UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2011

Commission file number 001-33812

MSCI INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**13-4038723**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

One Chase Manhattan Plaza, 44th Floor
New York, New York 10005
(Address of Principal Executive Offices, zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES ☒ NO ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
YES ☐ NO ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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 Act).
YES ☐ NO ☒

The aggregate market value of Common Stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter (based on the closing price of these securities as reported by The New York Stock Exchange on June 30, 2011) was approximately $4,461,163,352. Shares of Common Stock held by executive officers and directors of the registrant are not included in the computation. However, the registrant has made no determination that such individuals are "affiliates" within the meaning of Rule 405 under the Securities Act of 1933.

As of February 23, 2012, there were 121,457,571 shares of the Registrant's Class A common stock, $0.01 par value, outstanding and no shares of Registrant's Class B common stock, $0.01 par value, outstanding.

Documents incorporated by reference: Portions of the Registrant's proxy statement for its annual meeting of stockholders, to be held on May 2, 2012, are incorporated herein by reference into Part III of this Form 10-K.

MSCI INC.

FORM 10-K

FOR THE YEAR ENDED DECEMBER 31, 2011

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Except as the context otherwise indicates, the terms "MSCI," "we," "our," and "us" refer to MSCI Inc. together with its subsidiaries. References to "RiskMetrics" refer to RiskMetrics Group, Inc., a wholly-owned subsidiary of ours that we acquired in June 2010 and its subsidiaries, including Institutional Shareholder Services Inc. and its subsidiaries, which is referred to as "ISS" herein, except that references to ISS products exclude certain KLD and Innovest products, which are included in the index and ESG product category (KLD, Innovest and ESG defined below).

When we refer to "fiscal year 2011" or "the year ended December 31, 2011" we mean January 1, 2011 through December 31, 2011.

FORWARD-LOOKING STATEMENTS

We have included in this Annual Report on Form 10-K and from time to time may make in our public filings, press releases or other public statements, certain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts and represent only MSCI's beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond our control.

In some cases you can identify these statements by forward-looking words such as "may," "might," "should," "anticipates," "expects," "intends," "plans," "seeks," "estimates," "potential," "continue," "believes" and similar expressions, although some forward-looking statements are expressed differently. Statements concerning our financial position, business strategy and plans or objectives for future operations are forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict and may cause actual results to differ materially from the forward-looking statements and from management's current expectations. Such risks and uncertainties include those set forth under "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K. The forward-looking statements in this report speak only as of the time they are made and do not necessarily reflect our outlook at any other point in time. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or for any other reason, except as required by applicable law. However, readers should carefully review the risk factors set forth in other reports or documents we file from time to time with the Securities and Exchange Commission (the "SEC").

PART I

Item 1. *Business*

Overview

We are a leading global provider of investment decision support tools, including indices, portfolio risk and performance analytics and corporate governance products and services. 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"), hedge funds and private wealth; financial intermediaries, such as banks, broker-dealers, exchanges, custodians and investment consultants; and corporate clients. As of December 31, 2011, we had approximately 6,200 clients across 82 countries. We had offices in 30 cities in 20 countries to help serve our diverse client base, with approximately 54.4% of our revenue from clients in the Americas, 31.9% in Europe, the Middle East and Africa ("EMEA") and 13.7% in Asia and Australia, based on revenues for the year ended December 31, 2011. See "—Clients" below for an explanation of how we calculate our number of clients.

The Company consists of two industry leading businesses: the Performance and Risk business and the Governance business. Together, these businesses offer what we believe is the most comprehensive suite of performance, risk management and corporate governance products and services available in our industry. See "—Company History and Acquisitions" below.

Our Performance and Risk business is a leading global provider of investment decision support tools, including equity indices, portfolio risk and performance analytics, credit analytics and environmental, social and governance ("ESG") products. Our Performance and Risk products are used in many areas of the investment process, including portfolio construction and rebalancing, performance benchmarking and attribution, risk management and analysis, index-linked investment product creation, asset allocation, assessment of social responsibility, environmental stewardship and the effects of climate change on investments, investment manager selection and investment research.

Our Governance business is a leading provider of corporate governance and specialized financial research and analysis services to institutional investors and corporations around the world. Among other things, the Governance business facilitates the voting of proxies by institutional investors and provides in-depth research and analysis to help inform voting decisions and identify issuer-specific risk. The Governance business offers both global equity security coverage and fully integrated products and services, including proxy voting, policy creation, research, vote recommendations, vote execution, post-vote disclosure and reporting and analytical tools. Within a firewall designed to separate it from the rest of the Governance business, a unit of the Governance business also provides products and services to corporate clients who may use those products and services to learn about and improve their governance and executive compensation practices.

Our principal sales model in both of our business segments 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. For the year ended December 31, 2011, approximately $732.5 million, or 81.3%, of our revenues was attributable to annual, recurring subscriptions. An additional $136.0 million of our revenues comes from clients who use our indices as the basis for index-linked investment products such as ETFs. We also derive revenues from certain institutional clients that use our indices 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 indices 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. We also receive revenues from one-time fees related to implementation, historical or customized reports, advisory and consulting services, overages relating to proxy research and voting services, fees relating to recovery of securities class action settlements and from certain products and services that are designed for one-time usage.

Company History and Acquisitions

We were a pioneer in developing the market for global equity index products and began licensing our first equity index products in 1969. We were incorporated in Delaware in 1998 and until we became a public company in November 2007 our only two shareholders were Morgan Stanley and Capital Group International, Inc. ("Capital Group International").

In June 2004, we acquired Barra, Inc. ("Barra"), a provider of portfolio risk analytics tools that launched its first risk analytics products in 1975, broadening our product range beyond index products.

In November 2007, we completed an initial public offering ("IPO") of approximately 16.1 million shares of our class A common stock. In connection with the IPO, we reclassified our outstanding common stock into shares of class A common stock and class B common stock and immediately following the IPO, Morgan Stanley and Capital Group International held approximately 81.0 million and 2.9 million shares of our class B common stock, respectively. Morgan Stanley and Capital Group International converted and sold their remaining shares of our class B common stock in subsequent registered secondary equity offerings from May 2008 through May 2009. Although we began the transition to an independent, stand-alone public company at the time of our IPO in November 2007, we became an independent, stand-alone public company following the May 2009 secondary offering.

In June 2010, we acquired RiskMetrics, a leading provider of, among other things, risk management and governance products and services, in a cash-and-stock transaction valued at approximately $1,572.4 million. In addition to its risk management products and services, RiskMetrics owned ISS, a pioneer in the development of policy-based proxy voting recommendations. ISS expands our product and service offerings to include a fully-outsourced proxy research, voting and vote reporting service, and corporate governance products and services. RiskMetrics acquired the Center for Financial Research and Analysis ("CFRA"), Innovest Strategic Value Advisors, Inc. ("Innovest") and KLD Research and Analytics, Inc. ("KLD") in August 2007, March 2009 and October 2009, respectively. The acquisitions of these companies permits us to offer financial research and analysis products that provide our clients with research reports and analytical tools covering many investment criteria that we believe have become increasingly important to investors, including accounting and compensation practices, and environmental, social and governance products and services.

In July 2010, we acquired Measurisk, LLC (“Measurisk”), a provider of risk transparency and risk measurement tools for hedge fund investors, to aid us in developing a broad platform and setting the standard for analyzing and reporting hedge fund risk in response to our clients’ demands for increasing levels of transparency from their hedge fund managers.

Over the course of more than 40 years, we believe our organization has accumulated an in-depth understanding of the investment process worldwide. Based on this wealth of knowledge, we have created and continue to develop, enhance and refine sophisticated tools to meet the growing, complex and diverse needs of our clients’ investment and governance processes. Our models and methodologies are the intellectual foundation of our business and include the innovative algorithms, formulas and analytical and quantitative techniques that we use, together with market data, to produce our products. Our long history has allowed us to build extensive databases of proprietary index, risk and governance data, as well as accumulate valuable historical market data, which we believe would be difficult to replicate and which provides us with a substantial competitive advantage.

We have grown significantly, organically and through acquisitions, such as those described above, with respect to our number of employees and revenues. As we have grown, we have increased our operations outside of the United States. We currently have branches or subsidiaries located in the following countries: Australia, Belgium, Brazil, Canada, China, France, Germany, Hungary, India, Italy, Japan, Mexico, the Philippines, Singapore, South Africa, South Korea, Switzerland, United Arab Emirates, the U.K. and the U.S.

Business Segments, Products and Services

We divide our business operations into two segments: the Performance and Risk business and the Governance business. Business segment revenue, segment income from operations and assets attributable to foreign and domestic operations are set forth in Note 14, “Segment Information,” of the Notes to the Consolidated Financial Statements, included herein.

Performance and Risk Business Segment

Our primary Performance and Risk products consist of indices, portfolio risk and performance analytics, credit analytics and ESG products. We also have product offerings in the areas of energy and commodity asset valuation analytics and fixed income portfolio analytics. Our products are generally comprised of proprietary index data, proprietary risk and analytics data and ESG ratings, analysis and research delivered via data feeds and proprietary software applications. Our index and risk data are created by applying our models and methodologies to market and fundamental data. For example, we input closing stock prices and other market data into our index methodologies to calculate our index data, and we input fundamental data and other market data into our risk models to produce risk forecasts for individual assets and portfolios of multiple asset classes, including equities, bonds, commodities, foreign exchange, futures, options, derivatives, structured products, interest-rate products and credit products. Our clients can use our data together with our proprietary software applications, third-party applications or their own applications in their investment process. Our software applications offer our clients sophisticated portfolio analytics to perform in-depth analysis of their portfolios, using our risk data, the client’s portfolio data and fundamental and market data. Our equity index products are typically branded “MSCI.” Our portfolio risk, performance and credit analytics are typically branded “Barra” and “RiskMetrics.” In addition to MSCI ESG indices, we offer other environmental, social and governance products that are branded “MSCI ESG.” Our valuation models and risk management software for the energy and commodities markets are typically branded “FEA.”

Index and ESG Products

Our MSCI-branded equity indices are designed to measure returns available to investors across a wide variety of markets (*e.g.*, Europe, Japan or emerging markets), sizes (*e.g.*, small capitalization or large capitalization), styles (*e.g.*, growth or value) and industries (*e.g.*, banks or media). Our MSCI ESG indices are designed to help clients incorporate environmental, social and governance factors into their investment decisions. As of December 31, 2011, we calculated over 150,000 indices daily.

In addition to delivering our products directly to our clients, as of December 31, 2011, we also had more than 65 third-party financial information and analytics software providers that distribute our various equity index products worldwide. The performance of our equity indices is also frequently referenced when selecting investment managers, assigning return benchmarks in mandates, comparing performance and providing market and academic commentary. The performance of certain of our equity indices is reported on a daily basis in the financial media.

Our primary index products are:

- *MSCI Global Equity Indices*. The MSCI Global Equity Indices are our flagship index products. They are designed to measure returns available to global investors across a variety of public equity markets. As of December 31, 2011, the MSCI Global Equity Indices provide exhaustive equity market coverage for over 70 countries in our developed, emerging and frontier market categories, as well as various regional and composite indices built from the component country indices, including MSCI EAFE (Europe, Australasia, and Far East), MSCI World, MSCI ACWI IMI (All Country World Investable Market Index) and MSCI Emerging Market Indices. In addition, the MSCI Global Equity Indices include industry indices, thematic and strategy indices, value and growth style indices and large-, mid-, small- and micro-capitalization size segment indices.

  We believe that the MSCI Global Equity Indices are the most widely used benchmarks for cross-border equity funds. We continue to enhance and expand this successful product offering. Recently, various pension plans have announced their adoption of our broad equity index, MSCI ACWI IMI, as the policy benchmark for their equities portfolios. We have also recently introduced several new indices into our Risk Premia family, such as our award winning Risk Weighted index, and additional Value Weighted indices. Other new index launches include the MSCI EM 50 Index and other regional indices such as Overseas China and Andean region, as well as new depository receipt indices, and a US tax exempt index series.

- *MSCI US Equity Indices*. The MSCI US Equity Indices are designed to reflect the full breadth of investment opportunities within the US equity markets. The MSCI US Equity Indices include value and growth style indices, large-, mid-, small- and micro-capitalization size segment indices and sectors/industries indices.

- *MSCI Custom Indices*. Over the years we have significantly expanded our capabilities to calculate custom indices. We currently calculate approximately 5,500 custom indices, which apply a client’s customization criteria to an existing MSCI index. Examples of customization criteria include currency, hedging, stock exclusions or special weighting. Custom indices can reflect specific investment criteria, such as socially responsible investment requirements or regulatory constraints, and can be used for back-testing a strategy or developing a specialized investment product, minimizing portfolio tracking error and constructing index-linked products.

- *MSCI ESG Indices*. The MSCI ESG Indices allow clients to more effectively benchmark ESG investment performance and manage, measure and report on their compliance with ESG mandates, as well as to issue index-based ESG investment products. The MSCI ESG Indices include sustainability indices, indices that take into account certain values, norms or ethical standards, environmental-themed indices such as alternative energy or clean technology and custom indices based on clients’ unique ESG requirements.

- *Global Industry Classification Standard (GICS®)*. GICS was developed and is maintained jointly by MSCI and Standard & Poor's Financial Services, LLC (a subsidiary of The McGraw-Hill Companies, Inc.) ("Standard & Poor's"). We designed this classification system to respond to our clients' needs for a consistent, accurate and complete framework for classifying companies into industries. GICS has been widely accepted as an industry analysis framework for investment research, portfolio management and asset allocation. Our equity index products classify constituent securities according to GICS.

  We also offer GICS Direct, a joint product of MSCI and Standards & Poor's. GICS Direct is a database of more than 42,000 active companies and over 47,000 securities classified by sector, industry group, industry and sub-industry in accordance with proprietary GICS methodology.

- *MSCI ESG Products*. MSCI ESG products and services help investors integrate ESG factors into their investment decisions. Investors integrate ESG factors to better understand investment risk and opportunities and/or to align investment with a set of ESG values.

  MSCI ESG products include research, screening and modeling tools that allow institutional investors and asset managers to: align investments with a set of ESG values such as perceptions of certain business activities, religious views or international norms; generate buy/restricted lists of companies that meet those criteria; understand the implications of restrictions on portfolios; and examine company specific profiles.

  MSCI ESG products also provide ESG ratings and analysis on thousands of companies worldwide. These sector based research reports are designed to identify and analyze key ESG issues for the sector, which may include the intersection of a corporations' major social and environmental impacts with its core business operations, thereby identifying potential risks and opportunities for the company and its investors.

Risk Management Analytics Products

Our risk management analytics products offer a consistent risk assessment framework for managing and monitoring investments in a variety of asset classes across an organization. The products are based on our proprietary integrated fundamental multi-factor risk models, value-at-risk methodologies and asset valuation models. They enable clients to identify, monitor, report and manage potential market risks from equities, fixed income, derivatives contracts and alternative investments, and to analyze portfolios and systematically analyze risk and return across multiple asset classes, including equities, bonds, commodities, foreign exchange, futures, options, derivatives, structured products, interest-rate products and credit products. Using these tools, clients can identify the drivers of market and credit risk across their investments, produce daily risk reports, run pre-trade analysis, perform what-if stress-tests and simulation analysis and optimizations, evaluate and monitor multiple asset managers and investment teams and access correlations across a group of selected assets or portfolios.

We have two major products in this area, BarraOne and RiskManager:

- *BarraOne*. BarraOne, powered by the Barra Integrated Model, provides clients with global, multi-asset class risk analysis using Barra fundamental factor technology. BarraOne also includes VaR simulation, stress testing, optimization and performance attribution modules that enable clients to manage multi-asset class portfolios, carry out risk allocation budgeting, manager monitoring, performance attribution and regulatory risk reporting. The product is accessed by clients via a secure, interactive web-based session, web services or on an outsourced basis.
- *RiskManager*. RiskManager is an industry leader in VaR simulation and stress testing. Clients use RiskManager for daily analyzing, measuring and monitoring of market risk at fund and firm level, for sensitivity and stress testing, and for interactive what-if analysis. RiskManager is a highly scalable platform accessed by clients via a license to a secure, interactive web-based application service, as an outsourced risk reporting service or as a web service in which a client's systems access RiskMetrics core risk elements by connecting directly to our systems. RiskManager includes, among other modules,

the CounterParty Risk Reporting module that provides clients with counterparty exposures and is offered as either a web service or a managed service in which our staff oversee the production of CounterParty Risk reports on behalf of our clients.

In addition, we offer:

- *Hedge Fund Risk Transparency Solutions*. HedgePlatform, a reporting service, and InterSight, an interactive web-based reporting service, allow clients that invest in hedge funds, including funds of funds, pension funds and endowments, to measure, evaluate and monitor the risk of their hedge fund investments across multiple hedge fund strategies. We collect position-level information from hedge funds on a monthly basis and provide our clients with a risk report for each individual hedge fund in which they invest as well as an aggregate risk report for their overall portfolio of hedge funds. Our clients who use RiskManager to measure the risk of their own holdings can further integrate the positions collected via our HedgePlatform and InterSight services to allow computation of risk across their entire portfolio, while the confidential and proprietary nature of the underlying hedge fund holdings is maintained. HedgePlatform and InterSight reports include statistics such as exposure (long, short, net and gross), sensitivities, scenario analysis, stress tests and VaR analysis.
- *DataMetrics.* DataMetrics is a data service that allows clients to access the market data embedded in RiskManager for use in their own proprietary or other third-party systems. In addition to direct access to market data time series, DataMetrics can provide clients with customized data processing services.
- *WealthBench.* WealthBench is an investment planning platform for private banks, financial advisors, brokerages and trust companies. WealthBench assists users in delivering informed, tailored investment planning proposals for high net worth individuals reflecting their needs, goals and risk tolerances while remaining consistent with firm-driven investment and risk-based policies. WealthBench incorporates robust analytics, market-consistent inputs and transparent methodologies.
- *CreditManager*. Our CreditManager product is a portfolio credit risk management system used primarily by banks to calculate economic capital and credit scores, facilitate risk-based pricing and measure risk concentrations. The application is designed to consolidate and compare risks and opportunities across multiple credit exposures including bonds, credit derivatives and traditional lending.

Portfolio Management Analytics Products

Our Barra-branded equity portfolio management analytics products are designed to assist investment professionals in analyzing and managing risks and returns for equities at both the asset and portfolio level in developed, emerging and frontier equity markets. Barra equity models identify and analyze the factors that influence equity asset returns and risk. Our most widely used Barra equity products utilize our fundamental multi-factor equity risk model data to help our clients construct, analyze, optimize and manage portfolios. Our multi-factor models identify common factors that influence stock price movements, such as industry and style characteristics, based on market and fundamental data. The proprietary risk data available in our products identifies an asset’s or a portfolio’s sensitivities to these common factors.

Our global equity models include the following:

- *Barra Global Equity Model (“GEM3”)*. GEM3 is a multi-factor risk model designed for use in global equity portfolio management and construction. It uses a set of factors that explain the sources of global equity risk and returns.
- *Barra Integrated Model (“BIM”).* BIM provides a detailed view of risk across markets and asset classes, including currencies, equities, fixed income assets, commodities, mutual fund assets and hedge fund assets. It begins by identifying the factors that affect the returns of equity and fixed income securities and currencies in each individual country or market. These factors are then combined into a single global model that can forecast the risk of multi-asset class, global portfolios.

Our single country and regional risk models include the following:

- *Barra Single Country Equity Models.* Our single country equity models identify a set of factors to explain sources of risk and return of portfolios in that country. Examples include the Barra US Equity Model ("USE4") which models risk for U.S. equity assets and portfolios and the Barra UK Equity Model ("UKE7") which models risk for United Kingdom equity assets and portfolios.
- *Barra Regional Equity Models*. We produce two regional equity models, the Europe Equity Model ("EUE3") and the Asia-Pacific Equity Model ("ASE1"). These models are designed to be used across a broad range of applications and are available in different versions to reflect local and regional commonalities, as well as short-term and long-term investment horizons. The EUE3 model covers approximately 16,200 stocks in 29 markets, including many emerging and frontier markets in Eastern Europe. The ASE1 model covers approximately 29,000 stocks in 15 markets, including emerging and frontier markets in the region.

When assigning investment mandates to asset managers, institutional asset owners often prescribe investment restrictions for portfolio risk and tracking error that are measured, reported and monitored using Barra products. Our clients can use our portfolio analytics by installing our proprietary software applications and equity risk data in their technology platforms, by accessing our software applications and risk data via the Internet, by integrating our equity risk data into their own applications or through third-party applications, like those provided by FactSet Research Systems Inc. ("FactSet"), which have incorporated our equity risk data and analytics into their offerings.

Our primary portfolio analytics products are:

- *Barra Aegis*. Barra Aegis is our flagship equity risk management and analytics system. It is a sophisticated software application for equity risk management and portfolio analysis that is powered by our proprietary equity risk data. It is deployed by the client as a desktop application. Barra Aegis is an integrated suite of equity investment analytics modules, specifically designed to help clients actively manage their equity risk against their expected returns. It also enables clients to construct optimized portfolios based on client-specified expectations and constraints.

  Barra Aegis also provides a factor-based performance attribution module which allows clients to analyze realized returns relative to risk factors by sectors, styles, currencies and regions. Barra Aegis's tools also help clients identify returns attributable to stock selection skills. Additionally, using Barra Aegis's advanced automation tools, clients can back-test their portfolio construction strategies over time.
- *Barra Portfolio Manager*. Barra Portfolio Manager is an integrated risk and performance platform that is designed to help fund managers and their teams gain additional portfolio insight, manage a more systematic investment process and make faster, more informed investment decisions. The hosted interactive user interface allows users to analyze risk and return, monitor portfolios and conduct pre-trade what-if analysis across a number of scenarios. The platform supports optional data management services that allow users to outsource the loading and reconciliation of their portfolio and other proprietary data.
- *Barra Equity Models Direct*. Barra Equity Models Direct delivers our proprietary risk data to clients for integration into their own software applications. The proprietary risk data in Barra Equity Models Direct is also available via third-party providers. We offer the proprietary risk data from global, regional and single country Barra risk models and most of these models are available in short-term and long-term time horizons so that clients can select the risk data that best suits their investment processes.
- *Barra Cosmos*. Barra Cosmos enables global fixed income portfolio managers to manage risk and optimize return in a multi-currency, global bond portfolio. This adaptable product integrates specific bond, derivative and currency strategies to reflect each user's investment style, while monitoring the overall risk exposure of the portfolio. Barra Cosmos is deployed by the client as a desktop application.

Energy and Commodity Analytics Products

Our Energy and Commodity Analytics products are software applications that offer a variety of quantitative analytics tools for valuing, modeling and facilitating the hedging of physical assets and derivatives across a number of market segments including energy and commodity assets. These products are used by investors, traders and those hedging investments in these asset classes. The software applications are not provided with any market data or proprietary index or risk data. These products are typically branded "FEA" and include products such as FEA@Energy, FEA VaRworks and FEA StructureTool.

Governance Segment

Our Governance business is a leading provider of corporate governance and financial research and analysis services to institutional investors and corporations around the world. We categorize our Governance business into three distinct categories: (i) Proxy Research and Voting, Global Proxy Distribution ("GPD") and Securities Class Action Services ("SCAS"), (ii) ISS Corporate Services and (iii) Financial Research and Analysis ("FR&A"). The pricing model for our Governance business' products and services is primarily subscription-based and varies depending on the product or service purchased.

Proxy Research and Voting, GPD and SCAS

Our Proxy Research and Voting, GPD and SCAS products are designed to provide proxy services, including proxy voting and in-depth research and analysis to help inform voting decisions and assess issuer-specific risk, to institutional investors globally. ISS is the largest proxy advisory firm that offers a fully-integrated, end-to-end proxy voting service, including policy creation, comprehensive research, vote recommendations, vote execution and reporting and analytical tools. During fiscal year 2011, Proxy Research and Voting, GPD and SCAS accounted for approximately 70.4% of revenues attributable to our Governance business.

Our primary product categories are:

- *Proxy Research and Voting*. Through its ProxyExchange platform, ISS provides clients with vote recommendations, comprehensive analyses and online voting capabilities that enable users to make informed decisions about how to vote on all items with respect to each shareholder meeting agenda that is covered, execute their votes and monitor and track their votes for reporting purposes.

  Research coverage is currently provided on over 6,000 U.S.-based companies and over 20,000 non-U.S. companies. ISS's research and recommendations are based on benchmark, specialized and custom policies. ISS's benchmark policies are designed to serve as an industry standard and best practice guide to corporate governance and are developed with the input of institutional clients and industry professionals around the world. In addition to our benchmark policies, we recognize that the philosophies and policies used to make proxy voting decisions range widely among different types of investors. By understanding the diverse needs of our clients, we are able to create policies that meet their requirements through a number of specialized policies such as SRI policies based on environmentally and socially responsible guidelines and ISS's Taft-Hartley benchmark policy which is based on guidelines of the American Federation of Labor and Congress of Industrial Organizations. For many institutional investors with highly specialized or unique needs for proxy research and policy guidelines, we also offer custom proxy advisory services in which we work with our clients to develop and refine governance policy guidelines that match their particular views and are unique to them. ISS's M&A Edge provides independent, in-depth research analysis that focuses specifically on proposed merger and acquisition deals and proxy contests to inform institutional investors. It also delivers ongoing deal notes that keep users abreast of key events as the deal or contest evolves and analyzes key aspects of a transaction, including strategic rationale, corporate governance and shareholder rights issues.

  ISS's proxy voting services include notifying clients of upcoming shareholder meetings, receiving proxy ballots from third-party proxy distributors, generating consolidated proxy ballots and instructions across its clients' portfolios, executing and tabulating its clients' votes in accordance with their instructions, maintaining voting records and providing comprehensive vote reporting.

- *Global Proxy Distribution Services ("GPD")*. Our GPD service offers a complete global proxy distribution solution to custodian banks for non-U.S. securities through a single independent platform. GPD provides for the efficient distribution and voting of proxies giving clients the ability to review and download detailed meeting information and individualized account information. GPD also provides online access to customized record-keeping and reporting across all custodians and sub-custodians.
- *Securities Class Action Services ("SCAS")*. We deliver a complete class action monitoring and claims filing service to institutional investors who have potential recovery rights in securities class action lawsuits. We provide an extensive securities litigation database, including up-to-date case information and detailed historical class action data, and provide fully-outsourced notification, tracking and claims filing services to our institutional clients. Our relationships with claims administrators and law firms around the world enable us to advise on new developments in global markets and streamline the filing process.

  SCAS offers more detailed portfolio specific views of cases and settlements with an online report library that allows clients to keep track of the complete securities class action lifecycle from when a case is first identified until payment is disbursed. Securities class action data provided to our clients include class periods, settlement dates, status reports, award amounts, claim deadline dates, claims administrator details and pertinent related data.

ISS Corporate Services

Our ISS Corporate Services products and services are designed to help clients reduce risk and build shareholder value through strong governance programs by leveraging our expertise in the areas of executive compensation, governance ratings, capital structure, voting trends and corporate governance research. ISS Corporate Services tools, data and advisory services help clients to design, manage and measure their corporate governance programs. While the majority of ISS Corporate Services revenues have historically been non-recurring, a shift in our business strategy during fiscal year 2011 to increase recurring, subscription revenue of data and analytics services resulted in an increase in sales for these products and services during fiscal year 2011. During fiscal year 2011, revenues related to our ISS Corporate Services products and services represented approximately 21.2% of our Governance business total revenues.

Our primary ISS Corporate Services products and services include:

- *Compensation Data and Analytics*. We provide a set of turnkey products and services that enable compensation professionals and board committee members to optimize compensation plan design by modeling, analyzing and benchmarking executive compensation and equity plans. Our ExecComp Analytics product provides historical data, benchmarking and analytics on executive compensation and pay for performance. Compass is a web-based tool enabling clients to model the cost of equity compensation plans and determine optimal equity plan design. Our flagship product is the ExecComp Suite, which includes our ExecComp Analytics product and ongoing benchmarking of equity plan value transfer, burn rates, and dilution. It also provides access to experienced and dedicated compensation plan analysts and support in modeling the cost of equity compensation plans and determining optimal compensation plan design.
- *Governance Exchange*. Governance Exchange provides a high-quality online discussion forum to facilitate constructive dialogue on corporate governance issues among those involved in corporate governance, including institutional investors, board directors and corporate executives. Members of Governance Exchange also have access to a diverse range of corporate governance viewpoints and research through webcasts, white papers, surveys, and expert analysis.

- *Proxy Research and Publications*. Proxy Research and Publications offers a searchable database of publications, research articles and online reports designed to help corporate secretaries, investor relations professionals, executives, directors and other professionals track ISS recommendations and analysis. Through an alerts service, users of Proxy Research and Publications also receive the latest proxy research reports released for their company or for peer companies, and can opt to be alerted when proxy research reports containing specific proposal types are released.

Financial Research and Analysis

Our FR&A products and services are designed to assess the overall financial health of companies by analyzing the investment implications of companies' accounting policies, legal and regulatory exposure, environmental, social and governance practices, mergers and acquisitions initiatives and compensation plans. Our FR&A product and service offerings are provided primarily to portfolio managers for investment analysis, to corporations to monitor compliance with corporate governance practices and to professional services organizations to support due diligence efforts. These offerings allow investors to add specialized, qualitative analysis to more traditional research used in the investment decision-making process. During fiscal year 2011, FR&A accounted for approximately 8.4% of revenues attributable to our Governance business. All of FR&A's products and services are marketed under the CFRA brand.

CFRA Forensic Accounting Research. Through a rigorous and proprietary research process, our global team of analysts provides in-depth research on over 600 companies worldwide while our quantitative tools assess the reported financial results of over 10,000 companies worldwide. We focus on providing our clients with timely and actionable risk analysis reports regarding earnings and cash flow quality and sustainability, legal and regulatory risk and overall business health. Our clients rely on our continuous analysis and objective perspective. Accounting Lens, our largest product within FR&A, is a leading forensic accounting risk research report offering for investors, providing early warning signals for companies with aggressive accounting practices or showing signs of operational or financial distress. The reports consist of in-depth company research, educational and industry research, access to our proprietary earnings quality database and research analyst contact. In addition, CFRA's Legal Edge product is focused on identifying and analyzing hidden legal and regulatory risks. CFRA also provides customized research services for client-defined projects.

Growth Strategy

We have experienced growth in recent years with operating revenues and operating income increasing by 35.9% and 56.2%, respectively, for the year ended December 31, 2011 compared to the year ended November 30, 2010, and by 49.7% and 36.5%, respectively, for the year ended November 30, 2010 compared to the year ended November 30, 2009. Excluding the impact of the RiskMetrics and Measurisk acquisitions, our operating revenues and operating income increased by 13.4% and 26.7%, respectively, for the year ended December 31, 2011 compared to the year ended November 30, 2010.

We believe we are well-positioned for significant growth over time and have a multi-faceted growth strategy that builds on our strong client relationships, products, brands and integral role in the investment and governance process. Set forth below are the principal elements of our strategy to grow our Company and meet the increasing needs of our clients for investment decision support tools:

- *Client Growth*. We believe there are significant opportunities to increase the number of users and locations and the number of products we license to existing client organizations, and to obtain new clients in both existing and new geographic markets and client types worldwide. We intend to:
  - *Increase product subscriptions and users within our current client base*. Many of our clients use only one or a limited number of our products, and we believe there are opportunities to cross-sell our other investment decision support tools as we have expanded our suite of equity index, ESG, risk, governance and research products. For example, we will continue to seek opportunities to sell

risk and portfolio analytics products to our existing index-only clients. In addition, we will continue to focus on adding new users, new locations and new modules for current products with existing clients.

- *Expand client base in current client types.* We seek to add new clients by leveraging our brand strength, our products, our broad access to the global investment community and our strong knowledge of the investment and governance processes. This includes client types in which we already have a strong penetration for our flagship global equity index, risk management analytics, portfolio analytics and governance products.
- *Increase licensing of indices for ETFs*. We believe that there is potential for continued growth and expansion in the ETF market in the future and we will continue to increase licensing of our indices for index-linked investment products to capitalize on their growth in number and variety. The table below illustrates the growth trend with respect to the number of primary exchange listings of ETFs linked to MSCI equity indices.

Number of Primary Exchange Listings of ETFs Linked to MSCI Equity Indices

	As of		
Region	**December 31, 2011**	**November 30, 2010**	**November 30, 2009**
Americas	150	130	93
EMEA	348	253	165
Asia	26	20	10
Total	524	403	268

Historical values of the assets in ETFs linked to our indices are set forth in a table under the section "Management's Discussion and Analysis —Results of Operations—Year Ended December 31, 2011 Compared to the Year Ended November 30, 2010 and for the One Month Ended December 31, 2010—Operating Revenues."

- *Product Growth*. We plan to develop new product offerings and continue to enhance our existing products through internal product development.
  - *Create innovative new product offerings and enhancements.* In order to maintain and enhance our leadership position, we plan to introduce innovative new products and enhancements to existing products. We believe that the integration of product platforms, development of new models, expansion of the global coverage of current models, enhanced client customization capabilities, increased data collection and the introduction of new governance products will increase the competitiveness of our Company. We also maintain an active dialogue with our clients in order to understand their needs and anticipate market developments.
  - *Expand our capacity to design and produce new products*. We intend to increase our spending on product development teams, new model research, data production systems and software application design to enable us to design and produce new products more quickly and cost-effectively. Increasing our ability to process additional models and data, and design and code software applications more effectively, will allow us to respond faster to client needs and bring new products and product enhancements to the market more quickly.
- *Growth through acquisition*s. We intend to continue to seek to acquire products, technologies and companies that will enhance, complement or expand our product offerings and client base, as well as increase our ability to provide investment decision support tools to equity, fixed income and multi-asset class investment institutions.

Competitive Advantages

We believe our competitive advantages include the following:

- *Strong client relationships and deep understanding of their needs.* Our consultative approach to product development, dedication to client support and our range of products have helped us build strong relationships with investment institutions around the world. We believe the skills, knowledge and experience of our research, software engineering, data management and production and product management teams enable us to develop and enhance our models, methodologies, data and software applications in accordance with client demands and needs. We consult with our clients and other market participants during the product development and construction process to take into account their actual investment process requirements.
- *Client reliance on our products*. Many of our clients have come to rely on our products in their investment management processes, integrating our products into their performance measurement and risk management processes, where they become an integral part of their daily portfolio management functions. In certain cases, our clients are requested by their customers to report using our tools or data. Consequently, we believe that certain of our clients may experience business disruption and additional costs if they choose to cease using or replace our products.
- *Strong brand recognition*. Our Global Equity Indices and ESG products and services are marketed under the MSCI and MSCI ESG brands; our portfolio risk and performance analytics covering global equity and fixed income are marketed under the Barra brand; our multi-asset class, market and credit risk analytics are marketed under the RiskMetrics, Barra and Measurisk brands, respectively; our energy and commodity asset valuation analytics are marketed under the FEA brand; and our corporate governance products and services are marketed under the ISS brand. These brands are well-established and recognized throughout the investment community worldwide. Our brand strength reflects the longstanding quality and widespread use of our products. We believe our products are well-positioned to be the tools of choice for investment institutions increasingly looking to third-party products and services for help with benchmarking, index-linked product creation and portfolio risk management and for corporate clients for help with governance efforts.
- *Sophisticated models with practical application*. We have invested significant time and resources for more than three decades in developing highly sophisticated and practical index methodologies and risk models that combine financial theory and investment practice. We enhance our existing models to reflect the evolution of markets and to incorporate methodological advances in risk forecasting. New models and major enhancements to existing models are reviewed by our model review committee.
- *Open architecture and transparency*. We have an open architecture philosophy. Clients can access our data through our software applications, third-party applications or their own applications. We also recognize that the marketplace is complex and that a competitor in one context may be a supplier or distributor in another context. For example, Standard & Poor’s competes with us in index products, supplies index data that we distribute in our portfolio analytics software products and jointly developed and maintains GICS and GICS Direct with us. In order to provide transparency, we document and disclose many details of our models and methodologies to our clients so that they can better understand and utilize the tools we offer. We strongly believe this open architecture approach benefits us and our clients.
- *Scalable application platforms*. We continue to make significant investments in our data centers and software services to provide highly scalable solutions for the processing of large volumes of assets/portfolios. In doing so, we are able to offer clients computing grid capacity that they would otherwise not be able to economically access through internal development.
- *Global products and operations*. Our products cover most major investment markets throughout the world. For example, our MSCI Global Equity Indices provide exhaustive equity market coverage for over 70 countries in our developed, emerging and frontier market categories; and we produced equity

risk data for single country models, regional equity models and an integrated multi-asset class risk model covering equity and fixed income markets. As of December 31, 2011 our clients were located in 82 countries and many of them have a presence in multiple locations around the world. As of December 31, 2011, our employees were located in 20 countries in order to maintain close contact with our clients and the international markets we follow and to maintain an appropriate cost structure. We believe our global presence and focus allow us to serve our clients well and capitalize on a great number of business opportunities in many countries and regions of the world.

- *Highly skilled employees*. Our workforce is highly skilled, technical and, in some instances, specialized. In particular, our research and software application development departments include experts in advanced mathematics, statistics, finance, portfolio investment and software engineering, who combine strong academic credentials with market experience. Our employees' experience and knowledge gives us access to, and allows us to add value at, the highest levels of our clients' organizations.
- *Extensive historical databases*. We have accumulated comprehensive databases of historical global market data, proprietary equity index and risk data and governance data. We believe our substantial and valuable databases of proprietary index and risk data, including over 40 years of certain index data history, over 30 years of certain risk data history and over 15 years of certain historical governance data, would be difficult and costly for another party to replicate. The information is not available from any single source and would require intensive data checking and quality assurance testing that we have performed over our many years of accumulating this data. Historical data is a critical component of our clients' investment processes, allowing them to research and back-test investment strategies and analyze portfolios over many investment and business cycles and under a variety of historical situations and market environments.

Clients

For the year ended December 31, 2011, we served approximately 6,200 clients across 82 countries worldwide with 54.4% of revenue from our client base in the Americas, 31.9% in EMEA, 13.7% in Asia and Australia. Our clients include 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, ETFs, hedge funds and private wealth; and financial intermediaries such as banks, broker-dealers, exchanges, custodians and investment consultants. To calculate the number of clients, we may count certain affiliates and business units within a single organization as separate clients. For example, the asset management and broker-dealer units of a diversified financial services firm may be treated as separate clients, even though the financial services firm is the only party to the applicable subscriptions or licenses. Our client count includes clients from which revenue has been generated in the past 12 months for a product or service of a non-recurring nature and which currently have no recurring subscription with us. While our product subscription Retention Rates (defined below) were not consistent with pre-financial crisis peaks, they have improved from the lower levels experienced during the financial crisis. Our Aggregate Retention Rates were 89.8% and 86.8% for the years ended December 31, 2011 and December 31, 2010, respectively. Our Core Retention Rates were 90.2% and 87.7% for the years ended December 31, 2011 and 2010, respectively. For a description of the calculation of our Aggregate and Core Retention Rates, see "Item 7.—Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Financial Metrics and Drivers—Retention Rate."

Revenues from our ten largest clients contributed a total of 25.8%, 27.4% and 27.3% of our total revenues for the years ended December 31, 2011 and November 30, 2010 and 2009, respectively.

In the years ended December 31, 2011 and November 30, 2010 and 2009, our largest client organization by revenue, BlackRock and its affiliates ("BlackRock"), accounted for 8.1%, 9.9% and 9.9% of our operating revenues, respectively. For the years ended December 31, 2011 and November 30, 2010 and 2009, approximately 83.9%, 82.9% and 87.5% of our revenues from BlackRock were attributable to fees based on the assets of ETFs linked to MSCI equity indices, including its iShares ETF business.

Marketing

We market our products to investment institutions, financial service providers and corporations worldwide. See "—Clients" above. Our research and product management teams seek to understand our clients' investment and governance process and their needs and to design tools that help clients effectively and efficiently address them. Because of the sophisticated nature of our products, our main means of marketing is through face-to-face meetings, hosted events, targeted campaigns and 24-hour client support, as described in "—Sales and Client Support" below. These marketing and support efforts are supplemented by our website, our email newsletters, our client events, our participation in industry conferences, our ongoing product consultations and research papers, and our public relations efforts.

Members of our research team and other employees regularly speak at industry conferences, as well as at our own seminars. We hosted over 180 seminars, webinars, conferences and workshops in various locations across the globe in fiscal 2011. These seminars, webinars, conferences and workshops bring our staff and our clients together, expose those clients to our latest research and product enhancements and give our staff an opportunity to gain insight into our clients' needs. Our marketing communications professionals also arrange interviews for our sales people in prominent industry journals and issue press releases on product developments and releases. We also communicate directly with both clients and prospective clients through our email newsletters which deliver research, company news and product specific news to currently over 60,000 recipients who have opted to receive them. Our strategic marketing department collaborates with our product specialists to analyze our clients' use of our products and to analyze the competitive landscape for our products.

Sales and Client Support

As of December 31, 2011, our client coverage offices included 200 sales people and over 250 client support people worldwide. Of these, over 95 were located in our New York offices and 80 were located in our London office. In the last few years we have expanded our sales efforts to grow our revenues and our client service efforts to ensure client satisfaction and develop client loyalty. We have expanded our geographic presence by opening client coverage offices in Budapest, Dubai, Mumbai, Seoul, Shanghai, Monterrey, Mexico, Boston and Chicago. We have also created more specialized sales and client support teams to increase our impact in each client segment, namely hedge funds, asset owners and broker dealers. Our sales and client support staff are based in 28 offices around the world enabling us to provide valuable face-to-face client service and focus efforts on developing new clients in more locations.

The sophisticated nature of our products and their uses demands a sales and client support staff with strong academic and financial backgrounds. Most new sales require several face-to-face meetings with the prospective client and the sales process for large and complex sales is likely to involve a team from sales, client support, product management and research. For Barra and RiskMetrics-branded products, sales and client support personnel are available to onboard new clients and new users, which includes, providing intensive on-site training in the use of the models, data and software applications underlying each product. Client support also provides ongoing support, which may include on-site visits, telephone and e-mail support 24 hours, five days a week and routine client support needed in connection with the use of the product or how it can help investors improve their process, all of which are included in the recurring subscription fee. We believe that the size, quality, knowledge and experience of our sales and client support staff, as well as their proximity to clients, differentiate us from our competitors.

Product Development and Production

We take a coordinated team approach to product development and production. Our product management, research, data operations and technology and software engineering departments are at the center of this process. Despite the challenging market environment, we remained committed to our product development and production efforts and, in some cases, increased these efforts.

Utilizing a deep understanding of the investment process worldwide, our research department develops, reviews and enhances our various methodologies and models. Our global data operations and technology team designs and manages our processes and systems for market data procurement, proprietary data production and quality control. Our software engineering team builds our sophisticated software applications. As part of our product development process, we also frequently undertake extensive consultations with our clients and other market participants to understand their specific needs and investment process requirements. Our product management team facilitates this collaborative product development and production approach.

- *Research.* Our models are developed by a cross-functional research team of mathematicians, economists, statisticians, physicists, financial engineers and investment industry experts. Our performance and risk research department combines extensive academic credentials with broad financial and investment industry experience. We monitor investment trends and their drivers globally, as well as analyze product-specific needs in areas such as instrument valuation, risk modeling, portfolio construction, asset allocation and value-at-risk simulation. An important way we monitor global investment trends and their implications for our business is through the forum provided by our Editorial Advisory Board ("EAB"). Our EAB, which was established in 1999, meets twice a year and is comprised of senior investment professionals from around the world and senior members of our performance and risk research team. In 2011, our performance and risk researchers participated in over a dozen industry events and conferences, and their papers have been published in leading academic and industry journals. We host an annual performance and risk client conference, which took place in 12 cities around the world in fiscal 2011, where our researchers discuss their current work, research papers and projects. Our researchers also participate in such discussions at a number of seminars, workshops and webinars we host throughout the year. Our researchers work on both developing new models and methodologies and enhancing existing ones.

  Within the governance research department, ISS's policy board works to ensure ISS's voting policies are developed and applied within a framework of corporate governance best practices. Each year, through an annual policy survey of our institutional clients and other forums, institutional investors are invited to share their ideas on corporate governance issues including board structure, executive compensation, mergers and acquisitions and corporate accountability to ensure that our standard voting policies are aligned with the views of our institutional clients.

- *Data Operations and Technology.* Our data operations and technology team consists of a combination of information technology and operations specialists. We licensed a large volume and variety of market data for every major market in the world, including fundamental and return data, from more than 200 third party sources in 2011. We apply our models and methodologies to this market data to produce our proprietary index and risk data. Our data operations and technology team oversees this complex process. Our experienced information technology staff builds internal systems and proprietary software and databases that house all of the data we license or produce in order for our data operations teams to perform data quality checks and run our data production systems. This data factory produces our proprietary index data such as end of day and real time equity indices, and our proprietary risk data such as daily and monthly equity risk forecasts. We have data operations and technology offices in North America, Europe and Asia.

- *Software Engineering.* Certain of our proprietary risk data are made available to clients through our proprietary software applications, such as Barra Aegis, Barra Cosmos, BarraOne, RiskManager, HedgePlatform, WealthBench, Credit Manager, ESG Manager and Proxy Exchange. Our software engineering team consists of individuals with significant experience in both the finance and software industries. Our staff has an extensive skill set, including expertise in both the Java-based technologies used in our web-based, on-demand software application tool for multi-asset class risk analysis and reporting and Microsoft-based technologies used in our desktop equity and fixed income analytics software products. We also have extensive experience with database technologies, computational programming techniques, scalability and performance analysis and tuning and quality assurance. We use a customized software development methodology that leverages best practices from the software industry, including agile programming, test-driven development, parallel tracking, iterative cycles, prototyping and beta releases. We build our software applications by compiling multiple components, which enables us to reuse designs and codes in multiple products. Our software development projects involve extensive collaboration with our product management team and directly with clients. We have software engineering offices in the U.S., Europe and Asia.

Our Competition

Many industry participants compete directly with us by offering one or more similar products. Our principal competitors on a global basis for our MSCI Global Equity Index products are FTSE International, Ltd. (a subsidiary of The London Stock Exchange), Russell Investment Group (a unit of Northwestern Mutual Life Insurance Group) and Standard & Poor's. Additionally, we compete with equity index providers whose primary strength is in a local market or region. These include CME Group Index Services, LLC (a joint venture company owned 90% by CME Group Inc. and 10% by Dow Jones & Company), Russell Investment Group and Standard & Poor's in the U.S.; the CAC index published by NYSE Euronext and STOXX Ltd. in Europe; and Nikkei Inc., Nomura Securities, Ltd., Russell Investment Group and Tokyo Stock Exchange, Inc. in Japan. There are also many smaller companies that create custom indices primarily for use as the basis of ETFs.

The principal competitors for our portfolio analytics products are Applied Portfolio Technologies (a unit of SunGard), Axioma, Inc., Bloomberg Finance L.P., Capital IQ's ClariFI (a Standard & Poor's business), FactSet, Northfield Information Services, Inc. and Wilshire Analytics.

Our risk management analytics products compete with firms such as Algorithmics (a unit of IBM), Barclays Capital, BlackRock Solutions (a unit of BlackRock Inc.), FactSet, Imagine Software, KMV (a unit of Moody's Corporation), and SunGard Data Systems Inc. Additionally, many of the larger broker-dealers have developed proprietary risk management analytics tools for their clients. Similarly, many investment institutions, particularly the larger global organizations, have developed their own internal risk management analytics tools.

ISS competes with firms such as Broadridge Financial Solutions, Equilar, Inc. and Glass, Lewis & Co. ISS also competes with local niche proxy voting and research providers in certain international markets.

For our other products where our revenues are less significant, we also have a variety of other competitors.

Employees

As of December 31, 2011, our number of employees increased by 352 to 2,429 from 2,077 on November 30, 2010. As of December 31, 2011, approximately 39.2% of our employees were located in emerging market centers.

Government Regulation

ISS is a registered investment advisor and must comply with the requirements of the Investment Advisers Act of 1940 and related SEC regulations. Such requirements relate to, among other things, disclosure obligations, recordkeeping and reporting requirements, marketing restrictions and general anti-fraud prohibitions. A subsidiary of ISS in Australia is also registered as an investment advisor with the Australian Financial Services Authority and must comply with its applicable requirements.

Available Information

Our corporate headquarters are located at One Chase Manhattan Plaza, New York, New York, 10005, and our telephone number is (212) 804-3900. We maintain an Investor Relations website on the Internet at www.msci.com.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet website that contains reports, proxy and information statements and other information that we file electronically with the SEC at www.sec.gov. We also make available free of charge, on or through this website, these reports, proxy statements and other information as soon as reasonably practicable following the time they are electronically filed with or furnished to the SEC. To access these, click on the "SEC Filings" link found on our Investor Relations homepage. The contents of our website are not a part of or incorporated by reference in this Annual Report on Form 10-K.

Item 1A. *Risk Factors*

You should carefully consider the following risks and all of the other information set forth in this Annual Report on Form 10-K. If any of the following risks actually occur, our business, financial condition or results of operations would likely suffer. You should read the section titled "Forward-Looking Statements" beginning on page 1 for a discussion of what types of statements are forward-looking statements, as well as the significance of such statements in the context of this Annual Report on Form 10-K.

Risks Related to Our Business

If we lose key outside suppliers of data and products or if the data or products of these suppliers have errors or are delayed, we may not be able to provide our clients with the information and products they desire.

Our ability to produce our products and develop new products is dependent upon the products of other suppliers, including certain data, software and service suppliers. Our index and analytics products are dependent upon (and of little value without) updates from our data suppliers and most of our software products are dependent upon (and of little value without) continuing access to historical and current data. Throughout our businesses, we utilize certain data provided by third party data sources in a variety of ways, including large volumes of data from certain stock exchanges around the world. As of December 31, 2011, we had over 200 such data suppliers. If the data from our suppliers has errors, is delayed, has design defects, is unavailable on acceptable terms or is not available at all, our business, financial condition or results of operations could be materially adversely affected.

Some of our agreements with data suppliers allow them to cancel on short notice and we have not completed formal agreements with all of our data suppliers, such as certain stock exchanges. Many of these data suppliers compete with one another and, in some cases, with us. For example, ISS relies on a data feed agreement with Broadridge Financial Solutions which allows for a large number of proxy ballots to be received, and proxy votes to be processed, electronically, minimizing the manual aspects of the proxy voting process and limiting the risk of error inherent in manual processes. If the data feed agreement with Broadridge was terminated, we would have to incur significant expenses in order to input our clients' voting instructions directly into Broadridge's proprietary electronic voting systems and our business and results of operations would be materially and adversely affected. Since ISS also competes with Broadridge in some markets with respect to providing certain aspects of proxy voting services, there may be circumstances under which Broadridge may have an incentive to not renew ISS's data feed agreement or to offer renewal terms which we may deem unreasonable. From time to time we receive notices from data suppliers, including stock exchanges, threatening to terminate the provision of their data to us, and some data suppliers, including at least one stock exchange, have terminated the provision of their data to us. Termination of one or more of our significant data agreements or exclusion from, or restricted use of, or litigation in connection with, a data provider's information could decrease the available information for us to use (and offer our clients) and may have a material adverse effect on our business, financial condition or results of operations.

Although data suppliers and stock exchanges typically benefit from providing broad access to their data, some of our competitors could enter into exclusive contracts with our data suppliers, including with certain stock exchanges. If our competitors enter into such exclusive contracts, we may be precluded from receiving certain data from these suppliers or restricted in our use of such data, which would give our competitors a competitive advantage. Such exclusive contracts could hinder our ability to provide our clients with the data they prefer, which could lead to a decrease in our client base and could have a material adverse effect on our business, financial condition or results of operations.

Some data suppliers have sought and others may seek to increase licensing fees for providing their content to us. If we are unable to renegotiate acceptable licensing arrangements with these data suppliers or find alternative sources of equivalent content, we may be required to reduce our profit margins or experience a reduction in our market share.

Any failure to ensure and protect the confidentiality of client data could adversely affect our reputation and have a material adverse effect on our business, financial condition or results of operations.

Many of our products provide for the exchange of sensitive information with our clients through a variety of media, including the Internet, software applications and dedicated transmission lines. We rely on a complex system of internal processes and software controls along with policies, procedures and training to protect the confidentiality of client data, such as client portfolio data that may be provided to us or hosted on our systems. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in the implementation of our internal controls, or if an employee purposely circumvents or violates our internal controls, unauthorized access to, or disclosure or misappropriation of, client data could occur. Such unauthorized access, disclosure or misappropriation could damage our reputation and/or result in claims against us by our clients and have a material adverse effect on our business, financial condition or results of operations. If a failure of our internal controls results in a security or privacy breach, we could also incur increased operating expenses to remediate the problems caused by the breach and prevent future breaches, which could have a material adverse effect on our financial condition or results of operations.

We have implemented information barrier procedures to protect the confidentiality of the material, non-public information regarding changes to the composition of our indices. If our information barrier procedures fail, our reputation could be damaged and our business, financial condition or results of operations could be materially adversely affected.

We change the composition of our indices from time to time. We believe that, in some cases, the changes we make to our indices can affect the prices of constituent securities as well as products based on our indices. Our index clients rely on us to keep confidential material non-public information about changes to the future composition of an index and to protect against the misuse of that information until the change to the composition of the index is disclosed to clients. We have implemented information barrier procedures to limit access to this information and to prevent the unauthorized disclosure and misuse of information regarding material non-public changes to the composition of our indices. If our information barrier procedures fail and we inadvertently disclose, or an individual deliberately misuses, material non-public information about a change to one of our indices, our reputation may suffer. Clients' loss of trust and confidence in our information barrier policies and procedures could lead to a negative reputation throughout the investment community, which could have a material adverse effect on our business, financial condition or results of operations.

In addition, certain exchanges permit our clients to list exchange traded funds or other financial products based on our indices only if we provide a representation to the exchange that we have reasonable information barrier procedures in place to address the unauthorized disclosure and misuse of material, non-public information about changes to the composition of our indices. If an exchange determines that our information barrier procedures are not sufficient, the exchange might refuse to list or might delist investment products based on our indices, which may have a material adverse effect on our business, financial condition or results of operations.

Any perceived conflicts of interest resulting from providing products and services to institutional investors in addition to proxy voting recommendations, or providing products and services to corporations which are the subject of our proxy recommendations or other products and services could harm our reputation and business.

Institutional clients of our Governance business rely on ISS to provide them with informed proxy vote recommendations, benchmark proxy voting guidelines and unbiased analyses of companies' environmental, social and governance attributes. The institutional clients of both our Performance and Risk and Governance businesses, particularly hedge funds and more active institutional investors, may have material economic and other interests in the corporations on which ISS provides proxy analyses and ratings or which are the subject of our financial research and analysis products and services. In some cases these institutional clients pay us a significant amount of money for our Performance and Risk products and services and, accordingly, there may be a perception that we might advocate a particular position or provide research that supports a particular conclusion with respect to a corporation in order to satisfy the unique economic or other interests of a particular institutional client. As a result, institutional clients, competitors and other market participants could raise questions about our ability to provide unbiased services, which could harm our reputation.

Through our ISS Corporate Services subsidiary, we provide products and services to corporate clients who use these services to learn about and improve their corporate governance practices. Accordingly, there is a potential conflict of interest between the services we provide to institutional clients and the services, including our Compensation Advisory Services, provided to clients of the ISS Corporate Services subsidiary. For example, when we provide corporate governance services to a corporate client and at the same time provide proxy vote recommendations to institutional clients regarding that corporation's proxy items, there may be a perception that the ISS team providing research to our institutional clients may treat that corporation more favorably due to its use of our services. We have implemented an information barrier and other procedures designed to prevent any potential conflict of interest from impacting the ability of our research team to provide unbiased analyses.

The conflict management safeguards that we have implemented may not be adequate to manage these potential conflicts of interest, and clients or competitors may question the integrity of our services. In the event that we fail to adequately manage perceived conflicts of interest, we could incur reputational damage, which could have a material adverse effect on our business, financial condition and operating results.

Legal protections for our intellectual property rights and other rights may not be sufficient or available to protect our competitive advantages. Third parties may infringe on our intellectual property rights, and pending third-party litigation may adversely affect our ability to protect our intellectual property rights.

We consider many aspects of our products and processes to be proprietary. We rely primarily on a combination of trade secret, patent, copyright and trademark rights, as well as contractual protections and technical measures, to protect our products and processes. Despite our efforts, third parties may still try to challenge, invalidate or circumvent our rights and protections. There is no guarantee that any trade secret, patent, copyright or trademark rights that we may obtain will protect our competitive advantages, nor is there any assurance that our competitors will not infringe upon our rights. As we have experienced, even if we attempt to protect our intellectual property rights through litigation, it may require considerable cost, time and resources to do so, and there is no guarantee that we will be successful. Furthermore, our competitors may also independently develop and patent or otherwise protect products and processes that are the same or similar to ours. In addition, the laws of certain foreign countries in which we operate do not protect our proprietary rights to the same extent as do the laws of the U.S. Also, some elements of our products and processes may not be subject to intellectual property protection.

- Trademarks and Service Marks—We have registered "MSCI", "Barra" and "RiskMetrics" as trademarks or service marks in the U.S. and in certain foreign countries. We have also registered other marks for certain products and services in the U.S. and in certain foreign countries. When we enter a new geographic market or introduce a new product brand, there can be no assurance that our existing trademark or service mark of choice will be available. Furthermore, the fact that we have registered trademarks is not an assurance that other companies may not use the same or similar names.
- Patents—We currently hold 21 U.S. and foreign patents. We currently have 5 U.S. and foreign patent applications pending. Patent applications can be extremely costly to process and defend. There can be no assurance that we will be issued any patents that we apply for or that any of the rights granted under any patent that we obtain will be sufficient to protect our competitive advantages.
- Copyrights—We believe our proprietary software and proprietary data are copyright protected. If a court were to determine that any of our proprietary software or proprietary data, such as our index level data, is not copyright protected, it could have a material adverse effect on our business, financial condition or results of operations.
- Confidentiality and Trade Secrets—Our license agreements limit our clients' right to copy or disclose our proprietary software and data. It is possible, however, that a client might still make unauthorized copies of our proprietary software or data, which could have a material adverse effect on our business, financial condition or results of operations. For example, if a client who licensed a large volume of our proprietary historical data made that information publicly available, we might lose potential clients who could freely obtain a copy of the data. We also seek to protect our proprietary software and data through trade secret protection and through non-disclosure obligations with our employees. However, if an employee breaches his or her non-disclosure obligation and reveals a trade secret or other confidential information, we could lose the trade secret or confidentiality protection, which could have a material adverse effect on our business, financial condition or results of operations. Furthermore, it may be very difficult to ascertain if a former employee is inappropriately using or disclosing our confidential or proprietary information. We have investigated suspicions that former employees have used or disclosed our confidential or proprietary information, but we cannot be certain that we are aware or in the future will be aware of every instance in which this sort of behavior may occur. Additionally, the enforceability of our license agreements of non-disclosure obligations and the remedies available to us in the event of a breach vary due to the many different jurisdictions in which our clients and employees are located.
- License Agreements—Our products are generally made available to end users on a periodic subscription basis under a nontransferable license agreement signed by the client. We also permit access to some data, such as certain index information, through the Internet under on-line licenses that are affirmatively acknowledged by the licensee or under terms of use. The enforceability of on-line licenses and terms of use has not been conclusively determined by the courts. There can be no assurance that third parties will abide by the terms of our licenses or that all of our license agreements will be enforceable.
- Third-Party Litigation—There is currently third-party litigation on appeal in the U.S. regarding whether issuers of index-linked investment products are required to obtain a license from the index owner or whether companies may issue and trade investment products based on a publicly-available index without the need for permission from (or payment to) the index owner. In July 2010, the Circuit Court of Cook County, Illinois found that the trading of index options on the Dow Jones Industrial Average ("DJIA") and the S&P 500 index by the International Stock Exchange ("ISE") without a license would misappropriate the index providers' rights in their indexes. The ISE was permanently restrained and enjoined from listing or providing an exchange market for the trading of DJIA and/or S&P 500 index options and the Options Clearing Corporation was permanently restrained and enjoined

from participating in the facilitation of an ISE index option based upon the DJIA and/or S&P 500 and from issuing, clearing or settling the exercise of such DJIA and/or S&P 500 index options. This decision is now under appeal. In another relevant case, in 2009, the German Federal Supreme Court concluded that the owner of a trademark who publishes an index generally available to all market participants cannot prohibit, on the basis of German trademark law, a third party from referring to the index as a reference value in option warrants issued by the third party if the trademark is used for informational and factual purposes and does not imply that a relationship exists with the trademark owner. If other courts in relevant jurisdictions determine that a license is not required to issue investment products linked to indices, this could have a material adverse effect on our business, financial condition or results of operations. It might also lead to changes in current industry practices such that we would no longer make our index level data publicly available, such as via our website or news media.

Third parties may claim we infringe upon their intellectual property rights.

Third parties may claim we infringe upon their intellectual property rights. Businesses operating in the financial services sector, including our competitors and potential competitors, have in recent years increasingly pursued patent protection for their technologies and business methods. If any third parties were to obtain a patent on a relevant index methodology, risk model or software application, we could be sued for infringement. Furthermore, there is always a risk that third parties will sue us for infringement or misappropriation of other intellectual property rights, such as trademarks, copyrights or trade secrets.

From time to time, such complaints are filed by or we receive such notices from others alleging intellectual property infringement or potential infringement. The number of these claims may grow. We have made, are making and expect to continue making expenditures related to the use of technology and intellectual property rights as part of our strategy to manage this risk.

Responding to intellectual property claims, regardless of merit, can consume valuable time, result in costly litigation or cause delays. We may be forced to settle such claims on unfavorable terms, and there can be no assurance that we would prevail in any litigation arising from such claims if such claims are not settled. We may be required to pay damages, to stop selling or using the affected products or applications or to enter into royalty and licensing agreements. There can be no assurance that any royalty or licensing agreements will be made, if at all, on terms that are commercially acceptable to us. From time to time we receive notices calling upon us to defend partners, clients, suppliers or distributors against such third-party claims under indemnification clauses in our contracts. Therefore, the impact of claims of intellectual property infringement could have a material adverse effect on our business, financial condition or results of operations.

Our use of open source code could impose unanticipated delays or costs in deploying our products, or impose conditions or restrictions on our ability to commercialize our products or keep them confidential.

We rely on open source code to develop software and to incorporate it in our products, as well as to support our internal systems and infrastructure. We monitor our use of open source code to attempt to avoid subjecting our products to conditions we do not intend. The terms of many open source code licenses, however, are ambiguous and have not been interpreted by U.S. courts. Accordingly, there are risks that there may be a failure in our procedures for controlling the usage of open source code or that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products. In either event, we could be required to seek licenses from third parties in order to continue offering our products, to make generally available (in source code form) proprietary code that links to certain open source code modules, to re-engineer our products or systems or to discontinue the licensing of our products if re-engineering could not be accomplished on a timely basis. Any of these requirements could materially adversely affect our business, financial condition or results of operations.

We are dependent on the use of third-party software and data, and any reduction in third-party product quality or any failure by us to comply with our licensing requirements could have a material adverse effect on our business, financial condition or results of operations.

We rely on third-party software and data in connection with our product development and offerings. We depend on the ability of third-party software and data providers to deliver and support reliable products, enhance their current products, develop new products on a timely and cost-effective basis, and respond to emerging industry standards and other technological changes. The third-party software and data we use may become obsolete or incompatible with future versions of our products. We also monitor our use of third-party software and data to comply with applicable license requirements. Despite our efforts, our use of certain third party software and data has been challenged in the past and there can be no assurance that such third parties may not challenge our use in the future, resulting in increased software or data acquisition costs, loss of rights and/or costly legal actions. Our business could be materially adversely affected if we are unable to timely or effectively replace the functionality provided by software or data that becomes unavailable or fails to operate effectively for any reason. In addition, our operating costs could increase if license fees for third-party software or data increase or the efforts to incorporate enhancements to third-party or other software or data are substantial. Some of these third-party suppliers are also our competitors, increasing the risks noted above.

If our products fail to perform properly due to undetected errors or similar problems, it could have a material adverse effect on our business, financial condition or results of operation.

Products we develop or license may contain undetected errors or defects despite testing. Such errors can exist at any point in a product’s life cycle, but are frequently found after introduction of new products or enhancements to existing products. We continually introduce new products and new versions of our products. Despite internal testing and testing by current and potential clients, our current and future products may contain serious defects or malfunctions. If we detect any errors before we release a product, we might have to delay the product release for an extended period of time while we address the problem. We might not discover errors that affect our new or current products or enhancements until after they are deployed, and we may need to provide enhancements to correct such errors. Errors may occur in our products that could have a material adverse effect on our business and could result in harm to our reputation, lost sales, delays in commercial release, third-party claims, contractual disputes, negative publicity, delays in or loss of market acceptance of our products, license terminations or renegotiations, or unexpected expenses and diversion of resources to remedy errors.

Furthermore, our clients may use our products together with their own software, data or products from other companies. As a result, when problems occur, it might be difficult to identify the source of the problem. Even when our products do not cause these problems, the existence of these errors might cause us to incur significant costs, divert the attention of our technical personnel from our product development efforts, impact our reputation, cause significant client relations problems or result in legal claims against us. The realization of any of these events could materially adversely affect our business, financial condition or results of operations.

To remain competitive and generate customer demand, we must successfully develop new products and effectively manage transitions.

Due to the highly volatile and competitive nature of the industry in which we operate and the impact of technological change on our products, we must continually introduce new products and services, enhance, including through integration, existing products and services, and effectively generate customer demand for new and upgraded products and services. This requires accurate anticipation of clients’ changing needs and emerging investment trends. We must make long-term investments and commit significant resources before knowing whether these investments will eventually result in products and services that satisfy our clients’ needs and generate the revenues required to provide the desired results.

If, among other things, we fail to accurately anticipate and meet the needs of our clients through the successful development of new products and services, if our new products and services are not attractive to our clients, if our new products do not perform as well as anticipated or if the launch of new products and offering of new services is not timely, we could lose market share and clients to our competitors and that could materially adversely affect our business, financial condition and results of operations. Also see "—If our products fail to perform properly due to undetected errors or similar problems, it could have a material adverse effect on our business, financial condition or results of operations" above.

Integrating existing products and platforms and transitioning clients to enhanced products and services presents execution risks and challenges. If we are unable to effectively manage transitions to new or enhanced products and services, our business, financial condition and results of operations could be materially adversely affected.

Increased competition in our industry may cause price reductions or loss of market share, which may materially adversely affect our business, financial condition or results of operations.

We face competition across all markets for our products. Our competitors range in size from large companies with substantial resources to small, single-product businesses that are highly specialized. Our larger competitors may have access to more resources and may be able to achieve greater economies of scale, and our competitors that are focused on a narrower product line may be more effective in devoting technical, marketing and financial resources to compete with us with respect to a particular product. There may also be consolidation among our competitors in the form of joint ventures or other business arrangements, which could allow for better capitalized competitors.

In addition, barriers to entry may be low in many cases, including for single-purpose product companies. The Internet as a distribution channel has allowed free or relatively inexpensive access to information sources, which has reduced barriers to entry even further. Low barriers to entry could lead to the emergence of new competitors; for example, broker-dealers and data suppliers could begin developing their own proprietary risk analytics or equity indices. Financial and budgetary pressures affecting our clients, including those arising from current economic conditions, may lead certain clients to seek products at a lower cost than what we provide. These competitive pressures may also result in fewer clients, fewer subscriptions or investment product licenses, price reductions, and increased operating costs, such as for marketing, resulting in lower revenue, gross margins and operating income. See "Part I.—Item 1. Business—Our Competition" above.

Our business is dependent on the financial viability of our clients. If our clients are negatively impacted by adverse conditions in the financial markets and are forced to shut-down, consolidate, limit or reduce spending, our business, financial condition or results of operations may be materially adversely affected.

Most of our clients are in the financial services industry. For example, asset managers accounted for 60.5% and 52.4% of our revenues as of December 31, 2011 and November 30, 2010, respectively. The global financial crisis led to the closure or consolidation of a number of our clients, including asset manager, broker-dealer and hedge fund clients. Such events impacted our financial results, including our Run Rates and Aggregate and Core Retention Rates, in 2009 and 2010, and, to a lesser extent, 2011. Ongoing economic weakness and volatility continues to cause uncertainty and pressure on our clients' spending, resulting in longer selling and renewing cycles, increased sales expenses and potentially increased cancellations.

If such trends continue, we may not be able to generate or accurately plan for future growth and demand for our products may decrease, which could have a material adverse effect on our business, financial condition or results of operations.

As a result of the global financial crisis, the U.S. Congress undertook major financial reform which led to the enactment on July 21, 2010 of the Dodd-Frank Act. The Dodd-Frank Act will have a significant impact on many aspects of the way in which the financial services industry conducts business and will impose substantial new regulation on, and regulatory oversight of, a wide variety of financial services institutions. Although many of the effects of the Dodd-Frank Act will be largely unknown until the regulations have been finalized and implemented, complying with its requirements could negatively impact the business, operations and financial viability of many of our clients which, in turn, could have a negative impact on our business and results of operations.

If our clients do not remain financially viable or if the negative conditions in the financial markets persist or worsen, we may be forced to increase our provisions for bad debts, which could adversely affect our profitability.

Consolidation within our target markets may affect our business.

Consolidation in the financial services industry could reduce our existing client base and the number of potential clients. For example, the recent global financial crisis led to the closure or merger of a number of our clients, including broker-dealer, asset manager and hedge fund clients. If consolidation continues, it may negatively impact our ability to generate future growth and may reduce demand for our products, which could have a material adverse effect on our business, financial condition or results of operations.

Our business is dependent on our clients' continued investment in equity securities. If our clients significantly reduce their investments in equity securities, our business, financial condition or results of operations may be materially adversely affected.

A significant portion of our revenues comes from our products that are focused on various aspects of managing or monitoring portfolios. To the extent our clients significantly deemphasize equity securities in their investment strategies, the demand for equity products would likely decrease, which could have a material adverse effect on our business, financial condition or results of operations.

Our revenues and earnings attributable to asset-based fees may be affected by changes in the capital markets, particularly the equity capital markets.

Clients that use our indices as the basis for certain index-linked investment products, such as ETFs and mutual funds, commonly pay us a fee based on the investment product's assets. These asset-based fees make up a significant portion of our revenues. They accounted for approximately 15.6%, 16.2% and 16.7% of revenues for the fiscal years ended December 31, 2011 and November 30, 2010 and 2009, respectively. These asset-based fees accounted for 44.7%, 45.2% and 43.9% of the revenues from our ten largest clients for the fiscal years ended December 31, 2011 and November 30, 2010 and 2009, respectively. The value of an investment product's assets can increase or decrease along with market performance and inflows and outflows, which impact our revenues. Volatile capital markets, such as those experienced recently, as well as changing investment styles, may influence an investor's decision to invest in and maintain an investment in an index-linked investment product. For example, as of December 31, 2011, the month-end value of assets in ETFs linked to MSCI equity indices was $301.6 billion, which was 3.0% lower than the value of such assets as of November 30, 2010, and the value of such assets at November 30, 2010 was 32.8% higher than the value of such assets as of November 30, 2009. If the value of passive investments linked to our indices decreases, our asset-based fee revenues are likely to decline.

A portion of our business is dependent on our clients continuing to measure the performance of their equity investments against equity benchmarks. If our clients discontinue use of equity benchmarks to measure performance, our business, financial condition or results of operations could be materially adversely affected.

Our equity index products serve as equity benchmarks against which our clients can measure the performance of their investments. If clients decide to measure performance on an absolute return basis instead of against an equity benchmark, the demand for our indices could decrease. Any such decrease in demand for our equity index products could have a material adverse effect on our business, financial condition or results of operations.

Our clients that pay us a fee based on the assets of an investment product may seek to negotiate a lower asset-based fee percentage or may cease using our indices, which could limit the growth of or decrease our revenues from asset-based fees.

A portion of our revenues are from asset-based fees and these revenues streams are concentrated in some of our largest clients. Our clients may seek to negotiate a lower asset-based fee percentage for a variety of reasons. As the assets of index-linked investment products managed by our clients change, they may request to pay us lower asset-based fee percentages. Additionally, as competition among our clients increases, they may have to lower the fees they charge to their clients, which could cause them to try to decrease our fees correspondingly or otherwise lead to a reduction of our fees in certain cases. For example, competition is intense and increasing among our clients that provide exchange traded funds. The fees they charge their clients are one of the competitive differentiators for these exchange traded fund managers. Additionally, clients that have licensed our indices to serve as the basis of index-linked investment products are generally not required to continue to use our indices and could elect to cease offering the product or could change the index to a non-MSCI index, in which case our asset-based fees could dramatically decrease, which could have a material adverse effect on our business, financial condition or results of operations. In August 2011, BlackRock, Inc., which together with its affiliates accounted for 8.1% and 9.9% of our revenues for the fiscal years ended December 31, 2011 and November 30, 2010, respectively, announced that it was seeking regulatory clearance to create indices for use as the basis of exchange traded funds that it would manage.

A limited number of clients account for a material portion of our revenue. Cancellation of subscriptions or investment product licenses by any of these clients could have a material adverse effect on our business, financial condition or results of operations.

For the fiscal years ended December 31, 2011 and November 30, 2010, revenues from our ten largest clients accounted for 25.8% and 27.4% of our total revenues, respectively. If we fail to obtain a significant number of new clients or if one of our largest clients cancels or reduces its subscriptions or investment product licenses and we are unsuccessful in replacing those subscriptions or licenses, our business, financial condition or results of operation could be materially adversely affected. For the fiscal year ended December 31, 2011, our largest client organization by revenue, BlackRock, Inc. and affiliates (“BlackRock”), accounted for 8.1% of our total revenues. For the fiscal years ended December 31, 2011 and November 30, 2010, approximately 83.9% and 82.9%, respectively, of the revenue from BlackRock came from fees based on the assets in BlackRock’s ETFs based on MSCI indices.

Cancellation of subscriptions or investment product licenses or renegotiation of terms by a significant number of clients could have a material adverse effect on our business, financial condition or results of operations.

Our primary commercial model is to license annual, recurring subscriptions to our products for use at a specified location and by a given number of users or for a certain volume of products or services during that annual period. For most of our products, our clients may cancel their subscriptions or investment product licenses at the end of the current term. A disproportionately high percentage of contract value in the Governance business comes up for renewal in December. While we believe the annual, recurring subscription model supports our marketing efforts by allowing clients to subscribe without the requirement of a long-term commitment, the cancellation of subscriptions or investment product licenses by a significant number of clients at any given time may have a material adverse effect on our business, financial condition or results of operations.

Our clients may become more self-sufficient, which may reduce demand for our products and materially adversely affect our business, financial condition or results of operations.

Our clients may develop internally certain functionality contained in the products they currently license from us. For example, some of our clients who currently license our risk data to analyze their portfolio risk may develop their own tools to collect data and assess risk, making our products unnecessary for them. To the extent that our clients become more self-sufficient, demand for our products may be reduced, which could have a material adverse effect on our business, financial condition or results of operations. See "—A limited number of clients account for a material portion of our revenue. Cancellation of subscriptions or investment product licenses by any of these clients could have a material adverse effect on our business, financial condition or results of operations" above.

Increased accessibility to free or relatively inexpensive information sources may reduce demand for our products and materially adversely affect our business, financial condition or results of operations.

In recent years, more free or relatively inexpensive information has become available, particularly through the Internet, and this trend may continue. The availability of free or relatively inexpensive information may reduce demand for our products. Weak economic conditions also can result in clients seeking to utilize lower-cost information that is available from alternative sources. To the extent that our clients choose to use these sources for their information needs, our business, financial condition or results of operations may be materially adversely affected.

Our growth and profitability may not continue at the same rate as we have experienced in the past, which could have a material adverse effect on our business, financial condition or results of operations.

We have experienced significant growth since we began operations. There can be no assurance that we will be able to maintain the levels of growth and profitability that we have experienced in the past. Among other things, there can be no assurance that we will be as successful in our marketing efforts as we have been in the past, or that such efforts will result in growth or profit margins comparable to those we have experienced in the past. See "—To remain competitive and generate customer demand, we must successfully develop new products and effectively manage transitions" above, "—We are dependent on key personnel in our professional staff for their expertise" below, "Item 7.—Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 1.—Business." Any failure to continue to grow our business and maintain profitability could have a material adverse effect on our business, financial condition or results of operations.

If we are unable to manage our operating costs as anticipated or our operating costs are higher than expected, our operating results may fluctuate significantly.

We may experience higher than expected operating costs, including increased personnel costs, occupancy costs, selling and marketing costs, investments in geographic expansion, communication costs, travel costs, software development costs, professional fees and other costs. Additionally, we may not fully realize our strategic initiatives to manage our cost structure. If operating costs exceed our expectations and cannot be adjusted accordingly, our profitability may be reduced and our results of operations and financial position may be adversely affected.

Our financial condition and results of operations may be negatively impacted by global factors that are beyond our control, including macroeconomic, political and market conditions, the availability of short-term and long-term funding and capital, the level and volatility of interest rates, currency exchange rates, inflation and ratings downgrades.

Financial markets in the United States, Europe and Asia have experienced disruption in the past year, and near-term predictions for the growth of the global economy remain weak. Concerns over the European debt crisis, the potential collapse of the Euro, ratings downgrades, the ability of the U.S. Government to manage the U.S. deficit and prolonged high unemployment have contributed to increased volatility and diminished expectations for the global economy and markets going forward. While we do not concentrate a significant amount of business in any one Eurozone country, we did derive 31.0% of our 2011 revenue from Europe. The general financial instability in any Eurozone country could have a contagion effect on the region and contribute to the general instability and uncertainty in the European Union. Unfavorable changes in global economic conditions may negatively impact the demand for our products and services and may also impair the ability of our customers to pay for products and services or cause them to go out of business entirely, resulting in increased reserves for doubtful accounts and write-offs of accounts receivable. Cash flows may also be impacted resulting in restricted access to capital markets, changes in currency exchange rates and delayed or underpayment by our customers. Adverse changes in the economy could affect earnings negatively and could have a material adverse effect on our results of operations and financial condition.

Our growth may place significant strain on our management and other resources.

We must plan and manage our growth effectively to increase revenue and maintain profitability. Our growth, including in emerging market centers, has placed, and is expected to continue to place, significant demands on our personnel, management and other resources. We must continue to improve our operational, financial, management, legal and compliance processes and information systems to keep pace with the growth of our business. There can also be no assurance that, if we continue to grow internally or by way of acquisitions, management will be effective in attracting, training and retaining additional qualified personnel, including additional managers, expanding our physical facilities and information technology infrastructure, integrating acquired businesses or otherwise managing growth. Any failure to effectively manage growth or to effectively manage the business could have a material adverse effect on our business, financial condition or results of operations. See "—To remain competitive and generate customer demand, we must successfully develop new products and effectively manage transitions" above, "—We are dependent on key personnel in our professional staff for their expertise" below, "Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 1—Business."

There is considerable risk embedded in growth through acquisitions, which may materially adversely affect our business, financial condition or results of operations.

An element of our growth strategy is growth through acquisitions. Any future acquisitions could present a number of risks, including:

- incorrect assumptions regarding the future results of acquired operations or assets or expected cost reductions or other synergies expected to be realized as a result of acquiring operations or assets;
- failure to integrate the operations or management of any acquired operations or assets successfully and on a timely and cost effective basis;
- failure to achieve assumed synergies;
- insufficient knowledge of the operations and markets of acquired businesses;
- increased debt, which may be incurred under terms less favorable than those associated with our current debt and may, among other things, reduce our free cash flow and increase our risk of default;
- dilution of your common stock;
- loss of key personnel;
- diversion of management's attention from existing operations or other priorities; and
- inability to secure, on terms we find acceptable, sufficient financing that may be required for any such acquisition or investment.

In the event that we experience a high level of acquisition related activity within a limited period of time the possibility of occurrence of these risks would likely increase for that period. In addition, if we are unsuccessful in completing acquisitions of other businesses, operations or assets or if such opportunities for expansion do not arise, our future growth, business, financial condition or results of operations could be materially adversely affected.

Our revenues, expenses, assets and liabilities are subject to foreign currency exchange fluctuation 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 percentage 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, revenue and expenses are translated using average monthly exchange rates and assets and liabilities are translated into U.S. dollars using month-end exchange rates. For these operations, currency translation adjustments arising from a change in the rate of exchange between the functional currency and the U.S. dollar are accumulated in a separate component of shareholders' equity. In addition, transaction gains and losses arising from a change in exchange rates for transactions denominated in a currency other than the functional currency of the entity are reflected in other non-operating expense (income).

Revenues from index-linked investment products represented approximately 15.6% and 16.3% of operating revenues for the fiscal years ended December 31, 2011 and November 30, 2010, respectively. While our fees for index-linked investment products are generally invoiced in U.S. dollars, the fees are based on the investment product's assets, a significant percentage 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.

While we generally invoice our clients in U.S. dollars; we invoice a portion of our clients in Euros, British Pounds, Japanese Yen and a limited number of other non-U.S. dollar currencies. For the fiscal years ended December 31, 2011 and November 30, 2010, approximately 13.4% and 12.8%, respectively, of our operating revenues were invoiced in currencies other than U.S. dollars. For the fiscal year ended December 31, 2011, 60.6% of our foreign currency revenues were in Euros, 21.9% were in Japanese Yen and 9.9% were in British Pounds. For the fiscal year ended November 30, 2010, 55.9% of our foreign currency revenues were in Euros, 28.2% were in Japanese Yen and 10.3% were in British Pounds.

We are exposed to additional foreign currency risk in certain of our operating costs. Approximately 34.1% and 34.2% of our operating expenses for the fiscal years ended December 31, 2011 and November 30, 2010, respectively, were denominated in foreign currencies, the significant majority of which were denominated in British Pounds, Swiss Francs, Hong Kong Dollars, Euros, Hungarian Forints, Indian Rupees, Mexican Pesos and Japanese Yen. Expenses incurred in foreign currency may increase as we expand our business outside the U.S.

We have certain assets and liabilities denominated in currencies other than local functional amounts and when these balances were remeasured into their local functional currency. As a result of these positions, we recognized foreign currency exchange gains of $1.1 million for the fiscal year ended December 31, 2011. The gains on foreign currency exchange were primarily due to the weakening of the U.S. dollar as compared to the Japanese Yen in the fiscal year. We do not currently hedge the foreign exchange risk of assets and liabilities denominated in currencies other than the functional currency.

To the extent that our international activities recorded in local currencies increase in the future, our exposure to fluctuations in currency exchange rates will correspondingly increase and could have a material adverse effect on our business, financial condition or results of operations.

Changes in government regulations could materially adversely affect our business, financial condition or results of operations.

The financial services industry is subject to extensive regulation at the federal and state levels, as well as by foreign governments. It is very difficult to predict the future impact of the broad and expanding legislative and regulatory requirements affecting our business and our clients' businesses. If we fail to comply with any applicable laws, rules or regulations, we could be subject to fines or other penalties. Some changes to the laws, rules and regulations applicable to our clients could impact their demand for our products and services. There can be no assurance that changes in laws, rules or regulations will not have a material adverse effect on our business, financial condition or results of operations.

- *Investment Advisers Act*. Except with respect to certain products provided by ISS and certain of its subsidiaries, we believe that our products do not constitute or provide investment advice as contemplated by the Investment Advisers Act of 1940 ("Advisers Act"). Future developments in our product line or changes to the current laws, rules or regulations could cause this status to change. It is possible that in addition to ISS, other entities in our corporate family may be required to become registered as an investment adviser under the Advisers Act or similar laws in states or foreign jurisdictions. The Advisers Act imposes fiduciary duties, recordkeeping and reporting requirements, disclosure requirements, limitations on agency and principal transactions between an adviser and advisory clients, as well as general anti-fraud prohibitions.

  We may also be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other U.S. or foreign governmental regulatory authorities or self-regulatory organizations that supervise the financial markets around the world. In addition, we may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with any new laws or regulations could make compliance more difficult and expensive and affect the manner in which we conduct business.

- *Data Privacy Legislation*. Changes in laws, rules or regulations, or consumer environments relating to consumer privacy or information collection and use may affect our ability to collect and use data. There could be a material adverse impact on our direct marketing, data sales and business due to the enactment of legislation or industry regulations, or simply a change in practices, arising from public concern over consumer privacy issues. Restrictions could be placed upon the collection, management, aggregation and use of information that is currently legally available, in which case our cost of collecting some kinds of data could materially increase. It is also possible that we could be prohibited from collecting or disseminating certain types of data, which could affect our ability to meet our clients' needs.

- *Proposed Regulation for Fiduciaries*. On October 21, 2010, the U.S. Department of Labor ("DOL") issued a proposed regulation that would expand the definition of "fiduciary" under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). As proposed, the definition of fiduciary would include, among others, an investment adviser that provides advice and recommendations to employee benefit plans regarding exercise of rights appurtenant to shares of stock (*e.g.*, proxy voting). If this regulation were adopted as proposed, ISS could be deemed to be a fiduciary for purposes of ERISA. As such, it would be subject to ERISA's prohibited transaction (*e.g.*, conflict) provisions, which could have an impact on the manner in which ISS and its affiliates conduct business. On September 19, 2011, the DOL announced that it had withdrawn this proposal and would re-propose the regulation sometime in early 2012.

- *Proposed Proxy Plumbing Regulations*. On July 14, 2010, the SEC voted unanimously to issue for public comment a concept release focusing on a wide range of topics related to the U.S. proxy voting system. The release is organized around, and seeks comment on, three general topics: (1) the accuracy, transparency and efficiency of the proxy voting system; (2) communications with shareholders and shareholder participation in voting; and (3) the relationship between voting power and economic interest, including questions about proxy advisory firms, such as ISS, and concerns raised by corporate issuers and other observers about the role, power and manner in which proxy advisory firms operate. The SEC may, but is not required, to engage in rulemaking with respect to the various issues and questions raised in the concept release. At this point we are unable to determine whether the SEC will pursue rulemaking on these matters and, if so, the extent to which any rule might impact our businesses, including the process by which we provide proxy research and voting services to clients, the manner in which ISS operates as a proxy advisory firm, the business model that provides for both voting services to investor clients and governance advice to corporate clients, or otherwise. However, as with any regulatory change, we may have to change business practices and operational procedures and incur costs in response to possible modifications to the proxy system that could result from any rulemaking that stems from the concept release.

- *Proposed European Benchmarks Regulation*. On October 20, 2011, the European Commission issued proposals for MiFID/MiFIR 2 (COM (2011) 0652 and COM (2011) 0656), which among other things would mandate that where the value of a financial instrument is calculated by reference to a benchmark, a person with proprietary rights to the benchmark would be required to ensure that certain clearing entities and trading venues would be entitled to licenses to relevant price and data feeds and information regarding the composition, methodology and pricing of the benchmark. Access to such information would have to be granted by the benchmark owner on a reasonable commercial basis, which in any event would be at a price no higher than the lowest price at which access to the benchmark is granted to another clearing entity or trading venue for clearing and trading purposes. At this point, we do not know whether the European Commission will adopt this or a similar proposal, or if it does so, when such a regulation would affect our index licensing business.

We may become subject to liability based on the use of our products by our clients.

Our products support the investment processes of our clients, which, in the aggregate, manage trillions of dollars of assets. Our client agreements have provisions designed to limit our exposure to potential liability claims brought by our clients or third parties based on the use of our products. However, these provisions have certain exceptions and could be invalidated by unfavorable judicial decisions or by federal, state, foreign or local laws. Use of our products as part of the investment process creates the risk that clients, or the parties whose assets are managed by our clients, may pursue claims against us for very significant dollar amounts. Any such claim, even if the outcome were to be ultimately favorable to us, would involve a significant commitment of our management, personnel, financial and other resources and could have a negative impact on our reputation. In addition, such claims and lawsuits could have a material adverse effect on our business, financial condition or results of operations.

ISS's products and services support the proxy voting processes of clients. Consequently, we may be exposed to potential liability claims brought by ISS's clients or third parties as a result of the operational failure of our products and services.

ISS's products and services support the proxy voting processes of clients. If ISS were to fail to provide the services provided for in its client contracts, we could be required to provide credits to its clients and in some cases we may be subject to contractual penalties. ISS's client agreements generally have provisions designed to limit our exposure to potential liability claims brought by its clients or other third parties based on the operational failure of its products and services. However, these provisions could be invalidated by unfavorable judicial decisions or by federal, state, foreign or local laws. Any such claim, even if the outcome were to be ultimately favorable to us, could involve a significant commitment of management, personnel, financial and other resources. In addition, such claims and lawsuits could have a material adverse effect on our business, financial condition or results of operations.

Our indebtedness could materially adversely affect our business, financial condition or results of operations.

In connection with our acquisition of RiskMetrics, on June 1, 2010, we entered into a senior secured credit agreement, which is comprised of (i) a 1,275.0 million six-year term loan facility and (ii) a $100.0 million five-year revolving credit facility ("New Credit Facility"). See "Item 7.—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources." The New Credit Facility replaced our senior credit facility of $70.9 million and the senior secured facilities of RiskMetrics of $206.7 million outstanding as of May 31, 2010. On March 14, 2011, we completed the repricing of the existing senior secured term loan facility under the New Credit Facility pursuant to Amendment No. 2 which provided for the incurrence of a new senior secured loan in an aggregate principal amount of $1,125.0 million. The proceeds of this term loan, together with cash on hand, were used to repay the outstanding balance of the existing senior secured term loan. This term loan matures in 2017.

As of December 31, 2011, we had $1,077.8 million of indebtedness under the New Credit Facility, as amended, ($11.3 million in current maturities and $1,066.5 million in long term debt), $252.2 million of cash and cash equivalents and $140.5 million in short-term investments.

The New Credit Facility, as amended, is guaranteed on a senior secured basis by each of our direct and indirect wholly-owned domestic subsidiaries and secured by a valid and perfected first priority lien and security interest in substantially all of the shares of the capital stock of our present and future domestic subsidiaries and up to 65% of the shares of capital stock of our foreign subsidiaries, substantially all of our and our domestic subsidiaries' present and future property and assets and the proceeds thereof. In addition, the New Credit Facility, as amended, contains restrictive covenants that limit our ability and our existing future subsidiaries' abilities to, among other things, incur liens; incur additional indebtedness; make or hold investments; make acquisitions, merge, dissolve, liquidate, consolidate with or into another person; sell, transfer or dispose of assets; pay dividends or other distributions in respect of our capital stock; change the nature of our business; enter into any transactions with affiliates other than on an arm's length basis; and prepay, redeem or repurchase debt.

The New Credit Facility, as amended, also requires us and our subsidiaries to achieve specified financial and operating results and maintain compliance with the following financial ratios on a consolidated basis through the termination of the New Credit Facility, as amended: (1) the maximum total leverage ratio (as defined in the New Credit Facility, as amended) measured quarterly on a rolling four-quarter basis shall not exceed 3.25:1.00 and (2) the minimum interest coverage ratio (as defined in the New Credit Facility, as amended) measured quarterly on a rolling four-quarter basis shall be at least 5.00:1.00.

In addition, our New Credit Facility, as amended, contains the following affirmative covenants, among others: periodic delivery of financial statements, budgets and officer's certificates; payment of other obligations; compliance with laws and regulations; payment of taxes and other material obligations; maintenance of property and insurance; performance of material leases; right of the lenders to inspect property, books and records; notices of defaults and other material events; and maintenance of books and records.

In addition, we may need to incur additional indebtedness in the future in the ordinary course of business. Our level of indebtedness could increase our vulnerability to general economic consequences; require us to dedicate a substantial portion of our cash flow and proceeds of any additional equity issuances to payments of our indebtedness; make it difficult for us to optimally capitalize and manage the cash flow for our business; limit our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate; place us at a competitive disadvantage to our competitors that have less debt; limit our ability to borrow money or sell stock to fund our working capital and capital expenditures; limit our ability to consummate acquisitions; and increase our interest expense. Because the New Credit Facility resulted in a substantial increase in our level of indebtedness and higher debt-to-equity ratio following the completion of the acquisition in comparison to periods prior to the acquisition, the potential for the occurrence of the consequences described in the preceding sentence could be increased compared to periods prior to the acquisition.

We are dependent on key personnel in our professional staff for their expertise. If we fail to attract and retain the necessary qualified personnel, our business, financial condition or results of operations could be materially adversely affected.

The development, maintenance and support of our products is dependent upon the knowledge, experience and ability of our highly skilled, educated and trained employees. Accordingly, the success of our business depends to a significant extent upon the continued service of our executive officers and other key management, research, sales and marketing, operations, information technology and other technical personnel. Although we do not believe that we are overly dependent upon any individual employee, the loss of a group of our key professional employees could have a material adverse effect on our business, financial condition or results of operations. We believe our future success will also depend in large part upon our ability to attract and retain highly skilled managerial, research, sales and marketing, information technology, software engineering and other technical personnel. Competition for such personnel worldwide is intense, and there can be no assurance that we will be successful in attracting or retaining such personnel. Additionally, in connection with our IPO, we issued founders grants to some of our employees, the final tranche of which vested in November 2011 and are therefore no longer effective as a retention tool. If the equity incentive plans that we currently have in place do not adequately compensate our key employees or are not competitive, we may lose key personnel. If we fail to attract and retain the necessary qualified personnel our products may suffer, which could have a material adverse effect on our business, financial condition or results of operations.

Our business relies heavily on electronic delivery systems and the Internet, and any failures or disruptions may materially adversely affect our ability to serve our clients.

We depend heavily on the capacity, reliability and security of our electronic delivery systems and the Internet. Heavy use of our electronic delivery systems and other factors such as loss of service from third parties, operational failures, sabotage, break-ins and similar disruptions from unauthorized tampering or hacking, human error, national disasters, power loss or computer viruses could cause our systems to operate slowly or interrupt their availability for periods of time. We have experienced and may experience again in the future denial-of-service attacks. While we have been able to defend our systems against such attacks in the past, there is no assurance that we will be able to do so successfully in the future. Our ability to effectively use the Internet may also be impaired due to infrastructure failures, service outages at third-party Internet providers or increased government regulation. If disruptions, failures or slowdowns of our electronic delivery systems or the Internet occur, our reputation and our ability to distribute our products effectively and to serve our clients, including those clients for whom we provide managed services, may be materially and adversely affected. We could be required to provide service credits, and experience cancellations and reduced demand for our products and services, resulting in decreased revenues. We may also experience increased cancellations and operating expenses to defend against and protect us from such disruptions and attacks, which may have a material adverse effect on our financial condition or results of operations.

Certain events could lead to interruptions in our operations, which may materially adversely affect our business, financial condition or results of operations.

Our operations depend on our ability to protect our equipment and the information stored in our databases against fires, floods, earthquakes and other natural disasters, as well as power losses, computer and telecommunications failures, technological breakdowns, unauthorized intrusions, terrorist attacks on sites where we or our clients are located, and other events. We also depend on accessible office facilities for our employees in order for our operations to function properly. There is no assurance that the business continuity plans that we have sufficiently cover or reduce the risk of interruption in our operations caused by these events.

Such events could also have a material adverse effect on our clients. For example, immediately after the terrorist attacks on September 11, 2001, our clients who were located in the World Trade Center area were concentrating on disaster recovery rather than licensing additional products. In addition, delivery of some of the data we receive from New York-based suppliers was delayed. The grounding of air transportation impaired our ability to conduct sales visits and other meetings at client sites. During the resulting temporary closure of the U.S. stock markets, some of the data updates supporting our products were interrupted. These types of interruptions could affect our ability to sell and deliver products and could have a material adverse effect on our business, financial condition or results of operations.

Although we currently estimate that the total cost of developing and implementing our business continuity plans will not have a material impact on our business, financial condition or results of operations, we cannot provide any assurance that our estimates regarding the timing and cost of implementing these plans will be accurate.

We are subject to political, economic, legal, operational, franchise and other risks as a result of our international operations, which could adversely impact our businesses in many ways.

As we continue to expand our international operations, we increase our exposure to political, economic, legal, operational, franchise and other risks that are inherent in operating in many countries, including risks of possible capital controls, exchange controls and other restrictive governmental actions, as well as the outbreak of hostilities or political and governmental instability. We have established and intend to further grow our presence in Mexico, the Middle East, Asia, Africa, Eastern Europe and South America. In the last few years, we have opened offices in Budapest, Dubai, Monterrey, Seoul and Shanghai. A significant number of our employees are located in offices outside of the United States and a number of those employees are located in emerging market centers. In many countries, the laws and regulations applicable to the financial services industries are uncertain and evolving, and it may be difficult for us to determine the exact requirements of local laws in every market. Our inability to maintain consistent internal policies and procedures across our offices and remain in compliance with local laws in a particular market could have a significant and negative effect not only on our businesses in that market but also on our reputation generally.

In order to penetrate markets outside of the United States, we must provide a suite of products and services that fit the needs of the local market. Demand for our products and services is still nascent in many parts of the world. Many countries have not fully developed laws and regulations regarding risk management and corporate governance and, in many cases, institutions in these countries have not developed widely accepted best practices regarding the same. If we do not appropriately tailor our products and services to fit the needs of the local market, we may be unable to effectively grow sales of our products and services outside of the United States. There can be no assurances that demand for our products and services will develop in these countries.

We may incur unanticipated costs in connection with establishing and maintaining offices in emerging market locations.

Our plans call for us to continue to increase the proportion of our employees in emerging market locations. The cost of establishing and maintaining these offices, including costs related to information technology infrastructure, as well as the costs of attracting, training and retaining employees in these locations may be higher, or may increase at a faster rate, than we anticipate which could have a material adverse effect on our business, financial condition or results of operations.

We may have exposure to additional tax liabilities.

As a global corporation, we are subject to income taxes as well as non-income taxes, in the United States and various foreign jurisdictions. Significant judgment is required in determining our global provision for income taxes and other tax liabilities. In the ordinary course of a global business, there are many intercompany transactions and calculations where the ultimate tax determination is uncertain. We are regularly under audit by tax authorities.

Although we believe that our tax estimates are reasonable, we cannot assure you that the final determination of tax audits or tax disputes will not be different from what is reflected in our historical income tax provisions and accruals. To the extent we are required to pay amounts in excess of our reserves, such differences could have a material adverse effect on our statement of income for a particular future period. In addition, an unfavorable tax settlement could require use of our cash and result in an increase in our effective tax rate in the period in which such resolution occurs.

We are also subject to non-income taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes, in the United States and various foreign jurisdictions. We are regularly under audit by tax authorities with respect to these non-income taxes and may have exposure to additional non-income tax liabilities.

Changes in the legislative, regulatory and corporate environments in which ISS's clients operate may adversely impact our financial results.

ISS's historical growth has been due, in large part, to increased regulatory requirements, highly visible corporate scandals, increased shareholder activism and corporate chief executive officers and boards of directors that are increasingly concerned about, and responsive to, shareholder concerns. To the extent that any of these trends change, the demand for ISS's products and services could be reduced, and this could have a material adverse effect on our business, financial condition or results of operation. To the extent these regulations change or are not extended to other markets, our business, financial condition and results of operation could be materially adversely affected.

Our investments in recorded goodwill and other intangible assets as a result of acquisitions, including goodwill and other intangible assets resulting from our acquisitions, could be impaired as a result of future business conditions, requiring us to record substantial write-downs that would reduce our operating income.

We have goodwill and intangible assets of $2,353.5 million recorded on our balance sheet as of December 31, 2011. We evaluate the recoverability of recorded goodwill amounts and intangible assets annually, or when evidence of potential impairment exists. The annual impairment test is based on several factors requiring management's judgment. Changes in fair market valuations and our operating performance or business conditions, in general, could result in future impairments of goodwill which could be material to our results of operations. In addition, if we are not successful in achieving anticipated operating efficiencies associated with acquisitions, our goodwill and intangible assets may become impaired.

We have engaged in hedging transactions and may engage in other hedging transactions which involve risks that could have a materially adverse effect on our financial condition or results of operations.

In July 2010, we entered into two interest rate swap agreements to reduce our interest rate risk and to manage interest expense. On March 22, 2011, we terminated our then-existing interest rate swaps and simultaneously entered into new interest rate swaps to hedge the 2011 Term Loan variable-rate debt, and we may engage in similar transactions in the future. As of December 31, 2011, the interest rate swaps had an aggregate notional principal amount of $419.8 million and a fair value liability of $2.4 million. Our interest rate swaps effectively changed a portion of our variable-rate debt obligations pursuant to our credit facilities to fixed-rate debt obligations. Developing an effective strategy for movements in interest rates is complex, and no strategy can completely insulate us from risks associated with such fluctuations. In addition, the counterparty to a derivate instrument could default on its obligation thereby exposing us to credit risk. Further, we may have to repay certain costs, such as transaction fees or brokerage costs, if a derivate instrument is terminated by us. Finally, our interest rate risk management activities could expose us to substantial losses if interest rates move materially differently from our expectations. As a result, our economic hedging activities may not effectively manage our interest rate sensitivity or have the desired beneficial impact on our financial condition or results of operations.

The obligations associated with being a public company require significant resources and management attention.

As a public company, we are subject to the rules and regulations promulgated by the SEC and the New York Stock Exchange. For example, the Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial conditions and the Sarbanes Oxley Act of 2002 (the "Sarbanes-Oxley Act") requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. Our efforts to comply with these rules and regulations have resulted in, and are likely to continue to result in, an increase in expenses and a diversion of management's time from other business activities. See "—Changes in government regulations could materially adversely affect our business, financial condition or results of operations" above.

In connection with our IPO and separation from Morgan Stanley, we entered into agreements with Morgan Stanley where we agreed to indemnify Morgan Stanley for, among other things, certain past, present and future liabilities related to our business.

Pursuant to certain agreements we entered into with Morgan Stanley relating to the ongoing provision of services and other matters, we agreed to indemnify Morgan Stanley for, among other matters, certain past, present and future liabilities related to our business. Such liabilities include certain unknown liabilities, which could be significant.

Risks Related to Ownership of Our Class A Common Stock

If equity research analysts do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our class A common stock, the price of our class A common stock could decline.

The trading market for our class A common stock relies in part on the research and reports that equity research analysts publish about us and our business. The price of our stock could decline if one or more securities analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business.

The market price of our class A common stock may be volatile, which could result in substantial losses for you.

For example, some of the factors that may cause the market price of our class A common stock to fluctuate include:

- fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in operating margins due to variability in revenues from licensing our equity indices as the basis of ETFs;
- changes in estimates of our financial results or recommendations by securities analysts;
- failure of any of our products to achieve or maintain market acceptance;
- failure to produce or distribute our products;
- changes in market valuations of similar companies;
- success of competitive products;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- announcements by us or our competitors of significant products, contracts, acquisitions or strategic alliances;

- regulatory developments in the U.S., foreign countries or both;
- litigation involving our company, our general industry or both;
- additions or departures of key personnel;
- investors’ general perception of us, including any perception of misuse of sensitive information;
- changes in general economic, industry and market conditions in one or more significant regions around the world; and
- changes in regulatory and other dynamics.

In addition, if the market for stocks in our industry, or the stock market in general, experiences a loss of investor confidence, the trading price of our class A common stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

Future sales of our common stock, or the perception that such sales may occur, could depress our class A common stock price.

Sales of a substantial number of shares of our common stock, or the perception that such sales may occur, could depress the market price of our class A common stock. This would include sales of our common stock underlying restricted shares of class A common stock and options to purchase shares of class A common stock granted in connection with our IPO and pursuant to our equity incentive compensation plan.

As of December 31, 2011, 121,212,191 shares of our class A common stock were outstanding and freely tradable without restriction or further registration under the Securities Act of 1933, as amended, by persons other than our affiliates within the meaning of Rule 144 under the Securities Act.

In November 2007, we filed a registration statement registering under the Securities Act the 12,500,000 shares of class A common stock reserved for issuance in respect of incentive awards to our officers and certain of our employees pursuant to the MSCI Amended and Restated 2007 Equity Incentive Compensation Plan and the 500,000 shares of class A common stock reserved for issuance in respect of equity awards made to our directors who are not employees of the Company or Morgan Stanley pursuant to the MSCI Independent Directors’ Equity Compensation Plan. As of December 31, 2011, we had issued 4,280,489 and 84,215 shares of class A common stock under the MSCI Amended and Restated 2007 Equity Incentive Compensation Plan and MSCI Independent Directors’ Equity Compensation Plan, respectively. In connection with the acquisition of RiskMetrics, we filed a registration statement registering under the Securities Act the 4,257,779 shares of MSCI class A common stock reserved for issuance in respect of incentive awards to officers and certain employees of RiskMetrics pursuant to the RiskMetrics Group, Inc. 2000 Stock Option Plan, RiskMetrics Group, Inc. 2004 Stock Option Plan, Institutional Shareholder Services Holdings, Inc. Equity Incentive Plan and RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan (collectively, the “RMG Plans”). As of December 31, 2011, we had issued 1,915,354 shares of class A common stock under the RMG Plans. In June 2010, we also filed a registration statement assuming 3,060,090 shares available under the RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan. As of December 31, 2011, we had issued 973,968 shares of class A common stock under this Plan, which terminates on June 30, 2012.

Also in the future, we may issue additional shares of our common stock in connection with investments and acquisitions. The amount of our common stock issued in connection with an investment or acquisition could constitute a material portion of the outstanding common stock.

Provisions in our Amended and Restated Certificate of Incorporation and By-laws and Delaware law might discourage, delay or prevent a change of control of our company or changes in our management and, therefore, depress the trading price of our class A common stock.

Provisions of our Amended and Restated Certificate of Incorporation and By-laws and Delaware law may discourage, delay or prevent a merger, acquisition or other change in control that shareholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our class A common stock. These provisions may also prevent or frustrate attempts by our shareholders to replace or remove our management. These provisions include:

- limitations on the removal of directors;
- advance notice requirements for shareholder proposals and director nominations;
- the inability of shareholders, after a change in control, to act by written consent or to call special meetings;
- the ability of our Board of Directors to make, alter or repeal our By-laws; and
- the ability of our Board of Directors to designate the terms of and issue new series of preferred stock without shareholder approval.

Generally, the amendment of our Amended and Restated Certificate of Incorporation requires approval by our Board of Directors and a majority vote of shareholders. Any amendment to our By-laws requires the approval of either a majority of our Board of Directors or holders of at least 80% of the votes entitled to be cast by the outstanding capital stock in the election of our Board of Directors.

Section 203 of the General Corporation Law of the State of Delaware prohibits a person who acquires more than 15% but less than 85% of all classes of our outstanding voting stock without the approval of our Board of Directors from merging or combining with us for a period of three years, unless the merger or combination is approved by a two-thirds vote of the shares not owned by such person. These provisions would apply even if the proposed merger or acquisition could be considered beneficial by some shareholders.

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our class A common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that a premium would be paid for your class A common stock in an acquisition.

We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our class A common stock.

We do not intend to pay any cash dividends on our common stock for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth, including growth through acquisitions. The payment of any future dividends will be determined by the Board of Directors in light of conditions then existing, including our earnings, financial condition and capital requirements, business conditions, corporate law requirements and other factors.

Item 1B. ***Unresolved Staff Comments***

Nothing required to be disclosed.

Item 2. *Properties*

Our corporate headquarters is located in New York, New York. This is also our largest sales office and one of our main research centers. As of December 31, 2011, our principal offices consisted of the following leased properties:

Location	Square Feet	Number of Offices	Expiration Date
New York, New York	76,880	2	August 14, 2012 and December 31, 2014
Rockville, Maryland	56,280	1	July 30, 2012
Berkeley, California	34,178	1	February 28, 2020
Mumbai, India	32,220	1	August 7, 2017
London, England	27,155	1	February 14, 2015
Budapest, Hungary	25,467	1	February 28, 2014
Manila, Philippines	25,000	1	March 31, 2014
Norman, Oklahoma	23,664	1	May 31, 2014
Monterrey, Mexico	19,288	1	March 31, 2020
Boston, Massachusetts	13,506	1	November 30, 2021
Geneva, Switzerland	11,883	1	March 31, 2019

As of December 31, 2011, we also leased offices in the following locations: Hong Kong, China; San Francisco, California; Brussels, Belgium; Beijing, China; Chicago, Illinois; Ann Arbor, Michigan; Tokyo, Japan; Toronto, Canada; Shanghai, China; Frankfurt, Germany; Sydney, Australia; Cape Town (Newlands), South Africa; Melbourne, Australia; Singapore; Milan, Italy; Sao Paulo, Brazil; Dubai, United Arab Emirates; Paris, France; and Seoul, South Korea.

In September 2011, we entered into a new lease agreement with 7 World Trade Center, LLC, pursuant to which we will rent approximately 126,000 square feet of office space for our new corporate headquarters at 7 World Trade Center, New York, New York. We commenced leasing the 7 World Trade Center offices on February 1, 2012. We expect to move into our new corporate headquarters in the 7 World Trade Center offices during the second half of the year ended December 31, 2012. Additionally, in November 2011, we entered into a new lease agreement pursuant to which we will rent approximately 51,000 square feet of office space in Rockville, Maryland.

We believe that our properties are in good operating condition and adequately serve our current business operations. We also anticipate that suitable additional or alternative space, including those under lease options, will be available at commercially reasonable terms for future expansion.

Item 3. *Legal Proceedings*

Various lawsuits, claims and proceedings have been or may be instituted or asserted against the Company in the ordinary course of business. While the amounts claimed could be substantial, the ultimate liability cannot now be determined because of the considerable uncertainties that exist. Therefore, it is possible that MSCI’s business, operating results, financial condition or cash flows in a particular period could be materially affected by certain contingencies. However, based on facts currently available, management believes that the disposition of matters that are currently pending or asserted will not, individually or in the aggregate, have a material effect on MSCI’s business, operating results, financial condition or cash flows.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Stock Price and Dividends

Our class A common stock has traded on the New York Stock Exchange since November 15, 2007. It trades under the symbol "MSCI." Prior to that time, there was no public market for our common stock. As of February 23, 2012, there were 228 shareholders of record of our class A common stock. The following table sets forth the high and low closing sales prices per share of our class A common stock from December 1, 2009 through December 31, 2011.

Years Ended,	High	Low
December 31, 2011		
First Quarter	$39.72	$33.91
Second Quarter	38.22	33.86
Third Quarter	38.89	29.19
Fourth Quarter	34.97	27.94
November 30, 2010		
First Quarter	$34.50	$27.88
Second Quarter	37.96	28.59
Third Quarter	33.39	27.23
Fourth Quarter	37.44	30.82

On February 23, 2012, the closing price of our class A common stock on the New York Stock Exchange was $34.02.

Our class B common stock is neither listed nor publicly traded. As of February 23, 2012, there were no shareholders of record of our class B common stock.

Dividend Policy

We do not intend to pay any dividends in the foreseeable future and intend to retain all available funds for use in the operation and expansion of our business, including growth through acquisitions. The payment of any future dividends will be determined by the Board of Directors in light of conditions then existing, including our earnings, financial condition and capital requirements, business conditions, corporate law requirements and other factors. In addition, our Credit Facility contains restrictions on the payment of dividends. See "Item 7.—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

The Transfer Agent and Registrar for the common stock is Computershare.

Equity Compensation Plans

On November 2, 2007 and November 5, 2007, our shareholders and Board of Directors approved, respectively, the implementation of the MSCI Independent Directors' Equity Compensation Plan (as amended and restated on January 12, 2011, the "IDECP"). Under the IDECP, the directors that are not employees of the Company receive annual Board retainer fees and fees for serving on the Company's committees, if applicable, and pursuant to the terms of the IDECP, a director may make an election to receive all or any portion of such director's retainer and committee fees in shares of our class A common stock. Directors who are not employees of the Company are entitled to receive an annual grant of $90,000 each in stock units and the lead director is entitled to an additional $25,000 in stock units, which are subject to a vesting schedule. The total number of shares authorized to be awarded under the plan is 500,000.

On November 2, 2007 and November 5, 2007, our shareholders and Board of Directors approved, respectively, the implementation of the MSCI 2007 Equity Incentive Compensation Plan. On April 8, 2008, our shareholders approved the MSCI Amended and Restated 2007 Equity Incentive Compensation Plan. The MSCI Amended and Restated 2007 Equity Incentive Compensation Plan permits the Compensation Committee to make grants of a variety of equity based awards (such as stock, restricted stock, stock units and options) totaling up to 12.5 million shares to eligible recipients, including employees and consultants. No awards under this plan are permitted after November 2, 2017.

In connection with the acquisition of RiskMetrics, we filed a registration statement registering under the Securities Act the 4,257,779 shares of MSCI class A common stock reserved for issuance in respect of incentive awards to officers and certain employees of RiskMetrics pursuant to the RiskMetrics Group, Inc. 2000 Stock Option Plan, RiskMetrics Group, Inc. 2004 Stock Option Plan, Institutional Shareholder Services Holdings, Inc. Equity Incentive Plan and RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan (collectively, the “RMG Plans”). In June 2010, we also filed a registration statement assuming 3,060,090 shares available under the RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan.

The following table sets forth certain information with respect to our equity compensation plans at December 31, 2011:

	Number of Securities to be Issued Upon Vesting of Restricted Stock Units and Exercise of Outstanding Options a	Weighted Average Unit Award Value of Restricted Stock Units and Weighted-Average Exercise Price of Outstanding Options b	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a)) c
Equity Compensation Plans Approved by Security Holders			
MSCI Independent Directors’ Equity Compensation Plan[1]	21,259	$ 36.61	394,526
MSCI Amended and Restated 2007 Equity Incentive Compensation Plan	2,646,144	$ 24.69	7,036,236
RiskMetrics Group, Inc. 2000 Stock Option Plan	129,091	$ 3.16	—
RiskMetrics Group, Inc. 2004 Stock Option Plan	729,370	$ 12.82	—
Institutional Shareholder Services Holdings, Inc. Equity Incentive Plan	3,270	$ 3.21	—
RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan	1,249,347	$ 22.63	3,272,748
Total	4,778,481	$ 21.80	10,703,510

[1] The MSCI Independent Directors’ Equity Compensation Plan does not authorize the issuance of options to purchase MSCI common stock.

Stock Repurchases

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 quarter ended December 31, 2011:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
Month #1 (October 1, 2011-October 31, 2011)				
Employee Transactions[1]	1,483	$32.31	N/A	N/A
Month #2 (November 1, 2011-November 30, 2011)				
Employee Transactions[1]	243,992	$33.74	N/A	N/A
Month #3 (December 1, 2011-December 31, 2011)				
Employee Transactions[1]	106,399	$32.00	N/A	N/A
Total Employee Transactions[1]	351,874	$33.21	N/A	N/A

[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 and (ii) shares repurchased from employees in certain foreign jurisdictions in connection with the vesting of those restricted stock units. The value of the shares purchased was determined using the fair market value of the Company’s class A common shares on the date of purchase, using a valuation methodology established by the Company.

Recent Sales of Unregistered Securities.

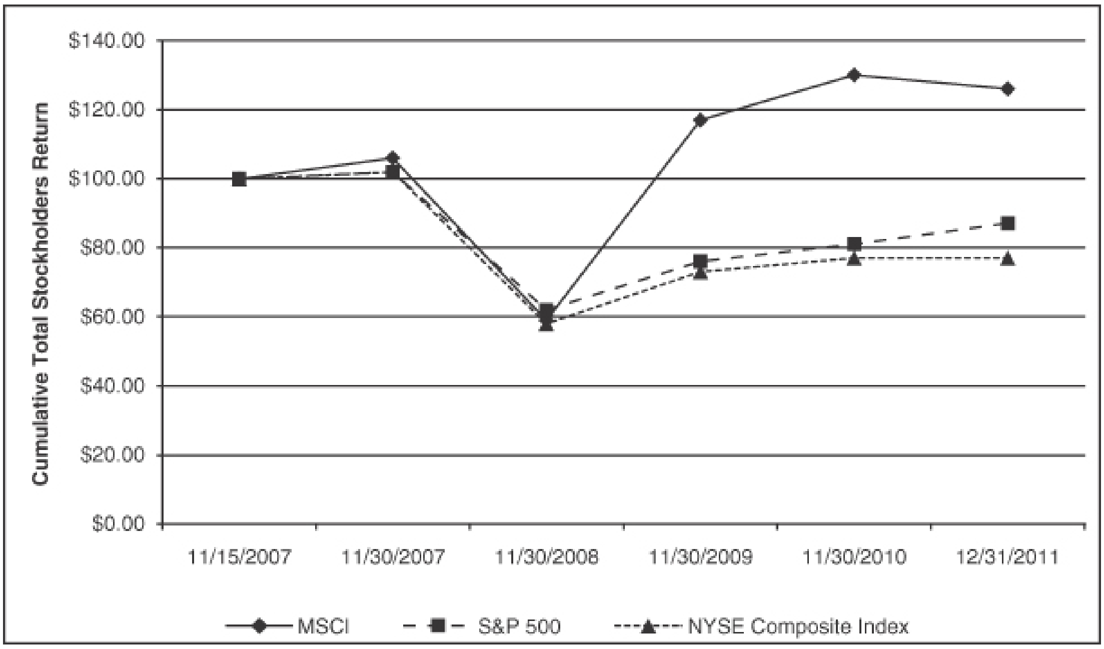
None.

Use of Proceeds from Sale of Registered Securities

None.

50 MONTH STOCK PERFORMANCE GRAPH

The following graph compares the cumulative total shareholders return on our class A common stock, the Standard & Poor’s 500 Stock Index and the NYSE Composite Index since November 15, 2007 assuming an investment of $100 at the closing price on November 15, 2007. In calculating total annual stockholder return, reinvestment of dividends, if any, is assumed. The indices are included for comparative purpose only. They do not necessarily reflect management’s opinion that such indices are an appropriate measure of the relative performance of the class A common stock. This graph is not “soliciting material,” is not deemed filed with the SEC and is not to be incorporated by reference in any of our filings under the Securities Act of 1933, as amended, or the Exchange Act, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.



Cumulative Total Shareholders Return

	For the Years Ended				
	December 31, 2011	November 30, 2010	November 30, 2009	November 30, 2008	November 30, 2007
MSCI Inc.	$ 126	$ 130	$ 117	$ 59	$ 106
S&P 500	$ 87	$ 81	$ 76	$ 62	$ 102
NYSE Composite Index	$ 77	$ 77	$ 73	$ 58	$ 102

Item 6. *Selected Consolidated Financial Data*

Our selected consolidated financial data for the periods presented should be read in conjunction with "Item 7.—Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto beginning on page F-1 of this Annual Report on Form 10-K.

The selected Consolidated Statements of Income data for the years ended December 31, 2011 and November 30, 2010 and 2009 and for the one month ended December 31, 2010 and the selected Consolidated Financial Condition data as of December 31, 2011 and 2010 are derived from our audited consolidated financial statements beginning on page F-1 of this Annual Report on Form 10-K. Our consolidated financial statements for the years ended December 31, 2011 and November 30, 2010 and 2009 have been audited and reported upon by an independent registered public accounting firm. The selected Consolidated Statement of Income data for the years ended November 30, 2008 and 2007 and the selected Consolidated Statement of Financial Condition data as of November 30, 2010, 2009, 2008 and 2007 are derived from our audited consolidated financial statements not included in this Annual Report on Form 10-K.

The selected financial information presented below may not be indicative of our future performance and does not necessarily reflect what our financial position and results of operations would have been had we operated as a stand-alone company during the periods presented.

	As of or for the					
			Years Ended			One Month Ended
	December 31, 2011[1]	November 30, 2010[2]	November 30, 2009	November 30, 2008	November 30, 2007	December 31, 2010[1]
	(in thousands, except operating margin and per share data)					
Operating revenues	$ 900,941	$ 662,901	$ 442,948	$ 430,961	$ 369,886	$ 72,524
Total operating expenses	578,943	456,778	291,956	295,171	239,927	45,855
Operating income	321,998	206,123	150,992	135,790	129,959	26,669
Other expense (income), net	58,585	52,632	19,271	26,147	(3,333)	6,113
Provision for income taxes	89,959	61,321	49,920	41,375	52,181	6,732
Net income	$ 173,454	$ 92,170	$ 81,801	$ 68,268	$ 81,111	$ 13,824
Earnings per basic common share	$ 1.43	$ 0.82	$ 0.80	$ 0.66	$ 0.94	$ 0.11
Earnings per diluted common share	$ 1.41	$ 0.81	$ 0.80	$ 0.66	$ 0.94	$ 0.11
Weighted average shares outstanding used in computing earnings per share						
Basic	120,717	112,074	100,607	100,037	84,606	119,943
Diluted	122,276	113,357	100,860	100,281	84,611	121,803
Operating margin	35.7%	31.1%	34.1%	31.5%	35.1%	36.8%
Cash and cash equivalents	$ 252,211	$ 226,575	$ 176,024	$ 268,077	$ 33,818	$ 269,423
Short-term investments	$ 140,490	$ 73,891	$ 295,304	$ —	$ —	$ 72,817
Cash deposited with related parties	$ —	$ —	$ —	$ —	$ 137,625	$ —
Trade receivables (net of allowances)	$ 180,566	$ 147,662	$ 77,180	$ 85,723	$ 77,748	$ 137,988
Goodwill and intangible assets, net of accumulated amortization	$ 2,353,466	$ 2,422,921	$ 561,812	$ 587,530	$ 616,030	$ 2,417,357
Total assets	$ 3,092,996	$ 3,023,166	$ 1,200,269	$ 1,015,048	$ 904,679	$ 3,057,481
Deferred revenue	$ 289,217	$ 271,300	$ 152,944	$ 144,711	$ 125,230	$ 268,807
Current maturities of long-term debt	$ 10,339	$ 54,916	$ 42,088	$ 22,086	$ 22,250	$ 54,932
Long-term debt, net of current maturities	$ 1,066,548	$ 1,207,881	$ 337,622	$ 379,709	$ 402,750	$ 1,207,966
Total shareholders' equity	$ 1,305,432	$ 1,080,117	$ 507,056	$ 286,382	$ 200,021	$ 1,102,170

[1] On December 8, 2010, the Board of Directors of the Company approved a change in the Company's fiscal year end from November 30 to December 31 of each year. This change to the calendar year reporting cycle began January 1, 2011. As a result of the change, the Company had a one month transition period in December 2010.

[2] Includes the results of RiskMetrics and Measurisk as of the June 1, 2010 and July 30, 2010 acquisition dates, respectively.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following discussion and analysis of the financial condition and results of our operations should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Such risks and uncertainties include, but are not limited to, those identified below and those discussed in "Item 1A.—Risk Factors," within this Form 10-K.

Overview

We are a leading global provider of investment decision support tools, including indices, portfolio risk and performance analytics and corporate governance products and services. 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"), hedge funds and private wealth; financial intermediaries such as banks, broker-dealers, exchanges, custodians and investment consultants; and corporate clients. As of December 31, 2011, we had offices in 30 cities in 20 countries to help serve our diverse client base, with 54.4% of our revenue from clients in the Americas, 31.9% in Europe, the Middle East and Africa ("EMEA") and 13.7% in Asia and Australia based on revenues for the year ended December 31, 2011.

Our principal sales model in both of our business segments 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, we have increasing recurring subscriptions to our managed services offering whereby we oversee the production of risk and performance reports on behalf of our clients. Our revenues also come from clients who use our indices as the basis for index-linked investment products such as ETFs. We also derive revenues from certain institutional clients that use our indices 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 indices 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. We also receive revenues from one-time fees related to implementation, historical or customized reports, advisory and consulting services, overages relating to the proxy research and voting services, fees relating to recovery of securities class action settlements 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 and the level of profitability as measured by our operating margin. 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, we expect to continue to invest in and expand 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. At the same time, managing and controlling our operating expenses is very important to us and a distinct part of our culture. Over time, our goal is to keep the rate of growth of our operating expenses below the rate of growth of our revenues, allowing us to expand our operating margins. However, at times, because of significant market opportunities, it may be more important for us to invest in our business in order to support increased efforts to attract new clients and to develop new product offerings, rather than emphasize short-term operating margin expansion. Furthermore, in some periods our operating expense growth may exceed our operating revenue growth due to the variability of revenues from several of our products, including our equity indices licensed as the basis of ETFs and non-recurring fees.

Operating Segments

Following our acquisition of RiskMetrics on June 1, 2010, we began operating as two segments: the Performance and Risk business and the Governance business. See Note 14, “Segment Information,” of the Notes to the Consolidated Financial Statements for further information about MSCI’s operating segments.

Our Performance and Risk business is a leading global provider of investment decision support tools, including equity indices, portfolio risk and performance analytics, credit analytics and environmental, social and governance (“ESG”) products. Our Performance and Risk products are used in many areas of the investment process, including portfolio construction and rebalancing, performance benchmarking and attribution, risk management and analysis, index-linked investment product creation, asset allocation, assessment of social responsibility, environmental stewardship and the effects of climate change on investments, investment manager selection and investment research. The flagship products within our Performance and Risk business are our Global Equity Indices and ESG products marketed under the MSCI and MSCI ESG brands, our market and credit risk analytics marketed under the RiskMetrics and Barra brands, our portfolio risk and performance analytics covering global equity and fixed income markets marketed under the Barra brand and our valuation models and risk management software for the energy and commodities markets marketed under the FEA brand.

Our Governance business is a leading provider of corporate governance and specialized financial research and analysis services to institutional investors and corporations around the world. Among other things, the Governance business facilitates the voting of proxies by institutional investors and provides in-depth research and analysis to help inform voting decisions and identify issuer-specific risk. The Governance business offers both global security coverage and fully integrated products and services, including proxy voting, policy creation, research, vote recommendations, vote execution, post-vote disclosure and reporting and analytical tools. Within a firewall designed to separate it from the rest of the Governance business, ISS Corporate Services also provides products and services to corporate clients who may use those products and services to learn about and improve their governance practices. The flagship products within our Governance business are our governance research and outsourced proxy voting and reporting services marketed under the ISS brand and our forensic accounting risk research, legal/regulatory risk assessment and due diligence products marketed under the CFRA brand.

Revenues and expenses directly associated with each respective segment are included in determining its operating results. Other expenses that are not directly attributable to a particular segment are allocated based upon allocation methodologies, including time studies, headcount, net revenues and other relevant usage measures.

Key Financial Metrics and Drivers

Revenues

Our principal sales model in both of our business segments 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. For the year ended December 31, 2011, approximately $732.5 million, or 81.3%, of our revenues was attributable to annual, recurring subscriptions. The fees attributable to annual, recurring subscriptions are recorded as deferred revenues on our Consolidated Statement of Financial Condition and are recognized on our Consolidated Statement of Income as the service is rendered. Additionally, $136.0 million of our revenues comes from clients who use our indices as the basis for index-linked investment products such as ETFs. We also derive revenues from certain institutional clients that use our indices 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 indices 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. We also receive revenues from one-time fees related to implementation, historical or customized reports, advisory and consulting services, overages relating to the proxy research and voting services, fees relating to recovery of securities class action settlements and from certain products and services that are designed for one-time usage.

Our revenues are grouped into the following five product and/or service categories:

Index and ESG

This category includes subscription fees from MSCI equity index data and ESG research and analytics products, fees based on assets in investment products linked to our equity indices, fees from non-recurring licenses of our equity index historical data and fees from custom MSCI indices. We also generate a limited amount of revenues based on the trading volume of futures and options contracts linked to our indices.

Clients typically subscribe to equity index data modules for use by a specified number of users at a particular location. Clients may select delivery from us or delivery via a third-party vendor. We are able to grow our revenues for data subscriptions by expanding the number of client users and their locations and the number of third-party vendors the client uses for delivery of our data modules. The increasing scope and complexity of a client's data requirements beyond standard data modules, such as requests for historical data or customized indices, also provide opportunities for further revenue growth from an existing client. Clients who utilize our ESG research and analytics products and services pay an annual subscription fee and access these products and services via a web based application.

Revenues from our index-linked investment product licenses, such as ETFs, increase or decrease as a result of changes in the value of the assets in the investment products. These changes in the value of the assets in the investment products can result from equity market price changes, investment inflows and outflows and changes in foreign currency exchange rates. In most cases, fees for these licenses are paid quarterly in arrears and are calculated by multiplying a negotiated basis point fee times the average daily assets in the investment product for the most recent period.

Risk Management Analytics Products

This category includes revenues from annual, recurring subscriptions to our risk management analytics products including our two major products, RiskManager and BarraOne. We have increasing recurring subscriptions to our managed services offering in which our staff oversee the production of risk and performance reports on behalf of our clients. Other products in this category include HedgePlatform, InterSight, DataMetrics, Wealthbench, CounterParty Risk and Credit Manager. The products offer a consistent risk assessment framework for managing and monitoring investments in a variety of asset classes across an organization. We are able to grow our revenues by licensing additional users and locations as well as selling additional products and services.

RiskManager is used by clients for daily analyzing, measuring and monitoring of market risk at fund and firm level, for sensitivity and stress testing, and interactive what-if analysis. RiskManager is a highly scalable platform accessed by clients via a license to a secure, interactive web-based application service, as an outsourced risk reporting service or as a web service in which a client's systems access RiskMetrics core risk elements by connecting directly to our systems.

BarraOne, powered by the Barra Integrated Model, provides clients with global, multi-asset class risk analysis using Barra fundamental factor technology. The product is accessed by clients via a secure, interactive web-based session, web services or on an outsourced basis.

Clients generally subscribe to the other products in this category on an annual recurring basis.

Portfolio Management Analytics

This category includes revenues from annual, recurring subscriptions to Barra Aegis and our proprietary risk data in Barra Aegis; Barra Portfolio Manager; Barra Equity Models Direct products; our proprietary equity risk data incorporated in third-party software application offerings (*e.g.*, Barra on Vendors); and our Barra Cosmos fixed income portfolio analytics products.

Barra Aegis has many uses, including portfolio risk analysis and forecasting, optimization and factor-based portfolio performance attribution. A base subscription for use in portfolio analysis typically involves a subscription to Barra Aegis and various risk data modules. A client may add portfolio performance attribution, optimization tools, process automation tools or other features to its Barra Aegis subscription. By licensing the client to receive additional software modules and risk data, or increasing the number of permitted client users or client locations, we can increase our revenues per client further.

Barra Portfolio Manager is an integrated risk and performance platform that is designed to help fund managers and their teams gain additional portfolio insight, manage a more systematic investment process and make faster, more informed investment decisions. The hosted interactive user interface allows users to analyze risk and return, monitor portfolios and conduct pre-trade what-if analyses for a number of scenarios. The platform supports optional data management services that allow users to outsource the loading and reconciliation of their portfolio and other proprietary data.

Our Barra Equity Models Direct risk data is distributed directly to clients who then combine it with their own software applications or upload the risk data onto third-party applications. A base subscription to our Equity Models Direct product provides equity risk data for a set fee that authorizes one to two users. By licensing the client to receive equity risk model data for additional countries, or increasing the number of permitted client users or client locations, we can further increase our revenues per client.

The Barra on Vendors product makes our proprietary risk data from our Equity Models Direct product available to clients via third party providers, such as FactSet Research Systems, Inc.

The Barra Cosmos System for fixed income portfolio analytics products enables global fixed income portfolio managers to manage risk and optimize return in a multi-currency, global bond portfolio. This product is a desktop application.

Energy and Commodity Analytics

Our energy and commodity analytics products consist of software applications which help users value and model physical assets and derivatives across a number of market segments including energy and commodity assets.

Governance

Our governance products consist of corporate governance products and services, including proxy research, recommendation and voting services for asset owners and asset managers as well as governance advisory and compensation services for corporations. It also includes forensic accounting research as well as class action monitoring and claims filing services to aid institutional investors in the recovery of funds from securities class actions. The products were all acquired as part of the RiskMetrics acquisition. The substantial majority of the revenues are annual, subscription based revenues. The largest portion of our non-recurring revenues is included in this category as a result of advisory and consulting services and overages relating to the proxy research and voting services.

The Performance and Risk business is comprised of index and ESG, risk management analytics, portfolio management analytics and energy & commodity analytics products. The Governance business is comprised of the governance products.

See "Item 1. Business—Business Segments, Products and Services," for additional details of the products and services that we offer.

Operating Metrics

Because of the impact of seasonality on our operating metrics, our Run Rates, Net New Recurring Subscription Sales and Retention Rates have been restated to reflect the change in fiscal year end in order to provide a more meaningful comparison. We do not experience this seasonality with respect to the financial information reported in our "Results of Operations." The restated Run Rates and Retention Rates assume the change in fiscal year end occurred on January 1, 2009.

Run Rate

At the end of any period, we generally have subscription and investment product license agreements in place for a large portion of our total revenues for the following 12 months. We measure the fees related to these agreements and refer to this as our "Run Rate." The Run Rate at a particular point in time represents the forward-looking fees for the next 12 months from all subscriptions and investment product licenses we currently provide to our clients under renewable contracts assuming all contracts that come up for renewal are renewed and assuming then-current exchange rates. For any license where fees are linked to an investment product's assets or trading volume, the Run Rate calculation reflects an annualization of the most recent periodic fee earned under such license. 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 fees, 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 market movements or from investment inflows into and outflows from investment products linked to our indices;
- fluctuations in fees based on trading volumes of futures and options contracts linked to our indices;
- 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;
- fluctuations in foreign exchange rates; and
- the impact of acquisitions and dispositions.

The following table sets forth our Run Rates and the percentage growth over the periods indicated. Run Rates have been adjusted to conform to the product categorization used for accounting revenues. In order to provide a more meaningful comparison, the historical numbers for 2010 and 2009 have been adjusted to include RiskMetrics as if the acquisition had occurred on January 1, 2009:

				Comparison of	
	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2011 to 2010	December 31, 2010 to 2009
			(in thousands)		
Run Rates					
Index and ESG products:					
Subscriptions	$ 269,780	$ 236,157	$ 205,479	14.2%	14.9%
Asset based fees	119,706	117,866	96,488	1.6%	22.2%
Index and ESG products totals	389,486	354,023	301,967	10.0%	17.2%
Risk management analytics[1]	250,967	233,504	199,503	7.5%	17.0%
Portfolio management analytics	118,354	115,158	122,498	2.8%	(6.0%)
Energy and commodity analytics	14,928	15,288	15,555	(2.4%)	(1.7%)
Governance	108,251	105,036	107,907	3.1%	(2.7%)
Total Run Rate	$ 881,986	$ 823,009	$ 747,430	7.2%	10.1%
Subscription total	762,280	705,143	650,942	8.1%	8.3%
Asset based fees total	119,706	117,866	96,488	1.6%	22.2%
Total Run Rate	$ 881,986	$ 823,009	$ 747,430	7.2%	10.1%

[1] Included in the above table is approximately $13.4 million of Run Rate as of December 31, 2010 that was associated with the Measurisk acquisition. The December 31, 2009 Run Rate has not been restated for the impact of the Measurisk acquisition.

Changes in Run Rate between periods reflect increases from new subscriptions, decreases from cancellations, increases or decreases, as the case may be, from the change in the value of assets of investment products linked to MSCI indices, the change in trading volumes of futures and options contracts linked to MSCI indices, price changes and fluctuations in foreign exchange rates.

Net New Recurring Subscription Sales

The following table sets forth our net new recurring subscription sales (as if we had completed the RiskMetrics acquisition as of the dates indicated):

	For the Years Ended		
	December 31, 2011	December 31, 2010	December 31, 2009
		(in thousands)	
New recurring subscription sales	$ 132,015	$ 129,792	$ 98,409
Subscription cancellations	(71,976)	(87,428)	(102,273)
Net new recurring subscription sales	$ 60,039	$ 42,364	$ (3,864)

Retention Rates

Other key metrics are our "Aggregate Retention Rate" and "Core Retention Rate," which are collectively referred to as "Retention Rates." These metrics are important because subscription cancellations decrease our Run Rate and ultimately our operating revenues. The annual Aggregate Retention Rate represents the retained subscription Run Rate (beginning subscription Run Rate less actual cancels during the year) as a percentage of the subscription Run Rate at the beginning of the fiscal year. If a client reduces the number of products to which it subscribes or switches between our products, we treat it as a cancellation for purposes of calculating our Aggregate Retention Rate. Our Core Retention Rate is calculated in the same way as our Aggregate Retention Rate, except that the Core Retention Rate does not treat switches between products as a cancellation. Our Aggregate and Core Retention Rates are computed on a product-by-product basis. In addition, we treat any reduction in fees resulting from renegotiated contracts as a cancellation in the calculation to the extent of the reduction. 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 indices or to trading volumes of futures and options contracts linked to our indices. Aggregate and Core Retention Rates for a non-annual period reflect the annualization of the cancels recorded in the period.

The following table sets forth our Aggregate Retention Rates by product category for the periods indicated for the years ended December 31, 2011, 2010 and 2009 (in the case of 2010 and 2009, as if we had completed the RiskMetrics acquisition as of the dates indicated):

	Index and ESG	Risk Management Analytics	Portfolio Management Analytics	Energy and Commodity Analytics	Governance	Total
2011						
Qtr Ended March 31,	95.0%	94.2%	88.6%	76.9%	85.0%	91.8%
Qtr Ended June 30,	92.8%	92.2%	91.4%	88.8%	90.4%	91.9%
Qtr Ended September 30,	95.2%	92.1%	86.6%	89.3%	86.2%	91.3%
Qtr Ended December 31,	89.3%	80.8%	87.2%	75.0%	80.6%	84.5%
Year Ended December 31,	93.1%	89.5%	88.4%	82.5%	85.6%	89.8%
2010						
Qtr Ended March 31,	94.4%	83.4%	88.9%	80.7%	84.8%	88.1%
Qtr Ended June 30,	90.2%	92.0%	84.5%	86.8%	85.6%	88.8%
Qtr Ended September 30,	92.4%	87.7%	82.2%	90.3%	87.1%	88.1%
Qtr Ended December 31,	89.8%	85.6%	63.1%	81.7%	80.1%	81.8%
Year Ended December 31,	91.7%	87.5%	79.7%	84.9%	84.4%	86.8%
2009						
Qtr Ended March 31,	93.7%	83.3%	85.1%	89.3%	84.0%	86.8%
Qtr Ended June 30,	92.0%	78.2%	79.6%	92.4%	84.6%	83.9%
Qtr Ended September 30,	91.7%	86.2%	75.3%	87.1%	85.1%	85.3%
Qtr Ended December 31,	89.1%	80.5%	79.3%	84.4%	67.5%	80.4%
Year Ended December 31,	91.6%	82.0%	79.8%	88.3%	80.3%	84.1%

The following table sets forth our Core Retention Rates by product category for the periods indicated for the years ended December 31, 2011, 2010 and 2009 as if we had completed the RiskMetrics acquisition as of the dates indicated:

	Index and ESG	Risk Management Analytics	Portfolio Management Analytics	Energy and Commodity Analytics	Governance	Total
2011						
Qtr Ended March 31,	95.2%	94.2%	89.9%	76.9%	85.0%	92.1%
Qtr Ended June 30,	92.8%	92.7%	93.2%	88.8%	90.4%	92.4%
Qtr Ended September 30,	95.2%	92.1%	88.3%	91.3%	86.3%	91.6%
Qtr Ended December 31,	89.3%	81.0%	88.3%	75.0%	80.6%	84.8%
Year Ended December 31,	93.1%	90.0%	89.9%	83.0%	85.6%	90.2%
2010						
Qtr Ended March 31,	95.1%	85.2%	90.9%	80.7%	84.8%	89.2%
Qtr Ended June 30,	90.7%	92.5%	86.7%	86.8%	85.6%	89.5%
Qtr Ended September 30,	92.6%	90.0%	86.0%	90.3%	87.1%	89.6%
Qtr Ended December 31,	90.1%	85.6%	64.1%	81.2%	80.1%	82.0%
Year Ended December 31,	92.1%	88.6%	81.9%	84.7%	84.4%	87.7%
2009						
Qtr Ended March 31,	94.1%	84.7%	86.6%	89.5%	84.0%	87.7%
Qtr Ended June 30,	92.4%	78.7%	81.1%	92.4%	84.6%	84.5%
Qtr Ended September 30,	92.2%	87.8%	75.9%	87.1%	85.1%	86.1%
Qtr Ended December 31,	89.8%	80.5%	80.1%	85.7%	67.5%	80.8%
Year Ended December 31,	92.1%	82.9%	80.9%	88.7%	80.3%	84.8%

The quarterly Retention Rates are calculated by annualizing the actual cancellations recorded during the quarter. 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 Retention Rate for the quarter.

For example, in the fourth quarter of 2011, we recorded cancellations of $27.2 million. To derive the Aggregate Retention Rate for the fourth quarter, we annualized the actual cancellations during the quarter of $27.2 million to derive $109.0 million of annualized cancellations. This $109.0 million was then divided by the $705.1 million subscription Run Rate at the beginning of the year to derive a cancellation rate of 15.5%. The 15.5% was then subtracted from 100.0% to derive an Aggregate Retention Rate of 84.5% for the fourth quarter.

For the calculation of the Core Retention Rate the same methodology was used except the amount of cancellations in the quarter was reduced by the amount of product swaps. For example, in fourth quarter 2011 we had product swaps of $0.5 million which was subtracted from the $27.2 million of actual cancels to derive core cancels of $26.8 million. This $26.8 million was annualized to derive $107.1 million of annualized cancellations which was then divided by the $705.1 million subscription Run Rate at the beginning of the year to derive a cancellation rate of 15.2%. The 15.2% was then subtracted from 100.0% to derive the Core Retention Rate of 84.8% for the fourth quarter.

For the year ended December 31, 2011, 37.9% of our cancellations occurred in the fourth fiscal quarter. Historically, Retention Rates have generally been higher during the first three quarters and lower in the fourth fiscal quarter.

Expenses

Compensation and benefits costs represent the majority of our expenses across all of our operating functions and typically have represented approximately 60% of our total operating expenses. These costs generally contribute to the majority of our expense increases from period to period, reflecting existing staff compensation and benefit increases and increased staffing levels. Employing individuals in 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 costs. As of December 31, 2011, we had 2,429 employees throughout the world, of which approximately 39.2% were located in emerging market centers.

We group our operating expenses into five categories:

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

Cost of Services

This category includes costs related to our research, data operations and technology, software engineering, product management and proxy research and voting functions. Costs in these areas include staff compensation and benefits, occupancy, market data fees, proxy voting fees, information technology and other miscellaneous costs. Prior to May 22, 2009, a portion of these costs were allocated to us by Morgan Stanley which was the controlling shareholder through that date. The largest expense in this category is compensation and benefits. As such, it generally contributes to a majority of our expense increases from period to period, reflecting compensation increases for current staff and increased staffing levels.

Selling, General and Administrative

This category includes compensation and benefits costs for our sales and marketing staff, and our finance, human resources, legal and compliance, information technology and corporate administration personnel. As with cost of services, the largest expense in this category is compensation and benefits. As such, it generally contributes to a majority of our expense increases from period to period, reflecting compensation increases for current staff and increased staffing levels. Other significant expenses were for occupancy, third party consulting costs and information technology. Prior to May 22, 2009, a portion of these costs were allocated to us by Morgan Stanley.

Restructuring

During the year ended November 30, 2010, MSCI's management approved, committed to and initiated a plan to restructure the Company's operations due to its acquisition of RiskMetrics. We believe that the plan was substantially completed by December 31, 2011. Restructuring includes expenses associated with the elimination of overlapping positions and duplicative occupancy costs, the termination of overlapping vendor contracts and the discontinuance of the planned integration of a product into RiskMetrics' standard product offering suite.

Amortization of Intangible Assets

Amortization of intangibles expense relates to the intangible assets arising from the acquisition of Barra in June 2004, RiskMetrics in June 2010 and Measurisk in July 2010. Our intangible assets consist primarily of technology and software, trademarks, client relationships and non-competition agreements. The intangible assets have remaining useful lives ranging from one to 19 years.

Depreciation and amortization of property, equipment and leasehold improvements

This category consists of expenses related to depreciating the cost of furniture and fixtures, computer and related equipment and leasehold improvements over the estimated useful life of the assets.

Other Expense (Income), net

This category consists primarily of interest we pay on our credit facilities, interest we collect on cash and short-term investments, foreign currency gains and losses, as well as other non-operating income and expense items.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). These accounting principles require us to make certain estimates and judgments that can affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the periods presented. We believe the estimates and judgments upon which we rely are reasonable based upon information available to us at the time these estimates and judgments are made. To the extent there are material differences between these estimates and actual results, our consolidated financial statements will be affected. The accounting policies that reflect our more significant estimates and judgments and that we believe are the most critical to aid in fully understanding and evaluating our reported financial results include revenue recognition, share-based compensation, research and development and software capitalization, income taxes, deferred revenue, goodwill, intangible assets, foreign currency translation, short-term investments, hedging instruments, fair value of financial assets and liabilities, allowance for doubtful accounts and accrued compensation. If different assumptions or conditions were to be utilized, the results could be materially different from our reported results.

Revenue Recognition

Revenue related to our non-software-related recurring arrangements is recognized pursuant to the requirements of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 605-25, "*Revenue Arrangements with Multiple Deliverables*." Under the provisions of ASC Subtopic 605-25, transactions with multiple elements should be considered separate units of accounting if all of the following criteria are met:

- The delivered item has stand-alone value to the client,
- There is objective and reliable evidence of the fair value of the undelivered item(s), and
- If the arrangement includes a general right of return, delivery or performance of the undelivered items is considered probable and substantially in the control of the vendor.

We have signed subscription agreements with substantially all of our clients that set forth the fees paid to us by the clients. Further, we regularly assess the receivable balances for each client. Our subscription agreements for non-software-related products include provisions that, among other things, allow clients, for no additional fee, to receive updates and modifications that may be made from time to time, for the term of the agreement, typically one year. As we currently do not have objective and reliable evidence of the fair value of the undelivered element of the transaction, we do not account for the delivered item as a separate element. Accordingly, we recognize revenue ratably over the term of the license agreement.

Our software-related recurring revenue arrangements do not require significant modification or customization of any underlying software applications being licensed. Accordingly, we recognize software revenues, excluding the energy and commodity asset valuation analytics products, pursuant to the requirements of ASC Subtopic 985-605, "*Software-Revenue Recognition*." In accordance with ASC Subtopic 985-605, we begin to recognize revenues from subscriptions, maintenance and client technical support, and professional services when all of the following criteria are met: (1) we have persuasive evidence of a legally binding arrangement, (2) delivery has occurred, (3) client fee is deemed fixed or determinable, and (4) collection is probable.

We have signed subscription agreements with substantially all of our clients that set forth the fees paid to us by the clients. Further, we regularly assess the receivable balances for each client. Our subscription agreements for software products include provisions that, among other things, would allow clients to receive unspecified future software upgrades for no additional fee as well as the right to use the software products with maintenance for the term of the agreement, typically one year. As we do not have vendor specific objective evidence ("VSOE") for these elements (except for the support related to energy and commodity asset valuation products), we do not account for these elements separately. Accordingly, except for revenues related to energy and commodity asset valuation products, we recognize revenue ratably over the term of the license agreement.

Our software license arrangements generally do not include acceptance provisions. Such provisions generally allow a client to test the software for a defined period of time before committing to license the software. If a license agreement includes an acceptance provision, we do not record subscription revenues until the earlier of the receipt of a written client acceptance or, if not notified by the client that it is cancelling the license agreement, the expiration of the acceptance period.

For our energy and commodity asset valuation analytics products, we use the residual method to recognize revenue when a product agreement includes one or more elements to be delivered at a future date and VSOE of the fair value if all undelivered elements exist. In substantially all of our contracts, the only element that remains undelivered at the time of delivery of the product is support. The fair value of support is determined based upon what the fees for the support are for clients who purchase support separately. Under the residual method, the fair value of the undelivered element is deferred and the remaining portion of the contract fee is recognized as product revenue. Support fees for these products are recognized ratably over the support period.

We apply SEC Staff Accounting Bulletin No. 104 ("SAB 104"), "*Revenue Recognition*," in determining revenue recognition related to clients that use our indices as the basis for certain index-linked investment products such as exchange traded funds or futures contracts. These clients commonly pay us a license fee for the use of our intellectual property based on the investment product's assets under management or contract volumes. These fees are calculated based upon estimated assets in the investment product or contract volumes obtained either through independent third-party sources or the most recently reported information of the client.

We recognize revenue when all the following criteria are met:

- the client has signed a contract with us;
- the service has been rendered;
- the amount of the fee is fixed or determinable based on the terms of the contract; and
- collectability is reasonably assured.

We have signed contracts with substantially all clients that are licensed to use our indices as the basis for certain index-linked investment products, such as exchange traded funds or futures contracts. The contracts state the terms under which these fees are to be calculated. These fees are billed in arrears, after the fees have been earned. The fees are earned as we supply the indices to the client. We assess the creditworthiness of these clients prior to entering into a contract and regularly review the receivable balances related to them.

Share-Based Compensation

Certain of our employees have received share-based compensation under certain compensation programs. Our compensation expense reflects the fair value method of accounting for share-based payments under ASC Subtopic 718-10, "*Compensation-Stock Compensation.*" ASC Subtopic 718-10 requires measurement of compensation cost for equity-based awards at fair value and recognition of compensation cost over the service period, net of estimated forfeitures.

The fair value of MSCI restricted stock units is determined based on the number of units granted and the grant date fair value of MSCI's Common Stock, measured as the closing price on the date of grant. The fair value of MSCI standard stock options is determined using the Black-Scholes valuation model and the single grant life method. Under the single grant life method, option awards with graded vesting are valued using a single weighted-average expected option life. The fair value of MSCI stock options that contain stock price contingencies is determined using a Monte Carlo simulation model, which creates a normal distribution of future stock prices, which is then used to value the awards based on their individual terms.

We reserved approximately 4.3 million shares of Common Stock for outstanding vested and unvested stock options and unvested restricted stock awards assumed as part of the acquisition of RiskMetrics on June 1, 2010. See Note 3, "Acquisitions," of the Notes to the Consolidated Financial Statements or further information about our acquisition of RiskMetrics. The fair values of stock options assumed were estimated using a Hull-White Lattice option-pricing model. The Hull-White model is commonly used for estimating the fair value of in-the-money and out-of-the-money options, as it explicitly models the exercise behavior of option holders considering the amount by which each such grant is in- or out-of-the-money. The major assumptions utilized are the stock price, the remaining contractual term, the remaining time to vest, forfeiture behavior, dividend yield, the risk-free interest rate, expected volatility and the early exercise multiple.

Based on interpretive guidance related to Stock Compensation, our policy is to accrue the estimated cost of share-based awards that were granted to retirement-eligible employees over the course of the current year rather than expensing the awards on the date of grant. A portion of the restricted stock units granted to employees are subject to certain performance conditions. We base initial accruals of compensation cost on the estimated number of instruments for which the requisite service is expected to be rendered. If the estimated number of instruments changes from previous estimates, the cumulative effect on current and prior periods of a change is recognized in compensation costs in the period of the change.

Research and Development and Software Capitalization

We account for research and development costs in accordance with several accounting pronouncements, including ASC Subtopic 730-10, "*Research and Development*," and ASC Subtopic 985-730, *"Software-Research and Development*." ASC Subtopic 730-10 requires that research and development costs generally be expensed as incurred. ASC Subtopic 985-730 specifies that costs incurred in researching and developing a computer software product should be charged to expense until technological feasibility has been established for the product. Once technological feasibility is established, all software costs should be capitalized until the product is available for general release to clients. Judgment is required in determining when technological feasibility of a product is established. Costs incurred after technological feasibility is established have not been material, and accordingly, we have expensed all research and development costs when incurred. Research and development costs are included in cost of services in the Consolidated Statements of Income and were approximately $90.3 million, $73.2 million and $53.3 million for the years ended December 31, 2011 and November 30, 2010 and 2009, respectively. Research and development costs for the one month ended December 31, 2010 were $7.2 million.

Income Taxes

Prior to May 2, 2008, we were a member of the Morgan Stanley consolidated group and our taxable income was included in the consolidated U.S. federal income tax return of Morgan Stanley as well as in returns filed by Morgan Stanley with certain state and local taxing jurisdictions. After May 2, 2008, upon the disposition by Morgan Stanley of a portion of its equity interest in us, we were no longer eligible to join in the filing of a consolidated federal income tax return with Morgan Stanley. We have filed and will continue to file our consolidated U.S. federal income tax return as a taxable group separate from Morgan Stanley. Our foreign income tax returns have been filed on a separate company basis. Our federal and foreign income tax liability has been computed and presented in the consolidated financial statements as if we were a separate taxpaying entity in the periods presented. The state and local liability presented in these statements reflects the fact that we are included in certain filings of Morgan Stanley through May 22, 2009, the date on which Morgan Stanley disposed of its remaining equity interest in us, and that our tax liability is affected by the attributions of the Morgan Stanley group. We continued to file certain state income tax returns with Morgan Stanley on a consolidated, combined, or unitary basis under applicable state law through May 22, 2009. After May 22, 2009, we were no longer eligible for inclusion in any state or local consolidated, combined, or unitary return filed by Morgan Stanley and, from that date forward, we have been filing the relevant state income tax returns as a separate taxable group.

Income tax expense is provided for using the asset and liability method, under which deferred tax assets and deferred tax liabilities are determined based on the temporary differences between the financial statement and income tax bases of assets and liabilities using currently enacted tax rates.

We regularly assess the likelihood of additional assessments in each of the taxing jurisdictions in which we are required to file income tax returns. We have recorded additional tax expense related to open tax years, which we believe is adequate in relation to the potential for assessments. These amounts have been recorded in other non-current liabilities on the Consolidated Statement of Financial Condition. We believe the resolution of tax matters will not have a material effect on our consolidated financial condition. However, to the extent we are required to pay amounts in excess of our reserves, a resolution could have a material impact on our consolidated statement of income for a particular future period. In addition, an unfavorable tax settlement could require use of our cash and result in an increase in our effective tax rate in the period in which such resolution occurs.

Deferred Revenue

Deferred revenues represent amounts billed to customers for services and maintenance in advance of performing the services. Our clients normally pay subscription fees annually or quarterly in advance. Deferred revenue is amortized ratably over the service period as revenue recognition criteria are met. Where the service period has not begun or been renewed, deferred revenues and accounts receivable are not recognized.

Goodwill

Goodwill is recorded as part of our acquisitions of businesses when the purchase price exceeds the fair value of the net tangible and separately identifiable intangible assets acquired. The carrying amount of our goodwill is $1,708.6 million primarily relating to the acquisitions of Barra, RiskMetrics and Measurisk. Our goodwill is subject to an impairment test each year, or more often if conditions indicate impairment may have occurred, pursuant to ASC Topic 350, "*Intangibles—Goodwill and Other*."

We test goodwill for impairment on an annual basis and on an interim basis when certain events and circumstances exist. The testing for impairment is performed at the reporting unit level, which is generally at the level of its business segments. Goodwill impairment is determined by comparing the estimated fair value of a reporting unit with its respective book value. If the estimated fair value exceeds the book value, goodwill at the reporting unit level is not deemed to be impaired. If the estimated fair value is below book value, however, further analysis is required to determine the amount of impairment. Additionally, if the book value of a reporting unit is zero or a negative value and it is determined that it is more likely than not the goodwill is impaired, further analysis is required. As the estimated fair value of its reporting units exceeded their respective book value, no impairment of goodwill was recorded during the years ended December 31, 2011, November 30, 2010 and 2009 or during the one month ended December 31, 2010.

Our previous accounting policy was to conduct the annual goodwill impairment test as of June 1. Effective in the quarter ended September 30, 2011, we elected to change our accounting policy to begin conducting the annual goodwill impairment test on July 1. The change to the annual goodwill impairment testing date is preferable under the circumstances as it moves the impairment testing outside of our normal second quarter-end reporting process to a date in the third quarter when resources are less constrained, which is consistent with the timing of the testing date prior to the change in the fiscal year-end. The resulting change in accounting principle related to the annual testing date will not delay, accelerate, or avoid an impairment charge of our goodwill. As it was impracticable to objectively determine projected cash flows and related valuation estimates as of each July 1 for periods prior to July 1, 2011, we prospectively applied the change in the annual goodwill impairment testing date from July 1, 2011. The application of this change in accounting policy did not result in any impairment charges recognized in our consolidated financial statements.

Effective July 1, 2011, we adopted the provisions of Accounting Standards Update 2011-08, "*Testing Goodwill for Impairment,*" or ASU 2011-08, which provides us the option of performing a qualitative assessment before calculating the fair value of the reporting unit when testing goodwill for impairment. The qualitative assessment is based on reviewing the totality of several factors, including macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, other entity specific events (for example, changes in management) or other events such as selling or disposing of a reporting unit. If the fair value of the reporting unit is determined, based on qualitative factors, to be more likely than not less than the carrying amount of the reporting unit, then entities are required to perform the two-step goodwill impairment test. See "Recent Accounting Pronouncements" below for further information regarding accounting pronouncements released that may have an impact on our consolidated financial statements.

Intangible Assets

Intangible assets consist of those definite-lived intangibles from the acquisitions of Barra in June 2004, RiskMetrics in June 2010 and Measurisk in July 2010. We amortize definite-lived intangible assets over their estimated useful lives. Definite-lived intangible assets are tested for impairment when impairment indicators are present, and, if impaired, written down to fair value based on either discounted cash flows or appraised values. No impairment of intangible assets has been identified during any of the periods presented. We have no indefinite-lived intangibles. The intangible assets have remaining useful lives ranging from one to 19 years.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is recorded when it is probable and estimable that a receivable will not be collected. Changes in the allowance for doubtful accounts from December 1, 2008 to December 31, 2011 were as follows:

	Amount (in thousands)
Balance as of November 30, 2008	$ 712
Addition to provision	977
Amounts written off, net of recoveries	(842)
Balance as of November 30, 2009	$ 847
Addition to provision[1]	931
Amounts written off, net of recoveries	(765)
Balance as of November 30, 2010	1,013
Reduction to provision	(133)
Amounts written off, net of recoveries	(3)
Balance as of December 31, 2010	$ 877
Addition to provision	545
Amounts written off, net of recoveries	(565)
Balance as of December 31, 2011	$ 857

[1] Includes an allowance of $0.3 million assumed upon the acquisition of RiskMetrics on June 1, 2010.

Accrued Compensation

We make significant estimates in determining our accrued non-stock based compensation and benefits expenses. A significant portion of our employee incentive compensation programs are discretionary. Each year end we determine the amount of discretionary cash bonus pools. We also review compensation and benefits expenses throughout the year to determine how overall performance compares to management's expectations. We take these and other factors, including historical performance, into account in reviewing accrued discretionary cash compensation estimates quarterly and adjusting accrual rates as appropriate. Changes to these factors could cause a material increase or decrease in the amount of expense that we report in a particular period. Accrued non stock-based compensation and related benefits as of December 31, 2011 was $100.7 million.

Factors Affecting the Comparability of Results

Acquisition of RiskMetrics

On June 1, 2010, we completed our acquisition of RiskMetrics in a cash-and-stock transaction valued at approximately $1,572.4 million. In connection with the acquisition, we entered into a senior secured credit agreement, which was comprised of (i) a $1,275.0 million six-year term loan facility ("2010 Term Loan") and (ii) a $100.0 million five-year revolving credit facility. We assigned a significant value to the intangible assets of RiskMetrics as part of the acquisition, which increased the amortization expense we recognized for the year ended December 31, 2011. See Note 10, "Goodwill and Intangible Assets" of the Notes to the Consolidated Financial Statements for further information. We also have incurred increased interest expense as a result of the credit facility we entered into in connection with the acquisition.

Acquisition of Measurisk

On July 30, 2010, we acquired Measurisk to expand our product offerings to hedge fund investors. The value we assigned to the intangible assets of Measurisk further increased the amortization expense that we recognized for the year ended December 31, 2011. See Note 10, "Goodwill and Intangible Assets" of the Notes to the Consolidated Financial Statements for further information.

The results of RiskMetrics and Measurisk were not included in our results of operations until their acquisition dates of June 1, 2010 and July 30, 2010, respectively. The RiskMetrics acquisition has had a significant impact on our results of operations and will affect the comparability of our results in the future.

Restructuring

In connection with the acquisition of RiskMetrics, we initiated a plan to restructure the Company's operations to eliminate overlapping positions and duplicative occupancy costs, terminate overlapping vendor contracts, and discontinue the planned integration of a product into RiskMetrics' standard product offering suite. We initiated restructuring activities during the third quarter of 2010 and believe that the plan was substantially completed by December 31, 2011. See "—Restructuring" below and Note 4, "Restructuring," of the Notes to the Consolidated Financial Statements for further information about MSCI's restructuring-related activities and estimated costs.

Term Loan Repricing

On March 14, 2011, we completed the repricing of the 2010 Term Loan. The repricing provided for the incurrence of a new senior secured loan (the "2011 Term Loan") in an aggregate principal amount of $1,125.0 million. The proceeds of the 2011 Term Loan, together with $87.6 million of cash on hand, were used to repay the remaining $1,212.6 million outstanding balance of the 2010 Term Loan in full. The 2011 Term Loan matures in March 2017. The repricing decreased the interest rate applicable to the 2011 Term Loan from the London Interbank Offered Rate ("LIBOR") plus 3.25% (with a leverage-based stepdown) to LIBOR plus 2.75% (with a leverage-based stepdown) and reduced the LIBOR floor applicable to the 2011 Term Loan from 1.50% to 1.00%. We incurred $6.1 million in fees associated with the repricing, which are reflected in "other expense (income)" on the Company's Consolidated Statement of Income for the year ended December 31, 2011.

Change in Fiscal Year End

In “Results of Operations” below, we compare the year ended December 31, 2011 with the previously reported year ended November 30, 2010. Financial information for the year ended December 31, 2010 has not been included in this Form 10-K for the following reasons: (i) the year ended November 30, 2010 provides a meaningful comparison for the year ended December 31, 2011; (ii) there are no significant factors, seasonal or other, that would materially impact the comparability of information if the results for the year ended December 31, 2010 were presented in lieu of results for the year ended November 30, 2010; and (iii) it was not practicable or cost justified to prepare this information.

Results of Operations

Year Ended December 31, 2011 Compared to Year Ended November 30, 2010 and for the One Month Ended December 31, 2010

	For the Years Ended				One Month Ended
	December 31, 2011	November 30, 2010	Increase/(Decrease)		December 31, 2010
	(in thousands, except per share data)				
Operating revenues	$ 900,941	$ 662,901	$238,040	35.9%	$ 72,524
Operating expenses:					
Cost of services	277,147	198,626	78,521	39.5%	20,986
Selling, general and administrative	212,972	190,244	22,728	11.9%	17,481
Restructuring	3,594	8,896	(5,302)	(59.6%)	26
Amortization of intangible assets	65,805	41,599	24,206	58.2%	5,564
Depreciation and amortization of property, equipment and leasehold improvements	19,425	17,413	2,012	11.6%	1,798
Total operating expenses	578,943	456,778	122,165	26.7%	45,855
Operating income	321,998	206,123	115,875	56.2%	26,669
Other expense, net	58,585	52,632	5,953	11.3%	6,113
Provision for income taxes	89,959	61,321	28,638	46.7%	6,732
Net income	$ 173,454	$ 92,170	$ 81,284	88.2%	$ 13,824
Earnings per basic common share	$ 1.43	$ 0.82	$ 0.61	74.4%	$ 0.11
Earnings per diluted common share	$ 1.41	$ 0.81	$ 0.60	74.1%	$ 0.11
Operating margin	35.7%	31.1%			36.8%

Operating Revenues

	For the Years Ended				One Month Ended
	December 31, 2011	November 30, 2010	Increase/(Decrease)		December 31, 2010
	(in thousands)				
Index and ESG:					
Subscriptions	$ 264,390	$ 224,600	$ 39,790	17.7%	$ 20,551
Asset based fees	140,243	105,799	34,444	32.6%	9,939
Total index and ESG	404,633	330,399	74,234	22.5%	30,490
Risk management analytics	243,570	134,521	109,049	81.1%	19,996
Portfolio management analytics	118,889	123,159	(4,270)	(3.5%)	10,147
Energy & commodity analytics	14,263	16,228	(1,965)	(12.1%)	1,208
Governance	119,586	58,594	60,992	104.1%	10,683
Total operating revenues	$ 900,941	$ 662,901	$238,040	35.9%	$ 72,524

Total operating revenues for the year ended December 31, 2011 increased $238.0 million, or 35.9%, to $900.9 million compared to $662.9 million for the year ended November 30, 2010. Total operating revenues for the one month ended December 31, 2010 were $72.5 million. Approximately $170.5 million of the year-over-year growth was comprised of revenues contributed by the acquisitions made during the year ended November 30, 2010. The remaining $67.5 million of growth was comprised of increases in asset based fees and subscription revenues of $34.4 million and $33.1 million, respectively. Subscription revenues consist of our revenues related to index and ESG subscriptions, risk management analytics, portfolio management analytics, energy and commodity analytics and governance products. Our revenues are impacted by changes in exchange rates primarily as they relate to the U.S. dollar. Had the U.S. dollar not weakened relative to exchange rates at the beginning of the year, our revenues for the year ended December 31, 2011 would have been lower by $3.3 million.

Our index and ESG products primarily consist of equity index subscriptions, equity index asset based fees products and ESG products. Revenues related to index and ESG products increased $74.2 million, or 22.5%, to $404.6 million for the year ended December 31, 2011 compared to $330.4 million for the year ended November 30, 2010.

Subscription revenues from the index and ESG products increased $39.8 million, or 17.7%, to $264.4 million for the year ended December 31, 2011 compared to $224.6 million for the year ended November 30, 2010. Approximately $8.9 million of the growth was comprised of revenues contributed by the acquisitions made during the year ended November 30, 2010. The remaining $30.9 million was attributable to growth primarily in our core benchmark indices.

Asset based fee revenues attributable to the index and ESG products increased $34.4 million, or 32.6%, to $140.2 million for the year ended December 31, 2011 compared to $105.8 million for the year ended November 30, 2010. The growth was primarily attributable to the growth in the average value of assets in ETFs linked to MSCI equity indices. The average value of assets in ETFs linked to MSCI equity indices in the aggregate increased 27.7% to $333.5 billion for the year ended December 31, 2011 compared to $261.1 billion for the year ended November 30, 2010. As of December 31, 2011, the value of assets in ETFs linked to MSCI equity indices was $301.6 billion, representing a decrease of 3.0% from $311.0 billion as of November 30, 2010.

Of the $301.6 billion of assets in ETFs linked to MSCI equity indices as of December 31, 2011, 39.0% were linked to emerging market indices, 34.3% were linked to developed markets outside of the U.S., 23.6% were linked to U.S. market indices and 3.1% were linked to other global indices.

The following table sets forth the value of assets in ETFs linked to MSCI indices and the sequential change of such assets as of the periods indicated:

	Period Ended								
	2011				2010				
	December 31,	September 30,	June 30,	March 31,	December 31,	November 30,	August 31,	May 31,	February 28,
	(amounts in billions)								
AUM in ETFs linked to MSCI Indices	$ 301.6	$ 290.1	$360.5	$ 350.1	$ 333.3	$ 311.0	$ 258.7	$238.1	$ 233.5
Sequential Change in Value									
Market Appreciation/(Depreciation)	$ 10.5	$ (70.4)	$ (3.8)	$ 10.1	$ 18.9	$ 28.2	$ 6.8	$ (4.4)	$ (8.6)
Cash Inflow/(Outflow)	1.0	—	14.2	6.7	3.4	24.1	13.8	9.0	8.3
Total Change	$ 11.5	$ (70.4)	$ 10.4	$ 16.8	$ 22.3	$ 52.3	$ 20.6	$ 4.6	$ (0.3)

Source: Bloomberg and MSCI

The historical values of the assets in ETFs linked to our indices 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 Indices" on our website at http://ir.msci.com. This information is updated on the second U.S. business day of each month. Information contained on our website is not incorporated by reference into this Annual Report on Form 10-K or any other report filed with the SEC.

Revenues related to risk management analytics products increased $109.1 million, or 81.1%, to $243.6 million for the year ended December 31, 2011 compared to $134.5 million for the year ended November 30, 2010. Approximately $100.6 million of the growth was comprised of revenues contributed by the acquisitions made during the year ended November 30, 2010. The remaining $8.5 million of organic growth primarily reflects an increase of $13.0 million, or 35.0%, to $50.3 million in BarraOne, partially offset by a decrease of $4.5 million, or 82.6%, to $0.9 million in TotalRisk as we decommission the product.

Our portfolio management analytics products consist of equity portfolio analytics tools and fixed income portfolio analytics tools. Revenues related to portfolio management analytics products decreased $4.3 million, or 3.5%, to $118.9 million for the year ended December 31, 2011 compared to $123.2 million for the year ended November 30, 2010. Within the portfolio management analytics products, equity portfolio analytics tools decreased $3.6 million to $114.3 million and fixed income analytics tools decreased $0.7 million to $4.6 million.

Our energy and commodity analytics products consist 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 from energy and commodity analytics products decreased 12.1% to $14.3 million for the year ended December 31, 2011 compared to $16.2 million for the year ended November 30, 2010.

Our governance products consist of institutional governance, including proxy research, recommendation and voting services; corporate governance, including advisory and compensation services; and Financial Research and Analysis ("FR&A") services, including forensic accounting research and services to aid institutional investors in the recovery of funds from securities litigation. For the year ended December 31, 2011, our governance products contributed $119.6 million to our revenues compared to $58.6 million for the year ended November 30, 2010. The governance product line was acquired with our purchase of RiskMetrics on June 1, 2010 and had no effect on our results of operations prior to that date.

Operating Expenses

Operating expenses increased 26.7% to $578.9 million for the year ended December 31, 2011 compared to $456.8 million for the year ended November 30, 2010. Operating expenses for the one month ended December 31, 2010 were $45.9 million. Approximately $103.7 million of the year-over-year increase was comprised of expenses contributed by the acquisitions made during the year ended November 30, 2010. The remaining $18.4 million increase primarily reflects $44.1 million of higher compensation and non-compensation costs, partially offset by $21.2 million in transaction costs associated with the acquisition of RiskMetrics recognized during the year ended November 30, 2010 whereas no similar costs were recognized during the year ended December 31, 2011, lower expenses incurred in the year ended December 31, 2011 to restructure our operations after our acquisition of RiskMetrics and lower depreciation expense resulting from assets reaching the end of their depreciable lives. Our operating expenses are impacted by changes in exchange rates primarily as they relate to the U.S. dollar. Had the U.S. dollar not weakened relative to exchange rates at the beginning of the year, our operating expense in the year ended December 31, 2011 would have been lower by $3.3 million.

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

	Years Ended		Increase/(Decrease)		One Month Ended
	December 31, 2011	November 30, 2010			December 31, 2010
	(in thousands)				
Cost of services:					
Compensation and benefits	$ 202,597	$ 147,124	$ 55,473	37.7%	$ 15,353
Non-compensation expenses	74,550	51,502	23,048	44.8%	5,633
Total cost of services	277,147	198,626	78,521	39.5%	20,986
Selling, general and administrative:					
Compensation and benefits	143,490	109,871	33,619	30.6%	11,500
Non-compensation expenses	69,482	80,373	(10,891)	(13.6)%	5,981
Total selling, general and administrative	212,972	190,244	22,728	11.9%	17,481
Restructuring	3,594	8,896	(5,302)	(59.6)%	26
Amortization of intangible assets	65,805	41,599	24,206	58.2%	5,564
Depreciation of property, equipment and leasehold improvements	19,425	17,413	2,012	11.6%	1,798
Total operating expenses	$ 578,943	$ 456,778	$122,165	26.7%	$ 45,855
Compensation and benefits	$ 346,087	$ 256,995	$ 89,092	34.7%	$ 26,853
Non-compensation expenses	144,032	131,875	12,157	9.2%	11,614
Restructuring	3,594	8,896	(5,302)	(59.6)%	26
Amortization of intangible assets	65,805	41,599	24,206	58.2%	5,564
Depreciation of property, equipment and leasehold improvements	19,425	17,413	2,012	11.6%	1,798
Total operating expenses	$ 578,943	$ 456,778	$122,165	26.7%	$ 45,855

Compensation and benefits expenses represent the majority of our expenses across all of our operating functions and have typically represented approximately 60% of our 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 increased staffing levels. Continued growth of our emerging market centers around the world is an important factor in our ability to manage and control the growth of our compensation and benefit expenses. As of December 31, 2011, the number of employees increased by 352 to 2,429 from 2,077 on November 30, 2010. During the year ended December 31, 2011, we continued to manage the compensation and benefits expenses through the hiring of staff in emerging market centers. As of December 31, 2011, approximately 39.2% of our employees were located in emerging market centers.

Compensation and benefits costs for the year ended December 31, 2011, were $346.1 million, an increase of $89.1 million, or 34.7%, compared to $257.0 million for year ended November 30, 2010. Approximately $55.8 million of the increase was comprised of expenses contributed by the acquisitions made during the year ended November 30, 2010. The remaining $33.3 million primarily reflects $32.0 million of increased costs related to current staff and increased staffing levels and $2.4 million of increased stock based compensation costs, partially offset by $1.1 million of decreased post-retirement and other costs.

Included in compensation and benefits costs, stock based compensation expense for the year ended December 31, 2011 was $30.9 million, an increase of 7.9% compared to $28.6 million for the year ended November 30, 2010. The increase was comprised primarily of higher expense associated with the performance award granted in June 2010 to certain of our employees, the amortization of awards assumed upon the acquisition of RiskMetrics and amortization of awards granted as a component of the 2010 annual bonus and other miscellaneous grants. Partially offsetting these were lower expenses associated with the founders grant award and the amortization of awards associated with the 2009 and 2008 annual bonus. Approximately $3.0 million and $8.2 million of the stock based compensation expense was related to the founders grant award for the years ended December 31, 2011 and November 30, 2010, respectively. The decrease in the expense related to the founders grant award is primarily attributable to the final vesting of the award on November 14, 2011. Approximately $4.9 million and $4.2 million of the stock based compensation expense for the years ended December 31, 2011 and November 30, 2010, respectively, was related to the performance award granted in June 2010. The expected number of the shares expected to be distributed at vesting of the performance award was decreased during the year ended December 31, 2011, which had the effect of decreasing the total expense related to the award recognized during the year.

Non-compensation expenses for the year ended December 31, 2011 were $144.0 million, an increase of $12.1 million, or 9.2%, compared to $131.9 million for the year ended November 30, 2010. Approximately $22.6 million of the increase was comprised of expenses contributed by the acquisitions made during the year ended November 30, 2010 as well as increased professional, travel and entertainment, information technology and recruiting costs. Partially offsetting this increase were lower other taxes and license fees and the recognition during the year ended November 30, 2010 of $21.2 million in costs related to the acquisition of RiskMetrics whereas no similar costs were recognized during the year ended December 31, 2011.

Cost of Services

Cost of services includes costs related to our research, data operations and technology, software engineering and product management and proxy research and voting functions. Compensation and benefits generally contribute to a majority of our expense increases from period to period, reflecting increases for existing staff and increased staffing levels. For the year ended December 31, 2011, total cost of services increased $78.5 million to $277.1 million compared to $198.6 million for the year ended November 30, 2010. Approximately $54.3 million of the increase was comprised of expenses contributed by the acquisitions made during the year ended November 30, 2010. The remaining $24.2 million increase was largely due to an increase in compensation and benefits, information technology, travel and entertainment, recruiting, occupancy and professional costs.

Compensation and benefits expenses for the year ended December 31, 2011 increased $55.5 million to $202.6 million compared to $147.1 million for the year ended November 30, 2010. Approximately $37.7 million of the increase was the result of the acquisitions made during the year ended November 30, 2010. The remaining $17.8 million increase was largely due to the cost associated with increased staffing levels and share-based compensation partially offset by lower post-retirement and other costs.

Non-compensation expenses for the year ended December 31, 2011 increased approximately $23.0 million to $74.5 million compared to $51.5 million for the year ended November 30, 2010. Approximately $16.7 million of the increase was the result of the acquisitions made during the year ended November 30, 2010. The remaining $6.3 million increase was largely due to increased information technology, travel and entertainment, recruiting, occupancy and professional costs.

Our cost of services expenses are impacted by changes in exchange rates primarily as they relate to the U.S. dollar. Had the U.S. dollar not weakened relative to exchange rates at the beginning of the year, our cost of services for the year ended December 31, 2011 would have been lower by $1.5 million.

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, consulting services and information technology costs. SG&A expenses increased 11.9% to $213.0 million for the year ended December 31, 2011 compared to $190.2 million for the year ended November 30, 2010. Approximately $24.0 million of the increase was the result of the acquisitions made during the year ended November 30, 2010.

Compensation and benefits expenses increased $33.6 million, or 30.6%, to $143.5 million for the year ended December 31, 2011 compared to $109.9 million for the year ended November 30, 2010. Approximately $18.1 million of the increase was the result of the acquisitions made during the year ended November 30, 2010. The remaining $15.5 million increase was largely due to increased costs associated with staffing levels and increased staffing levels and share-based compensation.

Non-compensation expenses for the year ended December 31, 2011 decreased approximately $10.9 million to $69.5 million compared to $80.4 million for the year ended November 30, 2010. The decrease was primarily the result of the recognition during the year ended November 30, 2010 of $21.2 million in costs related to the acquisition of RiskMetrics whereas no similar costs were recognized during the year ended December 31, 2011. Partially offsetting this was $5.9 million of increased expenses contributed by the acquisitions made during the year ended November 30, 2010 as well as increased professional and travel and entertainment costs.

Our SG&A expenses are impacted by changes in exchange rates primarily as they relate to the U.S. dollar. Had the U.S. dollar not weakened relative to exchange rates at the beginning of the year, our SG&A expenses for the year ended December 31, 2011 would have been lower by $1.5 million.

Within SG&A, selling expenses increased 32.0% to $89.7 million and general and administrative expenses increased 0.8% to $123.3 million for the year ended December 31, 2011.

Restructuring

In the year ended November 30, 2010, MSCI's management approved, committed to and initiated a plan to restructure the Company's operations due to its acquisition of RiskMetrics. Costs continued to be incurred under this plan throughout the year ended December 31, 2011 and we believe that the plan was substantially completed by December 31, 2011. Restructuring expense of $3.6 million, consisting of approximately $2.9 million of expense associated with eliminating duplicative occupancy costs and $0.7 million of expense associated with the elimination of overlapping positions, was recognized during the year ended December 31, 2011. Restructuring expense of $8.9 million, consisting of approximately $6.6 million of expense associated with the elimination of overlapping positions, $1.3 million of expense associated with duplicative occupancy costs and $1.0 million of expense associated with the discontinuance of the planned integration of a product into RiskMetrics' standard product offering suite, was recognized during the year ended November 30, 2010.

Amortization of Intangibles

Amortization of intangibles expense relates to the intangible assets arising from the acquisition of Barra in June 2004, RiskMetrics in June 2010 and Measurisk in July 2010. For the year ended December 31, 2011, amortization of intangibles expense totaled $65.8 million compared to $41.6 million for the year ended November 30, 2010. The increase was the result of recognizing a full year's worth of amortization in the year ended December 31, 2011 associated with the intangibles acquired in the acquisitions made during the second half of the year ended November 30, 2010.

Depreciation and amortization of property, equipment and leasehold improvements

For the years ended December 31, 2011 and November 30, 2010, depreciation and amortization of property, equipment and leasehold improvements totaled $19.4 million and $17.4 million, respectively. The increase was primarily the result of recognizing a full year's worth of depreciation of property, equipment and leasehold improvements in the year ended December 31, 2011 acquired as the result of the acquisitions made during the second half of the year ended November 30, 2010, partially offset by the impact of assets reaching the end of their depreciable lives.

Other Expense (Income), Net

Other expense (income), net for the year ended December 31, 2011 was $58.6 million, an increase of $6.0 million compared to $52.6 million for the year ended November 30, 2010. The increase primarily reflects higher interest expense resulting from the senior secured term loan we entered into on June 1, 2010, and subsequently refinanced in March 2011, as part of our acquisition of RiskMetrics.

Income Taxes

The provision for income tax expense was $90.0 million for the year ended December 31, 2011, an increase of 46.7% compared to $61.3 million for the year ended November 30, 2010. Our effective tax rate was 34.2% and 40.0% for the years ended December 31, 2011 and November 30, 2010, respectively. The income tax provision for the year ended December 31, 2011 was impacted by $4.2 million of certain non-recurring benefits relating to prior tax periods. Additionally, we changed our intention to now permanently reinvest the undistributed earnings of MSCI Ltd., RiskMetrics (UK) Ltd., and RiskMetrics (Singapore) Pte Ltd. during the year ended December 31, 2011. This change helped to decrease our effective tax rate in the year ended December 31, 2011.

Segment Results of Operations

The table below reflects the results of operations by segment for the years ended December 31, 2011 and November 30, 2010:

	Year Ended December 31, 2011			Year Ended November 30, 2010		
	Performance and Risk	Governance	Total	Performance and Risk	Governance	Total
		(in thousands)				
Operating revenues	$ 781,355	$ 119,586	$900,941	$ 604,307	$ 58,594	$662,901
Cost of services	218,048	59,099	277,147	165,623	33,003	198,626
Selling, general and administrative	183,294	29,678	212,972	180,614	9,630	190,244
Restructuring	1,951	1,643	3,594	6,673	2,223	8,896
Amortization of intangible assets	52,414	13,391	65,805	34,899	6,700	41,599
Depreciation expense	15,144	4,281	19,425	16,129	1,284	17,413
Total operating expenses	470,851	108,092	578,943	403,938	52,840	456,778
Operating income	310,504	11,494	321,998	200,369	5,754	206,123
Other expense (income), net			58,585			52,632
Income before provision for income taxes			263,413			153,491
Provision for income taxes			89,959			61,321
Net income			$173,454			$ 92,170

Our operating segments were established as a result of the acquisitions we made during the second half of the year ended November 30, 2010. The explanation of segment results excluding the impact of the acquisitions made would be substantially the same as the whole company results discussed in “Results of Operations” above.

Results of Operations

One Month Transition Period Ended December 31, 2010 Compared to One Month Ended December 31, 2009

	For the One Month Ended December 31,			
	2010	2009 (unaudited)	Increase/(Decrease)	
	(in thousands, except per share data)			
Operating revenues	$72,524	$ 40,487	$32,037	79.1%
Operating expenses:				
Cost of services	20,986	10,491	10,495	100.0%
Selling, general and administrative	17,481	10,919	6,562	60.1%
Restructuring	26	—	26	n/a
Amortization of intangible assets	5,564	1,426	4,138	290.2%
Depreciation and amortization of property, equipment and leasehold improvements	1,798	1,111	687	61.8%
Total operating expenses	45,855	23,947	21,908	91.5%
Operating income	26,699	16,540	10,129	61.2%
Other expense, net	6,113	1,630	4,483	275.0%
Provision for income taxes	6,732	5,651	1,081	19.1%
Net income	$13,824	$ 9,259	$ 4,565	49.3%
Earnings per basic common share	$ 0.11	$ 0.09	$ 0.02	22.2%
Earnings per diluted common share	$ 0.11	$ 0.09	$ 0.02	22.2%
Operating margin	36.8%	40.9%		

The results of RiskMetrics and Measurisk were not included in our results of operations until their acquisition dates of June 1, 2010 and July 30, 2010, respectively. As a result, the primary reason for the changes between the one month ended December 31, 2010 and the one month ended December 31, 2009 was the impact of the acquisitions.

Results of Operations

Year Ended November 30, 2010 Compared to Year Ended November 30, 2009

	For the Years Ended November 30,			
	2010	2009	Increase/(Decrease)	
	(in thousands, except per share data)			
Operating revenues	$662,901	$442,948	$219,953	49.7%
Operating expenses:				
Cost of services	198,626	118,665	79,961	67.4%
Selling, general and administrative	190,244	135,780	54,464	40.1%
Restructuring	8,896	—	8,896	n/a
Amortization of intangible assets	41,599	25,554	16,045	62.8%
Depreciation and amortization of property, equipment and leasehold improvements	17,413	11,957	5,456	45.6%
Total operating expenses	456,778	291,956	164,822	56.5%
Operating income	206,123	150,992	55,131	36.5%
Other expense, net	52,632	19,271	33,361	173.1%
Provision for income taxes	61,321	49,920	11,401	22.8%
Net income	$ 92,170	$ 81,801	$ 10,369	12.7%
Earnings per basic common share	$ 0.82	$ 0.80	$ 0.02	2.5%
Earnings per diluted common share	$ 0.81	$ 0.80	$ 0.01	1.3%
Operating margin	31.1%	34.1%		

Operating Revenues

	For the Years Ended November 30,			
	2010	2009	Increase/(Decrease)	
	(in thousands)			
Index and ESG:				
Subscriptions	$224,600	$188,531	$ 36,069	19.1%
Asset based fees	105,799	71,966	33,833	47.0%
Total index and ESG	330,399	260,497	69,902	26.8%
Risk management analytics	134,521	37,656	96,865	257.2%
Portfolio management analytics	123,159	129,270	(6,111)	(4.7%)
Energy & commodity analytics	16,228	15,525	703	4.5%
Governance	58,594	—	58,594	n/a
Total operating revenues	$662,901	$442,948	$219,953	49.7%

Total operating revenues for the year ended November 30, 2010 increased $220.0 million, or 49.7%, to $662.9 million compared to $442.9 million for the year ended November 30, 2009. Approximately $156.7 million of the growth was comprised of revenues contributed by the acquisitions made during the year ended November 30, 2010. The remaining $63.2 million of growth was comprised of increases in asset based fees and subscription revenues of $33.8 million and $29.4 million, respectively. Subscription revenues consist of our revenues related to index and ESG subscriptions, risk management analytics, portfolio management analytics, energy and commodity analytics and governance products. Our revenues are impacted by changes in exchange rates primarily as they relate to the U.S. dollar. Had the U.S. dollar not strengthened relative to exchange rates at the beginning of the year, our revenues for the year ended November 30, 2010 would have been higher by $8.6 million.

Our index and ESG products primarily consist of equity index subscriptions, equity index asset based fees products and ESG products. Revenues related to index and ESG products increased $69.9 million, or 26.8%, to $330.4 million for the year ended November 30, 2010 compared to $260.5 million in the same period in 2009.

Revenues from the index and ESG subscriptions sub-category were up $36.1 million, or 19.1%, to $224.6 million for the year ended November 30, 2010 compared to $188.5 million in the same period in 2009. Approximately $9.3 million of the growth was comprised of revenues contributed by the acquisitions made during the year ended November 30, 2010. The remaining $26.8 million was attributable to growth primarily in our core benchmark indices.

Revenues attributable to the index asset based fees products sub-category increased $33.8 million, or 47.0%, to $105.8 million for the year ended November 30, 2010 compared to $72.0 million in the same period in 2009. The growth was primarily attributable to the growth in the average value of assets in ETFs linked to MSCI equity indices. The average value of assets in ETFs linked to MSCI equity indices in the aggregate increased 58.7% to $261.1 billion for the year ended November 30, 2010 compared to $164.6 billion for the year ended November 30, 2009. As of November 30, 2010, the value of assets in ETFs linked to MSCI equity indices was $311.0 billion, representing an increase of 32.8% from $234.2 billion as of November 30, 2009.

Of the $311.0 billion of assets in ETFs linked to MSCI equity indices as of November 30, 2010, 45.1% were linked to emerging market indices, 31.9% were linked to developed markets outside of the U.S., 20.1% were linked to U.S. market indices and 2.9% were linked to other global indices.

To conform to industry standards, we have changed our ETF assets under management calculation methodology from ETF price multiplied by the number of shares outstanding to ETF net asset value multiplied by the number of shares outstanding. The cash inflow/outflow figures are based on the change in the shares outstanding between the periods. The numbers in the tables are presented on this basis beginning with the February 2010 quarter. Periods prior to the February 2010 quarter have not been restated and are therefore not comparable. The following table sets forth the value of assets in ETFs linked to MSCI indices and the sequential change of such assets as of the periods indicated:

	Quarter Ended							
	2010				2009			
	November 30,	August 31,	May 31,	February 28,	November 30,	August 31,	May 31,	February 28,
	(amounts in billions)							
AUM in ETFs linked to MSCI Indices	$ 311.0	$ 258.7	$ 238.1	$ 233.5	$ 234.2	$ 199.2	$ 175.9	$ 107.8
Sequential Change in Value								
Market Appreciation/(Depreciation)	$ 28.2	$ 6.8	$ (4.4)	$ (8.6)	$ 18.0	$ 20.1	$ 42.2	$ (13.6)
Cash Inflow/(Outflow)	24.1	13.8	9.0	8.3	17.0	3.2	25.9	2.4
Total Change	$ 52.3	$ 20.6	$ 4.6	$ (0.3)	$ 35.0	$ 23.3	$ 68.1	$ (11.2)

Source: Bloomberg and MSCI

Revenues related to risk management analytics products increased $96.9 million, or 257.2%, to $134.5 million for the year ended November 30, 2010 compared to $37.7 million in the same period in 2009. Approximately $88.9 million of the growth was comprised of revenues contributed by the acquisitions made during the year ended November 30, 2010. The remaining $8.0 million of organic growth primarily reflects an increase of $8.4 million, or 28.9%, to $37.3 million in BarraOne and an increase of $0.6 million, or 26.5%, to $2.7 million in our performance attribution analytics product, partially offset by a decrease of $0.9 million, or 14.2%, to $5.7 million in TotalRisk as we continue to decommission and transition customers to BarraOne.

Our portfolio management analytics products consist of equity portfolio analytics tools and fixed income portfolio analytics tools. Revenues related to portfolio management analytics products decreased $6.1 million, or 4.7%, to $123.2 million for the year ended November 30, 2010 compared to $129.3 million in the same period in 2009. Within the portfolio management analytics products, equity portfolio analytics tools decreased $5.3 million to $117.9 and fixed income analytics tools decreased $0.8 million to $5.3 million.

Our energy and commodity analytics products consist 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 from energy and commodity analytics products increased $0.7 million, or 4.5%, to $16.2 million for the year ended November 30, 2010 compared to $15.5 million in the same period in 2009.

Our governance products consist of institutional governance, including proxy research, recommendation and voting services; corporate governance, including advisory and compensation services; and Financial Research and Analysis (“FR&A”) services, including forensic accounting research and services to aid institutional investors in the recovery of funds from securities litigation. For the year ended November 30, 2010, our governance products contributed $58.6 million to our revenues. The governance product line was acquired with our purchase of RiskMetrics on June 1, 2010 and had no effect on our results of operations prior to that date.

Operating Expenses

Operating expenses increased $164.8 million, or 56.5%, to $456.8 million for the year ended November 30, 2010 compared to $292.0 million in the same period in 2009. Approximately $134.7 million of the increase was comprised of expenses contributed by the acquisitions made during the year ended November 30, 2010. The remaining $30.1 million increase primarily reflects $21.2 million in transaction costs associated with the acquisition of RiskMetrics, higher compensation and non-compensation costs, expenses we incurred in the year ended November 30, 2010 to restructure our operations after our acquisition of RiskMetrics and higher depreciation expense partially offset by reduced amortization of our intangible assets associated with the Barra acquisition. Our operating expenses are impacted by changes in exchange rates primarily as they relate to the U.S. dollar. Using exchange rates for the same period of the prior year, our operating expense in the year ended November 30, 2010 would have been higher by $5.9 million had the U.S. dollar not strengthened relative to the prior year.

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

	Years Ended November 30,		Increase/(Decrease)	
	2010	2009		
	(in thousands)			
Cost of services:				
Compensation and benefits	$147,124	$ 87,672	$ 59,452	67.8%
Non-compensation expenses	51,502	30,993	20,509	66.2%
Total cost of services	198,626	118,665	79,961	67.4%
Selling, general and administrative:				
Compensation and benefits	109,871	92,798	17,073	18.4%
Non-compensation expenses	80,373	42,982	37,391	87.0%
Total selling, general and administrative	190,244	135,780	54,464	40.1%
Restructuring	8,896	—	8,896	n/a
Amortization of intangible assets	41,599	25,554	16,045	62.8%
Depreciation of property, equipment and leasehold improvements	17,413	11,957	5,456	45.6%
Total operating expenses	$456,778	$291,956	$164,822	56.5%
Compensation and benefits	$256,995	$180,470	$ 76,525	42.4%
Non-compensation expenses	131,875	73,975	57,900	78.3%
Restructuring	8,896	—	8,896	n/a
Amortization of intangible assets	41,599	25,554	16,045	62.8%
Depreciation of property, equipment and leasehold improvements	17,413	11,957	5,456	45.6%
Total operating expenses	$456,778	$291,956	$164,822	56.5%

Continued growth of our emerging market centers around the world is an important factor in our ability to manage and control the growth of our compensation and benefit expenses. As of November 30, 2010, the number of employees increased 1,199 to 2,077 from 878 on November 30, 2009. Approximately 89.7% of the increase was attributable to employees who joined the Company as part of the RiskMetrics and Measurisk acquisitions. As of November 30, 2010, approximately 69.2% and 30.8% of our employees perform duties attributable to the cost of services and SG&A categories, respectively. During the year ended November 30, 2010, we continued to manage compensation and benefits expenses through the hiring of staff in emerging market centers. As of November 30, 2010, approximately 30.0% of our employees were located in emerging market centers.

In the year ended November 30, 2010, compensation and benefits costs were $257.0 million, an increase of $76.5 million, or 42.4%, compared to $180.5 million in the same period in 2009. Approximately $73.4 million of the increase was comprised of expenses contributed by the acquisitions made during the year ended November 30, 2010. The remaining $3.1 million primarily reflects $15.0 million of increased costs related to current staff and increased staffing levels partially offset by $11.7 million of decreased stock based compensation costs.

Included in compensation and benefits costs, stock based compensation expense for the year ended November 30, 2010 was $28.6 million, a decrease of 18.2% compared to $34.9 million in the same period of 2009. The decrease was comprised primarily of lower expenses associated with the founders grant award and the amortization of restricted stock units associated with the 2008 annual bonus partially offset by the expense associated with the performance award granted in June 2010 to certain of our employees, the amortization of awards assumed upon the acquisition of RiskMetrics and amortization of restricted stock units granted as a component of the 2009 annual bonus awards. Approximately $8.2 million and $26.7 million of the stock based compensation expense was related to the founders grant award for the years ended November 30, 2010 and 2009, respectively. The decrease in the expense related to the founders grant award is primarily attributable to the vestings of the award. Approximately $4.2 million of the stock based compensation expense for the year ended November 30, 2010 was related to the performance award granted in June 2010.

Non-compensation expenses for the year ended November 30, 2010 was $131.9 million, an increase of $57.9 million, or 78.3%, compared to $74.0 million in the same period of 2009. Approximately $26.2 million of the increase was comprised of expenses contributed by the acquisitions made during the year ended November 30, 2010. The remaining $31.7 million increase reflects $21.2 million in costs related to acquire RiskMetrics as well as increased third party consulting, travel and entertainment, information technology, occupancy, recruiting, other tax and license fees and market data costs of $12.3 million. The increases were partially offset by a $1.8 million year over year decrease in costs resulting from the elimination of costs allocated by Morgan Stanley following our May 22, 2009 separation.

Cost of Services

Cost of services includes costs related to our research, data operations and technology, software engineering and product management and proxy research and voting functions. Compensation and benefits generally contribute to a majority of our expense increases from period to period, reflecting increases for existing staff and increased staffing levels. For the year ended November 30, 2010, total cost of services expenses increased 67.4% to $198.6 million compared to $118.7 million for the year ended November 30, 2009. Approximately $74.7 million of the increase was comprised of expenses contributed by the acquisitions made during the year ended November 30, 2010. The remaining $5.3 million increase was largely due to an increase in compensation and benefits, travel and entertainment and market data costs partially offset by lower information technology costs.

Compensation and benefits expenses for the year ended November 30, 2010 increased $59.5 million to $147.1 million compared to $87.7 million for the year ended November 30, 2009. Approximately $55.0 million of the increase was the result of the acquisitions made during the year ended November 30, 2010. The remaining $4.5 million increase was largely due to the cost associated with increased staffing levels partially offset by lower share-based compensation and employee benefit and severance costs.

Non-compensation expenses for the year ended November 30, 2010 increased approximately $20.5 million to $51.5 million compared to $31.0 million for the year ended November 30, 2009. Approximately $19.7 million of the increase was the result of the acquisitions made during the year ended November 30, 2010. The remaining $0.8 million increase was largely due to increased travel and entertainment and market data costs partially offset by lower information technology costs.

Our cost of services expenses are impacted by changes in exchange rates primarily as they relate to the U.S. dollar. Had the U.S. dollar not strengthened relative to exchange rates at the beginning of the year, our cost of services for the year ended November 30, 2010 would have been higher by $2.4 million.

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, consulting services and information technology costs. SG&A expenses increased 40.1% to $190.2 million for the year ended November 30, 2010 compared to $135.8 million for the year ended November 30, 2009. Approximately $25.0 million of the increase was the result of the acquisitions made during the year ended November 30, 2010.

Compensation and benefits expenses increased $17.1 million, or 18.4%, to $109.9 million for the year ended November 30, 2010 compared to $92.8 million for the same period in 2009. Approximately $18.4 million of the increase was the result of the acquisitions made during the year ended November 30, 2010. The remaining $1.3 million decrease was largely due to decreased share-based compensation and employee benefit and severance costs partially offset by increased costs associated with current staff and increased staffing levels.

Non-compensation expenses for the year ended November 30, 2010 increased approximately $37.4 million to $80.4 million compared to $43.0 million for the year ended November 30, 2009. Approximately $6.6 million of the increase was the result of the acquisitions made during the year ended November 30, 2010. The remaining $30.8 million increase was largely due to $21.2 million in costs related to the acquisition of RiskMetrics as well as increased third party consulting, information technology, occupancy, recruiting, travel and entertainment and other tax and license fees of $10.9 million. The increases were partially offset by a $1.4 million year over year decrease in costs resulting from the elimination of costs allocated by Morgan Stanley following our separation on May 22, 2009.

Our SG&A expenses are impacted by changes in exchange rates primarily as they relate to the U.S. dollar. Had the U.S. dollar not strengthened relative to exchange rates at the beginning of the year, our SG&A expenses for the year ended November 30, 2010 would have been higher by $2.9 million.

Within SG&A, selling expenses increased 37.0% to $67.9 million and general and administrative expenses increased 41.9% to $122.3 million for the year ended November 30, 2010.

Restructuring

During the year ended November 30, 2010, MSCI’s management approved, committed to and initiated a plan to restructure the Company’s operations due to its acquisition of RiskMetrics. Restructuring expense of $8.9 million, consisting of approximately $6.6 million of expense associated with the elimination of overlapping positions, $1.3 million of expense associated with duplicative occupancy costs and $1.0 million of expense associated with the discontinuance of the planned integration of a product into RiskMetrics’ standard product offering suite, was recognized during the year ended November 30, 2010.

Amortization of Intangibles

Amortization of intangibles expense relates to the intangible assets arising from the acquisition of Barra in June 2004, RiskMetrics in June 2010 and Measurisk in July 2010. For the year ended November 30, 2010, amortization of intangibles expense totaled $41.6 million compared to $25.6 million for the year ended November 30, 2009. The increase of $16.0 million consisted of $24.5 million of increased amortization associated with the intangible assets acquired in the acquisitions made during the year ended November 30, 2010 partially offset by $8.5 million of decreased amortization associated with the acquisition of Barra. The decrease was because a portion of those intangible assets became fully amortized at the end of fiscal 2009.

Depreciation and amortization of property, equipment and leasehold improvements

For the years ended November 30, 2010 and 2009, depreciation and amortization of property, equipment and leasehold improvements totaled $17.4 million and $12.0 million, respectively. Approximately $3.4 million of the increase is the result of depreciating property, equipment and leasehold improvements acquired as a result of the acquisitions made during the year ended November 30, 2010.

Other Expense (Income), Net

Other expense (income), net for the year ended November 30, 2010 was $52.6 million, an increase of $33.4 million compared to the year ended November 30, 2009. Approximately $31.6 million of the change reflects increased interest expense resulting from the $1,275.0 million term loan we assumed as part of our acquisition of RiskMetrics and interest expense associated with the accelerated amortization of deferred financing and debt discount costs as a result of our termination of our former term loans was recognized during the year ended November 30, 2010. The remaining $1.8 million increase primarily reflects $2.6 million of increased foreign exchange losses partially offset by $1.0 million of increased miscellaneous non-operating income recognized during the year ended November 30, 2010 compared to the same period of 2009.

Income Taxes

The provision for income tax expense was $61.3 million for the year ended November 30, 2010, an increase of $11.4 million, or 22.8%, compared to $49.9 million for the same period in 2009. Our effective tax rate was 40.0% for the year ended November 30, 2010 and reflects the impact of the RiskMetrics acquisition costs, some of which were not tax deductible and increased our effective tax rate by approximately 2.6%. Our effective tax rate was 37.9% for the year ended November 30, 2009.

Segment Results of Operations

The table below reflects the results of operations by operating segment for the years ended November 30, 2010 and 2009:

	Year Ended November 30, 2010			Year Ended November 30, 2009		
	Performance and Risk	Governance	Total	Performance and Risk	Governance	Total
		(in thousands)				
Operating revenues	$ 604,307	$ 58,594	$662,901	$ 442,948	$ —	$442,948
Cost of services	165,623	33,003	198,626	118,665	—	118,665
Selling, general and administrative	180,614	9,630	190,244	135,780	—	135,780
Restructuring	6,673	2,223	8,896	—	—	—
Amortization of intangible assets	34,899	6,700	41,599	25,554	—	25,554
Depreciation expense	16,129	1,284	17,413	11,957	—	11,957
Total operating expenses	403,938	52,840	456,778	291,956	—	291,956
Operating income	200,369	5,754	206,123	150,992	—	150,992
Other expense (income), net			52,632			19,271
Income before provision for income taxes			153,491			131,721
Provision for income taxes			61,321			49,920
Net income			$ 92,170			$ 81,801

Our operating segments were established as a result of the acquisitions we made during the second half of the year ended November 30, 2010. The explanation of segment results excluding the impact of the acquisitions made would be substantially the same as the whole company results discussed in “Results of Operations” above.

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, proceeds from the maturity and sale of our short-term investments, existing cash and cash equivalents and borrowing capacity under our credit facilities. 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 and acquisitions. 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 June 1, 2010, we entered into a senior secured credit agreement with Morgan Stanley Senior Funding, Inc., as administrative agent, Morgan Stanley & Co. Incorporated, as collateral agent, and the other lenders party thereto, which was comprised of (i) a $1,275.0 million six-year term loan facility (the “2010 Term Loan”) and (ii) a $100.0 million five-year revolving credit facility, which included a $25.0 million letter of credit subfacility and a $10.0 million swingline loan subfacility (the “Revolving Credit Facility” and together with the 2010 Term Loan, the “New Credit Facility”). We were required to repay 1.00% of the principal of the 2010 Term Loan per year in quarterly installments. The credit facility also contained a number of mandatory prepayment requirements, including a requirement to repay a specified amount of the 2010 Term Loan annually from a portion of our excess cash flows (as defined in the credit facility, which varied based on our leverage ratio). Any remaining principal of the 2010 Term Loan was to be payable on the final maturity date of the facility. In February 2011, we made a prepayment of $56.0 million on the 2010 Term Loan from our excess cash flows.

On March 14, 2011, we completed the repricing of the existing senior secured term loan facility under the New Credit Facility pursuant to Amendment No. 2 to the New Credit Facility ("Amendment No. 2"). Amendment No. 2 provided for the incurrence of a new senior secured loan (the "2011 Term Loan") in an aggregate principal amount of $1,125.0 million. The proceeds of the 2011 Term Loan, together with $87.6 million of cash on hand, were used to repay the remaining $1,212.6 million outstanding balance of the 2010 Term Loan in full.

The 2011 Term Loan matures in March 2017. The Revolving Credit Facility matures in June 2015 and is available to fund our working capital requirements and for other general corporate purposes. Amendment No. 2 decreased the interest rate applicable to the 2011 Term Loan from LIBOR plus 3.25% (with a leverage-based stepdown) to LIBOR plus 2.75% (with a leverage-based stepdown) and reduced the LIBOR floor applicable to the 2011 Term Loan from 1.50% to 1.00%. Prepayments or amendments of the 2011 Term Loan that constitute a "repricing transaction" (as defined in Amendment No. 2) will be subject to a premium of 1.00% of the 2011 Term Loan if prepaid or amended on or prior to March 14, 2012. Prepayments and repricings made after March 14, 2012 will not be subject to premium or penalty. Amendment No. 2 contains a number of mandatory prepayment requirements, including a requirement to repay a specified amount of the 2011 Term Loan annually from a portion of our excess cash flows (as defined in the New Credit Facility, as amended, which varies based on our leverage ratio). For unused credit under the Revolving Credit Facility, we pay an annual 0.75% non-usage fee.

On December 30, 2011, we made a $35.0 million prepayment on the New Credit Facility, as amended. This prepayment did not constitute a "repricing transaction."

We primarily use interest rate swaps as part of our interest rate risk management strategy. During the year ended December 31, 2011, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. As a result of the repayment of the 2010 Term Loan on March 14, 2011, we discontinued prospective hedge accounting on our then-existing interest rate swaps as they no longer met hedge accounting requirements. We will continue to report the net loss related to the discontinued cash flow hedges in Other Comprehensive Income and expect to reclassify this amount into earnings during the contractual term of the swap agreements.

On March 22, 2011, we terminated our then-existing interest rate swaps and simultaneously entered into new interest rate swaps to hedge the 2011 Term Loan variable-rate debt. As of December 31, 2011, we had two outstanding interest rate swaps with a combined notional principal amount of $419.8 million that were designated as cash flow hedges of interest rate risk.

The effective combined rate on our hedged and unhedged debt was 4.13% for the year ended December 31, 2011.

The obligations under the New Credit Facility, as amended, are guaranteed by each of our direct and indirect wholly-owned domestic subsidiaries, subject to limited exceptions. The obligations under the New Credit Facility, as amended, are secured by a lien on substantially all of the equity interests of our present and future domestic subsidiaries, up to 65% of the equity interests of our first-tier foreign subsidiaries, and substantially all of our and our domestic subsidiaries' present and future property and assets, subject to certain exceptions.

The New Credit Facility, as amended, contains affirmative and restrictive covenants that, among other things, limit our ability and our existing or future subsidiaries' abilities 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;
- make capital expenditures;
- 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;
- modify or waive certain material documents; and
- prepay, redeem or repurchase debt.

The New Credit Facility, as amended, also requires us to achieve specified financial and operating results and maintain compliance with the following financial ratios on a consolidated basis: (1) a maximum total leverage ratio (as defined in the New Credit Facility, as amended) measured quarterly on a rolling four-quarter basis shall not exceed 3.25:1.00 and (2) a minimum interest coverage ratio (as defined in the New Credit Facility, as amended) measured quarterly on a rolling four-quarter basis shall be at least 5.00:1.00. As of December 31, 2011, our Consolidated Leverage Ratio as defined in the New Credit Facility, as amended, was 2.43:1.00 and our Consolidated Interest Coverage Ratio as defined in the New Credit Facility, as amended, was 8.43:1.00.

The New Credit Facility, as amended, also contains 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.

We currently lease office space in New York, New York at two locations, One Chase Manhattan Plaza and 88 Pine Street, with combined annual base rents of $3.0 million. The lease at One Chase Manhattan Plaza ends in August 2012 and the lease at 88 Pine Street ends in December 2014. On September 16, 2011, we entered into a new lease agreement with 7 World Trade Center, LLC (the "Landlord"), pursuant to which we will rent approximately 126,000 square feet of office space for our new corporate headquarters at 7 World Trade Center, New York, New York (the "Lease"). We commenced leasing the 7 World Trade Center offices on February 1, 2012 (the "Commencement Date").

The Lease is initially scheduled to expire on February 28, 2033, subject to our option to renew the Lease for an additional ten years after the initial expiration date. We also have the option to terminate the Lease early on February 1, 2028, subject to compliance with the terms and conditions of the Lease, including the payment of a termination fee. The aggregate rent over the life of the Lease is approximately $170.1 million plus certain customary expenses. From the Commencement Date through and including January 31, 2018, the day preceding the fifth anniversary of February 1, 2013 (the “Rent Commencement Date”), the annual rent paid will be approximately $7.3 million. Thereafter, the annual rent to be paid increases 10% on each of the fifth, tenth and fifteenth anniversaries of the Rent Commencement Date.

We expect to pay approximately $22.0 million in build-out costs to ready the 7 World Trade Center offices into which we expect to move during the second half of the year ending December 31, 2012. This amount is expected to be incremental to our current capital expenditure amounts. We expect to receive approximately $9.0 million in cash as a lease inducement from the Landlord during the year ending December 31, 2012. Additionally, we currently expect to recognize charges of up to approximately $4.6 million during the second half of the year ending December 31, 2012 as we vacate the 88 Pine Street offices.

Cash flows

	As of	
	December 31, 2011	December 31, 2010
	(in thousands)	
Cash and cash equivalents	$ 252,211	$ 269,423

	For the Year Ended			
	December 31, 2011	November 30, 2010	November 30, 2009	December 31, 2010
		(in thousands)		
Net cash provided by operating activities	$ 254,997	$ 183,354	$ 130,942	$ 43,229
Net cash used in investing activities	$ (90,611)	$ (892,277)	$ (308,216)	$ (711)
Net cash (used in) provided by financing activities	$ (177,994)	$ 758,058	$ 82,542	$ (1,399)
Effect of exchange rates on cash and cash equivalents	$ (3,604)	$ 1,416	$ 2,679	$ 1,729

Cash and cash equivalents

Cash and cash equivalents were $252.2 million and $269.4 million as of December 31, 2011 and 2010, respectively. As of December 31, 2011 and 2010, $130.1 million and $101.6 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 U.S. 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 debt repayment schedules 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 and short-term investments, 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 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 $255.0 million and $183.4 million for the year ended December 31, 2011 and November 30, 2010, respectively. The $71.6 million year-over-year increase primarily reflects increased net income resulting from the full-year impact on earnings of the acquisitions made during the year ended November 30, 2010 in the year ended December 31, 2011. Cash provided by operating activities was $43.2 million for the one month ended December 31, 2010.

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 $90.6 million and $892.3 million for the year ended December 31, 2011 and November 30, 2010, respectively. The $801.7 million increase in cash used in investing activities primarily reflects cash used to make acquisitions in the year ended November 30, 2010 whereas no acquisitions were made during the year ended December 31, 2011. Additionally, during the year ended November 30, 2010, the proceeds from the maturation of short-term investments were used to pay off the 2007 Credit Facility and fund the closing of the RiskMetrics acquisition rather than being reinvested. Capital expenditures increased $9.9 million during the year ended December 31, 2011 compared to the year ended November 30, 2010 as we built out and consolidated our information technology infrastructure. Cash used in investing activities was $0.7 million for the one month ended December 31, 2010.

Cash flows from financing activities

Cash used in financing activities was $178.0 million for the year ended December 31, 2011 compared to cash provided by financing activities of $758.1 million for the year ended November 30, 2010. The year-over-year change of $936.1 million primarily reflects the fact that the New Credit Facility was entered into in the year ended November 30, 2010, the proceeds of which were used to fund the acquisition of RiskMetrics while, in the year ended December 31, 2011, cash payments were made to service and refinance the New Credit Facility, as amended. Cash used in financing activities was $1.4 million for the one month ended December 31, 2010.

Contractual Obligations

Our contractual obligations consist primarily of leases for office space, leases for equipment and other operating leases, obligations to vendors arising out of market data contracts and obligations arising from borrowings under the New Credit Facility, as amended. The following summarizes our contractual obligations:

		Years					
As of December 31, **(in thousands)**	**Total**	**2012**	**2013**	**2014**	**2015**	**2016**	**Thereafter**
Operating leases	$ 286,370	$ 20,413	$ 23,493	$ 23,176	$ 18,911	$ 18,089	$ 182,288
Vendor obligations	34,887	29,327	3,959	1,601	—	—	—
Term loans[1]	1,288,959	51,650	51,229	50,807	50,385	49,963	1,034,925
Total contractual obligations	$ 1,610,216	$ 101,390	$ 78,681	$ 75,584	$ 69,296	$ 68,052	$ 1,217,213

[1] Includes term loan principal plus expected interest payments based on the interest rates at December 31, 2011.

As of December 31, 2011, we have recorded within Other non-current liabilities on our Consolidated Statement of Financial Condition $22.8 million of obligations that may require a cash disbursement to settle. This balance consists of unrecognized tax benefits, unfunded pension obligations, deferred compensation, non-income tax reserves and a contingent payout obligation acquired in the RiskMetrics purchase. We expect to pay approximately $0.2 million towards these obligations in the year ending December 31, 2013. We are not able to reasonably estimate the timing of the payments or the amount by which the remaining liabilities will increase or decrease over time.

Off-Balance Sheet Arrangements

At December 31, 2011 and 2010, we did 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.

Recent Accounting Pronouncements

In October 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2009-13, "*Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements*," or ASU 2009-13. ASU 2009-13 addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting and how the arrangement consideration should be allocated among the separate units of accounting. The adoption of ASU 2009-13 did not have a material impact on our consolidated financial statements.

In October 2009, the FASB issued ASU No. 2009-14, "*Software (Topic 985): Certain Revenue Arrangements That Include Software Elements*," or ASU 2009-14. ASU 2009-14 modifies the scope of the software revenue recognition guidance to exclude (a) non-software components of tangible products and (b) software components of tangible products that are sold, licensed or leased with tangible products when the software components and non-software components of the tangible product function together to deliver the tangible product's essential functionality. The adoption of ASU 2009-14 did not have a material impact on our consolidated financial statements.

In December 2010, the FASB issued ASU No. 2010-28, "*Intangibles—Goodwill and Other (Topic 350),*" or ASU 2010-28. This ASU amends ASC Topic 350. ASU 2010-28 clarifies the requirement to test for impairment of goodwill. ASC Topic 350 has required that goodwill be tested for impairment if the carrying amount of a reporting unit exceeds its fair value. Under ASU 2010-28, when the carrying amount of a reporting unit is zero or negative an entity must assume that it is more likely than not that a goodwill impairment exists, perform an additional test to determine whether goodwill has been impaired and calculate the amount of that impairment. The modifications to ASC Topic 350 resulting from the issuance of ASU 2010-28 were effective for fiscal years beginning after December 15, 2010 and interim periods within those years. The adoption of ASU 2010-28 did not have a material impact on our consolidated financial statements.

In December 2010, the FASB issued ASU No. 2010-29, *"Business Combinations (Topic 805)—Disclosure of Supplementary Pro Forma Information for Business Combinations,"* or ASU 2010-29. This standard update clarifies that, when presenting comparative financial statements, SEC registrants should disclose revenue and earnings of the combined entity as though the current period business combinations had occurred as of the beginning of the comparable prior annual reporting period only. The update also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. ASU 2010-29 was effective prospectively for material (either on an individual or aggregate basis) business combinations entered into in fiscal years beginning on or after December 15, 2010. The adoption of ASU 2010-29 did not have a material impact on our consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, *"Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs,"* or ASU 2011-04. ASU 2011-04 changes the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements to ensure consistency between U.S. GAAP and International Financial Reporting Standards ("IFRS"). ASU 2011-04 also expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This new guidance is to be applied prospectively for interim and annual periods beginning after December 15, 2011. We anticipate that the adoption of this standard will not materially change our consolidated financial statements.

In June 2011, the FASB issued ASU No. 2011-05, *"Presentation of Comprehensive Income*," or ASU 2011-05. The issuance of ASU 2011-05 is intended to improve the comparability, consistency and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income. The guidance in ASU 2011-05 supersedes the presentation options in ASC Topic 220 and facilitates convergence of U.S. generally accepted accounting principles and International Financial Reporting Standards by eliminating the option to present components of other comprehensive income as part of the statement of changes in shareholders' equity and requiring that all nonowner changes in shareholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In December 2011, the FASB issued ASU No. 2011-12, "*Comprehensive Income (Topic 220)*," or ASU 2011-12. In ASU 2011-12, the FASB decided that the specific requirement under ASU 2011-05 to present items that are reclassified from other comprehensive income to net income alongside their respective components of net income and other comprehensive income will be deferred indefinitely. Therefore, those requirements will not be effective for public entities for fiscal years and interim periods within those years beginning after December 15, 2011. The remaining provisions covered by ASU 2011-05 are effective for interim periods and years beginning after December 15, 2011 with early adoption permitted. The adoption of ASU 2011-05 did not have a material impact on our consolidated financial statements.

In September 2011, the FASB issued ASU 2011-08, *"Testing Goodwill for Impairment,"* or ASU 2011-08, which amends the guidance in ASC subtopic 350-20, *"Intangibles—Goodwill and Other—Goodwill."* Under ASU 2011-08, entities have the option of performing a qualitative assessment before calculating the fair value of the reporting unit when testing goodwill for impairment. If the fair value of the reporting unit is determined, based on qualitative factors, to be more likely than not less than the carrying amount of the reporting unit, entities are then required to perform the two-step goodwill impairment test. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued. We adopted ASU 2011-08 during the quarter ended September 30, 2011. The adoption of ASU 2011-08 did not have a material impact on our consolidated financial statements as no impairment of our goodwill was recognized.

Item 7A. *Qualitative and Quantitative 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 percentage 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, revenue and expenses are translated using average monthly exchange rates and assets and liabilities are translated into U.S. dollars using month-end exchange rates. For these operations, currency translation adjustments arising from a change in the rate of exchange between the functional currency and the U.S. dollar are accumulated in a separate component of shareholders' equity. In addition, transaction gains and losses arising from a change in exchange rates for transactions denominated in a currency other than the functional currency of the entity are reflected in other non-operating expense (income).

Revenues from index-linked investment products represented approximately 15.6% and 16.0% of operating revenues for the years ended December 31, 2011 and November 30, 2010, respectively. While our fees for index-linked investment products are generally invoiced in U.S. dollars, the fees are based on the investment product's assets, a significant percentage 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, Japanese Yen and a limited number of other non-U.S. dollar currencies. For the years ended December 31, 2011 and November 30, 2010, approximately 13.4% and 12.8%, respectively, of our operating revenues were invoiced in currencies other than U.S. dollars. For the year ended December 31, 2011, 60.6% of our foreign currency revenues were in Euros, 21.9% were in Japanese Yen and 9.9% were in British Pounds. For the year ended November 30, 2010, 55.9% of our foreign currency revenues were in Euros, 28.2% were in Japanese Yen and 10.3% were in British Pounds.

We are exposed to additional foreign currency risk in certain of our operating costs. Approximately 34.1% and 34.2% of our operating expenses for the years ended December 31, 2011 and November 30, 2010, respectively, were denominated in foreign currencies, the significant majority of which were denominated in British Pounds, Swiss Francs, Hong Kong Dollars, Euros, Hungarian Forints, Indian Rupees, Mexican Pesos and Japanese Yen. Expenses incurred in foreign currency may increase as we expand our business outside the U.S.

We have certain assets and liabilities denominated in currencies other than local functional amounts and when these balances are remeasured into their local functional currency, a gain or loss results from the change in value of the functional currency. As a result of these positions, we recognized foreign currency exchange gains of $1.1 million for the year ended December 31, 2011 and foreign exchange losses of $3.0 million and $0.4 million for the years ended November 30, 2010 and 2009, respectively. The gains on foreign currency exchange in the year ended December 31, 2011 were primarily due to the weakening of the U.S. dollar as compared to the Japanese Yen in the fiscal year. We do not currently hedge the foreign exchange risk of assets and liabilities denominated in currencies other than the functional currency.

Interest Rate Sensitivity

We had unrestricted cash and cash equivalents totaling $252.2 million and $269.4 million at December 31, 2011 and 2010, respectively. These amounts were held primarily in checking and money market accounts in the countries where we maintain banking relationships. The unrestricted cash and cash equivalents are held for working capital purposes. At December 31, 2011 and 2010, we had invested $140.5 million and $72.8 million, respectively, in debt securities with maturity dates ranging from 91 to 360 days from the date of purchase. We do not enter into investments for trading or speculative purposes. We believe we do not have any material exposure to changes in fair value as a result of changes in interest rates. Declines in interest rates, however, will reduce future interest income.

Borrowings under the New Credit Facility bear interest at a rate equal to the sum of the greater of the London Interbank Offered Rate or 1.00%, and a margin of 2.75%, which margin will be subject to adjustment based on our leverage ratio.

The Company entered into interest rate swap agreements which will be amortized through August 2013. The swap agreements were designated as cash flow hedges of interest rate risk and qualify for hedge accounting treatment under ASC Subtopic 815-10. Changes in LIBOR will affect the interest rate on the portion of our credit facilities which have not been hedged by the interest rate swaps and, therefore, our costs under the credit facilities. Assuming an average of $661.8 million of variable rate debt outstanding, a hypothetical 1.42% basis point increase in LIBOR for a one year period would result in approximately $6.6 million of additional interest rate expense.

We recorded a pre-tax loss in other comprehensive income of $2.4 million ($1.5 million after tax) for the year ended December 31, 2011 as a result of the fair value measurement of these swaps. The fair value of these swaps is included in other accrued liabilities on our Consolidated Statement of Financial Condition.

Item 8. *Financial Statements and Supplementary Data*

The information required by this Item is set forth beginning on page F-1 of this Annual Report on Form 10-K.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

Item 9A. *Controls and Procedures*

(a). Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") as appropriate, to allow timely decisions regarding required disclosure.

Management of the Company, with the participation of its CEO and CFO, evaluated the effectiveness of the Company's disclosure controls and procedures. Based on their evaluation, as of the end of the period covered by this Form 10-K, the Company's CEO and CFO have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective.

(b). Management's Report On Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers and is affected by the Company's board of directors, management and other personnel, 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 ("GAAP") and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets,
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of management and directors of the Company, and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time. Our system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2011 based on the criteria described in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on this assessment, management, including the Company's CEO and CFO, concluded that our internal control over financial reporting was effective as of December 31, 2011.

Our independent registered public accounting firm has audited and issued a report on the effectiveness of our internal control over financial reporting as of December 31, 2011, which appears below.

(c). Changes in Internal Control Over Financial Reporting

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 year ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

(d). Report of Independent Registered Accounting Firm

To the Board of Directors and Shareholders of MSCI Inc.

We have audited the internal control over financial reporting of MSCI Inc. and subsidiaries (the "Company") as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of financial condition of the Company as of December 31, 2011 and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the year ended December 31, 2011 and our report dated February 29, 2012 expressed an unqualified opinion on those financial statements and includes an explanatory paragraph concerning the Company changing its fiscal year end from November 30 to December 31.

/s/ DELOITTE & TOUCHE LLP
New York, New York
February 29, 2012

Item 9B. *Other Information*

On February 10, 2012, a New York Post reporter contacted ISS stating that a whistleblower had made a complaint to the SEC. According to the reporter, the complaint alleges that an ISS employee had provided client voting data to proxy solicitors in return for cash and other gifts. ISS is treating this matter extremely seriously. We have launched an internal investigation into the matter and have placed the employee identified by the reporter on administrative leave while we further investigate the allegations. The Company is also cooperating with the investigations of both the SEC and Department of Justice with respect to this matter.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, which will be filed no later than 120 days after December 31, 2011.

Information regarding our Code of Ethics and Business Conduct and Corporate Governance Policy are incorporated herein by reference from our Proxy Statement, which will be filed no later than 120 days after December 31, 2011. Any amendments to, or waivers from, a provision of our Codes of Ethics that apply to our principal executive officer, principal financial officer, controller, or persons performing similar functions and that relates to any element of the Code of Ethics enumerated in paragraph (b) of Item 406 of Regulation S-K shall be disclosed by posting such information on our website at www.mscibarra.com. The information on our website is not and should not be considered a part of this Annual Report on Form 10-K.

Item 11. *Executive Compensation*

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, which will be filed no later than 120 days after December 31, 2011.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, which will be filed no later than 120 days after December 31, 2011. Market for Registrant’s Common Equity, Related Stockholder Matters And Issuer Purchases of Equity Securities” of this report is incorporated herein by reference.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, which will be filed no later than 120 days after December 31, 2011.

Item 14. *Principal Accounting Fees and Services*

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, which will be filed no later than 120 days after December 31, 2011.

PART IV

Item 15. *Exhibits and Financial Statement Schedules*

(a)(1) ***Financial Statements***

The financial statements begin on page F-1 of this Annual Report on Form 10-K.

(a)(2) ***Financial Statement Schedules***

No financial statement schedules are provided because the information called for is not applicable or not required or is included in the consolidated financial statements or the notes thereto beginning on page F-1.

(a)(3) ***Exhibits***

The information required by this Item is set forth on the exhibit index that follows the financial statements and notes thereto beginning on page F-1 of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the 29th day of February, 2012.

MSCI INC.

By: /S/ HENRY A. FERNANDEZ
Name: Henry A. Fernandez
Title: Chairman, Chief Executive Officer and President

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David M. Obstler, Gary Retelny and Frederick W. Bogdan, and each or any one of them, his or her true and lawful attorneys-in-fact and agents, with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in the capacities indicated below, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming his or her signatures as they may be signed by his or her said attorneys-in-fact and agents, or their substitute or substitutes, to any and all amendments to this Annual Report on Form 10-K.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/S/ HENRY A. FERNANDEZ Henry A. Fernandez	Chairman, Chief Executive Officer, and President (principal executive officer)	February 29, 2012
/S/ DAVID M. OBSTLER David M. Obstler	Chief Financial Officer (principal financial officer and principal accounting officer)	February 29, 2012
/S/ BENJAMIN F. DUPONT Benjamin F. duPont	Director	February 29, 2012
/S/ ALICE W. HANDY Alice W. Handy	Director	February 29, 2012
/S/ CATHERINE R. KINNEY Catherine R. Kinney	Director	February 29, 2012
/S/ LINDA H. RIEFLER Linda H. Riefler	Director	February 29, 2012
/S/ GEORGE W. SIGULER George W. Siguler	Director	February 29, 2012

Signature	Title	Date
/S/ SCOTT M. SIPPRELLE Scott M. Sipprelle	Director	February 29, 2012
/S/ PATRICK TIERNEY Patrick Tierney	Director	February 29, 2012
/S/ RODOLPHE M. VALLEE Rodolphe M. Vallee	Director	February 29, 2012

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of MSCI Inc:

We have audited the accompanying consolidated statements of financial condition of MSCI Inc. and subsidiaries (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the year ended December 31, 2011, the one month ended December 31, 2010 and the fiscal years ended November 30, 2010 and 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of MSCI Inc. and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the year ended December 31, 2011, the one month ended December 31, 2010 and the fiscal years ended November 30, 2010 and 2009, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, the Company changed its fiscal year end from November 30 to December 31.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2011, based on the criteria established in "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 29, 2012 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
New York, New York
February 29, 2012

MSCI INC.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	As of	
	December 31, 2011	December 31, 2010
	(in thousands, except per share and share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 252,211	$ 269,423
Short-term investments	140,490	72,817
Trade receivables (net of allowances of $857 and $877 as of December 31, 2011 and 2010, respectively)	180,566	137,988
Deferred taxes	40,952	57,525
Prepaid income taxes	38,022	18,894
Prepaid and other assets	25,702	18,315
Total current assets	677,943	574,962
Property, equipment and leasehold improvements (net of accumulated depreciation of $60,088 and $44,908 at December 31, 2011 and 2010, respectively)	37,623	35,723
Goodwill	1,708,585	1,706,671
Intangible assets (net of accumulated amortization of 255,579 and $196,061 at December 31, 2011 and 2010, respectively)	644,881	710,686
Other non-current assets	23,964	29,439
Total assets	$3,092,996	$3,057,481
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 239	$ 213
Accrued compensation and related benefits	107,506	95,992
Other accrued liabilities	45,504	46,140
Current maturities of long term debt	10,339	54,932
Deferred revenue	289,217	268,807
Total current liabilities	452,805	466,084
Long term debt, net of current maturities	1,066,548	1,207,966
Deferred taxes	240,456	254,147
Other non-current liabilities	27,755	27,114
Total liabilities	1,787,564	1,955,311
Commitments and Contingencies (see Note 7)		
Shareholders' equity:		
Preferred stock (par value $0.01; 100,000,000 shares authorized; no shares issued)	—	—
Common stock (par value $0.01; 500,000,000 class A shares and 250,000,000 class B shares authorized; 122,713,226 and 120,667,613 class A shares issued and 121,212,191 and 119,594,811 class A shares outstanding at December 31, 2011 and 2010, respectively; no class B shares issued and outstanding at December 31, 2011 and 2010, respectively)	1,227	1,207
Treasury shares, at cost (1,501,035 and 1,072,802 shares at December 31, 2011 and 2010, respectively)	(49,827)	(35,201)
Additional paid in capital	995,665	947,000
Retained earnings	363,461	190,007
Accumulated other comprehensive loss	(5,094)	(843)
Total shareholders' equity	1,305,432	1,102,170
Total liabilities and shareholders' equity	$3,092,996	$3,057,481

See Notes to Consolidated Financial Statements.

MSCI INC.

CONSOLIDATED STATEMENTS OF INCOME

	For the Years Ended			One Month Ended
	December 31, 2011	November 30, 2010	November 30, 2009	December 31, 2010
	(in thousands, except per share data)			
Operating revenues	$ 900,941	$ 662,901	$ 442,948	$ 72,524
Cost of services	277,147	198,626	118,665	20,986
Selling, general and administrative	212,972	190,244	135,780	17,481
Restructuring	3,594	8,896	—	26
Amortization of intangible assets	65,805	41,599	25,554	5,564
Depreciation and amortization of property, equipment and leasehold improvements	19,425	17,413	11,957	1,798
Total operating expenses	578,943	456,778	291,956	45,855
Operating income	321,998	206,123	150,992	26,669
Interest income	(848)	(993)	(1,053)	(68)
Interest expense	55,819	51,337	19,683	6,054
Other expense	3,614	2,288	641	127
Other expense (income), net	58,585	52,632	19,271	6,113
Income before provision for income taxes	263,413	153,491	131,721	20,556
Provision for income taxes	89,959	61,321	49,920	6,732
Net income	$ 173,454	$ 92,170	$ 81,801	$ 13,824
Earnings per basic common share	$ 1.43	$ 0.82	$ 0.80	$ 0.11
Earnings per diluted common share	$ 1.41	$ 0.81	$ 0.80	$ 0.11
Weighted average shares outstanding used in computing earnings per share:				
Basic	120,717	112,074	100,607	119,943
Diluted	122,276	113,357	100,860	121,803

See Notes to Consolidated Financial Statements.

MSCI INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Years Ended			One Month Ended
	December 31, 2011	November 30, 2010	November 30, 2009	December 31, 2010
		(in thousands)		
Net income	$ 173,454	$ 92,170	$ 81,801	$ 13,824
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(4,363)	4,195	418	855
Income tax effect	1,711	(1,640)	(89)	(334)
	(2,652)	2,555	329	521
Unrealized (loss) gain on cash flow hedges	(2,445)	3,607	(1,737)	1,111
Income tax effect	957	(1,408)	716	(434)
	(1,488)	2,199	(1,021)	677
Unrealized (loss) gain on available-for-sale securities	(11)	5	—	11
Income tax effect	4	(2)	—	(4)
	(7)	3	—	7
Periodic pension adjustment	(145)	1,228	823	(88)
Income tax effect	41	(361)	(367)	6
	(104)	867	456	(82)
Other comprehensive (loss) income, net of tax	(4,251)	5,624	(236)	1,123
Comprehensive income	$ 169,203	$ 97,794	$ 81,565	$ 14,947

See Notes to Consolidated Financial Statements.

MSCI INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS’ EQUITY

	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
			(in thousands)			
Balance at November 30, 2008	$ 1,001	$ (681)	$ 291,204	$ 2,212	$ (7,354)	$ 286,382
Net income				81,801		81,801
Foreign currency translation adjustment					329	329
Net changes in unrealized losses on cash flow hedges					(1,021)	(1,021)
Periodic pension adjustment					456	456
Common stock issued in offering	38		115,717			115,755
Common stock issued	15					15
Compensation payable in common stock and options			34,302			34,302
Common stock repurchased and held in treasury		(18,487)				(18,487)
Exercise of stock options			597			597
Excess tax benefits from employee stock incentive plans			6,927			6,927
Balance at November 30, 2009	1,054	(19,168)	448,747	84,013	(7,590)	507,056
Net income				92,170		92,170
Foreign currency translation adjustment					2,555	2,555
Net changes in unrealized losses on cash flow hedges					2,199	2,199
Unrealized gain on available-for-sale securities					3	3
Periodic pension adjustment					867	867
Common stock issued	10					10
Common stock issued to acquire RiskMetrics Group, Inc.	126		371,689			371,815
Compensation payable in common stock and options			31,741			31,741
Compensation payable in common stock assumed to acquire RiskMetrics Group, Inc.			53,879			53,879
Common stock repurchased and held in treasury		(14,151)				(14,151)
Exercise of stock options	15		23,421			23,436
Excess tax benefits from employee stock incentive plans			8,537			8,537
Balance at November 30, 2010	$ 1,205	$ (33,319)	$ 938,014	$ 176,183	$ (1,966)	$1,080,117
Net income				13,824		13,824
Foreign currency translation adjustment					521	521
Net changes in unrealized losses on cash flow hedges					677	677
Unrealized gain on available-for-sale securities					7	7
Periodic pension adjustment					(82)	(82)
Common stock issued	1					1
Compensation payable in common stock and options			8,504			8,504
Common stock repurchased and held in treasury		(1,882)				(1,882)
Exercise of stock options	1		185			186
Excess tax benefits from employee stock incentive plans			297			297
Balance at December 31, 2010	$ 1,207	$ (35,201)	$ 947,000	$ 190,007	$ (843)	$1,102,170
Net income				173,454		173,454
Foreign currency translation adjustment					(2,652)	(2,652)
Net changes in unrealized losses on cash flow hedges					(1,488)	(1,488)
Unrealized gain on available-for-sale securities					(7)	(7)
Periodic pension adjustment					(104)	(104)
Common stock issued	10					10
Compensation payable in common stock and options			24,981			24,981
Common stock repurchased and held in treasury		(14,626)				(14,626)
Exercise of stock options	10		16,421			16,431
Excess tax benefits from employee stock incentive plans			7,263			7,263
Balance at December 31, 2011	$ 1,227	$ (49,827)	$ 995,665	$ 363,461	$ (5,094)	$1,305,432

See Notes to Consolidated Financial Statements.

MSCI INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended			One Month Ended
	December 31, 2011	November 30, 2010	November 30, 2009	December 31, 2010
		(in thousands)		
Cash flows from operating activities				
Net income	$ 173,454	$ 92,170	$ 81,801	$ 13,824
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization of intangible assets	65,805	41,599	25,554	5,564
Share-based compensation	31,723	32,285	35,161	2,843
Depreciation of property, equipment and leasehold improvements	19,425	17,413	11,957	1,798
Amortization of debt origination fees	5,776	8,090	1,432	548
Deferred taxes	5,625	926	(14,338)	2,852
Amortization of discount on long-term debt	1,051	1,337	165	101
Excess tax benefits from share-based compensation	(7,263)	(8,537)	(6,927)	(297)
Other non-cash adjustments	1,542	3,246	1,510	(5)
Changes in assets and liabilities, net of assets acquired and liabilities assumed:				
Trade receivables	(42,284)	(35,851)	8,560	10,026
Due from related parties	—	—	1,765	—
Prepaid income taxes	(10,743)	17,241	(9,177)	2,263
Prepaid and other assets	(8,525)	3,308	5,787	1,015
Accounts payable	57	(2,653)	688	(1,950)
Payable to related parties	—	—	(34,992)	—
Deferred revenue	19,379	3,980	4,618	(3,321)
Accrued compensation and related benefits	6,406	15,574	5,515	2,103
Other accrued liabilities	(3,400)	(6,523)	1,499	6,897
Other	(3,031)	(251)	10,364	(1,032)
Net cash provided by operating activities	254,997	183,354	130,942	43,229
Cash flows from investing activities				
Acquisitions, net of cash acquired	—	(1,101,243)	—	—
Proceeds from redemption of short-term investments	150,292	416,550	268,582	1,100
Purchase of investments	(217,792)	(194,416)	(563,386)	—
Capital expenditures	(23,111)	(13,190)	(13,412)	(1,811)
Proceeds from the sale of property, equipment and leasehold improvements	—	22	—	—
Net cash used in investing activities	(90,611)	(892,277)	(308,216)	(711)
Cash flows from financing activities:				
Proceeds from borrowing, net of discount	1,125,000	1,268,625	—	—
Proceeds from public offering of common stock, net of underwriting discount and other direct costs of $1.3 million	—	—	115,755	—
Repayment of long–term debt	(1,312,062)	(386,875)	(22,250)	—
Repayment of RiskMetrics Group, Inc. debt acquired	—	(107,485)	—	—
Payment of issuance costs in connection with long term debt	—	(34,029)	—	—
Repurchase of treasury shares	(14,626)	(14,151)	(18,487)	(1,882)
Proceeds from the exercise of stock options	16,431	23,436	597	186
Excess tax benefits from share-based compensation	7,263	8,537	6,927	297
Net cash (used in) provided by financing activities	(177,994)	758,058	82,542	(1,399)
Effect of exchange rates changes on cash and cash equivalents	(3,604)	1,416	2,679	1,729
Net (decrease) increase in cash	(17,212)	50,551	(92,053)	42,848
Cash and cash equivalents, beginning of period	269,423	176,024	268,077	226,575
Cash and cash equivalents, end of period	$ 252,211	$ 226,575	$ 176,024	$ 269,423
Supplemental disclosure of cash flow information				
Cash paid for interest	$ 52,713	$ 40,100	$ 18,253	$ 7
Cash paid for income taxes	$ 93,728	$ 46,190	$ 61,385	$ 941
Supplemental disclosure of non-cash investing activities:				
Property, equipment and leasehold improvements in other accrued liabilities	$ 1,781	$ 821	$ 3,482	$ 1,577
Acquisition of RiskMetrics Group, Inc., class A common stock issued	$ —	$ 371,815	$ —	$ —
Fair value of stock options and restricted stock awards assumed in connection with acquisition of RiskMetrics Group, Inc.	$ —	$ 53,879	$ —	$ —

See Notes to Consolidated Financial Statements.

MSCI INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. INTRODUCTION AND BASIS OF PRESENTATION

Organization

MSCI Inc. together with its wholly-owned subsidiaries (the “Company” or “MSCI”) is a global provider of investment decision support tools worldwide, including indices, portfolio risk and performance analytics and corporate governance products and services. The Company’s flagship products are its global equity indices and environmental, social and governance (“ESG”) products marketed under the MSCI and MSCI Research brands, its portfolio risk and performance analytics covering global equity and fixed income markets marketed under the Barra brand, its market and credit risk analytics marketed under the RiskMetrics and Barra brands, its governance research and outsourced proxy voting and reporting services marketed under the ISS brand, its valuation models and risk management software for the energy and commodities markets marketed under the FEA brand and its forensic accounting risk research, legal and regulatory risk assessment and due diligence products marketed under the CFRA brand.

MSCI operates as two segments, the Performance and Risk business and the Governance business. The Performance and Risk business is a global provider of investment decision support tools, including indices, portfolio risk and performance analytics, credit analytics and ESG products. The Governance business, which was included in MSCI’s operations following MSCI’s acquisition of RiskMetrics Group, Inc. (“RiskMetrics”) in June 2010, is a provider of corporate governance and specialized financial research and analysis services to institutional shareholders and corporations around the world. (See Note 3, “Acquisitions,” and Note 14, “Segment Information,” for further information about MSCI’s acquisitions and operating segments.)

Change in Fiscal Year End

On December 8, 2010, the Board of Directors of the Company approved a change in the Company’s fiscal year end from November 30 to December 31 of each year. This change to the calendar year reporting cycle began January 1, 2011. As a result of the change, the Company is reporting a December 2010 fiscal month transition period, which is separately reported in this Annual Report on Form 10-K for the calendar year ended December 31, 2011.

Financial information for the year ended December 31, 2010 has not been included in this Form 10-K for the following reasons: (i) the year ended November 30, 2010 provides a meaningful comparison for year ended December 31, 2011; (ii) there are no significant factors, seasonal or other, that would impact the comparability of information if the results for the year ended December 31, 2010 were presented in lieu of results for the year ended November 30, 2010; and (iii) it was not practicable or cost justified to prepare this information.

Basis of Presentation

The consolidated financial statements include the accounts of MSCI Inc. and its wholly-owned subsidiaries. The Company’s policy is to consolidate all entities in which it owns more than 50% of the outstanding voting stock unless it does not control the entity. It is also the Company’s policy to consolidate any variable interest entity for which the Company is the primary beneficiary, as required by the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification (“ASC”) Subtopic 810-10, “*Consolidations.*” For investments in any entities in which the Company owns 20% or less of the outstanding voting stock and significant influence does not exist, such investments are carried at cost.

MSCI INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies

Basis of Financial Statements and Use of Estimates

The Company's 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 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 consolidated financial statements and related disclosures. The Company believes that estimates used in the preparation of these consolidated financial statements are reasonable; however, actual results could differ materially from these estimates.

The Consolidated Statement of Income for the year ended November 30, 2009 reflect expense allocations for certain corporate functions previously provided by Morgan Stanley, including human resources, information technology, accounting, legal and compliance, corporate services, treasury and other services. These allocations were based on what the Company and Morgan Stanley considered reasonable reflections of the utilization levels of these services required in support of the Company's business and were based on methods that include direct time tracking, headcount, inventory metrics and corporate overhead. Morgan Stanley was the controlling shareholder of MSCI through May 22, 2009. As of May 22, 2009, Morgan Stanley no longer provided corporate functions for the Company and no additional expense allocations have been recorded by the Company since that date.

Inter-company balances and transactions are eliminated in consolidation.

Revenue Recognition

Revenue related to the Company's non-software-related recurring arrangements is recognized pursuant to the requirements of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 605-25, "*Revenue Arrangements with Multiple Deliverables*." Under the provisions of ASC Subtopic 605-25, transactions with multiple elements should be considered separate units of accounting if all of the following criteria are met:

- The delivered item has stand-alone value to the client,
- There is objective and reliable evidence of the fair value of the undelivered item(s), and
- If the arrangement includes a general right of return, delivery or performance of the undelivered items is considered probable and substantially in the control of the vendor.

The Company has signed subscription agreements with substantially all of its clients that set forth the fees paid to it by the clients. Further, the Company regularly assesses the receivable balances for each client. The Company's subscription agreements for non-software-related products include provisions that, among other things, allow clients, for no additional fee, to receive updates and modifications that may be made from time to time, for the term of the agreement, typically one year. As it currently does not have objective and reliable evidence of the fair value of the undelivered element of the transaction, the Company does not account for the delivered item as a separate element. Accordingly, the Company recognizes revenue ratably over the term of the license agreement.

Our software-related recurring revenue arrangements do not require significant modification or customization of any underlying software applications being licensed. Accordingly, the Company recognizes software revenues, excluding the energy and commodity asset valuation analytics products, pursuant to the requirements of ASC Subtopic 985-605, "*Software-Revenue Recognition*." In accordance with ASC Subtopic 985-605, the Company begins to recognize revenues from subscriptions, maintenance and client technical support, and professional services when all of the following criteria are met: (1) the Company has persuasive evidence of a legally binding arrangement, (2) delivery has occurred, (3) client fee is deemed fixed or determinable, and (4) collection is probable.

The Company has signed subscription agreements with substantially all of its clients that set forth the fees paid to it by the clients. Further, the Company regularly assesses the receivable balances for each client. The Company's subscription agreements for software products include provisions that, among other things, would allow clients to receive unspecified future software upgrades for no additional fee as well as the right to use the software products with maintenance for the term of the agreement, typically one year. As it does not have vendor specific objective evidence ("VSOE") for these elements (except for the support related to energy and commodity asset valuation products), the Company does not account for these elements separately. Accordingly, except for revenues related to energy and commodity asset valuation products, the Company recognizes revenue ratably over the term of the license agreement.

The Company's software license arrangements generally do not include acceptance provisions. Such provisions generally allow a client to test the software for a defined period of time before committing to license the software. If a license agreement includes an acceptance provision, the Company does not record subscription revenues until the earlier of the receipt of a written client acceptance or, if not notified by the client that it is cancelling the license agreement, the expiration of the acceptance period.

For the Company's energy and commodity asset valuation analytics products, it uses the residual method to recognize revenue when a product agreement includes one or more elements to be delivered at a future date and VSOE of the fair value if all undelivered elements exist. In substantially all of the Company's contracts, the only element that remains undelivered at the time of delivery of the product is support. The fair value of support is determined based upon what the fees for the support are for clients who purchase support separately. Under the residual method, the fair value of the undelivered element is deferred and the remaining portion of the contract fee is recognized as product revenue. Support fees for these products are recognized ratably over the support period.

The Company applies SEC Staff Accounting Bulletin No. 104 ("SAB 104"), "*Revenue Recognition*," in determining revenue recognition related to clients that use its indices as the basis for certain index-linked investment products such as exchange traded funds or futures contracts. These clients commonly pay the Company a license fee for the use of its intellectual property based on the investment product's assets under management or contract volumes. These fees are calculated based upon estimated assets in the investment product or contract volumes obtained either through independent third-party sources or the most recently reported information of the client.

The Company recognizes revenue when all the following criteria are met:

- the client has signed a contract with it;
- the service has been rendered;
- the amount of the fee is fixed or determinable based on the terms of the contract; and
- collectability is reasonably assured.

The Company has signed contracts with substantially all clients that are licensed to use its indices as the basis for certain index-linked investment products, such as exchange traded funds or futures contracts. The contracts state the terms under which these fees are to be calculated. These fees are billed in arrears, after the fees have been earned. The fees are earned as the Company supplies the indices to the client. The Company assesses the creditworthiness of these clients prior to entering into a contract and regularly review the receivable balances related to them.

Share-Based Compensation

Certain of the Company's employees have received share-based compensation under certain compensation programs. The Company's compensation expense reflects the fair value method of accounting for share-based payments under ASC Subtopic 718-10, "*Compensation-Stock Compensation.*" ASC Subtopic 718-10 requires measurement of compensation cost for equity-based awards at fair value and recognition of compensation cost over the service period, net of estimated forfeitures.

The fair value of MSCI restricted stock units is determined based on the number of units granted and the grant date fair value of MSCI's class A common stock ("Common Stock"), measured as the closing price on the date of grant. The fair value of MSCI standard stock options is determined using the Black-Scholes valuation model and the single grant life method. Under the single grant life method, option awards with graded vesting are valued using a single weighted-average expected option life. The fair value of MSCI stock options that contain stock price contingencies is determined using a Monte Carlo simulation model, which creates a normal distribution of future stock prices, which is then used to value the awards based on their individual terms.

The Company reserved approximately 4.3 million shares of Common Stock for outstanding vested and unvested stock options and unvested restricted stock awards assumed as part of the acquisition of RiskMetrics on June 1, 2010. See Note 3, "Acquisitions," for further information about the Company's acquisition of RiskMetrics. The fair values of stock options assumed were estimated using a Hull-White Lattice option-pricing model. The Hull-White model is commonly used for estimating the fair value of in-the-money and out-of-the-money options, as it explicitly models the exercise behavior of option holders considering the amount by which each such grant is in- or out-of-the-money. The major assumptions utilized are the stock price, the remaining contractual term, the remaining time to vest, forfeiture behavior, dividend yield, the risk-free interest rate, expected volatility and the early exercise multiple.

Based on interpretive guidance related to Stock Compensation, the Company's policy is to accrue the estimated cost of share-based awards that were granted to retirement-eligible employees over the course of the prior year in which they were earned rather than expensing the awards on the date of grant. A portion of the restricted stock units granted to employees are subject to certain performance conditions. The Company bases initial accruals of compensation cost on the estimated number of instruments for which the requisite service is expected to be rendered. If the estimated number of instruments changes from previous estimates, the cumulative effect on current and prior periods of a change is recognized in compensation cost in the period of the change.

Research and Development and Software Capitalization

The Company accounts for research and development costs in accordance with several accounting pronouncements, including ASC Subtopic 730-10, "*Research and Development*," and ASC Subtopic 985-730, "*Software-Research and Development*." ASC Subtopic 730-10 requires that research and development costs generally be expensed as incurred. ASC Subtopic 985-730 specifies that costs incurred in researching and developing a computer software product should be charged to expense until technological feasibility has been established for the product. Once technological feasibility is established, all software costs should be capitalized until the product is available for general release to clients. Judgment is required in determining when technological feasibility of a product is established. Costs incurred after technological feasibility is established have not been material, and accordingly, the Company has expensed all research and development costs when incurred.

Income Taxes

Prior to May 2, 2008, the Company was a member of the Morgan Stanley consolidated group and the Company's taxable income had been included in the consolidated U.S. federal income tax return of Morgan Stanley as well as in returns filed by Morgan Stanley with certain state and local taxing jurisdictions. After May 2, 2008, upon the disposition by Morgan Stanley of some of its equity interest in MSCI, the Company was no longer eligible to join in the filing of a consolidated U.S. federal income tax return with Morgan Stanley, and the Company has filed and will continue to file its U.S. consolidated federal income tax return as a taxable group separate from Morgan Stanley. The Company's foreign income tax returns have been and continue to be filed on a separate company basis. The Company's federal and foreign income tax liability has been computed and presented as if it were a separate taxpaying entity in the periods presented. However, the state and local tax liability presented in these statements reflects the fact that prior to May 22, 2009, the date on which Morgan Stanley disposed of its remaining equity interest in MSCI, the Company was included in certain state consolidated, combined or unitary filings of Morgan Stanley, and that its tax liability was affected by the attributes of the Morgan Stanley combined group. After May 22, 2009, the Company was no longer eligible for inclusion in any state or local consolidated, combined, or unitary return filed by Morgan Stanley and, from that date forward, the Company has been filing the relevant state income tax returns as a separate taxable group. Where the Company files as a stand-alone taxpayer, the Company's state and local tax filings will reflect its separate filing attributes. Federal income taxes incurred prior to May 2, 2008 and state income taxes incurred prior to May 22, 2009 are remitted to Morgan Stanley pursuant to a tax sharing agreement between the companies.

Income tax expense is provided for using the asset and liability method, under which deferred tax assets and deferred tax liabilities are determined based on the temporary differences between the financial statement and income tax bases of assets and liabilities using currently enacted tax rates.

The Company regularly assesses the likelihood of additional assessments in each of the taxing jurisdictions in which it is required to file income tax returns. The Company recorded additional tax expense related to open tax years, which the Company's management believes is adequate in relation to the potential for assessments. These amounts have been recorded in other non-current liabilities on the Consolidated Statement of Financial Condition. The Company's management believes the resolution of tax matters will not have a material effect on the Company's consolidated financial condition. However, to the extent the Company is required to pay amounts in excess of its reserves, a resolution could have a material impact on its consolidated statement of income for a particular future period. In addition, an unfavorable tax settlement could require use of cash and result in an increase in the effective tax rate in the period in which such resolution occurs.

Deferred Revenue

Deferred revenues represent amounts billed to customers for services and maintenance in advance of performing the services. Our clients normally pay subscription fees annually or quarterly in advance. Deferred revenue is amortized ratably over the service period as revenue recognition criteria are met. Where the service period has not begun or been renewed, deferred revenues and accounts receivable are not recognized.

Goodwill

Goodwill is recorded as part of the Company's acquisitions of businesses when the purchase price exceeds the fair value of the net tangible and separately identifiable intangible assets acquired. The carrying amount of the Company's goodwill is $1,708.6 million primarily relating to the acquisitions of Barra Inc. ("Barra"), RiskMetrics and Measurisk, LLC ("Measurisk"). The Company's goodwill is subject to an impairment test each year, or more often if conditions indicate impairment may have occurred, pursuant to ASC Topic 350, "*Intangibles—Goodwill and Other*."

The Company tests goodwill for impairment on an annual basis and on an interim basis when certain events and circumstances exist. The testing for impairment is performed at the reporting unit level, which is generally at the level of its business segments. Goodwill impairment is determined by comparing the estimated fair value of a reporting unit with its respective book value. If the estimated fair value exceeds the book value, goodwill at the reporting unit level is not deemed to be impaired. If the estimated fair value is below book value, however, further analysis is required to determine the amount of impairment. Additionally, if the book value of a reporting unit is zero or a negative value and it is determined that it is more likely than not the goodwill is impaired, further analysis is required. As the estimated fair value of its reporting units exceeded their respective book value, no impairment of goodwill was recorded during the years ended December 31, 2011, November 30, 2010 and 2009 or during the one month ended December 31, 2010.

The Company's previous accounting policy was to conduct the annual goodwill impairment test as of June 1. Effective in the quarter ended September 30, 2011, the Company elected to change its accounting policy to begin conducting the annual goodwill impairment test on July 1. The change to the annual goodwill impairment testing date is preferable under the circumstances as it moves the impairment testing outside of the Company's normal second quarter-end reporting process to a date in the third quarter when resources are less constrained, which is consistent with the timing of the testing date prior to the change in the fiscal year-end. The resulting change in accounting principle related to the annual testing date will not delay, accelerate, or avoid an impairment charge of the Company's goodwill. As it was impracticable to objectively determine projected cash flows and related valuation estimates as of each July 1 for periods prior to July 1, 2011, the Company prospectively applied the change in the annual goodwill impairment testing date from July 1, 2011. The application of this change in accounting policy did not result in any impairment charges recognized in the Company's consolidated financial statements.

Effective July 1, 2011, the Company adopted the provisions of Accounting Standards Update 2011-08, "*Testing Goodwill for Impairment,*" or ASU 2011-08, which provides the Company the option of performing a qualitative assessment before calculating the fair value of the reporting unit when testing goodwill for impairment. The qualitative assessment is based on reviewing the totality of several factors, including macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, other entity specific events (for example, changes in management) or other events such as selling or disposing of a reporting unit. If the fair value of the reporting unit is determined, based on qualitative factors, to be more likely than not less than the carrying amount of the reporting unit, then entities are required to perform the two-step goodwill impairment test. See Note 2, "Recent Accounting Pronouncements," for further information regarding accounting pronouncements released that may have an impact on MSCI's consolidated financial statements.

Intangible Assets

Intangible assets consist of those definite-lived intangibles from the acquisitions of Barra in June 2004, RiskMetrics in June 2010 and Measurisk in July 2010. The Company amortizes definite-lived intangible assets over their estimated useful lives. Definite-lived intangible assets are tested for impairment annually or when impairment indicators are present, and, if impaired, written down to fair value based on either discounted cash flows or appraised values. No impairment of intangible assets has been identified during any of the periods presented. The Company has no indefinite-lived intangibles. The intangible assets have remaining useful lives ranging from one to 19 years.

Foreign Currency Translation

Assets and liabilities of operations having non-U.S. dollar functional currencies are translated at year-end exchange rates, and income statement accounts are translated at weighted average exchange rates for the year. Gains or losses resulting from translating foreign currency financial statements, net of related tax effects, are reflected in accumulated other comprehensive loss, a separate component of shareholders' equity. Gains or losses resulting from foreign currency transactions incurred in currencies other than the local functional currency are included in other expense (income) on the Consolidated Statements of Income.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and money market and debt security investments with maturities of 90 days or less from the date of purchase.

Short-term Investments

Short-term investments may include U.S. Treasury securities, state and municipal securities and highly rated corporate debt securities with maturity dates ranging from 91 to 360 days from the date of purchase.

The Company classifies its short-term investments as available-for-sale. Available-for-sale securities are carried at fair value, with the unrealized gains and losses, net of tax, reported as a separate component of shareholders' equity. Realized gains and losses on available-for-sale securities are included as a component of interest income. Interest on securities classified as available-for-sale is included as a component of interest income.

Hedging Instruments

The Company uses swaps to hedge certain interest rate exposures. It does not use derivatives for speculative purposes. The Company applies ASC Subtopic 815-10, "*Derivatives and Hedging*," which establishes accounting and reporting standards for derivative instruments and hedging activities. ASC Subtopic 815-10 requires MSCI to recognize all derivatives as either assets or liabilities in its Consolidated Statements of Financial Position and measure those instruments at fair value. The changes in the fair value of the interest rate swaps are assessed in accordance with ASC Subtopic 815-10 and reflected in the carrying value of the interest rate swaps on the balance sheet. The estimated fair value is based primarily on projected future swap rates.

The Company applies cash flow hedge accounting to interest rate swaps designated as hedges of the variability of future cash flows from floating rate liabilities due to the benchmark interest rate. The Company uses regression analysis to perform an ongoing prospective and retrospective assessment of the effectiveness of these hedging relationships. Changes in fair value of these interest rate swaps are recorded to "net change in cash flow hedges" as a component of accumulated other comprehensive loss in Shareholders' equity, to the extent they are effective. Amounts recorded to accumulated other comprehensive loss are then reclassified to interest expense as interest on the hedged borrowings is recognized. Any ineffective portion of the change in fair value of these instruments is recorded to interest expense.

Fair Value of Financial Assets and Liabilities

The Company's financial assets and liabilities include cash and cash equivalents, short-term investments and interest rate swaps.

The Company applies the fair value hierarchy of ASC Subtopic 820-10, "*Fair Value Measurement*," to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. A financial asset's or financial liability's level in the fair value hierarchy is based on the lowest level of any input that is significant to its fair value measurement. The three levels of the fair value hierarchy are:

Level 1 Valuations based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Valuations 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; and

Level 3 Valuations based on one or more inputs that are both significant to fair value measurement and unobservable.

The fair value of certain level 2 financial liabilities may include valuation adjustments for our counterparties' and our credit quality.

Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation of furniture and fixtures and computer and communications equipment are provided principally by the straight-line method over the estimated useful life of the asset. Estimates of useful lives are as follows: furniture & fixtures—five years; computer and related equipment—three to five years. Leasehold improvements are amortized on a straight-line basis over the lesser of the estimated useful life of the asset or, where applicable, the remaining term of the lease.

Treasury Stock

The Company holds repurchased shares of Common Stock as treasury stock. We account for treasury stock under the cost method and include treasury stock as a component of shareholders' equity.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is recorded when it is probable and estimable that a receivable will not be collected. Changes in the allowance for doubtful accounts from December 1, 2008 to December 31, 2011 were as follows:

	Amount (in thousands)
Balance as of November 30, 2008	$ 712
Addition to provision	977
Amounts written off, net of recoveries	(842)
Balance as of November 30, 2009	$ 847
Addition to provision[1]	931
Amounts written off, net of recoveries	(765)
Balance as of November 30, 2010	1,013
Reduction to provision	(133)
Amounts written off, net of recoveries	(3)
Balance as of December 31, 2010	$ 877
Addition to provision	545
Amounts written off, net of recoveries	(565)
Balance as of December 31, 2011	$ 857

[1] Includes an allowance of $0.3 million assumed upon the acquisition of RiskMetrics on June 1, 2010.

MSCI INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accrued Compensation

The Company makes significant estimates in determining its accrued non-stock based compensation and benefits expenses. A significant portion of the Company's employee incentive compensation programs are discretionary. Each year end the Company determines the amount of discretionary cash bonus pools. The Company also reviews compensation and benefits expenses throughout the year to determine how overall performance compares to management's expectations. These and other factors, including historical performance, are taken into account in reviewing accrued discretionary cash compensation estimates quarterly and adjusting accrual rates as appropriate.

Concentrations

The Company licenses its products and services to investment managers primarily in the United States, Europe and Asia (primarily Hong Kong and Japan). The Company evaluates the credit of its customers and does not require collateral. The Company maintains an allowance on customer accounts where estimated losses may result from the inability of its customers to make required payments.

Financial instruments that may potentially subject the Company to concentrations of credit risk consist principally of cash deposits and short-term investments. At December 31, 2011 and 2010, cash and cash equivalent amounts were $252.2 million and $269.4 million, respectively. At December 31, 2011 and 2010, the Company had invested $140.5 million and $72.8 million, respectively, in U.S. Treasury Securities with maturity dates ranging from 91 to 360 days from the date of purchase. The Company receives interest at prevailing money market fund rates on its cash deposits.

For the years ended December 31, 2011, November 30, 2010 and 2009 and for the one month ended December 31, 2010, no single customer accounted for 10.0% or more of the Company's operating revenues.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In October 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2009-13, "*Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements*," or ASU 2009-13. ASU 2009-13 addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting and how the arrangement consideration should be allocated among the separate units of accounting. The adoption of ASU 2009-13 did not have a material impact on the Company's consolidated financial statements.

In October 2009, the FASB issued ASU No. 2009-14, "*Software (Topic 985): Certain Revenue Arrangements That Include Software Elements*," or ASU 2009-14. ASU 2009-14 modifies the scope of the software revenue recognition guidance to exclude (a) non-software components of tangible products and (b) software components of tangible products that are sold, licensed or leased with tangible products when the software components and non-software components of the tangible product function together to deliver the tangible product's essential functionality. The adoption of ASU 2009-14 did not have a material impact on the Company's consolidated financial statements.

In December 2010, the FASB issued ASU No. 2010-28, "*Intangibles—Goodwill and Other (Topic 350)*," or ASU 2010-28. This ASU amends ASC Topic 350. ASU 2010-28 clarifies the requirement to test for impairment of goodwill. ASC Topic 350 has required that goodwill be tested for impairment if the carrying amount of a reporting unit exceeds its fair value. Under ASU 2010-28, when the carrying amount of a reporting unit is zero or negative an entity must assume that it is more likely than not that a goodwill impairment exists, perform an additional test to determine whether goodwill has been impaired and calculate the amount of that impairment. The modifications to ASC Topic 350 resulting from the issuance of ASU 2010-28 were effective for fiscal years beginning after December 15, 2010 and interim periods within those years. The adoption of ASU 2010-28 did not have a material impact on the Company's consolidated financial statements.

In December 2010, the FASB issued ASU No. 2010-29, *"Business Combinations (Topic 805)—Disclosure of Supplementary Pro Forma Information for Business Combinations,"* or ASU 2010-29. This standard update clarifies that, when presenting comparative financial statements, SEC registrants should disclose revenue and earnings of the combined entity as though the current period business combinations had occurred as of the beginning of the comparable prior annual reporting period only. The update also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. ASU 2010-29 was effective prospectively for material (either on an individual or aggregate basis) business combinations entered into in fiscal years beginning on or after December 15, 2010. The adoption of ASU 2010-29 did not have a material impact on the Company's consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, *"Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs,"* or ASU 2011-04. ASU 2011-04 changes the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements to ensure consistency between U.S. GAAP and International Financial Reporting Standards ("IFRS"). ASU 2011-04 also expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This new guidance is to be applied prospectively for interim and annual periods beginning after December 15, 2011. The adoption of ASU 2011-04 is not expected to have a material impact on the Company's consolidated financial statements.

In June 2011, the FASB issued ASU No. 2011-05, "*Presentation of Comprehensive Income*," or ASU 2011-05. The issuance of ASU 2011-05 is intended to improve the comparability, consistency and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income. The guidance in ASU 2011-05 supersedes the presentation options in ASC Topic 220 and facilitates convergence of U.S. generally accepted accounting principles and IFRS by eliminating the option to present components of other comprehensive income as part of the statement of changes in shareholders' equity and requiring that all nonowner changes in shareholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In December 2011, the FASB issued ASU No. 2011-12, "*Comprehensive Income (Topic 220)*," or ASU 2011-12. In ASU 2011-12, the FASB decided that the specific requirement under ASU 2011-05 to present items that are reclassified from other comprehensive income to net income alongside their respective components of net income and other comprehensive income will be deferred indefinitely. Therefore, those requirements will not be effective for public entities for fiscal years and interim periods within those years beginning after December 15, 2011. The remaining provisions covered by ASU 2011-05 are effective for interim periods and years beginning after December 15, 2011 with early adoption permitted. The adoption of ASU 2011-05 did not have a material impact on the Company's consolidated financial statements.

In September 2011, the FASB issued ASU 2011-08 which amends the guidance in ASC Topic 350, *"Intangibles—Goodwill and Other."* Under ASU 2011-08, entities have the option of performing a qualitative assessment before calculating the fair value of the reporting unit when testing goodwill for impairment. If the fair value of the reporting unit is determined, based on qualitative factors, to be more likely than not less than the carrying amount of the reporting unit, entities are then required to perform the two-step goodwill impairment test.

ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued. The Company adopted ASU 2011-08 during the quarter ended September 30, 2011. The adoption of ASU 2011-08 did not have a material impact on the Company's consolidated financial statements as no impairment of the Company's goodwill was recognized.

3. ACQUISITIONS

Acquisition of RiskMetrics

On June 1, 2010, MSCI acquired RiskMetrics. Under the terms of the Agreement and Plan of Merger dated as of February 28, 2010 by and among MSCI, Crossway Inc. ("Merger Sub"), a wholly owned subsidiary of MSCI, and RiskMetrics, Merger Sub merged with and into RiskMetrics, with RiskMetrics continuing as the surviving corporation and a wholly owned subsidiary of MSCI. MSCI and RiskMetrics began joint operations immediately after the merger became effective. MSCI acquired RiskMetrics to, among other things, offer clients a more expansive portfolio of investment decision support tools that will enable clients to understand risk across their entire investment processes as well as reduce the concentration of the Company's client base beyond asset owners, asset managers and broker dealers by including a greater number of hedge fund, mutual fund and bank clients.

The total purchase price for RiskMetrics was $1,572.4 million and was comprised of:

(in thousands)	
Cash	$ 1,146,702
MSCI class A common stock valued using the New York Stock Exchange closing price on June 1, 2010	371,815
Fair value of outstanding vested and unvested stock options and unvested restricted stock awards assumed	53,879
Total purchase price	$ 1,572,396

MSCI issued approximately 12.6 million shares of Common Stock and reserved approximately 4.3 million shares of Common Stock for outstanding vested and unvested stock options and unvested restricted stock awards assumed as part of the acquisition of RiskMetrics.

The fair values of stock options assumed were estimated using a Hull-White Lattice option-pricing model. The fair value of the unearned portion of the unvested RiskMetrics stock options and restricted stock awards will be recorded as operating expense over the remaining service periods, while the fair values of the earned portion of the vested and unvested stock options and unvested restricted stock awards are included in the total purchase price.

During the year ended November 30, 2010, MSCI incurred approximately $21.2 million in transaction related costs related to the acquisition of RiskMetrics. These costs are reflected in "Selling, general and administrative" on the Consolidated Statements of Income.

Purchase Price Allocation

The acquisition method of accounting is based on ASC Subtopic 805-10, "*Business Combinations*," and uses the fair value concepts defined in ASC Subtopic 820-10, which MSCI has adopted as required. The total purchase price for RiskMetrics was allocated to the net tangible and intangible assets based upon their fair values as of June 1, 2010 as set forth below. The excess of the purchase price over the fair values of the net tangible assets and intangible assets was recorded as goodwill. The purchase price allocation for RiskMetrics, which was based upon a valuation, is as follows:

(in thousands)	
Cash and cash equivalents	$ 76,459
Trade receivables	33,577
Other assets	32,398
Goodwill	1,245,862
Intangible assets	628,120
Accounts payable and other liabilities	(48,494)
Debt	(107,485)
Deferred revenues	(114,686)
Deferred tax liabilities, net	(173,355)
Total purchase price	$ 1,572,396

As a result of the finalization of the acquired income and non-income based tax valuations, Other assets, Goodwill, Accounts payable and other liabilities and Deferred tax liabilities, net increased from the preliminary values assigned as of December 31, 2010.

MSCI generally does not expect the goodwill recognized to be deductible for income tax purposes. Approximately $1,014.8 million and $231.1 million of the goodwill was allocated to the Performance and Risk and the Governance segments, respectively. These balances changed from those reported in prior periods as a result of the finalization of the acquired income and non-income based tax valuations.

Valuations of Intangible Assets Acquired

The following table sets forth the components of finite-lived intangible assets acquired in connection with the RiskMetrics acquisition:

	Estimated Fair Value (in thousands)	Estimated Useful Life
Customer relationships	$ 428,600	14 to 15 years
Technology/Software	52,640	3 to 7 years
Proprietary processes	3,800	6 years
Trademarks/trade names	140,300	10 to 20 years
Non-compete agreements	2,780	1.5 years
Total	$ 628,120	

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Actual Impact of RiskMetrics Acquisition

The following table presents the Company’s estimates for information for RiskMetrics from the June 1, 2010 acquisition date that is included in MSCI’s Consolidated Statement of Income:

(in thousands)	Year Ended November 30, 2010
Total revenues	$ 152,301
Net income	$ 10,080

Other Fiscal 2010 Acquisition

On July 30, 2010, MSCI acquired Measurisk to expand its product offerings to hedge fund investors. This was not deemed to be a material acquisition. MSCI has accounted for this acquisition in accordance with the ASC Subtopic 805-10 and has included the financial results of Measurisk in its consolidated results from the July 30, 2010 acquisition date. For the year ended November 30, 2010, Measurisk contributed approximately $4.4 million to MSCI’s revenue and $1.6 million to MSCI’s earnings. The purchase price allocations for this acquisition were $2.3 million for other assets, $9.5 million for identifiable intangible assets, $1.9 million for other liabilities and $21.1 million for goodwill.

Unaudited Pro Forma Financial Information

The unaudited pro forma financial information in the table below summarizes the combined results of operations for MSCI and RiskMetrics as though the companies were combined as of December 1, 2008. The pro forma financial information for all periods presented also includes the business combination accounting effects resulting from the acquisition including the amortization charges from acquired intangible assets, adjustments to interest income for lower average cash balances, interest expense for borrowings and the amortization of deferred financing fees, debt discounts and prepaid agency fees and the related tax effects as though the aforementioned companies were combined as of December 1, 2008. No adjustments have been made for the Measurisk acquisition because it was not deemed to be an individually significant acquisition. The pro forma financial information as presented below is for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisitions and any borrowings undertaken to finance the RiskMetrics acquisition had taken place at December 1, 2008.

The unaudited pro forma financial information for the year ended November 30, 2010 combined the historical results of MSCI for the year ended November 30, 2010, the historical results of RiskMetrics for the three month-period ended March 31, 2010 and the historical results of RiskMetrics for the three month-period ended December 31, 2009 (due to differences in reporting periods). The unaudited pro forma financial information for the year ended November 30, 2009 combined the historical results of MSCI for the year ended November 30, 2009 and the historical results of RiskMetrics for the year ended December 31, 2009 (due to differences in reporting periods).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma financial information and the effects of the pro forma adjustments listed above were as follows for the years ended November 30, 2010 and 2009:

	Year Ended November 30,	
(in thousands)	2010	2009
	(unaudited)	
Operating revenues	$ 816,419	$ 746,309
Cost of services	272,939	258,955
Selling, general and administrative	199,290	201,425
Restructuring	8,896	—
Amortization of intangible assets	64,477	73,164
Depreciation and amortization of property, equipment and leasehold improvements	21,660	20,306
Total operating expenses	567,262	553,850
Operating income	249,157	192,459
Other expense (income), net	71,430	67,744
Income before provision for income taxes	177,727	124,715
Provision for income taxes	66,896	44,863
Net income	$ 110,831	$ 79,852
Earnings per diluted common share	$ 0.91	$ 0.68

The unaudited pro forma financial information by MSCI's operating segments' and the effects of the pro forma adjustments listed above are presented in the table below (See Note 14, "Segment Information," for further information about MSCI's operating segments):

	Year Ended November 30, 2010			Year Ended November 30, 2009		
	(unaudited)					
(in thousands)	Performance and Risk	Governance	Total	Performance and Risk	Governance	Total
Operating revenues	$ 693,178	$ 123,241	$ 816,419	$ 613,890	$ 132,419	$ 746,309
Cost of services	205,582	67,357	272,939	191,346	67,609	258,955
Selling, general and administrative	175,679	23,611	199,290	169,966	31,459	201,425
Restructuring	6,673	2,223	8,896	—	—	—
Amortization of intangible assets	51,137	13,340	64,477	59,764	13,400	73,164
Depreciation expense	18,224	3,436	21,660	16,393	3,913	20,306
Total operating expenses	457,295	109,967	567,262	437,469	116,381	553,850
Operating income	235,883	13,274	249,157	176,421	16,038	192,459
Other expense (income), net			71,430			67,744
Income before provision for income taxes			177,727			124,715
Provision for income taxes			66,896			44,863
Net income			$ 110,831			$ 79,852

4. RESTRUCTURING

During the fiscal year ended November 30, 2010, MSCI's management approved, committed to and initiated a plan to restructure the Company's operations due to its acquisition of RiskMetrics (the "Restructuring Plan") in order to eliminate overlapping positions, eliminate duplicative occupancy costs, terminate overlapping vendor contracts and discontinue the planned integration of a product into RiskMetrics' standard product offering suite. Costs continued to be incurred under this plan throughout the one month ended December 31, 2010 and the year ended December 31, 2011. The Company believes that the plan was substantially completed by December 31, 2011. The Company accounts for restructuring costs in accordance with ASC Subtopic 420-10, "*Exit or Disposal Cost Obligations*." The restructuring costs are recorded to the "Restructuring expense" line item within the Company's Consolidated Statements of Income as they are recognized.

During the year ended December 31, 2011, the Company recorded $3.6 million of restructuring expenses in connection with the Restructuring Plan, of which $2.0 million was related to costs associated with the exit of certain leases, $0.9 million was related to the write-off of assets associated with the exit of certain leases, $0.6 million was related to severance and less than $0.1 million was related to the accelerated vesting of share-based compensation awards triggered by the elimination of overlapping positions.

During the year ended November 30, 2010, the Company recorded $8.9 million of restructuring expenses in connection with the Restructuring Plan, of which approximately $3.6 million was related to severance and $3.0 million was related to the accelerated vesting of share-based compensation awards triggered by the elimination of overlapping positions, $0.9 million was related to costs associated with discontinuance of the planned integration of a product into RiskMetrics' standard product offering suite and $1.4 million was related to costs associated with the exit of certain leases.

The Company recorded less than $0.1 million of restructuring expenses in connection with the Restructuring Plan during the one month ended December 31, 2010.

The accelerated vesting of share-based compensation awards is not accounted for as a restructuring liability under the line item "Other accrued liabilities" but is instead recorded under the line item "Additional paid in capital" in the Company's Consolidated Statement of Financial Condition. Any changes to the estimates in connection with executing the Restructuring Plan will be reflected in the Company's future results of operations.

During the year ended December 31, 2011, approximately $2.0 million of the restructuring expenses were recorded under the Company's Performance and Risk operating segment and $1.6 million were recorded under the Company's Governance operating segment. During the year ended November 30, 2010, approximately $6.7 million of the restructuring expenses were recorded under the Company's Performance and Risk operating segment and $2.2 million were recorded under the Company's Governance operating segment.

The table below summarizes the accrual and charges incurred with respect to the Company's Restructuring Plan that are included in the line items "Other accrued liabilities" in the Company's Consolidated Statement of Financial Condition as of December 31, 2011 and 2010:

	MSCI Restructuring Plan		
(in thousands)	Severance	Lease termination	Total
Accrued Balance, December 31, 2010	$ 931	$ 1,291	$ 2,222
Restructuring costs	649	3,036	3,685
Cash payments	(1,508)	(3,621)	(5,129)
Other	—	(39)	(39)
Accrued Balance, December 31, 2011	$ 72	$ 667	$ 739

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5. EARNINGS PER COMMON SHARE

Basic 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 19,754; 209,931; and 519,085, stock options excluded from the calculation of diluted EPS for the years ended December 31, 2011, November 30, 2010 and November 30, 2009, respectively, and 6,534 for the one month ended December 31, 2010, 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:

	For the Years Ended			One Month Ended
(in thousands, except per share data)	December 31, 2011	November 30, 2010	November 30, 2009	December 31, 2010
Net income	$ 173,454	$ 92,170	$ 81,801	$ 13,824
Less: Allocations of earnings to unvested restricted stock units[1]	(627)	(742)	(1,246)	(145)
Earnings available to MSCI common shareholders	$ 172,827	$ 91,428	$ 80,555	$ 13,679
Basic weighted average common stock outstanding	120,717	112,074	100,607	119,943
Basic weighted average common stock outstanding	120,717	112,074	100,607	119,943
Effect of dilutive securities:				
Stock options	1,559	1,283	253	1,860
Diluted weighted average common shares outstanding	122,276	113,357	100,860	121,803
Earnings per basic common share	$ 1.43	$ 0.82	$ 0.80	$ 0.11
Earnings per diluted common share	$ 1.41	$ 0.81	$ 0.80	$ 0.11

[1] The restricted stock units participate in all of the earnings of the Company in the computation of basic EPS and, therefore, the restricted stock units are not included as incremental shares in the diluted EPS computation.

6. SHORT-TERM INVESTMENTS

The fair value and gross unrealized gains and losses of securities available-for-sale as of the dates indicated were as follows:

(in thousands)	Amortized Cost plus Accrued Interest	Gross unrealized gains	Gross unrealized losses	Estimated Fair value
December 31, 2011				
Debt securities available-for-sale				
U.S. Treasury securities	$135,485	$ 9	$ (2)	$135,492
Tradable certificates of deposit	5,001	—	(3)	4,998
Total	$140,486	$ 9	$ (5)	$140,490
December 31, 2010				
Debt securities available-for-sale				
U.S. Treasury securities	$ 66,936	$ 12	$ —	$ 66,948
Commercial paper	4,251	1	—	4,252
State and municipal securities	1,615	2	—	1,617
Total	$ 72,802	$ 15	$ —	$ 72,817

Unrealized Losses on Investments

Investments with continuous unrealized losses for less than 12 months and their related fair values at December 31, 2011 were as follows:

	Total	
(in thousands)	Total Fair Value	Total Unrealized Losses
U.S. Treasury securities	$ 50,056	$ (2)
Tradable certificates of deposit	2,695	(3)
Total	$ 52,751	$ (5)

The Company had no investments with continuous unrealized losses at December 31, 2010.

Evaluating Investments for Other-than-Temporary Impairments

If the fair values of the Company’s debt security investments are less than the amortized costs at the balance sheet date, the Company assesses whether the impairments are other than temporary. As the Company currently invests only in U.S. Treasury securities, state and municipal securities and highly rated corporate debt securities with a short duration (one year or less), it would take a significant decline in fair value and U.S. economic conditions for the Company to determine that these investments are other than temporarily impaired.

Additionally, management assesses whether it intends to sell or would more-likely-than-not not be required to sell an investment before the expected recovery of the cost basis. Management has asserted that it believes it is more-likely-than-not that it will not be required to sell an investment before recovery of the cost basis.

As of December 31, 2011 and 2010, no other-than-temporary impairment had been recorded on any of the Company's investments.

7. 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 years ended December 31, 2011 and November 30, 2010 and 2009 was $18.5 million, $15.4 million, and $10.4 million, respectively. Rent expense for the one month ended December 31, 2010 was $1.7 million.

During the year ended December 31, 2011, the Company leased office space in New York, New York at two locations, One Chase Manhattan Plaza and 88 Pine Street, with combined annual base rents of $3.0 million. The lease at One Chase Manhattan Plaza ends in August 2012 and the lease at 88 Pine Street ends in December 2014.

On September 16, 2011, the Company entered into a new lease agreement with 7 World Trade Center, LLC, pursuant to which the Company will rent approximately 126,000 square feet of office space for its new corporate headquarters at 7 World Trade Center, New York, New York (the "Lease"). The lease commenced on February 1, 2012 (the "Commencement Date") and the Company expects to begin occupying its new corporate headquarters in the 7 World Trade Center offices beginning in the second half of the year ending December 31, 2012.

The Lease is initially scheduled to expire on February 28, 2033, subject to the Company's option to renew the Lease for an additional ten years after the initial expiration date. The Company also has the option to terminate the Lease early on February 1, 2028, subject to compliance with the terms and conditions of the Lease, including the payment of a termination fee. The aggregate rent over the life of the Lease is approximately $170.1 million plus certain customary expenses. From the Commencement Date through and including January 31, 2018, the day preceding the fifth anniversary of February 1, 2013 (the "Rent Commencement Date"), the annual rent paid will be approximately $7.3 million. Thereafter, the annual rent to be paid increases 10% on each of the fifth, tenth and fifteenth anniversaries of the Rent Commencement Date.

The Company leases facilities under non-cancelable operating lease agreements. Future minimum commitments for these operating leases in place as of December 31, 2011 are as follows:

Years Ending December 31,	Amount (in thousands)
2012	$ 20,413
2013	23,493
2014	23,176
2015	18,911
2016	18,089
Thereafter	182,288
Total	$ 286,370

Long-term debt. On November 14, 2007, the Company entered into a secured $500.0 million credit facility that consisted of a $425.0 million term loan facility and a $75.0 million revolving credit facility (the “2007 Credit Facility”). On April 1, 2010 and April 15, 2010, the Company prepaid principal balances on its term loan facility portion of the 2007 Credit Facility of approximately $147.0 million and $150.0 million, respectively. On June 1, 2010, the Company paid $70.9 million to retire the 2007 Credit Facility.

On June 1, 2010, the Company entered into a senior secured credit agreement with Morgan Stanley Senior Funding, Inc., as administrative agent, Morgan Stanley & Co. Incorporated, as collateral agent, and the other lenders party thereto, which was comprised of (i) a $1,275.0 million six-year term loan facility (the “2010 Term Loan”) and (ii) a $100.0 million five-year revolving credit facility, which included a $25.0 million letter of credit subfacility and a $10.0 million swingline loan subfacility (the “Revolving Credit Facility” and together with the 2010 Term Loan, the “New Credit Facility”). The Company was required to repay 1.00% of the principal of the 2010 Term Loan per year in quarterly installments. The New Credit Facility also contained a number of mandatory prepayment requirements, including a requirement to repay a specified amount of the 2010 Term Loan annually from a portion of the Company’s excess cash flows (as defined in the New Credit Facility, which varied based on the Company’s leverage ratio). Any remaining principal of the 2010 Term Loan was to be payable on the final maturity date of the facility. In February 2011, the Company made a prepayment of $56.0 million on the 2010 Term Loan from its excess cash flows.

On March 14, 2011, MSCI completed the repricing of the New Credit Facility pursuant to Amendment No. 2 to the New Credit Facility (“Amendment No. 2”). Amendment No. 2 provided for the incurrence of a new senior secured loan (the “2011 Term Loan”) in an aggregate principal amount of $1,125.0 million. The proceeds of the 2011 Term Loan, together with $87.6 million of cash on hand, were used to repay the remaining $1,212.6 million outstanding balance of the 2010 Term Loan in full. The 2011 Term Loan matures in March 2017. Amendment No. 2 decreased the interest rate applicable to the 2011 Term Loan from the London Interbank Offered Rate (“LIBOR”) plus 3.25% (with a leverage-based stepdown) to LIBOR plus 2.75% (with a leverage-based stepdown) and reduced the LIBOR floor applicable to the 2011 Term Loan from 1.50% to 1.00%. Prepayments or amendments of the 2011 Term Loan that constitute a “repricing transaction” (as defined in Amendment No. 2) will be subject to a premium of 1.00% of the 2011 Term Loan if prepaid or amended on or prior to March 14, 2012. Prepayments and repricings made after March 14, 2012 will not be subject to premium or penalty. For unused credit under the Revolving Credit Facility, the Company pays an annual 0.75% non-usage fee. The Company incurred $6.1 million in fees associated with the repricing which are reflected in “other expense (income)” on the Company’s Consolidated Statement of Income for the year ended December 31, 2011.

On December 30, 2011, MSCI made a $35.0 million prepayment on the New Credit Facility, as amended. This prepayment did not constitute a “repricing transaction.”

The obligations under the New Credit Facility, as amended, are guaranteed by each of our direct and indirect wholly-owned domestic subsidiaries, subject to limited exceptions. The obligations under the New Credit Facility, as amended, are secured by a lien on substantially all of the equity interests of MSCI’s present and future domestic subsidiaries, up to 65% of the equity interests of MSCI’s first-tier foreign subsidiaries, and substantially all of MSCI’s and MSCI’s domestic subsidiaries’ present and future property and assets, subject to certain exceptions.

In connection with entering into the New Credit Facility, as amended, the Company capitalized deferred financing fees which are being amortized over four to seven years. The Company amortized $5.8 million of capitalized deferred financing fees associated with the New Credit Facility in interest expense during the year ended December 31, 2011. At December 31, 2011, $24.8 million of the capitalized deferred financing fees remain unamortized, $5.1 million of which is included in “prepaid and other assets” and $19.7 million of which is included in “other non-current assets” on the Company’s Consolidated Statement of Financial Condition.

Current maturities of long term debt at December 31, 2011 was $10.3 million, net of a $0.9 million discount. Long term debt, net of current maturities at December 31, 2011 was $1,066.6 million, net of a $3.8 million discount. Approximately $1.1 million of the debt discount associated with the New Credit Facility, as amended, was amortized in interest expense during the year ended December 31, 2011.

Current maturities of long term debt at December 31, 2010 was $54.9 million, net of a $1.1 million discount. Long term debt, net of current maturities at December 31, 2010 was $1,208.0 million, net of a $4.7 million discount.

The fair market value of the Company's debt obligations were $1,089.7 million and $1,281.3 million at December 31, 2011 and 2010, respectively. The fair market value was estimated based on market bid quotes.

The aggregate amount of all long-term debt principal to be repaid for the years following December 31, 2011, is as follows:

For the Years Ending December 31,	Amount (in thousands)
2012	$ 11,250
2013	11,250
2014	11,250
2015	11,250
2016	11,250
Thereafter	1,025,313
Total	$ 1,081,563

Interest Rate Swaps and Derivative Instruments. 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. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's investments and borrowings.

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. During the year ended December 31, 2011, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. As a result of the repayment of the 2010 Term Loan on March 14, 2011, the Company discontinued prospective hedge accounting on its then-existing interest rate swaps as they no longer met hedge accounting requirements. The Company will continue to report the net loss related to the discontinued cash flow hedges in Other Comprehensive Income and is expected to reclassify this amount into earnings during the contractual term of the swap agreements. On March 22, 2011, the Company terminated its then-existing interest rate swaps and simultaneously entered into new interest rate swaps to hedge its newly issued variable-rate debt. As of December 31, 2011, the Company had two outstanding interest rate swaps with a combined notional principal amount of $419.8 million that were designated as cash flow hedges of interest rate risk.

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The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in Accumulated Other Comprehensive Income and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. During the next twelve months, the Company estimates that an additional $2.2 million will be reclassified as an increase to interest expense.

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 Consolidated Statements of Financial Condition:

(In thousands)	Consolidated Statements of Financial Condition Location	As of December 31, 2011	As of December 31, 2010
Liability derivatives:			
Derivatives designated as hedging instruments:			
Interest rate swaps	Other accrued liabilities	$ (2,387)	$ (661)

The following table presents the effect of the Company's financial derivatives and the location in which they are presented on the Company's Consolidated Statements of Financial Condition and Consolidated Statements of Income:

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in Accumulated Other Comprehensive Income on Derivative (Effective Portion) for the Years Ended			Location of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income into Income (Effective Portion) for the Years Ended			Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) for the Years Ended		
(In thousands)	December 31, 2011	November 30, 2010	November 30, 2009		December 31, 2011	November 30, 2010	November 30, 2009		December 31, 2011	November 30, 2010	November 30, 2009
Interest Rate Swaps	$ (4,506)	$ (2,628)	$ (5,959)	Interest expense	$ (2,062)	$ (3,072)	$ (4,221)	Interest expense	$ 35	$ (3,088)	$ —

Derivatives in Cash Flow Hedging Relationships (In thousands)	Amount of Gain or (Loss) Recognized in Accumulated Other Comprehensive Income on Derivative (Effective Portion) for the One Month Ended December 31, 2010	Location of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income into Income (Effective Portion) for One Month Ended December 31, 2010	Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (IneffectivePortion and Amount Excluded from Effectiveness Testing) for the One Month Ended December 31, 2010
Interest rate swaps	$ 968	Interest expense	$ (143)	Interest expense	$ —

Credit-risk-related contingent features. The Company has agreements with each of its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations. As of December 31, 2011, the termination value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was $2.7 million. As of December 31, 2011, the Company has not posted any collateral related to these agreements. If the Company breaches any of these provisions, it could be required to settle its obligations under the agreements at their termination value.

8. FAIR VALUE MEASURES

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2011:

Description	Balance as of December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
		(In thousands)	
Assets:			
Cash and cash equivalents	$ 252,211	$ 225,211	$ 27,000
Short-term investments:			
U.S. Treasury securities	135,492	—	135,492
Tradable certificates of deposit	4,998	—	4,998
Total short-term investments	140,490	—	140,490
Total financial assets	$ 392,701	$ 225,211	$ 167,490
Liabilities:			
Interest rate swaps	$ 2,387	$ —	$ 2,387

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2010:

Description	Balance as of December 31, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
		(In thousands)	
Assets:			
Cash and cash equivalents	$ 269,423	$ 266,519	$ 2,904
Short-term investments:			
U.S. Treasury securities	66,948	—	66,948
Commercial paper	4,252	—	4,252
State and municipal securities	1,617	—	1,617
Total short-term investments	72,817	—	72,817
Total financial assets	$ 342,240	$ 266,519	$ 75,721
Liabilities:			
Interest rate swaps	$ 661	$ —	$ 661

The Company's financial assets and liabilities are valued using market prices on both active markets (Level 1) and less active markets (Level 2). The Company did not have any transfers between Level 1 and Level 2 fair value measurements during the periods presented. The Company does not hold any financial instruments that would be valued using Level 3 inputs as of the periods presented.

The Company's cash and cash equivalents consist of demand deposits with financial institutions and U.S. Treasury securities, tradable certificates of deposit, commercial paper and state and municipal securities with maturities of 90 days or less from the date of purchase. The Company's U.S. Treasury securities, tradable certificates of deposit, commercial paper and state and municipal securities are classified within Level 2, as there is not an active market for these securities, but the market pricing data used to calculate the value of the instruments are derived from similar securities traded in active markets.

The Company's interest rate swaps are classified within Level 2, as they are valued using pricing models that take into account the contract terms as well as multiple observable inputs where applicable, such as equity prices, interest rate yield curves, option volatility and currency rates.

9. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements at December 31, 2011 and December 31, 2010 consisted of the following:

	December 31, 2011	December 31, 2010
	(in thousands)	
Computer & related equipment	$ 70,170	$ 53,240
Furniture & fixtures	4,868	4,689
Leasehold improvements	22,219	20,400
Work-in-process	454	2,302
Subtotal	97,711	80,631
Accumulated depreciation and amortization	(60,088)	(44,908)
Property, equipment and leasehold improvements, net	$ 37,623	$ 35,723

Depreciation and amortization expense of property, equipment and leasehold improvements was $19.4 million, $17.4 million and $12.0 million for the years ended December 31, 2011 and November 30, 2010, and 2009, respectively. Depreciation and amortization expense of property, equipment and leasehold improvements was $1.8 million for the one month ended December 31, 2010.

10. GOODWILL AND INTANGIBLE ASSETS

Goodwill.

The Company carries goodwill as a result of its acquisitions of Barra, RiskMetrics and Measurisk. (See Note 1, "Introduction And Basis Of Presentation," for further information about MSCI's accounting policy regarding goodwill.)

Changes in the carrying amount of the Company's goodwill for the year ended December 31, 2011 was as follows:

	Total
Goodwill at December 31, 2010	$ 1,706,671
Changes to goodwill[1]	1,914
Goodwill at December 31, 2011	$ 1,708,585

[1] Resulting from the finalization of the valuation of the acquired RiskMetrics assets and liabilities.

Intangible Assets.

Intangible assets consist of those definite-lived intangibles from the acquisitions of Barra in June 2004, RiskMetrics in June 2010 and Measurisk in July 2010. The Company amortizes definite-lived intangible assets over their estimated useful lives. Amortizable intangible assets are tested for impairment when impairment indicators are present, and, if impaired, written down to fair value based on either discounted cash flows or appraised values. No impairment of intangible assets has been identified during any of the periods presented. The Company has no indefinite-lived intangibles.

Amortization expense related to intangible assets for the years ended December 31, 2011 and November 30, 2010 and 2009, was $65.8 million, $41.6 million and $25.6 million, respectively. Amortization expense related to intangible assets for the one month ended December 31, 2010 was $5.6 million.

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

	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
		(in thousands)	
As of December 31, 2011			
Customer relationships	$459,010	$ (61,003)	$398,007
Trademarks/trade names	243,440	(49,336)	194,104
Technology/software	191,430	(141,457)	49,973
Proprietary process	3,800	(1,003)	2,797
Non-compete agreements	2,780	(2,780)	—
Total intangible assets	$900,460	$ (255,579)	$644,881

	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
		(in thousands)	
As of December 31, 2010			
Customer relationships	$461,690	$ (32,130)	$429,560
Trademarks/trade names	243,440	(36,456)	206,984
Technology/software	194,317	(125,575)	68,742
Proprietary process	3,800	(369)	3,431
Non-compete agreements	2,780	(1,081)	1,699
Transition agreements	720	(450)	270
Total intangible assets	$906,747	$ (196,061)	$710,686

Estimated amortization expense for succeeding years is presented below:

For the Years Ending December 31,	Amortization Expense (in thousands)
2012	62,959
2013	53,087
2014	52,864
2015	52,787
2016	50,649
Thereafter	372,535
Total	$ 644,881

11. EMPLOYEE BENEFITS

The Company sponsors a 401(k) plan for eligible U.S. employees and defined contribution and defined benefit pension plans that cover substantially all of its non-U.S. employees. For the years ended December 31, 2011 and November 30, 2010 and 2009, costs relating to 401(k), pension and post-retirement benefit expenses were $15.9 million, $8.8 million and $7.0 million, respectively, and $0.8 million for the one month ended December 31, 2010. Amounts included in cost of services were $9.8 million, $5.2 million and $4.3 million for the years ended December 31, 2011 and November 30, 2010 and 2009, respectively, and $0.5 million for the one month ended December 31, 2010. Amounts included in selling, general and administrative expense related to these pension and post-retirement expenses for the years ended December 31, 2011 and November 30, 2010 and 2009 were $6.1 million, $3.6 million and $2.7 million, respectively, and $0.3 million for the one month ended December 31, 2010.

401(k) and Other Defined Contribution Plans. Eligible employees may participate in the MSCI 401(k) plan (or any other regional defined contribution plan sponsored by MSCI) immediately upon hire. Eligible employees receive 401(k) and other defined contribution plan matching contributions and, in the case of the MSCI 401(k) plan, an additional Company contribution of 3% of the employees' cash compensation, which is subject to vesting and certain other limitations. Prior to January 1, 2011, RiskMetrics employees participated in the legacy RiskMetrics 401(k) plan (or any other regional defined contribution plan sponsored) and received 401(k) and other defined contribution plan matching contributions. The Company's expenses associated with the 401(k) plan and other defined contribution plans for the years ended December 31, 2011 and November 30, 2010 and 2009 were $14.0 million, $6.8 million and $5.7 million, respectively, and $0.7 million for the one month ended December 31, 2010.

Net Periodic Benefit Expense. Net periodic benefit expense incurred by the Company related to defined benefit pension plans was $1.9 million, $2.0 million and $1.3 million for the years ended December 31, 2011 and November 30, 2010 and 2009, respectively, and $0.1 million for the one month ended December 31, 2010.

The Company uses a measurement date of December 31 to calculate obligations under its pension and postretirement plans. As of December 31, 2011, the Company carried a $5.1 million net liability on its books related to its future pension obligations. The fair value of the defined benefit plan assets was $19.4 million at December 31, 2011.

12. SHARE-BASED COMPENSATION

MSCI Share-Based Compensation Awards

On November 6, 2007, the Company's Board of Directors approved the award of founders grants to its employees in the form of restricted stock units and/or options ("Founders Grant Award"). The aggregate value of the grants, which were made on November 14, 2007, was approximately $68.0 million. The restricted stock units and options vested over a four-year period, with 50% vesting on the second anniversary of the grant date and 25% vesting on each of the third and fourth anniversary of the grant date. The options have an exercise price per share of $18.00 and have a term of 10 years, subject to earlier cancellation in certain circumstances. The aggregate value of the options was calculated using the Black-Scholes valuation method consistent with ASC Subtopic 718-10, "*Compensation-Stock Compensation*." The final tranche of the Founders Grant Award, representing one-fourth of the total award, vested on November 14, 2011.

On December 16, 2008, the Company, as a component of the 2008 annual bonus, awarded certain of its employees with a grant in the form of restricted stock units ("2008 Bonus Award"). The aggregate value of the grants was approximately $9.5 million of restricted stock units. The restricted stock units vest one-third per year over a three year period. Approximately $4.2 million of this grant was awarded to retirement-eligible employees under the award terms. Based on interpretive guidance related to ASC Subtopic 718-10, the Company accrues the estimated cost of these awards over the course of the fiscal year in which the award is earned. As such, the Company accrued the estimated cost of the 2008 Bonus Award related to retirement-eligible employees over the 2008 fiscal year. The final tranche of the 2008 Bonus Award vested on January 9, 2012.

On December 16, 2009, the Company, as a component of the 2009 annual bonus, awarded certain of its employees with a grant in the form of restricted stock units (“2009 Bonus Award”). The aggregate value of the grants was approximately $13.2 million of restricted stock units. The restricted stock units vest over a three year period, with one-third vesting on December 20, 2010, December 19, 2011 and December 17, 2012, respectively. Approximately $5.1 million of this grant was awarded to retirement-eligible employees under the award terms. The Company accrued the estimated cost of the 2009 Bonus Award granted to retirement-eligible employees over the 2009 fiscal year. The final tranche of the 2009 Bonus Award will vest on December 17, 2012.

On June 1, 2010, the Company reserved approximately 4.2 million shares of Common Stock for outstanding vested and unvested stock options and 0.1 million shares of Common Stock for outstanding unvested restricted stock awards assumed as part of the acquisition of RiskMetrics. Over an approximate three and a half year period from the date assumed, $16.7 million is expected to be expensed for unvested stock options and $1.3 million for unvested restricted stock awards.

On June 1, 2010, the Company awarded certain of its employees with a grant in the form of restricted stock units (“Performance Award”). The Performance Award will performance-vest based upon the Company achieving specific performance targets over a measurement period ending on December 31, 2012 and time-vest over a 31 month period, with one-half time-vested on December 1, 2011 and one-half time-vesting on December 31, 2012. The aggregate value of the grants was approximately $15.9 million.

On December 10, 2010, the Compensation Committee of the Board of Directors of the Company approved the grant of a special one-time price and time vested stock option award to the Company’s Chief Executive Officer (“2010 CEO Award”). The award was valued using a Monte Carlo simulation based on the closing price of the Company’s Common Stock at the close of business on December 13, 2010. The CEO Award time-vests over a five year period, with approximately 25% of the award vesting on each of the second, third, fourth and fifth anniversaries of the grant and is subject to certain market performance .

On December 14, 2010, the Company, as a component of the 2010 annual bonus, awarded a portion of its employees with a grant in the form of restricted stock units (“2010 Bonus Award”). The aggregate value of the grants was approximately $18.9 million. Approximately $6.2 million was awarded to retirement eligible employees under the award terms, $0.5 million of which was expensed during the one month ended December 31, 2010. A portion of the 2010 Bonus Award consisted of restricted stock units vesting over a three year period, with one-third vesting on each anniversary of the grant in 2011, 2012 and 2013, respectively. A smaller portion of the 2010 Bonus Award consisted of restricted stock units subject to achieving both specific performance targets over a measurement period ending on December 31, 2012 and a time-vesting period, with one-half time vesting on December 31, 2012 and December 31, 2013, respectively.

In February 2012, the Company, as a component of the 2011 annual bonus, awarded a portion of its employees with a grant in the form of restricted stock units (“2011 Bonus Award”). The total number of units granted was 632,572. The aggregate value of the grants was approximately $21.2 million. Approximately $6.7 million was awarded to retirement eligible employees under the award terms which had been expensed in the year ended December 31, 2011.

For the Performance Award and the 2010 CEO Award, all or a portion of the award may be cancelled in certain limited situations, including termination for cause, if employment is terminated before the end of the relevant restriction period. For the remainder of the awards granted by the Company, all or a portion of the award may be cancelled if employment is terminated for certain reasons before the end of the relevant restriction period for non-retirement-eligible employees.

During the year ended December 31, 2011, the Company awarded 7,840 shares of Common Stock and 21,259 restricted stock units to directors who were not employees of the Company during the period.

In connection with awards under its equity-based compensation and benefit plans, the Company is authorized to issue shares of Common Stock held in treasury or newly issued shares.

The components of share-based compensation expense related to the awards to Company employees and directors who are not employees of the Company of restricted stock units and restricted stock awards (representing shares of Common Stock) and options to purchase shares of Common Stock, as applicable, are presented below (in thousands):

	For the Years Ended			One Month Ended
	December 31, 2011	November 30, 2010	November 30, 2009	December 31, 2010
Deferred stock	$ 27,067	$ 24,632	$ 28,987	$ 2,080
Stock options	4,682	7,653	6,174	752
Total	$ 31,749	$ 32,285	$ 35,161	$ 2,832

The amount of this expense included in cost of services for the years ended December 31, 2011 and November 30, 2010 and 2009 was $12.4 million, $12.0 million and $12.2 million, respectively, and $1.4 million for the one month ended December 31, 2010. The amount of this expense included in selling, general and administrative expense for the years ended December 31, 2011 and November 30, 2010 and 2009 was $19.3 million, $17.3 million and $23.0 million, respectively, and $1.4 million for the one month ended December 31, 2010. The amount of this expense included in restructuring expense was less than $0.1 million for the year ended December 31, 2011 and was $3.0 million for the year ended November 30, 2010.

The tax benefits for share-based compensation expense related to deferred stock and stock options granted to Company employees and to directors who are not employees of the Company were $7.3 million, $8.5 million and $6.9 million for the year ended December 31, 2011 and November 30, 2010 and 2009, respectively. The tax benefits for share-based compensation expense related to deferred stock and stock options granted to Company employees and to directors who are not employees of the Company were $0.3 million for the one month ended December 31, 2010.

As of December 31, 2011, approximately $16.9 million of compensation cost related to MSCI unvested share-based awards granted to the Company's employees and to directors who are not employees of the Company had not yet been recognized. The unrecognized compensation cost relating to unvested stock-based awards expected to vest will be recognized primarily over the next one to three years.

In connection with awards under its equity-based compensation and benefit plans, the Company is authorized to issue shares of Common Stock. As of December 31, 2011, approximately 10.7 million shares of Common Stock were available for future grant under these plans.

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Deferred Stock Awards. Certain Company employees have been granted deferred stock awards pursuant to its share-based compensation plan. The plan provides for the deferral of a portion of certain employees' discretionary compensation with awards made in the form of the right to receive restricted stock units and restricted stock awards. Recipients of deferred stock generally have rights to receive dividend equivalents that are not subject to vesting.

The following table sets forth activity concerning the Company's vested and unvested deferred stock awards applicable to its employees (share data in thousands):

For the Periods Ended December 31, 2011 and 2010	Number of Shares	Weighted Average Grant Date Fair Value
Vested and unvested deferred stock awards at November 30, 2010	1,882	$ 24.38
Granted	514	$ 36.70
Conversion to common stock	(125)	$ 33.34
Canceled	—	$ 30.16
Vested and unvested deferred stock awards at December 31, 2010	2,271	$ 26.68
Granted	81	$ 34.47
Conversion to common stock	(1,032)	$ 22.54
Canceled	(74)	$ 29.78
Vested and unvested deferred stock awards at December 31, 2011[1]	1,246	$ 30.42

[1] As of December 31, 2011, approximately 1,223 restricted stock units and restricted stock awards, with a weighted average price of $30.34, were vested or expected to vest.

The total fair value of restricted stock units and restricted stock awards held by the Company's employees converted to MSCI common stock during the year ended December 31, 2011 and November 30, 2010 and 2009 was $35.2 million, $34.3 million and $45.3 million, respectively, and $4.7 million for the one month ended December 31, 2010.

The following table sets forth activity concerning the Company's unvested deferred stock awards related to its employees (share data in thousands):

For the Periods Ended December 31, 2011 and 2010	Number of Shares	Weighted Average Grant Date Fair Value
Unvested deferred stock awards at November 30, 2010[1]	1,549	$ 24.48
Granted	332	$ 36.70
Vested	(74)	$ 33.15
Canceled	—	$ 30.16
Unvested deferred stock awards at December 31, 2010	1,807	$ 24.38
Granted	81	$ 34.47
Vested	(865)	$ 21.84
Canceled	(74)	$ 29.78
Unvested deferred stock awards at December 31, 2011	949	$ 30.90
Unvested deferred stock awards expected to vest	926	$ 30.80

[1] Unvested deferred stock awards represent awards where recipients have yet to satisfy either the explicit vesting terms or retirement-eligibility requirements.

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Stock Option Awards. On December 10, 2010, the Compensation Committee of the Board of Directors of the Company approved the grant of a special one-time price and time vested stock option award of 208,175 units to the Company's Chief Executive Officer ("2010 CEO Award"). The award was valued using a Monte Carlo simulation based on the closing price of the Company's Common Stock at the close of business on December 13, 2010. The CEO Award time-vests over a five year period, with approximately 25% of the award vesting on each of the second, third, fourth and fifth anniversaries of the grant, and is subject to certain market performance. No MSCI stock options were issued during the year ended December 31, 2011. The weighted average fair value of MSCI stock options issued by the Company in the one month ended December 31, 2010 was $17.08, utilizing the following assumptions:

	Assumptions
Weighted-average fair value of grants per share	$ 17.08
Risk free interest rate	3.26%
Expected stock price volatility	36.31%
Expected dividend yield	—

The expected stock price volatility assumption was determined using the historical volatility of the Company and its peers. Because the Company did not have sufficient share price history to calculate the historical volatility of MSCI Common Stock, the Company believes that the combination of its own and its peers' historical volatility is the most reliable data for the purposes of estimating the expected volatility.

The following table sets forth activity concerning MSCI stock options granted to the Company's employees for the year ended December 31, 2011 and for the one month ended December 31, 2010 (option data and dollar values in thousands, except exercise price):

For the Periods Ended December 31, 2011 and 2010	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Aggregated Intrinsic Value
Options outstanding at November 30, 2010	4,557	$ 17.54	6.47	N/A
Granted or assumed	208	$ 36.70	N/A	N/A
Forfeited	(49)	$ 21.78	N/A	N/A
Conversion to common stock	(5)	$ 24.77	N/A	N/A
Options outstanding at December 31, 2010	4,711	$ 18.33	5.82	N/A
Granted or assumed	—	$ —	N/A	N/A
Forfeited	(180)	$ 21.23	N/A	N/A
Conversion to common stock	(1,006)	$ 16.33	N/A	N/A
Options outstanding at December 31, 2011	3,525	$ 18.76	5.63	$ 50,748
Options exercisable at December 31, 2011	3,022	$ 17.27	5.20	$ 47,322
Options vested or expected to vest	3,502	$ 18.73	5.62	$ 50,507

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The following table presents information relating to the Company's outstanding stock options as of December 31, 2011 (number of options outstanding and aggregate intrinsic value data in thousands):

At December 31, 2011	Options Outstanding			
Range of Exercise Prices	Number Outstanding	Weighted Average Exercise Price	Average Remaining Life (Years)	Aggregate Intrinsic Value
$2.76 to $16.48	905	$ 10.20	4.49	$ 20,574
$18.00	1,282	$ 18.00	5.41	$ 19,140
$20.45 to $25.64	1,130	$ 23.16	6.18	$ 11,034
$36.70	208	$ 36.70	8.95	$ —
Total	3,525			$ 50,748

The following table presents information relating to the Company's exercisable stock options as of December 31, 2011 (number of options outstanding and aggregate intrinsic value data in thousands):

At December 31, 2011	Options Exercisable			
Range of Exercise Prices	Number Outstanding	Weighted Average Exercise Price	Average Remaining Life (Years)	Aggregate Intrinsic Value
$2.76 to $16.48	779	$ 9.22	4.06	$ 18,470
$18.00	1,282	$ 18.00	5.41	$ 19,140
$20.45 to $25.64	961	$ 22.83	5.86	$ 9,712
$36.70	—	$ 36.70	8.95	$ —
Total	3,022			$ 47,322

The intrinsic value of the stock options exercised by the Company's employees during the years ended December 31, 2011 and November 30, 2010 and 2009 was $19.4 million, $17.4 and $0.6 million, respectively, and $0.1 million for the one month ended December 31, 2010.

Morgan Stanley Share-based Compensation Awards

Prior to May 22, 2009, Morgan Stanley owned a controlling interest in the Company and, as such, was treated as a related party. On May 22, 2009, Morgan Stanley sold all of its remaining shares of the Company's stock. Certain employees of the Company had received share-based compensation under Morgan Stanley's executive compensation programs. The fair value of Morgan Stanley-related restricted stock units was determined based on the number of units granted and the grant date fair value of Morgan Stanley common stock, measured as the volume-weighted average price on the date of grant. The fair value of Morgan Stanley-related stock options was determined using the Black-Scholes valuation model and the single grant life method. Under the single grant life method, option awards with graded vesting are valued using a single weighted-average expected option life.

No expense related to Morgan Stanley shared-based compensation awards was recognized in either cost of services or selling, general and administrative expense in the years ended December 31, 2011 and November 30, 2010 and for the one month ended December 31, 2010. During the year ended November 30, 2009, the Company recognized $0.6 million of expense associated with Morgan Stanley deferred stock awards granted to employees of the Company and $0.1 million of expense associated with Morgan Stanley stock options granted to employees of the Company. The amount of expense included in cost of services in the year ended November 30, 2009 was $0.1 million and in selling, general and administrative expense was $0.6 million.

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No Morgan Stanley stock options were exercised by the Company's employees during the years ended December 31, 2011, November 30, 2010 or 2009 or during the one month ended December 31, 2010.

13. INCOME TAXES

The provision for income taxes (benefits) consisted of (in thousands):

	For the Years Ended			For the One Month Ended
	December 31, 2011	November 30, 2010	November 30, 2009	December 31, 2010
Current				
U.S. federal	$ 53,041	$ 36,386	$ 45,957	$ 1,487
U.S. state and local	12,573	9,452	10,714	931
Non U.S.	18,720	14,557	7,587	1,462
	84,334	60,395	64,258	3,880
Deferred				
U.S. federal	12,412	4,091	(12,940)	2,864
U.S. state and local	(2,643)	(1,954)	(919)	235
Non U.S.	(4,144)	(1,211)	(479)	(247)
	5,625	926	(14,338)	2,852
Provision for income taxes	$ 89,959	$ 61,321	$ 49,920	$ 6,732

The following table reconciles the provision to the U.S. federal statutory income tax rate:

	For the Years Ended			For the One Month Ended
	December 31, 2011	November 30, 2010	November 30, 2009	December 31, 2010
U.S. federal statutory income tax rate	35.00%	35.00%	35.00%	35.00%
U.S. state and local income taxes, net of U.S. federal income tax benefits	2.45%	3.13%	3.63%	3.63%
Change in tax rates applicable to non-U.S. earnings	(3.33%)	0.33%	(0.64%)	(1.05%)
Domestic tax credits	(0.95%)	— %	(0.96%)	(4.55%)
Other	0.98%	1.49%	0.87%	(0.28%)
Effective income tax rate	34.15%	39.95%	37.90%	32.75%

Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when such differences are expected to reverse. Significant components of the Company's deferred tax assets and liabilities as of December 31, 2011 and December 31, 2010, were as follows (in thousands):

	As of	
	December 31, 2011	December 31, 2010
Deferred tax assets:		
Employee compensation and benefit plans	$ 26,895	$ 26,356
Property, equipment and leasehold improvements, net	2,044	4,458
State taxes	2,192	2,192
Interest rate swap	1,215	258
Foreign currency translation	1,663	(48)
Pension	171	129
Unearned revenue	1,445	1,843
NOL carryforward – current	466	22,917
NOL carryforward – non-current	3,198	10,098
Other	5,969	5,131
Subtotal	45,258	73,334
Less: valuation allowance	(779)	(1,065)
Total deferred tax assets	$ 44,479	$ 72,269
Deferred tax liabilities:		
Intangible assets	$ (242,500)	$ (265,987)
Other	(1,483)	(2,904)
Total deferred tax liabilities	$ (243,983)	$ (268,891)
Net deferred tax liabilities	$ (199,504)	$ (196,622)
Net current deferred tax asset	$ 40,952	$ 57,525
Net non-current deferred tax liabilities	(240,456)	(254,147)
Net deferred tax liabilities	$ (199,504)	$ (196,622)

Cumulative earnings attributable to foreign subsidiaries were approximately $121.1 million, $48.6 million and $25.1 million for the years ended December 31, 2011 and November 30, 2010 and 2009, respectively, and $49.9 million for the one month ended December 31, 2010. No provisions for income tax that could occur upon repatriation have been recorded on these earnings. Except to the extent such earnings can be repatriated tax efficiently, they are permanently invested abroad. It is not practicable to determine the amount of income taxes payable in the event all such foreign earnings are repatriated.

The Company changed its intention to now permanently reinvest the undistributed earnings of MSCI Ltd. (except for the entities directly held by MSCI Ltd.), RiskMetrics (UK) Ltd., and RiskMetrics (Singapore) Pte Ltd. during the year ended December 31, 2011. With this change, the Company intends to permanently reinvest the undistributed earnings of all foreign operations indefinitely except for any entities that are branches of U.S. companies or check-the-box entities that have elected to be treated as disregarded entities for U.S. tax purposes and are held directly by a U.S. company or MSCI Ltd. As a result of this change, the Company no longer accrues for the U.S. taxes that would be recognized upon repatriation of these earnings.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

The Company believes the resolution of tax matters will not have a material effect on the Consolidated Statement of Financial Condition of the Company, although a resolution could have a material impact on the Company's Consolidated Statement of Income for a particular future period and on the Company's effective tax rate for any period in which such resolution occurs.

The following table presents a reconciliation of the beginning and ending amount of the gross unrecognized tax benefits, excluding interest and penalties, for the years ended December 31, 2011, November 30, 2010 and 2009 and for the one month ended December 31, 2010:

Gross unrecognized tax benefits (amounts in thousands)	Year Ended December 31, 2011	Year Ended November 30, 2010	Year Ended November 30, 2009	One Month Ended December 31, 2010
Beginning balance	$ 13,392	$ 10,974	$ 2,625	$ 13,089
Increases based on tax positions related to the current period	—	1,516	466	154
Increases based on tax positions related to prior periods[1]	1,061	3,773	8,796	160
Decreases based on tax positions related to prior periods	(1,132)	(317)	(349)	(11)
Increases/ (Decreases) related to settlements with taxing authorities	(153)	(887)	(564)	—
Increases/(Decreases) related to a lapse of applicable statute of limitations	—	(1,970)	—	—
Ending balance	$ 13,168	$ 13,089	$ 10,974	$ 13,392

[1] Includes $3.8 million assumed upon the acquisition of RiskMetrics on June 1, 2010.

The total amount of unrecognized tax benefits was approximately $10.6 million, net of federal benefit of state issues, competent authority and foreign tax credit offsets, as of December 31, 2011, which, if recognized, would favorably affect the effective tax rate in future periods. The Company recognizes the accrual of interest and penalties related to unrecognized tax benefits in the Provision for Income Taxes in the Consolidated Statements of Income. For the year ended December 31, 2011, the Company recognized $0.6 million of interest in the Consolidated Statement of Income. No penalties were recognized in the Consolidated Statement of Income for the year ended December 31, 2011.

MSCI INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company is under examination by the Internal Revenue Service ("the IRS") and other tax authorities in certain countries, such as Japan, India and the United Kingdom, and states in which the Company has significant business operations, such as New York and California. The tax years currently under examination vary by jurisdiction.

Subsequent to the tax year ended November 30, 2010, Morgan Stanley reached a preliminary settlement with the New York State and New York City tax authorities on issues relating to years 2002 -2006. However, no additional assessments have yet been issued. The Company expects to settle during the year ended December 31, 2012 and to indemnify Morgan Stanley for any additional assessments deemed to be due in accordance with the Tax Sharing Agreement.

The following table summarizes the major taxing jurisdictions in which the Company and its affiliates operate and the open tax years for each major jurisdiction:

Tax Jurisdiction	Open Tax Years
United States	2005 – 2010
California	2008 – 2010
New York State	2007 – 2010
New York City	2005 – 2010
Hong Kong	2004 – 2010
United Kingdom	2010
Canada	2005 – 2010
Japan	2009 – 2010
India	2008 – 2011

14. 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 in deciding how to allocate resources and in assessing performance. MSCI's Chief Executive Officer, who is considered to be its chief operating decision maker, or CODM, reviews financial information presented on an operating segment basis for purposes of making operating decisions and assessing financial performance. Prior to June 1, 2010, the Company assessed that it operated in a single business segment based on its historical integration and management strategies. As a result of MSCI's acquisition of RiskMetrics, MSCI began operating as two segments, the Performance and Risk business and the Governance business. These designations have been made as the discrete operating results of these segments are reviewed by the Company's CODM for purposes of making operating decisions and assessing financial performance.

The Performance and Risk business is a leading global provider of investment decision support tools, including indices, portfolio risk and performance analytics, credit analytics and ESG products. The business provides clients with a broad suite of products and services to assist them with managing equity, fixed income and multi-asset class portfolios. The products are used in many areas of the investment process, including portfolio construction and rebalancing, performance benchmarking and attribution, risk management and analysis, index-linked investment product creation, asset allocation, assessment of social responsibility, environmental stewardship and the effects of climate change on investments, investment manager selection and investment research.

MSCI INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Governance business is a leading provider of corporate governance products and specialized financial research and analysis services to institutional shareholders and corporations around the world. Among other things, the Governance business facilitates the voting of proxies by institutional investors and provides in-depth research and analysis to help inform their voting decisions and identify issuer-specific risk. It offers both global security coverage and fully integrated products and services, including proxy voting, policy creation, research, vote recommendations, vote execution, post-vote disclosure and reporting and analytical tools. Within a firewall, a separate unit of the Governance business also provides products and services to corporate clients who may use those products and services to learn about and improve their governance and executive compensation practices.

Revenues and expenses directly associated with each respective segment are included in determining its operating results. Other expenses that are not directly attributable to a particular segment are allocated based upon allocation methodologies, including time studies, headcount, net revenues and other relevant usage measures.

The CODM does not review any information regarding total assets on an operating segment basis. Operating segments do not record intersegment revenue, and, accordingly, there is none to be reported. The accounting policies for segment reporting are the same as for MSCI as a whole.

The following table presents MSCI's operating segments' results for the years ended December 31, 2011 and November 30, 2010 and 2009 and for the one month ended December 31, 2010:

	Years Ended			One Month Ended
(in thousands)	December 31, 2011	November 30, 2010	November 30, 2009	December 31, 2010
Operating revenues				
Performance and Risk	$ 781,355	$ 604,307	$ 442,948	$ 61,841
Governance	119,586	58,594	—	10,683
Consolidated	$ 900,941	$ 662,901	$ 442,948	$ 72,524
Amortization of intangible assets and depreciation and amortization of property, equipment and leasehold improvements				
Performance and Risk	$ 67,558	$ 51,028	$ 37,511	$ 6,038
Governance	17,672	7,984	—	1,324
Consolidated	$ 85,230	$ 59,012	$ 37,511	$ 7,362
Operating income				
Performance and Risk	$ 310,504	$ 200,369	$ 150,992	$ 24,601
Governance	11,494	5,754	—	2,068
Consolidated	$ 321,998	$ 206,123	$ 150,992	$ 26,669

MSCI INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

	For the Years Ended			One Month Ended
	December 31, 2011	November 30, 2010	November 30, 2009	December 31, 2010
Americas:				
United States	$ 457,591	$ 329,773	$ 212,763	$ 37,882
Other	32,188	23,546	14,425	2,583
Total Americas	489,779	353,319	227,188	40,465
Europe, the Middle East and Africa (“EMEA”):				
United Kingdom	106,648	86,136	56,232	8,950
Other	180,600	128,934	83,922	13,917
Total EMEA	287,248	215,070	140,154	22,867
Asia & Australia:				
Japan	58,023	46,872	41,805	4,358
Other	65,891	47,640	33,801	4,834
Total Asia & Australia	123,914	94,512	75,606	9,192
Total	$ 900,941	$ 662,901	$ 442,948	$ 72,524

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	
	December 31, 2011	December 31, 2010
Americas:		
United States	$ 2,369,997	$ 2,430,287
Other	5,145	3,229
Total Americas	2,375,142	2,433,516
EMEA:		
United Kingdom	5,107	5,520
Other	5,617	7,756
Total EMEA	10,724	13,276
Asia & Australia:		
Japan	364	448
Other	4,859	5,840
Total Asia & Australia	5,223	6,288
Total	$ 2,391,089	$ 2,453,080

15. QUARTERLY RESULTS OF OPERATIONS (unaudited):

	2011				2010			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter(1)	Second Quarter(1)	Third Quarter(1)(2)	Fourth Quarter(1)
	(in thousands)				(in thousands)			
Operating revenues	$223,298	$226,483	$225,026	$226,134	$121,680	$125,170	$ 202,733	$213,318
Cost of services	70,218	68,840	68,968	69,121	29,291	30,463	69,741	69,131
Selling, general and administrative	51,418	53,321	53,724	54,509	37,461	40,177	63,306	49,300
Restructuring	4,431	40	(1,002)	125	—	—	6,953	1,943
Amortization of intangible assets	16,692	16,423	16,422	16,268	4,278	4,277	16,350	16,694
Depreciation and amortization of property, equipment and leasehold improvements	5,110	5,168	4,669	4,478	3,393	3,556	4,934	5,530
Total operating expenses	147,869	143,792	142,781	144,501	74,423	78,473	161,284	142,598
Operating income	75,429	82,691	82,245	81,633	47,257	46,697	41,449	70,720
Interest income	(143)	(186)	(184)	(335)	(408)	(343)	(114)	(128)
Interest expense	16,587	12,852	13,113	13,267	4,436	8,991	20,415	17,495
Other expense (income)	5,641	383	(983)	(1,427)	(608)	98	524	2,274
Other expense (income), net	22,085	13,049	11,946	11,505	3,420	8,746	20,825	19,641
Income before provision for income taxes	53,344	69,642	70,299	70,128	43,837	37,951	20,624	51,079
Provision for income taxes	19,823	23,982	20,512	25,642	16,319	13,884	10,305	20,813
Net income	$ 33,521	$ 45,660	$ 49,787	$ 44,486	$ 27,518	$ 24,067	$ 10,319	$ 30,266
Earnings per basic common share	$ 0.28	$ 0.38	$ 0.41	$ 0.37	$ 0.26	$ 0.23	$ 0.09	$ 0.25
Earnings per diluted common share	$ 0.27	$ 0.37	$ 0.40	$ 0.36	$ 0.26	$ 0.22	$ 0.08	$ 0.25
Weighted average shares outstanding used in computing per share data								
Basic	120,282	120,592	120,831	121,146	105,235	105,345	118,339	119,309
Diluted	122,013	122,235	122,303	122,536	105,844	106,003	120,341	121,172

(1) Financial information for the three months ended March 31, June 30, September 30 and December 31, 2010 has not been included in this Form 10-K for the following reasons: (i)(a) the three months ended February 28, May 31, August 31 and November 30, 2010 provide a meaningful comparison for the three months ended March 31, June 30, September 30 and December 31, 2011, respectively; (ii) there are no significant factors, seasonal or other, that would materially impact the comparability of information if the results for the three months ended March 31, June 30, September 30, and December 31 2010 were presented

in lieu of results for the three months ended February 28, May 31, August 31, and November 30, 2010, respectively; and (iii) it was not practicable or cost justified to prepare this information.

(2) The Company included the results of RiskMetrics and Measurisk as of the June 1, 2010 and July 30, 2010 acquisition dates, respectively.

16. TRANSITION PERIOD FINANCIAL INFORMATION

The table below presents certain audited financial information for the one month ended December 31, 2010 and certain unaudited financial information for the one month ended December 31, 2009:

	One Month Ended December 31,	
(amounts in thousands, except per share data)	2010	2009 (unaudited)
Operating revenues	$72,524	$ 40,487
Operating income	$26,669	$ 16,540
Provision for income taxes	$ 6,732	$ 5,651
Net income	$13,824	$ 9,259
Earnings per basic common share	$ 0.11	$ 0.09
Earnings per diluted common share	$ 0.11	$ 0.09

17. SUBSEQUENT EVENTS

Management of the Company evaluated subsequent events from January 1, 2012 through the issuance date of this Form 10-K.

EXHIBIT INDEX

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of February 28, 2010 among MSCI Inc., RiskMetrics Group, Inc. and Crossway Inc. (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-33812), filed with the SEC on March 1, 2010 and incorporated by reference herein)
3.1	Amended and Restated Certificate of Incorporation (filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended November 30, 2007 (File No. 001-33812), filed with the SEC on February 28, 2008 and incorporated by reference herein)
3.2	Amended and Restated By-laws (filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended November 30, 2007 (File No. 001-33812), filed with the SEC on February 28, 2008 and incorporated by reference herein)
4.1	Form of Senior Debt Indenture (filed as Exhibit 4.1 to the Company's Registration Statement on Form S-3 (File No. 333-159311), filed with the SEC on May 18, 2009 and incorporated by reference herein)
4.2	Form of Subordinated Debt Indenture (filed as Exhibit 4.2 to the Company's Registration Statement on Form S-3 (File No. 333-159311) filed with the SEC on May 18, 2009 and incorporated by reference herein)
10.1#†	Index License Agreement for Funds, dated as of March 18, 2000, between Morgan Stanley Capital International and Barclays Global Investors, N.A. Due to a change in the confidential treatment of certain information contained therein, this exhibit replaces the exhibit originally filed as Exhibit 10.1 to the Company's Registration Statement on Form S-1, as amended (File No. 333-144975), filed with the SEC on September 26, 2007.
10.2#†	Amendment to Index License Agreement for Funds between Morgan Stanley Capital International and Barclays Global Investors, N.A. Due to a change in the confidential treatment of certain information contained therein, this exhibit replaces the exhibit originally filed as Exhibit 10.2 to the Company's Registration Statement on Form S-1, as amended (File No. 333-144975), filed with the SEC on September 26, 2007.
10.3†	Letter Agreement to Amend MSCI-BGI Fund Index License Agreement, dated as of June 21, 2001, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A. Due to a change in the confidential treatment of certain information contained therein, this exhibit originally filed as Exhibit 10.3 to the Company's Registration Statement on Form S-1, as amended (File No. 333-144975), filed with the SEC on September 26, 2007 has been replaced by Exhibit 10.3 to the Company's Annual Report on Form 10-K for the period ended November 30, 2010 (File No. 001-3382), filed with the SEC on January 31, 2011 and incorporated by reference herein.
10.4†	Addendum to the Index License Agreement for Funds, dated as of September 18, 2002, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A. (filed as Exhibit 10.4 to the Company's Registration Statement on Form S-1, as amended (File No. 333-144975), filed with the SEC on September 26, 2007 and incorporated by reference herein)
10.5†	Amendment to the Index License Agreement for Funds, dated as of December 3, 2004, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A. (filed as Exhibit 10.5 to the Company's Registration Statement on Form S-1, as amended (File No. 333-144975), filed with the SEC on October 26, 2007 and incorporated by reference herein)
10.6†	Amendment to the Index License Agreement for Funds, dated as of May 1, 2005, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A. (filed as Exhibit 10.6 to the Company's Registration Statement on Form S-1, as amended (File No. 333-144975), filed with the SEC on September 26, 2007 and incorporated by reference herein)

Exhibit Number	Description
10.7†	Amendment to the Index License Agreement for Funds, dated as of July 1, 2006, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A. (filed as Exhibit 10.7 to the Company's Registration Statement on Form S-1, as amended (File No. 333-144975), with the SEC on October 26, 2007 and incorporated by reference herein)
10.8†	Amendment to Index License Agreement for Funds, dated as of June 5, 2007, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A. Due to a change in the confidential treatment of certain information contained therein, this exhibit originally filed as Exhibit 10.8 to the Company's Registration Statement on Form S-1, as amended (File No. 333-144975), filed with the SEC on September 26, 2007 has been replaced by Exhibit 10.8 to the Company's Annual Report on Form 10-K for the period ended November 30, 2010 (File No. 001-3382), filed with the SEC on January 31, 2011 and incorporated by reference herein.
10.9#	Amendment to Index License Agreement for Funds, dated as of November 7, 2008, between MSCI Inc. and Barclays Global Investors, N.A. Due to a change in the confidential treatment of certain information contained therein, this exhibit replaces the exhibit originally filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the year ended November 30, 2008 (File No. 001-33812), filed with the SEC on January 29, 2009.
10.10†	Amendment to Index License Agreement for Funds, dated as of December 8, 2009, between MSCI Inc. and Barclays Global Investors, N.A. Due to a change in the confidential treatment of certain information contained therein, this exhibit originally filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended November 30, 2009 (File No. 001-33812), filed with the SEC on January 29, 2010 has been replaced by Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended May 31, 2010 (File No. 001-33812), filed with the SEC on July 2, 2010 and incorporated by reference herein.
10.11	Amendment to Index License Agreement for Funds, dated as of April 1, 2009, between MSCI Inc. and Barclays Global Investors, N.A. (filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended November 30, 2009 (File No. 001-33812), filed with the SEC on January 29, 2010 and incorporated by reference herein)
10.12†	Amendment to Index License Agreement for Funds, dated as of May 21, 2009, between MSCI Inc. and Barclays Global Investors, N.A. Due to a change in the confidential treatment of certain information contained therein, this exhibit originally filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended November 30, 2009 (File No. 001-33812), filed with the SEC on January 29, 2010 has been replaced by Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended May 31, 2010 (File No. 001-33812), filed with the SEC on July 2, 2010 and incorporated by reference herein.
10.13	Amendment to Index License Agreement for Funds, dated as of September 30, 2009, between MSCI Inc. and Barclays Global Investors, N.A. Due to a change in the confidential treatment of certain information contained therein, this exhibit originally filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended November 30, 2009 (File No. 001-33812), filed with the SEC on January 29, 2010 has been replaced by Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended May 31, 2010 (File No. 001-33812), filed with the SEC on July 2, 2010 and incorporated by reference herein.
10.14	Amendment to Index License Agreement for Funds, dated as of October 6, 2009, between MSCI Inc. and Barclays Global Investors, N.A. (filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended November 30, 2009 (File No. 001-33812), filed with the SEC on January 29, 2010 and incorporated by reference herein).

Exhibit Number	Description
10.15#†	Amendment to Index License Agreement for Funds, dated as of October 27, 2009, between MSCI Inc. and Barclays Global Investors, N.A. Due to a change in the confidential treatment of certain information contained therein, this exhibit replaces the exhibit originally filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended November 30, 2009 (File No. 001-33812), filed with the SEC on January 29, 2010.
10.16	Trademark License Agreement, dated as of March 18, 2002, between Morgan Stanley Dean Witter & Co. and Morgan Stanley Capital International Inc. (filed as Exhibit 10.9 to the Company's Registration Statement on Form S-1, as amended (File No. 333-144975), filed with the SEC on September 26, 2007 and incorporated by reference herein)
10.17	Amendment No. 1 to Trademark License Agreement, dated July 21, 2008, between Morgan Stanley and MSCI Inc. (filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the period ended August 31, 2008 (File No. 001-33812), filed with the SEC on October 6, 2008 and incorporated by reference herein)
10.18	Intellectual Property Agreement, dated as of November 20, 2007, between Morgan Stanley and MSCI Inc. (filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended November 30, 2007 (File No. 001-33812), filed with the SEC on February 28, 2008 and incorporated by reference herein)
10.19	Amendment No. 1 to Intellectual Property Agreement, dated as of July 21, 2008, between Morgan Stanley and MSCI Inc. (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended August 31, 2008 (File No. 001-33812), filed with the SEC on October 6, 2008 and incorporated by reference herein)
10.20	Services Agreement, dated as of November 20, 2007, between Morgan Stanley and MSCI Inc. (filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended November 30, 2007 (File No. 001-33812), filed with the SEC on February 28, 2008 and incorporated by reference herein)
10.21	Amendment No. 1 to Services Agreement, dated as of July 21, 2008, between Morgan Stanley and MSCI Inc. (filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the period ended August 31, 2008 (File No. 001-33812), filed with the SEC on October 6, 2008 and incorporated by reference herein)
10.22	Letter Agreement to Services Agreement, dated as of May 22, 2009, between Morgan Stanley and MSCI Inc. (filed as Exhibit 10.3 to the Company's Form 8-K (File No. 001-33812), filed with the SEC on May 22, 2009 and incorporated by reference herein)
10.23	Tax Sharing Agreement, dated as of November 20, 2007, between Morgan Stanley and MSCI Inc. (filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended November 30, 2007 (File No. 001-33812), filed with the SEC on February 28, 2008 and incorporated by reference herein)
10.24	Shareholder Agreement, dated as of November 20, 2007, between Morgan Stanley and MSCI Inc. (filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended November 30, 2007 (File No. 001-33812), filed with the SEC on February 28, 2008 and incorporated by reference herein)
10.25	Amended and Restated Shareholder Agreement, dated as of July 21, 2008, between Morgan Stanley and MSCI Inc. (filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the period ended August 31, 2008 (File No. 001-33812), filed with the SEC on October 6, 2008 and incorporated by reference herein)

Exhibit Number	Description
10.26	Credit Agreement, dated as of June 1, 2010 among MSCI Inc., as the Borrower, Morgan Stanley Senior Funding, Inc., as Administrative Agent, Morgan Stanley & Co. Incorporated, as Collateral Agent, Morgan Stanley Senior Funding, Inc., as Swing Line Lender and L/C Issuer and the other lenders party thereto (filed as Exhibit 2.2 to the Company's Current Report on Form 8-K (File No. 001-33812), filed with the SEC on June 7, 2010 and incorporated by reference herein), as amended by Amendments No. 1 and 2 thereto, dated as of February 4, 2011 and March 14, 2011, respectively, each among MSCI Inc., as the Borrower, Morgan Stanley Senior Funding, Inc., as Administrative Agent, Morgan Stanley & Co. Incorporated, as Collateral Agent, Morgan Stanley Senior Funding, Inc., as Swing Line Lender and L/C Issuer and the other lenders party thereto (filed as Exhibits 2.1 and 2.2 to the Company's Form 8-K (File No. 001-33812), filed with the SEC on March 18, 2011 and incorporated by reference herein)
10.27	Asset Purchase Agreement, dated July 22, 2008, between MSCI Inc. and Morgan Stanley (filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the period ended August 31, 2008 (File No. 001-33812), filed with the SEC on October 6, 2008 and incorporated by reference herein)
10.28	Separation Agreement, dated as of May 22, 2009, between Morgan Stanley and MSCI Inc. (filed as Exhibit 10.1 to the Company's Form 8-K (File No. 001-33812), filed with the SEC on May 22, 2009 and incorporated by reference herein)
10.29	Employee Matters Agreement, dated as of May 22, 2009, between Morgan Stanley and MSCI Inc. (filed as Exhibit 10.2 to the Company's Form 8-K (File No. 001-33812), filed with the SEC on May 22, 2009 and incorporated by reference herein)
10.30*	MSCI Inc. Amended and Restated 2007 Equity Incentive Compensation Plan (filed as Annex B to the Company's Definitive Proxy Statement filed with the SEC on February 28, 2008 (File No. 001-33812) and incorporated by reference herein)
10.31*	MSCI Independent Directors' Equity Compensation Plan (filed as Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended November 30, 2007 (File No. 001-33812), filed with the SEC on February 28, 2008 and incorporated by reference herein) as amended and restated by Exhibit 10.39 filed herewith
10.32*	MSCI Inc. Performance Formula and Incentive Plan (filed as Annex C to the Company's Definitive Proxy Statement filed with the SEC on February 28, 2008 (File No. 001-33812) and incorporated by reference herein)
10.33*	MSCI Equity Incentive Compensation Plan 2007 Founders Grant Award Certificates for Stock Units (filed as Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended November 30, 2007 (File No. 001-33812), filed with the SEC on February 28, 2008 and incorporated by reference herein)
10.34*	MSCI Equity Incentive Compensation Plan 2007 Founders Grant Award Certificates for Stock Units for Named Executive Officers (filed as Exhibit 10.18 to the Company's Annual Report on Form 10-K for the year ended November 30, 2007 (File No. 001-33812), filed with the SEC on February 28, 2008 and incorporated by reference herein)
10.35*	MSCI Equity Incentive Compensation Plan 2007 Founders Grant Award Certificate for Stock Options (filed as Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended November 30, 2007 (File No. 001-33812), filed with the SEC on February 28, 2008 and incorporated by reference herein)
10.36*	MSCI Independent Directors' Equity Compensation Plan 2007 Award Certificate for Stock Units (filed as Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended November 30, 2007 (File No. 001-33812), filed with the SEC on February 28, 2008 and incorporated by reference herein)

Exhibit Number	Description
10.37*	Summary of Relocation and Expatriate Benefits for C.D. Baer Pettit (filed as Exhibit 10.22 to the Company's Registration Statement on Form S-1, as amended (File No. 333-144975), filed with the SEC on November 6, 2007 and incorporated by reference herein)
10.38*	MSCI Equity Incentive Compensation Plan Form of Award Certificate for Stock Units for Executive Officers and the General Counsel (filed as Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended November 30, 2008 (File No. 001-33812), filed with the SEC on January 29, 2009 and incorporated by reference herein)
10.39*	MSCI Independent Directors' Equity Compensation Plan as amended and restated on January 12, 2011
10.40*	RiskMetrics Group, Inc. 2000 Stock Option Plan (filed as Exhibit 99.1 to the Company's Registration Statement on Form S-8 (File No. 333-165888), filed with the SEC on June 3, 2010 and incorporated by reference herein)
10.41*	RiskMetrics Group, Inc. 2004 Stock Option Plan (filed as Exhibit 99.2 to the Company's Registration Statement on Form S-8 (File No. 333-165888), filed with the SEC on June 3, 2010 and incorporated by reference herein)
10.42*	Institutional Shareholder Services Holdings, Inc. Equity Incentive Plan (filed as Exhibit 99.3 on Form S-8 (File No. 333-165888), filed with the SEC on June 3, 2010 and incorporated by reference herein)
10.43*	RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan (originally filed as Exhibit 99.4 on Form S-8 (File No. 333-165888), filed with the SEC on June 3, 2010) and been replaced by Exhibit 10.43 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2011 (File No. 001-33812), filed with the SEC on August 5, 2011 and incorporated by reference herein)
10.44*	Form of Performance Award for Restricted Stock Units for Named Executive Officers under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan (filed as Exhibit 10.44 to the Company's Annual Report on Form 10-K for the year ended November 30, 2010 (File No. 001-33812), filed with the SEC on January 31, 2011 and incorporated by reference herein)
10.45	Form of Performance Award for Restricted Stock Units for Employees under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan (filed as Exhibit 10.45 to the Company's Annual Report on Form 10-K for the year ended November 30, 2010 (File No. 001-33812), filed with the SEC on January 31, 2011 and incorporated by reference herein)
10.46	Form of Award Agreement for Restricted Stock Units for Employees under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan (filed as Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended November 30, 2010 (File No. 001-33812), filed with the SEC on January 31, 2011 and incorporated by reference herein)
10.47*	Form of Award Agreement for Restricted Stock Units for Named Executive Officers under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan (filed as Exhibit 10.47 to the Company's Annual Report on Form 10-K for the year ended November 30, 2010 (File No. 001-33812), filed with the SEC on January 31, 2011 and incorporated by reference herein)
10.48	Form of Award Agreement for Restricted Stock Units for Employees under the RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan (filed as Exhibit 10.48 to the Company's Annual Report on Form 10-K for the year ended November 30, 2010 (File No. 001-33812), filed with the SEC on January 31, 2011 and incorporated by reference herein)
10.49*	Form of Award Agreement for Restricted Stock Units for Named Executive Officers under the RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan (filed as Exhibit 10.49 to the Company's Annual Report on Form 10-K for the year ended November 30, 2010 (File No. 001-33812), filed with the SEC on January 31, 2011 and incorporated by reference herein)

Exhibit Number	Description
10.50	Form of Performance Award Agreement for Performance Stock Units for Employees under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan (filed as Exhibit 10.50 to the Company's Annual Report on Form 10-K for the year ended November 30, 2010 (File No. 001-33812), filed with the SEC on January 31, 2011 and incorporated by reference herein)
10.51*	Form of Performance Award Agreement for Performance Stock Units for Named Executive Officers under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan (filed as Exhibit 10.51 to the Company's Annual Report on Form 10-K for the year ended November 30, 2010 (File No. 001-33812), filed with the SEC on January 31, 2011 and incorporated by reference herein)
10.52	Form of Performance Award Agreement for Performance Stock Units for Employees under the RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan (filed as Exhibit 10.52 to the Company's Annual Report on Form 10-K for the year ended November 30, 2010 (File No. 001-33812), filed with the SEC on January 31, 2011 and incorporated by reference herein)
10.53*	Form of Performance Award Agreement for Performance Stock Units for Named Executive Officers under the RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan (filed as Exhibit 10.53 to the Company's Annual Report on Form 10-K for the year ended November 30, 2010 (File No. 001-33812), filed with the SEC on January 31, 2011 and incorporated by reference herein)
10.54*	Form of Award Agreement for 2010 Price Vested Stock Option Award for the Chief Executive Officer under the MSCI Inc. 2007 Amended and Restated Equity Incentive Compensation Plan (filed as Exhibit 10.54 to the Company's Annual Report on Form 10-K for the year ended November 30, 2010 (File No. 001-33812), filed with the SEC on January 31, 2011 and incorporated by reference herein)
10.55	Datafeed License Agreement, dated October 27, 2003, between ISS and ADP Investor Communications Services, Inc. (filed as Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the period ended May 31, 2010 (File No. 001-33812), filed with the SEC on July 2, 2010 and incorporated by reference herein)
10.56	First Amendment to Datafeed License Agreement, dated as of January 3, 2005, between ISS and ADP Investor Communications Services, Inc. (filed as Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the period ended May 31, 2010 (File No. 001-33812) filed with the SEC on July 2, 2010 and incorporated by reference herein)
10.57†	Amendment to Index License Agreement for Funds, dated as of December 15, 2009, between MSCI Inc. and Blackrock Institutional Trust Company, N.A. (filed as Exhibit 10.57 to the Company's Annual Report on Form 10-K for the period ended November 30, 2010 (File No. 001-33812), filed with the SEC on January 31, 2011 and incorporated by reference herein)
10.58#	Amendment to Index License Agreement for Funds, dated as of June 13, 2011, between MSCI Inc. and BlackRock Institutional Trust Company, N.A. (This exhibit replaces the exhibit originally filed as Exhibit 10.58 to the Company's Annual Report on Form 10-K for the period ended November 30, 2010 (File No. 001-33812), filed with the SEC on January 31, 2011)
10.59	Amendment to Index License Agreement for Funds, dated as of May 20, 2010 (filed as Exhibit 10.59 to the Company's Annual Report on Form 10-K for the period ended November 30, 2010 (File No. 001-33812), filed with the SEC on January 31, 2011 and incorporated by reference herein)

Exhibit Number	Description
10.60†	Schedule No. 11043 to the Master Index License Agreement for Index Based Funds between MSCI Inc. and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.), dated as of September 1, 2010 (filed as Exhibit 10.60 to the Company’s Annual Report on Form 10-K for the period ended November 30, 2010 (File No. 001-33812), filed with the SEC on January 31, 2011 and incorporated by reference herein)
10.61#†	Amendment to the Index License Agreement for Funds, dated as of November 19, 2010 between MSCI Inc. and Barclays Global Investors, N.A. Due to a change in the confidential treatment of certain information contained therein, this exhibit replaces the exhibit originally filed as Exhibit 10.61 to the Company’s Annual Report on Form 10-K for the period ended November 30, 2010 (File No. 001-33812), filed with the SEC on January 31, 2011.
10.62#	Amendment to the Index License Agreement for Funds, dated as of June 21, 2011, by and between MSCI Inc. and BlackRock Institutional Trust Company, N.A. (formerly known as Barclays Global Investors, N.A.)
10.63#††	Amendment to the Index License Agreement for Funds, dated as of July 1, 2011, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and Blackrock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)
10.64#††	Amendment to the Index License Agreement for Funds, dated as of August 23, 2011, by and between MSCI Inc. and Blackrock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)
10.65#	Amendment to the Index License Agreement for Funds, dated as of October 4, 2011, by and between MSCI Inc. and BlackRock Institutional Trust Company, N.A. (formerly known as Barclays Global Investors, N.A.)
10.66#††	Amendment to the Index License Agreement for Funds, dated as of October 4, 2011, by and between MSCI Inc. and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)
10.67#	Amendment to the Index License Agreement for Funds, dated as of December 16, 2011, by and between MSCI Inc. (formerly, Morgan Stanley Capital International, Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)
10.68	Agreement of Lease dated September 16, 2011, by and between 7 World Trade Center, LLC and MSCI Inc. (filed as Exhibit 10.1 to the Company’s Form 8-K (File No. 001-33812), filed with the SEC on September 22, 2011 and incorporated by reference herein)
10.69*	Director Deferral Plan (filed as Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2011 (File No. 001-33812), filed with the SEC on August 5, 2011 and incorporated by reference herein)
21.1#	Subsidiaries of the Registrant
23.1#	Consent of Deloitte & Touche LLP
24.1#	Powers of Attorney (included as part of Signature Page)
31.1#	Rule 13a-14(a) Certification of Chief Executive Officer
31.2#	Rule 13a-14(a) Certification of Chief Financial Officer
32.1**	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer
101.INS***	XBRL Instance Document.
101.SCH***	XBRL Taxonomy Extension Schema Document.
101.CAL***	XBRL Taxonomy Extension Calculation Linkbase Document.

Exhibit Number	Description
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.
*	Indicates a management compensation plan, contract or arrangement.
**	Furnished herewith.
***	As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.
†	Confidential treatment has been granted for a portion of this exhibit.
††	Confidential treatment requested.

Exhibit 10.1

CONFIDENTIAL TREATMENT GRANTED. *********** INDICATES OMITTED MATERIAL THAT HAS BEEN GRANTED CONFIDENTIAL TREATMENT BY THE COMMISSION. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

CONFIDENTIAL

MORGAN STANLEY CAPITAL INTERNATIONAL

INDEX LICENSE AGREEMENT FOR FUNDS

AGREEMENT, dated as of March 18, 2000, by and between MORGAN STANLEY CAPITAL INTERNATIONAL INC. ("MSCI"), a Delaware corporation, having an office at 1585 Broadway, New York, NY 10036, and Barclays Global Investors, N.A. ("Licensee"), having an office at 45 Fremont Street, San Francisco, CA 94105.

WHEREAS, MSCI owns rights to, and engages in a variety of business activities in connection with, certain stock indexes and the proprietary data contained therein, among which are the indexes listed in Exhibit A, annexed hereto and made a part hereof (such indexes and data contained therein are hereinafter referred to as the "Indexes");

WHEREAS, MSCI calculates, maintains and publishes the Indexes;

WHEREAS, MSCI uses in commerce and owns trade name, trademark and service mark rights to the designations Morgan Stanley Capital International®; MSCI®; Morgan Stanley Capital International Perspective®; MSCIP; and EAFE® (such rights are hereinafter individually and collectively referred to as the "Marks");

WHEREAS, Licensee wishes to use the Indexes as the basis of the exchange traded funds described in Exhibit B, annexed hereto and made a part hereof (the "Funds");

WHEREAS, Licensee wishes to use the Indexes and the Marks to sponsor, issue, establish, organize, structure, operate, manage, offer, sell, market, promote, write, list, trade, exchange and distribute (collectively "sponsor") the Funds and to make disclosure about the Funds under applicable laws, rules and regulations in order to indicate that MSCI is the source of the Indexes; and

WHEREAS, Licensee wishes to obtain MSCI's authorization to use the Indexes and refer to the Indexes and the Marks in connection with the Funds pursuant to the terms and conditions hereinafter set forth.

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of License

(a) Subject to the terms and conditions of this Agreement, MSCI grants to Licensee a non-transferable, non-exclusive, license (i) to use one or more of the Indexes as the basis, or as a component, of the Funds (in accordance with the restrictions set forth in Exhibit B) to sponsor the Funds; and (ii) to use and refer to the Indexes and the Marks (in accordance with the restrictions set forth in Exhibit B) in the names of the Funds; to sponsor the Funds; and to make such disclosure about the Funds as Licensee deems necessary, electronically or otherwise, under any applicable laws, rules or regulations. Licensee shall not disseminate electronically or in any other fashion to any third party any information related to the Indexes that is designated as “Confidential” or “Proprietary” by MSCI (except as provided in Paragraph 8(c) below).

(b) Licensee shall have a right to sublicense any or all of the rights granted hereunder to (i) any affiliate of Licensee; provided such affiliate will not have the power to further sublicense those rights to any third parties other than to the Funds and (ii) any of the Funds; provided the Funds will not have the further power to sublicense those rights to any third parties. Licensee shall require any such sublicensee to comply with Licensee’s obligations under this Agreement and shall remain obligated under the terms of the Agreement with respect to any actions taken by the sublicensee pursuant to any sublicense. No further license shall be required from MSCI of any securities exchange, stock market or other entity to list and trade the Funds in accordance with the terms and conditions set forth herein.

(c) Unless otherwise agreed by the parties, Licensee will initiate appropriate regulatory filings with respect to each of the Funds within 90 days after execution of this Agreement or after execution of an amendment to this Agreement. Within 30 days after receipt of any required regulatory approval for each of the Funds, Licensee will launch such Funds; provided, however, MSCI will not unreasonable withhold its consent to delay the launching of the Funds for a tiered roll-out. If (i) Licensee shall fail to initiate any filings for any Fund within said 90 day period, (ii) Licensee shall fail to launch any Fund within said specified periods, or (iii) if MSCI reasonably determines, after consultation with Licensee, that regulatory approval for any such Fund is not likely to be received within a reasonable time period (taking into account such factors as past experiences for similar regulatory approvals), MSCI may, as its exclusive remedy under this Agreement and upon written notice to Licensee, terminate the license granted hereunder with respect to the particular Index underlying such Fund. Licensee shall have no obligation to launch any Fund based on an Index. After a Fund is launched, Licensee may terminate the Fund or the Fund’s use of an Index at any time.

2. Term

The term of the license granted hereunder shall commence on March 18, 2000 and shall continue for 5 years.

3. License Fees

Licensee shall pay MSCI a quarterly license fee with respect to each Index (listed on Exhibit A) which is used by Licensee as the basis for, or a component of, a Fund (listed on Exhibit B) under Licensee’s management. Commencing on March 18 and continuing through December 31, 2000, the license fee shall be ****. Commencing on January 1, 2001 and continuing through the remainder of the term, the license fee shall be ****. The license fee shall be based on each Fund’s average daily net assets during the relevant quarter. The license fees shall be calculated by Licensee and shall be paid in arrears to MSCI by the fifteenth day of the following quarter. Such license fees shall be accompanied by a statement from Licensee stating that the license fees paid to MSCI are accurate.

Licensee shall maintain detailed and accurate records with respect to the assets of the Funds and its payments to MSCI hereunder. Licensee shall, upon written request by MSCI, provide reasonable access to its records with respect to the assets of the Funds during normal business hours, to an independent accounting organization chosen and compensated by MSCI, for purposes of a confirming audit with respect to such payments. Licensee shall promptly pay any under-reported fees determined by such audit. If such audit determines that license fees in excess of **** of reported license fees were not reported during any of the four previously reported quarters, then the Licensee shall also pay for the reasonable costs of such audit.

4. Termination

(a) At any time during the term of this Agreement, either party may give the other party thirty days' prior written notice of termination if the terminating party believes in good faith that material damage or harm is occurring to the reputation or goodwill of the terminating party by reason of the other's continued performance hereunder, and such notice shall be effective on the date of such termination unless the other party shall correct the condition causing such damage or harm within the notice period.

(b) In the case of breach of any of the material terms and conditions of this Agreement by either party, the non-breaching party may terminate this Agreement by giving thirty days' prior written notice of its intent to terminate, and such notice shall be effective on the date of such termination (at the option of the non-breaching party) unless the breaching party shall correct such breach within the notice period or, if the breach is not capable of being cured within such thirty day period, unless the breaching party has undertaken to correct such breach and diligently prosecutes such correction until completion; provided that such cure period shall not exceed ninety days in total.

(c) MSCI shall have the right, in its sole discretion, to cease compilation and publication of any of the Indexes and, in the event that any of the Indexes is discontinued, to terminate the Agreement with respect to that index only, if MSCI does not offer a replacement or substitute Index. In the event that MSCI intends to discontinue any index, MSCI shall exercise reasonable efforts to give Licensee as much advance written notice prior to such discontinuance as practicable, which notice shall specify whether a replacement or substitute index will be available. In no event, however, will such advance written notice be less than sixty days. Licensee shall have the option hereunder within ninety days after receiving such written notice from MSCI to notify MSCI in writing of its intent to use the replacement index under the terms of this Agreement.

(d) Licensee may terminate this Agreement with respect to a specific Index or Indexes upon sixty days written notice to MSCI if Licensee is informed of the final adoption of any legislation or regulation that materially impairs Licensee's ability to offer, sell, distribute, write, market or promote such Index-related fund or funds.

(e) MSCI may terminate this Agreement with respect to a specific Index or Indexes if MSCI is informed of the final adoption of any legislation or regulation that materially impairs MSCI's ability to license and provide the license rights set forth herein with respect to such Indexes under this Agreement. MSCI will use reasonable efforts to give Licensee as much advance written notice as possible.

5. Rights Upon Termination

Upon termination of this Agreement, Licensee shall cease to use the Indexes and cease referring to the Indexes and the Marks with the Funds.

6. Fund Promotion

(a) Licensee shall use its best efforts to protect the goodwill and reputation of MSCI in connections with its use of the Indexes and the Marks under this Agreement. Licensee shall submit to MSCI for its preview and approval all of the Funds advertisements, brochures, and promotional and information material (other than price quotations for a Fund) (collectively “Informational Materials”) relating to or referring to MSCI, the Indexes or the Marks. MSCI’s approval shall be confined solely to the use of or description of MSCI, the Marks, and the Indexes and shall not be unreasonably withheld or delayed by MSCI. It is MSCI’s goal to respond to any such requests for approval within four business days.

(b) MSCI is not obligated to engage in any marketing or promotional activities in connection with the Funds or in making any representation or statement to investors or prospective investors in connection with the promotion by Licensee of the Funds.

(c) Licensee acknowledges and agrees that MSCI, in granting the permission contained in this Agreement, does not express or imply any approval of the Funds or of Licensee and Licensee further agrees not to make any statement which expresses or implies that MSCI approves, endorses or consents to the promotion, marketing, and arrangement by Licensee of the Funds or that MSCI makes any judgment or expresses any opinion in respect of the Licensee.

(d) Licensee agrees to promote the Funds based on the MSCI Index family as an integral part of the iShares family. Licensee agrees that Funds based on the MSCI index family will be afforded an equitable portion of Licensee’s overall promotion, marketing and advertising budget for iShares in comparison to other index fund families. As used herein, iShares means the iShares Trust, a Delaware Business Trust that was established in December 16, 1999.

7. Protection Of Value Of License

(a) Licensee shall cooperate reasonably with MSCI in the maintenance of all MSCI common law and statutory rights in the Indexes and the Marks, including copyrights and other proprietary rights, and shall take such acts and execute such instruments as are reasonably necessary and appropriate to such purposes, including the use by the Licensee of the following notice when referring to the Indexes or the Marks in any advertisement, offering circular, prospectus, brochure, or promotional or informational material relating to the Funds:

> The [Name of particular index] index is the exclusive property of MSCI. Morgan Stanley Capital International and MSCI are service marks of MSCI and has been licensed for use by [Name of Licensee].

or such similar language as may be approved in advance by MSCI.

(b) Licensee shall not refer to the names of the Indexes in any manner which might cause confusion as to MSCI's responsibility for preparing and disseminating the Indexes or as to the identity of Licensee and its relationship to the Funds.

8. Proprietary Rights

(a) Licensee acknowledges that the Indexes are selected, arranged and prepared by MSCI through the application of methods and standards of judgment used and developed through the expenditure of considerable work, time and money by MSCI. Licensee also acknowledges that the Indexes and the Marks are the exclusive property of MSCI, and the Indexes and their compilation and composition and changes therein are in the control and discretion of MSCI.

(b) MSCI reserves all rights with respect to the Indexes and the Marks except those expressly licensed to Licensee hereunder.

(c) Each party shall treat as confidential and shall not disclose or transmit to any third party any confidential and proprietary information of the other party, including the terms of this Agreement or (in the case of MSCI) Informational Materials submitted to MSCI pursuant to paragraph 6(a) hereof, provided that the documentation or other written materials containing such information are designated as "Confidential" or "Proprietary" by the providing party and such information is not available generally to the public or otherwise available to the receiving party from a source other than the providing party. Notwithstanding the foregoing, Licensee or its affiliates may publish daily through the National Securities Clearing Corporation for distribution to NSCC members only and through Bloomberg L.P., or some other organization mutually agreed upon by the parties hereto, by electronic or in other means, each Fund's daily market basket (including each Fund's constituents and weights); provided, however, that MSCI may withdraw any such distribution approval in the event that such distribution materially adversely affects other MSCI business initiatives. In addition, if requested or required (by interrogatories, requests for information or documents, subpoena, or other process) either party may reveal such information if such information to be disclosed is (i) approved in writing by the other party for disclosure or (ii) required by law (in the opinion of counsel), regulatory agency or court order to be disclosed by a party, provided prior written notice of such required disclosure is given to the other party. In addition, except with respect to disclosure made pursuant to (i) and (ii) in the immediately preceding sentence, each party shall treat as confidential the terms of this Agreement. The provisions of this paragraph shall survive any termination of this Agreement for five (5) years from disclosure by either party to the other party of the last such confidential and proprietary information.

9. Ownership and Protection of Composite Marks

(a) Each Fund based on an Index will be named or identified as the "iShares MSCI XXX (the "Composite Mark"), with the XXX representing the MSCI index (after the transition from the WEBS to iShares). Licensee will use MSCI approved Marks in the Composite Mark.

(b) MSCI acknowledges and agrees that the iShares Marks are and will remain the exclusive property of Licensee, and that all goodwill that attaches to the iShares and other Licensee Marks as a result their use in the Composite Marks will redound to the exclusive benefit of Licensee. Licensee acknowledges and agrees that the MSCI Marks are and will remain the exclusive property of MSCI, and that all goodwill that attaches to the MSCI Marks as a result of their use by Licensee including, without limitation, in the Composite Marks, will redound to the exclusive benefit of MSCI.

(c) The Composite Marks will be owned neither by Licensee nor MSCI. Licensee will have the exclusive right to use the Composite Marks. Neither party will register or apply for registration of the Composite Marks.

(d) Upon termination of this Agreement, neither party will have ownership of or the right to use the Composite Marks. However, the parties' respective ownership rights will persist in the constituent MSCI Marks and iShares and Licensee Marks that together comprise the Composite Marks.

10. Warranties; Disclaimers

(a) MSCI represents and warrants that MSCI is the owner of rights granted to Licensee herein and that use of the Indexes as provided herein shall not infringe any trademark, service mark, copyright, other proprietary right, or contractual right of any person not a party to this Agreement.

(b) Licensee agrees expressly to be bound itself by and furthermore to include all of the following disclaimers and limitations in the prospectus and any contract(s) relating to the Funds and upon request to furnish a copy (copies) thereof to MSCI:

> This fund is not sponsored, endorsed, sold or promoted by MSCI or any affiliate of MSCI. Neither MSCI nor any other party makes any representation or warranty, express or implied, to the owners of this fund or any member of the public regarding the advisability of investing in funds generally or in this fund particularly or the ability of the [ ] index to track general stock market performance. MSCI is the licensor of certain trademarks, service marks and trade names of MSCI and of the [ ] index which is determined, composed and calculated by MSCI without regard to the issuer of this fund or this fund. MSCI has no obligation to take the needs of the issuer of this fund or the owners of this fund into consideration in determining, composing or calculating the [ ] index. MSCI is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of this fund to be issued or in the determination or calculation of the equation by which this fund is redeemable for cash. Neither MSCI nor any other party has any obligation or liability to owners of this fund in connection with the administration, marketing or trading of this fund.
>
> ALTHOUGH MSCI SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE INDEXES FROM SOURCES WHICH MSCI CONSIDERS RELIABLE, NEITHER MSCI NOR ANY OTHER PARTY GUARANTEES THE ACCURACY AND/OR THE COMPLETENESS OF THE INDEXES OR ANY DATA INCLUDED THEREIN. NEITHER MSCI NOR ANY OTHER PARTY MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY LICENSEE, LICENSEE'S

CUSTOMERS AND COUNTERPARTIES, OWNERS OF THE FUNDS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEXES OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED HEREUNDER OR FOR ANY OTHER USE. NEITHER MSCI NOR ANY OTHER PARTY MAKES ANY EXPRESS OR IMPLIED WARRANTIES, AND MSCI HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE INDEXES OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL MSCI OR ANY OTHER PARTY HAVE ANY LIABILITY FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR ANY OTHER DAMAGES (INCLUDING LOST PROFITS) EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

(c) Licensee agrees expressly to be bound itself by and furthermore to include all of the following disclaimers and limitations in any Informational Materials (other than the prospectus) relating to the Funds and upon request to furnish a copy (copies) thereof to MSCI:

> MSCI, Morgan Stanley Capital International and MSCI Index are service marks of Morgan Stanley Capital International and have been licensed for use by Barclays Global Investors, N.A. The Funds are not sponsored, endorsed, sold or promoted by Morgan Stanley Capital International. Nor does Morgan Stanley Capital International make any representation regarding the advisability of investing in any the Funds.

(d) MSCI represents and warrants that it has the authority to enter into this Agreement according to its terms and that its performance does not violate any laws, regulations or agreements applicable to it.

(e) Licensee represents and warrants that it has the authority to enter into this Agreement and that its performance does not violate any applicable laws, regulations or agreements, including but not limited to banking, commodities and securities laws.

(e) Neither party shall have any liability for lost profits or consequential damages arising out of this Agreement.

(f) The provisions of this Section 9 shall survive any termination of this Agreement.

11. Indemnification

(a) Licensee shall indemnify and hold harmless MSCI, its parent, subsidiaries, affiliates, and their officers, directors, employees and agents against any and all judgments, damages, costs or losses of any kind (including reasonable attorneys' and experts' fees) as a result of claims or actions brought by third parties against MSCI which arise from any act or omission of Licensee which constitutes a breach of this Agreement or is in any manner related to the Funds (except with respect to any claim or action alleging that Licensee's or Funds' use of the Indexes and Marks violates or infringes any trademark, service mark, copyright or other proprietary right of any person not a party to this Agreement); provided, however, that (i) MSCI notifies Licensee promptly of any such claim or action, and (ii) Licensee shall have no liability to MSCI if such judgments, damages, costs or losses are attributable to any breach of the Agreement, negligent act or omission by MSCI, its parent, affiliates, subsidiaries or any of their employees or agents. Licensee shall bear all expenses in connection with the defense and/or settlement of any such claim or action. MSCI shall have the right, at its own expense, to participate in the defense of any claim or action against which it is indemnified hereunder; provided, however, it shall have no right to control the defense, consent to judgment, or agree to settle any such claim or action, without the written consent of Licensee. Licensee, in the defense of any such claim, except with the written consent of MSCI, shall not consent to entry of any judgment or enter into any settlement which (i) does not include, as an unconditional term, the grant by the claimant to MSCI of a release of all liabilities in respect of such claims or (ii) otherwise adversely affects the rights of MSCI. This provision shall survive the termination of this Agreement.

(b) MSCI shall indemnify and hold harmless Licensee, its parent, subsidiaries, affiliates, and their officers, directors, employees and agents against any and all judgments, damages, costs or losses of any kind (including reasonable attorneys' and experts' fees) as a result of claims or actions brought by third parties against Licensee alleging that Licensee's or Funds' use of the Indexes and Marks violates or infringes any trademark, service mark, copyright or other proprietary right of any person not a party to this Agreement; provided, however, that (i) Licensee notifies MSCI promptly of any such claim or action, and (ii) MSCI shall have no liability to Licensee if such judgments, damages, costs or losses are attributable to any breach of the Agreement, negligent act or omission by Licensee, its parent, affiliates, subsidiaries or any of their employees or agents. MSCI shall bear all expenses in connection with the defense and/or settlement of any such claim or action. Licensee shall have the right, at its own expense, to participate in the defense of any claim or action against which it is indemnified hereunder; provided, however, it shall have no right to control the defense, consent to judgment, or agree to settle any such claim or action, without the written consent of MSCI. MSCI, in the defense of any such claim, except with the written consent of Licensee, shall not consent to entry of any judgment or enter into any settlement which (i) does not include, as an unconditional term, the grant by the claimant to Licensee of a release of all liabilities in respect of such claims or (ii) otherwise adversely affects the rights of Licensee other than with respect to the rights granted licensee under this Agreement. This provision shall survive the termination of this Agreement.

12. Force Majeure

Neither MSCI nor Licensee shall bear responsibility or liability for any losses arising out of any delay in or interruptions of their respective performance of their obligations under this Agreement due to any act of God, act of governmental authority, act of the public enemy, or due to war, alien invasion, riot, fire, flood, civil commotion, insurrection, labor difficulty (including, without limitation, any strike, or other work stoppage or slowdown), or other cause beyond the reasonable control of the party so affected, provided that such party had exercised due diligence as the circumstances reasonably required.

13. Other Matters

(a) This Agreement is solely and exclusively between the parties as now constituted and, unless otherwise provided, shall not be assigned or transferred by either party, without prior written consent of the other party, which shall not be unreasonably withheld, and any attempt to so assign or transfer this Agreement without such written consent shall be null and void. Notwithstanding the foregoing, this Agreement may be assigned by MSCI to its parent or any of its subsidiaries or affiliates without the consent of Licensee.

(b) This Agreement constitutes the entire agreement of the parties hereto with respect to its subject matter and may be amended or modified only by a writing signed by duly authorized officers of both parties. This Agreement supersedes all previous Agreements between the parties with respect to the subject matter of this Agreement. There are no oral or written collateral representations, agreements, or understandings except as provided herein.

(c) No breach, default, or threatened breach of this Agreement by either party shall relieve the other party of its obligations or liabilities under this Agreement with respect to the protection of the property or proprietary nature of any property which is the subject of this Agreement.

(d) All notices and other communications under this Agreement shall be (i) in writing, (ii) delivered by hand or by registered or certified mall, return receipt requested, to the addresses set forth below or such addresses as either party shall specify by a written notice to the other and (iii) deemed given upon receipt.

(e) This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of New York, without regard to its conflict of laws principles.

Notice to MSCI:

Morgan Stanley Capital International Inc.
1221 Avenue of the Americas
New York, New York 10020
Attn: Publisher

and

Morgan Stanley Capital International Inc.
1221 Avenue of the Americas
New York, New York 10020
Attn: Legal Department – Technology Unit

Notice to Licensee:

Barclays Global Investors, N.A.
45 Fremont Street
San Francisco, CA 94105
Attn. Fund Administration

and

Barclays Global Investors, N.A.
45 Fremont Street
San Francisco, CA 94105
Attn. Legal Department

(f) This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which together shall constitute on and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first set forth above.

MORGAN STANLEY CAPITAL INTERNATIONAL INC.

By: /s/ Henry Fernandez
Name: Henry Fernandez
Title: President and CEO

Date: May 18, 2000

BARCLAYS GLOBAL INVESTORS

By: /s/ Lee Kranefuss
Name: Lee Kranefuss
Title: Managing Director

By: /s/ Michael Latham
Name: Michael Latham
Title: Managing Director

Date: ______________________

EXHIBIT A

List of the MSCI Indexes:

Australia Index
Austria Index
Belgium Index
Brazil Index
Canada Index
France Index
Germany Index
****
Hong Kong Index
****
Italy Index
Japan Index
Malaysia Index
Mexico Index
Netherlands Index
****
Singapore Index
South Africa Index
Korea Index
Spain Index
Sweden Index
Switzerland Index
Taiwan Index
Thailand
****
UK Index
USA Index

EMU Index
EAFE Index
****
****
****
****
ACWI Index

**** **as may be amended from time to time, by MSCI.**

EXHIBIT B

Description of the Funds

The Funds are to be issued, sold and traded on a public basis in accordance with the U.S. federal securities laws.

The Funds shall be limited to: Registered open-end investment companies, whose shares may be listed and traded on national securities exchanges or stock markets.

The Funds shall be exchange traded. They must be listed and traded on an U.S. domiciled stock exchange only.

The Funds shall not include Unit Investment Trusts, futures, options and other derivatives.

Licensee or an affiliate of Licensee is the asset manager the Funds.

Exhibit 10.2

CONFIDENTIAL TREATMENT GRANTED. *********** INDICATES OMITTED MATERIAL THAT HAS BEEN GRANTED CONFIDENTIAL TREATMENT BY THE COMMISSION. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

Client Code/Reference No: ______

AMENDMENT

Date of Amendment: ____________

AMENDMENT to the Index License Agreement for Funds (the "Agreement"), dated as of March 18, 2000 and as subsequently amended, by and between Morgan Stanley Capital International Inc. ("MSCI") and Barclays Global Investors, N.A ("Licensee"), as amended.

1. Exhibit A of the Agreement is hereby amended to add the following additional indices:
   - ****
   - **MSCI Chile Index**
   - ****
   - **MSCI BRIC Index**
   - **MSCI Israel Capped Index**
   - **MSCI EM (Emerging Markets) Eastern Europe Index**
   - ****
   - ****
   - ****
   - ****
   - ****
   - ****
   - ****
   - ****
   - ****
   - ****
2. This Amendment is intended to amend and operate in conjunction with the Agreement and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties and supersede in full all prior proposals and understandings, oral or written, relating to the subject matter hereof. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement and this Amendment.
3. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

BARCLAYS GLOBAL INVESTORS, N.A.

By /s/ D. Wojnar
Name D. WOJNAR
(printed)

MORGAN STANLEY CAPITAL INTERNATIONAL INC.

By /s/ Dennis Sidlauskas
Name Dennis Sidlauskas
(printed)
Executive Director

BARCLAYS GLOBAL INVESTORS, N.A.

By /s/ Mike Latham
Name Mike Latham
(printed)

Exhibit 10.9

Client Code/Reference No: ADD-00493

AMENDMENT

Date of Amendment: November 7, 2008

AMENDMENT to the Index License Agreement for Funds (the “Agreement”), dated as of March 18, 2000, by and between MSCI Inc. (f/k/a Morgan Stanley Capital International Inc.) (“MSCI”) and Barclays Global Investors, N.A. (“Licensee”), as amended. Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed in the Agreement.

1) Exhibit A of the Agreement is hereby amended to add the MSCI All Peru Capped Index and MSCI Frontier Emerging Markets APEX Index. For the avoidance of doubt, the terms contained in Exhibit B of the Agreement, including, but not limited to the requirement that all Funds be listed on an U.S. domiciled stock exchange only, shall apply to all Funds based on the aforementioned indices.

   For the avoidance of doubt, the license fees set forth in the Agreement, as amended, shall apply with respect to all Funds based on the aforementioned indices.

2) This Amendment is intended to amend and operate in conjunction with the Agreement and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties and supersede in full all prior proposals and understandings, oral or written, relating to the subject matter hereof. To the extent that any terms of this Amendment conflict with any terms of the Agreement, the terms of this Amendment will control. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement and this Amendment.

3) This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

Barclays Global Investors, N.A.

By /s/ Greg Friedman

Name Greg Friedman
(printed)

Title Managing Director

MSCI INC.

By /s/ Joseph A. Gagliardi

Name Joseph A. Gagliardi
(printed)

Title Executive Director

Barclays Global Investors, N.A.

By /s/ Elaine Orr

Name Elaine Orr
(printed)

Title Principal

Exhibit 10.15

CONFIDENTIAL TREATMENT GRANTED. *********** INDICATES OMITTED MATERIAL THAT HAS BEEN GRANTED CONFIDENTIAL TREATMENT BY THE COMMISSION. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

AMENDMENT

Date of Amendment: October 27, 2009

AMENDMENT to the Index License Agreement for Funds (the "Agreement"), dated as of March 18, 2000, by and between MSCI Inc. (f/k/a/ Morgan Stanley Capital International Inc.) ("MSCI") and Barclays Global Investors, N.A. ("Licensee"), as previously amended. Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed in the Agreement.

1. Exhibit A of the Agreement is hereby amended to add the MSCI Emerging Markets Minimum Volatility Index, MSCI EAFE Minimum Volatility Index, MSCI All Country World Minimum Volatility Index and MSCI USA Minimum Volatility Index.

   For the avoidance of doubt, the license fees set forth in the Agreement, as amended, shall apply with respect to all Funds based on the MSCI Emerging Markets Minimum Volatility Index, MSCI EAFE Minimum Volatility Index, MSCI All Country World Minimum Volatility Index and MSCI USA Minimum Volatility Index.

   - The *********** per Fund. The *********** per Fund.

2. This Amendment is intended to amend and operate in conjunction with the Agreement and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties and supersede in full all prior proposals and understandings, oral or written, relating to the subject matter hereof. To the extent that any terms of this Amendment conflict with any terms of the Agreement, the terms of this Amendment will control. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement or this Amendment.

3. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

LICENSEE: Barclays Global Investors

By /s/ Greg Friedman

Name Greg Friedman
(printed)

Title Managing Director

LICENSEE: Barclays Global Investors

By /s/ Elaine Orr

Name Elaine Orr
(printed)

Title Principal

MSCI Inc.

By /s/ Paul Friedman

Name Paul Friedman
(printed)

Title Vice President

Exhibit 10.58

WFNIA/CA
AMD_00273

AMENDMENT

Date of Amendment: June 13, 2011

AMENDMENT to the Index License Agreement for Funds (the "Agreement"), dated as of March 18, 2000, by and between MSCI Inc. and BlackRock Institutional Trust Company, N.A. (formerly known as Barclays Global Investors, N.A.) ("Licensee"), as previously amended. Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed in the Agreement

1. Exhibit A of the Agreement is hereby amended to add the following additional indices:

   - Human Rights Custom Index on MSCI ACWI*,

   ** A custom index calculated by MSCI based on custom human rights screens using MSCI ESG Research*

   - MSCI China Index

2. Notwithstanding section 9(a) of the Agreement, MSCI Inc acknowledges and agrees that the Funds based on the foregoing MSCI Human Rights Custom Index may be named as follows by Licensee:

   - iShares Human Rights Custom Index

3. This Amendment is intended to amend and operate in conjunction with the Agreement and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties and supersede in full all prior proposals and understandings, oral or written, relating to the subject matter hereof. To the extent that any terms of this Amendment conflict with any terms of the Agreement, the terms of this Amendment will control. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement and this Amendment.

4. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

Special Conditions

By signing this Amendment, the parties acknowledge and agree that the Amendment with a Date of May 12, 2010 (Internal MSCI Reference: AMD_00283) is hereby terminated and replaced by this Amendment.

BlackRock Institutional Trust Company, N.A.

By /s/ Jenni Lee
Name Jenni Lee
(printed)
Title Director

MSCI INC.

By /s/ Paul Friedman
Name Paul Friedman
(printed)
Title Executive Director

BlackRock Institutional Trust Company, N.A.

By /s/ Timothy Meyer
Name Timothy Meyer
(printed)
Title M. Director

Exhibit 10.61

CONFIDENTIAL TREATMENT GRANTED. *********** INDICATES OMITTED MATERIAL THAT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST FILED SEPARATELY WITH THE COMMISSION. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

AMD_00292

Client Code/Reference No: WFNIA/CA

AMENDMENT 2

Date of Amendment: November 19, 2010

AMENDMENT to the Index License Agreement for Funds (the "Agreement"), dated as of March 18, 2000, by and between MSCI Inc. ("MSCI"), a Delaware corporation, and Barclays Global Investors, N.A. ("Licensee"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed in the Agreement.

1. Exhibit B is hereby amended to allow the Funds to be additionally listed and traded on the Chilean domiciled stock or securities exchanges (herein referred to as the "Chilean Listed Funds"). All Listed Funds must be issued, sold and traded on a public basis in accordance with the applicable Chilean securities law. All other terms and restrictions contained in Exhibit B shall apply to the Chilean Listed Funds. Notwithstanding anything to the contrary in Exhibit A, the Chilean Listed Funds may only be based on the following Indexes:

MSCI ACWI ex US Consumer Discretionary Sector Index
MSCI ACWI ex US Consumer Staples Sector Index
MSCI ACWI ex US Energy Sector Index
MSCI ACWI ex US Financials Index
MSCI ACWI ex US Health Care Sector Index
MSCI ACWI ex US Industrials Sector Index
MSCI ACWI ex US Information Technology Sector Index
MSCI ACWI ex US Materials Sector Index
MSCI ACWI ex US Telecommunications Services Sector Index
MSCI ACWI ex US Utilities Sector Index
MSCI All Country Asia ex Japan Index
****
****
MSCI All Peru Capped Index
MSCI Australia Index
****
****
MSCI Brazil Index
MSCI Brazil Small Cap Index
MSCI BRIC Index
MSCI Canada Index
MSCI Chile Investable Market Index
MSCI China Small Cap Index
MSCI EAFE Index
****
MSCI Emerging Markets Eastern Europe Index
****
MSCI Emerging Markets Index
****
MSCI EMU Index

****
****
****
MSCI Germany Index
MSCI Hong Kong Index
****
****
MSCI Israel Capped Investable Market Index
****
MSCI Japan Index
****
MSCI Mexico Investable Market Index
****
MSCI New Zealand Investable Market Index
MSCI Pacific ex-Japan Index
MSCI Philippines Investable Market Index
****
MSCI Russia Capped Index
MSCI Singapore Index
MSCI South Africa Index
MSCI South Korea Index
****
****
****
MSCI Taiwan Index
****
****
MSCI United Kingdom Index
****

For the avoidance of doubt, the license fees set forth in the Agreement as amended, shall apply with respect to all Chilean Listed Funds. For clarity, there shall be no separate licensee fees for the Chilean Listed Funds but any additional assets from the Chilean Listed Funds shall be included in the average daily net assets of the applicable Funds for purposed of calculating license fees.

2. Exhibit B is hereby further amended to allow the Funds to be additionally listed and traded on the Mexican domiciled stock or securities exchanges (herein referred to as the "Mexican Listed Funds"). All Listed Funds must be issued, sold and traded on a public basis in accordance with the applicable Mexican securities law. All other terms and restrictions contained in Exhibit B shall apply to the Mexican Listed Funds. Notwithstanding anything to the contrary In Exhibit A, the Mexican Listed Funds may only be based on the following Indexes:

MSCI ACWI ex US Consumer Discretionary Sector Index
MSCI ACWI ex US Consumer Staples Sector Index
MSCI ACWI ex US Energy Sector Index
MSCI ACWI ex US Financials Index
MSCI ACWI ex US Health Care Sector Index
MSCI ACWI ex US Index
MSCI ACWI ex US Industrials Sector Index
MSCI ACWI ex US Information Technology Sector Index
MSCI ACWI ex US Materials Sector Index
MSCI ACWI ex US Telecommunication Services Sector Index
MSCI ACWI ex US Utilities Sector Index
MSCI ACWI Index
MSCI All Country Asia ex Japan Index
MSCI All Peru Capped Index
MSCI Australia Index
MSCI Austria Investable Market Index
MSCI Belgium Investable Market Index
****
MSCI Brazil Small Cap Index
MSCI BRIC Index
MSCI Canada Index
MSCI Chile Investable Market Index
MSCI China Small Cap Index
MSCI EAFE Growth Index
MSCI EAFE Index
MSCI EAFE Small Cap Index
MSCI EAFE Value Index
****
****
MSCI EMU Index
MSCI France Index
MSCI Germany Index
MSCI Hong Kong Index
MSCI Indonesia Investable Market Index
MSCI Ireland Capped Investable Market Index
MSCI Israel Capped Investable Market Index
MSCI Italy Index
****
MSCI Japan Small Cap Index
MSCI Kokusai Index
MSCI Malaysia Index
MSCI Netherlands Investable Market Index
MSCI New Zealand Investable Market Index
****
MSCI Philippines Investable Index
MSCI Poland Investable Market Index
MSCI Russia Cap Index
MSCI Singapore Index
MSCI South Africa Index
MSCI South Korea Index
MSCI Spain Index
MSCI Sweden Index
MSCI Switzerland Index
****
MSCI Thailand Investable Market Index
MSCI Turkey Investable Market Index
MSCI United Kingdom Index
MSCI USA Index

For the avoidance of doubt, the license fees set forth in the Agreement as amended, shall apply with respect to all Mexican Listed Funds. For clarity, there shall be no separate licensee fees for the Mexican Listed Funds but any additional assets from the Mexican Listed Funds shall be included in the average daily net assets of the applicable Funds for purposed of calculating license fees.

3. This Amendment is intended to amend and operate in conjunction with the Agreement and together this Amendments and the Agreement constitute the complete and exclusive statement of the agreement between the parties and supersede in full all prior proposals and understandings, oral or written, relating to the subject matter hereof. To the extent that any terms of this Amendment conflict with any terms of this Agreement, the terms of this Amendment shall control. No right or license of any kind is granted to Licensee expect as expressly provided in the Agreement and this Amendment.

4. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of law principles.

LICENSEE

By /s/ Timothy M. Meyer
Name Timothy M. Meyer
(printed)
Title M. Director
Date December 1, 2010

By /s/ Mathew R. Lewis
Name Matthew R. Lewis
(printed)
Title Director
Date December 1, 2010

MSCI INC.

By /s/ Paul E. Friedman
Name Paul E. Friedman
(printed)
Title Executive Director
Date December 10, 2010

Exhibit 10.62

Client Code/Reference No: WFNIA/CA

AMENDMENT

Date of Amendment: June 21st 2011

AMENDMENT to the Index License Agreement for Funds (the "Agreement"), dated as of May 18, 2000, by and between MSCI Inc. ("MSCI"), a Delaware corporation, and Barclays Global investors, N.A. ("Licensee"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed in the Agreement.

1. Exhibit B is hereby amended to allow the Funds to be additionally listed and traded on the Mexican domiciled stock or securities exchanges (herein referred to as the "Mexican Listed Funds"). All Listed Funds must be issued, sold and traded on a public basis in accordance with the applicable Mexican securities law. All other terms and restrictions contained in Exhibit B shall apply to the Mexican Listed Funds. Notwithstanding anything to the contrary in Exhibit A, the Mexican Listed Funds may only be based on the following index:

   MSCI EAFE Growth Index
   MSCI EAFE Value index

   MSCI Japan Small Cap index
   MSCI Kokusai Index

   For the avoidance of doubt, the license fees set forth in the Agreement as amended, shall apply with respect to all Mexican Listed Funds. For clarity, there shall be no separate licensee fees for the Mexican Listed Funds but any additional assets from the Mexican Listed Funds shall be included in the average daily net assets of the applicable US listed Funds for purposed of calculating license fees.

2. This Amendment is intended to amend and operate in conjunction with the Agreement and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties and supersede in full all prior proposals and understandings, oral or written, relating to the subject matter hereof. To the extent that any terms of this Amendment conflict with any terms of the Agreement, the terms of this Amendment shall control. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement and this Amendment.

3. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

LICENSEE

By /s/ Jenni A. Lee
Name Jenni A. Lee
(printed)
Title Director
Date 6/28/2001

By /s/ Timothy M. Meyer
Name Timothy M. Meyer
(printed)
Title M. Director
Date 6/28/2011

MSCI Inc.

By /s/ Paul Friedman
Name Paul Friedman
(printed)
Title Executive Director
Date

Exhibit 10.63

CONFIDENTIAL TREATMENT REQUESTED. *********** INDICATES OMITTED MATERIAL THAT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST FILED SEPARATELY WITH THE COMMISSION. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

Client Code/Reference No: ______

AMENDMENT

Effective Date as of July 1, 2011

AMENDMENT to the Index License Agreement for Funds (the "Agreement"), dated as of May 18, 2000, by and between MSCI Inc. (formerly known as Morgan Stanley Capital International, Inc.) ("MSCI") and BlackRock Institutional Trust Company, N.A. (formerly known as Barclays Global Investors, N.A.) ("Licensee"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Agreement. This Amendment shall terminate and replace the Amendment between the parties dated July 1, 2006 (the "2006 Amendment") solely for periods from and after date hereof.

1. Term: Section 1 of the Amendment dated as of December 3, 2004 to the Agreement is hereby deleted. The term of the Agreement is extended until March 18, 2020, unless earlier terminated as provided therein or herein. Thereafter, the Agreement shall renew for successive one-year periods unless either party provides written notice to the other of its intent not to renew at least ninety (90) days prior to the end of the then-current term.

2. Fees: Section 2 of the Amendment dated as of December 3, 2004 to the Agreement is hereby deleted. The license fees shall be calculated and payable on a calendar quarterly basis as follows commencing as of the Effective Date of this Amendment:

   a. MSCI JAPAN: Licensee shall pay MSCI a quarterly license fee with respect to the use of the MSCI Japan Index ("MSCI Japan") as the basis for, or a component of, any passively managed Fund. The quarterly license fee shall equal:

      - ***********.

   To the extent that the license fees payable to MSCI for a passively managed Fund based on MSCI Japan decrease in any calendar year, such licensee fees payable to MSCI, when expressed as a percentage of AUM for the applicable period, ***********.

   b. MSCI EAFE: Licensee shall pay MSCI a quarterly license fee with respect to the use of the MSCI Standard International Equity Index Series EAFE ("MSCI EAFE") as the basis for, or a component of, any passively managed Fund. The quarterly license fee shall be calculated as ***********:

AUM of the Relevant Fund	QUARTERLY LICENSE FEE
***********	***********
***********	***********
***********	***********
***********	***********

   c. OTHER MSCI INDICES: For use of all other MSCI Indices licensed under the Agreement, Licensee shall pay MSCI a quarterly license fee with respect to the use of each such Index as the basis for, or a component of, a passively managed Fund. The quarterly license fee shall be calculated as ***********:

AUM of the Relevant Fund	QUARTERLY LICENSE FEE
***********	***********
***********	***********
***********	***********
***********	***********
***********	***********

d. “Expense Ratio”: shall mean the amount of a Fund’s assets used to pay its expenses during a given time period expressed as a percentage of the Fund’s average daily net assets over the same time period, including without limitation the total management fees, rule 12b-1 fees (or the equivalent) and all other Fund expenses. A Fund’s Expense Ratio shall be the Fund’s “Total Fund Operating Expense” as published by a Fund for the relevant period. Notwithstanding anything to the contrary contained herein, if any Fund does not have an Expense Ratio, *********** of the Funds AUM during the relevant period.

e. Payment: The license fees shall be paid in arrears to MSCI by the fifteenth day of the following quarter and shall be accompanied by a statement from Licensee stating that such fees are accurate. Any license fees or any other amounts due hereunder that are not timely paid shall accrue interest at the rate of *********** or the maximum amount permitted by law, whichever is less, which interest charges shall begin accruing on the relevant due date and shall continue to accrue until such license fees and all other amounts due hereunder are paid in full.

f. Records: Licensee shall maintain detailed and accurate records with respect to the assets of the Funds and any of Licensee’s payments to MSCI hereunder. During the term of the Agreement and for a period of three (3) years after its termination, Licensee, upon written request by MSCI, shall provide access to such records during normal business hours to MSCI and/or an independent accounting organization chosen and compensated by MSCI. Licensee shall promptly pay any underreported license fees and all other amounts due hereunder determined by such audit plus interest thereon at a rate of ***********, or the highest rate allowed by law, whichever is less, for the period of time during which such amount was owed and unpaid. If such audit reveals an underpayment in excess of *********** of the amount due hereunder, then Licensee shall also pay for the reasonable cost o such audit.

g. Taxes: Licensee will promptly pay all federal, state and local sales, personal property, ad valorem and other taxes of a similar nature arising as a result of the Agreement, other than taxes based on MSCI’s income.

3. Additional Licensees:

a.***********.

b.***********.

***********.

c.***********.

***********:

i.***********,
ii.***********, and
iii.***********.

***********.

***********.

4. Index Definitions:

For the avoidance of doubt, the parties acknowledge that the MSCI EAFE and Japan Indices are defined as the then-current versions of such indices as part of the MSCI Standard International Equity Index Series, and the Agreement and this Amendment shall apply with respect to any successor index, or any methodology changes to, any such Index, resulting in such Index remaining an MSCI Standard International Equity Index.

5. Index Marketing:

a. ***********.
b. ***********.
c. ***********.
d. Licensee acknowledges that MSCI's marketing and promotional efforts shall be limited to MSCI's international indices, and that MSCI has no obligation or intent to market or promote any Funds or Licensee's products or services generally. In the event MSCI chooses to engage in marketing or promotional efforts that reference any trade or service mark belonging to Licensee, MSCI will obtain Licensee's approval prior to referencing such mark.

6. Miscellaneous:

This Amendment is intended to amend and operate in conjunction with the Agreement and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties and supersede in full all prior proposals and understandings, oral or written, relating to the subject matter hereof. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement and this Amendment. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

BlackRock Institutional Trust Company, N.A.

By /s/ Jenni A. Lee
Name and Title Jenni A. Lee
(printed) Director

By /s/ Timothy M. Meyer
Name and Title Timothy M. Meyer
(printed) M. Director

MSCI INC.

By /s/ Paul Friedman
Name and Title MSCI
(printed) ED

Exhibit 10.64

CONFIDENTIAL TREATMENT REQUESTED. *********** INDICATES OMITTED MATERIAL THAT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST FILED SEPARATELY WITH THE COMMISSION. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

AMD_00389

Client Code/Reference No: WFNIA/CA

AMENDMENT

Date of Amendment: August 23rd 2011

AMENDMENT to the Index License Agreement for Funds (the “Agreement”), dated as of March 18, 2000, by and between MSCI Inc. (“MSCI”), a Delaware corporation, and Blackrock Institutional Trust Company, N.A. (formerly known as Barclays Global Investors, N.A.) (“Licensee”). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed in the Agreement.

1. Exhibit B is hereby amended to allow the Funds to be additionally listed and traded on the USA domiciled stock or securities exchanges (herein referred to as the “USA Listed Funds”). All Listed Funds must be issued, sold and traded on a public basis in accordance with the applicable USA securities law. All other terms and restrictions contained in Exhibit B shall apply to the USA Listed Funds. Notwithstanding anything to the contrary in Exhibit A, the USA Listed Funds may only be based on the following index:

MSCI World Index
MSCI Emerging Markets Asia Index
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MSCI All Country Asia ex Japan Small Cap Index
MSCI India Small Cap Index
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MSCI Australia Small Cap index
MSCI Canada Small Cap Index
MSCI Germany Small Cap Index
MSCI Hong Kong Small Cap Index
****
MSCI Singapore Small Cap Index
MSCI Taiwan Small Cap Index
MSCI United Kingdom Small Cap Index

MSCI EM Energy 25/50 Index
****
MSCI All Country Asia information Technology Index
MSCI Emerging Markets Growth Index
MSCI Emerging Markets Value Index

MSCI Denmark IMI 25/50 Index
MSCI Finland IMI 25/50 Index
MSCI Norway IMI 25/50 Index
MSCI India Index
MSCI Vietnam IMI Index

For the avoidance of doubt, the license fees set forth in the Agreement as amended, shall apply with respect to all USA Listed Funds. For clarity, there shall be no separate licensee fees for the USA Listed Funds but any additional assets from the USA Listed Funds shall be included in the average daily net assets of the applicable listed Funds for purposed of calculating license fees.

2. Exhibit B is hereby further amended to allow the Funds to be additionally listed and traded on the Mexican domiciled stock or securities exchanges (herein referred to as the “Mexican Listed Funds”). All Listed Funds must be issued, sold and traded on a public basis in accordance with the applicable Mexican securities law. All other terms and restrictions contained in Exhibit B shall apply to the Mexican Listed Funds. Notwithstanding anything to the contrary in Exhibit A, the Mexican Listed Funds may only be based on the following index:

MSCI World Index	***********
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For the avoidance of doubt, the license fees set forth in the Agreement as amended, shall apply with respect to all Mexican Listed Funds. For clarity, there shall be no separate licensee fees for the Mexican Listed Funds but any additional assets from the Mexican Listed Funds shall be included in the average daily net assets of the applicable listed Funds for purposed of calculating license fees.

3. Exhibit B is hereby further amended to allow the Funds to be additionally listed and traded on the Chilean domiciled stock or securities exchanges (herein referred to as the "Chilean Listed Funds"). All Listed Funds must be issued, sold and traded on a public basis in accordance with the applicable Chilean securities law. All other terms and restrictions contained in Exhibit B shall apply to the Chilean Listed Funds. Notwithstanding anything to the contrary in Exhibit A, the Chilean Listed Funds may only be based on the following index:

MSCI World Index	***********
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For the avoidance of doubt, the license fees set forth in the Agreement as amended, shall apply with respect to all Chilean Listed Funds. For clarity, there shall be no separate licensee fees for the Chilean Listed Funds but any additional assets from the Chilean Listed Funds shall be included in the average daily net assets of the applicable listed Funds for purposed of calculating license fees.

4. Exhibit B is hereby further amended to allow the Funds to be additionally listed and traded on the Peru domiciled stock or securities exchanges (herein referred to as the "Peru Listed Funds"). All Listed Funds must be issued, sold and traded on a public basis in accordance with the applicable Peru securities law. All other terms and restrictions contained in Exhibit B shall apply to the Peru Listed Funds. Notwithstanding anything to the contrary in Exhibit A, the Peru Listed Funds may only be based on the following Index:

MSCI World Index
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For the avoidance of doubt, the license fees set forth in the Agreement as amended, shall apply with respect to all Peru Listed Funds. For clarity, there shall be no separate licensee fees for the Peru Listed Funds but any additional assets from the Peru Listed Funds shall be included in the average daily net assets of the applicable listed Funds for purposed of calculating license fees.

5. Exhibit B is hereby further amended to allow the Funds to be additionally listed and traded on the Colombian domiciled stock or securities exchanges (herein referred to as the "Colombian Listed Funds"). All Listed Funds must be issued, sold and traded on a public basis in accordance with the applicable Colombian securities law. All other terms and restrictions contained in Exhibit B shall apply to the Colombian Listed Funds. Notwithstanding anything to the contrary in Exhibit A, the Colombian Listed Funds may only be based on the following Index:

MSCI World Index
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For the avoidance of doubt, the license fees set forth in the Agreement as amended, shall apply with respect to all Colombian Listed Funds. For clarity, there shall be no separate licensee fees for the Colombian Listed Funds but any additional assets from the Colombian Listed Funds shall be included in the average daily net assets of the applicable listed Funds for purposed of calculating license fees.

6. This Amendment is intended to amend and operate in conjunction with the Agreement and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties and supersede in full all prior proposals and understandings, oral or written, relating to the subject matter hereof. To the extent that any terms of this Amendment conflict with any terms of the Agreement, the terms of this Amendment shall control. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement and this Amendment.

7. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

LICENSEE: Blackrock Institutional Trust Company, N.A.

By /s/ Jenni A. Lee
Name Jenni A. Lee
(printed)
Title Director
Date 8/26/2011

MSCI Inc.

By /s/ Paul Friedman
Name Paul Friedman
(printed)
Title Executive Director
Date ______________________

LICENSEE: Blackrock Institutional Trust Company, N.A.

By /s/ Timothy M. Meyer
Name Timothy M. Meyer
(printed)
Title M. Director
Date 8/30/2011

Exhibit 10.65

Client Code/Reference No: WFNIA/CA

AMENDMENT

Date of Amendment: October 4th 2011

AMENDMENT to the Index License Agreement for Funds (the "Agreement"), dated as of March 18, 2000, by and between MSCI Inc. ("MSCI"), a Delaware corporation, and BlackRock Institutional Trust Company, N.A. (formerly known as Barclays Global Investors, N.A.) ("Licensee"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed in the Agreement.

1. Exhibit A of the Agreement is hereby amended to add the MSCI Emerging Markets Consumer Discretionary Index. For the avoidance of doubt, the terms contained in Exhibit B of the Agreement, Including, but not limited to the requirement that all Funds be listed on an U.S. domiciled stock exchange only, shall apply to all Funds based on the MSCI Emerging Markets Consumer Discretionary Index.

   For the avoidance of doubt, the license fees set forth In the Agreement, as amended, shall apply with respect to all Funds based on the MSCI Emerging Markets Consumer Discretionary Index.

2. This Amendment is intended to amend and operate in conjunction with the Agreement and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties and supersede in full all prior proposals and understandings, oral or written, relating to the subject matter hereof. To the extent that any terms of this Amendment conflict with any terms of the Agreement, the terms of this Amendment shall control. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement and this Amendment.

3. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

LICENSEE: Blackrock Institutional Trust Company, N.A.

By /s/ Jenni A. Lee
Name Jenni A. Lee
(printed)
Title Director
Date 10/17/2011

MSCI Inc.

By /s/ Paul Friedman
Name Paul Friedman
(printed)
Title Executive Director
Date 10/20/2011

LICENSEE: Blackrock Institutional Trust Company, N.A.

By /s/ Timothy M. Meyer
Name Timothy M. Meyer
(printed)
Title M. Director
Date 10/17/2011

Exhibit 10.66

CONFIDENTIAL TREATMENT REQUESTED. *********** INDICATES OMITTED MATERIAL THAT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST FILED SEPARATELY WITH THE COMMISSION. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

AMD_00421

Client Code/Reference No:130339

AMENDMENT

Date of Amendment: October 4, 2011

AMENDMENT to the Index License Agreement for Funds (the "Agreement"), dated as of March 18, 2000, by and between MSCI Inc. ("MSCI"), a Delaware corporation, and BlackRock Institutional Trust Company, N.A. (formerly known as Barclays Global Investors, N.A.) ("Licensee"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed in the Agreement.

1. Exhibit A of the Agreement is hereby amended to add the following Indexes:

   - MSCI ACWI Select Agriculture Producers Investable Market Index
   - MSCI ACWI Select Energy Producers Investable Market Index
   - MSCI ACWI Select Metals & Mining Producers Ex Gold and Silver Investable Market Index
   - MSCI ACWI Select Gold Miners Investable Market Index
   - MSCI ACWI Select Silver Miners Investable Market Index

   The above Indexes shall be collectively referred to hereunder as the "Commodity Producers Indexes".

2. Licensee may use the Commodity Producers Indexes and associated Marks solely with respect to the following Funds:

   - ***********
   - ***********
   - ***********
   - ***********
   - ***********

3. Licensee shall pay MSCI an annual license fee per Fund equal to ***********. For the avoidance of doubt, the terms set forth in this Section 3 shall only apply to Funds based on the Commodity Producers Indexes.

4. ***********.

5. Notwithstanding anything in the Agreement to the contrary, Licensee may publicly disclose the holdings of each Fund and Commodity Producers Indexes on daily basis on its website, including www.ishares.com. For the avoidance of doubt, the terms set forth in this Section 3 shall only apply to Funds based on the Commodity Producers Indexes.

6. For the avoidance of doubt, the terms contained in Exhibit B of the Agreement, including, but not limited to the requirement that all Funds be listed on an U.S. domiciled stock exchange only, shall apply to all Funds based on the Commodity Producers Indexes.

7. This Amendment is intended to amend and operate in conjunction with the Agreement and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties and supersede in full all prior proposals and understandings, oral or written, relating to the subject matter hereof. To the extent that any terms of this Amendment conflict with any terms of the Agreement, the terms of this Amendment shall control. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement and this Amendment.

8. MSCI may terminate this Amendment with respect to any Index(es) in the event that Licensee does not list a Fund based such Index(es) on an exchange within 1 year of the date of this Amendment.

9. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

LICENSEE: Blackrock Institutional
Trust Company, N.A.

By /s/ Jenni A. Lee
Name Jenni A. Lee
(printed)
Title Director
Date 11/20/2011

LICENSEE: Blackrock Institutional
Trust Company, N.A.

By /s/ Timothy M. Meyer
Name Timothy M. Meyer
(printed)
Title M. Director
Date 11/20/2011

MSCI Inc.

By /s/ Paul Friedman
Name Paul Friedman
(printed)
Title Executive Director
Date

Exhibit 10.67

AMD_00061392.0

Client Code/Reference No: 130339

AMENDMENT

Effective Date as of December 16, 2011

AMENDMENT to the Index License Agreement for Funds (the "Agreement"), dated as of May 18, 2000, by and between MSCI Inc. (formerly known as Morgan Stanley Capital International, Inc.) ("MSCI") and BlackRock Institutional Trust Company, N.A. (formerly known as Barclays Global investors, N.A.) ("Licensee"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

1. Licensee may publish the following Fund and Index information at the following frequencies on its web sites within ishares.com, and in Licensee's printed materials regarding each Fund and Index:

Fund Information

Information	Frequency
Fund Holdings and aggregate weight	Daily
Sector Diversification	Daily
Country / Geographic Allocation	Daily
Number of Securities	Daily
Financial Characteristics (aggregate level only): Median Market Capitalization, PE Ratio, PB Ratio, R-Squared, Beta, 30-Day Yield, ROE, Earnings Growth, Foreign Holdings, Turnover Rate for most recent year.	Daily
Volatility Characteristics	Daily
Performance Returns	Daily

Index Information

Information	Frequency
Sector Diversification	Monthly, 10 day delay
Country / Geographic Allocation	Monthly, 10 day delay
Number of Constituents	Monthly, 10 day delay
Financial Characteristics (aggregate level only): Median Market Capitalization, PE Ratio, PB Ratio, ROE, Earnings Growth Rate, Foreign Holdings.	Monthly, 10 day delay
Volatility Measures	Monthly, 10 day delay
Performance returns	Same frequency as MSCI.com

provided that each such web site and printed publication includes the disclaimers required by the Agreement, as applicable, and each such page of the web site and printed publication containing any such data shall include the following additional disclaimer:

> You agree not to reproduce, distribute or disseminate Fund holdings information, defined and limited to constituents, weights, valuation ratios, and volatility characteristics, or any Index holdings information, in whole or in part, in any form without prior written permission from MSCI. All such information is provided on an "as is" basis, and MSCI makes no express or implied warranties or representations of any kind with respect to any of the information contained herein (including, without limitation, with respect to the accuracy, completeness, reliability, merchantability or fitness for a particular purpose of any such information or any financial results

you may achieve from its use). In no event shall MSCI or its affiliates have any liability relating to the use of any such information. You may use this information solely for informational purposes in order to review the holdings of your investment. You may not make any other use of this information, including, without limitation, in connection with or as the basis for any other financial product or index.

In addition, notwithstanding anything to the contrary in the Agreement, Licensee may distribute daily through Licensee's website, with or without password protection, the relevant portfolio composition file (PCF) and PCF proof of the Fund's portfolio, provided, any such website shall contain the disclaimers required by the Agreement and this Amendment, or otherwise agreed to in writing by the parties. Upon written notice to Licensee, MSCI may withdraw any such distribution approval.

MSCI may terminate this disclosure right upon written notice to Licensee if MSCI determines in its good faith reasonable discretion that such disclosure is cannibalizing or otherwise detrimentally affecting MSCI's business, provided that the rights to distribute the data cannot be revoked to the extent that it is required to be published pursuant to applicable law.

The above disclosure rights shall only apply with respect to Funds that are traded on an exchange.

2. This Amendment is intended to amend and operate in conjunction with the Agreement and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties and supersede in full all prior proposals and understandings, oral or written, relating to the subject matter hereof. No right or license of any kind is granted to Licensee except as expressly provided in the Agreement and this Amendment. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict or choice of laws principles.

BlackRock Institutional Trust Company, N.A.

By /s/ Jenni A. Lee
Name and Title (printed) Jenni A. Lee / Director

MSCI INC.

By /s/ David Dalpe
Name and Title (printed) David Dalpe
Vice President

BlackRock Institutional Trust Company, N.A.

By /s/ Timothy M. Meyer
Name and Title (printed) Timothy M. Meyer / M. Director

EXHIBIT 21.1

Subsidiaries of MSCI Inc.

NAME	Jurisdiction of Incorporation/Organization
Barra Inc.	Delaware
RiskMetrics Group, Inc.	Delaware
MSCI Limited	United Kingdom
MSCI Australia Pty Limited	Australia
MSCI Barra Financial Information Consultancy (Shanghai) Limited	Shanghai
MSCI Barra SA	Switzerland
MSCI Services Private Limited	India
MSCI KFT	Hungary
MSCI Holdings LLC	Delaware
MSCI S. de R.L. de C.V.	Mexico

Subsidiaries of Barra, Inc.

NAME	Jurisdiction of Incorporation/Organization
Barra International Ltd.	Delaware
Barra Japan K.K.	Japan
Financial Engineering Associates Inc.	California

Subsidiaries of Barra International, Ltd.

NAME	Jurisdiction of Incorporation/Organization
Investment Performance Objects Pty Limited	Australia
BarraConsult, Ltda.	Brazil

Subsidiaries of RiskMetrics Group, Inc.

NAME	Jurisdiction of Incorporation/Organization
RiskMetrics Group Holdings, LLC	Delaware

Subsidiaries of RiskMetrics Holdings, LLC

NAME	Jurisdiction of Incorporation/Organization
RiskMetrics Solutions, Inc.	Delaware
Institutional Shareholder Services Inc.	Delaware

Subsidiaries of RiskMetrics Solutions, Inc.

NAME	Jurisdiction of Incorporation/Organization
RiskMetrics (Singapore) Pty Ltd.	Singapore
RiskMetrics (U.K.) Ltd.	United Kingdom
Measurisk LLC	Delaware

Subsidiaries of Institutional Shareholder Services Inc.

NAME	Jurisdiction of Incorporation/Organization
Innovest Strategic Value Advisors, Inc.	Delaware
KLD Research & Analytics, Inc.	Massachusetts
1 Corporate Governance Pty Ltd.	Australia
Institutional Shareholder Services Canada Corp.	Nova Scotia
Institutional Shareholder Services Europe S.A.	Belgium
Institutional Shareholder Services France S.A.S.	France
Institutional Shareholder Services Japan K.K.	Japan
ISS Corporate Services, Inc.	Delaware
ISS Europe Ltd.	United Kingdom
Investor Responsibility Research Center, Inc.	Delaware
Research Recommendations and Electronic Voting Ltd.	United Kingdom
RiskMetrics (Australia) Pty Ltd.	Australia
Securities Class Action Services, LLC	Delaware

Subsidiaries of Innovest Strategic Value Advisors, Inc.

NAME	Jurisdiction of Incorporation/Organization
Innovest France S.A.R.L.	France
Innovest Strategic Value Advisors, Pty. Ltd.	Australia

Subsidiaries of KLD Research and Analytics, Inc.

NAME	Jurisdiction of Incorporation/Organization
KLD Research Ltd	United Kingdom

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement No. 333-147540, No. 333-165888 and No. 333-167624 on Form S-8 and the Registration Statement No. 333-159311 on Form S-3 of our reports dated February 29, 2012, relating to the consolidated financial statements of MSCI Inc. (the "Company") and the effectiveness of the Company's internal control over financial reporting (which report on the consolidated financial statements expresses an unqualified opinion and includes an explanatory paragraph concerning the Company changing its fiscal year end from November 30 to December 31), appearing in this Annual Report on Form 10-K of the Company for the calendar year ended December 31, 2011.

/s/ Deloitte & Touche LLP
New York, New York
February 29, 2012

EXHIBIT 31.1

SECTION 302 CERTIFICATION

I, Henry A. Fernandez, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 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 15(d)-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 fourth fiscal quarter 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 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 (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: February 29, 2012

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

EXHIBIT 31.2

SECTION 302 CERTIFICATION

I, David M. Obstler, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 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 15(d)-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 fourth fiscal quarter 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 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 (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: February 29, 2012

/s/ David M. Obstler
David M. Obstler
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Henry A. Fernandez, Chairman, CEO and President of MSCI Inc. (the “Registrant”) and David M. Obstler, the Chief Financial Officer of the Registrant, each hereby certifies that, to the best of his knowledge:

1. The Registrant’s Annual Report on Form 10-K for the period ended December 31, 2011, 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: February 29, 2012

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

/s/ David M. Obstler
David M. Obstler
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)