Ended | | |
|--|--------------------|------------------|------------------|
| | Mar. 31, 2017 | Mar. 31, 2016 | Dec. 31, 2016 |
| Index adjusted EBITDA | \$ 115,637 | \$ 100,049 | \$ 113,161 |
| Analytics adjusted EBITDA | 29,536 | 30,360 | 33,344 |
| All Other adjusted EBITDA | 5,518 | 2,740 | 452 |
| Consolidated adjusted EBITDA | 150,691 | 133,149 | 146,957 |
| Amortization of intangible assets | 11,251 | 11,840 | 11,498 |
| Depreciation and amortization of property, equipment and leasehold improvements | 8,838 | 8,168 | 9,447 |
| Operating income | 130,602 | 113,141 | 126,012 |
| Other expense (income), net | 28,977 | 22,364 | 28,917 |
| Provision for income taxes | 28,674 | 30,410 | 28,845 |
| Net income | \$ 72,951 | \$ 60,367 | \$ 68,250 |

RECONCILIATION OF ADJUSTED NET INCOME AND ADJUSTED EPS TO NET INCOME AND EPS

| | Three Months Ended | | |
|--|--------------------|------------------|------------------|
| | Mar. 31, 2017 | Mar. 31, 2016 | Dec. 31, 2016 |
| In thousands, except per share data | | | |
| Net income | \$ 72,951 | \$ 60,367 | \$ 68,250 |
| Plus: Amortization of acquired intangible assets | 10,530 | 11,840 | 11,498 |
| Less: Income tax effect | (2,972) | (3,966) | (3,403) |
| Adjusted net income | \$ 80,509 | \$ 68,241 | \$ 76,345 |
| Diluted EPS | \$ 0.80 | \$ 0.60 | \$ 0.73 |
| Plus: Amortization of acquired intangible assets | 0.11 | 0.12 | 0.12 |
| Less: Income tax effect | (0.03) | (0.04) | (0.04) |
| Adjusted EPS | \$ 0.88 | \$ 0.68 | \$ 0.81 |

RECONCILIATION OF ADJUSTED EBITDA EXPENSES TO OPERATING EXPENSES

| In thousands | Three Months Ended | | | Full-Year |
|--|--------------------|-------------------|-------------------|------------------------------|
| | Mar. 31, 2017 | Mar. 31, 2016 | Dec. 31, 2016 | 2017 Outlook ¹ |
| Index adjusted EBITDA expenses | \$ 47,798 | \$ 44,564 | \$ 45,909 | |
| Analytics adjusted EBITDA expenses | 82,884 | 79,903 | 81,062 | |
| All Other adjusted EBITDA expenses | 19,834 | 21,212 | 18,884 | |
| Consolidated adjusted EBITDA expenses | 150,516 | 145,679 | 145,855 | \$605,000 - \$620,000 |
| Amortization of intangible assets | 11,251 | 11,840 | 11,498 | |
| Depreciation and amortization of property, equipment and leasehold improvements | 8,838 | 8,168 | 9,447 | 85,000 |
| Total operating expenses | \$ 170,605 | \$ 165,687 | \$ 166,800 | \$690,000 - \$705,000 |

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

RECONCILIATION OF FREE CASH FLOW TO NET CASH PROVIDED BY OPERATING ACTIVITIES

| In thousands | Three Months Ended | | | Full-Year |
|---|--------------------|------------------|-------------------|------------------------------|
| | Mar. 31, 2017 | Mar. 31, 2016 | Dec. 31, 2016 | 2017 Outlook ¹ |
| Net cash provided by operating activities | \$ 37,015 | \$ 36,887 | \$ 138,853 | \$360,000 - \$410,000 |
| Capital expenditures | (7,322) | (3,135) | (8,140) | |
| Capitalized software development costs | (2,307) | (2,325) | (2,395) | |
| Capex | (9,629) | (5,460) | (10,535) | (50,000 - 40,000) |
| Free cash flow | \$ 27,386 | \$ 31,427 | \$ 128,318 | \$310,000 - \$370,000 |

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

USE OF NON-GAAP FINANCIAL MEASURES

- MSCI has presented supplemental non-GAAP financial measures as part of this earnings presentation. Reconciliations are provided in slides 26-29 that reconcile each non-GAAP financial measure with the most comparable GAAP measure. The non-GAAP financial measures presented in this earnings presentation should not be considered as alternative measures for the most directly comparable GAAP financial measures. The non-GAAP financial measures presented in this earnings 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 provision for income taxes, other expense (income), net, depreciation and amortization of property, equipment and leasehold improvements, amortization of intangible assets and, at times, certain other transactions or adjustments.
- “Adjusted EBITDA” is defined as net income before provision for income taxes, other expense (income), net, depreciation and amortization of property, equipment and leasehold improvements, amortization of intangible assets and, at times, certain other transactions or adjustments.
- “Adjusted EBITDA expenses” is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets.
- “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 and, at times, certain other transactions or adjustments. For periods prior to 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.
- “Capex” is defined as capital expenditures plus capitalized software development costs.
- “Free cash flow” is defined as net cash provided by operating activities, less Capex.
- We believe adjusted EBITDA and adjusted EBITDA expenses are meaningful measures of the operating performance of MSCI because they adjust for significant one-time, unusual or non-recurring items as well as eliminate the accounting effects of 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 earnings presentation facilitate meaningful period-to-period comparisons and provide a baseline for the evaluation of future results.
- Adjusted EBITDA expenses, adjusted EBITDA, adjusted net income, adjusted EPS 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.

USE OF OPERATING METRICS

- MSCI has presented supplemental key operating metrics as part of this earnings presentation, including Run Rate, subscription sales and cancellations, non-recurring sales and Aggregate Retention Rate.
- The Run Rate at a particular point in time primarily represents the forward-looking revenues for the next 12 months from then-current subscriptions and investment product licenses we provide to our clients under renewable contracts or agreements assuming all contracts or agreements that come up for renewal are renewed and assuming then-current currency exchange rates. For any license where fees are linked to an investment product's assets or trading volume, the Run Rate calculation reflects, for ETFs, the market value on the last trading day of the period, for futures and options, the most recent quarterly volumes and for non-ETF funds, the most recent client reported assets under such license or subscription. The Run Rate does not include fees associated with "one-time" and other non-recurring transactions. In addition, we remove from the Run Rate the fees associated with any subscription or investment product license agreement with respect to which we have received a notice of termination or non-renewal during the period and determined that such notice evidences the client's final decision to terminate or not renew the applicable subscription or agreement, even though such notice is not effective until a later date.
- Organic subscription Run Rate or revenue growth ex FX is defined as the period over period Run Rate or revenue 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 end of period currency exchange rate from the comparable prior period to current period foreign currency denominated Run Rate or revenue. This metric also excludes the impact on the growth in subscription Run Rate or revenue of the acquisitions of IPD, InvestorForce, and GMI for their respective first year of operations as part of MSCI, as well as the divestiture of MSCI's Real Estate occupiers benchmarking business which closed on August 1, 2016.
- The Aggregate Retention Rate for a 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 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.

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