MSCI

Raymond James 38th Annual Institutional Investors Conference

Kathleen Winters, CFO

March 8, 2017

FORWARD - LOOKING STATEMENTS

- **Forward-Looking Statements – Safe Harbor Statements**
  - This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, our full-year 2017 guidance and our long-term targets. These forward-looking statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. In some cases, you can identify forward-looking statements by the use of words such as “may,” “could,” “expect,” “intend,” “plan,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” or “continue,” or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and that could materially affect our actual results, levels of activity, performance or achievements. Other factors that could materially affect our actual results, levels of activity, performance or achievements can be found in MSCI’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed with the Securities and Exchange Commission (“SEC”) on February 24, 2017, and in quarterly reports on Form 10-Q and current reports on Form 8-K filed with the SEC. If any of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what MSCI projected. Any forward-looking statement in this presentation reflects MSCI’s current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to MSCI’s operations, results of operations, growth strategy and liquidity. MSCI assumes no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise, except as required by law.

OTHER INFORMATION

- Percentage changes and totals in this presentation may not sum due to rounding.
- Percentage changes refer to the comparable period in 2015 and exclude discontinued operations, unless otherwise noted.
- FY 2015 and FY 2016 refer to twelve months ended December 31, 2015, and twelve months ended December 31, 2016, respectively.
- Gross sales include both recurring subscription and non-recurring sales.
- Subscription revenues include the total of recurring subscription and non-recurring revenues.
- Foreign currency exchange rate fluctuations are calculated to be the difference between the current period results as reported compared to the current period results recalculated using the foreign currency exchange rates in effect for the comparable prior period. We do not provide the impact of foreign currency fluctuations on our asset-based fees tied to average AUM, of which approximately two-thirds are invested in securities denominated in currencies other than the U.S. dollar, and accordingly, the impact of any such is excluded from the disclosed foreign currency adjusted variances.
- As a result of the sales of Institutional Shareholder Services Inc. and the Center for Financial Research and Analysis, in Q1'14 MSCI began reporting its former Governance business as discontinued operations in its financial statements. Financial and operating metrics for prior periods have been updated to exclude the Governance business.
- On August 1, 2016, MSCI closed the sale of its Real Estate Occupiers benchmarking business. Unless indicated otherwise, reported financial results and operating metrics have not been updated to exclude the results of this business.

TODAY'S PRESENTER

Kathleen Winters

- Chief Financial Officer since May 2016
- Formerly at Honeywell International in a succession of senior finance positions, most recently served as Vice President and Chief Financial Officer for the company's Performance Materials and Technologies division
- Holds a Bachelor of Science degree in Accounting from Boston College

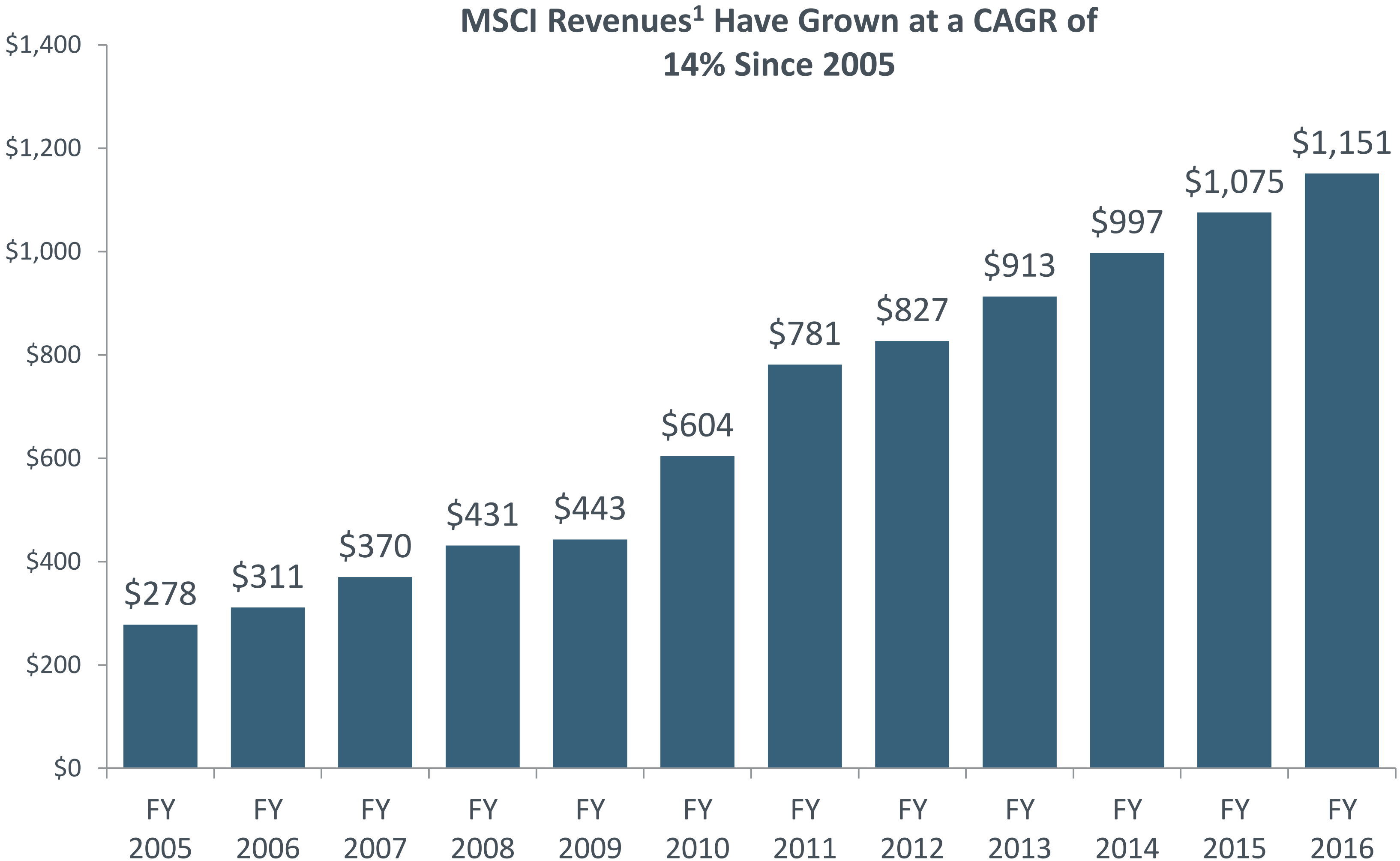
MSCI INVESTMENT HIGHLIGHTS

- **A leading provider of mission critical investment decision support tools to the world's leading institutional investors**
- **Favorable, macro-growth trends in key product areas**
  - Global investing, growth in passive investing (ETFs), use of factors, increasing need for performance attribution / risk reporting, integration of ESG into the mainstream of the investment process
- **Compelling business model**
  - Strong track record of delivering revenue growth
  - 98% of revenue is recurring / revenue retention at 93% (FY 2016)
  - High margin / low capital requirements
  - Strong cash generation
- **Strong competitive position**
  - $10 trillion in assets[1] benchmarked to MSCI indexes globally
  - A leader in cross-border index licensing, ex-home country bias
  - #1 in number of equity ETFs linked to equity indexes (910 as of Q4'16)
  - World-class research enhanced content and proprietary IP
- **Strong balance sheet and liquidity**
- **Management strength**
  - Focus on consistent, quality growth / strong accountability
  - Solid stewardship of capital / focus on shareholder value creation

(1) As of December 31, 2015, as reported on March 31, 2016 by eVestment, Morningstar and Bloomberg.

STRONG TRACK RECORD OF REVENUE GROWTH

(US$ in millions)



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[1] Operating revenues from continuing operations.

MSCI FINANCIAL MODEL

REVENUE GROWTH	Recurring, Visible Revenue Model	98% recurring revenues and 82% subscription revenues FY 2016
	Strong Historical Retention Rates	90%+ annually since 2011 and 93% FY 2016
OPERATIONAL EFFICIENCY	Scalable Cost Structure	FY 2016 Adjusted EBITDA margin of 49.5%
	Aligning Tax Structure With Operating Footprint	FY 2016 Effective Tax Rate of 32.4%
CAPITAL OPTIMIZATION	High Cash Generation	Free Cash Flow of $392m for FY 2016
	Low Capital Expenditures	Capex of $43m for FY 2016

Long-Term Shareholder Value Creation

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LTM: Last 12 months.

A TRULY GLOBAL PRESENCE

Global Footprint
33 Offices
2,862 Employees

% of Total Employees	Q4'13	Q4'14	Q4'15	Q4'16
Developed Market Centers	54%	49%	47%	44%
Emerging Market Centers	46%	51%	53%	56%

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Note: Headcount and number of offices as of December 31, 2016.

WE ARE AT THE CENTER OF THE INVESTMENT PROCESS

Relationships With 97 of the Top 100 Global Asset Managers*

~ 6,800 Clients Across 88 countries

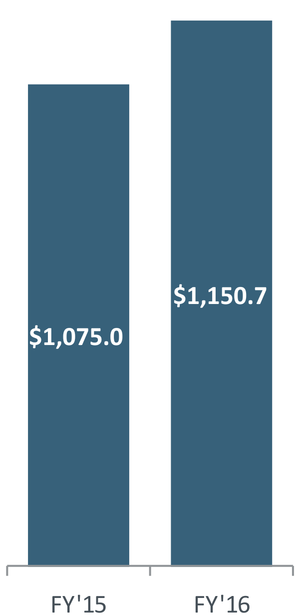
*Source: Most recent P&I ranking.

FY 2016 FINANCIAL SUMMARY

(US$ in millions, except for EPS)

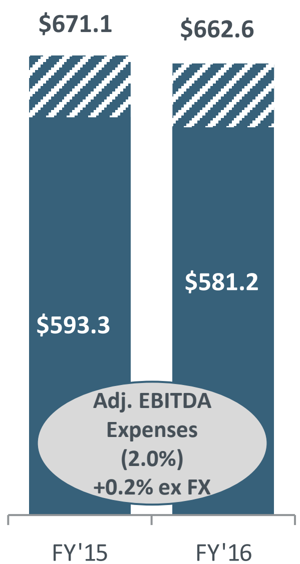
Operating Revenue

+7.0%
+7.5% ex FX[1]



Operating Expenses

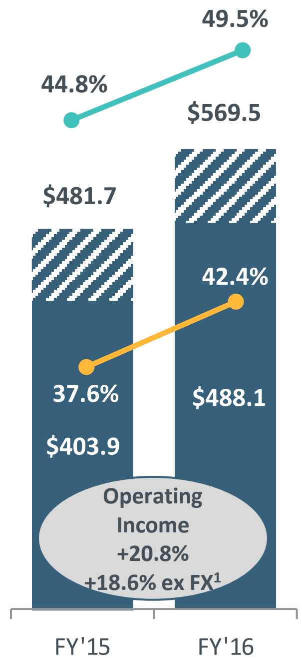
Operating Expenses
(1.3%)
+0.8% ex FX



= Depreciation and Amortization

Operating Income

Adj. EBITDA
+18.2%
+16.6% ex FX[1]



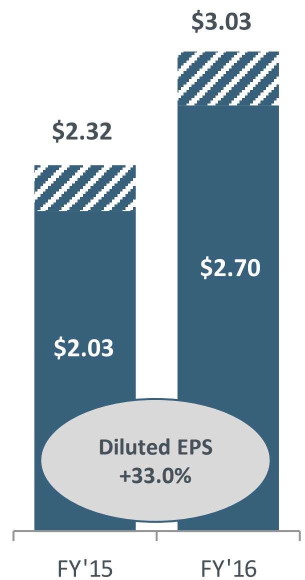
= Depreciation and Amortization

Adj. EBITDA Margin

Operating Margin

Earnings Per Share

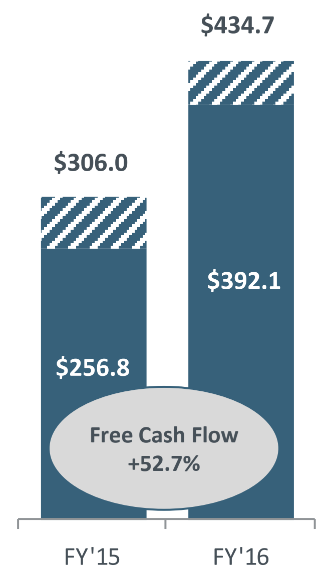
Adj. EPS
+30.6%



= Diluted EPS, less earnings per diluted share from discontinued operations, plus the after-tax impact of intangible amortization, less gain on sale

Cash Generation

Cash from Operations
+42.1%



= Capex

Strong Financial Performance Across All Metrics

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

INDEX PRODUCTS

How MSCI Generates Value

Products & Services

- Data & Content
- Research & Services

Asset Owners and their Advisors

- Use our indexes in asset allocation as performance benchmarks for mandates and as the basis for indexed strategies

Managers

- Active Managers use our indexes as benchmarks
- Indexed Managers and ETF providers use our indexes for indexed strategies

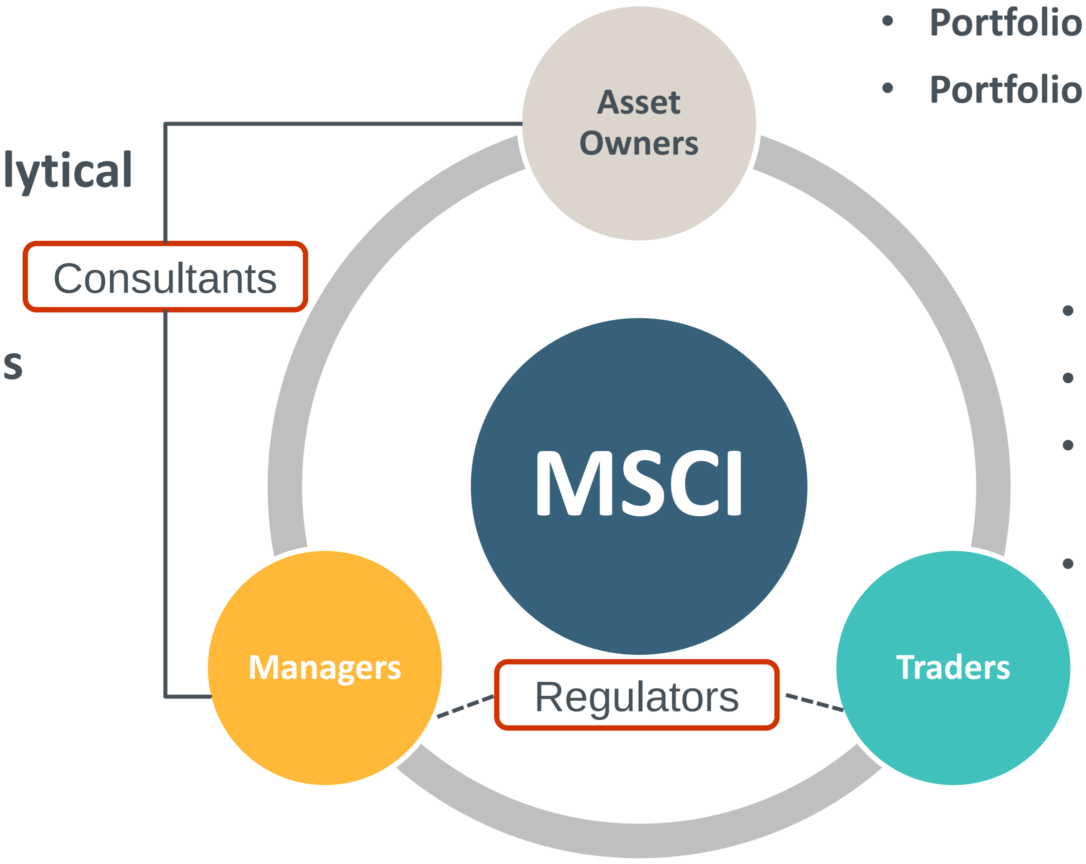
Traders

- Use our data to support Managers in index trades and to support trading of financial products

ANALYTICS PRODUCTS

How MSCI Generates Value

- **Data & Analytical Content**
- **Applications**



Asset Owners and Their Consultants

- **Portfolio Construction**
- **Portfolio Performance & Risk**

Managers

- **Portfolio Management**
- **Risk Management**
- **Performance Attribution**
- **Product Creation**

Traders

- **Order Execution**
- **Risk Management**

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BALANCE SHEET AND LIQUIDITY

(US$ in millions)

		As of December 31, 2016
Cash & Cash Equivalents		**$791.8**
Cash & Cash Equivalents in the US[1]	$583.6	
Cash & Cash Equivalents held outside of the US	$208.2	
Total Debt[2]		**$2,100.0**
5.25% $800m senior unsecured notes due 11/2024	$800.0	
5.75% $800m senior unsecured notes due 8/2025	$800.0	
4.75% $500m senior unsecured notes due 8/2026	$500.0	
$220m unsecured revolving credit facility terminating 8/2021	$0.0	
Net Debt		**$1,308.2**
Total Debt / Adj. EBITDA		**3.7x**
Net Debt / Adj. EBITDA		**2.3x**
Credit Ratings* (S&P / Moody's)		**BB+ / Ba2**

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

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

Strong Balance Sheet

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[1] Includes approximately $125m - $150m in minimum cash balances, which MSCI seeks to maintain for general operating purposes.
[2] Excludes deferred financing fees of $24.8m as of December 31, 2016.

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

	Three Months Ended			Year Ended	
In thousands, except per share data	Dec. 31, 2016	Dec. 31, 2015	Sep. 30, 2016	Dec. 31, 2016	Dec. 31, 2015
Net income	$ 68,250	$ 59,406	$ 65,281	$ 260,855	$ 223,648
Less: Income (loss) from discontinued operations, net of income taxes	—	(593)	—	—	(6,390)
Income from continuing operations	68,250	59,999	65,281	260,855	230,038
Plus: Amortization of intangible assets	11,498	11,803	11,752	47,033	46,910
Less: Gain on sale of investment	—	—	—	—	(6,300)
Less: Income tax effect	(3,403)	(3,534)	(3,873)	(15,243)	(16,039)
Adjusted net income	**$ 76,345**	**$ 68,268**	**$ 73,160**	**$ 292,645**	**$ 254,609**
Diluted EPS	$ 0.73	$ 0.57	$ 0.68	$ 2.70	$ 2.03
Less: Earnings per diluted common share from discontinued operations	—	(0.01)	—	—	(0.06)
Earnings per diluted common share from continuing operations	$ 0.73	$ 0.58	$ 0.68	$ 2.70	$ 2.09
Plus: Amortization of intangible assets	0.12	0.11	0.12	0.49	0.43
Less: Gain on sale of investment	—	—	—	—	(0.06)
Less: Income tax effect	(0.04)	(0.03)	(0.03)	(0.16)	(0.14)
Adjusted EPS	**$ 0.81**	**$ 0.66**	**$ 0.77**	**$ 3.03**	**$ 2.32**

RECONCILIATION OF ADJUSTED EBITDA EXPENSES TO OPERATING EXPENSES

In thousands	Three Months Ended Dec. 31, 2016	Three Months Ended Dec. 31, 2015	Three Months Ended Sep. 30, 2016	Year Ended Dec. 31, 2016	Year Ended Dec. 31, 2015	Full-Year 2017 Outlook
Index adjusted EBITDA expenses	$ 45,909	$ 44,712	$ 46,001	$ 182,073	$ 165,977	
Analytics adjusted EBITDA expenses	81,062	79,760	79,790	319,846	337,956	
All Other adjusted EBITDA expenses	18,884	21,507	19,318	79,293	89,383	
Consolidated adjusted EBITDA expenses	**145,855**	**145,979**	**145,109**	**581,212**	**593,316**	**$605,000 - $620,000**
Amortization of intangible assets	11,498	11,803	11,752	47,033	46,910	
Depreciation and amortization of property, equipment and leasehold improvements	9,447	7,568	8,312	34,320	30,889	85,000
Total operating expenses	**$ 166,800**	**$ 165,350**	**$ 165,173**	**$ 662,565**	**$ 671,115**	**$690,000 - $705,000**

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

	Three Months Ended			Year Ended		Full-Year
In thousands	Dec. 31, 2016	Dec. 31, 2015	Sep. 30, 2016	Dec. 31, 2016	Dec. 31, 2015	2017 Outlook
Net cash provided by operating activities	$ 137,708	$ 81,322	$ 146,923	$ 434,738	$ 305,994	$360,000 - $410,000
Capital expenditures	(8,140)	(16,127)	(10,867)	(32,284)	(40,652)	
Capitalized software development costs	(2,395)	(2,438)	(2,861)	(10,344)	(8,500)	
Capex	(10,535)	(18,565)	(13,728)	(42,628)	(49,152)	(50,000 - 40,000)
Free cash flow	**$ 127,173**	**$ 62,757**	**$ 133,195**	**$ 392,110**	**$ 256,842**	**$310,000 - $370,000**

RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME

In thousands	Three Months Ended Dec. 31, 2016	Three Months Ended Dec. 31, 2015	Three Months Ended Sep. 30, 2016	Year Ended Dec. 31, 2016	Year Ended Dec. 31, 2015
Index adjusted EBITDA	$ 113,161	$ 98,990	$ 111,750	$ 431,478	$ 392,987
Analytics adjusted EBITDA	33,344	30,908	31,501	128,507	95,468
All Other adjusted EBITDA	452	(2,984)	73	9,472	(6,758)
Consolidated adjusted EBITDA	**146,957**	**126,914**	**143,324**	**569,457**	**481,697**
Amortization of intangible assets	11,498	11,803	11,752	47,033	46,910
Depreciation and amortization of property, equipment and leasehold improvements	9,447	7,568	8,312	34,320	30,889
Operating income	**126,012**	**107,543**	**123,260**	**488,104**	**403,898**
Other expense (income), net	28,917	22,107	25,738	102,166	54,344
Provision for income taxes	28,845	25,437	32,241	125,083	119,516
Income from continuing operations	**68,250**	**59,999**	**65,281**	**260,855**	**230,038**
Income (loss) from discontinued operations, net of income taxes	—	(593)	—	—	(6,390)
Net income	**$ 68,250**	**$ 59,406**	**$ 65,281**	**$ 260,855**	**$ 223,648**

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USE OF NON-GAAP FINANCIAL MEASURES AND OPERATING METRICS

- MSCI has presented supplemental non-GAAP financial measures as part of this presentation. The non-GAAP financial measures presented in this presentation should not be considered as alternative measures for the most directly comparable GAAP financial measures. The non-GAAP financial measures presented in this presentation are used by management to monitor the financial performance of the business, inform business decision-making and forecast future results. A reconciliation that reconciles each non-GAAP financial measure with the most comparable GAAP measure is available in the appendix.
- “Adjusted EBITDA” is defined as net income before income (loss) from discontinued operations, net of income taxes, plus provision for income taxes, other expense (income), net, depreciation and amortization of property, equipment and leasehold improvements, amortization of intangible assets and, at times, certain other transactions or adjustments.
- “Adjusted EBITDA expenses” is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets.
- “Adjusted net income” and “adjusted EPS” are defined as net income and diluted EPS, respectively, before income from discontinued operations, net of income taxes and the after-tax impact of the amortization of intangible assets and, at times, certain other transactions or adjustments.
- “Capex” is defined as capital expenditures plus capitalized software development costs.
- “Free cash flow” is defined as net cash provided by operating activities, less Capex.
- We believe adjusted EBITDA and adjusted EBITDA expenses are meaningful measures of the operating performance of MSCI because they adjust for significant one-time, unusual or non-recurring items as well as eliminate the accounting effects of capital spending and acquisitions that do not directly affect what management considers to be our core operating performance in the period.
- We believe that free cash flow is useful to investors because it relates the operating cash flow of MSCI to the capital that is spent to continue and improve business operations, such as investment in MSCI’s existing products. Further, free cash flow indicates our ability to strengthen MSCI’s balance sheet, repay our debt obligations, pay cash dividends and repurchase shares of our common stock. From time to time, we may present normalized cash flows that takes into account the timing of cash collections and other payments, if material or helpful.
- We believe that the non-GAAP financial measures presented in this presentation facilitate meaningful period-to-period comparisons and provide a baseline for the evaluation of future results.
- Adjusted EBITDA expenses, adjusted EBITDA, adjusted net income, adjusted EPS and free cash flow are not defined in the same manner by all companies and may not be comparable to similarly-titled non-GAAP financial measures of other companies.
- The Run Rate at a particular point in time primarily represents the forward-looking revenues for the next 12 months from then-current subscriptions and investment product licenses we provide to our clients under renewable contracts or agreements assuming all contracts or agreements that come up for renewal are renewed and assuming then-current currency exchange rates. For any license where fees are linked to an investment product’s assets or trading volume, the Run Rate calculation reflects, for ETFs, the market value on the last trading day of the period, for futures and options, the most recent quarterly volumes and for non-ETF funds, the most recent client reported assets under such license or subscription. The Run Rate does not include fees associated with “one-time” and other non-recurring transactions. In addition, we remove from the Run Rate the fees associated with any subscription or investment product license agreement with respect to which we have received a notice of termination or non-renewal during the period and determined that such notice evidences the client’s final decision to terminate or not renew the applicable subscription or agreement, even though such notice is not effective until a later date.
- Organic subscription Run Rate growth ex FX is defined as the period over period Run Rate growth, excluding the impact of changes in foreign currency and the first year impact of any acquisitions, it is also adjusted for divestitures. Changes in foreign currency are calculated by applying the end of period currency exchange rate from the comparable prior period to current period foreign currency denominated Run Rate. This metric also excludes the impact on the growth in subscription Run Rate of the acquisitions of IPD, InvestorForce, and GMI for their respective first year of operations as part of MSCI, as well as the divestiture of MSCI’s Real Estate Occupiers benchmarking business which closed on August 1, 2016.
- The Aggregate Retention Rate for a period is calculated by annualizing the cancellations for which we have received a notice of termination or for which we believe there is an intention 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.

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