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

FORM 10-Q

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

For the quarterly period ended September 30, 2014

OR

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

For the transition period from __________ to __________

Commission file number 001-33812

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

As of October 24, 2014, there were 112,030,366 shares of the registrant's common stock, par value $0.01, outstanding.

MSCI INC.
FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2014

TABLE OF CONTENTS

AVAILABLE INFORMATION

MSCI Inc. files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). You may read and copy any document MSCI Inc. files with the SEC at the SEC's public reference room at 100 F Street, NE, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for information on the public reference room. The SEC maintains a website that contains annual, quarterly and current reports, proxy and information statements and other information that issuers (including MSCI Inc.) file electronically with the SEC. MSCI Inc.'s electronic SEC filings are available to the public at the SEC's website, *www.sec.gov*.

MSCI Inc.'s website is *www.msci.com*. You can access MSCI Inc.'s Investor Relations webpage at *http://ir.msci.com*. MSCI Inc. makes available free of charge, on or through its Investor Relations webpage, its proxy statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. MSCI Inc. also makes available, through its Investor Relations webpage, via a link to the SEC's website, statements of beneficial ownership of MSCI Inc.'s equity securities filed by its directors, officers, 5% or greater shareholders and others under Section 16 of the Exchange Act.

MSCI Inc. has a Corporate Governance webpage. You can access information about MSCI Inc.'s corporate governance at *http://ir.msci.com/governance.cfm*. MSCI Inc. posts the following documents, among others, on its Corporate Governance webpage:

- Charters for MSCI Inc.'s Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee;
- Corporate Governance Policies;
- Procedures for Submission of Ethical Accounting-Related Complaints; and
- Code of Ethics and Business Conduct.

MSCI Inc.'s Code of Ethics and Business Conduct applies to all directors, officers and employees, including its Chief Executive Officer and its Chief Financial Officer. MSCI Inc. will post any amendments to the Code of Ethics and Business Conduct and any waivers that are required to be disclosed by the rules of either the SEC or the New York Stock Exchange, Inc. on its website. You can request a copy of these documents, excluding exhibits, at no cost, by contacting Investor Relations, 7 World Trade Center, 250 Greenwich Street, 49th Floor, New York, NY 10007; (212) 804-1583. The information on MSCI Inc.'s website is not incorporated by reference into this report.

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties and other factors that may cause MSCI Inc.'s actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," or "continue," or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond MSCI Inc.'s control and that could materially affect actual results, levels of activity, performance, or achievements.

Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in MSCI Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2013 filed with the SEC on February 28, 2014, and in quarterly reports on Form 10-Q and current reports on Form 8-K filed with the SEC. If any of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what MSCI Inc. projected. Any forward-looking statement in this report reflects MSCI Inc.'s current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to MSCI Inc.'s operations, results of operations, growth strategy and liquidity. MSCI Inc. assumes no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise, except as required by law.

WEBSITE AND SOCIAL MEDIA DISCLOSURE

MSCI Inc. uses its website and corporate Twitter account (@MSCI_Inc) as channels of distribution of company information. The information MSCI Inc. posts through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following MSCI Inc.'s press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive email alerts and other information about MSCI Inc. when you subscribe to the notification service available through MSCI Inc.'s website by visiting the "Email Alert Subscription" webpage at http://ir.msci.com/alerts.cfm?. The contents of MSCI Inc.'s website and social media channels are not, however, incorporated by reference into this report.

Table of Contents

PART I

Item 1. Condensed Consolidated Financial Statements

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

	As of September 30, 2014	As of December 31, 2013
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 448,193	$ 358,434
Accounts receivable (net of allowances of $789 and $1,280 at September 30, 2014 and December 31, 2013, respectively)	191,806	169,490
Deferred taxes	52,124	52,888
Prepaid taxes	35,027	14,568
Prepaid and other assets	31,439	28,890
Total current assets	758,589	624,270
Property, equipment and leasehold improvements (net of accumulated depreciation and amortization of $93,011 and $75,371 at September 30, 2014 and December 31, 2013, respectively)	93,787	85,588
Goodwill	1,567,443	1,813,164
Intangible assets (net of accumulated amortization of $360,927 and $374,377 at September 30, 2014 and December 31, 2013, respectively)	445,034	595,707
Other non-current assets	15,426	17,386
Total assets	$ 2,880,279	$ 3,136,115
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Current liabilities:		
Accounts payable	$ 1,695	$ 1,198
Accrued compensation and related benefits	91,840	121,124
Other accrued liabilities	64,298	41,212
Current maturities of long-term debt	19,781	19,772
Deferred revenue	321,025	319,735
Total current liabilities	498,639	503,041
Long-term debt, net of current maturities	773,173	788,010
Deferred taxes	171,681	234,649
Other non-current liabilities	40,252	46,068
Total liabilities	1,483,745	1,571,768
Commitments and Contingencies (see Note 8)		
Shareholders’ equity:		
Preferred stock (par value $0.01; 100,000,000 shares authorized; no shares issued)	—	—
Common stock (par value $0.01; 750,000,000 common shares authorized; 126,586,553 and 125,555,268 common shares issued and 112,027,156 and 118,083,111 common shares outstanding at September 30, 2014 and December 31, 2013, respectively)	1,266	1,256
Treasury shares, at cost (14,559,397 and 7,472,157 common shares held at September 30, 2014 and December 31, 2013, respectively)	(588,119)	(268,391)
Additional paid in capital	1,017,305	1,073,157
Retained earnings	978,358	758,975
Accumulated other comprehensive income (loss)	(12,276)	(650)
Total shareholders’ equity	1,396,534	1,564,347
Total liabilities and shareholders’ equity	$ 2,880,279	$ 3,136,115

See Notes to Unaudited Condensed Consolidated Financial Statements

Table of Contents

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

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
	(unaudited)			
Operating revenues	$251,661	$228,608	$745,575	$676,500
Operating expenses:				
Cost of services	78,876	68,151	231,119	203,147
Selling, general and administrative	70,833	59,917	210,007	168,274
Amortization of intangible assets	11,574	11,193	34,286	33,581
Depreciation and amortization of property, equipment and leasehold improvements	6,342	5,443	18,091	14,814
Total operating expenses	167,625	144,704	493,503	419,816
Operating income	84,036	83,904	252,072	256,684
Interest income	(277)	(227)	(625)	(650)
Interest expense	5,604	5,828	16,029	19,343
Other expense (income)	(1,287)	563	(942)	2,157
Other expense (income), net	4,040	6,164	14,462	20,850
Income from continuing operations before provision for income taxes	79,996	77,740	237,610	235,834
Provision for income taxes	28,272	27,804	81,937	76,799
Income from continuing operations	51,724	49,936	155,673	159,035
Income (loss) from discontinued operations, net of income taxes	(10)	5,374	84,100	16,265
Net income	$ 51,714	$ 55,310	$239,773	$175,300
Earnings per basic common share:				
Earnings per basic common share from continuing operations	$ 0.44	$ 0.42	$ 1.33	$ 1.32
Earnings per basic common share from discontinued operations	—	0.04	0.72	0.13
Earnings per basic common share	$ 0.44	$ 0.46	$ 2.05	$ 1.45
Earnings per diluted common share:				
Earnings per diluted common share from continuing operations	$ 0.44	$ 0.42	$ 1.32	$ 1.31
Earnings per diluted common share from discontinued operations	—	0.04	0.71	0.13
Earnings per diluted common share	$ 0.44	$ 0.46	$ 2.03	$ 1.44
Weighted average shares outstanding used in computing earnings per share:				
Basic	116,251	119,607	116,840	120,497
Diluted	117,163	120,578	117,803	121,446

See Notes to Unaudited Condensed Consolidated Financial Statements

Table of Contents

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
	(unaudited)			
Net income	$ 51,714	$55,310	$239,773	$175,300
Other comprehensive income (loss):				
Foreign currency translation adjustments	(10,266)	6,522	(11,992)	(1,252)
Income tax effect	(502)	(2,519)	163	479
Foreign currency translation adjustments, net	(10,768)	4,003	(11,829)	(773)
Unrealized gains (losses) on cash flow hedges	—	197	—	1,364
Income tax effect	—	(77)	—	(524)
Unrealized gains (losses) on cash flow hedges, net	—	120	—	840
Unrealized gains (losses) on available-for-sale securities	—	—	—	(5)
Income tax effect	—	—	—	2
Unrealized gains (losses) on available-for-sale securities, net	—	—	—	(3)
Pension and other post-retirement adjustments	53	(68)	219	47
Income tax effect	(18)	17	(16)	(16)
Pension and other post-retirement adjustments, net	35	(51)	203	31
Other comprehensive income (loss), net of tax	(10,733)	4,072	(11,626)	95
Comprehensive income	$ 40,981	$59,382	$228,147	$175,395

See Notes to Unaudited Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
	(unaudited)	
Cash flows from operating activities		
Net income	$ 239,773	$ 175,300
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	37,026	43,443
Stock-based compensation expense	20,116	19,150
Depreciation and amortization of property, equipment and leasehold improvements	18,310	16,260
Amortization of debt origination fees	1,328	2,179
Deferred taxes	996	(2,125)
Amortization of discount on long-term debt	359	699
Excess tax benefits from stock-based compensation	(3,197)	(1,766)
Gain on disposition of subsidiary, net of costs	(84,620)	—
Other non-cash adjustments	1,764	(748)
Changes in assets and liabilities, net of assets and liabilities acquired:		
Accounts receivable	(38,635)	(26,762)
Prepaid income taxes	(20,552)	(13,067)
Prepaid and other assets	(7,343)	(3,393)
Accounts payable	973	(2,017)
Deferred revenue	50,304	25,454
Accrued compensation and related benefits	(19,581)	(16,161)
Other accrued liabilities	6,552	3,147
Other	(1,954)	6,444
Net cash provided by operating activities	201,619	226,037
Cash flows from investing activities		
Proceeds from redemption of short-term investments	—	70,900
Acquisitions, net of cash acquired	(14,880)	(23,268)
Dispositions, net of cash provided	362,811	—
Proceeds from the sale of capital equipment	8	29
Capitalized software development costs	(6,063)	(1,829)
Capital expenditures	(36,174)	(20,899)
Net cash provided by investing activities	305,702	24,933
Cash flows from financing activities		
Repayment of long-term debt	(15,187)	(48,000)
Repurchase of treasury shares	(409,396)	(109,928)
Proceeds from exercise of stock options	9,009	9,308
Excess tax benefits from stock-based compensation	3,197	1,766
Net cash used in financing activities	(412,377)	(146,854)
Effect of exchange rate changes	(5,185)	(3,675)
Net increase in cash and cash equivalents	89,759	100,441
Cash and cash equivalents, beginning of period	358,434	183,309
Cash and cash equivalents, end of period	448,193	283,750
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 14,387	$ 15,099
Cash paid for income taxes	$ 101,421	$ 99,642
Supplemental disclosure of non-cash investing activities:		
Property, equipment and leasehold improvements in other accrued liabilities	$ 3,929	$ 5,219

See Notes to Unaudited Condensed Consolidated Financial Statements

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

1. INTRODUCTION AND BASIS OF PRESENTATION

MSCI Inc., together with its wholly-owned subsidiaries (the "Company" or "MSCI"), is a global provider of investment decision support tools, including indexes, portfolio risk and performance analytics. The Company's flagship products are its global equity indexes and environmental, social and governance ("ESG") products marketed under the MSCI and MSCI ESG Research brands, its private real estate benchmarks marketed under the IPD brand, 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 performance reporting products and services offered to the investment consultant community marketed under the InvestorForce brand and its valuation models and risk management software for the energy and commodities markets marketed under the FEA brand.

On March 17, 2014, MSCI entered into a definitive agreement to sell Institutional Shareholder Services Inc. ("ISS"). As a result, the Company reported the operating results of ISS in "Income from discontinued operations, net of income taxes" in the Unaudited Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2014 and 2013. As a result of this change, the Company now operates as one segment. Unless otherwise indicated, the disclosures accompanying these unaudited condensed consolidated financial statements reflect the Company's continuing operations.

The Company completed the sale of ISS on April 30, 2014. See Note 3, "Dispositions and Discontinued Operations," for further details.

Basis of Presentation and Use of Estimates

These unaudited condensed consolidated financial statements include the accounts of MSCI Inc. and its subsidiaries and include all adjustments of a normal, recurring nature necessary to present fairly the financial condition as of September 30, 2014 and December 31, 2013, the results of operations and comprehensive income for the three and nine months ended September 30, 2014 and 2013 and cash flows for the nine months ended September 30, 2014 and 2013. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in MSCI's Annual Report on Form 10-K for the year ended December 31, 2013. The unaudited condensed consolidated financial statement information as of December 31, 2013 has been derived from the 2013 audited consolidated financial statements. The results of operations for interim periods are not necessarily indicative of results for the entire year.

The Company's unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). These accounting principles require the Company to make certain estimates and judgments that can affect the reported amounts of assets and liabilities as of the date of the unaudited condensed consolidated financial statements, as well as the reported amounts of revenue and expenses during the periods presented. Significant estimates and assumptions made by management include the deferral and recognition of revenue, research and development and software capitalization, the allowance for doubtful accounts, impairment of long-lived assets, accrued compensation, income taxes and other matters that affect the unaudited condensed consolidated financial statements and related disclosures. The Company believes that estimates used in the preparation of these unaudited condensed consolidated financial statements are reasonable; however, actual results could differ materially from these estimates.

Intercompany balances and transactions are eliminated in consolidation. Certain prior period amounts have been reclassified to conform to the current year financial statement presentation.

Revision

In connection with the preparation of the Company's unaudited condensed consolidated financial statements for the three months ended June 30, 2014, the Company determined that it had understated its net tax liabilities in certain years prior to December 31, 2012. As a result of these errors, the Company has recorded the following corrections as of December 31, 2013: (i) an $11.3 million decrease to beginning retained earnings, (ii) a $0.7 million decrease to additional paid in capital, (iii) a $12.8 million decrease to prepaid taxes, (iv) a $13.6 million increase to long-term deferred tax liabilities and (v) a $14.3 million increase to goodwill. In accordance with the accounting guidance found in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 250-10, *"Accounting Changes and Error Corrections,"* the Company has revised its Unaudited Condensed Consolidated Statements of Financial Condition as of December 31, 2013 to reflect these corrections. The Company will revise all other previously reported results as such financial information is included in future filings.

In accordance with SEC Staff Accounting Bulletin No. 99, "*Materiality,*" the Company assessed the materiality of the adjustments and concluded that these corrections were not material to any of its previously issued financial statements. The Company also concluded that its compliance with debt covenants would not have been affected by these adjustments.

Accordingly, the Company has revised the Unaudited Condensed Consolidated Statement of Financial Condition as of December 31, 2013 from amounts previously reported as follows:

	(in thousands)		
	As Previously Reported	Adjustment	As Revised
Prepaid taxes	$ 27,333	$ (12,765)	$ 14,568
Total current assets	$ 637,035	$ (12,765)	$ 624,270
Goodwill	$ 1,798,821	$ 14,343	$1,813,164
Total assets	$ 3,134,537	$ 1,578	$3,136,115
Deferred taxes	$ 221,054	$ 13,595	$ 234,649
Total liabilities	$ 1,558,173	$ 13,595	$1,571,768
Additional paid in capital	$ 1,073,893	$ (736)	$1,073,157
Retained earnings	$ 770,256	$ (11,281)	$ 758,975
Total shareholders' equity	$ 1,576,364	$ (12,017)	$1,564,347
Total liabilities and shareholders' equity	$ 3,134,537	$ 1,578	$3,136,115

Concentrations

Financial instruments that may potentially subject the Company to concentration risk consist principally of cash deposits. At September 30, 2014 and December 31, 2013, cash and cash equivalent amounts were $448.2 million and $358.4 million, respectively. The Company receives interest at prevailing money market fund rates on its cash deposits.

For the nine months ended September 30, 2014, BlackRock, Inc. accounted for 10.6% of the Company's operating revenues. For the nine months ended September 30, 2013, no single customer accounted for 10.0% or more of the Company's operating revenues.

2. RECENT ACCOUNTING STANDARDS UPDATES

In July 2013, the FASB issued Accounting Standards Update No. 2013-11, *"Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists,"* or ASU 2013-11. The amendments in this update require that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except under a few limited circumstances. The amendments in this update do not require new recurring disclosures. This new guidance has been applied prospectively for interim and annual periods beginning after December 15, 2013. The adoption of ASU 2013-11 did not have a material impact on the Company's unaudited condensed consolidated financial statements.

In April 2014, the FASB issued Accounting Standards Update No. 2014-08, *"Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity,"* or ASU 2014-08. The amendments in this update change the requirements for reporting discontinued operations under ASC Subtopic 205-20, *"Presentation of Financial Statements – Discontinued Operations,"* such as limiting discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results. The amendments in this update also require expanded disclosures in order to provide users of financial statements with more information about the assets, liabilities, revenues and expenses of discontinued operations. Further, the amendments require an entity to disclose the pretax profit or loss of an individually significant component of an entity that does not qualify for discontinued operations reporting. This new guidance is to be applied prospectively for annual periods beginning on or after December 15, 2014, and interim periods within those years, with early adoption permitted. The Company has elected not to early adopt ASU 2014-08 and is evaluating the potential impact that the update will have on its unaudited condensed consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *"Revenue from Contracts with Customers,"* or ASU 2014-09. The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle of ASU 2014-09 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying the new guidance, an entity will (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the contract's performance obligations; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. The new guidance is effective for annual reporting periods (including interim periods within those periods) beginning after December 15, 2016 for public companies.

Early adoption is not permitted. Entities have the option of using either a full retrospective or modified approach to adopt ASU 2014-09. The Company is evaluating the potential impact that the update will have on its unaudited condensed consolidated financial statements.

3. DISPOSITIONS AND DISCONTINUED OPERATIONS

Disposition of CFRA

On March 31, 2013, MSCI completed the sale of its CFRA product line. The value of the disposed assets and liabilities and the resulting gain on disposal were not material to the Company.

Disposition of ISS

On March 17, 2014, MSCI entered into a definitive agreement to sell ISS. The results of operations from ISS and the CFRA product line are reflected in “Income from discontinued operations, net of income taxes” in the Unaudited Condensed Consolidated Statements of Income.

The sale of ISS was completed on April 30, 2014 for $367.4 million. The value of the assets and liabilities of ISS that were disposed, directly attributable transaction costs and the resulting gain on disposal that has been reported in “Income from discontinued operations, net of income taxes” for the three and nine months ended September 30, 2014 are as follows:

(in thousands)	
Cash proceeds	$ 367,355
Less: Working capital adjustments	(311)
Total proceeds	367,044
Less assets sold and liabilities relieved resulting from disposal:	
Cash and cash equivalents	(4,544)
Accounts receivable	(15,765)
Deferred taxes (current)	(3,174)
Prepaid taxes	(617)
Prepaid and other assets	(4,500)
Property, equipment and leasehold improvements (net of accumulated depreciation and amortization of $4,213)	(8,544)
Goodwill	(254,233)
Intangible assets (net of accumulated amortization of $50,283)	(121,269)
Other non-current assets	(1,645)
Accounts payable	574
Accrued compensation and related benefits	6,783
Other accrued liabilities	4,034
Deferred revenue	51,767
Deferred taxes (non-current)	59,129
Other non-current liabilities	5,576
Other comprehensive income including currency translation adjustments and pension and other post-retirement adjustments	4,004
Net assets sold	(282,424)
Less: Transaction costs	(5,946)
Gain on sale of ISS	$ 78,674

Income (loss) from discontinued operations. Amounts associated with discontinued operations reflected in the Unaudited Condensed Consolidated Statements of Income for the three months ended September 30, 2014 and 2013 are as follows:

	Three Months Ended September 30,	
	2014	**2013**
	(in thousands)	
Revenue from discontinued operations	$ —	$ 29,630
Income (loss) from discontinued operations before provision (benefit) for income taxes	$ (110)	$ 8,507
Provision (benefit) for income taxes	(100)	3,133
Income (loss) from discontinued operations, net of income taxes	$ (10)	$ 5,374

Table of Contents

Amounts associated with discontinued operations reflected in the Unaudited Condensed Consolidated Statements of Income for the nine months ended September 30, 2014 and 2013 are as follows:

	Nine Months Ended September 30,	
	2014	2013
	(in thousands)	
Revenue from discontinued operations	$43,122	$91,545
Income from discontinued operations before provision for income taxes	$86,254	$25,223
Provision for income taxes	2,154	8,958
Income from discontinued operations, net of income taxes	$84,100	$16,265

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

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

As required by FASB's ASC Subtopic 220-10, "*Comprehensive Income—Overall*," the following tables present the amounts reclassified from Accumulated other comprehensive income (loss) by the respective line item in the Unaudited Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2014 and 2013.

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

Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Line Item in the Unaudited Condensed Consolidated Statements of Income
	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	
Unrealized losses on cash flow hedges Interest rate contracts	$ —	$ (197)	Interest expense
	—	77	Tax benefit
	$ —	$ (120)	Net of tax
Unrealized gains on available-for-sale securities			
Short-term investments	$ —	$ —	Interest income
	—	—	Tax expense
	$ —	$ —	Net of tax
Defined benefit pension plans			
Amount recognized as a component of net periodic benefit expense for curtailments and settlements	$ —	$ —	(2)
	—	—	Tax expense
	$ —	$ —	Net of tax
Foreign currency translation adjustment	$ —	$ —	(2)
Total reclassifications for the period, net of tax	$ —	$ (120)	

(1) Amounts in parentheses indicate expenses or losses moved to the Unaudited Condensed Consolidated Statements of Income.

(2) These accumulated other comprehensive income components were reclassified to "Income from discontinued operations, net of taxes" as part of the gain on the disposition of ISS.

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

Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Line Item in the Unaudited Condensed Consolidated Statements of Income
	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	
Unrealized losses on cash flow hedges Interest rate contracts	$ —	$ (1,364)	Interest expense
	—	524	Tax benefit
	$ —	$ (840)	Net of tax
Unrealized gains on available-for-sale securities			
Short-term investments	$ —	$ 5	Interest income
	—	(2)	Tax expense
	$ —	$ 3	Net of tax
Defined benefit pension plans			
Amount recognized as a component of net periodic benefit expense for curtailments and settlements	$ (186)	$ —	(2)
	6	—	Tax expense
	$ (180)	$ —	Net of tax
Foreign currency translation adjustment	$ 4,184	$ —	(2)
Total reclassifications for the period, net of tax	$ 4,004	$ (837)	

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

5. EARNINGS PER COMMON SHARE

Basic earnings per share ("EPS") is computed by dividing income available to MSCI common shareholders by the weighted average number of common shares outstanding during the period. Common shares outstanding include common stock and vested restricted stock unit awards where recipients have satisfied either the explicit vesting terms or retirement-eligible requirements. Diluted EPS reflects the assumed conversion of all dilutive securities. There were 104,494 and 104,346 stock options excluded from the calculation of diluted EPS for the three and nine months ended September 30, 2014, respectively, because of their anti-dilutive effect. There were 1,133 and 453 anti-dilutive securities excluded from the calculation of diluted EPS for the three and nine months ended September 30, 2013, respectively.

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

(in thousands, except per share data)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Income from continuing operations, net of income taxes	$ 51,724	$ 49,936	$155,673	$159,035
Income (loss) from discontinued operations, net of income taxes	(10)	5,374	84,100	16,265
Net income	$ 51,714	$ 55,310	$239,773	$175,300
Less: Allocations of earnings to unvested restricted stock units (1)	(69)	(211)	(320)	(668)
Earnings available to MSCI common shareholders	$ 51,645	$ 55,099	$239,453	$174,632
Basic weighted average common shares outstanding	116,251	119,607	116,840	120,497
Effect of dilutive securities:				
Stock options and restricted stock units	912	971	963	949
Diluted weighted average common shares outstanding	117,163	120,578	117,803	121,446
Earnings per basic common share from continuing operations	$ 0.44	$ 0.42	$ 1.33	$ 1.32
Earnings per basic common share from discontinued operations	—	0.04	0.72	0.13
Earnings per basic common share	$ 0.44	$ 0.46	$ 2.05	$ 1.45
Earnings per diluted common share from continuing operations	$ 0.44	$ 0.42	$ 1.32	$ 1.31
Earnings per diluted common share from discontinued operations	—	0.04	0.71	0.13
Earnings per diluted common share	$ 0.44	$ 0.46	$ 2.03	$ 1.44

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

6. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements at September 30, 2014 and December 31, 2013 consisted of the following:

Type	As of September 30, 2014(1) (in thousands)	As of December 31, 2013 (in thousands)
Computer & related equipment	$ 112,185	$ 86,384
Furniture & fixtures	9,734	9,108
Leasehold improvements	54,277	52,776
Work-in-process	10,602	12,691
Subtotal	186,798	160,959
Accumulated depreciation and amortization	(93,011)	(75,371)
Property, equipment and leasehold improvements, net	$ 93,787	$ 85,588

(1) Property, equipment and leasehold improvements as of September 30, 2014 reflects the disposition and addition of property, equipment and leasehold improvements associated with the sale of ISS and acquisition of Governance Holdings Co. (“GMI Ratings”), respectively. See Note 3, “Dispositions and Discontinued Operations,” and Note 11, “Acquisitions,” for additional information.

Depreciation and amortization expense of property, equipment and leasehold improvements was $6.3 million and $5.4 million for the three months ended September 30, 2014 and 2013, respectively. Depreciation and amortization expense of property, equipment and leasehold improvements was $18.1 million and $14.8 million for the nine months ended September 30, 2014 and 2013, respectively.

7. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The Company carries goodwill reflected in the table below:

(in thousands)	Goodwill
Goodwill at December 31, 2013	$1,813,164
Changes to goodwill(1)	(244,288)
Foreign exchange translation adjustment	(1,433)
Goodwill at September 30, 2014	$1,567,443

(1) Changes to goodwill reflect the disposition and addition of goodwill associated with the sale of ISS and acquisition of GMI Ratings, respectively. See Note 3, “Dispositions and Discontinued Operations,” and Note 11, “Acquisitions,” for additional information.

Intangible Assets

Amortization expense related to intangible assets for the three months ended September 30, 2014 and 2013 was $11.6 million and $11.2 million, respectively. Amortization expense related to intangible assets for the nine months ended September 30, 2014 and 2013 was $34.3 million and $33.6 million, respectively.

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

	As of	
(in thousands)	September 30, 2014(1)	December 31, 2013
Gross intangible assets:		
Customer relationships	$ 360,835	$ 478,735
Trademarks/trade names	223,382	257,282
Technology/software	191,540	199,778
Proprietary process	—	3,800
Proprietary data	28,627	28,527
Covenants not to compete	900	—
Subtotal	805,284	968,122
Foreign exchange translation adjustment	677	1,962
Total gross intangible assets	$ 805,961	$ 970,084
Accumulated amortization:		
Customer relationships	$ (112,986)	$ (125,359)
Trademarks/trade names	(78,548)	(75,696)
Technology/software	(165,220)	(168,481)
Proprietary process	—	(2,269)
Proprietary data	(4,043)	(2,326)
Covenants not to compete	(75)	—

Subtotal	(360,872)	(374,131)
Foreign exchange translation adjustment	(55)	(246)
Total accumulated amortization	$(360,927)	$(374,377)
Net intangible assets:		
Customer relationships	$ 247,849	$ 353,376
Trademarks/trade names	144,834	181,586
Technology/software	26,320	31,297
Proprietary process	—	1,531
Proprietary data	24,584	26,201
Covenants not to compete	825	—
Subtotal	444,412	593,991
Foreign exchange translation adjustment	622	1,716
Total net intangible assets	$ 445,034	$ 595,707

(1) Intangible assets and the associated accumulated amortization as of September 30, 2014 reflect the disposition and addition of intangible assets associated with the sale of ISS and acquisition of GMI Ratings, respectively. See Note 3, "Dispositions and Discontinued Operations," and Note 11, "Acquisitions," for additional information.

The estimated amortization expense for the remainder of 2014 and succeeding years is presented below:

Fiscal Year	Amortization Expense (in thousands)
Remainder 2014	$ 11,647
2015	46,929
2016	46,413
2017	41,186
2018	38,436
Thereafter	260,423
Total	$ 445,034

8. COMMITMENTS AND CONTINGENCIES

Legal matters. From time to time, the Company is party to various litigation matters incidental to the conduct of its business. The Company is not presently party to any legal proceedings the resolution of which the Company believes would have a material effect on its business, operating results, financial condition or cash flows.

Leases. The Company leases facilities under non-cancelable operating lease agreements. The terms of certain lease agreements provide for rental payments on a graduated basis. The Company recognizes rent expense on the straight-line basis over the lease period and has accrued for rent expense incurred but not paid. Rent expense for the three months ended September 30, 2014 and 2013 was $6.3 million and $6.1 million, respectively. Rent expense for the nine months ended September 30, 2014 and 2013 was $19.7 million and $17.6 million, respectively.

Return of capital. On December 13, 2012, the Board of Directors approved a stock repurchase program authorizing the purchase of up to $300.0 million worth of shares of MSCI's common stock beginning immediately and continuing through December 31, 2014 (the "2012 Repurchase Program").

On December 13, 2012, as part of the 2012 Repurchase Program, the Company entered into its first accelerated share repurchase ("ASR") agreement to initiate a repurchase aggregating $100.0 million (the "December 2012 ASR Program"). As a result of the December 2012 ASR Program, the Company received 2.2 million shares on December 14, 2012 and 0.8 million shares on July 31, 2013 for a combined average purchase price of $33.47 per share.

On August 1, 2013, MSCI entered into a second ASR agreement to initiate share repurchases aggregating $100.0 million (the "August 2013 ASR Program"). As a result of the August 2013 ASR Program, the Company received 1.9 million shares on August 2, 2013 and 0.5 million shares on December 30, 2013 for a combined average purchase price of $41.06 per share.

On February 6, 2014, MSCI utilized the remaining repurchase authorization provided by the 2012 Repurchase Program by entering into a third ASR agreement to initiate share repurchases aggregating $100.0 million (the "February 2014 ASR Program"). As a result of the February 2014 ASR Program, the Company received 1.7 million shares on February 7, 2014 and 0.6 million shares on May 5, 2014 for a combined average purchase price of $43.10 per share.

On February 4, 2014, the Board of Directors approved a stock repurchase program authorizing the purchase of up to $300.0 million worth of shares of MSCI's common stock which will be available from time to time at management's discretion (the "2014 Repurchase Program"). On September 17, 2014, the Board of Directors increased the approval under the 2014 Repurchase Program from $300.0 million to $850.0 million. Share repurchases made pursuant to the authority remaining under the 2014 Repurchase Program may take place through December 31, 2016 in the open market or in privately negotiated transactions from time to time based on market and other conditions. This authorization may be modified, suspended, terminated or extended by the Board of Directors at any time without prior notice.

On September 18, 2014, as part of the 2014 Repurchase Program, the Company entered into a fourth ASR agreement to initiate share repurchases aggregating $300.0 million (the "September 2014 ASR Program"). As a result of the September 2014 ASR Program, on September 19, 2014, the Company paid $300.0 million in cash and received approximately 4.5 million shares of MSCI's common stock. The Company may also receive additional shares at or prior to maturity of the ASR Agreement in May 2015.

The $300.0 million payment for the September 2014 ASR Program was initially split and recorded as a $210.0 million increase to "Treasury stock" and a $90.0 million decrease to "Additional paid in capital" on the Company's Unaudited Condensed Consolidated Statement of Financial Condition to reflect the initial estimate of the value of shares received.

On September 17, 2014, the Board of Directors approved a plan to initiate a regular quarterly cash dividend. Accordingly, the Board of Directors declared the Company's first regular quarterly dividend of $0.18 per share of common stock that will be paid on October 31, 2014 to shareholders of record as of the close of trading on October 15, 2014. The Company expects the initial annual dividend rate to be $0.72 per share. As of September 30, 2014, the Company accrued for the declared cash dividend of $20.4 million in "Other accrued liabilities" on the Company's Unaudited Condensed Consolidated Statement of Financial Condition which will be paid on October 31, 2014.

Long-term debt. On June 1, 2010, the Company entered into a senior secured credit facility (the "2010 Credit Facility"). On March 14, 2011, the Company completed the repricing of the 2010 Credit Facility pursuant to Amendment No. 2 to the 2010 Credit Facility. On May 4, 2012, the Company amended and restated its 2010 Credit Facility (the credit agreement as so amended and restated, the "Amended and Restated Credit Facility"). The Amended and Restated Credit Facility provided for the incurrence of a new senior secured five-year Term Loan A Facility in an aggregate amount of $880.0 million (the "2012 Term Loan") and a $100.0 million senior secured revolving facility (the "2012 Revolving Credit Facility"). The Amended and Restated Credit Facility also amended certain negative covenants, including financial covenants.

In March 2013, the Company made a $15.0 million prepayment on the 2012 Term Loan.

On December 12, 2013, the Company entered into an agreement that extended the maturity of the Amended and Restated Credit Facility from May 2017 to December 2018 (the "New Amended and Restated Credit Facility"). The Company also amended the amortization schedule of required debt payments under the 2012 Term Loan. Pursuant to the New Amended and Restated Credit Facility, the Company is required to repay $5.1 million in quarterly payments over the first two years and $10.1 million in quarterly payments over the following three years, with the exception of the final payment in December 2018, which will be $658.1 million (assuming no further prepayments). As of September 30, 2014, no such prepayments have been made.

The 2012 Term Loan bears interest equal to LIBOR plus a margin. As of September 30, 2014, the 2012 Term Loan bore interest at LIBOR plus a margin of 2.25%, or 2.40%.

Current maturities of long-term debt at September 30, 2014 were $19.8 million, net of a $0.5 million discount. Long-term debt, net of current maturities at September 30, 2014 was $773.2 million, net of a $1.4 million discount.

Current maturities of long-term debt at December 31, 2013 were $19.8 million, net of a $0.5 million discount. Long-term debt, net of current maturities at December 31, 2013 was $788.0 million, net of a $1.7 million discount.

In connection with entering into the New Amended and Restated Credit Facility, certain fees were paid and are being amortized over the life of the New Amended and Restated Credit Facility. At September 30, 2014, $7.0 million of the deferred financing fees remain unamortized, $1.7 million of which is included in “Prepaid and other assets” and $5.3 million of which is included in “Other non-current assets” on the Company’s Unaudited Condensed Consolidated Statement of Financial Condition.

The Company amortized $0.4 million and $0.7 million of deferred financing fees in interest expense during the three months ended September 30, 2014 and 2013, respectively. The Company amortized $1.3 million and $2.2 million of deferred financing fees in interest expense during the nine months ended September 30, 2014 and 2013, respectively. Approximately $0.1 million and $0.2 million of debt discount was amortized in interest expense during the three months ended September 30, 2014 and 2013, respectively. Approximately $0.4 million and $0.7 million of debt discount were amortized in interest expense during the nine months ended September 30, 2014 and 2013, respectively.

At September 30, 2014 and December 31, 2013, the fair market value of the Company’s debt obligations was $782.9 million and $812.0 million, respectively. The fair market value is determined in accordance with accounting standards related to the determination of fair value and represents Level 2 valuations. The Company utilizes the market approach and obtains security pricing from a vendor who uses broker quotes and third-party pricing services to determine fair values.

As of September 30, 2014, the Company’s retained earnings of $978.4 million were restricted as to the payments of dividends. As outlined in the New Amended and Restated Credit Facility, the Company cannot pay or declare any dividends except out of amounts available for restricted payments. As of September 30, 2014, the amount available for restricted payments was $161.6 million, after taking into account dividends declared, reflecting the Company’s cumulative retained excess cash flows (“CRECF”), as defined in the New Amended and Restated Credit Facility, through December 31, 2013 and adjusted for, among other things, any restricted payments made during the nine months ended September 30, 2014. To the extent the CRECF is utilized for other actions restricted under the New Amended and Restated Credit Facility, including stock repurchases, the amount available for restricted payments will be reduced.

Derivatives and Hedging Activities. The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of its debt funding and the use of derivative financial instruments.

Certain of the Company’s foreign operations expose the Company to fluctuations of foreign exchange rates. These fluctuations may impact the value of the Company’s cash receipts and payments in terms of the Company’s functional currency, the U.S. dollar. The Company enters into derivative financial instruments to protect the value or fix the amount of certain obligations in terms of its functional currency.

Non-designated Hedges of Foreign Exchange Risk. Derivatives not designated as hedges are not speculative and are used to manage the Company’s exposure to foreign exchange rate movements, but do not meet the strict hedge accounting requirements. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings. As of September 30, 2014, the Company had one outstanding foreign currency forward with a notional amount of $12.0 million that was not designated as a hedge in a qualifying hedging relationship.

The following table presents the fair values of the Company’s derivative instruments and the location in which they are presented on the Company’s Unaudited Condensed Consolidated Statements of Financial Condition:

(in thousands)	Location in the Unaudited Condensed Consolidated Statements of Financial Condition	As of September 30, 2014	As of December 31, 2013
Non-designated hedging instruments:			
Liability derivatives:			
Foreign exchange contracts	Other accrued liabilities	$ (236)	$ (156)

The Company’s foreign exchange forward contracts were classified within Level 2, as they were valued using pricing models that took into account the contract terms as well as multiple observable inputs where applicable, such as prevailing spot rates and forward points.

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

Derivatives Not Designated as Hedging Instruments (in thousands)	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Recognized in Income on Derivatives for the Three Months Ended September 30, 2014	2013
Foreign exchange contracts	Other expense	$ (258)	$ (1,472)

Derivatives Not Designated as Hedging Instruments (in thousands)	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Recognized in Income on Derivatives for the Nine Months Ended September 30, 2014	2013
Foreign exchange contracts	Other expense	$ (825)	$ (185)

9. INCOME TAXES

The Company's provision for income taxes was $81.9 million and $76.8 million for the nine months ended September 30, 2014 and 2013, respectively. These amounts reflect effective tax rates of 34.5% and 32.6% for the nine months ended September 30, 2014 and 2013, respectively.

The effective tax rate of 34.5% for the nine months ended September 30, 2014 reflects the Company's estimate of the effective tax rate for the period and is impacted by certain discrete items totaling $3.4 million related to state taxes, the release of reserves associated with certain IRS examinations and certain federal and foreign discrete items related to the filing of related tax returns, the effect of which was to decrease the Company's effective tax rate by 1.4 percentage points. The effective tax rate of 32.6% for the nine months ended September 30, 2013 reflects the Company's estimate of the effective tax rate for the period and is impacted by certain discrete items totaling $3.5 million, the effect of which was to decrease the Company's effective tax rate by 1.5 percentage points.

The Company is under examination by the Internal Revenue Service and other tax authorities in certain jurisdictions, including foreign jurisdictions, such as the United Kingdom, and states in which the Company has significant business operations, such as New York. The tax years currently under examination vary by jurisdiction but include years ranging from 2005 through 2013. As a result of having previously been a member of the Morgan Stanley consolidated group, the Company may have future settlements with Morgan Stanley related to the ultimate disposition of their New York State and New York City examination relating to the tax years 2007 through 2008 and their IRS examination relating to the tax years 2006 through 2008. The Company does not believe it has any material exposure to the New York State and New York City examination. Additionally, the Company believes it has adequate reserves for any tax issues that may arise out of the IRS examination relating to the tax years 2006 through 2008 and therefore does not believe any related settlement with Morgan Stanley will have a material impact.

The Company regularly assesses the likelihood of additional assessments in each of the taxing jurisdictions in which it files income tax returns. The Company has established unrecognized tax benefits that the Company believes are adequate in relation to the potential for additional assessments. Once established, the Company adjusts unrecognized tax benefits only when more information is available or when an event occurs necessitating a change. As part of the Company's periodic review of unrecognized tax benefits and based on new information regarding the status of federal and state examinations, the Company's unrecognized tax benefits were remeasured. It is reasonably possible that significant changes in the balance of unrecognized tax benefits may occur within the next 12 months. At this time, however, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits and the impact on the effective tax rate over the next 12 months.

10. SEGMENT INFORMATION

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

MSCI operated as two segments in the year ended December 31, 2013, the Performance and Risk business and the Governance business. These designations were made as the discrete operating results of these segments were reviewed by the Company's CODM for purposes of making operating decisions and assessing financial performance.

On March 17, 2014, MSCI entered into a definitive agreement to sell ISS, which, together with the previously disposed of CFRA product line, made up the Company's Governance segment and are now reflected in "Income from discontinued operations, net of income taxes" in the Unaudited Condensed Consolidated Statements of Income. The Company completed the sale of ISS on April 30, 2014. As a result, the Company now operates and reports as a single business segment (see Note 3, "Dispositions and Discontinued Operations," for further details).

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
	(in thousands)			
Revenues				
Americas:				
United States	$118,721	$104,917	$347,779	$308,341
Other	9,171	8,993	27,961	24,529
Total Americas	127,892	113,910	375,740	332,870
EMEA:				
United Kingdom	40,104	35,758	115,961	103,485
Other	52,067	49,418	160,695	152,826
Total EMEA	92,171	85,176	276,656	256,311
Asia & Australia:				
Japan	11,573	11,919	35,385	35,156
Other	20,025	17,603	57,794	52,163
Total Asia & Australia	31,598	29,522	93,179	87,319
Total	$251,661	$228,608	$745,575	$676,500

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	
	September 30, 2014(1)	December 31, 2013
	(in thousands)	
Long-lived assets		
Americas:		
United States	$ 1,953,113	$2,338,124
Other	3,719	4,082
Total Americas	1,956,832	2,342,206
EMEA:		
United Kingdom	126,749	133,411
Other	11,933	11,871
Total EMEA	138,682	145,282
Asia & Australia:		
Japan	987	1,543
Other	9,763	5,428
Total Asia & Australia	10,750	6,971
Total	$ 2,106,264	$2,494,459

(1) Long-lived assets as of September 30, 2014 reflect the disposition and addition of long-lived assets with the sale of ISS and acquisition of GMI Ratings, respectively. See Note 3, "Dispositions and Discontinued Operations," and Note 11, "Acquisitions," for additional information.

11. ACQUISITIONS

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, "*Fair Value Measurements and Disclosures*," which the Company has adopted as required. The total purchase price is allocated to the net tangible and intangible assets based upon their fair values as of the acquisition dates. The excess of the purchase price over the fair values of the net tangible assets and intangible assets was recorded as goodwill. The allocation of the purchase price was based upon a valuation and is subject to change within the one-year measurement period following the acquisition. MSCI expects to continue to obtain information to assist it in determining the fair value of the net assets acquired at the acquisition date during the measurement period.

Acquisition of GMI Ratings

On August 11, 2014, the Company completed the acquisition of GMI Ratings for $15.5 million through its subsidiary MSCI ESG Research Inc., subject to final working capital adjustments. GMI Ratings is a provider of corporate governance research and ratings on over 6,000 companies worldwide. Clients of GMI Ratings include leading institutional investors, banks, insurers, auditors, regulators and corporations seeking to incorporate ESG factors into risk assessment and decision-making.

As of September 30, 2014, the preliminary purchase price allocations for the GMI Ratings acquisition were $9.9 million for goodwill, $3.6 million for identifiable intangible assets, $8.1 million for assets other than identifiable intangible assets and $6.1 million for other liabilities.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of MSCI Inc.

We have reviewed the accompanying condensed consolidated statement of financial condition of MSCI Inc. and its subsidiaries as of September 30, 2014, and the related condensed consolidated statements of income and of comprehensive income for the three and nine-month periods ended September 30, 2014 and the condensed consolidated statement of cash flows for the nine-month period ended September 30, 2014. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers LLP

New York, New York
October 30, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of MSCI Inc.:

We have reviewed the accompanying condensed consolidated statements of income and comprehensive income of MSCI Inc. and subsidiaries (the "Company") for the three and nine-month periods ended September 30, 2013 and the related condensed consolidated statements of cash flows for the nine-month period ended September 30, 2013. These interim financial statements are the responsibility of the Company's management. We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States).

A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of financial condition of MSCI Inc. and subsidiaries as of December 31, 2013 and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the fiscal year then ended prior to retrospective adjustment for the change in discontinued operations discussed in Note 3 to the interim financial information and the revision discussed in Note 1 to the interim financial information (not presented herein); and in our report dated February 28, 2014, we expressed an unqualified opinion on those consolidated financial statements. We also audited the adjustments discussed in Note 1 that were applied to revise the December 31, 2013 consolidated statement of financial condition of MSCI Inc. and subsidiaries (not presented herein). In our opinion, such adjustments are appropriate and have been properly applied to the previously issued consolidated statement of financial condition in deriving the accompanying revised adjusted consolidated statement of financial condition as of December 31, 2013.

/s/ Deloitte & Touche LLP

New York, New York
February 28, 2014 (August 6, 2014 as to the effects of the revision as discussed in Note 1 and October 30, 2014 as to the effects of the discontinued operations as discussed in Note 3)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included elsewhere in this Form 10-Q and audited condensed consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in “Item 1A.—Risk Factors,” in our Form 10-K for the fiscal year ended December 31, 2013.

Overview

We are a leading global provider of investment decision support tools, including indexes and portfolio risk and performance analytics. Our products and services address multiple markets, asset classes and geographies and are sold to a diverse client base, including asset owners such as pension funds, endowments, foundations, central banks, family offices and insurance companies; institutional and retail asset managers, such as managers of pension assets, mutual funds, exchange traded funds (“ETFs”), real estate, hedge funds and private wealth; financial intermediaries such as banks, broker-dealers, exchanges, custodians and investment consultants; and corporate clients. As of September 30, 2014, we had more than 6,750 clients across 86 countries. We had offices in 36 cities in 22 countries in order to help serve our diverse client base, with 50.4% of our revenue from clients in the Americas, 37.1% from clients in Europe, the Middle East and Africa (“EMEA”) and 12.5% from clients in Asia and Australia based on revenues for the nine months ended September 30, 2014.

Our principal sales model is to license annual, recurring subscriptions to our products and services for use at specified locations, often by a given number of users or for a certain volume of services for an annual fee paid up front. Additionally, our recurring subscriptions are increasingly related to our managed services offering whereby we oversee the production of risk and performance reports on behalf of our clients. Fees attributable to annual, recurring subscriptions are recorded as deferred revenues on our Unaudited Condensed Consolidated Statement of Financial Condition and are recognized on our Unaudited Condensed Consolidated Statement of Income as the service is rendered. Additionally, a portion of our revenues comes from clients who use our indexes as the basis for index-linked investment products such as ETFs or as the basis for passively managed funds and separate accounts. These clients commonly pay us a license fee for the use of our intellectual property based on the investment product’s assets. We generate a limited amount of our revenues from certain exchanges that use our indexes as the basis for futures and options contracts and pay us a license fee for the use of our intellectual property based on their volume of trades. We also receive revenues from one-time fees related to implementation, historical or customized reports, advisory and consulting services and from certain products and services that are designed for one-time usage.

In evaluating our financial performance, we focus on revenue growth for the Company in total and by product category as well as operating profit growth. In addition, we focus on operating metrics, including Run Rates and retention rates to manage the business. Our business is not highly capital intensive and, as such, we expect to continue to convert a high percentage of our operating profits into excess cash in the future. Our revenue growth strategy includes: (a) expanding and deepening our relationships with investment institutions worldwide; (b) developing new and enhancing existing product offerings, including combining existing product features or data derived from our products to create new products; and (c) actively seeking to acquire products, technologies and companies that will enhance, complement or expand our client base and our product offerings.

To maintain and accelerate our revenue and operating income growth, 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.

The purpose of these investments is to maximize our medium-term revenue and operating income growth, while at the same time ensuring that we will remain a leading provider of investment decision support tools into the future. As a result, the rate of growth of our investments may from time to time exceed that of our revenues, which would slow the growth of, or even reduce, our operating profit. For example, for the nine months ended September 30, 2014, our revenues grew by 10.2% but our operating income decreased by 1.8% compared to the nine months ended September 30, 2013, due, in part, to increased investment in our business. While we anticipate that our increases in spending in areas such as sales, client service, information technology and product development will continue to exceed the rate of growth of our revenues, we expect the rate of growth of these expenses to be lower in 2015 than in 2014. We also believe these investments will result in higher operating income growth in 2015 and over the medium-term.

Changes in Presentation

On March 17, 2014, we entered into a definitive agreement to sell Institutional Shareholder Services Inc. (“ISS”) which, together with the previously disposed of CFRA product line, made up our Governance segment. As a result, we now operate as a single business segment and the operating results of ISS and the CFRA product line are reported as discontinued operations for all periods presented. Prior to March 31, 2014, we operated under two segments: the Performance and Risk business and the Governance business. Our Performance and Risk business is a leading global provider of investment decision support tools, including indexes and portfolio risk and performance analytics, credit analytics and environmental, social and governance (“ESG”) products. We completed the sale of ISS on April 30, 2014. Our Governance business was a leading provider of corporate governance products and services and specialized financial research and analysis services to institutional investors and corporations around the world.

In addition, for periods prior to March 31, 2014, we reported energy and commodity analytics products separately as its own product category for disclosures related to operating revenues, Run Rate and Aggregate and Core Retention Rates. Beginning with the three months ended March 31, 2014, we reported the results of energy and commodity analytics products as part of the risk management analytics product category, as we view the product offerings and customer base of the energy and commodities analytics products to be similar in nature to those in the risk management analytics product category. Prior periods have also been presented to reflect this change in categorization.

Factors Affecting the Comparability of Results

Term Loan Amendment

On June 1, 2010, we entered into a senior secured credit facility (the “2010 Credit Facility”). On March 14, 2011, we completed the repricing of the 2010 Credit Facility pursuant to Amendment No. 2 to the 2010 Credit Facility. On May 4, 2012, we amended and restated our 2010 Credit Facility (the credit agreement as so amended and restated, the “Amended and Restated Credit Facility”). The Amended and Restated Credit Facility provided for the incurrence of a new senior secured five-year Term Loan A Facility in an aggregate amount of $880.0 million (the “2012 Term Loan”) and a $100.0 million senior secured revolving facility (the “2012 Revolving Credit Facility”). The Amended and Restated Credit Facility also amended certain negative covenants, including financial covenants.

In March 2013, we made a $15.0 million prepayment on the 2012 Term Loan.

On December 12, 2013, we entered into an agreement that extended the maturity of the Amended and Restated Credit Facility from May 2017 to December 2018 (“New Amended and Restated Credit Facility”). We also amended the amortization schedule of required debt payments under the 2012 Term Loan. Pursuant to the New Amended and Restated Credit Facility, we are required to repay $5.1 million in quarterly payments over the first two years and $10.1 million in quarterly payments over the following three years, with the exception of the final payment in December 2018, which will be $658.1 million (assuming no further prepayments). As of September 30, 2014, no such prepayments have been made.

The 2012 Term Loan bears interest equal to LIBOR plus a margin. As of September 30, 2014, the 2012 Term Loan bore interest at LIBOR plus a margin of 2.25%, or 2.40%. This amendment has decreased the interest expense on our outstanding 2012 Term Loan and 2012 Revolving Credit Facility.

Share Repurchases

On December 13, 2012, the Board of Directors approved a stock repurchase program authorizing the purchase of up to $300.0 million worth of shares of MSCI’s common stock beginning immediately and continuing through December 31, 2014 (the “2012 Repurchase Program”).

On December 13, 2012, as part of the 2012 Repurchase Program, we entered into our first accelerated share repurchase (“ASR”) agreement to initiate share repurchases aggregating $100.0 million (the “December 2012 ASR Program”). As a result of the December 2012 ASR Program, we received 2.2 million shares on December 14, 2012 and 0.8 million shares on July 31, 2013 for a combined average purchase price of $33.47 per share.

On August 1, 2013, we entered into a second ASR agreement to initiate share repurchases aggregating $100.0 million (the “August 2013 ASR Program”). As a result of the August 2013 ASR Program, we received 1.9 million shares on August 2, 2013 and 0.5 million shares on December 30, 2013 for a combined average purchase price of $41.06 per share.

On February 6, 2014, we utilized the remaining repurchase authorization provided by the 2012 Repurchase Program by entering into a third ASR agreement to initiate share repurchases aggregating $100.0 million (the “February 2014 ASR Program”). As a result of the February 2014 ASR Program, we received 1.7 million shares on February 7, 2014 and 0.6 million shares on May 5, 2014 for a combined average purchase price of $43.10 per share.

On February 4, 2014, the Board of Directors approved a stock repurchase program authorizing the purchase of up to $300.0 million worth of shares of MSCI’s common stock which will be available from time to time at management’s discretion (the “2014 Repurchase Program”). On September 17, 2014, the Board of Directors increased the approval under the 2014 Repurchase Program from $300.0 million to $850.0 million. Share repurchases made pursuant to the authority remaining under the 2014 Repurchase Program may take place through December 31, 2016 in the open market or in privately negotiated transactions from time to time based on market and other conditions. This authorization may be modified, suspended, terminated or extended by the Board of Directors at any time without prior notice.

On September 18, 2014, as part of the 2014 Repurchase Program, we entered into a fourth ASR agreement to initiate share repurchases aggregating $300.0 million (the "September 2014 ASR Program"). As a result of the September 2014 ASR Program, on September 19, 2014, we paid $300.0 million in cash and received approximately 4.5 million shares of MSCI's common stock. The total number of shares to be repurchased will be based primarily on an arithmetic average of the volume-weighted average prices of our common stock on each trading day during the repurchase period. This average price will be capped such that only under limited circumstances will we be required to deliver shares or pay cash at settlement. We may also receive additional shares at or prior to maturity of the ASR Agreement in May 2015.

The effect of these share repurchase programs has decreased the weighted average shares used in calculating our basic and diluted earnings per share.

The discussion of our results of operations for the three and nine months ended September 30, 2014 and 2013 are presented below. The results of operations for interim periods may not be indicative of future results.

Three Months Ended September 30, 2014 Compared to the Three Months Ended September 30, 2013

Results of Operations

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

	Three Months Ended September 30,			
	2014	2013	Increase/(Decrease)	
	(in thousands, except per share data)			
Operating revenues	$251,661	$228,608	$23,053	10.1%
Operating expenses:				
Cost of services	78,876	68,151	10,725	15.7%
Selling, general and administrative	70,833	59,917	10,916	18.2%
Amortization of intangible assets	11,574	11,193	381	3.4%
Depreciation and amortization of property, equipment, and leasehold improvements	6,342	5,443	899	16.5%
Total operating expenses	167,625	144,704	22,921	15.8%
Operating income	84,036	83,904	132	0.2%
Other expense (income), net	4,040	6,164	(2,124)	(34.5%)
Income from continuing operations before provision for income taxes	79,996	77,740	2,256	2.9%
Provision for income taxes	28,272	27,804	468	1.7%
Income from continuing operations	51,724	49,936	1,788	3.6%
Income (loss) from discontinued operations, net of income taxes	(10)	5,374	(5,384)	n/m
Net income	$ 51,714	$ 55,310	$ (3,596)	(6.5%)
Earnings per basic common share:				
From continuing operations	$ 0.44	$ 0.42	$ 0.02	4.8%
From discontinued operations	—	0.04	(0.04)	n/m
Earnings per basic common share	$ 0.44	$ 0.46	$ (0.02)	(4.3%)
Earnings per diluted common share:				
From continuing operations	$ 0.44	$ 0.42	$ 0.02	4.8%
From discontinued operations	—	0.04	(0.04)	n/m
Earnings per diluted common share	$ 0.44	$ 0.46	$ (0.02)	(4.3%)
Operating margin	33.4%	36.7%		

n/m: not meaningful

Operating Revenues

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

- Index and ESG
- Risk management analytics
- Portfolio management analytics

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

	Three Months Ended September 30, 2014	2013	Increase/(Decrease)	
		(in thousands)		
Index and ESG:				
Subscriptions	$101,757	$ 92,815	$ 8,942	9.6%
Asset-based fees	46,657	36,801	9,856	26.8%
Total index and ESG products	148,414	129,616	18,798	14.5%
Risk management analytics	76,978	72,779	4,199	5.8%
Portfolio management analytics	26,269	26,213	56	0.2%
Total operating revenues	$251,661	$ 228,608	$23,053	10.1%
Recurring subscriptions	$199,858	$ 189,175	$10,683	5.6%
Asset-based fees	46,657	36,801	9,856	26.8%
Non-recurring revenue	5,146	2,632	2,514	95.5%
Total operating revenues	$251,661	$ 228,608	$23,053	10.1%

Our index and ESG products primarily consist of equity and real estate index subscriptions, equity index asset-based fees products and ESG products. Our index and ESG products are used to benchmark investment performance, as a basis for index-linked investment products, the assessment of corporate management of ESG risks and opportunities, investment manager selection and investment research. We derive revenues from our index and ESG products through index data and ESG subscriptions, fees based on assets in investment products linked to our indexes and non-recurring licenses of our historical index data. Revenues related to index and ESG products increased $18.8 million, or 14.5%, to $148.4 million for the three months ended September 30, 2014 compared to $129.6 million for the three months ended September 30, 2013.

Subscription revenues from the index and ESG products increased 9.6% to $101.8 million for the three months ended September 30, 2014 compared to $92.8 million for the three months ended September 30, 2013. The increase was primarily driven by growth in revenues from our equity index benchmark and ESG products.

Asset-based fee revenues attributable to index and ESG products increased $9.9 million, or 26.8%, to $46.7 million for the three months ended September 30, 2014 compared to $36.8 million for the three months ended September 30, 2013. The increase was primarily driven by an increase of $99.7 billion, or 34.8%, in the average value of assets in ETFs linked to MSCI indexes and a growth in assets from non-ETF passive funds.

As of September 30, 2014, the value of assets in ETFs linked to MSCI indexes was $377.9 billion, representing an increase of $75.3 billion, or 24.9%, from $302.6 billion as of September 30, 2013. Of the $377.9 billion of assets in ETFs linked to MSCI indexes as of September 30, 2014, 51.1% were linked to non-U.S. developed market indexes, 26.7% were linked to emerging market indexes, 17.0% were linked to U.S. market indexes and 5.2% were linked to other global indexes.

The following table sets forth the value of assets in ETFs linked to MSCI indexes and the sequential change of such assets under management ("AUM") as of the periods indicated:

	Period Ended						
(in billions)	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014
AUM in ETFs linked to MSCI Indexes	$ 357.3	$269.7	$ 302.6	$ 332.9	$ 340.8	$378.7	$ 377.9
Sequential Change ($ in Billions)							
Market Appreciation/(Depreciation)	$ 16.0	$ (13.2)	$ 20.2	$ 10.9	$ 1.3	$ 15.2	$ (17.2)
Cash Inflow/(Outflow)	(61.0)(1)	(74.4)(1)	12.7	19.4	6.6	22.7	16.4
Total Change	$ (45.0)	$ (87.6)	$ 32.9	$ 30.3	$ 7.9	$ 37.9	$ (0.8)

Sources: Bloomberg and MSCI

(1) Includes $82.8 billion and $74.8 billion of AUM related to certain Vanguard ETFs as of March 31, 2013 and June 30, 2013, respectively.

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

	Quarterly Average						
	2013				2014		
(in billions)	March	June	September	December	March	June	September
AUM in ETFs linked to MSCI Indexes	$369.0	$324.1	$ 286.2	$ 321.5	$330.8	$359.6	$ 385.9

Sources: Bloomberg and MSCI

The historical values of the assets in ETFs linked to our indexes as of the last day of the month and the monthly average balance can be found under the link "AUM in ETFs Linked to MSCI Indexes" on our 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 Quarterly Report on Form 10-Q or any other report filed by us with the SEC.

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

Revenues related to risk management analytics products increased $4.2 million, or 5.8%, to $77.0 million for the three months ended September 30, 2014 compared to $72.8 million for the three months ended September 30, 2013. The increase in risk management analytics revenues was driven primarily by higher revenues from our RiskManager products, as well as from our HedgePlatform, BarraOne and InvestorForce products.

Our portfolio management analytics products consist of equity portfolio analytics tools and fixed income portfolio analytics tools. Revenues related to portfolio management analytics products increased $0.1 million, or 0.2%, to $26.3 million for the three months ended September 30, 2014 compared to $26.2 million for the three months ended September 30, 2013.

Run Rate

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

Because the Run Rate represents potential future revenues, there is typically a delayed impact on our operating revenues from changes in our Run Rate. In addition, the actual amount of revenues we will realize over the following 12 months will differ from the Run Rate because of:

- revenues associated with new subscriptions and non-recurring sales;
- modifications, cancellations and non-renewals of existing agreements, subject to specified notice requirements;
- fluctuations in asset-based fees, which may result from changes in certain investment products' total expense ratios, market movements or from investment inflows into and outflows from investment products linked to our indexes;
- fluctuations in fees based on trading volumes of futures and options contracts linked to our indexes;
- fluctuations in the number of hedge funds for which we provide investment information and risk analysis to hedge fund investors;
- price changes;
- revenue recognition differences under U.S. GAAP, including timing of implementation and report deliveries;
- fluctuations in foreign exchange rates; and
- the impact of acquisitions and dispositions.

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

	As of				
	September 30, 2014	September 30, 2013	June 30, 2014	Year-Over-Year Comparison	Sequential Comparison
		(in thousands)			
Run Rates					
Index and ESG products:					
Subscription	$ 405,434	$ 360,042	$393,848	12.6%	2.9%
Asset-based fees	177,774	146,979	176,554	21.0%	0.7%
Index and ESG products total	583,208	507,021	570,402	15.0%	2.2%
Risk management analytics	311,019	300,945	309,619	3.3%	0.5%
Portfolio management analytics	106,993	104,938	106,486	2.0%	0.5%
Total Run Rate	$ 1,001,220	$ 912,904	$986,507	9.7%	1.5%
Subscription total	$ 823,446	$ 765,925	$809,953	7.5%	1.7%
Asset-based fees total	177,774	146,979	176,554	21.0%	0.7%
Total Run Rate	$ 1,001,220	$ 912,904	$986,507	9.7%	1.5%

Total Run Rate grew by $88.3 million, or 9.7%, to $1,001.2 million as of September 30, 2014 compared to $912.9 million as of September 30, 2013. Total subscription Run Rate grew by $57.5 million, or 7.5%, to $823.4 million as of September 30, 2014 compared to $765.9 million as of September 30, 2013. The negative impact of changes in foreign currency was offset by the acquisition of Governance Holdings Co. ("GMI Ratings"), which contributed $7.5 million of Run Rate as of September 30, 2014.

Total index and ESG Run Rate grew by $76.2 million, or 15.0%, to $583.2 million as of September 30, 2014 compared to $507.0 million as of September 30, 2013. Subscription Run Rate from the index and ESG products grew by $45.4 million, or 12.6%, to $405.4 million at September 30, 2014 from $360.0 million at September 30, 2013, driven primarily by growth in our equity index benchmark and data products and aided by growth in our ESG and real estate products. The acquisition of GMI Ratings, together with the negative impact of foreign currency rate changes, had the effect of increasing the Subscription Run Rate from the index and ESG products by 1.5%.

Asset-based fee Run Rate from index and ESG products increased by $30.8 million, or 21.0%, to $177.8 million at September 30, 2014 from $147.0 million at September 30, 2013. The increase was primarily driven by higher inflows into ETFs linked to MSCI indexes.

As of September 30, 2014, AUM in ETFs linked to MSCI indexes were $377.9 billion, up $75.3 billion, or 24.9%, from September 30, 2013 and down $0.8 billion, or 0.2%, from June 30, 2014. During the three months ended September 30, 2014, MSCI-linked ETFs were impacted by market declines of $17.2 billion and net inflows of $16.4 billion. Since September 30, 2013, MSCI-linked ETFs were impacted by market increases of $10.2 billion and net inflows of $65.1 billion.

Risk management analytics products Run Rate increased $10.1 million, or 3.3%, to $311.0 million at September 30, 2014 compared to $300.9 million at September 30, 2013, primarily driven by growth from our RiskManager, InvestorForce and HedgePlatform products. Partially offsetting this growth was the negative impact of foreign currency rate changes, which had the effect of decreasing the risk management analytics products Run Rate by 1.5%.

Portfolio management analytics products Run Rate increased $2.1 million, or 2.0%, to $107.0 million at September 30, 2014 from $104.9 million at September 30, 2013. The increase was driven primarily by an increase in sales of analytics products and higher retention rates. Partially offsetting this growth was the negative impact of foreign currency rate changes, which had the effect of decreasing the portfolio management analytics products Run Rate by 1.4%.

Aggregate and Core Retention Rates

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

	September 30, 2014	September 30, 2013
Index and ESG products	95.1%	94.7%
Risk management analytics	94.4%	91.7%
Portfolio management analytics	93.6%	89.1%
Total	94.6%	92.7%

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

	September 30, 2014	September 30, 2013
Index and ESG products	95.2%	94.8%
Risk management analytics	94.6%	91.7%
Portfolio management analytics	94.8%	90.3%
Total	94.9%	92.9%

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

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

In our businesses, Aggregate and Core Retention Rates are generally higher during the first half and lower in the second half of the year.

Operating Expenses

We group our operating expenses into four categories:

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

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

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

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Increase/(Decrease)	
	(in thousands)			
Cost of services:				
Compensation and benefits	$ 59,546	$ 49,300	$10,246	20.8%
Non-compensation expenses	19,330	18,851	479	2.5%
Total cost of services	78,876	68,151	10,725	15.7%
Selling, general and administrative:				
Compensation and benefits	46,342	40,534	5,808	14.3%
Non-compensation expenses	24,491	19,383	5,108	26.4%
Total selling, general and administrative	70,833	59,917	10,916	18.2%
Amortization of intangible assets	11,574	11,193	381	3.4%
Depreciation and amortization of property, equipment, and leasehold improvements	6,342	5,443	899	16.5%
Total operating expenses	$167,625	$144,704	$22,921	15.8%
Compensation and benefits	$105,888	$ 89,834	$16,054	17.9%
Non-compensation expenses	43,821	38,234	5,587	14.6%
Amortization of intangible assets	11,574	11,193	381	3.4%
Depreciation and amortization of property, equipment, and leasehold improvements	6,342	5,443	899	16.5%
Total operating expenses	$167,625	$144,704	$22,921	15.8%

Operating expenses were $167.6 million for the three months ended September 30, 2014, an increase of $22.9 million, or 15.8%, compared to $144.7 million for the three months ended September 30, 2013.

Compensation and benefits expenses represent the majority of our expenses across all of our operating functions and typically have represented approximately 60% of total operating expenses. These costs generally contribute to the majority of our expense increases from period to period, reflecting increased staffing levels along with increased compensation and benefits expenses for current staff. We had 2,876 and 2,480 employees not related to the ISS operations as of September 30, 2014 and 2013, respectively. Continued growth of our emerging market centers around the world is an important factor in our ability to manage and control the growth of our compensation and benefit expenses. As of September 30, 2014, 49.6% of our employees were located in emerging market centers compared to 44.7% of our employees who did not leave as part of the ISS disposition as of September 30, 2013.

During the three months ended September 30, 2014, compensation and benefits costs were $105.9 million, an increase of $16.1 million, or 17.9%, compared to $89.8 million for the three months ended September 30, 2013. The increase in compensation and benefits costs was driven primarily by an increase in overall headcount of 16.0%.

Non-compensation expenses for the three months ended September 30, 2014 increased $5.6 million, or 14.6%, to $43.8 million compared to $38.2 million for the three months ended September 30, 2013. The increase reflects higher costs related to professional services, information technology and occupancy, among other items.

Cost of Services

Cost of services includes costs related to our research, data management and production, software engineering and product management functions. Costs in these areas include staff compensation and benefits, occupancy costs, market data fees and information technology services. Compensation and benefits generally contribute to a majority of our expense increases from period to period, reflecting increased staffing levels and increased compensation and benefits for existing staff. For the three months ended September 30, 2014, total cost of services increased $10.7 million, or 15.7%, to $78.9 million compared to $68.2 million for the three months ended September 30, 2013.

Compensation and benefits expenses for the three months ended September 30, 2014 increased $10.2 million, or 20.8%, to $59.5 million compared to $49.3 million for the three months ended September 30, 2013. The increase in compensation and benefits expenses was primarily impacted by increased staffing levels and increased compensation and benefits related to current staff.

Non-compensation expenses for the three months ended September 30, 2014 increased 2.5% to $19.3 million compared to $18.9 million for the three months ended September 30, 2013. The increase was primarily driven by higher costs related to professional services, occupancy and information technology, among other items.

Selling, General and Administrative

SG&A includes expenses for our sales and marketing staff and our finance, human resources, legal and compliance, information technology infrastructure and corporate administration personnel. As with cost of services, the largest expense in this category relates to compensation and benefits. Other significant expenses are for occupancy costs, third-party professional fees and information technology costs. For the three months ended September 30, 2014, SG&A increased $10.9 million, or 18.2%, to $70.8 million compared to $59.9 million for the three months ended September 30, 2013.

Compensation and benefits expenses increased 14.3% to $46.3 million for the three months ended September 30, 2014 compared to $40.5 million for the three months ended September 30, 2013. Similar to compensation and benefits expenses in cost of services, the increase was primarily impacted by increased staffing levels and increased compensation and benefits related to current staff.

Non-compensation expenses for the three months ended September 30, 2014 increased 26.4% to $24.5 million compared to $19.4 million for the three months ended September 30, 2013. The increase was primarily driven by higher costs related to professional services, information technology and recruiting, among other items.

Amortization of Intangible Assets

Amortization of intangible assets expense relates to the intangible assets arising from the acquisitions of Barra, LLC in June 2004, RiskMetrics Group, LLC in June 2010, Measurisk, LLC in July 2010, IPD Group Limited in November 2012, Investor Force Holdings, Inc. in January 2013 and GMI Ratings in August 2014, as well as capitalized software development costs. Amortization of intangible assets expense totaled $11.6 million and $11.2 million for the three months ended September 30, 2014 and 2013, respectively.

Depreciation and Amortization of Property, Equipment and Leasehold Improvements

Depreciation and amortization of property, equipment and leasehold improvements was $6.3 million and $5.4 million for the three months ended September 30, 2014 and 2013, respectively. The increase was related to higher depreciation associated with continued investment in information technology infrastructure.

Other Expense (Income), Net

Other expense (income), net for the three months ended September 30, 2014 was $4.0 million, a decrease of 34.5% compared to $6.2 million for the three months ended September 30, 2013, primarily driven by an increase in non-recurring income.

Provision For Income Taxes

The provision for income tax expense for the three months ended September 30, 2014 was $28.3 million, an increase of $0.5 million, or 1.7%, compared to $27.8 million for the three months ended September 30, 2013. These amounts reflect effective tax rates of 35.3% and 35.8% for the three months ended September 30, 2014 and 2013, respectively.

The provision for income tax expense for the three months ended September 30, 2014 included a benefit of $0.7 million related to certain federal and foreign discrete items related to the filing of related tax returns.

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

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

Nine Months Ended September 30, 2014 Compared to the Nine Months Ended September 30, 2013

Results of Operations

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

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	Increase/(Decrease)	
	(in thousands, except per share data)			
Operating revenues	$745,575	$676,500	$69,075	10.2%
Operating expenses:				
Cost of services	231,119	203,147	27,972	13.8%
Selling, general and administrative	210,007	168,274	41,733	24.8%
Amortization of intangible assets	34,286	33,581	705	2.1%
Depreciation and amortization of property, equipment, and leasehold improvements	18,091	14,814	3,277	22.1%
Total operating expenses	493,503	419,816	73,687	17.6%
Operating income	252,072	256,684	(4,612)	(1.8%)
Other expense (income), net	14,462	20,850	(6,388)	(30.6%)
Income from continuing operations before provision for income taxes	237,610	235,834	1,776	0.8%
Provision for income taxes	81,937	76,799	5,138	6.7%
Income from continuing operations	155,673	159,035	(3,362)	(2.1%)
Income from discontinued operations, net of income taxes	84,100	16,265	67,835	n/m
Net income	$239,773	$175,300	$64,473	36.8%
Earnings per basic common share:				
From continuing operations	$ 1.33	$ 1.32	$ 0.01	0.8%
From discontinued operations	0.72	0.13	0.59	n/m
Earnings per basic common share	$ 2.05	$ 1.45	$ 0.60	41.4%
Earnings per diluted common share:				
From continuing operations	$ 1.32	$ 1.31	$ 0.01	0.8%
From discontinued operations	0.71	0.13	0.58	n/m
Earnings per diluted common share	$ 2.03	$ 1.44	$ 0.59	41.0%
Operating margin	33.8%	37.9%		

n/m: not meaningful

Table of Contents

Operating Revenues

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

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	Increase/ (Decrease)	
		(in thousands)		
Index and ESG:				
Subscriptions	$305,262	$ 272,903	$32,359	11.9%
Asset-based fees	131,652	110,286	21,366	19.4%
Total index and ESG products	436,914	383,189	53,725	14.0%
Risk management analytics	230,224	213,363	16,861	7.9%
Portfolio management analytics	78,437	79,948	(1,511)	(1.9%)
Total operating revenues	$745,575	$ 676,500	$69,075	10.2%
Recurring subscriptions	$600,095	$ 555,171	$44,924	8.1%
Asset-based fees	131,652	110,286	21,366	19.4%
Non-recurring revenue	13,828	11,043	2,785	25.2%
Total operating revenues	$745,575	$ 676,500	$69,075	10.2%

Total operating revenues for the nine months ended September 30, 2014 increased $69.1 million, or 10.2%, to $745.6 million compared to $676.5 million for the nine months ended September 30, 2013.

Revenues related to our index and ESG products increased $53.7 million, or 14.0%, to $436.9 million for the nine months ended September 30, 2014 compared to $383.2 million for the nine months ended September 30, 2013.

Subscription revenues from our index and ESG products were up $32.4 million, or 11.9%, to $305.3 million for the nine months ended September 30, 2014 compared to $272.9 million for the nine months ended September 30, 2013, driven primarily by growth in revenues from our equity index benchmark products.

Asset-based fee revenues attributable to our index and ESG products increased $21.4 million, or 19.4%, to $131.7 million for the nine months ended September 30, 2014 compared to $110.3 million for the nine months ended September 30, 2013. The increase was primarily driven by an increase of $32.5 billion, or 10.0%, in the average value of assets in ETFs linked to MSCI indexes and a growth in assets from non-ETF passive funds.

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

	Year-to-Date Average						
	2013				2014		
$ in Billions	March	June	September	December	March	June	September
AUM in ETFs linked to MSCI Indexes	$369.0	$346.6	$ 326.4	$ 325.0	$330.8	$345.4	$ 358.9

Sources: Bloomberg and MSCI

Revenues related to risk management analytics products increased 7.9% to $230.2 million for the nine months ended September 30, 2014 compared to $213.4 million for the nine months ended September 30, 2013. The increase was primarily driven by higher revenues from our RiskManager products, as well as from our HedgePlatform, BarraOne and InvestorForce products.

Revenues related to portfolio management analytics products decreased 1.9% to $78.4 million for the nine months ended September 30, 2014 compared to $79.9 million for the nine months ended September 30, 2013. The decrease in revenues was the result of lower sales of our equity analytics products in prior periods, as well as lower revenues from our fixed income analytics products.

Aggregate and Core Retention Rates

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

	September 30, 2014	September 30, 2013
Index and ESG products	94.7%	94.6%
Risk management analytics	92.3%	92.4%
Portfolio management analytics	93.0%	85.9%
Total	93.6%	92.4%

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

	September 30, 2014	September 30, 2013
Index and ESG products	94.8%	94.7%
Risk management analytics	92.4%	92.7%
Portfolio management analytics	94.7%	86.9%
Total	93.8%	92.7%

Operating Expenses

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

	Nine Months Ended September 30, 2014	2013	Increase/(Decrease)	
	(in thousands)			
Cost of services:				
Compensation and benefits	$172,496	$150,373	$22,123	14.7%
Non-compensation expenses	58,623	52,774	5,849	11.1%
Total cost of services	231,119	203,147	27,972	13.8%
Selling, general and administrative:				
Compensation and benefits	138,490	116,835	21,655	18.5%
Non-compensation expenses	71,517	51,439	20,078	39.0%
Total selling, general and administrative	210,007	168,274	41,733	24.8%
Amortization of intangible assets	34,286	33,581	705	2.1%
Depreciation and amortization of property, equipment, and leasehold improvements	18,091	14,814	3,277	22.1%
Total operating expenses	$493,503	$419,816	$73,687	17.6%
Compensation and benefits	$310,986	$267,208	$43,778	16.4%
Non-compensation expenses	130,140	104,213	25,927	24.9%
Amortization of intangible assets	34,286	33,581	705	2.1%
Depreciation and amortization of property, equipment, and leasehold improvements	18,091	14,814	3,277	22.1%
Total operating expenses	$493,503	$419,816	$73,687	17.6%

Operating expenses were $493.5 million for the nine months ended September 30, 2014, an increase of $73.7 million, or 17.6%, compared to $419.8 million for the nine months ended September 30, 2013.

During the nine months ended September 30, 2014, compensation and benefits costs were $311.0 million, an increase of $43.8 million, or 16.4%, compared to $267.2 million for the nine months ended September 30, 2013, primarily driven by an increase in overall headcount.

Non-compensation expenses for the nine months ended September 30, 2014 were $130.1 million, an increase of $25.9 million, or 24.9%, compared to $104.2 million for the nine months ended September 30, 2013, reflecting increases in professional services, information technology and occupancy, among other items.

Cost of Services

For the nine months ended September 30, 2014, total cost of services increased $28.0 million, or 13.8%, to $231.1 million compared to $203.1 million for the nine months ended September 30, 2013. Compensation and benefits expenses for the nine months ended September 30, 2014 increased $22.1 million to $172.5 million compared to $150.4 million for the nine months ended September 30, 2013. The increase in compensation and benefits expenses was driven by increased staffing levels and increased compensation and benefits related to current staff.

Non-compensation expenses for the nine months ended September 30, 2014 increased $5.8 million to $58.6 million compared to $52.8 million for the nine months ended September 30, 2013. The increase was primarily driven by higher costs related to occupancy, market data, information technology and professional services, among other items.

Selling, General and Administrative

For the nine months ended September 30, 2014, SG&A was $210.0 million, an increase of $41.7 million, or 24.8%, compared to $168.3 million for the nine months ended September 30, 2013. Compensation and benefits expenses increased $21.7 million to $138.5 million for the nine months ended September 30, 2014 compared to $116.8 million for the nine months ended September 30, 2013. The increase in compensation and benefits expenses was driven by increased staffing levels and increased compensation and benefits related to current staff.

Non-compensation expenses for the nine months ended September 30, 2014 increased $20.1 million, or 39.0%, to $71.5 million compared to $51.4 million for the nine months ended September 30, 2013. The increase was primarily driven by higher costs related to professional services, information technology and recruiting, among other items.

Amortization of Intangible Assets

Amortization of intangible assets expense totaled $34.3 million and $33.6 million for the nine months ended September 30, 2014 and 2013, respectively.

Depreciation and Amortization of Property, Equipment and Leasehold Improvements

Depreciation and amortization of property, equipment, and leasehold improvements totaled $18.1 million and $14.8 million for the nine months ended September 30, 2014 and 2013, respectively. The increase was related to higher depreciation associated with continued investment in information technology infrastructure.

Other Expense (Income), Net

Other expense (income), net for the nine months ended September 30, 2014 was $14.5 million, a decrease of $6.4 million, or 30.6%, compared to $20.9 million for the nine months ended September 30, 2013, primarily driven by lower interest rates and lower average outstanding principal on our debt.

Provision for Income Taxes

The provision for income tax expense for the nine months ended September 30, 2014 was $81.9 million, an increase of $5.1 million, or 6.7%, compared to $76.8 million for the nine months ended September 30, 2013. These amounts reflect effective tax rates of 34.5% and 32.6% for the nine months ended September 30, 2014 and 2013, respectively.

The provision for income tax expense for the nine months ended September 30, 2014 included a benefit of $3.4 million related to state taxes, the release of reserves associated with certain IRS examinations and certain federal and foreign discrete items related to the filing of related tax returns, the effect of which was to decrease our effective tax rate by 1.4 percentage points.

Income from Discontinued Operations, Net of Income Taxes

Income from discontinued operations, net of income taxes was $84.1 million for the nine months ended September 30, 2014 compared to $16.3 million for the nine months ended September 30, 2013. The results for the nine months ended September 30, 2014 included a net gain of $78.7 million resulting from the disposition of ISS.

Critical Accounting Policies and Estimates

We describe our significant accounting policies in Note 1, “Introduction and Basis of Presentation,” of the Notes to Consolidated Financial Statements included in our Form 10-K for the fiscal year ended December 31, 2013 and also in Note 2, “Recent Accounting Standards Updates,” in the Notes to Unaudited Condensed Consolidated Financial Statements included herein. We discuss our critical accounting estimates in Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K for the fiscal year ended December 31, 2013. There have been no significant changes in our accounting policies or critical accounting estimates since the end of the fiscal year ended December 31, 2013.

Liquidity and Capital Resources

On June 1, 2010, we entered into the 2010 Credit Facility. On March 14, 2011, we completed the repricing of the 2010 Credit Facility pursuant to Amendment No. 2 to the 2010 Credit Facility. On May 4, 2012, we entered into the Amended and Restated Credit Facility. The Amended and Restated Credit Facility provides for the incurrence of the 2012 Term Loan in an aggregate amount of $880.0 million and the 2012 Revolving Credit Facility in an aggregate amount of $100.0 million. The Amended and Restated Credit Facility also amended certain negative covenants, including financial covenants.

In March 2013, we made a $15.0 million prepayment on the 2012 Term Loan.

On December 12, 2013, we entered into the New Amended and Restated Credit Facility. We also amended the amortization schedule of required debt payments under the 2012 Term Loan. Pursuant to the New Amended and Restated Credit Facility, we are required to repay $5.1 million in quarterly payments over the first two years and $10.1 million in quarterly payments over the following three years, with the exception of the final payment in December 2018, which will be $658.1 million (assuming no further prepayments).

We require capital to fund ongoing operations, internal growth initiatives and acquisitions. Our primary sources of liquidity are cash flows generated from our operations, existing cash and cash equivalents and credit capacity under our credit 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, acquisitions and repurchases of our common stock. In connection with our business strategy, we regularly evaluate acquisition opportunities. We believe our liquidity, along with other financing alternatives, will provide the necessary capital to fund these transactions and achieve our planned growth.

The effective combined rate on our debt was 2.40% at September 30, 2014.

The obligations under the New Amended and Restated Credit Facility are guaranteed by each of our material direct and indirect wholly-owned domestic subsidiaries, subject to limited exceptions. The obligations under the New Amended and Restated Credit Facility are secured by a lien on substantially all of the equity interests of our present and future material 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 Amended and Restated Credit Facility contains affirmative and restrictive covenants that, among other things, limit our ability and the ability of our existing or future subsidiaries to:

- incur liens and further negative pledges;
- incur additional indebtedness or prepay, redeem or repurchase indebtedness;
- make loans or hold investments;
- merge, dissolve, liquidate, consolidate with or into another person;
- enter into acquisition transactions;
- 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; and
- amend our organizational documents or amend, modify or change the terms of certain agreements relating to our indebtedness.

The New Amended and Restated Credit Facility 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. None of the restrictions above are expected to impact our ability to effectively operate the business.

The New Amended and Restated Credit Facility also requires us and our subsidiaries to achieve financial and operating results sufficient to maintain compliance with the following financial ratios on a consolidated basis through the termination of the New Amended and Restated Credit Facility: (1) the maximum Consolidated Leverage Ratio (as defined in the New Amended and Restated Credit Facility) measured quarterly on a rolling four-quarter basis shall not exceed 3.25:1.00 and (2) the minimum Consolidated Interest Coverage Ratio (as defined in the New Amended and Restated Credit Facility) measured quarterly on a rolling four-quarter basis shall be at least 5.00:1.00. As of September 30, 2014, our Consolidated Leverage Ratio (as defined in the New Amended and Restated Credit Facility) was 1.84:1.00 and our Consolidated Interest Coverage Ratio (as defined in the New Amended and Restated Credit Facility) was 21.91:1.00.

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

On September 18, 2014, we entered into the September 2014 ASR Program. As a result, on September 19, 2014, we paid $300.0 million in cash and received approximately 4.5 million shares of MSCI’s common stock. The total number of shares to be repurchased will be based primarily on an arithmetic average of the volume-weighted average prices of our common stock on each trading day during the repurchase period. This average price will be capped such that only under limited circumstances will we be required to deliver shares or pay cash at settlement. We may also receive additional shares at or prior to maturity of the ASR Agreement in May 2015.

Cash Dividend

On September 17, 2014, the Board of Directors approved a plan to initiate a regular quarterly cash dividend. Accordingly, the Board of Directors declared our first regular quarterly dividend of $0.18 per share of common stock that will be paid on October 31, 2014 to shareholders of record as of the close of trading on October 15, 2014. We expect the initial annual dividend rate to be $0.72 per share. As of September 30, 2014, we accrued for the declared cash dividend of $20.4 million in “Other accrued liabilities” on our Unaudited Condensed Consolidated Statement of Financial Condition which will be payable on October 31, 2014.

Potential Refinancing of Existing Debt

In connection with our recently announced enhanced capital return plan, we are currently exploring potential options for refinancing our existing secured credit facilities. We believe that any such refinancing will improve our financing terms and debt structure by increasing our financial flexibility and allowing us to take advantage of the current low interest rate environment.

Assuming current market rates and that we complete the potential refinancing of all of our outstanding debt, we expect interest expense to increase significantly from the third quarter 2014 annualized expense of $21.5 million. Any such refinancing is subject to market and other conditions, and there can be no assurance that we will be able to refinance on terms and conditions acceptable to us.

Cash Flows

Cash and cash equivalents

	As of	
	September 30, 2014	December 31, 2013
	(in thousands)	
Cash and cash equivalents	$ 448,193	$ 358,434

Cash and cash equivalents were $448.2 million and $358.4 million as of September 30, 2014 and December 31, 2013, respectively. As of September 30, 2014 and December 31, 2013, $87.0 million and $95.6 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, will continue to be sufficient to fund our domestic operating activities and cash commitments for investing and financing activities, such as scheduled debt repayments and material capital expenditures, for at least the next 12 months and for the foreseeable future thereafter. In addition, we expect existing foreign cash flows from operations, together with existing cash and cash equivalents, will continue to be sufficient to fund our foreign operating activities for at least the next 12 months and for the foreseeable future thereafter.

Cash provided by (used in) operating, investing and financing activities

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
	(in thousands)	
Cash provided by operating activities	$ 201,619	$ 226,037
Cash provided by investing activities	305,702	24,933
Cash used in financing activities	(412,377)	(146,854)
Effect of exchange rates on cash and cash equivalents	(5,185)	(3,675)
Net increase in cash and cash equivalents	$ 89,759	$ 100,441

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 $201.6 million and $226.0 million for the nine months ended September 30, 2014 and 2013, respectively. The year-over-year decrease reflects increased expenses and a related increase in cash payments as well as increased payments for income taxes.

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 provided by investing activities was $305.7 million for the nine months ended September 30, 2014 compared to cash provided by investing activities of $24.9 million for the nine months ended September 30, 2013. The year-over-year increase in cash provided by investing activities primarily reflects net cash inflows resulting from the disposition of ISS during the nine months ended September 30, 2014. Partially offsetting this were the final cash inflows from the maturation of short-term investments in the nine months ended September 30, 2013. In the nine months ended September 30, 2013 we began investing excess cash in money market funds and other similar cash equivalents rather than U.S. Treasury securities and other short-term investments as we had in prior periods.

On August 11, 2014, we completed the acquisition of GMI Ratings. Cash provided by investing activities for the nine months ended September 30, 2014 includes net cash outflows of $14.9 million, net of cash received, used to acquire GMI Ratings.

Cash flows from financing activities

Cash used in financing activities was $412.4 million and $146.9 million for the nine months ended September 30, 2014 and 2013, respectively. The year-over-year change primarily reflects higher repurchases of treasury shares, partially offset by lower repayments on our debt.

Balance Sheet Items

Total current assets increased 21.5% to $758.6 million as of September 30, 2014 from $624.3 million as of December 31, 2013. The increase was primarily driven by an increase in cash resulting from the disposition of ISS during the nine months ended September 30, 2014. Total current liabilities decreased 0.9% to $498.6 million as of September 30, 2014 from $503.0 million as of December 31, 2013. The decrease was primarily driven by a decrease in accrued compensation and benefits.

Off-Balance Sheet Arrangements

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Foreign Currency Risk

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

A significant portion of our revenues from our index-linked investment products are based on fees earned on the value of assets invested in securities denominated in currencies other than the U.S. dollar. For all operations outside the United States where the Company has designated the local non-U.S. dollar currency as the functional currency, revenues and expenses are translated using average monthly exchange rates and assets and liabilities are translated into U.S. dollars using month-end exchange rates. For these operations, currency translation adjustments arising from a change in the rate of exchange between the functional currency and the U.S. dollar are accumulated in a separate component of shareholders' equity. In addition, transaction gains and losses arising from a change in exchange rates for transactions denominated in a currency other than the functional currency of the entity are reflected in "Other expense (income), net" in our Unaudited Condensed Consolidated Statements of Income.

Revenues from index-linked investment products represented approximately $131.7 million, or 17.7%, and $110.3 million, or 14.4%, of our total revenues for the nine months ended September 30, 2014 and 2013, 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 large majority of which are invested in securities denominated in currencies other than the U.S. dollar. Accordingly, declines in such other currencies against the U.S. dollar will decrease the fees payable to us under such licenses. In addition, declines in such currencies against the U.S. dollar could impact the attractiveness of such investment products resulting in net fund outflows, which would further reduce the fees payable under such licenses.

We generally invoice our clients in U.S. dollars; however, we invoice a portion of our clients in Euros, British pounds sterling, Japanese yen and a limited number of other non-U.S. dollar currencies. For the nine months ended September 30, 2014 and 2013, approximately 15.0% and 14.8% of our total revenues, respectively, were invoiced in currencies other than U.S. dollars. For the nine months ended September 30, 2014, 54.5% of our foreign currency revenues were in Euros, 24.0% were in British pounds sterling and 12.0% were in Japanese yen. For the nine months ended September 30, 2013, 54.3% of our foreign currency revenues were in Euros, 21.9% were in British pounds sterling and 13.5% were in Japanese yen.

We are exposed to additional foreign currency risk in certain of our operating costs. Approximately $231.4 million, or 43.7%, and $207.3 million, or 42.5%, of our total operating costs for the nine months ended September 30, 2014 and 2013, respectively, were denominated in foreign currencies, the significant majority of which were denominated in British pounds sterling, Euros, Indian rupees, Swiss francs, Hungarian forints, Hong Kong dollars, and Mexican pesos. Expenses incurred in foreign currency may increase as we expand our business outside the U.S.

We have certain monetary assets and liabilities denominated in currencies other than local functional amounts and when these balances were remeasured into their local functional currency, either a gain or a loss resulted from the change of the value of the functional currency as compared to the originating currencies. We manage foreign currency exchange rate risk, in part, through the use of derivative financial instruments comprised principally of forward contracts on foreign currency which are not designated as hedging instruments for accounting purposes. The objective of the derivative instruments is to minimize the income statement impact associated with intercompany loans that are denominated in certain foreign currencies. As a result of these positions, we recognized total foreign currency exchange losses of $2.2 million in each of the nine months ended September 30, 2014 and 2013. These amounts were recorded in "Other expense (income), net" in our Unaudited Condensed Consolidated Statements of Income.

Interest Rate Sensitivity

We had unrestricted cash and cash equivalents totaling $448.2 million at September 30, 2014 and $358.4 million at December 31, 2013, 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. We do not enter into investments for trading or speculative purposes. We believe that 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 2012 Term Loan bear interest at a rate equal to the sum of LIBOR and a margin of 2.25%, which margin will be subject to adjustment based on our leverage ratio. As of September 30, 2014, the 2012 Term Loan, as amended, bore interest at 2.40%. Assuming an average of $787.2 million of variable rate debt outstanding, a hypothetical 100 basis point increase in LIBOR for a one year period would result in approximately $7.9 million of additional interest rate expense.

Item 4. Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and procedures, as defined in Rule 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), as of September 30, 2014, and have concluded that these disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time specified in the SEC's rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There have been no material changes since December 31, 2013 to the significant risk factors and uncertainties known to the Company that, if they were to materialize or occur, would individually or in the aggregate, have a material effect on MSCI's business, operating results, financial condition or cash flows.

For a discussion of the risk factors affecting the Company, see "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

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

There have been no unregistered sales of equity securities.

The table below sets forth the information with respect to purchases made by or on behalf of the Company of its common shares during the three months ended September 30, 2014.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased(1)	Average Price Paid Per Share	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
Month #1 (July 1, 2014-July 31, 2014)	7,134	$ 46.43	—	$300,000,000
Month #2 (August 1, 2014-August 31, 2014)	2,826	$ 44.15	—	$300,000,000
Month #3 (September 1, 2014-September 30, 2014) (3)	4,537,424	N/A	4,536,617	$550,000,000
Total	4,547,384	N/A	4,536,617	$550,000,000

(1) Includes (i) shares withheld to satisfy tax withholding obligations on behalf of employees that occur upon vesting and delivery of outstanding shares underlying restricted stock units and (ii) shares repurchased pursuant to the 2012 Repurchase Program. The value of the shares withheld were determined using the fair market value of the Company's common stock on the date of withholding, using a valuation methodology established by the Company.

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

(3) Average price paid per share information will not be available for the September 2014 ASR Program until final settlement.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

An exhibit index has been filed as part of this report on page EX-1.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: October 30, 2014

MSCI INC.
(Registrant)

By: /s/ Robert Qutub
Robert Qutub
Chief Financial Officer,
Principal Financial Officer and Duly Authorized Signatory

EXHIBIT INDEX

MSCI INC.

QUARTER ENDED SEPTEMBER 30, 2014

Exhibit Number	Description
3.1	Third Amended and Restated Certificate of Incorporation (filed as Exhibit 3.1 to the Company's Form 10-Q (File No. 001-33812), filed with the SEC on May 4, 2012 and incorporated by reference herein)
3.2	Amended and Restated By-laws (filed as Exhibit 3.2 to the Company's Form 10-Q (File No. 001-33812), filed with the SEC on May 4, 2012 and incorporated by reference herein)
* 10.1	Master and Supplemental Confirmations regarding Accelerated Stock Buyback, dated September 18, 2014, between MSCI Inc. and Goldman, Sachs & Co.
11	Statement Re: Computation of Earnings Per Common Share (The calculation of per share earnings is in Part I, Item 1, Note 5 to the Condensed Consolidated Financial Statements (Earnings Per Common Share) and is omitted in accordance with Section (b)(11) of Item 601 of Regulation S-K)
* 15.1	Letter of awareness from PricewaterhouseCoopers LLP, dated October 30, 2014, concerning unaudited interim financial information
* 15.2	Letter of awareness from Deloitte & Touche LLP, dated October 30, 2014, concerning unaudited interim financial information
* 31.1	Rule 13a-14(a) Certification of the Chief Executive Officer
* 31.2	Rule 13a-14(a) Certification of the Chief Financial Officer
** 32.1	Section 1350 Certification of the Chief Executive Officer and the Chief Financial Officer
* 101.INS	XBRL Instance Document
* 101.SCH	XBRL Taxonomy Extension Schema Document
* 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
* 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
* 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
* 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith.
** Furnished herewith.

Exhibit 10.1

GOLDMAN, SACHS & CO. | 200 WEST STREET | NEW YORK, NEW YORK 10282-2198 | TEL: 212-902-1000

Opening Transaction

To:	MSCI Inc. 7 World Trade Center 250 Greenwich Street, 49th Floor New York, New York 10007
A/C:	046920963
From:	Goldman, Sachs & Co.
Re:	Accelerated Stock Buyback
Ref. No:	As provided in the Supplemental Confirmation
Date:	September 18, 2014

This master confirmation (this "**Master Confirmation**"), dated as of September 18, 2014 is intended to set forth certain terms and provisions of certain Transactions (each, a "**Transaction**") entered into from time to time between Goldman, Sachs & Co. ("**GS&Co.**") and MSCI Inc. ("**Counterparty**"). This Master Confirmation, taken alone, is neither a commitment by either party to enter into any Transaction nor evidence of a Transaction. The additional terms of any particular Transaction shall be set forth in a Supplemental Confirmation in the form of Schedule A hereto (a "**Supplemental Confirmation**"), which shall reference this Master Confirmation and supplement, form a part of, and be subject to this Master Confirmation. This Master Confirmation and each Supplemental Confirmation together shall constitute a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2002 ISDA Equity Derivatives Definitions (the "**Equity Definitions**"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Master Confirmation. This Master Confirmation and each Supplemental Confirmation evidence a complete binding agreement between Counterparty and GS&Co. as to the subject matter and terms of each Transaction to which this Master Confirmation and such Supplemental Confirmation relate and shall supersede all prior or contemporaneous written or oral communications with respect thereto.

This Master Confirmation and each Supplemental Confirmation supplement, form a part of, and are subject to an agreement in the form of the 2002 ISDA Master Agreement (Multicurrency-Cross Border) (the "**Agreement**") as if GS&Co. and Counterparty had executed the Agreement on the date of this Master Confirmation (but without any Schedule except for (i) New York law (without reference to its choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law) as the governing law and US Dollars ("**USD**") as the Termination Currency and (ii) the election that the "Cross Default" provisions of Section 5(a)(vi) shall apply to Counterparty, with a "Threshold Amount" of USD 50 million).

The Transactions shall be the sole Transactions under the Agreement. If there exists any ISDA Master Agreement between GS&Co. and Counterparty or any confirmation or other agreement between GS&Co. and Counterparty pursuant to which an ISDA Master Agreement is deemed to exist between GS&Co. and Counterparty, then notwithstanding anything to the contrary in such ISDA Master Agreement, such confirmation or agreement or any other agreement to which GS&Co. and Counterparty are parties, the Transactions shall not be considered Transactions under, or otherwise governed by, such existing or deemed ISDA Master Agreement.

All provisions contained or incorporated by reference in the Agreement shall govern this Master Confirmation and each Supplemental Confirmation except as expressly modified herein or in the related Supplemental Confirmation.

If, in relation to any Transaction to which this Master Confirmation and a Supplemental Confirmation relate, there is any inconsistency between the Agreement, this Master Confirmation, any Supplemental Confirmation and the Equity Definitions, the following will prevail for purposes of such Transaction in the order of precedence indicated: (i) such Supplemental Confirmation; (ii) this Master Confirmation; (iii) the Equity Definitions; and (iv) the Agreement.

1. Each Transaction constitutes a Share Forward Transaction for the purposes of the Equity Definitions. Set forth below are the terms and conditions that, together with the terms and conditions set forth in the Supplemental Confirmation relating to any Transaction, shall govern such Transaction.

General Terms:

Trade Date:	For each Transaction, as set forth in the related Supplemental Confirmation.
Buyer:	Counterparty
Seller:	GS&Co.
Shares:	Common stock, par value $0.01 per share, of Counterparty (Ticker: MSCI)
Exchange:	New York Stock Exchange
Related Exchange(s):	All Exchanges.
Prepayment\Variable Obligation:	Applicable
Prepayment Amount:	For each Transaction, as set forth in the related Supplemental Confirmation.
Prepayment Date:	For each Transaction, as set forth in the related Supplemental Confirmation.

Valuation:

VWAP Price:	For any Exchange Business Day, as determined by the Calculation Agent based on the New York 10b-18 Volume Weighted Average Price per Share for the regular trading session (including any extensions thereof) of the Exchange on such Exchange Business Day (without regard to pre-open or after hours trading outside of such regular trading session for such Exchange Business Day), as published by Bloomberg at 4:15 p.m. New York time (or 15 minutes following the end of any extension of the regular trading session) on such Exchange Business Day, on Bloomberg page "MSCI.N <Equity> AQR_SEC" (or any successor thereto), or if such price is not so reported on such Exchange Business Day for any reason or is, in the Calculation Agent's commercially reasonable discretion, erroneous, such VWAP Price shall be as determined by the Calculation Agent in a commercially reasonable fashion. For purposes of calculating the VWAP Price, the Calculation Agent will include only those trades that are reported during the period of time during which Counterparty could purchase its own shares under Rule 10b-18(b)(2) and are effected pursuant to the conditions of Rule 10b-18(b)(3), each under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") (such trades, "**Rule 10b-18 eligible transactions**").

Forward Price:	The average of the VWAP Prices for the Exchange Business Days in the Calculation Period, subject to "Valuation Disruption" below; *provided* that if the Forward Price would be greater than the Cap Price, then the Forward Price shall equal the Cap Price.
Forward Price Adjustment Amount:	For each Transaction, as set forth in the related Supplemental Confirmation.
Cap Price:	For each Transaction, as set forth in the related Supplemental Confirmation.
Calculation Period:	The period from and including the Calculation Period Start Date to and including the Termination Date.
Calculation Period Start Date:	For each Transaction, as set forth in the related Supplemental Confirmation.
Termination Date:	The Scheduled Termination Date; *provided* that GS&Co. shall have the right to designate any Exchange Business Day on or after the First Acceleration Date to be the Termination Date (the "**Accelerated Termination Date**") by delivering notice to Counterparty of any such designation prior to 9:00 p.m. New York City time on the Exchange Business Day immediately following the designated Accelerated Termination Date.
Scheduled Termination Date:	For each Transaction, as set forth in the related Supplemental Confirmation, subject to postponement as provided in "Valuation Disruption" below
First Acceleration Date:	For each Transaction, as set forth in the related Supplemental Confirmation
Valuation Disruption:	The definition of "Market Disruption Event" in Section 6.3(a) of the Equity Definitions is hereby amended by deleting the words "at any time during the one-hour period that ends at the relevant Valuation Time, Latest Exercise Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be" and inserting the words "at any time on any Scheduled Trading Day during the Calculation Period or Settlement Valuation Period" after the word "material," in the third line thereof.
	Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term "Scheduled Closing Time" in the fourth line thereof.
	Notwithstanding anything to the contrary in the Equity Definitions, to the extent that a Disrupted Day occurs (i) in the Calculation Period, the Calculation Agent may, in its good faith and commercially reasonable discretion, postpone the Scheduled Termination Date, or (ii) in the Settlement Valuation Period, the Calculation Agent may in its good faith and commercially reasonable discretion extend the Settlement Valuation Period. If any such Disrupted Day is a Disrupted Day because of a Market Disruption Event (or a deemed Market Disruption Event as provided herein), the Calculation Agent shall determine whether (i) such Disrupted Day is a Disrupted Day in full, in which case the VWAP Price for such Disrupted Day shall not be included for purposes of determining the Forward Price or the Settlement Price, as the case may be, or (ii) such Disrupted Day is a Disrupted Day only in part, (but not as a consequence of a regulatory disruption as described in Section 5 below) in which case the VWAP Price for such Disrupted Day shall be determined by the Calculation Agent based on Rule 10b-18 eligible transactions in the Shares on such Disrupted Day taking into account the nature and duration of the relevant Market Disruption Event, and the weighting of the VWAP Price for the relevant Exchange Business Days during the Calculation Period or the Settlement

Valuation Period, as the case may be, shall be adjusted in a commercially reasonable manner by the Calculation Agent for purposes of determining the Forward Price or the Settlement Price, as the case may be, with such adjustments based on, among other factors, the duration of any Market Disruption Event and the volume, historical trading patterns and price of the Shares. Any Exchange Business Day on which, as of the date hereof, the Exchange is scheduled to close prior to its normal close of trading shall be deemed not to be an Exchange Business Day; if a closure of the Exchange prior to its normal close of trading on any Exchange Business Day is scheduled following the date hereof, then such Exchange Business Day shall be deemed to be a Disrupted Day in full.

If a Disrupted Day occurs during the Calculation Period or the Settlement Valuation Period, as the case may be, and each of the nine immediately following Scheduled Trading Days is a Disrupted Day, then the Calculation Agent, in its good faith and commercially reasonable discretion, may deem such ninth Scheduled Trading Day to be an Exchange Business Day that is not a Disrupted Day and determine the VWAP Price for such ninth Scheduled Trading Day using its good faith estimate of the value of the Shares on such ninth Scheduled Trading Day based on the volume, historical trading patterns and price of the Shares and such other factors as it deems appropriate.

Settlement Terms:

Settlement Procedures:	If the Number of Shares to be Delivered is positive, Physical Settlement shall be applicable; *provided* that GS&Co. does not, and shall not, make the agreement or the representations set forth in Section 9.11 of the Equity Definitions related to the restrictions imposed by applicable securities laws with respect to any Shares delivered by GS&Co. to Counterparty under any Transaction. If the Number of Shares to be Delivered is negative, then the Counterparty Settlement Provisions in Annex A shall apply.
Number of Shares to be Delivered:	A number of Shares equal to (x)(a) the Prepayment Amount *divided by* (b) the Divisor Amount *minus* (y) the number of Initial Shares.
Divisor Amount:	The greater of (i) the Forward Price *minus* the Forward Price Adjustment Amount and (ii) $1.00.
Excess Dividend Amount:	For the avoidance of doubt, all references to the Excess Dividend Amount shall be deleted from Section 9.2(a)(iii) of the Equity Definitions.
Settlement Date:	If the Number of Shares to be Delivered is positive, the date that is one Settlement Cycle immediately following the Termination Date.
Settlement Currency:	USD
Initial Share Delivery:	GS&Co. shall deliver a number of Shares equal to the Initial Shares to Counterparty on the Initial Share Delivery Date in accordance with Section 9.4 of the Equity Definitions, with the Initial Share Delivery Date deemed to be a “Settlement Date” for purposes of such Section 9.4.
Initial Share Delivery Date:	For each Transaction, as set forth in the related Supplemental Confirmation.
Initial Shares:	For each Transaction, as set forth in the related Supplemental Confirmation.

Share Adjustments:

Potential Adjustment Event:	Notwithstanding anything to the contrary in Section 11.2(e) of the Equity Definitions, (i) an Extraordinary Dividend shall not constitute a Potential Adjustment Event and (ii) a repurchase by Counterparty or any of its subsidiaries of the Shares shall not constitute a Potential Adjustment Event to the extent that such repurchase (a) is permitted pursuant to the terms of this Master Confirmation and any Supplemental Confirmation, is effected on arms'-length terms through a nationally recognized financial institution and is effected at then-prevailing market prices for the Shares or (b) is effected pursuant to the Concurrent OMR Repurchases (as defined below). It shall constitute an additional Potential Adjustment Event if the Scheduled Termination Date for any Transaction is postponed pursuant to "Valuation Disruption" above, in which case the Calculation Agent may, in its commercially reasonable discretion, adjust any relevant terms of any such Transaction as necessary to preserve as nearly as practicable the fair value of such Transaction to GS&Co. prior to such postponement. For the avoidance of doubt, in no event shall the aggregate number of Reserved Shares, as defined in Section 7 of Annex A, be adjusted.
Extraordinary Dividend:	For any calendar quarter, any dividend or distribution on the Shares with an ex-dividend date occurring during such calendar quarter (other than any dividend or distribution of the type described in Section 11.2(e)(i), Section 11.2(e)(ii)(A) or Section 11.2(e)(ii)(B) of the Equity Definitions) (a "**Dividend**") the amount or value of which (as determined by the Calculation Agent), when aggregated with the amount or value (as determined by the Calculation Agent) of any and all previous Dividends with ex-dividend dates occurring in the same calendar quarter, is less than or greater than the Ordinary Dividend Amount.
Ordinary Dividend Amount:	For each Transaction, as set forth in the related Supplemental Confirmation.
Early Ordinary Dividend Payment:	If an ex-dividend date for any Dividend that is not an Extraordinary Dividend occurs during any calendar quarter occurring (in whole or in part) during the Relevant Period (as defined below) and is prior to or after the Scheduled Ex-Dividend Date for such calendar quarter, the Calculation Agent shall make such adjustment to the exercise, settlement, payment or any other terms of the relevant Transaction as the Calculation Agent determines appropriate to account for the economic effect on the Transaction of such event. For the avoidance of doubt, in no event shall the aggregate number of Reserved Shares, as defined in Section 7 of Annex A, be adjusted.
Scheduled Ex-Dividend Dates:	For each Transaction for each calendar quarter, as set forth in the related Supplemental Confirmation.
Method of Adjustment:	Calculation Agent Adjustment

Extraordinary Events:

Consequences of Merger Events:	
(a) Share-for-Share:	Modified Calculation Agent Adjustment

(b) Share-for-Other:	Cancellation and Payment
(c) Share-for-Combined:	Component Adjustment
Tender Offer:	Applicable; *provided* that (i) Section 12.1(l) of the Equity Definitions shall be amended (x) by deleting the parenthetical in the fifth line thereof, (y) by replacing “that” in the fifth line thereof with “whether or not such announcement” and (z) by adding immediately after the words “Tender Offer” in the fifth line thereof “, and any publicly announced change or amendment to such an announcement (including the announcement of an abandonment of such intention)”, (ii) Sections 12.3(a) and 12.3(d) of the Equity Definitions shall each be amended by replacing each occurrence of the words “Tender Offer Date” by “Announcement Date” and (iii) Section 12.1(d) of the Equity Definitions shall be amended by replacing “10%” with “20%” in the third line thereof.
Consequences of Tender Offers:	
(a) Share-for-Share:	Modified Calculation Agent Adjustment or Cancellation and Payment, at the election of GS&Co.
(b) Share-for-Other:	Modified Calculation Agent Adjustment or Cancellation and Payment, at the election of GS&Co.
(c) Share-for-Combined:	Modified Calculation Agent Adjustment or Cancellation and Payment, at the election of GS&Co.
Nationalization, Insolvency or Delisting:	Cancellation and Payment; *provided* that in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it shall also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, NYSE MKT, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall be deemed to be the Exchange.
Additional Disruption Events:	
(a) Change in Law:	Applicable; *provided* that Section 12.9(a)(ii) of the Equity Definitions is hereby amended by (i) replacing the phrase “the interpretation” in the third line thereof with the phrase “, or public announcement of, the formal or informal interpretation”, (ii) by replacing the word “Shares” where it appears in clause (X) thereof with the words “Hedge Position” and (iii) by immediately following the word “Transaction” in clause (X) thereof, adding the phrase “in the manner contemplated by the Hedging Party on the Trade Date”; provided further that (i) any determination as to whether (A) the adoption of or any change in any applicable law or regulation (including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption or promulgation of new regulations authorized or mandated by existing statute) or (B) the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), in each case, constitutes a

"Change in Law" shall be made without regard to Section 739 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 or any similar legal certainty provision in any legislation enacted, or rule or regulation promulgated, on or after the Trade Date, and (ii) Section 12.9(a)(ii) of the Equity Definitions is hereby amended by replacing the parenthetical beginning after the word "regulation" in the second line thereof the words "(including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption or promulgation of new regulations authorized or mandated by existing statute)".

(b) Failure to Deliver:	Applicable
(c) Insolvency Filing:	Applicable
(d) Hedging Disruption:	Not Applicable
(e) Increased Cost of Hedging:	Not Applicable
(f) Loss of Stock Borrow:	Applicable
Maximum Stock Loan Rate:	200 basis points per annum
(g) Increased Cost of Stock Borrow:	Applicable
Initial Stock Loan Rate:	25 basis points per annum
Hedging Party:	For all applicable Extraordinary Events, GS&Co; *provided* that when making any determination or calculation as "Hedging Party" required by Section 12.9(b) of the Equity Definitions, GS&Co shall act in good faith and in a commercially reasonable manner.
Determining Party:	For all applicable Extraordinary Events, GS&Co; *provided* that when making any determination or calculation as "Determining Party" required by Section 12.9(b) of the Equity Definitions, GS&Co shall act in good faith and in a commercially reasonable manner.

Additional Termination Event(s):

Notwithstanding anything to the contrary in the Equity Definitions, if, as a result of an Extraordinary Event, any Transaction would be cancelled or terminated (whether in whole or in part) pursuant to Article 12 of the Equity Definitions, an Additional Termination Event (with such terminated Transaction(s) (or portions thereof) being the Affected Transaction(s) and Counterparty being the sole Affected Party) shall be deemed to occur, and, in lieu of Sections 12.7, 12.8 and 12.9 of the Equity Definitions, Section 6 of the Agreement shall apply to such Affected Transaction(s).

The declaration by the Issuer of any Extraordinary Dividend, the ex-dividend date for which occurs or is scheduled to occur during the Relevant Dividend Period, will constitute an Additional Termination Event, with Counterparty as the sole Affected Party and all Transactions hereunder as the Affected Transactions. Notwithstanding anything to the contrary in this Confirmation, the Agreement or the Definitions, under no circumstances will any GS&Co Payment Amount or Early Settlement Payment payable in connection with any early termination or cancellation of any Transaction include the economic effects of any Dividends (Extraordinary or otherwise) declared or paid by Issuer.

Relevant Dividend Period:	The period from and including the Calculation Period Start Date to and including the Relevant Dividend Period End Date.
Relevant Dividend Period End Date:	If the Number of Shares to be Delivered is negative, the last day of the Settlement Valuation Period; otherwise, the Termination Date.
Non-Reliance/Agreements and Acknowledgements Regarding Hedging Activities/Additional Acknowledgements:	Applicable
Transfer:	Notwithstanding anything to the contrary in the Agreement, GS&Co. may assign, transfer and set over all rights, title and interest, powers, privileges and remedies of GS&Co. under any Transaction, in whole or in part, to an affiliate of GS&Co. whose obligations are guaranteed by The Goldman Sachs Group, Inc. without the consent of Counterparty; *provided* that GS&Co may not assign its rights and obligations hereunder and under the Agreement if at the time of such assignment such assignment would result in (i) Counterparty being required to pay the assignee an amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) of the Agreement greater than the amount in respect of which Counterparty would have been required to pay to GS&Co in the absence of such assignment or (ii) Counterparty receiving a payment from which an amount has been withheld or deducted, on account of a Tax under Section 2(d)(i) of the Agreement in excess of that which would have been required to be withheld or deducted in the absence of such assignment, unless the assignee would be required to make additional payments pursuant to Section 2(d)(i)(4) of the Agreement corresponding to such withholding or deduction.
Withholding Tax with Respect to Non-U.S. Counterparties:	“Indemnifiable Tax” as defined in Section 14 of the Agreement shall not include (i) any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended (the “*Code*”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a “*FATCA Withholding Tax*”) or (ii) any U.S. federal withholding tax imposed on amounts treated as dividends from sources within the United States under Section 871(m) of the Code (or any Treasury regulations or other guidance issued thereunder). For the avoidance of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement.
GS&Co. Payment Instructions:	Chase Manhattan Bank New York For A/C Goldman, Sachs & Co. A/C ABA
Counterparty’s Contact Detailsfor Purpose of Giving Notice:	MSCI Inc. 7 World Trade Center 250 Greenwich Street, 47th Floor

New York, New York 10007
Attention:
Telephone:
Facsimile:
Email:

With a copy to:

Attention:
Telephone:
Facsimile:
Email:

GS&Co.'s Contact Details for Purpose of Giving Notice:	Goldman, Sachs & Co. 200 West Street New York, NY 10282-2198 Attention: Telephone: Facsimile: Email:

With a copy to:

Attention:
Telephone:
Facsimile:
Email:

And email notification to the following address:

Calculation Agent. GS&Co; *provided* that following any determination or calculation hereunder, upon a written request by Buyer, the Calculation Agent will promptly provide to Buyer, by email to the email address provided by Buyer in such written request, a report (in a commonly used file format for the storage and manipulation of financial data) displaying, in reasonable detail, the basis for such determination or calculation, it being understood that the Calculation Agent shall not be obligated to disclose any proprietary models or other confidential or proprietary information used by it for such determination or calculation.

2. Additional Mutual Representations, Warranties and Covenants of Each Party. In addition to the representations, warranties and covenants in the Agreement, each party represents, warrants and covenants to the other party that:

Eligible Contract Participant. It is an "eligible contract participant", as defined in the U.S. Commodity Exchange Act (as amended), and is entering into each Transaction hereunder as principal (and not as agent or in any other capacity, fiduciary or otherwise) and not for the benefit of any third party.

Accredited Investor. Each party acknowledges that the offer and sale of each Transaction to it is intended to be exempt from registration under the Securities Act of 1933, as amended (the "**Securities Act**"), by virtue of Section 4(a)(2) thereof. Accordingly, each party represents and warrants to the other that (i) it has the financial ability to bear the economic risk of its investment in each Transaction and is able to bear a total loss of its investment, (ii) it is an "accredited investor" as that term is defined under Regulation D under the Securities Act and (iii) the disposition of each Transaction is restricted under this Master Confirmation, the Securities Act and state securities laws.

3. <u>Additional Representations, Warranties and Covenants of Counterparty</u>. In addition to the representations, warranties and covenants in the Agreement, Counterparty represents, warrants and covenants to GS&Co. that:

(a) The purchase or writing of each Transaction and the transactions contemplated hereby will not violate Rule 13e-1 or Rule 13e-4 under the Exchange Act.

(b) It is not entering into any Transaction (i) on the basis of, and is not aware of, any material non-public information with respect to the Shares (ii) in anticipation of, in connection with, or to facilitate, a distribution of its securities, a self tender offer or a third-party tender offer or (iii) to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for the Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for the Shares).

(c) Each Transaction is being entered into pursuant to a publicly disclosed Share buy-back program and its Board of Directors has approved the use of derivatives to effect the Share buy-back program.

(d) Without limiting the generality of Section 13.1 of the Equity Definitions, Counterparty acknowledges that neither GS&Co. nor any of its affiliates is making any representations or warranties or taking any position or expressing any view with respect to the treatment of any Transaction under any accounting standards including ASC Topic 260, *Earnings Per Share*, ASC Topic 815, *Derivatives and Hedging*, or ASC Topic 480, *Distinguishing Liabilities from Equity* and ASC 815-40, *Derivatives and Hedging – Contracts in Entity's Own Equity*.

(e) As of (i) the date hereof and (ii) the Trade Date for each Transaction hereunder, Counterparty is in compliance with its reporting obligations under the Exchange Act and its most recent Annual Report on Form 10-K, together with all reports subsequently filed by it pursuant to the Exchange Act, taken together and as amended and supplemented to the date of this representation, do not, as of their respective filing dates, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) Counterparty shall report each Transaction as required under the Exchange Act and the rules and regulations thereunder.

(g) The Shares are not, and Counterparty will not cause the Shares to be, subject to a "restricted period" (as defined in Regulation M promulgated under the Exchange Act) at any time during any Regulation M Period (as defined below) for any Transaction unless Counterparty has provided written notice to GS&Co. of such restricted period not later than the Scheduled Trading Day immediately preceding the first day of such "restricted period"; Counterparty acknowledges that any such notice may cause a Disrupted Day to occur pursuant to Section 5 below; accordingly, Counterparty acknowledges that its delivery of such notice must comply with the standards set forth in Section 6 below; "**Regulation M Period"** means, for any Transaction, (i) the Relevant Period (as defined below) and (ii) the Settlement Valuation Period, if any, for such Transaction. "**Relevant Period**" means, for any Transaction, the period commencing on the Calculation Period Start Date for such Transaction and ending on the earlier of (i) the Scheduled Termination Date and (ii) the last Additional Relevant Day (as specified in the related Supplemental Confirmation) for such Transaction, or such earlier day as elected by GS&Co. and communicated to Counterparty on such day (or, if later, the First Acceleration Date without regard to any acceleration thereof pursuant to "Special Provisions for Acquisition Transaction Announcements" below).

(h) As of the Trade Date, the Prepayment Date, the Initial Share Delivery Date and the Settlement Date for each Transaction, Counterparty is not "insolvent" (as such term is defined under Section 101(32) of the U.S. Bankruptcy Code (Title 11 of the United States Code) (the "**Bankruptcy Code**")) and Counterparty would be able to purchase a number of Shares with a value equal to the Prepayment Amount in compliance with the laws of the jurisdiction of Counterparty's incorporation.

(i) Counterparty is not and, after giving effect to any Transaction, will not be, required to register as an “investment company” as such term is defined in the Investment Company Act of 1940, as amended.

(j) [Reserved.]

(k) Counterparty has not and will not enter into agreements similar to the Transactions described herein where any initial hedge period, calculation period, relevant period or settlement valuation period (each however defined) in such other transaction will overlap at any time (including as a result of extensions in such initial hedge period, calculation period, relevant period or settlement valuation period as provided in the relevant agreements) with any Relevant Period or, if applicable, any Settlement Valuation Period under this Master Confirmation. In the event that the initial hedge period, relevant period, calculation period or settlement valuation period in any other similar transaction overlaps with any Relevant Period or, if applicable, Settlement Valuation Period under this Master Confirmation as a result of any postponement of the Scheduled Termination Date or extension of the Settlement Valuation Period pursuant to “Valuation Disruption” above, Counterparty shall promptly amend such transaction to avoid any such overlap.

4. Regulatory Disruption. In the event that GS&Co. concludes, in its sole and reasonable discretion, that it is appropriate with respect to any legal, regulatory or self-regulatory requirements or related policies and procedures (so long as such requirements, policies and procedures are generally applicable to transactions similar to the relevant Transactions and whether or not such requirements, policies or procedures are imposed by law or have been voluntarily adopted by GS&Co.), for it to refrain from or decrease any market activity on any Scheduled Trading Day or Days during the Calculation Period or, if applicable, the Settlement Valuation Period, GS&Co. may by written notice to Counterparty elect to deem that a Market Disruption Event has occurred and will be continuing on such Scheduled Trading Day or Days.

5. 10b5-1 Plan. Counterparty represents, warrants and covenants to GS&Co. that:

(a) Counterparty is entering into this Master Confirmation and each Transaction hereunder in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 under the Exchange Act (“**Rule 10b5-1**”) or any other antifraud or anti-manipulation provisions of the federal or applicable state securities laws and that it has not entered into or altered and will not enter into or alter any corresponding or hedging transaction or position with respect to the Shares. Counterparty acknowledges that it is the intent of the parties that each Transaction entered into under this Master Confirmation comply with the requirements of paragraphs (c)(1)(i)(A) and (B) of Rule 10b5-1 and each Transaction entered into under this Master Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c).

(b) Counterparty will not seek to control or influence GS&Co.’s decision to make any “purchases or sales” (within the meaning of Rule 10b5-1(c)(1)(i)(B)(3)) under any Transaction entered into under this Master Confirmation, including, without limitation, GS&Co.’s decision to enter into any hedging transactions. Counterparty represents and warrants that it has consulted with its own advisors as to the legal aspects of its adoption and implementation of this Master Confirmation and each Supplemental Confirmation under Rule 10b5-1.

(c) Counterparty acknowledges and agrees that any amendment, modification, waiver or termination of this Master Confirmation or the relevant Supplemental Confirmation must be effected in accordance with the requirements for the amendment or termination of a “plan” as defined in Rule 10b5-1(c). Without limiting the generality of the foregoing, any such amendment, modification, waiver or termination shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5, and no such amendment, modification or waiver shall be made at any time at which Counterparty or any officer, director, manager or similar person of Counterparty is aware of any material non-public information regarding Counterparty or the Shares.

6. Counterparty Purchases. Counterparty (or any “affiliated purchaser” as defined in Rule 10b-18 under the Exchange Act (“**Rule 10b-18**”)) shall not, without the prior written consent of GS&Co. (which consent shall be deemed to be given in the case of the Concurrent OMR Repurchases, as defined below), directly or indirectly purchase any Shares (including by means of a derivative instrument), listed contracts on the Shares or securities that

are convertible into, or exchangeable or exercisable for Shares (including, without limitation, any Rule 10b-18 purchases of blocks (as defined in Rule 10b-18)) during any Relevant Period or, if applicable, Settlement Valuation Period, except through GS&Co (other than (w) purchases of Shares that do not constitute "Rule 10b-18 purchases" under subparagraphs (ii) or (iii) of Rule 10b-18(a)(13) and that are not reasonably expected to result in purchases of Shares in the market, (x) withholding of Shares from holders of employee stock options to cover amounts payable (including tax liabilities and/or payment of exercise price) in respect of the exercise of such employee stock options, (y) purchases of Shares from employees to satisfy obligations under employee compensation agreements with such employees and (z) privately negotiated off-exchange repurchases of Shares that are not reasonably expected to result in purchases of Shares in the market). "**Concurrent OMR Repurchases**" means one or more Share repurchase transactions entered into between GS&Co. and Counterparty on terms acceptable to GS&Co. to the extent that, on any day during the Relevant Period or, if applicable, Settlement Valuation Period (A) the aggregate number of Shares repurchased under such transactions on such day, does not exceed 4% of the "ADTV" for the Shares (as defined in Rule 10b-18) and (B) Counterparty will not be permitted to effect any Rule 10b-18 purchases of blocks (as defined in Rule 10b-18) except to the extent GS&Co. agrees in its sole discretion.

7. Special Provisions for Merger Transactions. Notwithstanding anything to the contrary herein or in the Equity Definitions:

(a) Counterparty agrees that it:

(i) will not during the period commencing on the Trade Date through the end of the Relevant Period or, if applicable, the Settlement Valuation Period for any Transaction make, or permit to be made, any public announcement (as defined in Rule 165(f) under the Securities Act) of any Merger Transaction or potential Merger Transaction (a "**Public Announcement**") unless such Public Announcement is made prior to the opening or after the close of the regular trading session on the Exchange for the Shares;

(ii) shall promptly (but in any event prior to the next opening of the regular trading session on the Exchange) notify GS&Co. following any such Public Announcement that such Public Announcement has been made; and

(iii) shall promptly (but in any event prior to the next opening of the regular trading session on the Exchange) provide GS&Co. with written notice specifying (i) Counterparty's average daily Rule 10b-18 Purchases (as defined in Rule 10b-18) during the three full calendar months immediately preceding the announcement date that were not effected through GS&Co. or its affiliates and (ii) the number of Shares purchased pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act for the three full calendar months preceding the date of such Public Announcement. Such written notice shall be deemed to be a certification by Counterparty to GS&Co. that such information is true and correct. In addition, Counterparty shall promptly notify GS&Co. of the earlier to occur of the completion of the relevant Merger Transaction and the completion of the vote by target shareholders.

(b) Counterparty acknowledges that a Public Announcement may cause the terms of any Transaction to be adjusted or such Transaction to be terminated; accordingly, Counterparty acknowledges that in making any Public Announcement, it must comply with the standards set forth in Section 6 above.

(c) Upon the occurrence of any Public Announcement (whether made by Counterparty or a third party) GS&Co. in its sole and commercially reasonable discretion may (i) (A) make adjustments to the terms of any Transaction, including, without limitation, the Scheduled Termination Date or the Forward Price Adjustment Amount solely to account for (x) the economic effect of the Public Announcement, and/or (y) the effect of the Public Announcement on GS&Co.'s market activity in connection with the Transactions, as a consequence of any legal, regulatory or self-regulatory requirements or related policies and procedures (so long as such requirements, policies and procedures are generally applicable to transactions similar to the relevant Transactions and whether or not such requirements, policies or procedures are imposed by law or have been voluntarily adopted by GS&Co.) and/or (B) suspend the Calculation Period and/or any Settlement Valuation Period or (ii) treat the occurrence of such Public Announcement as an Additional Termination Event with Counterparty as the sole Affected Party and the Transactions hereunder as the Affected Transactions and with the amount under Section 6(e) of the Agreement determined taking into account the fact that the Calculation Period or Settlement Valuation Period, as the case may be, had fewer Scheduled Trading Days than originally anticipated. For the avoidance of doubt, in no event shall the aggregate number of Reserved Shares, as defined in Section 7 of Annex A, be adjusted.

“**Merger Transaction**” means any merger, acquisition or similar transaction involving a recapitalization as contemplated by Rule 10b-18(a)(13)(iv) under the Exchange Act.

8. Special Provisions for Acquisition Transaction Announcements. (a) If an Acquisition Transaction Announcement occurs on or prior to the Settlement Date for any Transaction, then the Calculation Agent shall make such commercially reasonable adjustments to the exercise, settlement, payment or any other terms of such Transaction as the Calculation Agent determines appropriate, at such time or at multiple times as the Calculation Agent determines appropriate, to account for the economic effect on such Transaction of such Transaction Announcement (including adjustments to account for changes in volatility, expected dividends, stock loan rate, the value of maintaining or establishing any commercially reasonable Hedge Positions in connection with the Transaction and liquidity relevant to the Shares or to such Transaction). For the avoidance of doubt, in no event shall the aggregate number of Reserved Shares, as defined in Section 7 of Annex A, be adjusted. If an Acquisition Transaction Announcement occurs after the Trade Date, but prior to the First Acceleration Date of any Transaction, the First Acceleration Date shall be the date of such Acquisition Transaction Announcement.

(b) “**Acquisition Transaction Announcement**” means (i) the announcement of an Acquisition Transaction, (ii) an announcement that Counterparty or any of its subsidiaries has entered into an agreement, a letter of intent or an understanding designed to result in an Acquisition Transaction, (iii) the announcement of the intention to solicit or enter into, or to explore strategic alternatives or other similar undertaking that may include, an Acquisition Transaction, (iv) any other announcement that in the reasonable judgment of the Calculation Agent may result in an Acquisition Transaction or (v) any announcement of any change or amendment to any previous Acquisition Transaction Announcement (including any announcement of the abandonment of any such previously announced Acquisition Transaction, agreement, letter of intent, understanding or intention). For the avoidance of doubt, announcements as used in the definition of Acquisition Transaction Announcement refer to any public announcement whether made by Counterparty or a third party.

(c) “**Acquisition Transaction**” means (i) any Merger Event (for purposes of this definition the definition of Merger Event shall be read with the references therein to “100%” being replaced by “20%” and to “50%” by “75%” and without reference to the clause beginning immediately following the definition of Reverse Merger therein to the end of such definition), Tender Offer or Merger Transaction or any other transaction involving the merger of Counterparty with or into any third party, (ii) the sale or transfer of all or substantially all of the assets of Counterparty, (iii) a recapitalization, reclassification, binding share exchange or other similar transaction, (iv) any acquisition, lease, exchange, transfer, disposition (including by way of spin-off or distribution) of assets (including any capital stock or other ownership interests in subsidiaries) or other similar event by Counterparty or any of its subsidiaries where the aggregate consideration transferable or receivable by or to Counterparty or its subsidiaries exceeds 20% of the market capitalization of Counterparty and (v) any transaction in which Counterparty or its board of directors has a legal obligation to make a recommendation to its shareholders in respect of such transaction (whether pursuant to Rule 14e-2 under the Exchange Act or otherwise).

Acknowledgments. (a) The parties hereto intend for:

(i) each Transaction to be a “securities contract” as defined in Section 741(7) of the Bankruptcy Code, a “swap agreement” as defined in Section 101(53B) of the Bankruptcy Code and a “forward contract” as defined in Section 101(25) of the Bankruptcy Code, and the parties hereto to be entitled to the protections afforded by, among other Sections, Sections 362(b)(6), 362(b)(17), 362(b)(27), 362(o), 546(e), 546(g), 546(j), 555, 556, 560 and 561 of the Bankruptcy Code;

(ii) a party’s right to liquidate, terminate or accelerate any Transaction and to exercise any other remedies upon the occurrence of any Event of Default or Termination Event under the Agreement with respect to the other party or any Extraordinary Event that results in the termination or cancellation of any Transaction to constitute a “contractual right” (as defined in the Bankruptcy Code); and

(iii) all payments for, under or in connection with each Transaction, all payments for the Shares (including, for the avoidance of doubt, payment of the Prepayment Amount) and the transfer of such Shares to constitute "settlement payments" and "transfers" (as defined in the Bankruptcy Code).

(b) Counterparty acknowledges that:

(i) during the term of any Transaction, GS&Co. and its affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to such Transaction;

(ii) GS&Co. and its affiliates may also be active in the market for the Shares and derivatives linked to the Shares other than in connection with hedging activities in relation to any Transaction, including acting as agent or as principal and for its own account or on behalf of customers;

(iii) GS&Co. shall make its own determination as to whether, when or in what manner any hedging or market activities in Counterparty's securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the VWAP Price;

(iv) any market activities of GS&Co. and its affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price and VWAP Price, each in a manner that may be adverse to Counterparty; and

(v) each Transaction is a derivatives transaction in which it has granted GS&Co. an option; GS&Co. may purchase shares for its own account at an average price that may be greater than, or less than, the price paid by Counterparty under the terms of the related Transaction.

(c) Counterparty:

(i) is an "institutional account" as defined in FINRA Rule 4512(c);

(ii) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities, and will exercise independent judgment in evaluating the recommendations of GS&Co. or its associated persons, unless it has otherwise notified GS&Co. in writing; and

(iii) will notify GS&Co. if any of the statements contained in clause (i) or (ii) of this Section 10(c) ceases to be true.

9. Credit Support Documents. The parties hereto acknowledge that no Transaction hereunder is secured by any collateral that would otherwise secure the obligations of Counterparty herein or pursuant to the Agreement.

10. Set-off. Each party waives any and all rights it may have to set off obligations arising under the Agreement and any Transaction against other obligations between the parties, whether arising under any other agreement, applicable law or otherwise.

11. Delivery of Shares. Notwithstanding anything to the contrary herein, GS&Co. may, by prior notice to Counterparty, satisfy its obligation to deliver any Shares or other securities on any date due (an "**Original Delivery Date**") by making separate deliveries of Shares or such securities, as the case may be, at more than one time on or prior to such Original Delivery Date, so long as the aggregate number of Shares and other securities so delivered on or prior to such Original Delivery Date is equal to the number required to be delivered on such Original Delivery Date.

12. Early Termination. In the event that an Early Termination Date (whether as a result of an Event of Default or a Termination Event) occurs or is designated with respect to any Transaction (except as a result of a Merger Event in which the consideration or proceeds to be paid to holders of Shares consists solely of cash), if either party

would owe any amount to the other party pursuant to Section 6(d)(ii) of the Agreement (any such amount, a "**Payment Amount**"), then, in lieu of any payment of such Payment Amount, Counterparty or GS&Co. shall deliver, as the case may be, to the other party a number of Shares (or, in the case of a Merger Event, a number of units, each comprising the number or amount of the securities or property that a hypothetical holder of one Share would receive in such Merger Event (each such unit, an "**Alternative Delivery Unit**" and, the securities or property comprising such unit, "**Alternative Delivery Property**")) with a value equal to the Payment Amount, as determined by the Calculation Agent (and the parties agree that, in making such determination of value, the Calculation Agent may take into account a number of factors, including the market price of the Shares or Alternative Delivery Property on the date of early termination and, if such delivery is made by GS&Co., the prices at which GS&Co. purchases Shares or Alternative Delivery Property to fulfill its delivery obligations under this Section 13) unless, by prior written notice to GS&Co, Counterparty elects to settle such payment obligation by making or receiving a cash payment; *provided* that in determining the composition of any Alternative Delivery Unit, if the relevant Merger Event involves a choice of consideration to be received by all holders, such holder shall be deemed to have elected to receive the maximum possible amount of cash; and *provided further* that Counterparty may make such election to settle such payment obligation in cash only if Counterparty represents and warrants to GS&Co. in writing on the date it notifies GS&Co. of such election that, as of such date, Counterparty is not aware of any material non-public information concerning the Shares and is making such election in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws. Unless Counterparty has given notice to GS&Co of its election to settle the payment obligation described in this Section 13 in cash, paragraphs 2 through 7 of Annex A shall apply as if such delivery were a settlement of the Transaction to which Net Share Settlement applied, the Cash Settlement Payment Date were the Early Termination Date and the Forward Cash Settlement Amount were zero (0) *minus* the Payment Amount owed by Counterparty.

13. Calculations and Payment Date upon Early Termination. The parties acknowledge and agree that in calculating Loss pursuant to Section 6 of the Agreement GS&Co. may (but need not) determine losses without reference to actual losses incurred but based on expected losses assuming a commercially reasonable (including without limitation with regard to reasonable legal and regulatory guidelines) risk bid were used to determine loss to avoid awaiting the delay associated with closing out any hedge or related trading position in a commercially reasonable manner prior to or sooner following the designation of an Early Termination Date. Notwithstanding anything to the contrary in Section 6(d)(ii) of the Agreement, all amounts calculated as being due in respect of an Early Termination Date under Section 6(e) of the Agreement will be payable on the day that notice of the amount payable is effective; *provided* that if Counterparty elects to receive Shares or Alternative Delivery Property in accordance with Section 13, such Shares or Alternative Delivery Property shall be delivered on a date selected by GS&Co. as promptly as practicable.

14. Automatic Termination Provisions. Notwithstanding anything to the contrary in Section 6 of the Agreement, if a Termination Price is specified in any Supplemental Confirmation, then an Additional Termination Event with Counterparty as the sole Affected Party and the Transaction to which such Supplemental Confirmation relates as the Affected Transaction will automatically occur without any notice or action by GS&Co. or Counterparty if the price of the Shares on the Exchange at any time falls below such Termination Price, and the Exchange Business Day that the price of the Shares on the Exchange at any time falls below the Termination Price will be the "Early Termination Date" for purposes of the Agreement.

15. Delivery of Cash. For the avoidance of doubt, nothing in this Master Confirmation shall be interpreted as requiring Counterparty to deliver cash in respect of the settlement of the Transactions contemplated by this Master Confirmation following payment by Counterparty of the relevant Prepayment Amount, except in circumstances where the required cash settlement thereof is permitted for classification of the contract as equity by ASC 815-40, *Derivatives and Hedging – Contracts in Entity's Own Equity*, as in effect on the relevant Trade Date (including, without limitation, where Counterparty so elects to deliver cash or fails timely to elect to deliver Shares or Alternative Delivery Property in respect of the settlement of such Transactions).

16. Claim in Bankruptcy. GS&Co. acknowledges and agrees that this Confirmation is not intended to convey to it rights with respect to the Transactions that are senior to the claims of common stockholders in the event of Counterparty's bankruptcy.

17. Governing Law. The Agreement, this Master Confirmation, each Supplemental Confirmation and all matters arising in connection with the Agreement, this Master Confirmation and each Supplemental Confirmation shall be governed by, and construed and enforced in accordance with, the laws of the State of New York (without reference to its choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law).

18. Illegality. The parties agree that, for the avoidance of doubt, for purposes of Section 5(b)(i) of the Agreement, “any applicable law” shall include the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, any rules and regulations promulgated thereunder and any similar law or regulation, without regard to Section 739 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 or any similar legal certainty provision in any legislation enacted, or rule or regulation promulgated, on or after the Trade Date, and the consequences specified in the Agreement, including without limitation, the consequences specified in Section 6 of the Agreement, shall apply to any Illegality arising from any such act, rule or regulation.

19. Offices.

(a) The Office of GS&Co. for each Transaction is: 200 West Street, New York, New York 10282-2198.

(b) The Office of Counterparty for each Transaction is: 7 World Trade Center, 250 Greenwich Street, 49th Floor, New York, New York 10007.

20. Waiver of Jury Trial. **EACH PARTY HEREBY IRREVOCABLY WAIVES (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTION OR THE ACTIONS OF COUNTERPARTY OR ITS AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.**

21. Jurisdiction. **THE PARTIES HERETO IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES COURT FOR THE SOUTHERN DISTRICT OF NEW YORK IN CONNECTION WITH ALL MATTERS ARISING IN CONNECTION WITH THE AGREEMENT, THIS MASTER CONFIRMATION AND EACH SUPPLEMENTAL CONFIRMATION AND WAIVE ANY OBJECTION TO THE LAYING OF VENUE IN, AND ANY CLAIM OF INCONVENIENT FORUM WITH RESPECT TO, THESE COURTS.**

22. Counterparts. This Master Confirmation may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Master Confirmation by signing and delivering one or more counterparts.

Counterparty hereby agrees (a) to check this Master Confirmation carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing (in the exact form provided by GS&Co.) correctly sets forth the terms of the agreement between GS&Co. and Counterparty with respect to any particular Transaction to which this Master Confirmation relates, by manually signing this Master Confirmation or this page hereof as evidence of agreement to such terms and providing the other information requested herein and immediately returning an executed copy to Equity Derivatives Documentation Department, Facsimile No.

Yours faithfully,

GOLDMAN, SACHS & CO.

By: /s/ Daniela A. Rouse
Name: Daniela A. Rouse
Title: Vice President

Agreed and Accepted By:

MSCI INC.

By: /s/ Robert Qutub
Name: Robert Qutub
Title: Chief Financial Officer

SCHEDULE A

SUPPLEMENTAL CONFIRMATION

To:	MSCI Inc. 7 World Trade Center 250 Greenwich Street, 49th Floor New York, New York 10007
From:	Goldman, Sachs & Co.
Subject:	Accelerated Stock Buyback
Ref. No:	**[Insert Reference No.]**
Date:	**[Insert Date]**

The purpose of this Supplemental Confirmation is to confirm the terms and conditions of the Transaction entered into between Goldman, Sachs & Co. ("**GS&Co.**") and MSCI Inc. ("**Counterparty**") (together, the "**Contracting Parties**") on the Trade Date specified below. This Supplemental Confirmation is a binding contract between GS&Co. and Counterparty as of the relevant Trade Date for the Transaction referenced below.

1. This Supplemental Confirmation supplements, forms part of, and is subject to the Master Confirmation dated as of September 18, 2014 (the "**Master Confirmation**") between the Contracting Parties, as amended and supplemented from time to time. All provisions contained in the Master Confirmation govern this Supplemental Confirmation except as expressly modified below.

2. The terms of the Transaction to which this Supplemental Confirmation relates are as follows:

Trade Date:	[ ]
Forward Price Adjustment Amount:	USD [ ]
Calculation Period Start Date:	[ ]
Scheduled Termination Date:	[ ]
First Acceleration Date:	[ ]
Cap Price:	USD [ ]
Prepayment Amount:	USD [ ]
Prepayment Date:	[ ][1]

1 Note that settlement should occur at T+1 from the Trade Date.

Initial Shares:	[ ] Shares; *provided* that if, in connection with the Transaction, GS&Co. is unable to borrow or otherwise acquire a number of Shares equal to the Initial Shares for delivery to Counterparty on the Initial Share Delivery Date, the Initial Shares delivered on the Initial Share Delivery Date shall be reduced to such number of Shares that GS&Co. is able to so borrow or otherwise acquire.
Initial Share Delivery Date:	[ ]
Ordinary Dividend Amount:	For any calendar quarter, USD [ ]
Scheduled Ex-Dividend Dates:	[ ]
Termination Price:	USD [ ] per Share
Additional Relevant Days:	The [ ] Exchange Business Days immediately following the Calculation Period.

3. Counterparty represents and warrants to GS&Co. that neither it nor any “affiliated purchaser” (as defined in Rule 10b-18 under the Exchange Act) has made any purchases of blocks pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act during either (i) the four full calendar weeks immediately preceding the Trade Date or (ii) during the calendar week in which the Trade Date occurs.

4. This Supplemental Confirmation may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Supplemental Confirmation by signing and delivering one or more counterparts.

Counterparty hereby agrees (a) to check this Supplemental Confirmation carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing (in the exact form provided by GS&Co.) correctly sets forth the terms of the agreement between GS&Co. and Counterparty with respect to the Transaction to which this Supplemental Confirmation relates, by manually signing this Supplemental Confirmation or this page hereof as evidence of agreement to such terms and providing the other information requested herein and immediately returning an executed copy to Equity Derivatives Documentation Department, facsimile No.

Yours sincerely,

GOLDMAN, SACHS & CO.

By: ______________________________
Authorized Signatory

Agreed and Accepted By:

MSCI INC.

By: ______________________________
Name:
Title:

ANNEX A

COUNTERPARTY SETTLEMENT PROVISIONS

1. The following Counterparty Settlement Provisions shall apply to the extent indicated under the Master Confirmation:

Settlement Currency:	USD
Settlement Method Election:	Applicable; *provided* that (i) Section 7.1 of the Equity Definitions is hereby amended by deleting the word “Physical” in the sixth line thereof and replacing it with the words “Net Share” and (ii) the Electing Party may make a settlement method election only if the Electing Party represents and warrants to GS&Co in writing on the date it notifies GS&Co of its election that, as of such date, the Electing Party is not aware of any material non-public information concerning Counterparty or the Shares and is electing the settlement method in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws.
Electing Party:	Counterparty
Settlement Method Election Date:	The earlier of (i) the Scheduled Termination Date and (ii) the second Exchange Business Day immediately following the Accelerated Termination Date (in which case the election under Section 7.1 of the Equity Definitions shall be made no later than 10 minutes prior to the open of trading on the Exchange on such second Exchange Business Day), as the case may be
Default Settlement Method:	Net Share Settlement
Forward Cash Settlement Amount:	The Number of Shares to be Delivered *multiplied by* the Settlement Price
Settlement Price:	The average of the VWAP Prices for the Exchange Business Days in the Settlement Valuation Period, subject to Valuation Disruption as specified in the Master Confirmation
Settlement Valuation Period:	A number of Scheduled Trading Days selected by GS&Co. using commercially reasonable discretion, beginning on the Scheduled Trading Day immediately following the earlier of (i) the Scheduled Termination Date or (ii) the Exchange Business Day immediately following the Termination Date
Cash Settlement:	If Cash Settlement is applicable, then Buyer shall pay to Seller the absolute value of the Forward Cash Settlement Amount on the Cash Settlement Payment Date.

Cash Settlement Payment Date:	The date one Settlement Cycle following the last day of the Settlement Valuation Period.
Net Share Settlement Procedures:	If Net Share Settlement is applicable, Net Share Settlement shall be made in accordance with paragraphs 2 through 7 below.

2. Net Share Settlement shall be made by delivery on the Cash Settlement Payment Date of a number of Shares satisfying the conditions set forth in paragraph 3 below (the “**Registered Settlement Shares**”), or a number of Shares not satisfying such conditions (the “**Unregistered Settlement Shares**”), in either case with a value equal to the absolute value of the Forward Cash Settlement Amount, with such Shares’ value based on the value thereof to GS&Co. (which value shall, in the case of Unregistered Settlement Shares, take into account a commercially reasonable illiquidity discount), in each case as determined by the Calculation Agent.

3. Counterparty may only deliver Registered Settlement Shares pursuant to paragraph 2 above if:

(a) a registration statement covering public resale of the Registered Settlement Shares by GS&Co. (the “**Registration Statement**”) shall have been filed with the Securities and Exchange Commission under the Securities Act and been declared or otherwise become effective on or prior to the date of delivery, and no stop order shall be in effect with respect to the Registration Statement; a printed prospectus relating to the Registered Settlement Shares (including any prospectus supplement thereto, the “**Prospectus**”) shall have been delivered to GS&Co., in such quantities as GS&Co. shall reasonably have requested, on or prior to the date of delivery;

(b) the form and content of the Registration Statement and the Prospectus (including, without limitation, any sections describing the plan of distribution) shall be satisfactory to GS&Co.;

(c) as of or prior to the date of delivery, GS&Co. and its agents shall have been afforded a reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for underwritten offerings of equity securities and the results of such investigation are satisfactory to GS&Co., in its discretion; and

(d) as of the date of delivery, an agreement (the “**Underwriting Agreement**”) shall have been entered into with GS&Co. in connection with the public resale of the Registered Settlement Shares by GS&Co. substantially similar to underwriting agreements customary for underwritten offerings of equity securities of similar size, in form and substance satisfactory to GS&Co., which Underwriting Agreement shall include, without limitation, provisions substantially similar to those contained in such underwriting agreements relating, without limitation, to the indemnification of, and contribution in connection with the liability of, GS&Co. and its affiliates and the provision of customary opinions, accountants’ comfort letters and lawyers’ negative assurance letters.

4. If Counterparty delivers Unregistered Settlement Shares pursuant to paragraph 2 above:

(a) all Unregistered Settlement Shares shall be delivered to GS&Co. (or any affiliate of GS&Co. designated by GS&Co.) pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof;

(b) as of or prior to the date of delivery, GS&Co. and any potential purchaser of any such shares from GS&Co. (or any affiliate of GS&Co. designated by GS&Co.) identified by GS&Co. shall be afforded a commercially reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for private placements of equity securities of similar size (including, without limitation, the right to have made available to them for inspection all financial and other records, pertinent corporate documents and other information reasonably requested by them); *provided* that Counterparty shall not be required to disclose material non-public information in connection with such due diligence investigation if such disclosure is prohibited by legal or contractual restrictions applicable to Counterparty; *provided further* that Counterparty shall use its commercially reasonable efforts not to agree to such restrictions during the term of this Transaction;

(c) as of the date of delivery, Counterparty shall enter into an agreement (a "**Private Placement Agreement**") with GS&Co. (or any affiliate of GS&Co. designated by GS&Co.) in connection with the private placement of such shares by Counterparty to GS&Co. (or any such affiliate) and the private resale of such shares by GS&Co. (or any such affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities of similar size, in form and substance commercially reasonably satisfactory to GS&Co., subject to the proviso in clause (b) above, which Private Placement Agreement shall include, without limitation, provisions substantially similar to those contained in such private placement purchase agreements relating, without limitation, to the indemnification of, and contribution in connection with the liability of, GS&Co. and its affiliates and the provision of customary opinions, accountants' comfort letters and lawyers' negative assurance letters, and shall provide for the payment by Counterparty of all fees and expenses in connection with such resale, including all fees and expenses of counsel for GS&Co., and shall contain representations, warranties, covenants and agreements of Counterparty reasonably necessary or advisable to establish and maintain the availability of an exemption from the registration requirements of the Securities Act for such resales; and

(d) in connection with the private placement of such shares by Counterparty to GS&Co. (or any such affiliate) and the private resale of such shares by GS&Co. (or any such affiliate), Counterparty shall, if so requested by GS&Co., prepare, in cooperation with GS&Co., a private placement memorandum in form and substance reasonably satisfactory to GS&Co.

5. GS&Co., itself or through an affiliate (the "**Selling Agent**") or any underwriter(s), will sell all, or such lesser portion as may be required hereunder, of the Registered Settlement Shares or Unregistered Settlement Shares and any Makewhole Shares (as defined below) (together, the "**Settlement Shares**") delivered by Counterparty to GS&Co. pursuant to paragraph 6 below commencing on the Cash Settlement Payment Date and continuing until the date on which the aggregate Net Proceeds (as such term is defined below) of such sales, as determined by GS&Co., is equal to the absolute value of the Forward Cash Settlement Amount (such date, the "**Final Resale Date**"). If the proceeds of any sale(s) made by GS&Co., the Selling Agent or any underwriter(s), net of any fees and commissions (including, without limitation, underwriting or placement fees) customary for similar transactions under the circumstances at the time of the offering, together with carrying charges and expenses incurred in connection with the offer and sale of the Shares (including, but without limitation to, the covering of any over-allotment or short position (syndicate or otherwise)) (the "**Net Proceeds**") exceed the absolute value of the Forward Cash Settlement Amount, GS&Co. will refund, in USD, such excess to Counterparty on the date that is three (3) Currency Business Days following the Final Resale Date, and, if any portion of the Settlement Shares remains unsold, GS&Co. shall return to Counterparty on that date such unsold Shares.

6. If the Calculation Agent determines that the Net Proceeds received from the sale of the Registered Settlement Shares or Unregistered Settlement Shares or any Makewhole Shares, if any, pursuant to this paragraph 6 are less than the absolute value of the Forward Cash Settlement Amount (the amount in USD by which the Net Proceeds are less than the absolute value of the Forward Cash Settlement Amount being the "**Shortfall**" and the date on which such determination is made, the "**Deficiency Determination Date**"), Counterparty shall on the Exchange Business Day next succeeding the Deficiency Determination Date (the "**Makewhole Notice Date**") deliver to GS&Co., through the Selling Agent, a notice of Counterparty's election that Counterparty shall either (i) pay an amount in cash equal to the Shortfall on the day that is one (1) Currency Business Day after the Makewhole Notice Date, or (ii) deliver additional Shares. If Counterparty elects to deliver to GS&Co. additional Shares, then Counterparty shall deliver additional Shares in compliance with the terms and conditions of paragraph 3 or paragraph 4 above, as the case may be (the "**Makewhole Shares**"), on the first Clearance System Business Day which is also an Exchange Business Day following the Makewhole Notice Date in such number as the Calculation Agent reasonably believes would have a market value on that Exchange Business Day equal to the Shortfall. Such Makewhole Shares shall be sold by GS&Co. in accordance with the provisions above; *provided* that if the sum of the Net Proceeds from the sale of the originally delivered Shares and the Net Proceeds from the sale of any Makewhole Shares is less than the absolute value of the Forward Cash Settlement Amount then Counterparty shall, at its election, either make such cash payment or deliver to GS&Co. further Makewhole Shares until such Shortfall has been reduced to zero.

7. Notwithstanding the foregoing, in no event shall the aggregate number of Settlement Shares and Makewhole Shares be greater than the Reserved Shares *minus* the amount of any Shares actually delivered by Counterparty under any other Transaction(s) under this Master Confirmation (the result of such calculation, the "**Capped Number**"). Counterparty represents and warrants (which shall be deemed to be repeated on each day that a Transaction is outstanding) that the Capped Number is equal to or less than the number of Shares determined according to the following formula:

$$A - B$$

Where A = the number of authorized but unissued shares of the Counterparty that are not reserved for future issuance on the date of the determination of the Capped Number; and

B = the maximum number of Shares required to be delivered to third parties if Counterparty elected Net Share Settlement of all transactions in the Shares (other than Transactions in the Shares under this Master Confirmation) with all third parties that are then currently outstanding and unexercised.

"**Reserved Shares**" means initially, 12,961,763 Shares. The Reserved Shares may be increased or decreased in a Supplemental Confirmation as mutually agreed upon by the parties. Counterparty will not effect any Share split, Share distribution or similar change to Counterparty's capitalization unless (i) Counterparty has provided a written acknowledgment and agreement to GS&Co. that the Calculation Agent will be permitted to make a corresponding increase in the Reserved Shares as appropriate to take into account the relevant transaction or event notwithstanding any provision to the contrary in this Master Confirmation or any Supplemental Confirmation and (ii) Counterparty has taken all necessary corporate action to permit the Reserved Shares to be increased in such manner.

SUPPLEMENTAL CONFIRMATION

To:	MSCI Inc. 7 World Trade Center 250 Greenwich Street, 49th Floor New York, New York 10007
From:	Goldman, Sachs & Co.
Subject:	Accelerated Stock Buyback
Ref. No:	
Date:	September 18, 2014

The purpose of this Supplemental Confirmation is to confirm the terms and conditions of the Transaction entered into between Goldman, Sachs & Co. ("**GS&Co.**") and MSCI Inc. ("**Counterparty**") (together, the "**Contracting Parties**") on the Trade Date specified below. This Supplemental Confirmation is a binding contract between GS&Co. and Counterparty as of the relevant Trade Date for the Transaction referenced below.

1. This Supplemental Confirmation supplements, forms part of, and is subject to the Master Confirmation dated as of September 18, 2014 (the "**Master Confirmation**") between the Contracting Parties, as amended and supplemented from time to time. All provisions contained in the Master Confirmation govern this Supplemental Confirmation except as expressly modified below.

2. The terms of the Transaction to which this Supplemental Confirmation relates are as follows:

Trade Date:	September 18, 2014
Forward Price Adjustment Amount:	USD 0.30
Calculation Period Start Date:	September 18, 2014
Scheduled Termination Date:	May 18, 2015
First Acceleration Date:	March 2, 2015
Cap Price:	USD 66.12
Prepayment Amount:	USD 300,000,000
Prepayment Date:	September 19, 2014
Initial Shares:	4,536,617 Shares; *provided* that if, in connection with the Transaction, GS&Co. is unable to borrow or otherwise acquire a number of Shares equal to the Initial Shares for delivery to Counterparty on the Initial Share Delivery Date, the Initial Shares delivered on the Initial Share Delivery Date shall be reduced to such number of Shares that GS&Co. is able to so borrow or otherwise acquire.
Initial Share Delivery Date:	September 19, 2014
Ordinary Dividend Amount:	For any calendar quarter, USD 0.18

Scheduled Ex-Dividend Dates:	October 10, 2014; February 18, 2015; May 13, 2015
Termination Price:	USD 17.50 per Share
Additional Relevant Days:	The 5 Exchange Business Days immediately following the Calculation Period.

3. Counterparty represents and warrants to GS&Co. that neither it nor any “affiliated purchaser” (as defined in Rule 10b-18 under the Exchange Act) has made any purchases of blocks pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act during either (i) the four full calendar weeks immediately preceding the Trade Date or (ii) during the calendar week in which the Trade Date occurs.

4. This Supplemental Confirmation may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Supplemental Confirmation by signing and delivering one or more counterparts.

Counterparty hereby agrees (a) to check this Supplemental Confirmation carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing (in the exact form provided by GS&Co.) correctly sets forth the terms of the agreement between GS&Co. and Counterparty with respect to the Transaction to which this Supplemental Confirmation relates, by manually signing this Supplemental Confirmation or this page hereof as evidence of agreement to such terms and providing the other information requested herein and immediately returning an executed copy to Equity Derivatives Documentation Department, facsimile No.

Yours sincerely,

GOLDMAN, SACHS & CO.

By: /s/ Daniela A. Rouse
Name: Daniela A. Rouse
Title: Vice President

Agreed and Accepted By:

MSCI INC.

By: /s/ Robert Qutub
Name: Robert Qutub
Title: Chief Financial Officer

Exhibit 15.1

October 30, 2014

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

Commissioners:

We are aware that our report dated October 30, 2014 on our review of interim financial information of MSCI Inc. for the three and nine month periods ended September 30, 2014 and included in the Company’s quarterly report on Form 10-Q for the quarter ended September 30, 2014 is incorporated by reference in Registration Statement No. 333-147540, No. 333-165888 and No. 333-167624 dated November 20, 2007, June 3, 2010 and June 18, 2010, respectively, on Form S-8 and the Registration Statement No. 333-181533 dated May 18, 2012 on Form S-3.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

New York, New York

Exhibit 15.2

To the Board of Directors and Shareholders of MSCI Inc.:

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited condensed consolidated statements of income and comprehensive income for the three and nine-month periods ended September 30, 2013 and the related condensed consolidated statement of cash flows for the nine-month period ended September 30, 2013, as indicated in our report dated February 28, 2014 (August 6, 2014 as to the effects of revision as discussed in Note 1 and October 30, 2014 as to the effects of the discontinued operations as discussed in Note 3); because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, is incorporated by reference in Registration Statement Nos. 333-167624, 333-147540, and 333-165888 on Form S-8 and Registration Statement No. 333-181533 on Form S-3.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP

New York, New York
October 30, 2014

Exhibit 31.1

SECTION 302 CERTIFICATION

I, Henry A. Fernandez, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MSCI Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 30, 2014

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

Exhibit 31.2

SECTION 302 CERTIFICATION

I, Robert Qutub, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MSCI Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2014

/s/ Robert Qutub
Robert Qutub
Chief Financial Officer
(Principal Financial Officer and
Authorized Signatory)

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 Robert Qutub, the Chief Financial Officer of the Registrant, each hereby certifies that, to the best of his knowledge:

1. The Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2014, 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: October 30, 2014

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