



2020
ANNUAL
REPORT

About MSCI Inc.

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 50 years of expertise in research, data and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process.

To learn more, please visit **www.msci.com**.

Financial highlights

	YEAR ENDED				
IN THOUSANDS, EXCEPT PER SHARE DATA	2020	2019	2018	2017	2016
Operating revenues	\$1,695,390	\$1,557,796	\$1,433,984	\$1,274,172	\$1,150,669
Operating expenses	\$810,626	\$802,095	\$747,086	\$694,402	\$662,565
Operating income	\$884,764	\$755,701	\$686,898	\$579,770	\$488,104
Net income	\$601,822	\$563,648	\$507,885	\$303,972	\$260,855
Earnings per share:					
Earnings per basic common share	\$7.19	\$6.66	\$5.83	\$3.36	\$2.72
Earnings per diluted common share	\$7.12	\$6.59	\$5.66	\$3.31	\$2.70
Cash and cash equivalents	\$1,300,521	\$1,506,567	\$904,176	\$889,502	\$791,834
Long-term debt, net of current maturities	\$3,366,777	\$3,071,926	\$2,575,502	\$2,078,093	\$2,075,201
Total shareholders' equity (deficit)	\$(443,234)	\$(76,714)	\$(166,494)	\$401,012	\$317,605

Selected quarterly financial data (unaudited)

IN THOUSANDS, EXCEPT PER SHARE DATA	Q1	Q2	Q3	Q4	Fiscal year
Operating revenues					
2020	\$416,780	\$409,616	\$425,333	\$443,661	\$1,695,390
2019	\$371,381	\$385,558	\$394,251	\$406,606	\$1,557,796
Operating expenses					
2020	\$208,896	\$194,441	\$197,713	\$209,576	\$810,626
2019	\$208,706	\$193,180	\$193,032	\$207,177	\$802,095
Operating income					
2020	\$207,884	\$215,175	\$227,620	\$234,085	\$884,764
2019	\$162,675	\$192,378	\$201,219	\$199,429	\$755,701
Net income					
2020	\$148,125	\$115,123	\$182,358	\$156,216	\$601,822
2019	\$178,192	\$125,690	\$136,983	\$122,783	\$563,648
Earnings per basic common share					
2020	\$1.75	\$1.38	\$2.18	\$1.89	\$7.19
2019	\$2.11	\$1.48	\$1.62	\$1.45	\$6.66
Earnings per diluted common share					
2020	\$1.73	\$1.36	\$2.16	\$1.87	\$7.12
2019	\$2.08	\$1.47	\$1.60	\$1.44	\$6.59
Headcount					
December 31, 2020					3,633
December 31, 2019					3,396
December 31, 2018					3,112



Henry A. Fernandez
Chairman and Chief Executive Officer

Dear fellow shareholders,

MSCI's mission is to power better investments for a better world by helping global investors build better portfolios. For decades, we have aimed to bring greater transparency and understanding throughout the investment process. We believe that the solutions we provide facilitate more efficient pricing of assets, better capital allocation, and more meaningful and sustainable economic growth, which drives thriving and prosperous societies around the world.

Through our strategic focus, differentiated capabilities, and mission-critical solutions, MSCI is uniquely positioned to lead the investment industry and enable our clients to address this major shift and the other transformational revolutions taking place in the investment world. For decades, we have worked to prepare clients for, and help bring about the day, when sustainable investing becomes mainstream — and that day has arrived. In January 2020, we published the MSCI Principles of Sustainable Investing, which urges investors to incorporate ESG integration as a core component throughout all aspects of the investment process in order to identify opportunities, manage risks and achieve long-term, sustainable performance. In 2020, we also enhanced our existing ESG-integration tools, such as our ESG Ratings and ESG and Climate indexes, and introduced an innovative Climate Value-at-Risk model to represent climate risk in monetary terms, in order to support clients' critical investment decisions. We remain committed to expanding our support for clients as the world transitions to a net-zero carbon emissions economy by equipping them with the necessary data, tools, and solutions to meet their objectives.

In addition, to lead by example, we also “walked the walk” in 2020 through our own corporate responsibility activities, including the following steps:

- 1. Established defined targets.** We announced our plan to reduce our Scope 1 and Scope 2 carbon emissions by 50% by 2035 and our Scope 3 emissions by 20% by 2035, which is aligned with the objectives of the Paris Agreement (using 2019 as the base level).
- 2. Enhanced transparency.** We published our first Task Force on Climate-related Financial Disclosures (“TCFD”) Report, providing greater transparency around MSCI's approach to sustainability and our long-term financial risks and opportunities related to climate change.
- 3. Expanded actions to reduce our impact on the environment.** We increased our use of renewables, reduced commuting and business travel, and established a governance structure to monitor and address climate risks and opportunities.

Future-Focused Business Strategy

Our business strategy continues to be centered on delivering research- and technology-driven solutions for investors around the world and creating shareholder value.

MSCI's research-based tools and solutions, high-quality data and cutting-edge technology help investors achieve investment differentiation, build sustainable portfolios and improve operational efficiency.

We continue to build a resilient and growing franchise by enhancing our winning strategy and expanding into new areas of potential growth. We do this across three dimensions: serving more client segments, expanding our products and services to meet those clients' needs, and deepening our capabilities to ensure we are prepared to meet those needs into the future.

Operating revenue (in millions) (unaudited)



Increasing the Client Segments We Serve

When we talk about putting our traditional clients — defined-benefit pension and sovereign wealth funds, equity and hedge-fund managers, banks and derivatives exchanges — at the center of everything we do, that means deeply understanding our clients' needs and providing solutions for their investment problems. This spirit of close partnership helps build strong, long-term, and mutually beneficial relationships, helping ensure MSCI's future growth.

As a result, MSCI's products and services aim to achieve three objectives. First, we enable clients to design investment strategies, using our portfolio-construction tools and indexes. Second, we enable clients to manage those strategies with risk and performance models that provide insight at the security and portfolio level, and at the total plan or firm level via asset-allocation models. Last, but not least, we enable them to evaluate their strategies and communicate results to their clients using benchmarks, performance-attribution applications and a range of risk analytics and reporting.

We have applied this same philosophy as we expand our footprint to cover new segments, including wealth managers, insurance companies, and corporate clients. Our strategic focus on wealth management centers on financial advisors' focus on direct indexing, portfolio construction, risk and performance management, and ESG and Climate. We are also quite encouraged by our work within the insurance industry, specifically the opportunity to help these firms with their fixed-income investments.

Corporate clients represent another new opportunity for MSCI, as issuers seek the tools needed to better understand the impact and importance of ESG Ratings. We are seeing early traction, with over 80 corporate clients for our ESG and Climate offerings so far. We recently launched an interactive industry ESG materiality map on MSCI.com to help these clients better understand how different ESG risk exposures affect their ratings. More broadly, equity and bond issuers and their advisers are leveraging our ESG Ratings universe for use cases ranging from benchmarking to climate modeling. This is a vast market with significant growth opportunities.

Our goal is to be the leading one-stop provider of the mission-critical tools investors need for every important investment decision. We believe we can provide a wide range of solutions for the providers and users of capital, as well as financial intermediaries, an area where we have deepened our relationships with derivative exchanges, banks, and broker-dealers.

Expanding Products and Services

To meet our goals, we are continuing to work toward increasing our competitive advantage within existing solutions, including equity indexes and equity and multi-asset-class analytics. The ESG and Climate segment, in particular, represents a fast-growing opportunity, both within equities and fixed income, as we develop new index and analytics solutions. These include a growing suite of climate tools as well as our tools aligned with the U.N. Sustainable Development Goals. And we continue to enhance our core real estate offering, including incorporation of our Climate Value-at-Risk model into this asset class.

In fixed income, we are developing new solutions, including fixed-income indexes and analytics that add deeper insight into this asset class to support bond investors. We are also mapping our ESG Ratings to bank loans, expanding ESG Ratings coverage of fixed-income securities, and enhancing fixed-income factor content for our risk and performance analytics.

Net income (in millions) (unaudited)



Operating income (in millions) (unaudited)



Adjusted EBITDA (in millions) (unaudited)



Dividends per share (unaudited)



Diluted EPS (unaudited)



Adjusted EPS (unaudited)



Additionally, we are aggressively expanding our solutions to help clients who build multi-asset-class portfolios. To do this, they need a better understanding of private assets and how they can be integrated into portfolios. Doing so depends on new methods and tools that help investors better understand these markets, the characteristics of the investments, asset valuations, and the impact of leverage, cash flow, and liquidity. Building on our experience providing industry-leading tools for public asset classes, combined with our equity ownership and strategic relationship with private-capital data specialist The Burgiss Group, LLC ("Burgiss"), we will foster greater data transparency and superior analytics for clients.

Deepening Capabilities

All our products benefit from MSCI's embrace of advanced technology in combination with superior data and sophisticated models to build scale and efficiency in the investment process. We continue to build out our critical capabilities internally, especially around data and technology.

In addition to optimizing our internal investment spend, we opportunistically pursue mergers, partnerships, and acquisitions, with an emphasis on partnerships as a way to accelerate growth in key strategic areas and generate returns well above our cost of capital. These include partnerships with clients, vendors, distributors, academic institutions, and data and technology providers, such as Burgiss and Microsoft Corp.

The partnership with Microsoft, for example, has accelerated the transition of our product suite to the cloud. It has also allowed us to make great progress with our strategy for application programming interfaces ("APIs"), which includes building accessibility to our ESG Ratings and underlying data through APIs and other state-of-the-art content-delivery platforms.

We are also excited about expanding our capacity to enable clients to customize and personalize our offerings on a large scale through enhanced user experiences that allow easier access to MSCI content and capabilities across products. To this end, MSCI recently announced four Investment Solutions as a Service for Index, ESG, Data Management, and Analytics.

▶▶ **Building on our experience providing industry-leading tools for public asset classes, combined with our equity ownership and strategic relationship with private-capital data specialist Burgiss, we will foster greater data transparency and superior analytics for clients.**

Strong Financial Results Demonstrate Our Franchise Resilience

2020 was a very strong year for MSCI, even in the face of a global pandemic that led to economic turmoil and significant changes in how we and our clients work. We delivered mission-critical tools to help clients navigate uncertainty and respond to industry transformations resulting from the unprecedented environment. We executed against our strategic priorities, staying incredibly productive and engaged as a team. This relentless focus on execution, as well as our disciplined approach to investments and our strategic capital allocation, underpinned our ability to deliver value to our shareholders.

During 2020, we achieved total revenue growth of nearly 9% and total recurring subscription run rate¹ growth of nearly 11%, net income growth of nearly 7%, adjusted EBITDA² growth of over 14%, diluted EPS growth of 8%, and adjusted EPS² growth of nearly 22%. Importantly, we generated operating cash of \$811 million and free cash flow² of \$760 million, up nearly 16% from 2019. We returned nearly \$975 million in capital to our shareholders in 2020, including opportunistic repurchases of our shares at an average price of \$291.76 and quarterly dividends.

Following closely on the incredible momentum we built in 2020, MSCI has never been better positioned to take advantage of accelerating secular and disruptive investment trends, which will allow us to deliver sustained and significant top-line growth. We remain deeply committed to investing responsibly in “triple crown” opportunities (i.e., high rates of return, fast payback, and large valuation multiples) to leverage and build on the established scale of our business and continue to drive long-term value for shareholders.

Looking more specifically at our business segments:


Index. We recorded another year of solid revenue growth from recurring subscriptions — more than 9% for the full year — which reflected solid growth in market-cap-weighted index products, as well as strong growth in factor, ESG and Climate, and custom index products. At the end of 2020, assets under management in equity ETFs linked to MSCI indexes reached record levels, surpassing \$1 trillion. Total asset-based fees for 2020 grew nearly 11% to almost \$400 million. Innovation within our ESG and Climate and factor indexes has been a key differentiator of our products.

Analytics. Our Analytics segment's recurring subscriptions revenue growth was 3.4% for the full year, primarily reflecting growth in multi-asset-class products. We continue to drive growth through integration of our models and analytical engines within clients' workflows. We additionally see ongoing benefit from the integration of our models into our index, ESG and Climate, and private-asset offerings, enabling product innovation across MSCI.

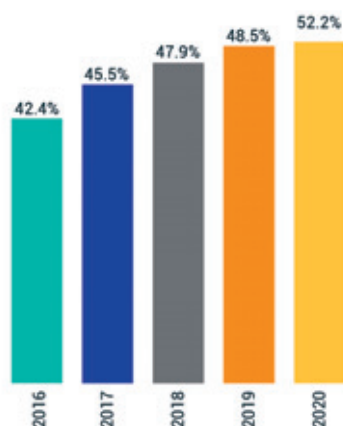
All Other, including ESG and Real Estate. Combined revenues from our ESG and Real Estate segments grew 18% for the full year. ESG revenues grew nearly 23%, with strong contributions from ESG Ratings, Climate, and screening products. Our Real Estate revenues grew 9%, reflecting progress scaling of our Enterprise Analytics and Global Intel products. Beginning in the first quarter of 2021, we will be reporting MSCI's ESG business as a stand-alone reporting segment, which will be named ESG and Climate. Our All Other segment will consist of our Private Assets business, including Real Estate and our equity method investment in Burgiss. This incremental transparency will enhance awareness and understanding of these important growth areas for MSCI.

1 Please refer to page 39 of our 2020 Form 10-K for a definition of “Run Rate.”

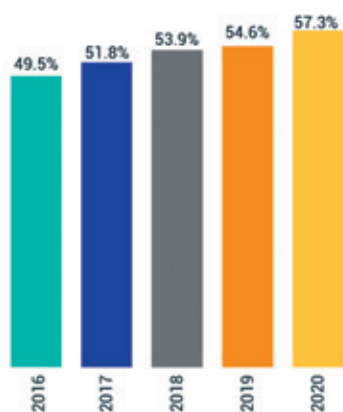
2 Adjusted EBITDA, Adjusted EPS, and free cash flow are non-GAAP measures. Please refer to “Notes Regarding the Use of Non-GAAP Financial Measures” at the end of this shareholder letter for definitions of Adjusted EBITDA and Adjusted EPS and reconciliations to the comparable GAAP measures.

 **We delivered mission-critical tools to help clients navigate uncertainty and respond to industry transformations resulting from the unprecedented environment.**

Operating margin (unaudited)



Adjusted EBITDA margin (unaudited)



The Importance of Culture

Climate change is clearly the largest long-term issue facing the world today. But the COVID-19 pandemic stole the world's focus early in 2020, with its dramatic implications for growth, markets and how business is conducted. Like many of you, MSCI and our clients had to quickly adapt to a virtual world of work.

This sudden transformation required a fresh mindset and drew on the innovative, entrepreneurial spirit of our global workforce, as well as a commitment to keeping clients at the center of everything we do. We have become more productive and efficient during the pandemic and have delivered value to shareholders by taking advantage of our existing corporate infrastructure and new technology. We are actively looking for ways to incorporate digital experiences into the entire sales and engagement life cycle through transformations led by our Client Coverage and Technology teams. A high-quality client and user experience will further enhance MSCI's competitive advantage long after the pandemic is behind us.

Our corporate culture was critical to getting us through this challenging period and building for the years ahead. We embrace a culture where all individuals are respected and encouraged to bring their authentic selves to work. Our Corporate Responsibility initiatives capture our values and actions, laying out our commitment to diversity, equality, and inclusion. We are committed to fighting against racial injustice in the workplace, as well as helping clients integrate these considerations into their investment process. Focusing on diversity, equality and inclusion in the workplace is not only the right thing to do, we believe it also accelerates innovation and increases engagement within our company and with clients, ultimately driving company performance and value for shareholders.

I would also like to acknowledge a key contributor to MSCI's culture and valued member of our Board of Directors since 2008, Benjamin F. duPont, who has decided not to stand for re-election in 2021. Ben joined the Board shortly after MSCI's IPO, and during his 13-year tenure, the Board and management benefitted from his expertise and counsel, especially in guiding the focus of our business strategy on technology-driven solutions, and in fostering the "owner-operator" and entrepreneurial mindset that has been central to MSCI's growth. We thank Ben for his service and commitment to many of the initiatives that have contributed to MSCI's current success and wish him well in his future endeavors.

Reaffirming Our Strategic Commitment

Many of the challenges we navigated during 2020 will remain with us in 2021 and beyond, but we are confident in our ability to successfully execute on our strategy by delivering innovative solutions to a loyal client base, leveraging our first-mover advantage and industry leadership on ESG and Climate and other key areas, continuing our disciplined capital allocation, and supercharging our entrepreneurial mindset and owner-operator culture.

In short, we remain committed to a relentless focus on creating value for all our stakeholders.

- For **clients**, mission-critical tools that enable investment differentiation and operating efficiency and scale.
- For **employees**, unparalleled career opportunities, a unique, innovative, and empowered culture, and a value system that believes strongly that diversity, equality, and inclusion drive better decisions and better outcomes.
- For **communities**, responsible and dedicated engagement in their affairs and a commitment to corporate responsibility and good stewardship of our environment.
- For **shareholders**, robust governance that aligns our board, management, and shareholders, disciplined stewardship of their capital, and a relentless focus on compounding returns over time.

MSCI has a long track record of success in creating value. And we have only just begun.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Henry Fernandez", with a stylized flourish at the end.

Henry A. Fernandez
Chairman and Chief Executive Officer

▶▶ A high-quality client and user experience will further enhance MSCI's competitive advantage long after the pandemic is behind us.

Notes Regarding the Use of Non-GAAP Financial Measures

MSCI has presented supplemental non-GAAP financial measures as part of this shareholder letter. Reconciliations are provided at the end of this shareholder letter that reconcile each non-GAAP financial measure with the most comparable GAAP measure. The non-GAAP financial measures presented in this shareholder letter should not be considered as alternative measures for the most directly comparable GAAP financial measures. The non-GAAP financial measures presented in this shareholder letter are used by management to monitor the financial performance of the business, inform business decision-making and forecast future results.

"Adjusted EBITDA" is defined as net income before (1) provision for income taxes, (2) other expense (income), net, (3) depreciation and amortization of property, equipment and leasehold improvements, (4) amortization of intangible assets and, at times, (5) certain other transactions or adjustments, including the impact related to the vesting of the multi-year restricted stock units subject to performance payout adjustments granted in 2016 (the "Multi-Year PSUs").

"Adjusted net income" and "adjusted EPS" are defined as net income and diluted EPS, respectively, before the after-tax impact of the amortization of acquired intangible assets, including the amortization of the basis difference between the cost of the equity method investment and MSCI's share of the net assets of the investee at historical carrying value, the impact of divestitures, the impact of adjustments for the Tax Cuts and Jobs Act that was enacted on December 22, 2017 ("Tax Reform"), except for certain amounts associated with active tax planning implemented as a result of Tax Reform, and, at times, certain other transactions or adjustments, including the impact related to the vesting of the Multi-Year PSUs and costs associated with debt extinguishment.

"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 is a meaningful measure of the operating performance of MSCI because it adjusts for significant one-time, unusual or non-recurring items as well as eliminates the accounting effects of certain capital spending and acquisitions that do not directly affect what management considers to be our ongoing operating performance in the period.

We believe adjusted net income and adjusted EPS are meaningful measures of the performance of MSCI because they adjust for the after-tax impact of significant one-time, unusual or non-recurring items as well as eliminate the impact of any transactions that do not directly affect what management considers to be our ongoing operating performance in the period. We also exclude the after-tax impact of the amortization of acquired intangible assets and amortization of the basis difference between the cost of the equity method investment and MSCI's share of the net assets of the investee at historical carrying value, as these non-cash amounts are significantly impacted by the timing and size of each acquisition and therefore not meaningful to the ongoing 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.

We believe that the non-GAAP financial measures presented in this shareholder letter facilitate meaningful period-to-period comparisons and provide a baseline for the evaluation of future results.

Adjusted EBITDA, adjusted net income, adjusted EPS, Capex and free cash flow are not defined in the same manner by all companies and may not be comparable to similarly-titled non-GAAP financial measures of other companies. These measures can differ significantly from company to company depending on, among other things, long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. Accordingly, the Company's computation of these measures may not be comparable to similarly-titled measures computed by other companies.

Reconciliation of operating revenue growth to organic operating revenue growth (unaudited)

COMPARISON OF THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Total	Recurring subscription	Asset-based fees	Non-recurring revenues
Index	Change Percentage	Change Percentage	Change Percentage	Change Percentage
Operating revenue growth	10.4%	9.3%	10.5%	29.6%
Impact of acquisitions and divestitures	-%	-%	-%	-%
Impact of foreign currency exchange rate fluctuations	(0.1%)	-%	(0.1%)	(0.2%)
Organic operating revenue growth	10.3%	9.3%	10.4%	29.4%
Analytics				
Operating revenue growth	3.4%	4.1%	-%	(29.5%)
Impact of acquisitions and divestitures	-%	-%	-%	-%
Impact of foreign currency exchange rate fluctuations	(0.1%)	(0.1)%	-%	(0.3%)
Organic operating revenue growth	3.3%	4.0%	-%	(29.8%)
All Other				
Operating revenue growth	18.0%	18.1%	-%	14.7%
Impact of acquisitions and divestitures	(1.0%)	(0.7%)	-%	(11.9%)
Impact of foreign currency exchange rate fluctuations	(0.2%)	(0.3%)	-%	(0.2%)
Organic operating revenue growth	16.8%	17.1%	-%	2.6%
Consolidated				
Operating revenue growth	8.8%	8.2%	10.5%	13.4%
Impact of acquisitions and divestitures	(0.1%)	(0.1%)	-%	(0.9%)
Impact of foreign currency exchange rate fluctuations	-%	(0.1%)	(0.1%)	(0.2%)
Organic operating revenue growth	8.7%	8.0%	10.4%	12.3%

Reconciliation of adjusted EBITDA to Net income (unaudited)

IN THOUSANDS	YEAR ENDED				
	Dec. 31 2020	Dec. 31 2019	Dec. 31 2018	Dec. 31 2017	Dec. 31 2016
Index adjusted EBITDA	\$766,493	\$670,188	\$607,853	\$522,241	\$431,478
Analytics adjusted EBITDA	\$172,924	\$152,113	\$143,645	\$125,624	\$128,507
All other adjusted EBITDA	\$32,093	\$28,198	\$20,935	\$11,892	\$9,472
Consolidated adjusted EBITDA	\$971,510	\$850,499	\$772,433	\$659,757	\$569,457
Multi-year PSU payroll tax expense	\$ -	\$15,389	\$ -	\$ -	\$ -
Amortization of intangible assets	\$56,941	\$49,410	\$54,189	\$44,547	\$47,033
Depreciation and amortization of property, equipment and leasehold improvements	\$29,805	\$29,999	\$31,346	\$35,440	\$34,320
Operating income	\$884,764	\$755,701	\$686,898	\$579,770	\$488,104
Other expense (income), Net	\$198,539	\$152,383	\$57,002	\$112,871	\$102,166
Provision for income taxes	\$84,403	\$39,670	\$122,011	\$162,927	\$125,083
Net income	\$601,822	\$563,648	\$507,885	\$303,972	\$260,855
Adjusted EBITDA margin %	57.3%	54.6%	53.9%	51.8%	49.5%
Operating margin %	52.2%	48.5%	47.9%	45.5%	42.4%

Reconciliation of Net income and diluted EPS to adjusted Net income and adjusted EPS (unaudited)

IN THOUSANDS, EXCEPT PER SHARE DATA	YEAR ENDED				
	Dec. 31 2020	Dec. 31 2019	Dec. 31 2018	Dec. 31 2017	Dec. 31 2016
Net income	\$601,822	\$563,648	\$507,885	\$303,972	\$260,855
Plus: Amortization of acquired intangible assets and equity method investment basis difference	\$37,413	\$34,773	\$43,981	\$39,157	\$47,033
Plus: Multi-year PSU payroll tax expense	\$-	\$15,389	\$-	\$-	\$-
Less: Discrete excess tax benefit related to multi-year PSU vesting	\$-	(\$66,581)	\$-	\$-	\$-
Plus: Debt extinguishment costs associated with the 2024 and 2025 senior notes redemptions	\$44,930	\$16,794	\$-	\$-	\$-
Less: Gain on sale of Alacra (not tax effected)	\$-	\$-	\$-	(\$771)	\$-
Less: Gain on sale of FEA (not tax effected)	\$-	\$-	(\$10,646)	\$-	\$-
Less: Gain on sale of InvestorForce	\$-	\$-	(\$46,595)	\$-	\$-
Less: Valuation allowance released related to InvestorForce divestiture	\$-	\$-	(\$7,758)	\$-	\$-
Less: Tax Reform adjustments	(\$6,256)	\$-	(\$8,272)	\$34,500	\$-
Less: Income tax effect	(\$16,490)	(\$13,226)	\$1,678	(\$10,772)	(\$15,243)
Adjusted Net income	\$661,419	\$550,797	\$480,273	\$366,086	\$292,645
Diluted EPS	\$7.12	\$6.59	\$5.66	\$3.31	\$2.70
Plus: Amortization of acquired intangible assets and equity method investment basis difference	\$0.44	\$0.41	\$0.49	\$0.43	\$0.49
Plus: Multi-year PSU payroll tax expense	\$-	\$0.18	\$-	\$-	\$-
Less: Discrete excess tax benefit related to multi-year PSU vesting	\$-	(\$0.78)	\$-	\$-	\$-
Plus: Debt extinguishment costs associated with the 2024 and 2025 senior notes redemptions	\$0.53	\$0.20	\$-	\$-	\$-
Less: Gain on sale of Alacra (not tax effected)	\$-	\$-	\$-	(\$0.01)	\$-
Less: Gain on sale of FEA (not tax effected)	\$-	\$-	(\$0.12)	\$-	\$-
Less: Gain on sale of InvestorForce	\$-	\$-	(\$0.52)	\$-	\$-
Less: Valuation Allowance released related to InvestorForce divestiture	\$-	\$-	(\$0.09)	\$-	\$-
Plus: Tax reform adjustments	(\$0.07)	\$-	(\$0.09)	\$0.38	\$-
Less: Income tax effect	(\$0.19)	(\$0.16)	\$0.02	(\$0.13)	(\$0.16)
Adjusted EPS	\$7.83	\$6.44	\$5.35	\$3.98	\$3.03

Reconciliation of Net cash provided by operating activities to free cash flow (unaudited)

IN THOUSANDS	YEAR ENDED				
	Dec. 31 2020	Dec. 31 2019	Dec. 31 2018	Dec. 31 2017	Dec. 31 2016
Net cash provided by operating activities	\$811,109	\$709,523	\$612,762	\$404,158	\$442,363
Capital expenditures	(21,826)	(29,116)	(30,257)	(33,177)	(32,284)
Capitalized software development costs	(29,149)	(24,654)	(18,704)	(15,640)	(10,344)
Capex	(50,975)	(53,770)	(48,961)	(48,817)	(42,628)
Free cash flow	\$760,134	\$655,753	\$563,801	\$355,341	\$399,735

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Claremont
Western Cape
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South Africa

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Switzerland

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20123 Milan
Italy

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75008 Paris
France

Potsdam
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Beijing 100033
PRC

Manila
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Makati Avenue corner
Paseo de Roxas
Makati City 1226
Philippines

Mumbai
12th Floor & 13th Floor Nesco
IT Building 3
Nesco IT Park
Nesco Complex
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India

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Kirtane Baugh
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Pune, MH 411028
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Shanghai, 200120
PRC

Singapore
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Sydney, NSW 2000
Australia

Taipei
Room 1176, 11/F
Walsin Xinyi Building
No. 1, Songzhi Road
Xinyi District Taipei
11047
Taiwan

Tokyo
Tokyo Sankei Building 17F
1-7-2 Otemachi, Chiyoda-ku
Tokyo 100-0004
Japan

Corporate information

BOARD OF DIRECTORS

Henry A. Fernandez

Chairman and CEO, MSCI Inc.

Robert G. Ashe^{(1),(4),(5)}

Former General Manager,
Business Analytics, IBM Corp
(Formerly CEO of Cognos Inc.)

Benjamin F. duPont^{(2),(3),(6)}

Co-Founder and Partner,
Chartline Capital Partners

Wayne Edmunds^{(1),(2)}

Former Interim Group CEO, BBA Aviation,
and Former CEO, Invenys plc

Catherine R. Kinney⁽³⁾

Former President,
New York Stock Exchange

Jacques P. Perold^{(3),(4)}

Former President, Fidelity Management
and Research Company

Sandy C. Rattray^{(1),(4)}

Chief Investment Officer, Man Group

Linda H. Riefler^{(1),(2)}

Former Chairman of Global Research and
Chief Talent Officer, Morgan Stanley

Marcus L. Smith^{(2),(4)}

Former Director of Equity (Canada)
and Portfolio Manager,
MFS Investment Management

Paula Volent^{(3),(4)}

Senior Vice President for Investments and
Chief Investment Officer, Bowdoin College

⁽¹⁾ Member of the Audit Committee

⁽²⁾ Member of the Compensation &
Talent Management Committee

⁽³⁾ Member of the Nominating and
Corporate Governance Committee

⁽⁴⁾ Member of the Strategy and Finance
Committee

⁽⁵⁾ Lead Director

⁽⁶⁾ Not standing for re-election at 2021
annual meeting of shareholders

EXECUTIVE COMMITTEE

Henry A. Fernandez^(a)

Chairman and CEO

C.D. Baer Pettit^(a)

President and Chief Operating Officer

Andrew C. Wiechmann^(a)

Chief Financial Officer

Jeremy Baskin

Head of Client Coverage—Americas

Remy Briand

Head of ESG

Scott A. Crum^(a)

Chief Human Resources Officer

Robert J. Gutowski^(a)

General Counsel

Axel Kilian

Head of Client Coverage-EMEA

Jorge Mina

Head of Analytics

Alvise Munari

Global Head of Client Coverage

Kazuya Nagasawa

Head of Client Coverage-APAC

Diana H. Tidd

Head of Index and
Chief Responsibility Officer

Jigar Thakkar

Chief Technology Officer
and Head of Engineering

Peter J. Zangari

Global Head of Research
and Product Development

^(a) Designated an Executive Officer for SEC
reporting purposes

ANNUAL MEETING

The annual meeting of the shareholders
of MSCI Inc. will be held virtually via the
internet at:

[www.virtualshareholdermeeting.com/
MSCI2021](http://www.virtualshareholdermeeting.com/MSCI2021)

on April 27, 2021 at 2:30 PM (EDT)

REGISTRAR AND TRANSFER AGENT

Broadridge Corporate Issuer Solutions

MSCI Inc.

c/o Broadridge Corporate

Issuer Solutions

P.O. Box 1342

Brentwood, NY 11717

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(inside the U.S. & Canada)

T: +1 720 378 5591

(outside the U.S. & Canada)

W: www.shareholder.broadridge.com

E: shareholder@broadridge.com

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP

New York, NY

STOCK SYMBOL

MSCI Inc.'s stock is traded on the New York
Stock Exchange under the symbol MSCI.

FORM 10-K AND OTHER REPORTS

A copy of the MSCI Inc. Form 10-K, as
filed with the Securities and Exchange
Commission, is included with this Annual
Report and is also available without
charge to shareholders upon written
request. Requests should be directed to
Investor Relations at the corporate address
or by email.

This Annual Report, as well as Forms 10-K,
10-Q and 8-K and earnings and other news
releases, can be viewed and printed at
<http://ir.msci.com>.

CORPORATE ADDRESS

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2020

☐ **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 or Other Jurisdiction of
Incorporation or Organization)

13-4038723
(I.R.S. Employer
Identification Number)

7 World Trade Center
250 Greenwich Street, 49th Floor
New York, New York 10007

(Address of Principal Executive Offices, zip code)

(212) 804-3900

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	MSCI	New York Stock Exchange

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). YES ☒ NO ☐

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of Common Stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter (based on the closing price of these securities as reported by The New York Stock Exchange on June 30, 2020) was \$27,134,141,425. Shares of Common Stock held by executive officers and directors of the registrant are not included in the computation. However, the registrant has made no determination that such individuals are "affiliates" within the meaning of Rule 405 under the Securities Act of 1933.

As of February 5, 2021, there were 82,574,643 shares of the registrant's Common Stock, par value \$0.01 per share, outstanding.

Documents incorporated by reference: Portions of the registrant's proxy statement for its annual meeting of stockholders, to be held on April 27, 2021, are incorporated herein by reference into Part III of this Form 10-K.

MSCI INC.
FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2020

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Except as the context otherwise indicates, the terms “MSCI,” the “Company,” “we,” “our” and “us” refer to MSCI Inc. together with its subsidiaries.

FORWARD-LOOKING STATEMENTS

We have included in this Annual Report on Form 10-K, and from time to time may make in our public filings, press releases or other public statements, certain statements that constitute forward-looking statements. In addition, our management may make forward-looking statements to analysts, investors, representatives of the media and others. These forward-looking statements are not historical facts and represent only MSCI's beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond our control.

In some cases, you can identify 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. Statements concerning our financial position, business strategy and plans or objectives for future operations are forward-looking statements. 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. Such risks and uncertainties include those set forth under "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K. The forward-looking statements in this report speak only as of the time they are made and do not necessarily reflect our outlook at any other point in time. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or for any other reason. Therefore, readers should carefully review the risk factors set forth in other reports or documents we file from time to time with the Securities and Exchange Commission (the "SEC").

PART I

Item 1. Business

Mission

MSCI's mission is to enable investors to build better portfolios for a better world.

Overview

We are a leading provider of critical decision support tools and services for the global investment community. Leveraging our knowledge of the global investment process and our expertise in research, data and technology, our actionable solutions power better investment decisions by enabling our clients to understand and analyze key drivers of risk and return and confidently and efficiently build more effective portfolios.

Investors all over the world use our tools and services to gain insights and improve transparency throughout their investment processes, including to help define their investment universe, inform and analyze their asset allocation and portfolio construction decisions, measure and manage portfolio performance and risk, conduct performance attribution, implement sustainable and other investment strategies, design and issue exchange traded funds ("ETFs") and other indexed financial products, and facilitate reporting to stakeholders.

Our leading, research-enhanced products and services include indexes; portfolio construction and risk management analytics; environmental, social and governance ("ESG") and climate solutions; and real estate benchmarks, return-analytics and market insights. Through our integrated franchise we provide solutions across our products and services to support our clients' dynamic and complex needs. Our content and capabilities can be accessed by our clients through multiple channels and platforms.

We are focused on product innovation to address the evolving needs of our clients in light of changing investment trends and an increasingly complex industry. In order to most effectively serve our clients, we are committed to driving an integrated solutions-based approach, achieving service excellence, enhancing our differentiated research and content, and delivering flexible, cutting-edge technology and platforms.

Clients

Our clients comprise a wide spectrum of the global investment industry and include the following key client types:

- Asset owners (pension funds, endowments, foundations, central banks, sovereign wealth funds, family offices and insurance companies)
- Asset managers (institutional funds and accounts, mutual funds, hedge funds, ETFs, insurance products, private banks and real estate investment trusts)
- Financial intermediaries (banks, broker-dealers, exchanges, custodians, trust companies and investment consultants)
- Wealth managers (including robo-advisors and self-directed brokerages)
- Corporates

As of December 31, 2020, we served over 4,400 clients¹ in more than 95 countries. For the year ended December 31, 2020, our largest client organization by revenue, BlackRock, accounted for 11.0% of our total revenues, with 94.3% of the revenue from BlackRock coming from fees based on the assets in BlackRock's ETFs that are based on our indexes.

Industry Trends and Competitive Advantages

We believe we are uniquely positioned to benefit from emerging trends and to help our clients adapt to a large and rapidly expanding and evolving investment industry. Investing has grown in complexity, with more choices across asset classes, security types and geographies. Investors are increasingly looking outside their home countries, and the access to and diversity of investment choices are growing. As a result, the investment process is transforming, reflected in a number of trends we have observed, including:

- Changing client operating models and business strategies, driven in part by fee compression, changing demographics, the regulatory environment and economics;
- Increasing use of global and multi-asset class strategies, incorporating private asset investments and factor objectives, as investors seek specific, customized outcomes;
- Accelerating integration of ESG and climate considerations into investment processes, reporting and products as sustainable investing goes increasingly mainstream and investors increasingly focus on companies with strong sustainability practices as an indicator of long-term resilience especially in light of events such as the COVID-19 pandemic;
- Continuing growth of indexed investing through indexed investment products such as ETFs, mutual/UCITS funds and annuities, as well as indexed derivatives such as futures, options, structured products and over-the-counter swaps, and other vehicles that seek to track an index as investors increasingly seek lower-cost investment strategies;
- Increasing demand for data and tools that can be customized by clients to support their unique portfolio construction needs and to provide transparency into their investment objectives; and
- Growing use of advanced technologies to enhance investment analytics, streamline operations, create efficiencies and gain competitive advantages.

¹ Represents the aggregate of all related clients under their respective parent entity.

We believe the following competitive advantages position us well to meet client demands in light of these trends:

- *Differentiated research-enhanced content*, which is integral to the solutions we provide to clients to help them adapt to a fast-changing marketplace. We are continually developing a wide range of differentiated content and have amassed an extensive database of historical global market data, proprietary equity index data, factor models, private real estate assets benchmark data, risk algorithms and ESG and climate data, all of which are critical components of our clients' investment processes. This content is grounded in our deep knowledge of the global investment process and fueled by experienced research and product development and data management teams. We consult with clients and other market participants to discuss their needs, investment trends and implications for our business.
- *Strong client relationships* supported by a client coverage team with significant industry experience. The coverage team develops and maintains strong and trusted relationships with senior executives and investment professionals at the world's largest investment institutions. We believe that these relationships and our global operating footprint enable us to better understand our clients' unique needs and tailor our coverage initiatives to better serve our clients in the markets in which they operate.
- *Flexible, scalable, cutting-edge technology* that is used, developed and enhanced by a global team of sophisticated and innovative technology and data professionals. Our technology enables clients to use content created by MSCI, themselves and third parties in an efficient manner and thereby helps them be more cost-effective in their own operations. Our technology allows us to continually improve our overall products and services by more efficiently processing data for distribution and ensuring advanced platform flexibility that provides for easy integration of our solutions into distribution channels and our clients' workflows.

Strategy

We provide critical tools and solutions that enable investors to manage the transformations taking place in the investment industry, better understand performance and risk, and build portfolios more effectively and efficiently to achieve their investment objectives. We are focused on the following key initiatives to deliver actionable and integrated client solutions:

- *Extend leadership in research-enhanced content across asset classes.* We continue to deliver solutions that incorporate proprietary and highly differentiated content based on rich insights from our research and product development team. In addition to continuing to enhance our position as a leader with respect to tools and services for equity investors globally, our strategic priorities with respect to content also include ESG and climate, thematic, factors, fixed income, liquidity and private assets, all of which we believe represent significant growth opportunities. We are focused on expanding our performance and risk capabilities and content across asset classes, which will allow us to provide more tools to our clients that help them pursue and achieve their investment objectives.
- *Enhance distribution and content-enabling technology.* We are deploying and developing advanced technology to drive integration and efficiencies, accelerate the pace of innovation and enhance distribution and the client experience. We increasingly utilize proprietary and third-party technologies, including machine learning and artificial intelligence tools, to enhance our ability to gather and analyze data, create content and automate and enhance the efficiency of many of our data processes.
- *Expand solutions that empower client customization.* We will further enhance how we support our clients' investment objectives by embedding our highly differentiated research into solutions that allow clients to incorporate their custom preferences. For example, we will leverage existing capabilities and applications to deliver solutions that will allow clients to reflect their unique risk and return, ESG and climate and thematic preferences, as well as tax optimization strategies in a scalable way.
- *Growth through strengthening existing client relationships and developing new ones.* In support of our solutions-driven strategy, we continue to grow our existing offerings by cultivating and expanding relationships across our client base and serving the needs of different client types across multiple asset classes. We remain focused on building the strength and knowledge of our client coverage team to enable them to understand our clients' needs and educate our clients on the full breadth of our content and capabilities and how using complementary tools can help clients analyze performance and risk across asset classes, investment strategies and geographies. We continue to develop relationships with the following client segments that we believe offer significant growth opportunities: wealth managers, corporates, insurance companies and exchanges, as well as clients in fast-growing regions such as Asia.

- *Execute strategic relationships and acquisitions with complementary content and technology companies.* We regularly evaluate and selectively pursue strategic relationships with, and acquisitions of, providers of unique and differentiated content, products and technologies that we believe have the potential to complement, enhance or expand our offerings and client base. In order to drive value, we target acquisitions and strategic relationships that can be efficiently integrated into our existing operational structure and global sales network. For example, in January 2020, we entered into a strategic relationship with The Burgiss Group, LLC (“Burgiss”), a global provider of investment decision support tools for private capital, that is intended to accelerate and expand the data, analytics and other investment decision support tools available to investors in private assets.

Financial Model

We have an attractive financial model due to our recurring revenue and strong cash generation. Clients purchase our products and services primarily through recurring fixed and variable fee arrangements, a business model which has historically delivered stable revenue and predictable cash flows. Finally, our disciplined capital-allocation policy provides us with flexibility to balance internal resources and investment needs, acquisitions and shareholder returns through dividends and opportunistic share repurchases.

See Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview” and Note 1, “Introduction and Basis of Presentation—*Significant Accounting Policies—Revenue Recognition*,” of the Notes to the Consolidated Financial Statements included herein for information on how we generate revenue and our revenue recognition policy.

Operating Segments

For the year ended December 31, 2020, we had five operating segments - Index, Analytics, ESG, Real Estate and Burgiss. For reporting purposes, the ESG and Real Estate operating segments were combined and presented as All Other as they did not meet the thresholds for separate presentation. The Burgiss operating segment represented the Company’s equity method investment in Burgiss. Effective January 1, 2021, we revised our reportable segment structure. While our strategy, organizational structure and day-to-day operations remain largely unchanged, we believe the new segment reporting structure provides additional and helpful transparency into our operations. See Note 16. “Subsequent Events,” of the Notes to the Consolidated Financial Statements included herein for additional information.

Index

Clients use our indexes in many areas of the investment process, including for indexed product creation (*e.g.*, ETFs, mutual funds, annuities, futures, options, structured products, over-the-counter derivatives), performance benchmarking, portfolio construction and rebalancing, and asset allocation. We currently calculate more than 246,000² end-of-day indexes daily and more than 14,000 indexes in real time. Clients receive index data directly from us or from third-party vendors worldwide.

Our indexes include:

- *MSCI Global Equity Indexes.* MSCI Global Equity Indexes are designed to measure returns across a wide variety of equity markets, size segments, sectors and industries. As of December 31, 2020, we calculated indexes that covered more than 80 countries in developed, emerging, frontier and standalone markets, as well as various regional indexes built from the component country indexes.
- *Factor Indexes.* Factor Indexes are created using the Barra Equity Models from our Analytics segment to address a growing trend among institutional investors and asset managers to target systematic style factors, such as volatility, size and momentum.
- *ESG and Climate Indexes.* ESG and Climate Indexes are constructed using data from our ESG segment to meet the growing demand for indexes that integrate ESG and climate criteria to facilitate sustainable investing strategies.

² The number of indexes includes different return versions (*e.g.*, price, net and gross returns) but does not include different currency versions.

- *Customized Indexes*. Customized Indexes are calculated by applying a client's criteria such as stock exclusion lists, currency hedging rules, tax rates or special weighting to an existing MSCI index.
- *Thematic Indexes*. Thematic Indexes are designed to measure the performance of specific social, economic, industrial, environmental or demographic investment strategies.
- *Real Assets Indexes*. Real Assets Indexes provide transparency and insight to private real estate investment strategies.

In 2020, we launched the following indexes:

- *Fixed Income Indexes*. Fixed Income Indexes use broad market corporate bond universes to create indexes that track the performance of investment strategies based upon (i) the credit market (MSCI Corporate Bond Indexes), (ii) systematic style factor exposures such as carry, value, size and low risk (MSCI Factor Fixed Income Indexes), (iii) certain ESG metrics and companies' ESG profiles (MSCI Fixed Income ESG Universal Indexes), (iv) fixed income securities from issuers that have high ESG ratings relative to their sector peers (MSCI Fixed Income ESG Leaders Indexes) and (v) the opportunities and risks associated with the transition to a lower carbon economy (MSCI Climate Change Fixed Income Indexes).
- *Innovation-Focused Thematic Indexes*. Innovation-Focused Thematic Indexes expand MSCI's megatrend index suite to include indexes that are focused on disruptive innovation. These indexes are designed to track the performance of companies in dynamic fields such as autonomous technologies, genomics, fintech, future education and next generation internet. These indexes are used by investors to realign their portfolios to capture structural economic changes.
- *MSCI Climate Paris Aligned Indexes*. MSCI Climate Paris Aligned Indexes are designed to help investors mitigate transition and physical risks, identify potential opportunities and allocate resources in a way that supports the decarbonization of the economy while being compatible with the Paris Agreement. The MSCI Climate Paris Aligned Indexes incorporate the recommendations of the EU Task Force on Climate-related Financial Disclosures ("TCFD") and are designed to exceed the minimum standards for EU Paris-aligned Benchmarks.

Our Index segment also includes revenues from licenses of GICS® and GICS Direct, the global industry classification standard jointly developed and maintained by MSCI and Standard & Poor's Financial Services, LLC, a subsidiary of S&P Global Inc. ("Standard & Poor's"). This classification system was designed to respond to clients' needs for a comprehensive, consistent and accurate framework for classifying companies into industries. GICS is widely accepted as an industry analysis framework for investment research, portfolio management and asset allocation. GICS Direct is a dataset comprised of active companies and securities classified by sector, industry group, industry and sub-industry in accordance with the proprietary GICS methodology. The MSCI Sector Indexes are comprised of GICS sector, industry group, and industry indexes across countries and regions in Developed, Emerging and select Frontier markets.

For the year ended December 31, 2020, 60.0% of our revenues were attributable to our Index segment. A majority of those revenues are attributable to annual, recurring subscriptions. A portion of our revenues come from clients who use our indexes as the basis for indexed investment products. Such fees are primarily based on a client's assets under management ("AUM") or trading volumes and are referred to herein as asset-based fees. Since market movement and investment trends impact our asset-based fees, our revenues from asset-based fees are subject to volatility. For the year ended December 31, 2020, asset-based fees accounted for 39.3% of the total revenues for our Index segment.

Analytics

Our Analytics segment offers risk management, performance attribution and portfolio management content, applications and services that provide clients with an integrated view of risk and return and tools for analyzing market, credit, liquidity and counterparty risk across all major asset classes, spanning short-, medium- and long-term time horizons. Our offerings also support clients' various regulatory reporting needs.

Our Analytics tools and capabilities include: models to support factor-based analytics (e.g., Barra equity models and fixed income and multi-asset class (“MAC”) models), pricing models and single security analytics, time series-based analytics, stress testing, performance attribution, portfolio optimization and liquidity risk analytics, as well as underlying inputs such as interest rate and credit curves. We continue to develop new and improved tools and capabilities in response to the evolving needs of our clients. For example, in 2020 we released multi-period stress testing capabilities that allow investors to model the impact of long horizon scenarios on their portfolios.

Our clients access our Analytics tools and content through our proprietary applications and APIs (application programming interfaces), third-party applications or directly through their own platforms. Our Analytics solutions provide clients with tools to construct and manage portfolios, including integrated market data from multiple third parties as well as content from MSCI’s other segments, which significantly reduces the operational burden on clients to independently source this information and populate it in our Analytics products. Our key Analytics products include:

- *RiskMetrics RiskManager*. RiskMetrics RiskManager is an industry leader in value at risk (“VaR”) simulation and in stress testing. Clients use RiskManager for daily analysis; measuring and monitoring market and liquidity risk at position, fund and firm levels; sensitivity and stress testing; interactive what-if analysis; counterparty credit exposure; and regulatory risk reporting.
- *BarraOne*. Powered by our MAC models and Barra Integrated Model, BarraOne provides clients with global, multi-asset class, multi-currency risk and performance analytics using Barra’s fundamental factor methodology that allows clients to identify the factors driving the risk and performance of their portfolios and calculate portfolio optimizations.
- *Barra Portfolio Manager*. Barra Portfolio Manager is an integrated risk, performance and optimization platform. Powered by Barra equity models, Barra Portfolio Manager enables our clients to share strategies, analytics and reports across their organizations. It is used by equity fund managers and their teams to gain additional portfolio insight, manage their investment processes more systematically and make more efficient and informed investment decisions.
- *WealthBench and CreditManager*. WealthBench is a web-based platform used by private banks, financial advisers, brokerages and trust companies to help wealth managers assess portfolio risk, construct asset allocation policies and create comprehensive client proposals. CreditManager is a portfolio credit risk management system used primarily by banks to calculate economic capital, facilitate risk-based pricing and measure credit risk concentrations.
- *MSCI BEON™*. Our BEON application provides an enhanced client experience for equity portfolio and risk managers through a graphical interface that allows clients to easily determine drivers of risk and return. BEON offers clients consolidated access to certain capabilities and tools currently available through other Analytics applications, as well as certain tools from other MSCI operating segments.

Our Analytics segment also provides various managed services to help clients operate more efficiently, including consolidation of client portfolio data from various sources, review and reconciliation of input data and results, and customized reporting. In addition, our HedgePlatform service allows clients such as funds of funds, pension funds and endowments who invest in hedge funds to measure, evaluate and monitor the risk of their hedge fund investments across multiple hedge fund strategies.

For the year ended December 31, 2020, 30.3% of our revenues were attributable to our Analytics segment.

All Other – ESG

MSCI ESG Research³ analyzes over 8,500⁴ entities worldwide to help institutional investors understand how ESG and climate considerations can impact the long-term risks and opportunities in financial markets. Subscribers to MSCI ESG Research include global asset managers, leading asset owners, consultants, advisers and academics.

³ MSCI ESG Research is provided by MSCI ESG Research LLC, a wholly-owned subsidiary of MSCI Inc. that is registered with the U.S. Securities and Exchange Commission as an Investment Adviser under the Investment Advisers Act of 1940. MSCI ESG Ratings are used in the construction and calculation of MSCI ESG indexes. MSCI indexes are products of MSCI Inc., and MSCI Limited is the benchmark administrator of such indexes.

⁴ Does not include subsidiary-level companies.

In addition, MSCI ESG Research data and MSCI ESG Ratings are used in the construction of MSCI equity and fixed income indexes from our Index operating segment to help institutional investors more effectively benchmark ESG investment performance, issue indexed investment products, as well as manage, measure and report on ESG mandates.

MSCI ESG Research offerings include:

- *MSCI ESG Ratings*. Our ESG ratings aim to measure a company's resilience to long-term ESG risks. Companies are scored on an industry-relative scale across the most relevant key ESG issues based on a company's business model. MSCI ESG Ratings include ratings of equity issuers and fixed income securities. In 2020, MSCI launched the MSCI ESG Industry Materiality Map, a public tool which explores the key ESG issues by GICS® sub-industry or sector and their contribution to companies' overall ESG ratings. Ratings are designed to identify and analyze ESG issues, including exposures (e.g., business segment and geographic risk), management and industry-specific measures that may include the intersection of a company's major social and environmental impacts with its core business operations, thereby identifying potential risks and opportunities for the company and its investors.
- *MSCI ESG Business Involvement Screening Research*. MSCI ESG Business Involvement Screening Research is a screening service that enables institutional investors to manage ESG standards and restrictions reliably and efficiently. Asset managers, investment advisers and asset owners can access screening research through the online MSCI ESG Manager platform or a data feed to satisfy their clients' investment guidelines, implement client mandates and manage potential ESG portfolio risks.
- *MSCI Climate Solutions*. MSCI's Climate VaR metric provides investors with an estimation of how the value of their investment portfolios could be impacted (up or down) by climate policy risk, technology transition opportunities and extreme weather (physical climate risks). A company's Climate VaR, expressed as a percentage change from its current market valuation, is derived from financial modeling of potential future costs and profits associated with climate-related risks and opportunities.

For a description of regulation applicable to MSCI ESG Research offerings, see “—Government Regulation” below.

For the year ended December 31, 2020, 6.5% of our revenues were attributable to our ESG segment.

All Other – Real Estate

Our Real Estate segment includes research, reporting, market data and benchmarking offerings that provide real estate performance analytics for funds, investors and managers. Our Real Estate performance and risk analytics range from enterprise-wide to property-specific analysis. Some of the risk analysis generated in the Real Estate segment is also used in the products offered by our other operating segments. For example, the MAC models created in our Analytics segment offer a view of risk across market and asset classes, including private real estate, by incorporating content generated in the Real Estate segment. We also provide business intelligence to real estate owners, managers, developers and brokers worldwide. Real Estate offerings include:

- *MSCI Enterprise Analytics*. Our Enterprise Analytics application offers an interactive, single integrated view to private real estate investors and managers, providing them with the ability to evaluate and analyze the drivers of portfolio performance across an organization's investments, as well as review exposures and concentrations across markets, asset types and increasingly diverse portfolios.
- *MSCI Global Intel*. Our Global Intel offering is an industry-leading database that equips asset owners, researchers, strategists and portfolio and risk managers with data and analytics to enhance their understanding of local, regional and global real estate performance and risks. This tool comprises a consolidated set of global, regional, national, city and submarket indexes with segmentation by property type.
- *MSCI Real Estate Climate Value-at-Risk (“RE Climate VaR”)*. Our *RE Climate VaR* solution provides forward-looking and return-based valuation assessments to measure climate-related risks for real estate assets in an investment portfolio. By calculating both transition risk from changing legislation due to climate action and physical risk from extreme weather impacts, RE Climate VaR offers a framework for investors to improve portfolio performance, risk management, regulatory reporting and progress towards broader sustainability goals.

For the year ended December 31, 2020, 3.2% of our revenues were attributable to our Real Estate segment.

Research and Product Development

We apply an integrated team approach to developing content across our operating segments. Our product management, research and product development, data operations and technology, and application development departments are at the center of this process. Our content is developed by a research and product development team comprised of mathematicians, economists, statisticians, financial engineers and investment industry experts. Content created in one segment can often be used for the creation of products in another segment. For example, the MAC models created in our Analytics segment offer a view of risk across market and asset classes, including private real estate, by incorporating content generated in the Real Estate segment, and MSCI ESG indexes are constructed using data from our ESG segment.

Through our relationships with the world's largest investment institutions, we monitor investment trends and their drivers globally and support instrument valuation, risk modeling, portfolio construction, portfolio attribution, asset allocation and VaR simulation. An important way we monitor global investment trends and their implications for our business is through direct public consultations and client advisory panels and through the forum provided by our Advisory Council. Our Advisory Council meets twice a year to discuss current and emerging investment industry trends and is comprised of senior investment professionals from around the world and senior members of our research and product development team.

Technology

Technology plays a pivotal role in our operations. Current areas of focus include:

- *Migrating products, data and services onto a cloud platform* to accelerate the delivery of new capabilities that will help investors more swiftly and efficiently manage data and understand the drivers of risk and performance, drive automation across our corporate processes and minimize data center risks.
- *Modernizing our workplace* to better support a remote workforce that can collaborate and productively work from anywhere.
- *Improving the client experience* by enhancing the way clients access, interact with and use our data, applications and other tools.
- *Enhancing data processing* by expanding our use of data science and machine learning in our data collection processes to enable us to more efficiently build scale and facilitate faster product enhancements and releases while also maintaining the highest quality standards.
- *Enhancing information security* by further strengthening our technology infrastructure, with an emphasis on cyber and information security. Our success depends on our clients' abilities to securely access our products and services. We implement changes and upgrades to technology and processes to minimize risk on an ongoing basis, and we seek to improve employee awareness of cyber and information security issues through training.

Competition

Index. Many industry participants compete with us by offering one or more indexes in similar categories. Such indexes vary widely in scope, including by geographic region, business sector and risk category, and may be used by clients in a variety of ways in many different markets around the world. Among our Index competitors are S&P Dow Jones Indices LLC (a joint venture company owned by CME Group, Inc., CME Group Services LLC and S&P Global Inc.) and FTSE Russell, a subsidiary of the London Stock Exchange Group PLC.

Growing competition also exists from industry participants, including asset managers and investment banks, that create their own indexes, often in cooperation with index providers, which may, among other things, provide some form of calculation agent service. Asset managers manage funds, including ETFs, based on their proprietary indexes, and many investment banks launch structured products or create over-the-counter derivatives based on their proprietary indexes. This is often referred to as self-indexing.

Analytics. Our Analytics offerings compete with those from a range of competitors, including Qontigo (formerly Axioma Inc. and acquired by Deutsche Borse Group as part of a strategic partnership with General Atlantic), BlackRock Solutions, Bloomberg Finance L.P., and FactSet Research Systems Inc. Additionally, some of the larger broker-dealers have developed proprietary analytics tools for their clients. Similarly, some of the large global investment organizations, such as custodians, have developed internal risk management and performance analytics tools that they offer to their clients.

All Other. We also have a variety of competitors for our other offerings that comprise a smaller portion of our revenues, including a growing number of companies that issue ESG data, ratings or research and a growing number of companies that provide Real Estate data, indexes, performance and risk attribution services. For example, our ESG offerings compete with those from a range of competitors, including Sustainalytics Holding B.V. (now a part of Morningstar, Inc.), Institutional Shareholder Services Inc. and Refinitiv Holdings Limited.

Intellectual Property, Other Proprietary Rights and Sources of Data

We consider many aspects of our offerings, processes and services to be proprietary. We have registered “MSCI” and other marks as trademarks or service marks in the United States and in certain other countries. We will continue to evaluate the registration of additional trademarks and service marks as appropriate. From time to time, we have also filed patent applications to protect our proprietary rights. Additionally, many of our offerings, processes and services require the use of intellectual property that we license for use from third parties. It may be necessary in the future to seek or renew licenses relating to various aspects of our offerings and services.

Our ownership and protection of intellectual property and other proprietary rights and our ability to obtain the rights to use third-party intellectual property are important to our business and contribute in part to our overall success. We do not believe we are dependent on any one of our intellectual property rights or any one license to use third-party intellectual property.

In addition to our intellectual property, we rely on third-party data to create and deliver our products and services. For example, we require certain stock exchange data to construct equity indexes. Termination of or disputes regarding our rights to receive or use such data could limit the information available for us to use in connection with building or distributing our products and services and to make available to our clients.

Human Capital Management

MSCI is committed to creating a performance culture with high employee engagement. Our talent and leadership development programs are designed to ensure we have the people and skills in place to deliver on MSCI’s strategy, including a workplace that values and promotes diversity, equality and inclusion.

MSCI is an international company with a highly diverse footprint. Our employees are located in more than 30 cities across more than 20 countries. As of December 31, 2020, we employed 3,633 people, of which 47.0% of MSCI employees were located in the Asia Pacific region, 23.3% in Europe, Middle East and Africa, 20.7% in the U.S. and Canada, and 9.0% in Mexico and Brazil. For the one-year period ended December 31, 2020, voluntary turnover was 7.6% and involuntary turnover was 3.8%.

Diversity, Equality and Inclusion

At MSCI, diversity, equality and inclusion are core values of our culture. We strive to empower our people to maximize their potential in an environment where all individuals are respected and encouraged to bring their authentic selves to work. This culture embraces diverse experiences and perspectives, which we believe foster creativity and innovation. As of December 31, 2020, women represented 33.1% of our global employees, and people of color (defined as those who identify as Asian, Black/African American, Hispanic/Latino, Native American, Hawaiian, Pacific Islander or two or more races) represented 41.7% of our U.S. employees. From a global diversity perspective, the U.S. represents only 19.9% of our global workforce.

Our Executive Diversity Council (the “EDC”) champions a diverse and inclusive culture by advising on corporate initiatives and facilitating collaboration across the Company. Members of the EDC partner with our employee resource groups (the Women’s Leadership Forum, Women in Tech (formed in 2020), MSCI Pride, the Black Leadership Network (formed in 2020) and Eco Groups) to raise awareness, conduct events around the globe and serve as sponsors in their respective locations.

In 2020, we established the Employer Brand Council and the Diversity Engagement and Sourcing team. These groups focus on:

- building and communicating the MSCI employer brand with the aim of bringing to life and showcasing our culture;
- attracting and developing diverse talent for current and future roles;
- building early career and internal pipeline programs that focus on gender, race, ethnicity, LGBTQ+, socio-economic and native/indigenous diversity;
- forging relationships at institutions worldwide that promote diversity; and
- building relationships with external partners and media to position MSCI’s programs and opportunities with new networks.

The team not only creates a pipeline of diverse talent for MSCI but also ensures we are positioned more broadly as a leading organization that puts diversity, equality and inclusion at the center of its strategy. We are growing a culture that has highly competent, engaged, accountable and diverse people at every level. We believe that a diverse team is a stronger team and an important part of our success.

Additional information on our diversity metrics and programs can be found on our website at <https://www.msci.com/who-we-are/corporate-responsibility/social-responsibility/diversity-and-inclusion>. Information contained on our website is not deemed part of or incorporated by reference into this Annual Report on Form 10-K or any other report filed with the SEC.

Compensation, Benefits and Well-being

We offer a broad range of highly competitive compensation and benefits programs to our employees and their families, including same sex domestic partners. These programs include health and welfare benefits, including an Employee Assistance Program; enhanced maternity and paternity leave policies, including a Global Minimum Standard applicable to all offices worldwide; contributions to defined contribution and defined benefit pensions plans globally and Health Savings Accounts in the U.S.; life insurance; a global wellness initiative that can help employees improve their health and well-being; presentations on well-being topics, including retirement planning, parenting, meditation, stress management and nutrition; ergonomic equipment and desk assessments for employees; and wellness rooms in all MSCI office locations.

Compensation at MSCI supports a culture of high performance and accountability. Our goal is to provide competitive compensation in the markets we compete for talent. We believe in linking all employee’s compensation to Company, Product/Function and individual performance by making 100% of our employees eligible for annual cash bonuses. We strongly differentiate cash bonus payouts based on actual results against goals and for managers, how effectively they demonstrate behaviors consistent with the Company’s values and culture.

Officers of the Company are eligible to participate in the MSCI Long-Term Incentive Program with awards of MSCI stock that vest over a multi-year period. The goal of the Long-Term Incentive Program is to: (i) align the interests of eligible officers with those of our shareholders, (ii) enhance our “owner-operator” philosophy, (iii) recognize and reward potential long-term contributions, (iv) retain key leaders and top performing officers.

In response to the COVID-19 pandemic, MSCI prioritized the well-being of its global workforce by having the vast majority of our employees work from home. At the onset of the pandemic, we engaged a firm of global medical and safety experts to provide additional information and guidance to all of our offices globally. In response to the pandemic, we also increased communications about employee assistance programs that provide mental health and emotional well-being support, as well as resources to help manage stress and care for individuals and their families. We also provide ergonomics workshops that focus on how to configure home workspaces for optimal health, comfort and performance.

Cultivating Talent and Employee Engagement

MSCI is committed to investing in employee learning and development. Throughout the year, we offer tools and workshops to help employees better understand how their work aligns with MSCI’s overall strategy, seek and receive real-time and transparent feedback and coaching, successfully deliver on their goals, and more effectively plan and develop their careers. In response to the COVID-19 pandemic and the transition to working from home on a regular basis, MSCI created and delivered virtual training programs to quickly build remote capabilities, such as Leading Virtually, Working Virtually and Building Resilience. Employees were also asked to examine their goals through a start, stop, delay and pivot lens. The “re-imagined” goals focused on servicing our clients and prioritizing critical actions to help clients navigate the evolving and challenging circumstances.

MSCI conducts an annual employee engagement survey that measures whether our approaches to performance, growth and career development are driving employee engagement. Managers receive anonymous feedback and are accountable for improving and enhancing the work environment to drive higher engagement. In 2020, 85% of employees responded to an employee engagement check-in survey conducted in November 2020 and to an additional employee engagement check-in survey conducted in June 2020. The June 2020 check-in survey was designed to help us understand employees’ overall work experience throughout the unprecedented personal and professional challenges they faced as a result of the COVID-19 pandemic. These responses helped us gather insights on what drives business outcomes, refine our communication throughout the COVID-19 pandemic and explore ways to continue to make MSCI more inclusive and innovative and support employee well-being.

Additional information on our training programs and engagement metrics can be found on our website at <https://www.msci.com/who-we-are/corporate-responsibility/social-responsibility/cultivating-talent>. Information contained on our website is not deemed part of or incorporated by reference into this Annual Report on Form 10-K or any other report filed with the SEC.

COVID-19 Update

The COVID-19 pandemic has underscored for us the importance of keeping our employees safe and healthy. In response to the pandemic, we immediately implemented an employee communication strategy that was direct, transparent and inclusive. Through townhalls, firmwide e-mail communications and broad cross-functional meetings, management delivered key messages around employee safety and well-being, leadership, remaining productive, engaging with clients, promoting community and having empathy for others. We also increased communications around employee assistance programs that provide mental health and emotional well-being support, and resources to help manage stress and care for individuals and their families. Finally, we paid for or reimbursed employees for the cost of COVID-19 testing and enhanced our sick leave policies.

At the outset of the COVID-19 pandemic our technology infrastructure allowed us to seamlessly transition to a remote work environment. We increased technology effectiveness to allow our employees to remain fully engaged, productive and well. We also provided individualized support and equipment to our employees as needed to facilitate productivity. A substantial majority of our global workforce continues to work from home on a regular basis, as we continue to closely monitor and manage the situation regarding the COVID-19 pandemic and follow the recommended practices and guidelines from the World Health Organization and the local governments where our offices are located globally. Our Innovation Center of Excellence has partnered with cross-functional groups throughout the Company to help our employees address challenges, opportunities and long-term shifts in the remote

working paradigm introduced by the COVID-19 pandemic, such as re-imagining the future of work and supporting client needs.

We have in place well-defined location and business-specific continuity plans and processes which have helped us to ensure the continued operation of critical products and services. During 2020, we did not delay any of our index rebalancings. Our index methodologies are designed to ensure continuity of calculation, maintenance and distribution, and appropriate treatment of global market volatility, circuit breaker events and exchange closures. Additionally, our production environment remained fully functional with the capacity not only to run our index and risk model calculations and produce our ESG ratings, but also to process our clients' portfolios for risk and performance reports and to respond to ad-hoc demands for stress testing scenarios and COVID-19 risk analyses.

Government Regulation

The Company is subject to reporting, disclosure and recordkeeping obligations pursuant to SEC requirements.

Pursuant to the European Union's benchmark regulation, the United Kingdom's Financial Conduct Authority ("UK FCA") authorized MSCI Limited (a subsidiary of MSCI Inc.) to be the benchmark administrator for applicable MSCI indexes. Information about index regulation is periodically updated on our website at <https://www.msci.com/index-regulation>. The contents of our website, including this webpage, are not, however, a part of or incorporated by reference in this Annual Report on Form 10-K.

MSCI ESG Research LLC is a registered investment adviser and must comply with the requirements of the Investment Advisers Act of 1940 (the "Advisers Act") and related SEC regulations. Such requirements relate to, among other things, disclosure obligations, recordkeeping and reporting requirements, marketing restrictions and general anti-fraud prohibitions. It is possible that in addition to MSCI ESG Research LLC, other entities in our corporate family may be required to register as an investment adviser under the Advisers Act or comply with similar laws or requirements in states or foreign jurisdictions. We registered in 2012 with the State Council Information Office of the Ministry of Commerce and the State Administration for Industry and Commerce in China as a foreign institution supplying financial information services in China. This license is currently administered by the Cyberspace Administration of China.

Information About Our Executive Officers

Name	Age	Position
Henry A. Fernandez	62	Chairman and Chief Executive Officer
C.D. Baer Pettit	56	President and Chief Operating Officer
Andrew C. Wiechmann	41	Chief Financial Officer
Robert J. Gutowski	53	General Counsel
Scott A. Crum	64	Chief Human Resources Officer

There are no family relationships between any of our executive officers and any director or other executive officer of the Company.

Henry A. Fernandez

Mr. Fernandez has served as Chairman since October 2007 and as Chief Executive Officer and a director since 1998. He also served as President from 1998 until October 2017. Before leading MSCI's transition to becoming a fully independent, standalone public company in 2007, he was a Managing Director at Morgan Stanley, where he worked in emerging markets product strategy, equity derivative sales and trading, mergers and acquisitions, worldwide corporate finance and mortgage finance for U.S. financial institutions. Mr. Fernandez worked for Morgan Stanley from 1983 to 1991 and from 1994 to 2007. Mr. Fernandez also serves on the boards of directors/trustees of Royalty Pharma plc, Stanford University, King Abdullah University of Science and Technology, the Hoover Institution, the Memorial Sloan-Kettering Cancer Center, the Foreign Policy Association, and Catholic Charities of the Archdiocese of New York. Mr. Fernandez previously served on the boards of trustees at Georgetown University, the Trinity School, The Browning School and MexDer (Mexican Derivatives Exchange) and was the Chair of the Advisory Council at the Stanford University Graduate School of Business. He holds a Bachelor of Arts in economics from Georgetown University, an M.B.A. from the Stanford University Graduate School of Business and pursued doctoral studies in economics at Princeton University.

C.D. Baer Pettit

Mr. Pettit has served as the Company's President since October 2017 and the Company's Chief Operating Officer since January 2020. As President and Chief Operating Officer, Mr. Pettit oversees the Company's business functions, including client coverage, marketing, product management, research and product development, technology and operations. He previously served as Chief Operating Officer from 2015 to 2017, Head of the Product Group from February 2015 to September 2015, Head of Index Products from 2011 to 2015, Head of Marketing from 2005 to 2012 and Head of Client Coverage from 2001 to 2012. Prior to joining the Company, Mr. Pettit worked for Bloomberg L.P. from 1992 to 1999. Mr. Pettit holds a Master of Arts degree in history from Cambridge University and a Master of Science degree from the School of Foreign Service at Georgetown University.

Andrew C. Wiechmann

Mr. Wiechmann has served as the Chief Financial Officer since September 2020. Mr. Wiechmann previously served as Chief Strategy Officer from May 2019 to September 2020, Interim Chief Financial Officer from March 2019 to May 2019, Head of Strategy and Corporate Development from July 2012 to March 2019, as Head of Investor Relations from December 2017 to March 2019 and Head of Financial Planning & Analysis from July 2015 to December 2017. Prior to joining MSCI in 2012, Mr. Wiechmann was an investment banker at Morgan Stanley where he executed M&A and capital markets transactions for financial technology and specialty finance companies, including advising MSCI on its IPO and various acquisitions. Mr. Wiechmann holds Bachelor of Arts degrees in Physics and Economics from Hamilton College.

Robert J. Gutowski

Mr. Gutowski has served as the Company's General Counsel since January 2020. Mr. Gutowski previously served as the Company's Deputy General Counsel and the Head of Compliance from 2010 to 2019 and the Head of Internal Audit from 2012 to 2019. He joined MSCI in 2002. Prior to joining MSCI, he was an attorney in private practice at Rogers & Wells LLP and Clifford Chance LLP. He received his B.A. from Georgetown University and his J.D. from the State University of New York at Buffalo Law School.

Scott A. Crum

Mr. Crum has served as the Chief Human Resources Officer since April 2014. Prior to joining MSCI, Mr. Crum served as global head of human resources for four publicly traded companies. Mr. Crum worked for Avon Products, Inc. as Senior Vice President of Human Resources and Chief People Officer from 2012 to 2013. From 2010 to 2012, Mr. Crum served as Senior Vice President and Chief People Officer of Motorola Mobility Holdings, Inc., one of two publicly traded companies formally created when Motorola Inc. split in January 2011 until it was acquired by Google. Prior to that, he served as the Senior Vice President and Director of Human Resources of ITT Corporation from 2002 to 2010 and Senior Vice President of Administration and Employee Resources at General Instruments Corp. from 1997 to 2000. Mr. Crum holds a Bachelor of Business Administration with a concentration in industrial relations from Southern Methodist University.

Available Information

Our corporate headquarters is located at 7 World Trade Center, 250 Greenwich Street, 49th Floor, New York, New York, 10007, and our telephone number is (212) 804-3900. We maintain a website on the internet at www.msci.com. The contents of our website are not a part of or incorporated by reference in this Annual Report on Form 10-K.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC maintains a website that contains reports, proxy and information statements and other information that we file electronically with the SEC at www.sec.gov. We also make available free of charge, on or through our website, these reports, proxy statements and other information as soon as reasonably practicable following the time they are electronically filed with or furnished to the SEC. To access these, click on the "SEC Filings" link found on our Investor Relations homepage (<http://ir.msci.com>).

We also use our Investor Relations homepage, Corporate Responsibility homepage and corporate Twitter account (@MSCI_Inc) as channels of distribution of Company information. The information we post through these channels may be deemed material.

Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive email alerts and other

information about us when you enroll your email address by visiting the “Email Alert Subscription” section of our Investor Relations homepage at <http://ir.msci.com/alerts.cfm>. The contents of our website, including our Investor Relations homepage, Corporate Responsibility homepage and social media channels are not, however, a part of or incorporated by reference in this Annual Report on Form 10-K.

Item 1A. Risk Factors

You should carefully consider the following risks and all of the other information set forth in this Annual Report on Form 10-K. If any of the following risks actually occurs, our business, financial condition or results of operations could be materially and adversely affected. You should read the section titled “Forward-Looking Statements” on page 1 for a description of the types of statements that are considered forward-looking statements, as well as the significance of such statements in the context of this Annual Report on Form 10-K. This information should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Result of Operations” and the consolidated financial statements and related notes. These factors could cause our future results to differ materially from our historical results and from expectations reflected in forward-looking statements.

Summary of Risk Factors

Our business is subject to numerous risks and uncertainties, discussed in more detail in the following section. These risks include, among others, the following key risks:

- Our dependence on third parties to supply data, applications and services for our products and services and on certain vendors to distribute our products;
- Undetected errors, defects, malfunctions or similar problems in our products leading to increased costs or liability;
- The impact of the COVID-19 pandemic or other widespread health crises;
- Our exposure to potential reputational and credibility concerns;
- The possibility that our clients seek to negotiate lower asset-based fees or cease using our indexes as the basis for indexed investment products;
- Cancellations or reductions by any of our largest clients and/or reduced demand for our products or services;
- The impact of failures, disruptions, instability or vulnerabilities in our information technology systems or applications;
- Our inability to ensure and protect the confidentiality of data;
- Our exposure to cyber-attacks or failures of our cyber-security plans, systems or procedures;
- Unanticipated failures, interruptions or delays in the performance or delivery of our products as a result of the adoption of new technologies;
- Security vulnerabilities in our internal network, systems or applications resulting from our use of open source code;
- The impact of changes in the global capital markets;
- The effects on us from competition and financial and budgetary pressures affecting our clients;
- The impact of our global operations and any future expansion on management and our exposure to additional issues from our increased global footprint;
- New regulations or changes to current regulations;
- Our inability to protect our intellectual property rights;
- The impact of foreign currency exchange rate fluctuation;
- The impact of our indebtedness on our financial flexibility;
- The impact of changes in our credit ratings; and
- Our exposure to tax liabilities in various jurisdictions.

Operational Risks

We are dependent on third parties to supply data, applications and services for our products and services and are dependent on certain vendors to distribute our products. A refusal or failure by a key vendor to distribute our products or any loss of key outside suppliers of data, applications or services or a reduction in the accuracy or quality of such data, applications or services or any failure by us to comply with our suppliers' or distributors' licensing requirements could impair our ability to provide our clients with our products and services, which could have a material adverse effect on our business, financial condition or results of operations.

We rely on third-party suppliers of data, applications and services, including data from stock exchanges ("Vendor Products"), and depend on the accuracy and quality of Vendor Products and the ability and willingness of such suppliers to deliver, support, enhance and develop new Vendor Products on a timely and cost-effective basis, and respond to emerging industry needs and other changes in order to produce, deliver and develop our products and services. Additionally, we depend on clients to supply certain data in order to provide our services to them. Any failure to supply, errors or reduction in the amount, accuracy or quality of such data supplied from clients impairs our ability to provide them with our products and services.

If Vendor Products include errors, design defects, are delayed, become incompatible with future versions of our products, are unavailable on acceptable terms or are not available at all, we may not be able to deliver our products and services. Some of our agreements with third-party suppliers allow them to cancel on short notice and from time to time we receive notices from third-party suppliers threatening to terminate the provision of their products or services to us, and some data suppliers have terminated the provision of their data to us. Termination of the provision of Vendor Products by one or more of our significant suppliers or exclusion from, or restricted use of, or litigation in connection with Vendor Products could decrease the data and materials available for us to use and deliver to our clients. In addition, some of our competitors could enter into exclusive contracts with our data suppliers, including with certain stock exchanges. If our competitors enter into such exclusive contracts, we may be precluded from receiving certain data or other materials from these suppliers or restricted in our use of such data or other materials, which would give our competitors a competitive advantage. Such exclusive contracts could hinder our ability to create our products and services or to provide our clients with the data or other products or services they prefer, which could lead to a decrease in our client base.

Despite our efforts to comply with the licensing requirements of Vendor Products, our use of certain Vendor Products has been challenged in the past and there can be no assurance that third parties may not challenge our use in the future, resulting in increased acquisition or licensing costs, loss of rights and/or costly legal actions. Our business could be materially adversely affected if we are unable to timely or effectively replace the data or functionality provided by Vendor Products that become unavailable or fail to operate effectively for any reason. Our operating costs could increase if additional license fees are imposed or current license fees increase or the efforts to incorporate enhancements to Vendor Products are substantial and we are unable to negotiate acceptable licensing arrangements with these suppliers or find alternative sources of equivalent products or services. If any of these risks materialize, they could have a material adverse effect on our business, financial condition or results of operations.

We also rely on certain third-party vendors to distribute our data to clients. While some of our vendors generate revenue in connection with distributing our data, others do not derive a direct financial benefit. Should any of our key vendors refuse to distribute our data for any reason or require that we pay them new or additional fees in connection with the distribution of our data, we would need to find alternative ways to distribute our data or lose revenue or profitability for certain products, which may have a material adverse effect on our business, financial condition or results of operations.

If our products contain undetected errors or fail to perform properly due to defects, malfunctions or similar problems, we may, among other things, become subject to increased costs or liability based on the use of our products or services to support our clients' investment processes, which could have a material adverse effect on our business, financial condition or results of operations.

Our products and services support the investment processes of our clients, which relate to, in the aggregate, trillions of dollars in assets. Products or services we develop or license may contain undetected errors or defects despite testing. Use of our products or services as part of the investment process creates the risk that our clients, the parties whose assets are managed by our clients, investors in investment products linked to our indexes, the companies that we rate or assess in our ESG solutions or the shareholders of those companies, may pursue claims against us based on even a small error in our data, calculations, methodologies or analysis or a malfunction or failure in our systems, products or services.

Errors or defects can exist at any point in a product's lifecycle, but are frequently found after introduction of new products or services or enhancements to existing products. We continually introduce new methodologies and products, and new versions of and updates to our existing products or services. Despite internal testing and in some cases testing or use by clients, our products or services may contain errors in our data, calculations, methodologies or analysis, including serious defects or malfunctions. If we detect any errors before we release or deliver a product or service or publish a methodology or analysis, we might have to suspend or delay the product or service release or delivery for an extended period of time while we address the problem. We may not discover errors that affect our products or services or enhancements until after they are deployed, and we may need to provide enhancements or corrections to address such errors, and in certain cases it may be impracticable to do so. If undetected errors exist in our products or services, or if our products or services fail to perform properly due to defects, malfunctions or similar problems, it could result in harm to our brand or reputation, significantly increased costs, lost sales, delays in commercial release, third-party claims, contractual disputes, negative publicity, delays in or loss of market acceptance of our products or services, license terminations or renegotiations and/or unexpected expenses and diversion of resources to remedy or mitigate such errors, defects or malfunctions. The realization of any of these events could materially adversely affect our business, financial condition or results of operations.

While we have provisions in our client contracts that are designed to limit our liability from claims brought by our clients or third parties relating to our products or services, these provisions could be invalidated or fail to adequately limit our liability, which could result in the provision of credits, adverse monetary judgments and other penalties and damages. Any such claims brought against us, even if the outcome were to be ultimately favorable to us, would require attention of our management, personnel, financial and other resources and could have a negative impact on our reputation or pose a significant disruption to our normal business operations. In addition, the duration or outcome of such claims and lawsuits is difficult to predict, which could further exacerbate the adverse effect they may have on our business operations.

The COVID-19 pandemic, or other widespread health crises, could have a material adverse effect on our business, financial condition or results of operations.

The COVID-19 pandemic has caused significant economic disruption, including volatility in the global equity markets. Our operations have been affected by a range of external factors related to the COVID-19 pandemic that are not within our control, including the imposition in many jurisdictions of a wide range of restrictions on the physical movement of our employees and vendors to limit the spread of COVID-19. While we were not materially impacted in 2020, due to ongoing uncertainty related to the duration, magnitude and impact of the COVID-19 pandemic, and the volatile regional and global economic conditions stemming from the pandemic, its potential effects on our business are uncertain and difficult to predict, but may include:

- significant failures, errors, delays, disruptions or instability affecting our key products or services, vendors, suppliers, distributors, information technology platforms, data centers, production and delivery systems, applications or processes, including those that negatively affect our ability to calculate, process or distribute our products or service our clients effectively;
- adverse equity market conditions, volatility in the financial markets and unforeseen investment trends resulting in a reduction in our asset-based fees, increased cancellations and reduced demand for our products and services;
- prolonged selling cycles and increased pressures to reduce our fees on account of heightened financial and budgetary pressures affecting our clients (for example, in response to the COVID-19 pandemic, we selectively gave clients access to services licensed under a subscription agreement prior to the beginning of the fee period at no cost to help drive business in key areas);
- an inability to sustain revenue growth through obtaining new clients and achieving and maintaining a high level of renewal rates with respect to our existing clients (for example, subscription cancellations increased by 26.6% for the year ended December 31, 2020 compared to being down 1.7% for the year ended December 31, 2019, due, in part, to the challenging operating environment);
- delays in our ability to collect on our accounts receivables;
- increasing tax costs as the jurisdictions in which we do business globally may seek to generate additional revenues to offset revenue shortfalls created by the challenging operating environment and stimulus packages;
- a deterioration of worldwide credit and financial markets that could limit our ability to obtain necessary external financing to fund our operations and capital expenditures; and

- increased strain on our workforce, management and other resources, including employee absenteeism and illness of key personnel.

These effects, alone or taken together, could have a material adverse effect on our business, financial condition or results of operations. If the COVID-19 pandemic is sustained or prolonged, these effects could be exacerbated. Additionally, many of the other risk factors described in this Item may be exacerbated or the likelihood of such risks materializing may be increased by global widespread health crises such as the COVID-19 pandemic and the volatile regional and global economic conditions stemming from the pandemic.

We continue to work with our stakeholders (including customers, employees, suppliers, business partners, and local communities) to attempt to mitigate any negative effects of this global pandemic on our business. These mitigation efforts have included implementing our business-specific continuity plans and processes, transitioning to a largely global work-at-home model, proactively reducing costs intended to allow us to protect against further downside revenue risk, and investing in additional initiatives to support our long-term growth, while also focusing on maintaining liquidity and capital structure flexibility. We cannot assure you that we will be successful in any of these mitigation efforts.

We closely monitor the impact of the COVID-19 pandemic and continually assess its potential effects on our business. Given the dynamic nature of these circumstances, we cannot reasonably estimate the full impact of the COVID-19 pandemic at this time. The extent to which our business, financial condition, results of operations, or cash flows are affected by COVID-19 will depend in part on future developments which cannot be accurately predicted and are uncertain, as there are no comparable recent events that provide guidance as to the potential effect of the spread of a global pandemic. This situation is changing rapidly, and additional effects may arise that we are not presently aware of or that we currently do not consider significant risks to our operations. If we are not able to respond to and manage the impact of such events effectively, our business and financial condition may be negatively impacted.

MSCI is exposed to potential reputational and credibility concerns.

To the extent that any of MSCI's operating segments or product lines or MSCI as a whole suffers a reputational or other loss in credibility, it could have a material adverse impact on MSCI's business. Real or perceived factors that may have already affected credibility, or which could potentially have an impact in this regard, include: the appearance of a conflict of interest; the editorial independence of our index composition and ESG rating processes and decisions; the influence of third parties, including governments and large investors or asset owners, on our editorial decisions; the performance of companies relative to their ESG ratings, index inclusion, risk characteristics or other MSCI content or analytics; the timing and nature of changes to our indexes or ESG ratings; disagreement with our methodologies or models, including for calculating indexes, value-at-risk and other risk measures, ESG ratings and related data, information and analysis; the accuracy and completeness of our data; views expressed by the media, politicians, other government officials or representatives, regulators or other third parties regarding our company or our industry or our role in the investment processes; our own sustainability and corporate responsibility policies or practices, including as a result of (i) failure to meet publicly disclosed ESG and climate-related targets or goals, or (ii) misalignment with evolving market standards or the methodologies and standards used in our products and ESG ratings; criticism of our own sustainability and corporate responsibility policies or practices by the companies we evaluate for ESG ratings or index inclusion; and the impact of political tensions relating to countries, industries, companies or issues relevant to our products and services, such as the inclusion of certain Chinese companies in our indexes or the focus on sustainable investing and climate considerations in our offerings. Errors and other actions by MSCI competitors could also damage the reputation of the industries that we operate in and, therefore, harm the reputation of the Company or certain of our products.

Damage to our reputation, brand or credibility could have a material adverse impact on MSCI's business, operating results and financial condition.

Client Risks

Our clients that pay us a fee based on the assets under management or total expense ratio of an indexed investment product may seek to negotiate a lower asset-based fee percentage or lower the total expense ratio of such products or may cease using our indexes, which could limit the growth of or decrease our revenues from asset-based fees.

A portion of our revenues are from asset-based fees and these revenue streams are concentrated in some of our largest clients, including BlackRock, and in our largest market, the U.S. Our clients, including our largest clients, may seek for a variety of reasons to negotiate to pay us lower asset-based fee percentages, which are sometimes calculated as a percentage of the relevant product's total expense ratio ("TER"). Additionally, competition is intense among our clients that offer or manage indexed investment products, including ETFs, and low fees are one of the competitive differentiators. Where an investment product's TER determines our fees, a reduction in the TER may negatively impact our revenues. Additionally, our clients, including our largest clients, may seek to lower or eliminate floors on asset-based fees (i.e., minimum asset-based fee percentages) or impose or lower ceilings on asset-based fees (i.e., maximum asset-based fee percentages). Such changes affecting our fees and fee structures could individually, or in the aggregate, negatively impact our revenues.

Moreover, clients that have licensed our indexes to serve as the basis of indexed investment products are generally not required to continue to use our indexes and could elect to cease offering the product or switch to a lower fee index. For example, at least one large client ceased using MSCI indexes as the basis for a significant number of its index funds. Clients that license our indexes to serve as the basis for listed futures and options contracts might also discontinue such contracts. Additionally, we have a differentiated licensing strategy for our indexes and from time to time experience faster growth from lower fee products, resulting in a lower average asset-based fee percentage from indexed investment products. While we aim to maximize the price and volume trade-off over the long-term, there can be no assurance that we will be able to do so. Results for any given quarter could be materially adversely affected by stronger growth in assets in indexed investment products with lower than average fees not sufficiently offset by growth in assets in indexed investment products with higher than average fees. Our asset-based fees could dramatically decrease, which could have a material adverse effect on our business, financial condition or results of operations. Finally, to the extent that multiple investment products are based on the same index, (i) assets under management in one product could shift to products that pay MSCI lower fee levels, (ii) the products could compete for the same assets such that none of the products becomes large enough to be successful or sustained, or (iii) the failure or discontinuance of one product (e.g., derivatives used for hedging) could have a detrimental effect on the use of the other products (e.g., ETFs).

Cancellations or reductions by any of our largest clients could have a material adverse effect on our business, financial condition or results of operations.

A material portion of our revenues is concentrated in some of our largest customers. For the fiscal year ended December 31, 2020, our largest client organization by revenue, BlackRock, accounted for 11.0% of our total revenues. For the fiscal year ended December 31, 2019, BlackRock, accounted for 11.5% of our total revenues. Our revenue growth depends on our ability to obtain new clients, sell additional services to existing clients and achieve and sustain a high level of renewal rates with respect to our existing licenses. Failure to achieve one or more of these objectives could have a material adverse effect on our business, financial condition and operating results. If one or more of our largest clients cancels or reduces its licenses and we are unsuccessful in replacing those licenses, our business, financial condition or results of operations could be materially adversely affected.

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

Our clients may internally develop certain functionality contained in the products or services they currently license from us. For example, a number of our clients have obtained regulatory clearance to create indexes for use as the basis of ETFs that they manage. Similarly, some of our clients who currently license our risk or ESG and climate data to analyze their portfolio risk may develop their own tools to collect data and assess risk or embed ESG and climate considerations into their investment processes, making our products or services unnecessary for them. A growing number of asset managers and investment banks, in partnership with index providers that offer calculation agent services, or acting together with an industry group or association, have created or may create their own range of proprietary indexes, which they use to manage funds or as the basis of ETFs, structured products or over-the-counter derivatives. To the extent that our clients become more self-sufficient, demand for our products or services may be reduced, which could have a material adverse effect on our business, financial condition or results of operations.

Technology Risks

Any failures, disruptions, instability or vulnerabilities in our information technology architecture, platforms, vendors and service providers, production and delivery systems, software, code, internal network, the Internet or other systems or applications may disrupt our operations, cause our products to be unavailable or fail and impose delays or additional costs in deploying our products, or impose conditions or restrictions on our ability to commercialize our products or keep them confidential and result in reputational and other harm and have a material adverse effect on our business, financial condition or results of operations.

We depend heavily on the capacity, reliability and security of our information technology systems and platforms and their components, including our data centers, cloud providers and other vendors and service providers, production and delivery systems as well the Internet, to create and deliver our products and service our clients. Our employees also depend on these systems, platforms and providers for internal use. Heavy use of our electronic delivery systems and other factors such as loss of service from third parties, operational failures, human error, terrorist or other attacks affecting systems or sites where we are located, climate or weather related events (e.g., natural disasters), power loss, telecommunications failures, technical breakdowns, Internet failures or computer viruses could impair our systems' operations or interrupt their availability for extended periods of time. Our ability to effectively use the Internet, including our remote work force's ability to access the Internet, may also be impaired due to infrastructure failures, service outages at third-party Internet providers or increased government regulation.

Disruptions, failures or slowdowns that could occur with respect to our operations, including to our information technology systems and platforms, our electronic delivery systems or the Internet, could damage our brand and reputation, result in litigation and negatively affect our ability to distribute our products effectively and to service our clients, including delivering managed services or delivering real-time index data. There is no assurance that we will be able to successfully defend against such disruptions or that our disaster recovery or business continuity plans will be effective in mitigating the risks and associated costs, which could be exacerbated by our shift to an increasingly remote working environment, and which could have a material impact on our business, financial condition or results of operations.

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

Many of our products provide for the exchange of sensitive information with our clients through a variety of media and channels, such as the Internet, applications and dedicated transmission lines. We rely on a complex system of internal processes and software controls along with policies, procedures and training to protect data that we receive in the ordinary course of business, including sensitive and confidential client data such as material non-public information and client portfolio data that may be provided to us or hosted on our systems, against unauthorized data access or disclosure. In addition, we believe that when we change the composition of our indexes, in some cases the changes can have an indirect effect on the prices of constituent securities and on certain indexed investment products as a result of trading activity related to replicating our indexes. As the usage and types of uses of our ESG ratings increase, the ratings and changes to the ratings in some cases could also potentially have an impact on the companies that we rate and the price of their securities.

If our internal processes, confidentiality policies, conflict of interest policies or information barrier procedures fail or are insufficient, including as a result of human error or manual processes, or if an employee purposely circumvents or violates our internal controls, policies or procedures, then unauthorized access to, or disclosure or misappropriation of, data, including material non-public or other confidential information (e.g., certain index composition data or ESG rating data), our brand and reputation may suffer and we may become subject to litigation, regulatory actions, sanctions or other penalties, leading to a loss of client confidence, which could have a material adverse effect on our business, financial condition or results of operations.

Successful cyber-attacks and the failure of cyber-security plans, systems and procedures could have a material adverse effect on our business, financial condition or results of operations.

The Company's operations rely on the secure processing, storage and transmission of confidential, sensitive, proprietary and other types of data and information, and on those of our third-party vendors. We and our vendors are subject to cyber risks, including cyber-attacks, such as phishing scams, hacking, tampering, intrusions, viruses, ransomware, malware and denial-of-service attacks. In some cases these risks are heightened when employees are working remotely. Our and our vendors' use of mobile and cloud technologies may also increase our risk for such threats. The Company may be exposed to more targeted and more sophisticated cyber-attacks aimed at accessing certain information on our systems because of our role or prominence in the global marketplace, including client portfolio data, the composition of our indexes and MSCI ESG Research ratings of corporate issuers. Any such threats may cause material interruptions or malfunctions in our or our vendors' products or services, networks, systems, websites, applications, data or data processing, or may otherwise compromise the availability,

confidentiality or integrity of data or information in our possession. While the Company has not experienced cyber incidents that are individually, or in the aggregate, material, the Company has experienced cyber-attacks of varying degrees in the past, including denial-of-service attacks, and there can be no assurance that there will not be a material adverse effect in the future.

Our security measures or those of our third-party providers, including any cloud-based technologies, may prove insufficient depending upon the attack or threat posed. Cyber-attacks, security breaches or third-party reports of perceived security vulnerability to the Company's systems, even if no breach has occurred, could damage our brand and reputation, result in litigation, regulatory actions, sanctions or other penalties, lead to loss of client confidence, which would harm our ability to retain clients and gain new ones, and lead to financial losses. Any of the foregoing could lead to unexpected or higher than estimated costs. We may also incur additional costs as a result of increasing and refining our internal processes and software controls and policies and procedures related to security, processing integrity and confidentiality or privacy.

Migration of our applications, systems, processes and infrastructure to new technologies, cloud providers, data centers, processes, platforms or applications could result in unanticipated failures, interruptions or delays in the performance and delivery of our products, services and client support. Such incidents could have a material adverse effect on our financial condition or results of operations.

In the past, we have experienced unanticipated interruption and delay in the performance and delivery of certain products after we migrated applications and infrastructure to new data centers. While we have taken steps to mitigate such interruptions and delays, we cannot provide assurance that they will not occur again in the future as part of major migration efforts (e.g., cloud migration), even after extensive testing of new systems, processes, applications and hardware. Such disruptions may result in cancellations and reduced demand for our products and services, resulting in decreased revenues. After adopting new technologies, applications and processes, such as cloud computing, virtualization and agile software development, we may experience unanticipated interruption and delay in the performance and delivery of certain of our products, services and client support. We may also incur increased operating expenses to recover data, repair, replace or remediate systems, equipment or facilities, and to protect ourselves from such disruptions. Accordingly, any significant failures, disruptions or instability affecting our information technology platform, cloud providers, data centers, production and delivery systems, applications, processes or the Internet could negatively affect our ability to distribute our products effectively and to service our clients, damage our brand and reputation and result in litigation, which may have a material adverse effect on our financial condition or results of operations.

Our use of open source code could introduce security vulnerabilities into our internal network, systems and applications, impose unanticipated delays or costs in deploying our products or services, or impose conditions or restrictions on our ability to commercialize our products or services or keep them confidential.

We rely on open source code to develop software and to incorporate it in our products, as well as to support our internal systems and infrastructure. The use of open source code may entail greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims, the quality of the code or the security of the code. Some open source licenses provide that if we combine our proprietary code with open source code in a certain manner, we could be required to release the source code of our proprietary applications to the public. This would allow our competitors to create similar products with less development effort and time and ultimately put us at a competitive disadvantage. Additionally, the terms of many open source code licenses are ambiguous and have not been interpreted by U.S. courts. Accordingly, there are risks that there may be a failure in our procedures for controlling the use of open source code or that these licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize our products. In either event, we could be required to seek licenses from third parties on terms that are not commercially feasible, to make generally available portions of our proprietary code, to re-engineer our products or systems, to discontinue the licensing of our products if re-engineering could not be accomplished on a timely or cost-effective basis, or to take other remedial action that could divert resources away from our development efforts. Any of these requirements could materially adversely affect our business, financial condition or results of operations.

Strategy and Growth Risks

Our business may be affected by changes in the global capital markets, including adverse equity market conditions, volatility in the financial markets and evolving investment trends. Such changes could decrease the use of our products and services which could have a material adverse effect on our business, financial condition or results of operations.

Our business is impacted by economic conditions and volatility in the global capital markets. Our clients use our products for a variety of purposes, including benchmarking, performance attribution, portfolio construction and risk management, and to support investment strategies including ESG, factor, thematic, private asset and MAC investing. Volatile capital markets may impact whether, how, where and when investors choose to invest, for example between developed or emerging markets, U.S. or non-U.S. markets, as well as whether to adopt different investment strategies.

The value of an investment product's assets may increase or decrease in response to changes in market performance and cash inflows and outflows, which could impact our revenues.

Additionally, an increasing portion of our revenues comes from products and services that relate to certain investment trends, such as ESG and climate, factor, thematic and MAC investing. A decline in the equity markets or a trend away from such investment trends could decrease demand for the Company's related products and services, which could have a material adverse effect on our business, financial condition or results of operations.

Competition and financial and budgetary pressures affecting clients in our industry may cause price reductions or loss of market share, which may materially adversely affect our business, financial condition or results of operations. To remain competitive, we must successfully develop new and enhanced products and services and effectively manage product transitions and integrations.

Competition exists across all markets for our products and services. Our competitors range in size from large companies with substantial resources to small, single-product businesses that are highly specialized. Our larger competitors may have access to more resources and may be able to achieve greater economies of scale, and our specialized competitors may be more effective in devoting technical, marketing and financial resources to compete with us with respect to a particular product or service. Some competitors may offer price incentives or different pricing structures that are more attractive to clients. The competitive landscape may also experience consolidation in the form of mergers and acquisitions, joint ventures or strategic partnerships, which result in a narrower pool of competitors that are better capitalized or that are able to gain a competitive advantage through synergies.

Barriers to entry may be low or declining in many of the markets for our products and services, including for single-purpose product companies, which could lead to the emergence of new competitors. For example, more broker-dealers, data suppliers, credit rating agencies or other market participants or vendors could begin developing their own content such as proprietary risk analytics, ESG and climate data or indexes. Recent developments, including increases in the availability of free or relatively inexpensive information, advances in cloud computing, increased use of open source code, as well as client development of proprietary applications in specific areas, have further reduced barriers to entry in some cases.

We may experience pressures to reduce our fees on account of financial and budgetary pressures affecting our clients, including those resulting from weak or volatile economic or market conditions, which may lead certain clients to reduce their overall spending on our products or services, including by seeking similar products or services at a lower cost than what we are able to provide, by consolidating their spending with fewer providers, by consolidating with other clients or by self-sourcing certain of their information and analytical needs. Accordingly, competitive and market pressures may result in fewer clients or reduced sales, including as a result of client closures and consolidations, price reductions, prolonged selling and renewal cycles and increased operating costs, such as for marketing and product development, which could, individually or in the aggregate, result in a material adverse effect on our business, financial condition or results of operations.

To remain competitive, we must continually introduce new products and services, enhance existing products and services, including through integration of products and services within MSCI and with third-party platforms, and effectively generate customer demand for new and upgraded products and services. We may not be successful in developing, introducing, implementing, marketing, pricing, launching or licensing new products or enhancements on a timely or cost-effective basis or without impacting the stability and efficiency of existing products and systems. Any new products and enhancements may not adequately meet the requirements of the marketplace or industry

standards or achieve market acceptance. We must make long-term investments and commit significant resources before knowing whether these investments will eventually result in products and services that satisfy our clients' needs and generate revenues required to provide the desired results. From time to time, we also incur costs to integrate existing products and services and transition clients to enhanced products and services, which also present execution risks and challenges and could lead to price reductions or other concessions. If we are unable to effectively manage transitions to new or enhanced products and services, we may not be able to remain competitive and our business, financial condition or results of operations could be materially adversely affected.

Our global operations and any future expansions may continue to place significant strain on our management and other resources, as well as subject us to additional, and in some cases unanticipated, risks and costs in connection with political, economic, legal, operational and other issues resulting from our increased global footprint, which could materially adversely impact our businesses.

Our global operations and any future expansion are expected to continue to place significant demands on our personnel, management and other resources. We must continue to improve our operational, financial, human resources, management, legal and compliance processes and information systems to keep pace with the expansion of our business. If we expand organically or by way of acquisition, there can be no assurance that our management will be effective in attracting, engaging and retaining additional qualified personnel, including additional managers or key employees, developing effective leadership in all our locations, expanding our physical facilities and information technology infrastructure, integrating acquired businesses or otherwise managing expansion. Additionally, new hires require significant training and may, in some cases, take a significant amount of time before becoming fully productive.

Our global operations expose us to political, economic, legal, operational, franchise and other risks that are inherent in operating in many countries, including risks of possible capital controls, exchange controls, customs duties, sanctions compliance, tax penalties, levies or assessments, legal uncertainty, broad regulatory discretion and other restrictive governmental actions, as well as the outbreak of hostilities or political and governmental instability in certain of the countries or regions in which we conduct operations. The majority of our employees are located in offices outside of the U.S. and a number of those employees are located in emerging market locations. The cost of establishing and maintaining these offices, including costs related to information technology infrastructure, as well as the costs of attracting, training and retaining employees in these locations may be higher, or may increase at a faster rate, than we anticipate. Additionally, public health epidemics impacting the global economy and our employees, such as the worldwide COVID-19 pandemic, may have a material adverse effect on our business, financial condition or results of operations.

The laws and regulations in many countries applicable to our business are uncertain and evolving, and it may be difficult for us to determine and remain compliant with the exact requirements of local laws in every market. Our inability to maintain consistent internal policies and procedures across our offices and remain in compliance with local laws in a particular market could have a significant and negative effect not only on our businesses in that market but also on our reputation generally.

Demand for our products and services is still nascent in many parts of the world, particularly in emerging market locations where risk management and ESG integration practices are often not fully developed. In addition, the data required to model local securities in some emerging markets might be difficult to source. If we do not appropriately tailor our products and services to fit the needs of the local market, we may be unable to effectively grow sales of our products and services in some locations outside of the U.S. There can be no assurances that demand for our products and services will develop in these countries.

Any failure to effectively manage expansion or to effectively manage the business globally could damage our brand and reputation, result in increased costs and litigation and have a material adverse effect on our business, financial condition or results of operations.

Legal and Regulatory Risks

Failure to comply with regulations, or the introduction of new regulations or changes to existing regulations could materially adversely affect our business, financial condition or results of operations.

Failure to comply with any applicable laws, rules, orders, regulations or other requirements could subject us to litigation, regulatory actions, sanctions, fines or other penalties, as well as damage our brand and reputation. The

financial services industry, within which we and many of our clients operate, is subject to extensive laws, rules and regulations at the federal and state levels, as well as by foreign governments, with some jurisdictions regulating indexes directly. These laws, rules and regulations are complex, evolve frequently and sometimes quickly and unexpectedly, and are subject to administrative interpretation and judicial construction in ways that are difficult to predict, and could materially adversely affect our business and our clients' businesses. Uncertainty caused by political change globally heightens regulatory uncertainty. Additionally, we may be required to comply with multiple and potentially conflicting laws, rules or regulations in various jurisdictions, which could, individually or in the aggregate, result in materially higher compliance costs to us. It is possible that laws, rules or regulations could cause us to restrict or change the way we license and price our products and services or could impose additional costs on us. Changes to the laws, rules and regulations applicable to our clients could limit our clients' ability to use our products and services or could otherwise impact our clients' demand for our products and services. As such, to the extent that our clients become subject to certain laws, rules or regulations, we may incur higher costs in connection with modifying our products or services. To the extent that we rely on our clients and vendors to provide data for our products and services and certain laws, rules or regulations impact our clients' and vendors' ability or willingness to provide that data to us or regulate the fees for which such data can be provided, our ability to continue to produce our products and services or the related costs could be negatively impacted. The regulations and regulatory developments that most significantly impact us are described below:

- *Brexit.* The United Kingdom ("UK") exited the European Union ("EU") on January 31, 2020 (commonly referred to as "Brexit") and the UK's membership in the EU single market ended on December 31, 2020. On December 24, 2020, the UK and the EU announced that they had struck a new bilateral trade and cooperation deal governing the future relationship between the UK and the EU (the "EU-UK Trade and Cooperation Agreement") which was formally approved by the 27 member states of the EU on December 29, 2020. The EU-UK Trade and Cooperation Agreement was formally approved by the UK parliament on December 30, 2020 and is being applied provisionally until it is formally ratified by the EU parliament.

The EU-UK Trade and Cooperation Agreement provides some clarity regarding the future relationship between the UK and the EU including some detailed matters of trade and cooperation, but there remain uncertainties related to Brexit and the new relationship between the UK and EU that will continue to be developed and defined, as well as uncertainties related to the wider trading, legal, regulatory, tax and labor environments, and the resulting impact on our business and that of our clients. Because we have significant operations in Europe and certain members of our senior management team are based in London, any of these uncertainties could increase our costs of doing business, or in some cases, affect our ability to do business, which could have a material adverse effect on our business, financial condition or results of operations.

- *Regulation Affecting Benchmarks.* Compliance efforts associated with regulations affecting benchmarks or their uses and any related technical standards and guidance could have a negative impact on our business and results of operations. In particular, compliance could lead to a change in our business practices, product offerings and/or our ability to offer indexes in certain jurisdictions, including the EU, including without limitation, by increasing our costs of doing business, including direct costs paid to regulators, diminishing our intellectual property rights, impacting the fees we can charge for our indexes, imposing constraints on our ability to meet contractual commitments to our data providers, imposing constraints on how we offer our products or causing our data providers to refuse to provide data to us, any of which could have a material adverse effect on our index products.

For example, the benchmark industry is subject to regulations in the EU, such as Regulation (EU) 2016/1011 (as amended) and Regulation (EU) No 600/2014, as well as increased scrutiny and potential new or increased regulation in various other jurisdictions. Additionally, the European Securities and Markets Authority ("ESMA") issues guidance from time to time regarding interpretations of the benchmark regulation. The ESMA Guidelines on ETFs and other UCITS Issues limit the types of indexes that can be used as the basis of Undertakings for Collective Investment in Transferable Securities ("UCITS") funds and require, among other things, index constituents, together with their respective weightings, to be made easily accessible free of charge, such as via the internet, to investors and prospective investors on a delayed and periodic basis. The International Organization of Securities Commissions ("IOSCO") recommends that benchmark administrators, on a voluntary basis, publicly disclose whether they comply with the principles for financial benchmarks published by IOSCO. Other jurisdictions have also indicated they may consider potential benchmark regulation. The heightened attention and scrutiny on benchmarks and index providers by regulators,

policymakers and the media in the EU, the U.S. and other jurisdictions around the world could result in negative publicity or comments about the role or influence of our company or the index industry generally, which could harm our reputation and credibility.

Further, laws, rules, regulations and orders affecting users of our indexes can have an indirect impact on our indexes, including their construction and composition, such as sanctions that prohibit users of our indexes from investing or transacting in securities included in our indexes.

- *Data Privacy Legislation.* Changes in laws, rules or regulations, or consumer environments relating to privacy or information collection and use may affect our ability to collect, manage, aggregate, store, transfer and use personal data. There could be a material adverse impact on our direct marketing due to the enactment of legislation or industry regulations, or simply a change in practices, arising from public concern over privacy issues. Restrictions or bans could be placed upon the collection, management, aggregation, storage, transfer and use of information that is currently legally available, in which case our costs related to handling information could increase materially. For example, California passed the California Consumer Privacy Act (“CCPA”), which took effect on January 1, 2020. The CCPA regulates the processing of personal data of all Californians and imposes significant penalties for non-compliance. The European General Data Protection Regulation imposes enhanced operational requirements for companies that receive or process personal data of residents of the EU and includes significant penalties for non-compliance. In Japan, the Act on the Protection of Personal Information (“APPI”) regulates the use of personal information and personal data of “data subjects” for business purposes without regard to whether such use is within Japan. In addition, other jurisdictions, including China and India, are considering imposing or have already imposed additional restrictions.
- *Investment Advisers Act.* Except with respect to certain products provided by MSCI ESG Research LLC and certain of its designated foreign affiliates, we believe that our products and services do not constitute or provide investment advice as contemplated by the Advisers Act. The Advisers Act imposes fiduciary duties, recordkeeping and reporting requirements, disclosure requirements, limitations on agency and principal transactions between an adviser and advisory clients, as well as general anti-fraud prohibitions. Future developments in our product lines or changes to current laws, rules, regulations or interpretations could cause this status to change, requiring other entities in our corporate family to register as investment advisers under the Advisers Act or comply with similar laws or requirements in states or foreign jurisdictions. Certain regulators in the U.S., for example, have commented publicly on whether index providers, in some cases, are or should be subject to the Advisers Act. See Part I, Item 1. “Business—Government Regulation” above for information about similar regulations in other countries.

In some instances, in connection with the provision of data and services, we have incurred additional costs to implement processes and systems at the request of our clients to ensure that the products and services that they in turn provide to their clients using our data are compliant with the financial regulations to which our clients may be subject. For example, a U.S. Executive Order prohibiting many of our clients from transacting in the securities of certain Chinese companies resulted in our decision to remove these companies from relevant indexes in order to support our clients’ needs that our indexes meet their objective to be replicable in investment portfolios. To the extent that our clients are subject to increased regulation, we may be indirectly impacted and could incur increased costs that could have a negative impact on the profitability of certain products.

Additionally, there has been increased attention on and scrutiny of index and ESG ratings providers by politicians, regulators, policymakers and the media, which could create negative publicity that could harm our reputation or credibility as well as result in new or additional regulation that could increase our costs and have a negative impact on profitability.

Legal protections for our intellectual property rights and other rights may not be sufficient or available to protect our competitive advantages. Third parties may infringe on our intellectual property rights or we may infringe upon their intellectual property rights, which, in each case, could have a material adverse effect on our business, financial condition or results of operations.

We consider many aspects of our products and services to be proprietary. We rely primarily on a combination of trade secrets, patents, copyrights and trademark rights, as well as technical measures and contractual protections,

such as non-disclosure obligations, to protect our products and services. Despite our best efforts, we cannot be certain that the steps we have taken to protect our intellectual property rights, and the rights of those from whom we license intellectual property, are adequate to prevent unauthorized use, misappropriation, distribution or theft of our intellectual property.

Intellectual property laws in various jurisdictions in which we operate are subject to change at any time and could further restrict our ability to protect our intellectual property rights. The enforceability of intellectual property rights and obligations under our agreements, as well as the availability of remedies in the event of a breach, may vary due to the different jurisdictions in which our clients and employees are located. Failure to protect the Company's intellectual property adequately could harm its brand and reputation and affect the Company's ability to compete effectively.

There is no guarantee that any intellectual property rights that we may obtain will protect our competitive advantages, nor is there any assurance that our competitors will not infringe upon our rights. Furthermore, our competitors may independently develop and patent or otherwise protect products and services that are the same or similar to ours. We may be unable to detect the unauthorized use or disclosure of our intellectual property or confidential information, or to take the necessary steps to enforce our rights. In addition, our products and services, or third-party products that we provide to our clients, could infringe upon the intellectual property rights of others.

Pursuing intellectual property claims to preserve our intellectual property rights or responding to intellectual property claims, regardless of merit, can consume valuable time, and result in costly litigation or delays, and there is no guarantee that the Company will be successful. From time to time, we receive claims or notices from third parties alleging infringement or potential infringement of their intellectual property rights; and the number of these claims may grow. These intellectual property claims would likely be costly to defend and could require us to pay damages, limit our future use of certain technologies, harm our brand and reputation, significantly increase our costs and prevent us from offering some services or products. We may need to settle such claims on unfavorable terms, pay damages, stop providing or using the affected products or services or enter into royalty and licensing agreements, which may include terms that are not commercially acceptable to us. From time to time we receive notices calling upon us to defend partners, clients, suppliers or distributors against third-party claims under indemnification clauses in our contracts. If any of these risks materialize, they could have a material adverse effect on our business, financial condition or results of operations.

There have been a number of lawsuits in multiple jurisdictions, including in the U.S. and Germany, regarding whether issuers of indexed investment products are required to obtain a license from the index owner or whether issuers may issue investment products based on publicly-available index level data without obtaining permission from (or making payment to) the index owner. The outcome of these cases depends on a number of factors, including the governing law, the amount of information about the index available without a license and the other particular facts and circumstances of the cases. In some instances, the results have been unfavorable to the index owner. If courts or regulators or other governmental bodies in relevant jurisdictions determine that a license is not required to issue investment products linked to indexes, this could have a material adverse effect on our business, financial condition or results of operations. It might also lead to changes in current industry practices such that we would no longer make our index level data publicly available, such as via our website or news media, on a timely basis.

Some of our products and services help our clients to meet their regulatory requirements. Changes to regulatory requirements may obviate the need for these products or services or may cause us to invest in enhancing the products or services to help our clients meet the new regulatory requirements.

Financial Risks

Our revenues, expenses, assets and liabilities are subject to foreign currency exchange rate fluctuation risk.

We are subject to foreign currency exchange rate 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. Additionally, the value of assets in indexed investment products can fluctuate significantly over short periods of time and such volatility may be further impacted by fluctuations in foreign currency exchange rates.

We manage certain of our 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. Any derivative financial instruments that we are currently party to or may enter into in the future may not be successful, resulting in an adverse impact on our results of operations.

To the extent that our international activities recorded in local currencies increase or decrease in the future, our exposure to fluctuations in foreign currency exchange rates may correspondingly increase or decrease and could have a material adverse effect on our business, financial condition or results of operations. In addition, Brexit has caused, and may continue to cause, significant volatility in currency exchange rates, especially between the U.S. dollar and the British pound sterling. A weaker British pound sterling means that revenues earned in British pound sterling translate to lower reported U.S. dollar revenues. A weaker British pound sterling also means that expenses incurred in British pound sterling translate to lower reported U.S. dollar expenses. A weaker British pound sterling could also impair the purchasing power of certain clients and could result in decreased demand for our products and services. A fall in the British pound sterling relative to the U.S. dollar, and the strengthening of the U.S. dollar relative to a number of currencies including the British pound sterling, could have significant impacts on our business, financial condition or results of operations.

Our indebtedness could materially adversely affect our cash flows and financial flexibility.

For an overview of our current outstanding indebtedness and history of our offerings, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” below. Although we believe that our cash flows will be sufficient to service our outstanding indebtedness, we cannot provide assurance that we will generate and maintain cash flows sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. Our ability to make payments on indebtedness and to fund planned capital expenditures depends on our ability to generate and access cash in the future, which, in turn, is subject to general economic, financial, competitive, regulatory and other factors, many of which are beyond our control. If we are unable to pay our obligations as they mature, we may need to refinance all or a portion of our indebtedness on or before maturity. If we are unable to secure additional financing on terms favorable or acceptable to us or at all, we could also be forced to sell assets to make up for any shortfall in our payment obligations. The restrictive covenants in our debt agreements, however, limit our and our subsidiaries’ ability to sell assets and also restrict the use of proceeds from such a sale. If we cannot refinance or otherwise pay our obligations as they mature and fund our liquidity needs, our business, financial condition, results of operations, cash flows, liquidity, ability to obtain financing and ability to compete in our industry could be materially adversely affected.

We may need or want to refinance our existing debt or incur additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, we may be subject to less favorable terms. The risks related to our level of indebtedness could also intensify, including by making it difficult for us to optimally capitalize and manage the cash flow for our business or placing us at a competitive disadvantage compared to our competitors that have less indebtedness.

Furthermore, the terms of our debt agreements include restrictive covenants that limit, among other things, our and our existing and future subsidiaries’ financial flexibility. If we are unable to comply with the restrictions and covenants in our debt agreements, there could be a default that, in some cases, if continuing, could result in the accelerated payment of our debt obligations or the termination of borrowing commitments on the part of the lenders under our Revolving Credit Facility.

In 2017, the U.K. Financial Conduct Authority (the “FCA”), which regulates London Interbank Offered Rate (“LIBOR”), announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021. This announcement indicates that the continuation of LIBOR on the current basis cannot be guaranteed after 2021, and it appears highly likely that LIBOR will be discontinued or modified by the end of 2021, and although alternative reference rates have been proposed, it is unknown whether they will attain market acceptance as replacements of LIBOR. At this time, it is not possible to predict the effect that these developments, any discontinuance, modification or other reforms to LIBOR or any other reference rate, or the establishment of alternative reference rates may have on LIBOR, other benchmarks or floating rate debt instruments, including borrowings under the Credit Agreement, dated as of November 20, 2014, by and among the Company, the guarantors party thereto, JPMorgan Chase Bank, N.A., as administrative agent and the lenders from time to time party thereto, as amended, supplemented, modified or amended and restated from time to time (as amended, the “Revolving Credit Facility”). The use of alternative reference rates or other reforms could cause the interest rate calculated for such borrowings to increase or otherwise fail to correlate over time with the interest rates and/or

payments that would have been made on our obligations if LIBOR was available in its current form, or have other adverse effects on us. To address the transition away from LIBOR, our Revolving Credit Facility provides for a process to amend our Revolving Credit Facility to substitute LIBOR with a replacement rate under certain circumstances. However, there is no guarantee that any such amendment for a replacement rate would become effective, and in the event that such amendment does not become effective, we may be required to pay a rate of interest higher than expected on any amounts owed under our Revolving Credit Facility. As of December 31, 2020, there were no amounts outstanding under our Revolving Credit Facility. If we were to incur any variable rate indebtedness under our Revolving Credit Facility, we would be subject to interest rate risk generally, which could cause our debt service obligations to increase significantly.

A change in our credit ratings could materially adversely affect our financial condition.

Our credit ratings are not recommendations to buy, sell or hold any of our common stock or outstanding debt. Our outstanding debt under the Senior Notes currently has non-investment grade ratings. Any rating assigned to such debt is subject to ongoing evaluation by the credit rating agencies and could be lowered or withdrawn entirely at any time by either or both agencies if, in the agency's judgment, future circumstances relating to the basis of the rating so warrant. Such future circumstances include, but are not limited to, adverse changes to our results of operations, financial condition or cash flows, or revisions to our corporate strategy pertaining to capitalization or leverage. Any such downgrade or withdrawal could adversely affect the amount of capital we can access, as well as the terms of any financing we obtain.

In addition, our debt covenants contain certain obligations that are triggered by a change in our credit rating, including obligations to make repurchase offers to the noteholders of our Senior Notes if the following two conditions are met at the time of, or as a result of, a change of control or sale of substantially all of the Company's assets: (i) the Senior Notes are rated below investment grade by each rating agency that rates the Senior Notes and (ii) the Senior Notes are downgraded by any rating agency.

Any adverse change in our credit rating could have a negative effect on our liquidity and future growth through transactions in which we rely on the ability to receive debt capital at an advantageous cost and on favorable terms. Accordingly, actual or anticipated changes or downgrades to or withdrawal of our credit ratings, including any announcement that our ratings are under review or have been assigned a negative outlook, could result in damage to our brand and reputation and have a material adverse effect on our financial condition, results of operations and cash flows and on the market value of our common stock and outstanding debt.

We may have exposure to tax liabilities in various jurisdictions. Future changes in tax law could materially affect our tax obligations and effective tax rate.

We are subject to income taxes, as well as non-income or indirect taxes, in the U.S. and various foreign jurisdictions. Significant judgment is required in determining our global provision for income taxes and other tax liabilities. In the ordinary course of a global business, there are many intercompany transactions and calculations where the ultimate tax determination is uncertain. Changes in domestic and international tax laws could negatively impact our overall effective tax rate.

We are regularly under audit by tax authorities. We may be subject to additional tax liabilities as the jurisdictions in which we do business globally are increasingly focused on digital taxes and the treatment of increasingly remote workforces. Although we believe that our tax provisions are reasonable, there can be no assurance that the final determination of tax audits or tax disputes will not be different from what is reflected in our historical income tax provisions and accruals. To the extent we are required to pay amounts in excess of our reserves, such differences could have a material adverse effect on our Consolidated Statement of Income for a particular future period. In addition, an unfavorable tax settlement could require use of our cash and result in an increase in our effective tax rate in the period in which such resolution occurs.

General Risks

Our business performance might not be sufficient for us to meet the full-year financial guidance or long-term targets that we provide publicly.

We provide certain full-year financial guidance and long-term targets to the public based upon our assumptions regarding our expected financial performance that may not always prove to be accurate and may vary from actual results. If we fail to meet the full-year financial guidance or achieve the long-term targets that we provide, or if we find it necessary to revise such guidance or targets, the market value of our common stock or other securities could be adversely affected.

Our growth and profitability may not continue at the same rate as we have experienced in the past for several reasons, including if our operating costs are higher than expected, which could have a material adverse effect on our business, financial condition or results of operations.

We have experienced significant revenue and earnings growth since we began operations. There can be no assurance that we will be able to maintain the levels of growth and profitability that we have experienced in the past. If we experience higher than expected operating costs, including increased compensation costs, regulatory compliance costs, occupancy costs, selling and marketing costs, investments in geographic expansion, market data costs, software license costs, communication costs, travel costs, application development costs, professional fees, costs related to information technology infrastructure, cloud usage and other IT costs, and we cannot adjust to these costs, our operating results may fluctuate significantly or our anticipated profitability may be reduced and our anticipated results of operations and financial position may be materially adversely affected. Additionally, there can be no assurance that we will be as successful in our product development, selling and marketing efforts, or capital return or allocation strategies as we have been in the past, or that such efforts will result in growth or profit margins comparable to those we have experienced in the past.

We may be exposed to liabilities as a result of failure to comply with anti-corruption laws and any determination that we violated these laws could have a material adverse effect on our business.

We are subject to various anti-corruption laws that prohibit improper payments or benefits or offers of payments or benefits to foreign governments and their officials and, in some cases, to employees of a business for the purpose of directing, obtaining or retaining business. We conduct business in countries and regions that are less developed than the U.S. and in some cases are generally recognized as potentially more corrupt business environments. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees or agents that could be in violation of various anti-corruption laws including the Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”) and the U.K. Bribery Act 2010. We have implemented safeguards and policies to discourage these practices by our employees and agents. However, our existing safeguards and any future improvements may prove to be less than fully effective and our employees or agents may engage in conduct for which we might be held responsible. If employees violate our policies or we fail to maintain adequate record-keeping and internal accounting practices to accurately record our transactions we may be subject to regulatory fines, sanctions, damages or other penalties or costs. Violations of the FCPA or other anti-corruption laws may result in severe criminal or civil sanctions and penalties, damage our brand and reputation and subject us to other liabilities which could have a material adverse effect on our business, results of operations and financial condition.

If we are unable to successfully identify, execute and realize expected returns and synergies from acquisitions or strategic partnerships or investments, or if we experience integration, financing, or other risks resulting from our acquisitions or strategic partnerships or investments, our financial results may be materially adversely affected.

An element of our growth strategy is growth through acquisitions, strategic partnerships and investments. Despite our best efforts to continue pursuing such transactions, there can be no assurance that we will be able to identify suitable strategic partners, investment opportunities or candidates for successful acquisition at acceptable terms. Our ability to achieve the expected returns and synergies from our past and future acquisitions, strategic partnerships and investments depends, in part, upon our ability to effectively leverage or integrate the offerings, technology, sales, administrative functions and personnel of these businesses. We cannot provide assurance that we will be successful in integrating acquired businesses, that our acquired businesses will perform at the levels we anticipate or that our strategic partnerships and investments will advance the long-term growth strategy of our

company. Our past and future acquisitions, strategic partnerships and investments may subject us to unanticipated risks or liabilities, including the potential to disrupt our operations. Additionally, strategic partnerships may increase our reliance on third parties, which may result in future disruptions if those partnerships are unsuccessful or discontinued or the content or level of support provided by strategic partners is diminished.

In the event that we experience a high level of acquisition, strategic partnership or investment-related activity within a limited period of time, the probability that certain of these risks would occur would likely increase. In addition, if we are unsuccessful in completing acquisitions of other businesses or assets, executing strategic partnerships or investments, or if such opportunities for expansion do not arise, our brand or reputation could suffer, and our future growth, business, financial condition or results of operations could be materially adversely affected.

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

We evaluate the recoverability of recorded goodwill amounts annually or when evidence of potential impairment exists. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. These impairment tests are based on several factors requiring management's judgment. Changes in fair market valuations and our operating performance or business conditions, in general, could result in future impairments of goodwill or intangible assets which could materially adversely affect our results of operations. In addition, if we are not successful in achieving anticipated operating efficiencies associated with acquisitions, our goodwill and intangible assets may become impaired.

If we fail to attract or retain the necessary qualified personnel, including through our compensation programs, our business, financial condition or results of operations could be materially adversely affected.

The development, maintenance and support of our products and services are dependent upon the knowledge, skills, experience and abilities of our employees. Accordingly, we believe the success of our business depends to a significant extent upon the continued service of our executives and other key employees. Although we do not believe that we are overly dependent upon any individual employee, our management and other employees may terminate their employment at any time and the loss of any of our key employees could have a material adverse effect on our business, financial condition or results of operations. If our compensation programs do not adequately engage our key employees or are not competitive, or if we fail to attract, engage and retain the necessary qualified personnel, the quality of our products and services as well as our ability to support and retain our clients and achieve business objectives may suffer.

We cannot provide any guaranty that we will continue to repurchase our common shares pursuant to our share repurchase program.

The timing, price and volume of repurchases will be based on market conditions, relevant securities laws and other factors. The stock repurchases may be made from time to time, through one or more open market repurchases or privately negotiated transactions, including, without limitation, accelerated share repurchase transactions, trading plans or derivative transactions, or otherwise.

Share repurchases under our share repurchase program constitute components of our capital allocation strategy, which we fund with free operating cash flow and borrowings. However, we are not required to make any share repurchases under our share repurchase program. The share repurchase program does not obligate us to repurchase any set dollar amount or number of shares and may be modified, suspended, or terminated at any time without prior notice. The reduction or elimination of our share repurchase program could adversely affect the market price of our common shares. Additionally, the existence of a share repurchase program could cause the market price of our common shares to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our shares. As a result, any repurchase program may not ultimately result in enhanced value to our shareholders and may not prove to be the best use of our cash resources.

Item 1B. Unresolved Staff Comments

Nothing required to be disclosed.

Item 2. *Properties*

As of December 31, 2020, our principal offices consisted of the following leased properties:

<u>Location</u>	<u>Square Feet</u>	<u>Expiration Date</u>
Mumbai, India	126,286	August 31, 2023
New York, New York	125,811	February 28, 2033
Budapest, Hungary	70,833	February 28, 2029
Monterrey, Mexico	46,569	October 31, 2028
Manila, Philippines.....	31,544	February 28, 2027
London, England	30,519	December 25, 2026
Pune, India.....	24,434	February 14, 2026
Norman, Oklahoma	23,664	May 31, 2024
Berkeley, California	19,808	February 28, 2030

As of December 31, 2020, we have more than 30 leased and occupied locations of which the principal offices are listed above. We also have additional office locations, including but not limited to, the following leased locations (in descending order of square footage): Boston, Massachusetts; Chicago, Illinois; Geneva, Switzerland; San Francisco, California; Frankfurt, Germany; Shanghai, China; Paris, France; Hong Kong, China; Tokyo, Japan; Beijing, China; Sydney, Australia; Toronto, Canada; and Singapore.

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

Item 3. *Legal Proceedings*

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

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

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

Stock Price and Dividends

Our common stock has traded on the New York Stock Exchange since November 15, 2007 and trades under the symbol "MSCI." As of February 5, 2021, there were 116 shareholders of record of our common stock.

Dividend Policy

The payment amounts of future dividends will be determined by the Board of Directors in light of conditions then existing, including our earnings, financial condition and capital requirements, business conditions, corporate law requirements and other factors. See Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for additional information on our dividend policy.

The Transfer Agent and Registrar for our common stock is Broadridge Financial Solutions, Inc.

Equity Compensation Plans

On February 18, 2016, the Board of Directors, upon the recommendation of the Compensation & Talent Management Committee of the Board of Directors (the "Compensation Committee"), approved the MSCI Inc. 2016 Non-Employee Directors Compensation Plan (the "Directors Plan"), a cash and equity incentive compensation plan that was approved by shareholders at the Company's 2016 annual meeting of shareholders. The Directors Plan replaced the Company's then existing non-employee director compensation plan—the MSCI Inc. Independent Directors' Equity Compensation Plan (the "2011 Plan"). The total number of shares authorized to be awarded under the Directors Plan is 352,460, which is equal to the number of shares that remained available for issuance under the 2011 Plan.

Under the Directors Plan, directors that are not employees of the Company receive annual Board retainer fees and fees for serving on the Company's committees, if applicable, and a director may make an election to receive all or any portion of such director's retainer and committee fees in shares of our common stock in lieu of cash. Non-employee directors are entitled to receive an annual grant of \$165,000 and the lead director is entitled to an additional \$50,000 in stock units (a total of \$215,000), in each case, subject to a one-year vesting schedule. Under the MSCI Inc. Non-Employee Directors Deferral Plan, directors may elect to defer receipt of all or any portion of any shares of our common stock issuable upon conversion of any stock unit or any retainer elected to be paid in shares of our common stock until (i) 60 days following separation of service or (ii) the earlier of a specified date or 60 days following separation of service.

On February 18, 2016, the Board of Directors, upon the recommendation of the Compensation Committee, approved the MSCI Inc. 2016 Omnibus Plan ("Omnibus Plan"), an equity incentive compensation plan that was approved by shareholders at the Company's 2016 annual meeting of shareholders. The Omnibus Plan replaced the Company's then existing equity compensation plan—the MSCI Inc. Amended and Restated 2007 Equity Incentive Compensation Plan (as amended, the "2007 Plan"). Compensation paid to the Company's executive officers historically complied with the performance-based compensation exception under 162(m) of the IRC ("162(m)") by being granted pursuant to the MSCI Inc. Performance Formula and Incentive Plan (the "Performance Plan"). Shareholder approval of the Omnibus Plan constituted approval of the material terms of the performance goals under the Omnibus Plan for purposes of 162(m). Despite the changes implemented by the Tax Cuts and Jobs Act on December 22, 2017 ("Tax Reform"), the Company will continue to maintain the Performance Plan and may make awards pursuant to it.

Pursuant to the Omnibus Plan, the Company reserved 7,565,483 shares of common stock for issuance; plus any additional shares which become available due to forfeiture, expiration or cancellation of outstanding awards, which were registered under the Securities Act of 1933, as amended (the “Securities Act”) following approval by the Company’s shareholders. This is in addition to currently outstanding awards under the 2007 Plan. The Omnibus Plan permits the Compensation Committee to make grants of a variety of equity-based awards (such as stock options, stock appreciation rights, restricted stock units, restricted stock, performance awards and other stock-based awards) totaling up to 7,565,483 and other cash-based awards to eligible recipients, including employees and consultants. No awards will be granted under the Omnibus Plan after the earliest to occur of (i) April 28, 2026, (ii) the maximum number of shares available for issuance having been issued and (iii) the Board of Directors terminating the Omnibus Plan in accordance with its terms.

The following table presents certain information with respect to our equity compensation plans at December 31, 2020:

	Number of Securities to be Issued Upon Vesting of Restricted Stock Units and Exercise of Outstanding Options a	Weighted Average Unit Award Value of Restricted Stock Units and Weighted -Average Exercise Price of Outstanding Options b	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a)) c
<i>Equity Compensation Plans Not Approved by Security Holders</i>	—	\$ —	—
<i>Equity Compensation Plans Approved by Security Holders</i>			
MSCI Inc. 2016 Omnibus Plan	734,811	\$ 162.95	4,530,563
MSCI Inc. 2016 Non-Employee Directors Compensation Plan.....	<u>4,689</u>	\$ 327.00	<u>283,177</u>
Total.....	<u>739,500</u>	\$ 163.99	<u>4,813,740</u>

Stock Repurchases

The Board of Directors has approved a stock repurchase program for the purchase of the Company’s common stock in the open market. See Note 10, “Shareholders’ Equity (Deficit),” of the Notes to Consolidated Financial Statements included herein for additional information on our stock repurchase program.

The following table provides information with respect to purchases made by or on behalf of the Company of its common stock during the quarter ended December 31, 2020.

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)
October 1, 2020-October 31, 2020	297,103	\$ 347.39	297,103	\$1,789,547,000
November 1, 2020-November 30, 2020	177,181	\$ 348.45	174,488	\$1,728,753,000
December 1, 2020-December 31, 2020	6	\$ 402.25	-	\$1,728,753,000
Total.....	<u>474,290</u>	<u>\$ 347.79</u>	<u>471,591</u>	<u>\$1,728,753,000</u>

- (1) Includes (i) shares purchased by the Company on the open market under the stock repurchase program; (ii) shares withheld to satisfy tax withholding obligations on behalf of employees that occur upon vesting and delivery of outstanding shares underlying restricted stock units; (iii) shares withheld to satisfy tax withholding obligations and exercise price on behalf of employees that occur upon exercise and delivery of outstanding shares underlying stock options; and (iv) shares held in treasury under the MSCI Inc. Non-Employee Directors Deferral Plan. The value of shares withheld to satisfy tax withholding obligations was 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 10, "Shareholders' Equity (Deficit)" of the Notes to the Consolidated Financial Statements included herein for further information regarding our stock repurchase program.

Recent Sales of Unregistered Securities

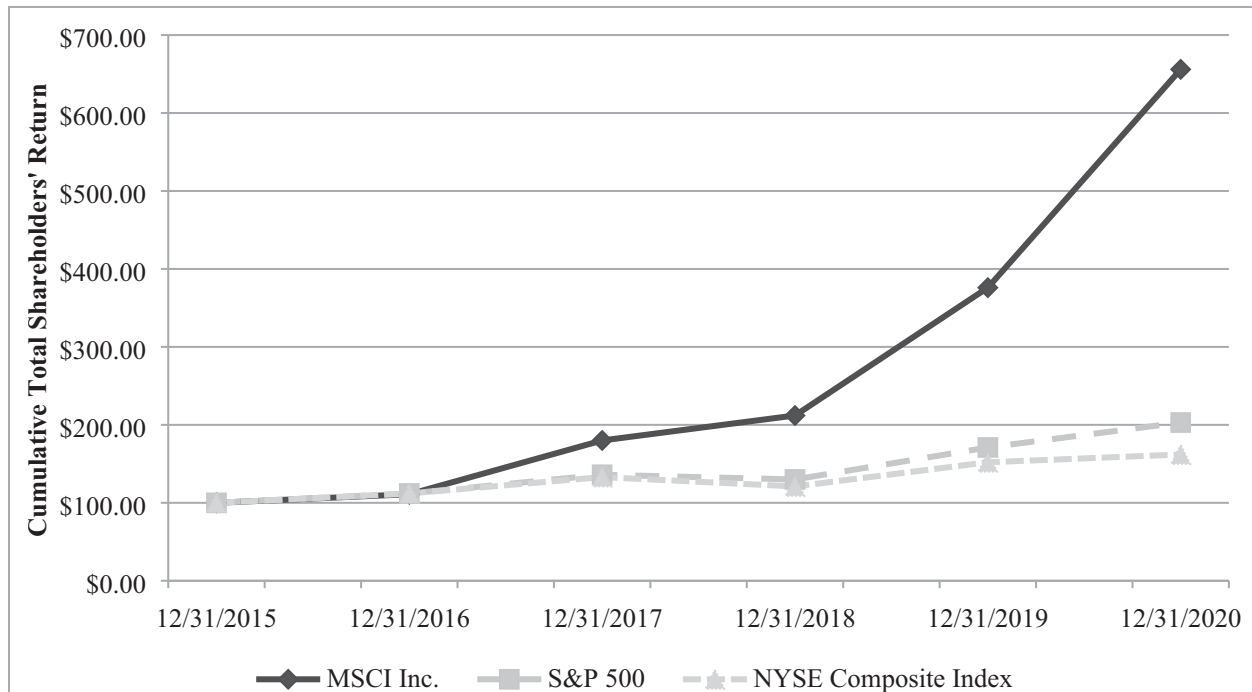
There were no unregistered sales of equity securities in the year ended December 31, 2020.

Use of Proceeds from Sale of Registered Securities

None.

FIVE-YEAR STOCK PERFORMANCE GRAPH

The following graph compares the cumulative total shareholders' return on our common stock, the Standard & Poor's 500 Stock Index and the NYSE Composite Index since December 31, 2015 assuming an investment of \$100 at the closing price on December 31, 2015. In calculating total annual shareholders' return, reinvestment of dividends, if any, is assumed. The indexes are included for comparative purposes only. They do not necessarily reflect management's opinion that such indexes are an appropriate measure of the relative performance of the common stock. This graph is not "soliciting material," is not to be deemed filed with the SEC and is not to be incorporated by reference in any of our filings under the Securities Act or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.



Total Investment Value

	Years Ended						
	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	
MSCI Inc.	\$ 100	\$ 111	\$ 180	\$ 212	\$ 376	\$ 656	
S&P 500	\$ 100	\$ 112	\$ 136	\$ 130	\$ 171	\$ 203	
NYSE Composite Index	\$ 100	\$ 112	\$ 133	\$ 121	\$ 152	\$ 162	

Source: S&P Global

Item 6. Selected Financial Data

Our selected consolidated financial data for the periods presented should be read in conjunction with “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and notes thereto provided under Part II, Item 8. “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

	For the Years Ended				
	December 31, 2020	December 31, 2019	December 31, 2018 ⁽¹⁾	December 31, 2017	December 31, 2016
	(in thousands, except operating margin and per share data)				
Operating revenues	\$ 1,695,390	\$ 1,557,796	\$ 1,433,984	\$ 1,274,172	\$ 1,150,669
Total operating expenses.....	810,626	802,095	747,086	694,402	662,565
Operating income	884,764	755,701	686,898	579,770	488,104
Other expense (income), net	198,539	152,383	57,002	112,871	102,166
Provision for income taxes.....	84,403	39,670	122,011	162,927	125,083
Net income	<u>\$ 601,822</u>	<u>\$ 563,648</u>	<u>\$ 507,885</u>	<u>\$ 303,972</u>	<u>\$ 260,855</u>
Operating margin	52.2%	48.5%	47.9%	45.5%	42.4%
Earnings per basic common share.....	<u>\$ 7.19</u>	<u>\$ 6.66</u>	<u>\$ 5.83</u>	<u>\$ 3.36</u>	<u>\$ 2.72</u>
Earnings per diluted common share.....	<u>\$ 7.12</u>	<u>\$ 6.59</u>	<u>\$ 5.66</u>	<u>\$ 3.31</u>	<u>\$ 2.70</u>
Weighted average shares outstanding used in computing earnings per share					
Basic	<u>83,716</u>	<u>84,644</u>	<u>87,179</u>	<u>90,336</u>	<u>95,986</u>
Diluted	<u>84,517</u>	<u>85,536</u>	<u>89,701</u>	<u>91,914</u>	<u>96,540</u>
Dividends declared per common share	<u>\$ 2.92</u>	<u>\$ 2.52</u>	<u>\$ 1.92</u>	<u>\$ 1.32</u>	<u>\$ 1.00</u>

	As of				
	December 31, 2020	December 31, 2019 ⁽²⁾	December 31, 2018 ⁽¹⁾	December 31, 2017	December 31, 2016
	(in thousands)				
Cash and cash equivalents.....	<u>\$ 1,300,521</u>	<u>\$ 1,506,567</u>	<u>\$ 904,176</u>	<u>\$ 889,502</u>	<u>\$ 791,834</u>
Accounts receivable (net of allowances).....	<u>\$ 558,569</u>	<u>\$ 499,268</u>	<u>\$ 473,433</u>	<u>\$ 327,597</u>	<u>\$ 221,504</u>
Goodwill and intangibles, net of accumulated amortization	<u>\$ 1,800,770</u>	<u>\$ 1,824,355</u>	<u>\$ 1,826,564</u>	<u>\$ 1,882,457</u>	<u>\$ 1,903,490</u>
Total assets	<u>\$ 4,198,647</u>	<u>\$ 4,204,439</u>	<u>\$ 3,387,952</u>	<u>\$ 3,275,668</u>	<u>\$ 3,082,578</u>
Deferred revenue	<u>\$ 675,870</u>	<u>\$ 574,656</u>	<u>\$ 537,977</u>	<u>\$ 374,365</u>	<u>\$ 334,358</u>
Long-term debt, net of current maturities	<u>\$ 3,366,777</u>	<u>\$ 3,071,926</u>	<u>\$ 2,575,502</u>	<u>\$ 2,078,093</u>	<u>\$ 2,075,201</u>
Total shareholders' equity (deficit).....	<u>\$ (443,234)</u>	<u>\$ (76,714)</u>	<u>\$ (166,494)</u>	<u>\$ 401,012</u>	<u>\$ 317,605</u>

(1) Includes the impact of the Financial Engineering Associates, Inc. (“FEA”) and Investor Force Holdings, Inc. (“InvestorForce”) divestitures.

(2) Reflects the impact of the adoption on January 1, 2019 of Accounting Standards Update 2016-02, "Lease (Topic 842)," the impact of which was the inclusion of \$166.4 million of right-of-use assets on the Company's Consolidated Statement of Financial Condition as of December 31, 2019.

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

The following discussion and analysis of the financial condition and results of our operations for the year ended December 31, 2020 should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. The discussion summarizing the significant factors affecting the results of operations and financial condition of MSCI for the year ended December 31, 2019 can be found in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2019 (the "2019 Annual Report"), which was filed with the Securities and Exchange Commission on February 18, 2020.

Overview

We are a leading provider of critical decision support tools and services for the global investment community. Leveraging our knowledge of the global investment process and our expertise in research, data and technology, our actionable solutions power better investment decisions by enabling our clients to understand and analyze key drivers of risk and return and confidently and efficiently build more effective portfolios.

Investors all over the world use our tools and services to gain insight and improve transparency throughout their investment processes, including to help define their investment universe, inform and analyze their asset allocation and portfolio construction decisions, measure and manage portfolio performance and risk, conduct performance attribution, implement sustainable and other investment strategies, design and issue ETFs and other indexed financial products, and facilitate reporting to stakeholders.

Our leading, research-enhanced products and services include indexes; portfolio construction and risk management analytics; ESG research and ratings, as well as climate solutions; and real estate benchmarks, return-analytics and market insights. Through our integrated franchise we provide solutions across our products and services to support our clients' dynamic and complex needs. Our content and capabilities can be accessed by our clients through multiple channels and platforms.

We are focused on product innovation to address the evolving needs of our clients in light of changing investment trends and an increasingly complex industry. In order to most effectively serve our clients, we are committed to driving an integrated solutions-based approach, achieving service excellence, enhancing our differentiated research and content, and delivering flexible, cutting-edge technology and platforms.

Our clients comprise a wide spectrum of the global investment industry and include the following key client types:

- Asset owners (pension funds, endowments, foundations, central banks, sovereign wealth funds, family offices and insurance companies)
- Asset managers (institutional funds and accounts, mutual funds, hedge funds, ETFs, insurance products, private banks and real estate investment trusts)
- Financial intermediaries (banks, broker-dealers, exchanges, custodians, trust companies and investment consultants)
- Wealth managers (including robo-advisors and self-directed brokerages)
- Corporates

As of December 31, 2020, we had offices in more than 30 cities across more than 20 countries to help serve our diverse client base, with 46.9% of our revenues coming from clients in the Americas, 37.0% in Europe, the Middle East and Africa ("EMEA") and 16.1% in Asia and Australia.

In evaluating our financial performance, we focus on revenue and profit growth, including results accounted for under accounting principles generally accepted in the United States ("GAAP") as well as non-GAAP measures, for the Company as a whole and by operating segment. In addition, we focus on operating metrics, including Run Rate, subscription sales and Retention Rate, 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 profits into excess cash in the future. Our growth strategy includes: (a) extending leadership in research-enhanced content across asset classes, (b) enhancing distribution and content-enabling technology, (c) expanding solutions that empower client customization, (d) strengthening existing client relationships and growing by developing new ones and (e) executing strategic relationships and acquisitions with complementary content and technology companies.

Key Financial Metrics and Drivers

As discussed in the previous section, we utilize a portfolio of key financial metrics to manage the Company, including GAAP and non-GAAP measures. As detailed below, we review revenues by type and by segment, or by major product line. We also review expenses by activity, which provides more transparency into how resources are being deployed. In addition, we utilize operating metrics including Run Rate, subscription sales and Retention Rate to analyze past performance and to provide insight into our latest reported recurring business.

In the discussion that follows, we provide certain variances excluding the impact of foreign currency exchange rate fluctuations. Foreign currency exchange rate fluctuations reflect the difference between the current period results as reported compared to the current period results recalculated using the foreign currency exchange rates in effect for the comparable prior period. While operating revenues adjusted for the impact of foreign currency fluctuations includes asset-based fees that have been adjusted for the impact of foreign currency fluctuations, the underlying AUM, which is the primary component of asset-based fees, is not adjusted for foreign currency fluctuations. More than three-fifths of the AUM are invested in securities denominated in currencies other than the U.S. dollar, and accordingly, any such impact is excluded from the disclosed foreign currency-adjusted variances.

Revenues

Our revenues are characterized by type, which broadly reflects the nature of how they are recognized or earned. Our revenue types are recurring subscriptions, asset-based fees and non-recurring revenues. We also group our revenues by segment and provide the revenue type within each segment.

Recurring subscription revenues represent fees earned from clients primarily under renewable contracts and are generally recognized ratably over the term of the license or service pursuant to the contract terms. The fees are recognized as we provide the product and service to the client over the license period and are generally billed in advance, prior to the license start date.

Asset-based fees represent fees earned on the AUM linked to our indexes from independent third-party sources or the most recently reported information provided by the client. Asset-based fees also include revenues related to futures and options contracts linked to our indexes, which are primarily based on trading volumes.

Non-recurring revenues primarily represent fees earned on products and services where we do not have renewal contracts and primarily include revenues for providing historical data, certain implementation services and other special client requests, which are generally recognized at a point in time.

Operating Expenses

We group our operating expenses into the following activity categories:

- Cost of revenues;
- Selling and marketing;
- Research and development (“R&D”);
- General and administrative (“G&A”);
- Amortization of intangible assets; and
- Depreciation and amortization of property, equipment and leasehold improvements.

Costs are assigned to these activity categories based on the nature of the expense or, when not directly attributable, an estimated allocation based on the type of effort involved.

Cost of Revenues

Cost of revenues expenses consist of costs related to the production and servicing of our products and services and primarily includes related information technology costs, including data center, cloud, platform and infrastructure costs; costs to acquire, produce and maintain market data information; costs of research to support and maintain existing products; costs of product management teams; costs of client service and consultant teams to support customer needs; as well as other support costs directly attributable to the cost of revenues including certain human resources, finance and legal costs.

Selling and Marketing

Selling and marketing expenses consist of costs associated with acquiring new clients or selling new products or product renewals to existing clients and primarily includes the costs of our sales and marketing teams, as well as costs incurred in other groups associated with acquiring new business, including product management, research, technology and sales operations.

Research and Development

R&D expenses consist of costs to develop new or enhance existing products and costs to develop new or improved technology and service platforms for the delivery of our products and services and primarily include the costs of development, research, product management, project management and the technology support associated with these efforts.

General and Administrative

G&A expenses consist of costs primarily related to finance operations, human resources, office of the CEO, legal, corporate technology, corporate development and certain other administrative costs that are not directly attributed, but are instead allocated, to a product or service.

Amortization of Intangible Assets

Amortization of intangible assets expense relates to definite-lived intangible assets arising from past acquisitions and internal capitalized software projects. Intangibles arising from past acquisitions consist of customer relationships, trademarks and trade names, technology and software, proprietary processes and data and non-competition agreements. We amortize definite-lived intangible assets over their estimated useful lives. Definite-lived intangible assets are tested for impairment when impairment indicators are present, and, if impaired, written down to fair value based on either discounted cash flows or appraised values. We have no indefinite-lived intangible assets.

Depreciation and Amortization of Property, Equipment and Leasehold Improvements

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

Other Expense (Income), Net

This category consists primarily of interest we pay on our outstanding indebtedness, interest we collect on cash and short-term investments, foreign currency exchange rate gains and losses as well as other non-operating income and expense items, such as losses on early extinguishment of debt and income and losses associated with our equity method investment.

Non-GAAP Financial Measures

Adjusted EBITDA

“Adjusted EBITDA,” a non-GAAP measure used by management to assess operating performance, is defined as net income before (1) provision for income taxes, (2) other expense (income), net, (3) depreciation and amortization of property, equipment and leasehold improvements, (4) amortization of intangible assets and, at times, (5) certain other transactions or adjustments, including the impact related to the vesting of multi-year restricted stock units granted in 2016 to certain senior executives that are subject to the achievement of multi-year total shareholder return targets, which are performance targets with a market condition (the “2016 Multi-Year PSUs”).

“Adjusted EBITDA expenses,” a non-GAAP measure used by management to assess operating performance, is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets and, at times, certain other transactions or adjustments, including the impact related to the vesting of the 2016 Multi-Year PSUs.

Adjusted EBITDA and Adjusted EBITDA expenses are believed to be meaningful measures of the operating performance of the Company because they adjust for significant one-time, unusual or non-recurring items as well as eliminate the accounting effects of certain capital spending and acquisitions that do not directly affect what management considers to be the Company’s ongoing operating performance in the period. All companies do not calculate adjusted EBITDA and adjusted EBITDA expenses in the same way. These measures can differ significantly from company to company depending on, among other things, long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. Accordingly, the Company’s computation of the Adjusted EBITDA and Adjusted EBITDA expenses measures may not be comparable to similarly-titled measures computed by other companies.

Run Rate

Run Rate is a key operating metric and is important because an increase or decrease in our Run Rate ultimately impacts our operating revenues over time. 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.” See “—Operating Metrics—Run Rate” below for additional information on the calculation of this metric.

Subscription Sales

Subscription sales is a key operating metric and is important because new subscription sales increase our Run Rate and ultimately our operating revenues over time. See “—Operating Metrics—Sales” below for additional information.

Retention Rate

Another key operating metric is Retention Rate which is important because subscription cancellations decrease our Run Rate and ultimately our operating revenues over time. See “—Operating Metrics—Retention Rate” below for additional information on the calculation of this metric.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP. These accounting principles require us to make certain estimates and judgments that can affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the periods presented. We believe the estimates and judgments upon which we rely are reasonable based upon information available to us at the time these estimates and judgments are made. To the extent there are material differences between these estimates and actual results, our consolidated financial statements will be affected. See Note 1, “Introduction And Basis Of Presentation—Significant Accounting Policies,” and Note 2, “Recent Accounting Standards Updates,” of the Notes to the Consolidated Financial Statements included herein for a listing of our accounting policies.

Factors Affecting the Comparability of Results

Share Repurchases

The Board of Directors has approved a stock repurchase program for the purchase of the Company's common stock. See Note 10, "Shareholders' Equity (Deficit)," of the Notes to Consolidated Financial Statements included herein for additional information on our stock repurchase program.

The weighted average shares outstanding used to calculate our diluted earnings per share for the year ended December 31, 2020 decreased by 1.2% compared to the year ended December 31, 2019. The decrease primarily reflects the impact of share repurchases made pursuant to the stock repurchase program and the vesting of the restricted stock units that were included in the dilutive share count in the prior year.

Senior Notes

We have an aggregate \$3,400.0 million of Senior Notes outstanding as of December 31, 2020. See "—Liquidity and Capital Resources—Senior Notes and Credit Agreement" below and Note 5, "Commitments and Contingencies," of the Notes to Consolidated Financial Statements included herein for additional information on our Senior Notes and Revolving Credit Agreement.

Tax Cuts and Jobs Act of 2017

Tax Reform which was enacted on December 22, 2017, significantly revised the U.S. corporate income tax by, among other things, lowering U.S. corporate income tax rates, implementing a territorial tax system and imposing a one-time tax on deemed repatriation of historic earnings of foreign subsidiaries (the "Toll Charge").

Results of Operations

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

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

	Years Ended			
	December 31, 2020	December 31, 2019	Increase/(Decrease)	
	(in thousands, except per share data)			
Operating revenues	\$ 1,695,390	\$ 1,557,796	\$ 137,594	8.8%
Operating expenses:				
Cost of revenues	291,704	294,961	(3,257)	(1.1%)
Selling and marketing.....	216,496	219,298	(2,802)	(1.3%)
Research and development	101,053	98,334	2,719	2.8%
General and administrative	114,627	110,093	4,534	4.1%
Amortization of intangible assets	56,941	49,410	7,531	15.2%
Depreciation and amortization of property, equipment and leasehold improvements.....	29,805	29,999	(194)	(0.6%)
Total operating expenses.....	810,626	802,095	8,531	1.1%
Operating income.....	884,764	755,701	129,063	17.1%
Other expense (income), net	198,539	152,383	46,156	30.3%
Income before provision for income taxes.....	686,225	603,318	82,907	13.7%
Provision for income taxes.....	84,403	39,670	44,733	112.8%
Net income	<u>\$ 601,822</u>	<u>\$ 563,648</u>	<u>\$ 38,174</u>	6.8%
Earnings per basic common share.....	<u>\$ 7.19</u>	<u>\$ 6.66</u>	<u>\$ 0.53</u>	8.0%
Earnings per diluted common share.....	<u>\$ 7.12</u>	<u>\$ 6.59</u>	<u>\$ 0.53</u>	8.0%
Operating margin	52.2%	48.5%		

Operating Revenues

Our revenues are grouped by the following types: recurring subscriptions, asset-based fees and non-recurring. We also group revenues by major product lines or reportable segment as follows: Index, Analytics and All Other, which includes the ESG and Real Estate product lines.

The following table presents operating revenues by type for the years indicated:

	Years Ended		Increase/(Decrease)	
	December 31, 2020	December 31, 2019 (in thousands)		
Recurring subscriptions	\$ 1,248,175	\$ 1,154,040	\$ 94,135	8.2%
Asset-based fees	399,771	361,927	37,844	10.5%
Non-recurring	47,444	41,829	5,615	13.4%
Total operating revenues	<u>\$ 1,695,390</u>	<u>\$ 1,557,796</u>	<u>\$ 137,594</u>	8.8%

Total operating revenues grew 8.8% to \$1,695.4 million for the year ended December 31, 2020 compared to \$1,557.8 million for the year ended December 31, 2019. Adjusting for the impact of foreign currency exchange rate fluctuations, total operating revenues would have increased 8.7% for the year ended December 31, 2020 compared to the year ended December 31, 2019.

Revenues from recurring subscriptions increased 8.2% to \$1,248.2 million for the year ended December 31, 2020 compared to \$1,154.0 million for the year ended December 31, 2019, primarily driven by growth in Index products, which increased \$49.4 million, or 9.3%, growth in ESG products, which increased \$20.4 million, or 22.8%, and growth in Analytics products, which increased \$20.0 million, or 4.1%. Adjusting for the impact of foreign currency exchange rate fluctuations, recurring subscriptions would have increased 8.1% for the year ended December 31, 2020 compared to the year ended December 31, 2019.

Revenues from asset-based fees increased 10.5% to \$399.8 million for the year ended December 31, 2020 compared to \$361.9 million for the year ended December 31, 2019. The increase in asset-based fees was driven by growth in revenues from all of our indexed investment product categories, including an increase in revenues from exchange traded futures and options contracts linked to MSCI indexes that were primarily driven by price increases. The increase in revenues from asset-based fees was also driven by higher revenues from non-ETF indexed funds linked to MSCI indexes, which was driven by price increases and an increase in average AUM. Revenues from ETFs linked to MSCI indexes also increased, driven by an 8.9% increase in average AUM in equity ETFs linked to MSCI indexes, partially offset by lower fees resulting from the impact of a change in product mix. The impact of foreign currency exchange rate fluctuations on revenues from asset-based fees was negligible.

The following table presents the value of AUM in equity ETFs linked to MSCI indexes and the sequential change of such assets as of the end of each of the periods indicated:

	Period Ended							
	2019				2020			
(in billions)	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,
AUM in equity ETFs linked to MSCI indexes ^{(1), (2), (3)}	\$ 802.2	\$ 819.3	\$ 815.0	\$ 934.4	\$ 709.5	\$ 825.4	\$ 908.9	\$ 1,103.6
<u>Sequential Change in Value....</u>								
Market								
Appreciation/(Depreciation) ...	\$ 78.3	\$ 14.9	\$ (9.2)	\$ 63.5	\$ (216.5)	\$ 117.4	\$ 57.0	\$ 135.7
Cash Inflows	28.3	2.2	4.9	55.9	(8.4)	(1.5)	26.5	59.0
Total Change	<u>\$ 106.6</u>	<u>\$ 17.1</u>	<u>\$ (4.3)</u>	<u>\$ 119.4</u>	<u>\$ (224.9)</u>	<u>\$ 115.9</u>	<u>\$ 83.5</u>	<u>\$ 194.7</u>

The following table presents the average value of AUM in equity ETFs linked to MSCI indexes for the periods indicated:

	Year-to-Date Average							
	2019				2020			
	March	June	September	December	March	June	September	December
AUM in equity ETFs linked to MSCI indexes ^{(1), (2), (3)}	\$ 766.0	\$ 788.7	\$ 796.1	\$ 814.4	\$ 877.1	\$ 827.0	\$ 849.1	\$ 886.7

- (1) The historical values of the AUM in equity 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 equity ETFs Linked to MSCI Indexes” on our Investor Relations homepage at <http://ir.msci.com>. This information is updated mid-month each month. Information contained on our website is not incorporated by reference into this Annual Report on Form 10-K or any other report filed with the SEC. The AUM in equity ETFs also includes AUM in Exchange Traded Notes, the value of which is less than 1.0% of the AUM amounts presented.
- (2) The values for periods prior to April 26, 2019 were based on data from Bloomberg and MSCI, while the values for periods on or after April 26, 2019 were based on data from Refinitiv and MSCI. De minimis amounts of data are reported on a delayed basis.
- (3) The value of AUM in equity ETFs linked to MSCI indexes is calculated by multiplying the equity ETF net asset value by the number of shares outstanding.

For the year ended December 31, 2020, the average value of AUM in equity ETFs linked to MSCI equity indexes was \$886.7 billion, up \$72.3 billion, or 8.9%, from \$814.4 billion for the year ended December 31, 2019.

Non-recurring revenues increased 13.4% to \$47.4 million for the year ended December 31, 2020, compared to \$41.8 million for the year ended December 31, 2019, primarily driven by growth in Index products, which increased \$8.3 million, or 29.6%, partially offset by a \$3.1 million, or 29.5%, decrease in Analytics products.

The following table presents operating revenues by reportable segment and revenue type for the years indicated:

	Years Ended		Increase/(Decrease)	
	December 31, 2020	December 31, 2019		
	(in thousands)			
Operating revenues:				
Index				
Recurring subscriptions	\$ 580,393	\$ 530,968	\$ 49,425	9.3%
Asset-based fees	399,771	361,927	37,844	10.5%
Non-recurring	36,331	28,042	8,289	29.6%
Index total	1,016,495	920,937	95,558	10.4%
Analytics				
Recurring subscriptions	506,301	486,282	20,019	4.1%
Non-recurring	7,507	10,643	(3,136)	(29.5%)
Analytics total	513,808	496,925	16,883	3.4%
All Other				
Recurring subscriptions	161,481	136,790	24,691	18.1%
Non-recurring	3,606	3,144	462	14.7%
All Other total	165,087	139,934	25,153	18.0%
Total operating revenues	<u>\$ 1,695,390</u>	<u>\$ 1,557,796</u>	<u>\$ 137,594</u>	8.8%

Refer to the section titled, “Segment Results of Operations” for an explanation of the results.

Operating Expenses

Total operating expenses increased 1.1% to \$810.6 million for the year ended December 31, 2020 compared to \$802.1 million for the year ended December 31, 2019. Adjusting for the impact of foreign currency exchange rate fluctuations, total operating expenses would have increased 1.6% for the year ended December 31, 2020 compared to the year ended December 31, 2019.

The following table presents operating expenses by activity for the years indicated:

	Years Ended		Increase/(Decrease)	
	December 31, 2020	December 31, 2019		
	(in thousands)			
Operating expenses:				
Cost of revenues	\$ 291,704	\$ 294,961	\$ (3,257)	(1.1%)
Selling and marketing	216,496	219,298	(2,802)	(1.3%)
Research and development	101,053	98,334	2,719	2.8%
General and administrative	114,627	110,093	4,534	4.1%
Amortization of intangible assets	56,941	49,410	7,531	15.2%
Depreciation and amortization of property, equipment and leasehold improvements	29,805	29,999	(194)	(0.6%)
Total operating expenses	<u>\$ 810,626</u>	<u>\$ 802,095</u>	<u>\$ 8,531</u>	1.1%

Cost of Revenues

Cost of revenues for the year ended December 31, 2020 decreased 1.1% to \$291.7 million compared to \$295.0 million for the year ended December 31, 2019. The change was driven by the absence of \$7.0 million of payroll tax expense associated with the vesting of the 2016 Multi-Year PSUs recognized during the year ended December 31, 2019, partially offset by increases in other compensation and benefits costs, primarily relating to higher wages and salaries, as well as higher non-compensation costs, reflecting higher information technology costs, partially offset by lower travel and entertainment costs. Cost of revenues reflects increases across the All Other and Index reportable segments, partially offset by a decrease in the Analytics reportable segment.

Selling and Marketing

Selling and marketing expenses for the year ended December 31, 2020 decreased 1.3% to \$216.5 million compared to \$219.3 million for the year ended December 31, 2019. The change was driven by lower non-compensation costs, including travel and entertainment costs, and the absence of \$4.5 million of payroll tax expense associated with the vesting of the 2016 Multi-Year PSUs recognized during the year ended December 31, 2019, partially offset by increases in compensation and benefits costs, primarily relating to higher wages and salaries. Selling and marketing expenses reflect increases across the All Other and Analytics reportable segments, partially offset by a decrease in the Index reportable segment.

Research and Development

R&D expenses for the year ended December 31, 2020 increased 2.8% to \$101.1 million compared to \$98.3 million for the year ended December 31, 2019. The change was driven by increases in compensation and benefits costs, including wages and salaries and benefits costs. R&D expenses reflect higher investments in the All Other and Index reportable segments, partially offset by lower investment in the Analytics reportable segment.

General and Administrative

G&A expenses for the year ended December 31, 2020 increased 4.1% to \$114.6 million compared to \$110.1 million for the year ended December 31, 2019. The change was driven by increases in compensation and benefits costs, primarily relating to higher incentive compensation and wages and salaries, partially offset by the absence of \$3.5 million of payroll tax expense associated with the vesting of the 2016 Multi-Year PSUs recognized during the year ended December 31, 2019 and lower non-compensation costs. G&A expenses reflect increases across all three reportable segments.

The following table presents operating expenses using compensation and non-compensation categories, rather than using activity categories, for the years indicated:

	Years Ended		Increase/(Decrease)	
	December 31, 2020	December 31, 2019		
	(in thousands)			
Compensation and benefits	\$ 527,641	\$ 518,730	\$ 8,911	1.7%
Non-compensation expenses	196,239	203,956	(7,717)	(3.8%)
Amortization of intangible assets	56,941	49,410	7,531	15.2%
Depreciation and amortization of property, equipment and leasehold improvements	29,805	29,999	(194)	(0.6%)
Total operating expenses	<u>\$ 810,626</u>	<u>\$ 802,095</u>	<u>\$ 8,531</u>	1.1%

Compensation and benefits costs are our most significant expense and typically represent approximately 65% of operating expenses or more than 70% of Adjusted EBITDA expenses. We had 3,633 employees as of December 31, 2020 compared to 3,396 employees as of December 31, 2019, reflecting a 7.0% growth in the number of employees. 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 benefits costs. As of December 31, 2020, 64.6% of our employees were located in emerging market centers compared to 62.9% as of December 31, 2019.

Compensation and benefits costs for the year ended December 31, 2020 increased 1.7% to \$527.6 million compared to \$518.7 million for the year ended December 31, 2019, driven by higher wages and salaries, incentive compensation and benefits costs, partially offset by the absence of \$15.4 million of payroll tax expense associated with the vesting of the 2016 Multi-Year PSUs recognized during the year ended December 31, 2019.

Non-compensation expenses for the year ended December 31, 2020 decreased 3.8% to \$196.2 million compared to \$204.0 million for the year ended December 31, 2019, primarily driven by lower travel and entertainment and marketing costs, partially offset by higher information technology costs.

Amortization of Intangible Assets

Amortization of intangible assets expense for the year ended December 31, 2020 increased 15.2% to \$56.9 million compared to \$49.4 million for the year ended December 31, 2019, primarily driven by higher amortization of internally-developed capitalized software.

Depreciation and Amortization of Property, Equipment and Leasehold Improvements

Depreciation and amortization of property, equipment and leasehold improvements for the year ended December 31, 2020 and 2019 was \$29.8 million and \$30.0 million, respectively.

Other Expense (Income), Net

Other expense (income), net for the year ended December 31, 2020 increased 30.3% to \$198.5 million compared to \$152.4 million for the year ended December 31, 2019. The increase in net expenses was primarily driven by the \$35.0 million and \$10.0 million loss on debt extinguishment associated with the redemption of all of the outstanding \$800.0 million aggregate principal amount of the 2025 Senior Notes ("2025 Senior Notes Redemption") and the redemption of all of the remaining \$300.0 million of the 2024 Senior Notes ("2024 Senior Notes Redemption"), respectively. The loss on debt extinguishment associated with the 2025 Senior Notes included an applicable premium of approximately \$29.5 million (as defined in the indenture governing the terms of the 2025 Senior Notes) and the write-off of approximately \$5.5 million of unamortized debt issuance costs. The loss on debt extinguishment associated with the 2024 Senior Notes Redemption included a redemption price of approximately \$7.9 million (as set forth in the indenture governing the terms of the 2024 Senior Notes) and the write-off of approximately \$2.1 million of unamortized debt issuance costs. In addition, the increase reflects higher interest expense associated with the higher outstanding debt and lower interest income due to lower rates earned on cash balances, offset by the absence of the \$16.8 million loss on extinguishment associated with the partial pre-maturity redemption of the 2024 Senior Notes recognized during the year ended December 31, 2019.

Income Taxes

The provision for income tax is \$84.4 million for the year ended December 31, 2020 compared to \$39.7 million for the year ended December 31, 2019. These amounts reflect effective tax rates of 12.3% and 6.6% for the years ended December 31, 2020 and 2019, respectively.

The effective tax rate of 12.3% for the year ended December 31, 2020 reflects the impact of certain discrete items totaling \$47.9 million. These discrete items primarily relate to \$22.2 million of excess tax benefits recognized on the vesting of equity awards during the period and \$20.8 million released during the year related to the favorable impact on prior years from final regulations clarifying certain provisions of Tax Reform. Also included in the discrete items is a \$6.3 million benefit related to the revaluation of the cost of deemed repatriation of foreign earnings.

The effective tax rate of 6.6% for the year ended December 31, 2019 reflects the impact of certain favorable discrete items totaling \$85.7 million. These discrete items primarily relate to \$66.6 million of excess tax benefits recognized upon vesting of the 2016 Multi-Year PSUs and \$16.1 million of excess tax benefits on other share-based compensation recognized during the period. In addition, the effective tax rate was impacted by a beneficial geographic mix of earnings.

Net Income

As a result of the factors described above, net income for the year ended December 31, 2020 increased 6.8% to \$601.8 million compared to \$563.6 million for the year ended December 31, 2019.

Adjusted EBITDA

The following table presents the calculation of the non-GAAP Adjusted EBITDA measure for the years indicated:

	Years Ended		Increase/(Decrease)	
	December 31, 2020	December 31, 2019		
	(in thousands)			
Operating revenues:.....	\$ 1,695,390	\$ 1,557,796	\$ 137,594	8.8%
Adjusted EBITDA expenses.....	723,880	707,297	16,583	2.3%
Adjusted EBITDA	<u>\$ 971,510</u>	<u>\$ 850,499</u>	<u>\$ 121,011</u>	14.2%
Adjusted EBITDA margin %	57.3%	54.6%		
Operating margin %	52.2%	48.5%		

Adjusted EBITDA increased 14.2% to \$971.5 million for the year ended December 31, 2020 compared to \$850.5 million for the year ended December 31, 2019. Adjusted EBITDA margin increased to 57.3% for the year ended December 31, 2020 compared to 54.6% for the year ended December 31, 2019. The increase in Adjusted EBITDA margin reflects a higher rate of growth in operating revenues as compared to the rate of growth of Adjusted EBITDA expenses.

Reconciliation of Adjusted EBITDA to Net Income and Adjusted EBITDA Expenses to Operating Expenses

The following table presents the reconciliation of Adjusted EBITDA to net income for the years indicated:

	Years Ended		Increase/(Decrease)	
	December 31, 2020	December 31, 2019		
	(in thousands)			
Index Adjusted EBITDA	\$ 766,493	\$ 670,188	\$ 96,305	14.4%
Analytics Adjusted EBITDA	172,924	152,113	20,811	13.7%
All Other Adjusted EBITDA	32,093	28,198	3,895	13.8%
Consolidated Adjusted EBITDA	971,510	850,499	121,011	14.2%
2016 Multi-Year PSUs grant payroll tax expense	-	15,389	(15,389)	(100.0%)
Amortization of intangible assets.....	56,941	49,410	7,531	15.2%
Depreciation and amortization of property, equipment and leasehold improvements.....	29,805	29,999	(194)	(0.6%)
Operating income	884,764	755,701	129,063	17.1%
Other expense (income), net	198,539	152,383	46,156	30.3%
Provision for income taxes.....	84,403	39,670	44,733	112.8%
Net income	\$ 601,822	\$ 563,648	\$ 38,174	6.8%

The following table presents the reconciliation of Adjusted EBITDA expenses to operating expenses for the years indicated:

	Years Ended		Increase/(Decrease)	
	December 31, 2020	December 31, 2019		
	(in thousands)			
Index Adjusted EBITDA expenses	\$ 250,002	\$ 250,749	\$ (747)	(0.3%)
Analytics Adjusted EBITDA expenses.....	340,884	344,812	(3,928)	(1.1%)
All Other Adjusted EBITDA expenses.....	132,994	111,736	21,258	19.0%
Consolidated Adjusted EBITDA expenses	723,880	707,297	16,583	2.3%
2016 Multi-Year PSUs grant payroll tax expense	-	15,389	(15,389)	(100.0%)
Amortization of intangible assets.....	56,941	49,410	7,531	15.2%
Depreciation and amortization of property, equipment and leasehold improvements.....	29,805	29,999	(194)	(0.6%)
Total operating expenses	\$ 810,626	\$ 802,095	\$ 8,531	1.1%

Segment Results

The results for each of our three reportable segments for the years ended December 31, 2020 and 2019 are presented below:

Index Segment

The following table presents the results for the Index segment for the years indicated:

	Years Ended		Increase/(Decrease)	
	December 31, 2020	December 31, 2019		
	(in thousands)			
Operating revenues:				
Recurring subscriptions	\$ 580,393	\$ 530,968	\$ 49,425	9.3%
Asset-based fees	399,771	361,927	37,844	10.5%
Non-recurring	36,331	28,042	8,289	29.6%
Operating revenues total	1,016,495	920,937	95,558	10.4%
Adjusted EBITDA expenses	250,002	250,749	(747)	(0.3%)
Adjusted EBITDA	<u>\$ 766,493</u>	<u>\$ 670,188</u>	<u>\$ 96,305</u>	14.4%
Adjusted EBITDA margin %	75.4%	72.8%		

Revenues related to Index products increased 10.4% to \$1,016.5 million for the year ended December 31, 2020 compared to \$920.9 million for the year ended December 31, 2019.

Revenues from recurring subscriptions were up 9.3% to \$580.4 million for the year ended December 31, 2020 compared to \$531.0 million for the year ended December 31, 2019. The increase was primarily driven by growth in market cap-weighted index products, strong growth in factor, ESG and climate and in custom index products. The impact of foreign currency exchange rate fluctuations on revenues from recurring subscriptions was negligible.

Revenues from asset-based fees increased 10.5% to \$399.8 million for the year ended December 31, 2020 compared to \$361.9 million for the year ended December 31, 2019. The increase in asset-based fees was driven by growth in revenues from all of our indexed investment product categories, including an increase in revenues from exchange traded futures and options contracts linked to MSCI indexes that were primarily driven by price increases. The increase in revenues from asset-based fees was also driven by higher revenues from non-ETF indexed funds linked to MSCI indexes, which was driven by price increases and an increase in average AUM. Revenues from ETFs linked to MSCI indexes also increased, driven by an 8.9% increase in average AUM in equity ETFs linked to MSCI indexes, partially offset by a change in fee levels of certain products as well as change in product mix. The impact of foreign currency exchange rate fluctuations on revenues from asset-based fees was negligible.

Index segment Adjusted EBITDA expenses decreased 0.3% to \$250.0 million for the year ended December 31, 2020 compared to \$250.7 million for the year ended December 31, 2019, reflecting lower expenses across selling and marketing expense activity category, partially offset by higher expenses across the G&A, cost of revenues and R&D expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, Adjusted EBITDA expenses would have increased 0.2% for the year ended December 31, 2020 compared to the year ended December 31, 2019.

Analytics Segment

The following table presents the results for the Analytics segment for the years indicated:

	Years Ended		Increase/(Decrease)	
	December 31, 2020	December 31, 2019		
	(in thousands)			
Operating revenues:				
Recurring subscriptions	\$ 506,301	\$ 486,282	\$ 20,019	4.1%
Non-recurring	7,507	10,643	(3,136)	(29.5%)
Operating revenues total	513,808	496,925	16,883	3.4%
Adjusted EBITDA expenses	340,884	344,812	(3,928)	(1.1%)
Adjusted EBITDA	<u>\$ 172,924</u>	<u>\$ 152,113</u>	<u>\$ 20,811</u>	13.7%
Adjusted EBITDA margin %	33.7%	30.6%		

Analytics segment revenues increased 3.4% to \$513.8 million for the year ended December 31, 2020 compared to \$496.9 million for the year ended December 31, 2019, primarily driven by growth in Multi-Asset Class Analytics products. Adjusting for the impact of foreign currency exchange rate fluctuations, Analytics segment revenues would have increased 3.3% for the year ended December 31, 2020 compared to the year ended December 31, 2019.

Analytics segment Adjusted EBITDA expenses decreased 1.1% to \$340.9 million for the year ended December 31, 2020 compared to \$344.8 million for the year ended December 31, 2019, primarily driven by lower expenses across the cost of revenues and R&D expense activity categories, partially offset by higher expenses across the selling and marketing and G&A expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, Adjusted EBITDA expenses would have decreased 0.4% for the year ended December 31, 2020 compared to the year ended December 31, 2019.

All Other Segment

The following table presents the results for the All Other segment, which consists of the ESG and Real Estate product lines, for the years indicated:

	Years Ended		Increase/(Decrease)	
	December 31, 2020	December 31, 2019		
	(in thousands)			
Operating revenues:				
Recurring subscriptions	\$ 161,481	\$ 136,790	\$ 24,691	18.1%
Non-recurring	3,606	3,144	462	14.7%
Operating revenues total	165,087	139,934	25,153	18.0%
Adjusted EBITDA expenses	132,994	111,736	21,258	19.0%
Adjusted EBITDA	<u>\$ 32,093</u>	<u>\$ 28,198</u>	<u>\$ 3,895</u>	13.8%
Adjusted EBITDA margin %	19.4%	20.2%		

All Other segment revenues increased 18.0% to \$165.1 million for the year ended December 31, 2020 compared to \$139.9 million for the year ended December 31, 2019. The increase in All Other revenues was driven by a \$20.7 million, or 22.8%, increase in ESG revenues to \$111.4 million and by a \$4.5 million, or 9.0%, increase in Real Estate revenues to \$53.7 million. The increase in ESG revenues was driven by strong growth in the Ratings, Climate and Screening products. The increase in Real Estate revenues was driven by growth in Enterprise Analytics and Global Intel products. Adjusting for the impact of foreign currency exchange rate fluctuations, All Other operating revenues would have increased 17.7%, ESG revenues would have increased 22.3% and Real Estate revenues would have increased 9.2% for the year ended December 31, 2020 compared to the year ended December 31, 2019.

All Other segment Adjusted EBITDA expenses increased 19.0% to \$133.0 million for the year ended December 31, 2020 compared to \$111.7 million for the year ended December 31, 2019, driven by higher expenses attributable mostly to ESG operations. Adjusting for the impact of foreign currency exchange rate fluctuations,

Adjusted EBITDA expenses would have increased 19.3% for the year ended December 31, 2020 compared to the year ended December 31, 2019.

Operating Metrics

Run Rate

“Run Rate” estimates at a particular point in time the annualized value of the recurring revenues under our client license agreements (“Client Contracts”) for the next 12 months, assuming all Client Contracts that come up for renewal are renewed and assuming then-current currency exchange rates, subject to the adjustments and exclusions described below. For any Client Contract where fees are linked to an investment product’s assets or trading volume/fees, the Run Rate calculation reflects, for ETFs, the market value on the last trading day of the period, for futures and options, the most recent quarterly volumes and/or reported exchange fees, and for other non-ETF products, the most recent client-reported assets. Run Rate does not include fees associated with “one-time” and other non-recurring transactions. In addition, we add to Run Rate the annualized fee value of recurring new sales, whether to existing or new clients, when we execute Client Contracts, even though the license start date, and associated revenue recognition, may not be effective until a later date. We remove from Run Rate the annualized fee value associated with products or services under any Client Contract with respect to which we have received a notice of termination or non-renewal during the period and have determined that such notice evidences the client’s final decision to terminate or not renew the applicable products or services, even though such notice is not effective until a later date.

Changes in our recurring revenues typically lag changes in Run Rate. The actual amount of recurring revenues we will realize over the following 12 months will differ from Run Rate for numerous reasons, including:

- fluctuations in revenues associated with new recurring sales;
- modifications, cancellations and non-renewals of existing Client Contracts, subject to specified notice requirements;
- differences between the recurring license start date and the date the Client Contract is executed due to, for example, contracts with onboarding periods or fee waiver periods;
- fluctuations in asset-based fees, which may result from changes in certain investment products’ total expense ratios, market movements, including foreign currency exchange rates, 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 or discounts;
- revenue recognition differences under U.S. GAAP, including those related to the timing of implementation and report deliveries for certain of our products and services;
- fluctuations in foreign currency exchange rates; and
- the impact of acquisitions and divestitures.

The following table presents Run Rates by reportable segment as of the dates indicated and the growth percentages over the years indicated:

	As of		Increase/(Decrease)
	December 31, 2020	December 31, 2019	
	(in thousands)		
Index:			
Recurring subscriptions	\$ 618,391	\$ 559,257	10.6%
Asset-based fees.....	464,108	396,140	17.2%
Index total.....	1,082,499	955,397	13.3%
Analytics.....	555,145	526,845	5.4%
All Other.....	194,816	152,247	28.0%
Total Run Rate	<u>\$ 1,832,460</u>	<u>\$ 1,634,489</u>	12.1%
Recurring subscriptions total.....	\$ 1,368,352	\$ 1,238,349	10.5%
Asset-based fees	464,108	396,140	17.2%
Total Run Rate	<u>\$ 1,832,460</u>	<u>\$ 1,634,489</u>	12.1%

Total Run Rate grew 12.1% to \$1,832.5 million as of December 31, 2020 compared to \$1,634.5 million as of December 31, 2019. Recurring subscription Run Rate grew 10.5% to \$1,368.4 million as of December 31, 2020 compared to \$1,238.3 million as of December 31, 2019. Adjusting for the impact of foreign currency exchange rate fluctuations, recurring subscription Run Rate would have increased 9.4% as of December 31, 2020 compared to December 31, 2019.

Run Rate from asset-based fees increased 17.2% to \$464.1 million as of December 31, 2020, from \$396.1 million as of December 31, 2019, driven by higher AUM in equity ETFs linked to MSCI indexes, higher prices in futures and options and higher prices in non-ETF indexed funds linked to MSCI indexes. Partially offsetting the impact of the increase in AUM in equity ETFs linked to MSCI indexes was a change in fee levels of certain products as well as change in product mix, which was the primary driver of a decline in average basis point fees to 2.67 at December 31, 2020 from 2.82 at December 31, 2019. As of December 31, 2020, the value of AUM in equity ETFs linked to MSCI indexes was \$1,103.6 billion, up \$169.2 billion, or 18.1%, from \$934.4 billion as of December 31, 2019. The increase of \$169.2 billion consisted of market appreciation of \$93.6 billion and net inflows of \$75.6 billion.

Index recurring subscription Run Rate grew 10.6% to \$618.4 million as of December 31, 2020 compared to \$559.3 million as of December 31, 2019, primarily driven by strong growth in market cap-weighted index products, custom and specialized index products and factor and ESG and climate index products.

Run Rate from Analytics products increased 5.4% to \$555.1 million as of December 31, 2020 compared to \$526.8 million as of December 31, 2019, driven by growth in both Multi-Asset Class and Equity Analytics products. Adjusting for the impact of foreign currency exchange rate fluctuations, Analytics Run Rate would have increased 4.0% as of December 31, 2020 compared to December 31, 2019.

Run Rate from All Other products increased 28.0% to \$194.8 million as of December 31, 2020 compared to \$152.2 million as of December 31, 2019. The \$42.6 million increase was primarily driven by a \$36.9 million, or 36.4%, increase in ESG Run Rate to \$138.3 million, and a \$5.7 million, or 11.2%, increase in Real Estate Run Rate to \$56.5 million. The increase in ESG Run Rate was primarily driven by strong growth in Ratings and Climate products. The increase in Real Estate Run Rate was driven by growth in both Enterprise Analytics and Global Intel products. Adjusting for the impact of foreign currency exchange rate fluctuations, All Other Run Rate would have increased 23.9%, ESG Run Rate would have increased 32.6% and Real Estate Run Rate would have increased 6.6% as of December 31, 2020 compared to December 31, 2019.

Sales

Sales represents the annualized value of products and services clients commit to purchase from MSCI and will result in additional operating revenues. Non-recurring sales represent the actual value of the customer agreements entered into during the period and are not a component of Run Rate. New recurring subscription sales represent

additional selling activities, such as new customer agreements, additions to existing agreements or increases in price that occurred during the period and are additions to Run Rate. Subscription cancellations reflect client activities during the period, such as discontinuing products and services and/or reductions in price, resulting in reductions to Run Rate. Net new recurring subscription sales represent the amount of new recurring subscription sales net of subscription cancellations during the period, which reflects the net impact to Run Rate during the period.

Total gross sales represent the sum of new recurring subscription sales and non-recurring sales. Total net sales represent the total gross sales net of the impact from subscription cancellations.

The following table presents our recurring subscription sales, cancellations and non-recurring sales by reportable segment for the years indicated:

	Years Ended		Increase/(Decrease)
	December 31, 2020	December 31, 2019	
	(in thousands)		
New recurring subscription sales			
Index	\$ 85,411	\$ 78,325	9.0%
Analytics	61,538	66,992	(8.1%)
All Other	46,907	32,552	44.1%
New recurring subscription sales total	193,856	177,869	9.0%
Subscription cancellations			
Index	(27,398)	(21,767)	25.9%
Analytics	(40,003)	(31,623)	26.5%
All Other	(8,380)	(6,468)	29.6%
Subscription cancellations total	(75,781)	(59,858)	26.6%
Net new recurring subscription sales			
Index	58,013	56,558	2.6%
Analytics	21,535	35,369	(39.1%)
All Other	38,527	26,084	47.7%
Net new recurring subscription sales total	118,075	118,011	0.1%
Non-recurring sales			
Index	41,463	30,262	37.0%
Analytics	10,996	15,947	(31.0%)
All Other	2,576	2,890	(10.9%)
Non-recurring sales total	55,035	49,099	12.1%
Gross sales			
Index	\$ 126,874	\$ 108,587	16.8%
Analytics	72,534	82,939	(12.5%)
All Other	49,483	35,442	39.6%
Total gross sales	\$ 248,891	\$ 226,968	9.7%
Net sales			
Index	\$ 99,476	\$ 86,820	14.6%
Analytics	32,531	51,316	(36.6%)
All Other	41,103	28,974	41.9%
Total net sales	\$ 173,110	\$ 167,110	3.6%

Retention Rate

Another key metric is our “Retention Rate.” The following table presents our Retention Rate by reportable segment and product category for the periods indicated for the years ended December 31, 2020 and 2019:

	<u>Index</u>	<u>Analytics</u>	<u>All Other</u>	<u>Total</u>
2020				
Three Months Ended March 31,	96.3%	93.7%	94.6%	95.0%
Three Months Ended June 30,	94.7%	92.0%	94.1%	93.5%
Three Months Ended September 30,	95.0%	93.8%	95.1%	94.5%
Three Months Ended December 31,	94.4%	90.1%	94.2%	92.6%
Year Ended December 31,	95.1%	92.4%	94.5%	93.9%
2019				
Three Months Ended March 31,	96.5%	93.7%	95.9%	95.2%
Three Months Ended June 30,	97.1%	94.2%	93.9%	95.5%
Three Months Ended September 30,	96.0%	93.6%	96.8%	95.0%
Three Months Ended December 31,	93.0%	92.8%	92.7%	92.9%
Year Ended December 31,	95.7%	93.6%	94.8%	94.7%

Retention Rate is an important metric because subscription cancellations decrease our Run Rate and ultimately our operating revenues over time. The annual Retention Rate represents the retained subscription Run Rate (subscription Run Rate at the beginning of the fiscal year less actual cancels during the year) as a percentage of the subscription Run Rate at the beginning of the fiscal year.

The Retention Rate for a non-annual period is calculated by annualizing the cancellations for which we have received a notice of termination or for which we believe there is an intention not to renew during the non-annual period, and we believe that such notice or intention evidences the client’s final decision to terminate or not renew the applicable agreement, even though such notice is not effective until a later date. This annualized cancellation figure is then divided by the subscription Run Rate at the beginning of the fiscal year to calculate a cancellation rate. This cancellation rate is then subtracted from 100% to derive the annualized Retention Rate for the period.

For example, in the fourth quarter of 2020, we recorded cancellations of \$23.0 million. To derive the Retention Rate for the fourth quarter, we annualized the actual cancellations during the quarter of \$23.0 million to derive \$92.1 million of annualized cancellations. This \$92.1 million was then divided by the \$1,238.3 million subscription Run Rate at the beginning of the year to derive a cancellation rate of 7.4%. The 7.4% was then subtracted from 100.0% to derive a Retention Rate of 92.6% for the fourth quarter.

Retention Rate is computed by operating segment on a product/service-by-product/service basis. In general, if a client reduces the number of products or services to which it subscribes within a segment, or switches between products or services within a segment, we treat it as a cancellation for purposes of calculating our Retention Rate except in the case of a product or service switch that management considers to be a replacement product or service. In those replacement cases, only the net change to the client subscription, if a decrease, is reported as a cancel. In the Analytics and the ESG operating segments, substantially all product or service switches are treated as replacement products or services and netted in this manner, while in our Index and Real Estate operating segments, product or service switches that are treated as replacement products or services and receive netting treatment occur only in certain limited instances. In addition, we treat any reduction in fees resulting from a down-sale of the same product or service as a cancellation to the extent of the reduction. We do not calculate Retention Rate for that portion of our Run Rate attributable to assets in indexed investment products or futures and options contracts, in each case, linked to our indexes.

For the year ended December 31, 2020, 30.4% of our cancellations occurred in the fourth quarter. In our product lines, Retention Rate is generally higher during the first three quarters and lower in the fourth quarter, as the fourth quarter is traditionally the largest renewal period in the year.

Liquidity and Capital Resources

We require capital to fund ongoing operations, internal growth initiatives and acquisitions. Our primary sources of liquidity are cash flows generated from our operations, existing cash and cash equivalents and credit capacity under our existing credit facilities. In addition, we believe we have access to additional funding in the public and private markets. We intend to use these sources of liquidity to, among other things, service our existing and future debt obligations, fund our working capital requirements for capital expenditures, investments, acquisitions, dividend payments and repurchases of our common stock. In connection with our business strategy, we regularly evaluate acquisition and strategic partnership opportunities. We believe our liquidity, along with other financing alternatives, will provide the necessary capital to fund these transactions and achieve our planned growth.

Senior Notes and Credit Agreement

We have an aggregate of \$3,400.0 million in senior unsecured notes (collectively, the “Senior Notes”) outstanding and a \$400.0 million undrawn Revolving Credit Agreement with a syndicate of banks as of December 31, 2020. See Note 5, “Commitments and Contingencies,” of the Notes to Consolidated Financial Statements included herein for additional information on our Senior Notes and Revolving Credit Agreement.

The Senior Notes and the Revolving Credit Agreement are fully and unconditionally, and jointly and severally, guaranteed by our direct or indirect wholly-owned domestic subsidiaries that account for more than 5% of our and our subsidiaries’ consolidated assets, other than certain excluded subsidiaries (the “subsidiary guarantors”). Amounts due under the Revolving Credit Agreement are our and the subsidiary guarantors’ senior unsecured obligations and rank equally with the Senior Notes and any of our other unsecured, unsubordinated debt, senior to any of our subordinated debt and effectively subordinated to our secured debt to the extent of the assets securing such debt.

The indentures governing our Senior Notes (the “Indentures”) among us, each of the subsidiary guarantors, and Wells Fargo Bank, National Association, as trustee, contain covenants that limit our and certain of our subsidiaries’ ability to, among other things, incur liens, enter into sale/leaseback transactions and consolidate, merge or sell all or substantially all of our assets. In addition, the Indentures restrict our non-guarantor subsidiaries’ ability to create, assume, incur or guarantee additional indebtedness without such non-guarantor subsidiaries guaranteeing the Senior Notes on a *pari passu* basis.

The Revolving Credit Agreement 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;
- enter into sale/leaseback transactions;
- 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 Revolving Credit Agreement and the Indentures also contain 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 Revolving Credit Agreement 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 Revolving Credit Agreement: (1) the maximum Consolidated Leverage Ratio (as defined in the Revolving Credit Agreement) measured quarterly on a rolling four-quarter basis shall not exceed 4.25:1.00 and (2) the minimum Consolidated Interest Coverage Ratio (as defined in the Revolving Credit Agreement) measured quarterly on a rolling four-quarter basis shall be at least 4.00:1.00. As of December 31, 2020, our Consolidated Leverage Ratio was 3.21:1.00 and our Consolidated Interest Coverage Ratio was 6.29:1.00. As of December 31, 2020, there were no amounts drawn and outstanding under the Revolving Credit Agreement.

Our non-guarantor subsidiaries under the Senior Notes consist of: (i) domestic subsidiaries of the Company that account for 5% or less of consolidated assets of the Company and its subsidiaries and (ii) any foreign or domestic subsidiary of the Company that is deemed to be a controlled foreign corporation within the meaning of Section 957 of the Internal Revenue Code of 1986, as amended. Our non-guarantor subsidiaries accounted for approximately \$989.3 million, or 58.4%, of our total revenue for the 12 months ended December 31, 2020, approximately \$351.7 million, or 39.8%, of our consolidated operating income for the 12 months ended December 31, 2020, and approximately \$1,065.4 million, or 25.3%, of our consolidated total assets (excluding intercompany assets) and \$756.9 million, or 16.3%, of our consolidated total liabilities, in each case as of December 31, 2020.

Share Repurchases

The Board of Directors has approved a stock repurchase program for the purchase of the Company's common stock in the open market. See Note 10, "Shareholders' Equity (Deficit)," of the Notes to Consolidated Financial Statements included herein for additional information on our stock repurchase program.

As of February 5, 2021, a total of \$1,728.8 million remained available on the share repurchase authorization. This authorization may be modified, suspended or terminated by the Board of Directors at any time without prior notice.

Cash Dividends

On September 17, 2014, our Board of Directors approved a plan to initiate a regular quarterly cash dividend to our shareholders. On October 30, 2014, we began paying regular quarterly cash dividends and have paid such dividends each quarter thereafter.

On January 25, 2021, the Board of Directors declared a quarterly dividend of \$0.78 per share of common stock to be paid on February 26, 2021 to shareholders of record as of the close of trading on February 19, 2021.

Cash Flows

The following table presents the Company's cash and cash equivalents as of the dates indicated:

	As of	
	December 31, 2020	December 31, 2019
	(in thousands)	
Cash and cash equivalents.....	\$ 1,300,521	\$ 1,506,567

The following table presents the breakdown of the Company's cash flows for the periods indicated:

	Years Ended	
	December 31, 2020	December 31, 2019
	(in thousands)	
Net cash provided by operating activities	\$ 811,109	\$ 709,523
Net cash used in investing activities	(241,791)	(71,937)
Net cash used in financing activities	(779,038)	(36,667)
Effect of exchange rate changes	3,674	1,472
Net (decrease) increase in cash	<u>\$ (206,046)</u>	<u>\$ 602,391</u>

Cash and Cash Equivalents

Cash and cash equivalents were \$1,300.5 million and \$1,506.6 million as of December 31, 2020 and 2019, respectively. We typically seek to maintain minimum cash balances globally of approximately \$200.0 million to \$250.0 million for general operating purposes but may maintain higher minimum cash balances while the COVID-19 pandemic continues to impact global economic markets. As of December 31, 2020 and 2019, \$423.4 million and \$321.2 million, respectively, of the cash and cash equivalents were held by foreign subsidiaries. As a result of Tax Reform, we can now more efficiently access a significant portion of our cash held outside of the U.S. in the short-term without being subject to U.S. income taxes. Repatriation of some foreign cash may be subject to certain withholding taxes in local jurisdictions and other distribution restrictions. The global cash and cash equivalent balances that are maintained will be available to meet our global needs whether for general corporate purpose or other needs, including acquisitions or expansion of our products.

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 \$811.1 million and \$709.5 million for the years ended December 31, 2020 and 2019, respectively. The year-over-year increase was primarily driven by higher cash collections from customers, partially offset by higher payments for income taxes, interest and cash expenses.

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. Historically, the payment of cash for compensation and benefits is at its highest level in the first quarter when we pay discretionary employee compensation related to the previous fiscal year.

Cash Flows From Investing Activities

Cash used in investing activities was \$241.8 million for the year ended December 31, 2020 compared to \$71.9 million for the year ended December 31, 2019. The year-over-year change was primarily driven by the \$190.8 million investment in Burgiss.

Cash Flows From Financing Activities

Cash used in financing activities was \$779.0 million for the year ended December 31, 2020 compared to \$36.7 million for the year ended December 31, 2019. The year-over-year change was primarily driven by higher share repurchases, the impact of the 2024 Senior Notes Redemption and the 2025 Senior Notes Redemption, partially offset by the impact of new senior notes offerings made during the periods.

We believe that global cash flows from operations, together with existing cash and cash equivalents and funds available under our existing credit facility and our ability to access the debt and capital markets for additional funds, will continue to be sufficient to fund our global operating activities and cash commitments for investing and financing activities, such as material capital expenditures and share repurchases, for at least the 12 months following issuance of this Form 10-K and for the foreseeable future thereafter. In addition, we expect that foreign cash flows from operations, together with existing cash and cash equivalents, will continue to be sufficient to fund our foreign operating activities and cash commitments for investing activities, such as material capital expenditures, for at least the 12 months following issuance of this Form 10-K and for the foreseeable future thereafter.

Contractual Obligations

Our contractual obligations consist primarily of our debt obligations arising from the issuance of the Senior Notes, leases for office space, leases for equipment and other operating leases and obligations to vendors arising out of market data contracts. The following table summarizes our contractual obligations for the periods indicated as of December 31, 2020:

(in thousands)	Total	Years Ending December 31,					Thereafter
		2021	2022	2023	2024	2025	
Senior Notes ⁽¹⁾	4,617,760	143,875	143,875	143,875	143,875	143,875	3,898,385
Operating leases	204,602	28,201	26,188	25,022	19,659	19,170	86,362
Vendor obligations	158,800	54,457	28,650	25,998	23,982	12,797	12,916
Other obligations ⁽²⁾	19,391	—	—	—	1,465	7,967	9,959
Total contractual obligations	<u>\$5,000,553</u>	<u>\$226,533</u>	<u>\$198,713</u>	<u>\$194,895</u>	<u>\$188,981</u>	<u>\$183,809</u>	<u>\$4,007,622</u>

(1) Includes the impact of payments for the principal amount on the \$500.0 million aggregate principal amount of 4.750% senior unsecured notes due 2026 (the “2026 Senior Notes”), the 2027 Senior Notes, the 2029 Senior Notes, the 2030 Senior Notes and the 2031 Senior Notes plus interest based on the 4.75%, 5.375%, 4.00%, 3.625% and 3.875% coupon interest rates, respectively.

(2) Primarily includes amounts payable related to the estimated Toll Charge. The Toll Charge is included within “Other non-current liabilities” in our Consolidated Statements of Financial Condition.

The obligations related to our uncertain tax positions, which are not considered material, have been excluded from the table above because of the uncertainty surrounding the timing and final amounts of any settlement.

Off-Balance Sheet Arrangements

At December 31, 2020 and 2019, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Recent Accounting Standards Updates

See Note 2, “Recent Accounting Standards Updates,” of the Notes to the Consolidated Financial Statements included herein for further information.

Item 7A. 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.

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 years ended December 31, 2020 and 2019, 14.1% and 13.5%, respectively, of our revenues were subject to foreign currency exchange rate risk and primarily included clients billed in foreign currency as well as U.S. dollar exposures on non-U.S. dollar foreign operating entities. Of the 14.1% of non-U.S. dollar exposure for the year ended December 31, 2020, 40.2% was in Euros, 27.2% was in Japanese yen and 24.6% was in British pounds sterling. Of the 13.5% of non-U.S. dollar exposure for the year ended December 31, 2019, 40.8% was in Euros, 26.9% was in Japanese yen and 23.1% was in British pounds sterling.

Revenues from asset-based fee (“ABF”) products represented 23.6% and 23.2% of operating revenues for the years ended December 31, 2020 and 2019, respectively. While a substantial portion of our fees for ABF products are invoiced in U.S. dollars, the fees are based on the investment product’s assets, of which more than three-fifths 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 are exposed to additional foreign currency risk in certain of our operating costs. Approximately 40.8% and 41.2% of our operating expenses for the years ended December 31, 2020 and 2019, respectively, were denominated in foreign currencies, the significant majority of which were denominated in British pounds sterling, Indian rupees, Hungarian forints, Euros, Hong Kong dollars, Swiss francs 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 are remeasured into their local functional currency, either a gain or a loss results 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 impact on the income statement of the volatility of amounts denominated in certain foreign currencies. We recognized total foreign currency exchange losses of \$2.8 million for the year ended December 31, 2020 and foreign currency exchange losses of \$4.0 million for the year ended December 31, 2019.

Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of MSCI Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial condition of MSCI Inc. and its subsidiaries (the “Company”) as of December 31, 2020 and 2019, and the related consolidated statements of income, of comprehensive income, of shareholders' equity (deficit) and of cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable

assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Unrecognized tax benefits

As described in Note 11 to the consolidated financial statements, the Company has \$16.6 million of gross unrecognized tax benefits as of December 31, 2020. Management regularly assesses the likelihood of additional assessments in each of the taxing jurisdictions in which it files income tax returns. Once unrecognized tax benefits are established, management adjusts unrecognized tax benefits only when more information is available or when an event occurs necessitating a change. As part of management'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 are remeasured. The Company is under examination by the Internal Revenue Service ("IRS") and other tax authorities in certain jurisdictions, including foreign jurisdictions, such as the United Kingdom, Switzerland and India, and states in which the Company has significant operations, such as New York. The tax years currently under examination vary by jurisdiction but include years ranging from 2007 through 2019.

The principal considerations for our determination that performing procedures relating to unrecognized tax benefits is a critical audit matter are (i) the significant judgment by management when determining unrecognized tax benefits including a high degree of estimation uncertainty relative to the numerous and complex tax laws, frequency of tax examinations, and the nature of intercompany transactions and tax positions; (ii) a high degree of auditor judgment, effort, and subjectivity in performing procedures to evaluate the timely identification and accurate measurement of unrecognized tax benefits; (iii) the evaluation of audit evidence available to support the unrecognized tax benefits is complex and required significant auditor judgment as the nature of the evidence is often highly subjective; and (iv) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the identification and recognition of the unrecognized tax benefits, including controls relating to the completeness of balances and measurement of the unrecognized tax benefits. These procedures also included, among others (i) testing the information used in the calculation of the unrecognized tax benefits, including intercompany agreements, international, federal and state filing positions, and reviewing the final tax returns; (ii) testing the calculation of the unrecognized tax benefits, including management's assessment of the technical merits of tax positions and estimates of the amount of tax benefit expected to be sustained; (iii) testing the completeness of management's assessment of both the identification of uncertain tax positions and possible outcomes of each uncertain tax position; and (iv) evaluating the status and results of income tax audits with the relevant tax authorities. Professionals with specialized skill and knowledge were used to assist in the evaluation of the completeness and measurement of the Company's unrecognized tax benefits, including evaluating the reasonableness of management's assessment of whether tax positions are more-likely-than-not of being sustained and the amount of potential benefit to be realized, the application of relevant tax laws, and estimated interest and penalties.

/s/ PricewaterhouseCoopers LLP

New York, New York
February 12, 2021

We have served as the Company's auditor since 2014.

MSCI INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	As of	
	December 31, 2020	December 31, 2019
	(In thousands, except per share and share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,300,521	\$ 1,506,567
Accounts receivable, net of allowances	558,569	499,268
Prepaid income taxes	20,097	31,590
Prepaid and other assets	46,411	44,352
Total current assets	1,925,598	2,081,777
Property, equipment and leasehold improvements, net	80,446	90,708
Right of use assets	153,330	166,406
Goodwill	1,566,022	1,562,868
Intangible assets, net	234,748	261,487
Equity method investment	190,898	—
Deferred tax assets	23,627	20,911
Other non-current assets	23,978	20,282
Total assets	<u>\$ 4,198,647</u>	<u>\$ 4,204,439</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 14,253	\$ 6,498
Income taxes payable	26,195	14,210
Accrued compensation and related benefits	161,557	166,273
Other accrued liabilities	143,894	139,149
Deferred revenue	675,870	574,656
Total current liabilities	1,021,769	900,786
Long-term debt	3,366,777	3,071,926
Long-term operating lease liabilities	152,342	164,144
Deferred tax liabilities	12,774	66,639
Other non-current liabilities	88,219	77,658
Total liabilities	<u>4,641,881</u>	<u>4,281,153</u>
Commitments and Contingencies (see Note 5 and Note 9)		
Shareholders' equity (deficit):		
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; 132,829,175 and 132,419,412 common shares issued and 82,573,407 and 84,794,930 common shares outstanding at December 31, 2020 and December 31, 2019, respectively)	1,328	1,324
Treasury shares, at cost (50,255,768 and 47,624,482 common shares held at December 31, 2020 and December 31, 2019, respectively)	(4,342,535)	(3,565,784)
Additional paid-in capital	1,402,537	1,351,031
Retained earnings	2,554,295	2,199,294
Accumulated other comprehensive loss	(58,859)	(62,579)
Total shareholders' equity (deficit)	<u>(443,234)</u>	<u>(76,714)</u>
Total liabilities and shareholders' equity (deficit)	<u>\$ 4,198,647</u>	<u>\$ 4,204,439</u>

See Notes to Consolidated Financial Statements.

MSCI INC.
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(In thousands, except per share data)		
Operating revenues	\$ 1,695,390	\$ 1,557,796	\$ 1,433,984
Operating expenses:			
Cost of revenues	291,704	294,961	287,335
Selling and marketing	216,496	219,298	192,923
Research and development	101,053	98,334	81,411
General and administrative	114,627	110,093	99,882
Amortization of intangible assets	56,941	49,410	54,189
Depreciation and amortization of property, equipment and leasehold improvements	29,805	29,999	31,346
Total operating expenses	<u>810,626</u>	<u>802,095</u>	<u>747,086</u>
Operating income	<u>884,764</u>	<u>755,701</u>	<u>686,898</u>
Interest income	(5,030)	(16,403)	(19,669)
Interest expense	156,324	148,041	133,114
Other expense (income)	<u>47,245</u>	<u>20,745</u>	<u>(56,443)</u>
Other expense (income), net	<u>198,539</u>	<u>152,383</u>	<u>57,002</u>
Income before provision for income taxes	686,225	603,318	629,896
Provision for income taxes	<u>84,403</u>	<u>39,670</u>	<u>122,011</u>
Net income	<u>\$ 601,822</u>	<u>\$ 563,648</u>	<u>\$ 507,885</u>
Earnings per basic common share	<u>\$ 7.19</u>	<u>\$ 6.66</u>	<u>\$ 5.83</u>
Earnings per diluted common share	<u>\$ 7.12</u>	<u>\$ 6.59</u>	<u>\$ 5.66</u>
Weighted average shares outstanding used in computing earnings per share:			
Basic	<u>83,716</u>	<u>84,644</u>	<u>87,179</u>
Diluted	<u>84,517</u>	<u>85,536</u>	<u>89,701</u>

See Notes to Consolidated Financial Statements.

MSCI INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Net income	\$ 601,822	\$ 563,648	\$ 507,885
Other comprehensive income (loss):			
Foreign currency translation adjustments.....	4,771	2,037	(14,113)
Income tax effect.....	(62)	(776)	—
Foreign currency translation adjustments, net	4,709	1,261	(14,113)
Pension and other post-retirement adjustments	(1,675)	(6,477)	2,351
Income tax effect.....	686	1,036	(227)
Pension and other post-retirement adjustments, net.....	(989)	(5,441)	2,124
Net investment hedge adjustments	—	—	1,937
Income tax effect.....	—	—	—
Net investment hedge adjustments, net.....	—	—	1,937
Other comprehensive income (loss), net of tax.....	3,720	(4,180)	(10,052)
Comprehensive income.....	<u>\$ 605,542</u>	<u>\$ 559,468</u>	<u>\$ 497,833</u>

See Notes to Consolidated Financial Statements.

MSCI INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	(in thousands)					
Balance at December 31, 2017	\$ 1,295	\$(2,321,989)	\$1,264,849	\$1,505,204	\$ (48,347)	\$ 401,012
Net income				507,885		507,885
ASC Topic 606 Retained Earnings Adjustment				16,135		16,135
Dividends declared (\$1.92 per common share)		(77)	119	(172,273)		(172,231)
Other comprehensive income (loss), net of tax					(10,052)	(10,052)
Common stock issued	5					5
Compensation payable in common stock and options			40,838			40,838
Common stock repurchased and held in treasury		(949,888)				(949,888)
Common stock issued to Directors and (held in)/released from treasury		(820)	17			(803)
Exercise of stock options			605			605
Balance at December 31, 2018	\$ 1,300	\$(3,272,774)	\$1,306,428	\$1,856,951	\$ (58,399)	\$(166,494)
Net income				563,648		563,648
Dividends declared (\$2.52 per common share)			230	(221,305)		(221,075)
Other comprehensive income (loss), net of tax					(4,180)	(4,180)
Common stock issued	23					23
Compensation payable in common stock and options			41,138			41,138
Common stock repurchased and held in treasury		(292,075)				(292,075)
Common stock issued to Directors and (held in)/released from treasury		(935)				(935)
Exercise of stock options	1		3,235			3,236
Balance at December 31, 2019	\$ 1,324	\$(3,565,784)	\$1,351,031	\$2,199,294	\$ (62,579)	\$(76,714)
Net income				601,822		601,822
Cumulative-effect adjustment				631		631
Dividends declared (\$2.92 per common share)				(247,452)		(247,452)
Dividends paid in shares			186			186
Other comprehensive income (loss), net of tax					3,720	3,720
Common stock issued	4					4
Compensation payable in common stock			51,320			51,320
Common stock repurchased and held in treasury		(778,519)				(778,519)
Common stock issued to Directors and (held in)/released from treasury		1,768				1,768
Balance at December 31, 2020	<u>\$ 1,328</u>	<u>\$(4,342,535)</u>	<u>\$1,402,537</u>	<u>\$2,554,295</u>	<u>\$ (58,859)</u>	<u>\$(443,234)</u>

See Notes to Consolidated Financial Statements.

MSCI INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Cash flows from operating activities			
Net income	\$ 601,822	\$ 563,648	\$ 507,885
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of intangible assets	56,941	49,410	54,189
Stock-based compensation expense	51,094	41,199	38,897
Depreciation and amortization of property, equipment and leasehold improvements	29,805	29,999	31,346
Amortization of right of use assets	24,049	22,489	—
Amortization of debt origination fees	4,445	4,073	3,715
Loss on extinguishment of debt	44,930	16,794	—
Deferred taxes	(55,645)	(20,767)	(780)
Gain on divestitures, net of costs	—	—	(61,402)
Other adjustments	1,744	1,093	(188)
Changes in assets and liabilities, net of the effect of acquisitions and dispositions:			
Accounts receivable	(57,606)	(25,923)	(153,942)
Prepaid income taxes	11,608	(13,200)	(4,069)
Prepaid and other assets	(410)	(7,698)	(2,015)
Accounts payable	7,482	2,584	2,300
Accrued compensation and related benefits	(2,641)	25,217	8,532
Income taxes payable	9,576	(2,240)	(2,890)
Other accrued liabilities	1,674	3,664	29,096
Deferred revenue	98,330	35,366	185,077
Long-term operating lease liabilities	(22,497)	(20,244)	—
Other	6,408	4,059	(22,989)
Net cash provided by operating activities	811,109	709,523	612,762
Cash flows from investing activities			
Acquisition of equity method investment	(190,816)	—	—
Capital expenditures	(21,826)	(29,116)	(30,257)
Capitalized software development costs	(29,149)	(24,654)	(18,704)
Acquisitions, net of cash acquired	—	(18,177)	—
Proceeds from the sale of capital equipment	—	10	10
Proceeds from divestitures	—	—	83,825
Net cash (used in) provided by investing activities	(241,791)	(71,937)	34,874
Cash flows from financing activities			
Proceeds from borrowings	1,405,000	1,000,000	500,000
Repayment of borrowings	(1,142,382)	(513,125)	—
Proceeds from exercise of stock options	—	3,236	605
Repurchase of common stock held in treasury	(778,519)	(292,075)	(949,888)
Payment of dividends	(246,444)	(222,922)	(170,938)
Payment of debt issuance costs in connection with debt	(16,693)	(11,781)	(6,262)
Net cash used in financing activities	(779,038)	(36,667)	(626,483)
Effect of exchange rate changes	3,674	1,472	(6,479)
Net (decrease) increase in cash	(206,046)	602,391	14,674
Cash and cash equivalent, beginning of period	1,506,567	904,176	889,502
Cash and cash equivalent, end of period	\$ 1,300,521	\$ 1,506,567	\$ 904,176
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 163,391	\$ 141,484	\$ 125,986
Cash paid for income taxes, net of refunds received	\$ 113,646	\$ 72,935	\$ 143,215
Supplemental disclosure of non-cash investing activities			
Property, equipment and leasehold improvements in other accrued liabilities	\$ 3,061	\$ 3,690	\$ 2,999
Supplemental disclosure of non-cash financing activities			
Cash dividends declared, but not yet paid	\$ 1,438	\$ 1,039	\$ 862

See Notes to Consolidated Financial Statements.

MSCI INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. INTRODUCTION AND BASIS OF PRESENTATION

Organization

MSCI Inc., together with its wholly-owned subsidiaries (the “Company” or “MSCI”) provides critical decision support tools and services that bring greater transparency to the global financial markets. MSCI’s tools and services include indexes; portfolio construction tools and risk-management analytics; environmental, social and governance (“ESG”) and climate solutions; and real estate benchmarks, return analytics and market insights; much of which can be accessed by clients through multiple channels and platforms.

Basis of Presentation

The consolidated financial statements and accompanying notes to financial statements, which include the accounts of MSCI Inc. and its wholly-owned subsidiaries, are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Certain prior period amounts have been reclassified to conform to the current period presentation.

Significant Accounting Policies

Basis of Financial Statements and Use of Estimates

GAAP requires the Company to make certain estimates and judgments that can affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements, as well as the reported amounts of revenue and expenses during the periods presented. Significant estimates and assumptions made by management include the deferral and recognition of revenue, research and development and software capitalization, assessment of impairment of long-lived assets, accrued compensation, income taxes, incremental borrowing rates and other matters that affect the consolidated financial statements and related disclosures. The Company believes that estimates used in the preparation of these consolidated financial statements are reasonable; however, actual results could differ materially from these estimates.

Inter-company balances and transactions are eliminated in consolidation.

Revenue Recognition

MSCI adopted the revenue standard set forth under Accounting Standards Codification Topic 606 “Revenue from Contracts with Customers,” or ASC Topic 606, as of January 1, 2018 using the Modified Retrospective Approach and as such, applied ASC Topic 606 only to contracts that were not completed at the January 1, 2018 adoption date and did not adjust prior reporting periods. An adjustment was recorded within the Consolidated Statement of Financial Condition as of January 1, 2018. The adoption resulted in more revenue being recognized upfront or earlier in the life of new client contracts for certain of the Company’s products and services, including fees related to the licensing of certain desktop applications as they relate to the energy and commodity analytics products, implementation services as they relate to Analytics products and services and the Company’s hosted applications and set-up fees as they relate to the Company’s custom index products. ASC Topic 606 also has the impact of ratably allocating revenue recognition as it relates to multi-year subscriptions. The adoption of ASC Topic 606 also resulted in higher accounts receivable and deferred revenue balances. Under the previous accounting guidance, MSCI generally recorded the value of an invoice to accounts receivable and deferred revenue at the beginning of the service period began. Under ASC Topic 606, MSCI records accounts receivable and a corresponding offset to deferred revenue when an invoice is issued prior to satisfaction of the performance obligation. When performance obligations are satisfied prior to issuance of an invoice, MSCI records accounts receivable and a corresponding offset to operating revenues. See Note 3, “Revenue Recognition,” for further discussion of the impact of the change upon adoption of ASC Topic 606.

Performance Obligations and Transaction Price

For revenue arrangements containing multiple products or services, the Company accounts for the individual products or services as a separate performance obligation if they are distinct. A product or service is distinct if a client can benefit from it either on its own or together with other resources that are readily available to the client, and the Company's promise to transfer the product or service to the client is separately identifiable from other promises in the contract. If both criteria are not met, the promised products or services are accounted for as a combined performance obligation.

A transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring products or services to the customer in general. The Company allocates the transaction price to each performance obligation identified in the contract based on the best estimate of a relative standalone selling price of each distinct product or service in the contract. To allocate the transaction price to each performance obligation on a relative standalone selling price basis, the Company determines the standalone selling price at contract inception of the distinct product or service underlying each performance obligation in proportion to the standalone selling prices. This standalone selling price may be the contract price but is more often than not the best estimate of the price the Company would receive for selling the product or service separately in similar circumstances and to other similar customers. A client can receive a discount for purchasing a bundle of products or services if the sum of the standalone selling price of those promised products or services in the contract exceeds the promised consideration in the contract. In general, the discounts apply proportionally to all performance obligations in the contract.

For services where the transaction price is variable based upon assets under management ("AUM"), volume of trades, fee levels or number of investments linked to MSCI's indexes, the transaction price is based upon pricing models and is not allocated at the inception of the contract but rather falls within the sales and usage-based royalty exception under which the price and associated revenue are based upon actual known performance or best estimates of actual performance during the performance period.

Revenue is recognized when a customer obtains control of promised products or services in an amount that reflects the consideration the entity expects to receive in exchange for those products or services. Determining when control has transferred can sometimes require management's judgement (*e.g.*, implementation services), which could affect the timing of revenue recognition. Revenue is recognized exclusive of any applicable sales or other indirect taxes.

Disaggregation of Revenue

Revenues are characterized by type, which broadly reflects the nature of how they are recognized or earned. Our revenue types are recurring subscriptions, asset-based fees and non-recurring revenues. We also group our revenues by segment.

Revenues By Type

Recurring subscription revenues represent fees earned from clients primarily under renewable contracts or agreements and are generally paid annually or quarterly in advance and recognized in most cases ratably over the term of the license or service pursuant to the contract terms. Revenues from subscription agreements for the receipt of periodic benchmark reports, digests and other publications, which are most often associated with our real estate offerings, are generally billed and recognized upon delivery of such reports or data updates.

Asset-based fees are principally recognized based on the estimated AUM linked to our indexes from independent third-party sources or the most recently reported information provided by the client. Asset-based fees also include revenues related to futures and options contracts linked to our indexes, which are primarily based on trading volumes and fee levels. Asset-based fees are generally variable based upon AUM or the volume of trades or fee levels and are generally billed quarterly in arrears.

Non-recurring revenues primarily represent fees earned on products and services where we do not have renewal contracts and primarily include revenues for providing customized reports, historical data sets, certain derivative financial products and certain implementation and consulting services, as well as revenues from particular products and services that are purchased on a non-renewal basis. Based on the nature of the services provided, non-recurring revenues are generally billed upon delivery and recognized upon delivery or over the service period.

Revenues By Segment

For products within the Index segment, with respect to index data subscriptions, MSCI's performance obligation to deliver the data is satisfied over time and, accordingly, revenue is recognized ratably over the term of the agreement pursuant to the contract terms. With respect to licenses to create indexed investment products, such as ETFs, passively managed funds, or licenses which allow certain exchanges to use MSCI's indexes as the basis for futures and options contracts, MSCI's performance obligation allows customers to use the Company's intellectual property (e.g., the indexes) as the basis of the funds or other investment products the customers create over the term of the agreement. The fees earned for these rights are typically variable, in which case they are accrued under the sales and usage-based royalty exception pursuant to the level of performance achieved, which is measured based on AUM, volume of trades or other factors. The level of performance achieved is based on information obtained from independent third-party sources or best estimates taking into account the most recently reported information from the client.

For products within the Analytics segment, MSCI's performance obligations include providing access to its proprietary models or hosted applications and, in some cases, delivery of managed services, which are typically satisfied over time, and accordingly, revenue is recognized ratably over the term of the service period. For implementation services, MSCI meets its performance obligation once the implementation service is complete and the related service is available for the client to use and revenue is recognized at the point in time when the implementation service is completed.

For products within the All Other segment, MSCI's performance obligations with respect to its ESG products are satisfied over time for the majority of the data subscriptions as MSCI provides and updates the data to the customer throughout the term of the agreement and revenue is recognized ratably over the term of the agreement. For custom ESG research data, the performance obligation is typically complete, and revenue is recognized, at the point in time when the data is updated and available to the customer. MSCI's Real Estate products primarily include periodic benchmark reports, Market Information and other publications. MSCI primarily satisfies its performance obligations, and revenue is recognized, at the point in time when the Company delivers reports or publications. For Market Information products, publications are delivered throughout the year, and the revenue is recognized over time.

Share-Based Compensation

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

The fair value of MSCI restricted stock units ("RSUs") is measured using the price of MSCI's common stock. Restricted stock units that are subject to the achievement of multi-year total shareholder return targets ("PSUs") are performance awards with a market condition. The fair value of PSUs is determined using a Monte Carlo simulation model that creates a normal distribution of future stock prices, which is then used to value the awards based on their individual terms. From time to time, the Company awards restricted stock units subject to performance conditions that are not linked to a market condition but are based on performance measures that impact the amount of shares that each recipient will receive upon vesting. The fair value of such awards is measured using the price of MSCI's common stock.

Research and Development

The Company accounts for research and development costs in accordance with several accounting pronouncements, including ASC Subtopic 730-10, "*Research and Development*." ASC Subtopic 730-10 requires that research and development costs generally be expensed as incurred. The majority of the Company's research and development costs are incurred in developing, reviewing and enhancing the methodologies and data models offered within its product portfolio by monitoring investment trends and drivers globally, as well as analyzing product-specific needs in areas such as capitalization-weighted, factor and specialized indexes, and instrument valuation, risk modeling, portfolio construction, asset allocation and value-at-risk simulation.

Internal Use Software

The Company applies the provisions of ASC Subtopic 350-40, “*Internal Use Software*,” and accounts for the cost of computer software developed for internal use by capitalizing qualifying costs, which are substantially incurred during the application development stage. The amounts capitalized are included in Intangible Assets on the Consolidated Statement of Financial Condition and include external direct costs of services used in developing internal-use software and payroll and payroll-related costs of employees directly associated with the development activities. Additionally, costs incurred relating to upgrades and enhancements to the software are capitalized if it is determined that these upgrades or enhancements provide additional functionality to the software.

During the years ended December 31, 2020 and 2019, the Company capitalized \$29.1 million and \$24.7 million, respectively, of costs related to software developed for internal use in the Consolidated Statement of Financial Condition.

Capitalized software development costs are typically amortized on a straight-line basis over the estimated useful life of the related product, which is typically three to five years, beginning with the date the software is placed into service.

Costs incurred in the preliminary and post-implementation stages of MSCI’s products are expensed as incurred.

Income Taxes

Provision for income taxes is provided for using the asset and liability method, under which deferred tax assets and deferred tax liabilities are determined based on the temporary differences between the financial statement and income tax bases of assets and liabilities using currently enacted tax rates. The Company elects to account for Global Intangible Low-Taxed Income (“GILTI”) in the year the tax is incurred. The Company recognizes interest and penalties related to income tax matters within “Provision for income taxes” in the Consolidated Statement of Income.

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

Deferred Revenue

Deferred revenues represent both cash received and the amounts billed to customers for products and services in advance of being provided or before the service period has begun. Deferred revenue is generally amortized ratably over the service period as the performance obligations are satisfied.

Accounts Receivable

The Company’s clients generally pay subscription fees annually or quarterly in advance. MSCI’s policy is to record to a receivable when a customer is billed. For products and services that are provided in advance of billing, such as for our asset-based fee products, unbilled revenue (or a “contract asset”) is included in Accounts Receivable on the Company’s Consolidated Statement of Financial Condition.

Goodwill

Goodwill is recorded as part of the Company's acquisitions of businesses when the purchase price exceeds the fair value of the net tangible and separately identifiable intangible assets acquired. The Company's goodwill is not amortized, but rather is subject to an impairment test each year, or more often if conditions indicate impairment may have occurred, pursuant to ASC Subtopic 350-10, "*Intangibles—Goodwill and Other.*"

The Company tests goodwill for impairment on an annual basis on July 1st and on an interim basis when certain events and circumstances exist. The test for impairment is performed at the reporting unit level. Goodwill impairment is determined by comparing the fair value of a reporting unit with its carrying value. If the estimated fair value exceeds the carrying value, goodwill at the reporting unit level is not deemed to be impaired. If the estimated fair value is below carrying value, an impairment charge will be recorded up to, but not more than, the total amount of goodwill allocated to the reporting unit.

The Company completed its annual goodwill impairment test as of July 1, 2020 on its Index, Analytics, ESG and Real Estate operating segments, which are the same as its reporting units, and no impairments were noted. The Company performed a step zero, qualitative impairment test on these four operating segments and determined that it was more likely than not that the fair value for each was not less than the carrying value.

As the estimated fair value of the Company's reporting units exceeded their carrying value on the testing dates, and there were no impairment triggers identified as part of interim assessments, no impairment of goodwill was recorded during the years ended December 31, 2020, 2019 and 2018.

Intangible Assets

The Company amortizes definite-lived intangible assets over their estimated useful lives. Definite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. The Company also reviews the useful lives on a quarterly basis to determine if the period of economic benefit has changed. If the carrying value of an intangible asset exceeds its fair value, an impairment charge would be recognized in an amount equal to the amount by which the carrying value of the intangible asset exceeds its fair value. There were no events or changes in circumstances that would indicate that the carrying value of the definite-lived intangible assets may not be recoverable during the years ended December 31, 2020, 2019 and 2018.

During the year ended December 31, 2018 management decided to discontinue the use of the IPD trade name utilized by the Real Estate segment. As a result, the remaining unamortized value of \$7.9 million was written off.

The Company had no indefinite-lived intangible assets.

Foreign Currency Translation

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

Leases

MSCI adopted the leases standard set forth under Accounting Standards Codification Topic 842, "Leases," or ASC Topic 842, as of January 1, 2019 using the optional transition method. The Company elected to apply the transition package of practical expedients permitted which, among other things, allowed the Company to carry forward the historical lease classification. In addition, MSCI elected the hindsight practical expedient to determine the reasonably certain lease term for existing leases. The Company made an election to apply the exemption allowed for leases with an initial term of 12 months or less to not be recorded in the Consolidated Statement of Financial Condition and to only recognize the related amounts in the Consolidated Statement of Income on a straight-line basis over the lease term. As of the adoption of ASC Topic 842 on January 1, 2019, the Company recorded \$197.5 million of total operating lease liabilities and right-of-use ("ROU") assets on the Company's Consolidated Statement

of Financial Condition. The \$197.5 million of ROU assets were offset by \$22.1 million of lease related assets and liabilities previously carried on the Company's Consolidated Statement of Financial Condition which resulted in the presentation of an initial \$175.4 million ROU assets.

MSCI leases office space, data centers and certain equipment under non-cancellable operating lease agreements and determines if an arrangement is a lease at inception. The Company does not currently have any financing lease arrangements.

Operating lease assets, net of initial direct costs and accumulated amortization are reflected in "Right of use assets," with the corresponding present value of operating lease liabilities included in "Other accrued liabilities" and "Long-term operating lease liabilities" in the Consolidated Statement of Financial Condition. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized on the commencement date based on the present value of lease payments over the lease term. MSCI uses its incremental borrowing rate based on the information available on the commencement date in determining the present value of lease payments. The incremental borrowing rate reflects the rate of interest that MSCI would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. The Company determined its incremental borrowing rates by starting with the rates on its currently outstanding Senior Notes and making adjustments for collateralization and the relevant duration of the associated leases. The lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

Lease expense is recognized on a straight-line basis over the lease term and is included in "Operating expenses" in the Consolidated Statement of Income. Some of the Company's lease agreements include rental payments adjusted periodically for inflation which are accounted for under ASC Subtopic 842-10, "Leases," as variable lease amounts but are not reflected as a component of the Company's lease liability. Certain leases also require the Company to pay real estate taxes, insurance, maintenance and other "Operating expenses" associated with the leased premises or equipment which are also not reflected as a component of the Company's lease liability. While these expenses are also classified in "Operating expenses," consistent with similar costs for office locations or equipment, they are not included as a component of the Company's lease liability. The Company also subleases a small portion of its leased office space to third parties.

Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation and amortization of furniture and fixtures, computer and communications equipment and leasehold improvements are accounted for using the straight-line method over the estimated useful life of the asset.

Treasury Stock

The Company holds repurchased shares of common stock as treasury stock. The Company accounts for treasury stock under the cost method and includes treasury stock as a component of shareholders' equity (deficit).

Allowance for Doubtful Accounts

The Company periodically reviews receivable balances and records an allowance on customer accounts when it is probable and estimable that a receivable will not be collected. The Company does not require collateral.

Changes in the allowance for doubtful accounts from December 31, 2017 to December 31, 2020 were as follows:

	<u>Amount</u> (in thousands)
Balance as of December 31, 2017	\$ 1,700
Addition (reduction) to credit loss expense	(224)
Write-offs, net of recoveries	(449)
Balance as of December 31, 2018	\$ 1,027
Addition (reduction) to credit loss expense	1,024
Write-offs, net of recoveries	(336)
Balance as of December 31, 2019	\$ 1,715
Addition (reduction) to credit loss expense	1,712
Adjustments and write-offs, net of recoveries	(1,844)
Balance as of December 31, 2020	<u>\$ 1,583</u>

Accrued Compensation

A significant portion of the Company's employee incentive compensation programs are discretionary. The Company makes significant estimates in determining its accrued compensation and benefits expenses. Accrued cash incentive estimates reflect an assessment of performance versus targets and other key performance indicators at the Company, operating segment and employee level. The Company also reviews compensation and benefits expenses throughout the year to determine how overall performance compares to management's expectations. These and other factors, including historical performance, are taken into account in accruing discretionary cash compensation estimates quarterly.

Concentrations

For the years ended December 31, 2020, 2019 and 2018, BlackRock, Inc. accounted for 11.0%, 11.5%, and 11.9% of the Company's consolidated operating revenues, respectively. For the years ended December 31, 2020, 2019 and 2018, BlackRock, Inc. accounted for 18.0%, 18.9% and 20.1%, respectively, of the Index segment's operating revenues. No single customer accounted for 10.0% or more of operating revenues within the Analytics and All Other segments for the years ended December 31, 2020, 2019 and 2018.

2. RECENT ACCOUNTING STANDARDS UPDATES

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," or ASU 2016-13. The amendments in ASU 2016-13 introduce an approach based on expected losses to estimated credit losses on certain types of financial instruments, modify the impairment model for available-for-sale debt securities and provide for a simplified accounting model for purchased financial assets with credit deterioration since their origination.

The FASB issued Accounting Standards Update No. 2018-19, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses," or ASU 2018-19, Accounting Standards Update No. 2019-04, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses," or ASU 2019-04, Accounting Standards Update No. 2019-05, "Financial Instruments-Credit Losses (Topic 326): Targeted Transition Relief," or ASU 2019-05, Accounting Standards Update No. 2019-10, "Financial Instruments-Credit Losses (Topic 326): Effective Dates," or ASU 2019-10 and Accounting Standards Update No. 2019-11, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses," or ASU 2019-11. The amendments in these ASUs provide clarifications to ASU 2016-13.

The Company adopted ASU 2016-13 and the related clarifications effective January 1, 2020. The adoption did not have a material effect on the Company's consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, "Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment," or ASU 2017-04. The amendments in ASU 2017-04 simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test.

In computing the implied fair value of goodwill under Step 2, an entity performed procedures to determine the fair value at the impairment testing date of its assets and liabilities. When applying the amendments in ASU 2017-04, an entity performs its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, but not more than the total amount of goodwill allocated to the reporting unit. The Company adopted ASU 2017-04 effective January 1, 2020.

3. REVENUE RECOGNITION

MSCI's revenues are characterized by product type, which broadly reflects the nature of how they are recognized. The Company's revenue types are recurring subscriptions, asset-based fees and non-recurring revenues. The Company also groups its revenues by segment.

The tables that follow present the disaggregated revenues for the periods indicated:

For the Year Ended December 31, 2020				
(in thousands)	Segments			Total
	Index	Analytics	All Other	
Product Types				
Recurring subscriptions	\$ 580,393	\$ 506,301	\$ 161,481	\$ 1,248,175
Asset-based fees.....	399,771	—	—	399,771
Non-recurring	36,331	7,507	3,606	47,444
Total	<u>\$ 1,016,495</u>	<u>\$ 513,808</u>	<u>\$ 165,087</u>	<u>\$ 1,695,390</u>

For the Year Ended December 31, 2019				
(in thousands)	Segments			Total
	Index	Analytics	All Other	
Product Types				
Recurring subscriptions	\$ 530,968	\$ 486,282	\$ 136,790	\$ 1,154,040
Asset-based fees.....	361,927	—	—	361,927
Non-recurring	28,042	10,643	3,144	41,829
Total	<u>\$ 920,937</u>	<u>\$ 496,925</u>	<u>\$ 139,934</u>	<u>\$ 1,557,796</u>

For the Year Ended December 31, 2018				
(in thousands)	Segments			Total
	Index	Analytics	All Other	
Product Types				
Recurring subscriptions	\$ 477,612	\$ 474,334	\$ 114,590	\$ 1,066,536
Asset-based fees.....	336,565	—	—	336,565
Non-recurring	21,298	5,605	3,980	30,883
Total	<u>\$ 835,475</u>	<u>\$ 479,939</u>	<u>\$ 118,570</u>	<u>\$ 1,433,984</u>

The table that follows presents the change in accounts receivable and deferred revenue between the dates indicated:

	Accounts receivable	Deferred revenue
	(in thousands)	
Opening (1/1/2020).....	\$ 499,268	\$ 574,656
Closing (12/31/2020).....	558,569	675,870
Increase/(decrease)	<u>\$ 59,301</u>	<u>\$ 101,214</u>

	Accounts receivable	Deferred revenue
	(in thousands)	
Opening (1/1/2019).....	\$ 473,433	\$ 537,977
Closing (12/31/2019).....	499,268	574,656
Increase/(decrease)	\$ 25,835	\$ 36,679

The amount of revenue recognized in the period that was included in the opening current deferred revenue, which reflects the contract liability amounts, was \$555.8 million and \$522.7 million for the years ended December 31, 2020 and 2019, respectively. The difference between the opening and closing balances of the Company's deferred revenue was primarily driven by an increase in billings, partially offset by the amortization of deferred revenue to operating revenues. MSCI had long-term deferred revenue balance as of December 31, 2020 and 2019, respectively, reflected as part of "Other non-current liabilities" on its Consolidated Statement of Financial Condition, which were not material.

For contracts that have a duration of one year or less, the Company has not disclosed either the remaining performance obligation as of the end of the reporting period or when the Company expects to recognize the revenue. The remaining performance obligations for contracts that have a duration of greater than one year and the periods in which they are expected to be recognized are as follows:

	As of
	December 31,
	2020
	(in thousands)
First 12-month period	\$ 337,692
Second 12-month period	198,274
Third 12-month period	60,697
Periods thereafter	14,885
Total	\$ 611,548

4. EARNINGS PER COMMON SHARE

Basic earnings per share ("EPS") is computed by dividing net income 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.

The following table presents the computation of basic and diluted EPS:

	December 31,	December 31,	December 31,
	2020	2019	2018
(in thousands, except per share data)			
Net income.....	\$ 601,822	\$ 563,648	\$ 507,885
Basic weighted average common shares outstanding	83,716	84,644	87,179
Effect of dilutive securities:			
Stock options and restricted stock units	801	892	2,522
Diluted weighted average common shares outstanding	84,517	85,536	89,701
Earnings per basic common share	\$ 7.19	\$ 6.66	\$ 5.83
Earnings per diluted common share	\$ 7.12	\$ 6.59	\$ 5.66

5. 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.

Senior Notes. The Company had an aggregate of \$3,400.0 million in senior unsecured notes (collectively, the “Senior Notes”) outstanding at December 31, 2020, consisting of five discrete private placement offerings presented in the table below:

		Principal amount outstanding at December 31, 2020	Carrying value at December 31, 2020	Carrying value at December 31, 2019	Fair Value at December 31, 2020	Fair Value at December 31, 2019
	Maturity Date					
(in thousands)						
Long-term debt						
5.25% senior unsecured notes due 2024.....	November 15, 2024	\$ -	\$ -	\$ 297,835	\$ -	\$ 309,225
5.75% senior unsecured notes due 2025.....	August 15, 2025	-	-	794,063	-	840,872
4.75% senior unsecured notes due 2026.....	August 1, 2026	500,000	496,257	495,587	522,325	525,800
5.375% senior unsecured notes due 2027.....	May 15, 2027	500,000	495,819	495,168	538,100	541,300
4.00% senior unsecured notes due 2029.....	November 15, 2029	1,000,000	990,364	989,273	1,073,040	1,018,820
3.625% senior unsecured notes due 2030.....	September 1, 2030	400,000	395,458	-	419,428	-
3.875% senior unsecured notes due 2031.....	February 15, 2031	1,000,000	988,879	-	1,063,430	-
Total debt.....		<u>\$ 3,400,000</u>	<u>\$ 3,366,777</u>	<u>\$ 3,071,926</u>	<u>\$ 3,616,323</u>	<u>\$ 3,236,017</u>

Interest payments attributable to the Senior Notes are due as presented in the following table:

	First semi-annual interest payment date	Second semi- annual interest payment date
Senior Notes		
4.75% senior unsecured notes due 2026.....	February 1	August 1
5.375% senior unsecured notes due 2027.....	May 15	November 15
4.000% senior unsecured notes due 2029.....	May 15	November 15
3.625% senior unsecured notes due 2030 ⁽¹⁾	March 1	September 1
3.875% senior unsecured notes due 2031 ⁽²⁾	June 1	December 1

⁽¹⁾ The first payment occurred on September 1, 2020.

⁽²⁾ The first payment occurred on December 1, 2020.

The fair market value of the Company’s debt obligations is determined in accordance with accounting standards related to the determination of fair value and represents Level 2 valuations, which are based on one or more quoted prices in markets that are not considered to be active or for which all significant inputs are observable, either directly or indirectly. 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.

The \$500.0 million aggregate principal amount of 4.75% senior unsecured notes due 2026 (the “2026 Senior Notes”) are scheduled to mature and be paid in full on August 1, 2026. At any time prior to August 1, 2021, the Company may redeem all or part of the 2026 Senior Notes upon not less than 30 nor more than 60 days’ prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2026 Senior Notes, together with accrued and unpaid interest, on or after August 1, 2021, at redemption prices set forth in the indenture governing the 2026 Senior Notes.

The \$500.0 million aggregate principal amount of 5.375% senior unsecured notes due 2027 (the “2027 Senior Notes”) are scheduled to mature and be paid in full on May 15, 2027. At any time prior to May 15, 2022, the Company may redeem all or part of the 2027 Senior Notes upon not less than 30 nor more than 60 days’ prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium

as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2027 Senior Notes, together with accrued and unpaid interest, on or after May 15, 2022, at redemption prices set forth in the indenture governing the 2027 Senior Notes. At any time prior to May 15, 2021, the Company may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2027 Senior Notes, including any permitted additional notes, at a redemption price equal to 105.375% of the principal amount plus accrued and unpaid interest, if any, to the redemption date.

The \$1,000.0 million aggregate principal amount of 4.000% senior unsecured notes due 2029 (the “2029 Senior Notes”) are scheduled to mature and be paid in full on November 15, 2029. At any time prior to November 15, 2024, the Company may redeem all or part of the 2029 Senior Notes at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2029 Senior Notes, together with accrued and unpaid interest, on or after November 15, 2024, at redemption prices set forth in the indenture governing the 2029 Senior Notes. At any time prior to November 15, 2022, the Company may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2029 Senior Notes, including any permitted additional notes, at a redemption price equal to 104.000% of the principal amount plus accrued and unpaid interest, if any, to the redemption date.

On March 4, 2020, the Company issued \$400.0 million aggregate principal amount of 3.625% senior unsecured notes due 2030 (the “2030 Senior Notes”) in a private offering that was exempt from the registration requirements of the Securities Act of 1933, as amended. The Company used a portion of the net proceeds from the 2030 Senior Notes to redeem the \$300.0 million aggregate principal amount that remained outstanding on its 5.250% senior unsecured notes due 2024 (the “2024 Senior Notes”). The early redemption of the 2024 Senior Notes resulted in a \$10.0 million loss on debt extinguishment recorded in other expense (income), which included a redemption price of approximately \$7.9 million (as set forth in the indenture governing the terms of the 2024 Senior Notes) and the write-off of approximately \$2.1 million of unamortized debt issuance costs associated with the 2024 Senior Notes.

The 2030 Senior Notes are scheduled to mature and be paid in full on September 1, 2030. At any time prior to March 1, 2025, the Company may redeem all or part of the 2030 Senior Notes at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2030 Senior Notes, together with accrued and unpaid interest, on or after March 1, 2025, at redemption prices set forth in the indenture governing the 2030 Senior Notes. At any time prior to March 1, 2023, the Company may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2030 Senior Notes, including any permitted additional notes, at a redemption price equal to 103.625% of the principal amount plus accrued and unpaid interest, if any, to the redemption date, so long as at least 50% of the aggregate principal amount of all notes (excluding any additional notes, if any) issued under the indenture governing the 2030 Senior Notes remain outstanding after each such redemption occurs.

On May 26, 2020, the Company issued \$1,000.0 million aggregate principal amount of 3.875% senior unsecured notes due 2031 (the “2031 Senior Notes”) in a private offering that was exempt from the registration requirements of the Securities Act of 1933, as amended. The Company used a portion of the net proceeds from the 2031 Senior Notes for the early redemption of all of the outstanding \$800.0 million aggregate principal amount of 5.75% senior unsecured notes due 2025 (the “2025 Senior Notes”). The early redemption of the 2025 Senior Notes resulted in an approximately \$35.0 million loss on extinguishment recorded in other expense (income). The loss on extinguishment included an applicable premium of approximately \$29.5 million (as defined in the indenture governing the terms of the 2025 Senior Notes) and the write-off of approximately \$5.5 million unamortized debt issuance costs associated with the 2025 Senior Notes.

The 2031 Senior Notes are scheduled to mature and be paid in full on February 15, 2031. At any time prior to June 1, 2025, the Company may redeem all or part of the 2031 Senior Notes at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, the Company may redeem all or part of the 2031 Senior Notes, together with accrued and unpaid interest, on or after June 1, 2025, at redemption prices set forth in the indenture governing the 2031 Senior Notes. At any time prior to June 1, 2023, the Company may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2031 Senior Notes, including any permitted additional notes, at a redemption price equal to 103.875% of the principal amount plus accrued and unpaid interest, if any, to, but excluding, the redemption date, so long as at least 50% of

the aggregate principal amount of all notes (excluding any additional notes, if any) issued under the indenture governing the 2031 Senior Notes remain outstanding after each such redemption occurs.

Revolver. On November 20, 2014, the Company entered into a \$200.0 million senior unsecured revolving credit agreement (as amended, the “Revolving Credit Agreement”) with a syndicate of banks. The Revolving Credit Agreement had an initial term of five years with an option to extend for two additional one-year terms. On August 4, 2016, the Company entered into Amendment No. 1 (the “First Amendment”) to the Revolving Credit Agreement. The First Amendment, among other things, (i) increased aggregate commitments available to be borrowed to \$220.0 million, (ii) increased the maximum consolidated leverage ratio and (iii) extended the initial term to August 2021 with an option to extend for an additional one-year term. On May 15, 2018, the Company entered into Amendment No. 2 (the “Second Amendment”) to the Revolving Credit Agreement. The Second Amendment, among other things, (i) increased aggregate commitments available to be borrowed to \$250.0 million, (ii) extended the term to May 2023 with an option to extend for an additional one-year term and (iii) decreased the applicable rate and applicable fee rate for loans and commitments. On November 15, 2019, the Company entered into Amendment No. 3 (the “Third Amendment”) to the Revolving Credit Agreement. The Third Amendment, among other things, (i) increased aggregate commitments available to be borrowed to \$400.0 million, (ii) extended the term to November 2024 with an option to extend for an additional one-year term, (iii) decreased the applicable rate and applicable fee rate for loans and commitments and (iv) amended certain restrictive covenants that limit, among other things, the Company’s financial flexibility. At December 31, 2020, the Revolving Credit Agreement was undrawn.

In connection with the closings of the Senior Notes offerings and entry into the Revolving Credit Agreement and the First, Second and Third Amendments, the Company paid certain financing fees which, together with the existing fees related to prior credit facilities, are being amortized over their related lives. At December 31, 2020, \$35.0 million of the deferred financing fees remain unamortized, \$0.5 million of which is included in “Prepays and other assets,” \$1.3 million of which is included in “Other non-current assets” and \$33.2 million of which is grouped and presented as part of “Long-term debt” on the Consolidated Statement of Financial Condition.

6. LEASES

For the year ended December 31, 2018, the Company followed ASC Subtopic 840-10, “Leases,” which required the recognition of rent expense on a straight-line basis over the lease period. Rent expense for office space, including real estate taxes, insurance, maintenance and other operating expenses associated with the leased premises, for the year ended December 31, 2018 was \$25.3 million.

On January 1, 2019, the Company adopted ASU 2016-02 “*Leases*” and began following ASC Subtopic 842-10. Under ASC Subtopic 842-10, the Company recognized a total of \$32.8 million and \$35.6 million of operating lease expenses for the years ended December 31, 2020 and 2019. The amounts associated with variable lease costs, short-term lease costs and sublease income were not material for the years ended December 31, 2020 and 2019.

The Company’s leases have remaining lease terms of up to approximately 12 years. Some of these leases have options to extend which, if exercised, would extend the maximum term to approximately 22 years. Some of the leases also provide for early termination, the exercise of which would shorten the term of those leases by up to 5 years.

Future minimum commitments for the Company's operating leases accounted for in accordance with ASC Subtopic 842-10 in place as of December 31, 2020, the interest and other relevant line items in the Consolidated Statement of Financial Condition are as follows:

Maturity of Lease Liabilities (in thousands)	Operating Leases
2021	\$ 28,201
2022	26,189
2023	25,022
2024	19,659
2025	19,170
Thereafter	86,361
Total lease payments	\$ 204,602
Less: Interest.....	(29,571)
Present value of lease liabilities	<u>\$ 175,031</u>
Other accrued liabilities.....	\$ 22,689
Long-term operating lease liabilities.....	\$ 152,342

Lease term and discount rate for the Company's operating leases in place as of December 31, 2020 are as follows:

Lease Term and Discount Rate	As of December 31, 2020
Weighted-average remaining lease term (years)	8.93
Weighted-average discount rate	3.34%

Other information for the Company's operating leases in place for the year ended December 31, 2020 are as follows:

Other Information (in thousands)	Year Ended December 31, 2020
Operating cash flows used for operating leases.....	\$ 30,061
Leased assets obtained in exchange for new operating lease liabilities	\$ 11,472

7. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

Property, equipment and leasehold improvements, net at December 31, 2020 and 2019 consisted of the following:

	Estimated Useful Lives	As of	
		December 31, 2020	December 31, 2019
		(in thousands)	
Computer & related equipment.....	2 to 5 years	\$ 186,786	\$ 185,794
Furniture & fixtures	7 years	15,276	12,478
Leasehold improvements	1 to 21 years	56,537	52,339
Work-in-process.....	—	2,996	8,667
Subtotal		261,595	259,278
Accumulated depreciation and amortization		(181,149)	(168,570)
Property, equipment and leasehold improvements, net.....		<u>\$ 80,446</u>	<u>\$ 90,708</u>

Depreciation and amortization expense of property, equipment and leasehold improvements was \$29.8 million, \$30.0 million and \$31.3 million for the years ended December 31, 2020, 2019 and 2018, respectively.

8. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

The change to the Company's goodwill was as follows:

<u>(in thousands)</u>	<u>Index</u>	<u>Analytics</u>	<u>All Other</u>	<u>Total</u>
Goodwill at December 31, 2018	\$ 1,203,404	\$ 290,976	\$ 51,381	\$ 1,545,761
Changes to goodwill	—	—	14,567 ⁽¹⁾	14,567
Foreign exchange translation adjustment.....	1,290	—	1,250	2,540
Goodwill at December 31, 2019	\$ 1,204,694	\$ 290,976	\$ 67,198	\$ 1,562,868
Changes to goodwill	—	—	—	—
Foreign exchange translation adjustment.....	1,064	—	2,090	3,154
Goodwill at December 31, 2020	<u>\$ 1,205,758</u>	<u>\$ 290,976</u>	<u>\$ 69,288</u>	<u>\$ 1,566,022</u>

⁽¹⁾ Reflects the impact of the Carbon Delta AG ("Carbon Delta") acquisition.

Intangible Assets, Net

The following table presents the amount of amortization expense related to intangible assets by category for the periods indicated:

<u>(in thousands)</u>	<u>Years Ended</u>		
	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Amortization expense of acquired intangible assets	\$ 34,049	\$ 34,773	\$ 43,981
Amortization expense of internally developed capitalized software	22,892	14,637	10,208
Total amortization of intangible assets expense	<u>\$ 56,941</u>	<u>\$ 49,410</u>	<u>\$ 54,189</u>

During the year ended December 31, 2018 management decided to discontinue the use of the IPD trade name utilized by the Real Estate segment. As a result, the remaining unamortized value associated with the trade name of \$7.9 million was written off in the year ended December 31, 2018.

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

		As of	
	Estimated Useful Lives	December 31, 2020	December 31, 2019
(in thousands)			
Gross intangible assets:			
Customer relationships.....	13 to 21 years	\$ 356,700	\$ 356,700
Trademarks/trade names	10 to 21.5 years	207,300	207,300
Technology/software.....	3 to 8 years	290,908	263,719
Proprietary data	6 to 13 years	28,627	28,627
Subtotal		883,535	856,346
Foreign exchange translation adjustment....		(5,262)	(7,615)
Total gross intangible assets.....		\$ 878,273	\$ 848,731
Accumulated amortization:			
Customer relationships.....		\$ (253,465)	\$ (231,665)
Trademarks/trade names		(143,207)	(133,305)
Technology/software.....		(231,496)	(209,878)
Proprietary data		(15,730)	(13,963)
Subtotal		(643,898)	(588,811)
Foreign exchange translation adjustment....		373	1,567
Total accumulated amortization.....		\$ (643,525)	\$ (587,244)
Net intangible assets:			
Customer relationships.....		\$ 103,235	\$ 125,035
Trademarks/trade names		64,093	73,995
Technology/software.....		59,412	53,841
Proprietary data		12,897	14,664
Subtotal		239,637	267,535
Foreign exchange translation adjustment....		(4,889)	(6,048)
Total net intangible assets		\$ 234,748	\$ 261,487

Estimated amortization expense for succeeding years is presented below:

Years Ending December 31,	Amortization Expense
	(in thousands)
2021	\$ 59,605
2022	52,283
2023	41,618
2024	34,770
2025	20,697
Thereafter	25,775
Total.....	\$ 234,748

9. EMPLOYEE BENEFITS

The Company sponsors a 401(k) plan for eligible U.S. employees and defined contribution and defined benefit pension plans that cover substantially all of its non-U.S. employees. Eligible employees may participate in the MSCI 401(k) plan (or any other regional defined contribution plan sponsored by MSCI) immediately upon hire. Eligible employees receive 401(k) and other defined contribution plan matching contributions, which are subject to vesting and certain other limitations. Additionally, some non-US employees are eligible to participate in and receive contributions to defined benefit plans.

The following table reflects the employee benefits expense by cost, type and location in the Statement of Income for the periods indicated:

(in thousands)	Years Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Employee benefit cost type			
401(k) and other defined contribution plans.....	21,804	19,909	19,228
Pension related net period benefit expense.....	4,671	4,135	3,570
Total.....	<u>\$ 26,475</u>	<u>\$ 24,044</u>	<u>\$ 22,798</u>
Location in the Statement of Income			
Cost of revenues	\$ 9,913	\$ 9,387	\$ 10,162
Selling and marketing.....	7,910	7,368	6,946
Research and development	5,328	4,705	3,840
General and administrative	2,289	1,844	1,796
Other expense (income)	1,035	740	54
Total.....	<u>\$ 26,475</u>	<u>\$ 24,044</u>	<u>\$ 22,798</u>

The Company uses a measurement date of December 31 to calculate obligations under its pension and postretirement plans. As of December 31, 2020 and 2019, the Company carried a net liability of \$36.1 million and \$30.4 million, respectively, in “Other non-current liabilities” on the Consolidated Statement of Financial Condition related to its future pension obligations. The fair value of the defined benefit plan assets were \$28.5 million and \$25.0 million at December 31, 2020 and 2019, respectively.

The Company’s retiree benefit plans include defined benefit plans for employees in Switzerland, as well as other countries where MSCI maintains an operating presence.

Our Switzerland plans are government-mandated retirement funds that provide employees with a minimum investment return, which is determined annually by the Swiss government and was 1.00% in the years ended December 31, 2020, 2019 and 2018. Under the Switzerland plans, the Company and our employees are required to make contributions into a fund managed by an independent investment fiduciary. Employer contributions must be in an amount at least equal to the employee’s contribution. Minimum employee contributions are based on the respective employee’s age, salary and gender. As of December 31, 2020 and 2019, the Switzerland plans had a gross pension liability of \$34.8 million and \$32.6 million, respectively, and plan assets that totaled \$24.6 million and \$21.9 million, respectively. In the years ended December 31, 2020, 2019 and 2018, we recognized net periodic benefit expense of \$0.5 million, \$1.0 million and \$1.3 million, respectively, related to our Switzerland plans. The discount rate for the Switzerland defined benefit pension plan was 0.10% as of December 31, 2020 and 0.30% as of December 31, 2019.

The investment strategies of the non-U.S. defined benefit plans vary according to the plan provisions and local laws. The majority of the assets in the non-U.S. plans are in the Switzerland plans. The Switzerland plans are associated with an insured collective retirement foundation, whereby assets are held in trust and the assets are comingled with those of other participating companies. Investment decisions are made by a board of the collective retirement foundation, comprised of participating company representatives and representatives from the insurer. The overall strategy is to manage risk while maximizing total returns.

10. SHAREHOLDERS' EQUITY (DEFICIT)

This note reflects the share repurchases and related activity as well as share-based compensation activity recognized by the Company, for all periods referenced.

Return of capital

On October 29, 2020, the Board of Directors authorized a stock repurchase program for the purchase of up to \$1,000.0 million worth of shares of MSCI's common stock in addition to the \$804.5 million of authorization then remaining under a previously existing share repurchase program (the "2020 Repurchase Program") for a total of \$1,804.5 million of stock repurchase authorization.

Share repurchases made pursuant to the 2020 Repurchase Program may take place 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 or terminated by the Board of Directors at any time without prior notice. As of December 31, 2020, there was \$1,728.8 million of available authorization remaining under the 2020 Repurchase Program.

The following table provides information with respect to repurchases of the Company's common stock pursuant to open market repurchases:

Year Ended	Average Price Paid Per Share	Total Number of Shares Repurchased	Dollar Value of Shares Repurchased
	(in thousands, except per share data)		
December 31, 2020.....	\$ 291.76	2,493	\$ 727,344
December 31, 2019.....	\$ 147.97	690	\$ 102,081
December 31, 2018.....	\$ 148.34	6,236	\$ 924,989

The following table presents cash dividends declared and distributed per common share for the periods indicated:

	Dividends			
	Per Share	Declared	Distributed	(Released)/ Deferred
2020	(in thousands, except per share data)			
Three Months Ended March 31,.....	\$ 0.68	\$ 59,233	\$ 59,455	\$ (222)
Three Months Ended June 30,.....	0.68	57,360	57,068	292
Three Months Ended September 30,.....	0.78	65,830	65,454	376
Three Months Ended December 31,.....	0.78	65,029	64,653	376
Year Ended December 31,.....	\$ 2.92	\$ 247,452	\$ 246,630	\$ 822
2019				
Three Months Ended March 31,.....	\$ 0.58	\$ 55,339	\$ 57,988	\$ (2,649)
Three Months Ended June 30,.....	0.58	49,613	49,365	248
Three Months Ended September 30,.....	0.68	58,176	57,882	294
Three Months Ended December 31,.....	0.68	58,176	57,916	260
Year Ended December 31,.....	\$ 2.52	\$ 221,304	\$ 223,151	\$ (1,847)
2018				
Three Months Ended March 31,.....	\$ 0.38	\$ 34,848	\$ 34,900	\$ (52)
Three Months Ended June 30,.....	0.38	34,254	33,935	319
Three Months Ended September 30,.....	0.58	52,264	51,764	500
Three Months Ended December 31,.....	0.58	50,907	50,434	473
Year Ended December 31,.....	\$ 1.92	\$ 172,273	\$ 171,033	\$ 1,240

Common Stock

The following table presents activity related to shares of common stock issued and repurchased for the periods indicated:

	Common Stock Issued	Treasury Stock	Common Stock Outstanding
Balance At December 31, 2017	129,543,856	(39,438,971)	90,104,885
Dividend payable/paid	734	(579)	155
Common stock issued and exercise of stock options	479,277	—	479,277
Shares withheld for tax withholding and exercises	—	(174,991)	(174,991)
Shares repurchased under stock repurchase programs	—	(6,235,629)	(6,235,629)
Shares issued to Directors.....	6,059	(5,618)	441
Balance At December 31, 2018	<u>130,029,926</u>	<u>(45,855,788)</u>	<u>84,174,138</u>
Dividend payable/paid	1,064	(585)	479
Common stock issued and exercise of stock options	2,387,145	—	2,387,145
Shares withheld for tax withholding and exercises	—	(1,077,815)	(1,077,815)
Shares repurchased under stock repurchase programs	—	(689,891)	(689,891)
Shares issued to Directors.....	1,277	(403)	874
Balance At December 31, 2019	<u>132,419,412</u>	<u>(47,624,482)</u>	<u>84,794,930</u>
Dividend payable/paid	553	(337)	216
Common stock issued	406,960	—	406,960
Shares withheld for tax withholding and exercises	—	(165,239)	(165,239)
Shares repurchased under stock repurchase programs	—	(2,492,994)	(2,492,994)
Shares issued to Directors.....	2,250	27,284	29,534
Balance At December 31, 2020	<u>132,829,175</u>	<u>(50,255,768)</u>	<u>82,573,407</u>

Share-Based Compensation

The Company regularly issues share-based compensation to its employees and directors who are not employees of the Company. The accounting guidance for share-based compensation requires measurement of compensation cost for share-based awards at fair value and recognition of compensation cost over the service period, net of estimated forfeitures.

In February 2021, the Company granted a portion of its employees awards in the form of RSUs and PSUs. The total number of units granted was 182,971. The aggregate fair value of the awards was \$65.9 million. A portion of the awards granted consisted of RSUs vesting over a three-year period, with one-third vesting on each anniversary of the grant in 2022, 2023 and 2024. A smaller portion of the awards granted consisted of PSUs that will time-vest over a three-year period and a five-year period and are subject to the achievement of the applicable absolute total shareholder return compounded annual growth rate measured over a three-year and five-year performance period, respectively. The PSUs that will time-vest over a three-year period are subject to a one-year sale restriction. All of these awards are subject to forfeiture under specific criteria set in the award agreements.

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

The following table presents the amount of share-based compensation expense by category for the periods indicated:

(in thousands)	Years Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Cost of revenues	\$ 14,523	\$ 11,190	\$ 10,334
Selling and marketing	13,545	14,943	12,851
Research and development.....	7,344	5,966	4,175
General and administrative	19,826	11,991	13,203
Other expense (income)	379	—	—
Total share-based compensation expense	<u>\$ 55,617</u>	<u>\$ 44,090</u>	<u>\$ 40,563</u>

The windfall tax benefits for share-based compensation expense related to RSUs, PSUs and other restricted stock unit awards (together, the “Share-based Awards”) as well as stock options granted to Company employees and to directors who are not employees of the Company were \$20.9 million, \$82.5 million and \$8.8 million for the years ended December 31, 2020, 2019 and 2018, respectively.

As of December 31, 2020, \$43.9 million of compensation cost related to MSCI unvested share-based awards granted to the Company’s employees and to directors who are not employees of the Company had not yet been recognized. The unrecognized compensation cost relating to unvested stock-based awards expected to vest will be recognized primarily over the next one to five years.

In connection with awards under its equity-based compensation and benefit plans, the Company is authorized to issue shares of common stock. As of December 31, 2020, 4.8 million shares of common stock were available for future grants under these plans.

Share-based Awards. Certain Company employees have been granted Share-based Awards pursuant to a share-based compensation plan. The plan provides for the deferral of a portion of certain employees’ discretionary compensation with awards made in the form of Share-based Awards. Recipients of Share-based Awards generally have rights to receive dividend equivalents that are subject to vesting. The Company reports the target number of PSUs granted unless it has determined, based on the actual achievement of performance measures, that an employee will receive a different amount of shares underlying the PSUs, in which case the Company reports the amount of shares employees are likely to receive.

The fair value of the PSUs on the award dates were estimated under the Monte Carlo method using the following assumptions:

	Years Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Risk free interest rate	1.28%	2.46%	2.30%
Historical stock price volatility	25.42%	21.98%	20.51%
Term (in years)	3.8	3.7	3.5

The risk-free interest rate was determined based on the yields available on U.S. Constant Maturity Treasury yield curve as of the valuation dates with a maturity commensurate with the terms. The expected stock price volatility was determined using historical volatility. Since the PSU awards are dividend-protected, the assumed dividend yield applied in the valuation was 0.0%.

The following table presents activity concerning the Company's vested and unvested Share-based Awards applicable to its employees (share data in thousands) for the period indicated:

For the Year Ended December 31, 2020	Number of Shares	Weighted Average Grant Date Fair Value
Vested and unvested Share-based Awards at		
December 31, 2019	757	\$ 122.42
Granted	454	\$ 170.57
Conversion to common stock	(417)	\$ 97.79
Canceled	(55)	\$ 147.49
Vested and unvested Share-based Awards at		
December 31, 2020 ⁽¹⁾	<u>739</u>	\$ 163.99

⁽¹⁾ As of December 31, 2020, 670 Share-based Awards, with a weighted average grant date fair value of \$165.61, were vested or expected to vest.

The total fair value of Share-based Awards held by the Company's employees that converted to MSCI common stock during the years ended December 31, 2020, 2019 and 2018 was \$133.6 million, \$401.7 million and \$63.6 million, respectively.

The following table presents activity concerning the Company's unvested Share-based Awards related to its employees (share data in thousands):

For the Year Ended December 31, 2020	Number of Shares	Weighted Average Grant Date Fair Value
Unvested Share-based Awards at December 31, 2019	727	\$ 123.21
Granted	437	\$ 174.25
Vested	(382)	\$ 99.24
Canceled	(55)	\$ 147.49
Unvested Share-based Awards at December 31, 2020	<u>727</u>	\$ 164.58
Unvested Share-based Awards expected to vest	<u>658</u>	\$ 166.29

There were no remaining stock options outstanding that could be exercised during the year ended December 31, 2020. The intrinsic value of the stock options exercised by the Company's employees during the years ended December 31, 2019 and 2018 was \$22.1 million and \$4.8 million, respectively.

11. INCOME TAXES

The provision for income taxes (benefits) by taxing jurisdiction consisted of:

	Years Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Current			
U.S. federal	\$ 39,665	\$ 31,493	\$ 51,316
U.S. state and local	29,942	6,841	31,680
Non U.S.	70,441	22,103	39,795
	<u>140,048</u>	<u>60,437</u>	<u>122,791</u>
Deferred			
U.S. federal	(44,507)	(11,941)	(1,406)
U.S. state and local	(8,911)	(4,001)	5,566
Non U.S.	(2,227)	(4,825)	(4,940)
	<u>(55,645)</u>	<u>(20,767)</u>	<u>(780)</u>
Provision for income taxes	<u>\$ 84,403</u>	<u>\$ 39,670</u>	<u>\$ 122,011</u>

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

	Years Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
U.S. federal statutory income tax rate	21.00%	21.00%	21.00%
U.S. state and local income taxes, net of U.S. federal income tax benefits	3.14%	2.51%	4.66%
Change in tax rates applicable to non-U.S. earnings	(3.30%)	(3.74%)	(2.20%)
Foreign Derived Intangible Income (FDII), net of GILTI ⁽¹⁾	(3.84%)	1.05%	(0.13%)
Domestic tax credits and incentives	(0.59%)	(0.31%)	(0.30%)
Net tax charge related to Tax Reform	—%	—%	(1.78%)
Valuation allowance	—%	(0.10%)	(1.41%)
Excess share-based compensation	(3.24%)	(13.94%)	(1.14%)
Other	(0.87%)	0.11%	0.67%
Effective income tax rate	<u>12.30%</u>	<u>6.58%</u>	<u>19.37%</u>

⁽¹⁾ Current period includes (3.00%) released during the year related to the favorable impact on prior years from final regulations clarifying certain provisions of Tax Reform. Certain prior period amounts have been reclassified to conform to the current period presentation.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (“Tax Reform”). Given the significance of the legislation, the SEC staff issued Staff Accounting Bulletin No. 118, “*Income Tax Accounting Implications of the Tax Cuts and Jobs Act*,” (“SAB 118”), which allowed registrants to record provisional amounts during a one year “measurement period” similar to that used when accounting for business combinations.

Tax Reform significantly revised the U.S. corporate income tax by, among other things, lowering U.S. corporate income tax rates, implementing a territorial tax system and imposing a one-time tax on deemed repatriation of historic earnings and profits (“E&P”) of foreign subsidiaries (the “Toll Charge”). The provisions of Tax Reform began impacting the Company for the annual reporting periods, including interim periods within those periods, beginning after December 31, 2017 as well as during the three months ended December 31, 2017. The U.S. federal income tax rate reduction was effective as of January 1, 2018.

In the year ended December 31, 2018, the Company finalized the Toll Charge and determined the final impact of Tax Reform, resulting in a net benefit of \$11.2 million that included a benefit of \$5.7 million on the change to the provisional estimate of the Toll Charge and a benefit of \$2.6 million for a reduction in the expected withholding taxes from Switzerland. The Company also recorded a benefit of \$2.9 million related to the revaluation of deferred taxes at the lower statutory rate as a result of tax planning. The cumulative net charge of Tax Reform was \$23.3 million as of December 31, 2018.

Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when such differences are expected to reverse. Significant components of the Company's deferred tax assets and liabilities as of December 31, 2020 and 2019, were as follows:

	As of	
	December 31, 2020	December 31, 2019
	(in thousands)	
Deferred tax assets:		
Unearned revenue	\$ 46,530	\$ —
Lease liabilities	40,786	43,584
Employee compensation and benefit plans.....	20,602	17,438
Interest expense carryforwards	7,901	19,028
Loss carryforwards	3,071	2,928
Pension.....	3,066	2,558
Subtotal	121,956	85,536
Less: valuation allowance	—	—
Total deferred tax assets	<u>\$ 121,956</u>	<u>\$ 85,536</u>
Deferred tax liabilities:		
Intangible assets	\$ (51,862)	\$ (57,155)
Right of use assets.....	(35,634)	(38,666)
Property, equipment and leasehold improvements, net.....	(20,197)	(20,531)
Unremitted foreign earnings	(1,279)	(12,996)
Unearned revenue	—	(1,079)
Other	(2,131)	(837)
Total deferred tax liabilities	<u>\$ (111,103)</u>	<u>\$ (131,264)</u>
Net deferred tax assets (deferred tax liabilities).....	<u>\$ 10,853</u>	<u>\$ (45,728)</u>

As presented in the table above, the Company has certain loss and interest carryforward items. The tax value of the U.S. portion of the interest carryforward was \$0.7 million and \$13.2 million as of December 31, 2020 and December 31, 2019, respectively. The tax value of the non-U.S. portion of the interest carryforward was \$7.2 million and \$5.8 million as of December 31, 2020 and December 31, 2019, respectively. These carryforwards are subject to annual limitations on utilization over an indefinite life.

Net operating loss carryforwards in the U.S. were \$8.7 million with a tax value of \$1.8 million and \$13.8 million with a tax value of \$1.9 million as of December 31, 2020 and December 31, 2019, respectively. These carryforwards are subject to annual limitations and will begin to expire in 2026. The tax value of the non-U.S. portion of the net operating loss was \$1.2 million and \$1.0 million as of December 31, 2020 and December 31, 2019 respectively. These carryforwards are subject to annual limitations and will begin to expire in 2021.

The Company believes the total deferred tax assets at December 31, 2020 are more likely than not to be realized based on expectations as to future taxable income in the jurisdictions in which it operates. The Company has determined that there is no requirement to establish a valuation allowance as of December 31, 2020.

The following table presents changes in the Company's deferred tax asset valuation allowance for the periods indicated:

	Years Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Beginning balance	\$ —	\$ 632	\$ 11,575
Additions charged to cost and expenses	—	—	—
Deductions	—	(632)	(10,943)
Ending balance.....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 632</u>

The following table presents the components of income before provision for income taxes generated by domestic or foreign operations for the periods indicated:

	Years Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Domestic	\$ 353,049	\$ 351,177	\$ 399,000
Foreign ⁽¹⁾	333,176	252,141	230,896
Total income before provision for income taxes.....	<u>\$ 686,225</u>	<u>\$ 603,318</u>	<u>\$ 629,896</u>

⁽¹⁾ Foreign income before provision for income taxes is defined as income generated from operations located outside the U.S., which includes income from foreign branches of U.S. companies.

As of December 31, 2020, the Company is no longer maintaining the indefinite reinvestment assertion on the undistributed earnings in its India subsidiary accumulated after January 1, 2018. As of December 31, 2020, the Company has provided for applicable state income and foreign withholding taxes on all undistributed earnings on its foreign subsidiaries.

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 are remeasured. Based on the current status of income tax audits, the total amount of unrecognized benefits may decrease by approximately \$14.8 million in the next twelve months as a result of the resolution of tax examinations.

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

The following table presents a reconciliation of the beginning and ending amount of the gross unrecognized tax benefits, excluding interest and penalties, for the years ended December 31, 2020, 2019 and 2018:

Gross unrecognized tax benefits (in thousands)	Years Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Beginning balance	\$ 15,841	\$ 14,091	\$ 10,022
Increases based on tax positions related to the current period	292	2,413	3,928
Increases based on tax positions related to prior periods	2,099	—	1,892
Decreases based on tax positions related to prior periods	—	—	(297)
Decreases related to settlements with taxing authorities	—	—	—
Decreases related to a lapse of applicable statute of limitations	(1,611)	(663)	(1,454)
Ending balance	<u>\$ 16,621</u>	<u>\$ 15,841</u>	<u>\$ 14,091</u>

The total amount of unrecognized tax benefits was \$16.6 million, \$15.8 million and \$13.8 million, net of federal benefit of state issues, competent authority and foreign tax credit offsets, as of December 31, 2020, 2019 and 2018, respectively, which, if recognized, would favorably affect the effective tax rate in future periods. The Company recognizes the accrual of interest and penalties related to unrecognized tax benefits in the “Provision for income taxes” in the Consolidated Statement of Income. For the years ended December 31, 2020, 2019 and 2018, the Company recognized zero, \$0.4 million and \$0.2 million, respectively, of interest in the Consolidated Statement of Income with respect to unrecognized tax benefits. Penalties of \$0.4 million were recognized in the Consolidated Statement of Income and the Consolidated Statement of Financial Position for the year ended December 31, 2020. No penalties were recognized in the Consolidated Statement of Income and the Consolidated Statement of Financial Position for the years ended December 31, 2019 and 2018. The amount of accrued interest, which includes interest related to uncertain tax positions and accrued income tax expense, recorded on the Consolidated Statement of Financial Condition as of December 31, 2020, 2019 and 2018 was \$0.9 million.

The Company is under examination by the IRS and other tax authorities in certain jurisdictions, including foreign jurisdictions, such as the United Kingdom, Switzerland and India, and states within the United States in which the Company has significant operations, such as New York. The tax years currently under examination vary by jurisdiction but include years ranging from 2007 through 2019.

12. DIVESTITURES

Divestiture of FEA

On April 9, 2018, MSCI completed the FEA divestiture for \$21.0 million in cash. The sale included \$2.9 million of goodwill, \$2.7 million of fully amortized identifiable intangible assets, \$6.1 million of other net assets and \$1.4 million of transaction costs, which resulted in a gain of \$10.6 million included in “Other expense (income)” within the Consolidated Statement of Income. FEA was included as a component of the Analytics segment through the date of divestiture. The results of operations from FEA were not material to the Company.

Divestiture of InvestorForce

On October 12, 2018, the Company completed the InvestorForce divestiture for \$62.0 million in cash plus an additional \$0.8 million for working capital adjustment, \$8.7 million of allocated goodwill, \$4.0 million of identifiable intangible assets, net of accumulated amortization, \$0.7 million of other net assets and \$2.8 million of transaction costs, which resulted in a gain of approximately \$46.6 million included in “Other expense (income)” within the Consolidated Statement of Income. InvestorForce was included as a component of the Analytics segment through the date of divestiture. The results of operations from InvestorForce were not material to the Company.

13. 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 assess performance. MSCI’s Chief Executive Officer and its President and Chief Operating Officer, who are together considered to be its CODM, review financial information presented on an operating segment basis for purposes of making operating decisions and assessing financial performance.

The CODM measures and evaluates reportable segments based on segment operating revenues as well as Adjusted EBITDA and other measures. The Company excludes the following items from segment Adjusted EBITDA: 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, including the impact related to the vesting of multi-year restricted stock units granted in 2016 to certain senior executives that are subject to the achievement of multi-year total shareholder return targets, which are performance targets with a market condition (the “2016 Multi-Year PSUs”), that the CODM does not consider for the purposes of making decisions to allocate resources among segments or to assess segment performance. Although these amounts are excluded from segment Adjusted EBITDA, they are included in reported consolidated net income and are included in the reconciliation that follows.

The Company’s computation of segment Adjusted EBITDA may not be comparable to other similarly-titled measures computed by other companies because all companies do not calculate segment Adjusted EBITDA in the same fashion.

Operating revenues and expenses directly associated with each segment are included in determining its operating results. Other expenses that are not directly attributable to a particular segment are based upon allocation methodologies, including time estimates, revenue, headcount, sales targets, data center consumption and other relevant usage measures. Due to the integrated structure of MSCI’s business, certain costs incurred by one segment may benefit other segments. A segment may use the content and data produced by another segment without incurring an arm’s-length intersegment charge.

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

The Company has five operating segments: Index, Analytics, ESG, Real Estate and The Burgiss Group, LLC (“Burgiss”).

The Index operating segment is a provider of primarily equity indexes. The indexes are used in many areas of the investment process, including for indexed product creation (e.g., ETFs, mutual funds, annuities, futures, options, structured products, over-the-counter derivatives), performance benchmarking, portfolio construction and rebalancing, and asset allocation.

The Analytics operating segment offers risk management, performance attribution and portfolio management content, applications and services that provide clients with an integrated view of risk and return and tools for analyzing market, credit, liquidity and counterparty risk across all major asset classes, spanning short-, medium- and long-term time horizons. Clients access our Analytics tools and content through MSCI’s proprietary applications and application programming interfaces, third-party applications or directly through their own platforms. Additionally, the Analytics operating segment also provides various managed services to help clients operate more efficiently, including consolidation of client portfolio data from various sources, review and reconciliation of input data and results, and customized reporting.

The ESG operating segment offers products and services that help institutional investors understand how ESG and climate considerations can impact the long-term risks and opportunities in financial markets. In addition, MSCI ESG Research data and ratings are used in the construction of equity and fixed income indexes from our Index operating segment to help institutional investors more effectively benchmark ESG investment performance, issue indexed investment products, as well as manage, measure and report on ESG mandates.

The Real Estate operating segment offers research, reporting, market data and benchmarking offerings that provide real estate performance analytics for funds, investors and managers. Real Estate performance and risk analytics range from enterprise-wide to property-specific analysis. The Real Estate operating segment also provides business intelligence to real estate owners, managers, developers and brokers worldwide.

The Burgiss operating segment represents the Company's equity method investment in Burgiss, a global provider of investment decision support tools for private capital. See Note 14, "Equity Method Investment," for further information.

The operating segments of ESG, Real Estate and Burgiss do not individually meet the segment reporting thresholds and have been combined and presented as part of All Other for disclosure purposes. Burgiss is an equity-method investment, therefore, the All Other segment does not include the Company's proportionate share of operating revenues and Adjusted EBITDA related to Burgiss. The Company's proportionate share of Burgiss's equity earnings is not a component of Adjusted EBITDA as it is reported as a component of other (expense) income, net.

The following table presents operating revenues by reportable segment for the periods indicated:

	Years Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Operating revenues			
Index	\$ 1,016,495	\$ 920,937	\$ 835,475
Analytics	513,808	496,925	479,939
All Other	165,087	139,934	118,570
Total.....	\$ 1,695,390	\$ 1,557,796	\$ 1,433,984

The following table presents segment profitability and a reconciliation to net income for the periods indicated:

	Years Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Index Adjusted EBITDA	\$ 766,493	\$ 670,188	\$ 607,853
Analytics Adjusted EBITDA	172,924	152,113	143,645
All Other Adjusted EBITDA	32,093	28,198	20,935
Total operating segment profitability	971,510	850,499	772,433
2016 Multi-Year PSUs grant payroll tax expense	—	15,389	—
Amortization of intangible assets	56,941	49,410	54,189
Depreciation and amortization of property, equipment and leasehold improvements	29,805	29,999	31,346
Operating income	884,764	755,701	686,898
Other expense (income), net	198,539	152,383	57,002
Provision for income taxes	84,403	39,670	122,011
Net income	\$ 601,822	\$ 563,648	\$ 507,885

Revenue by geography is based on the shipping address of the ultimate customer utilizing the product. The following table presents revenue by geographic area for the periods indicated:

(in thousands)	Years Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Operating revenues			
Americas:			
United States	\$ 723,962	\$ 698,105	\$ 662,345
Other	71,408	65,997	58,065
Total Americas	795,370	764,102	720,410
Europe, the Middle East and Africa ("EMEA"):			
United Kingdom	262,188	234,926	214,204
Other	364,547	325,221	293,252
Total EMEA	626,735	560,147	507,456
Asia & Australia:			
Japan	80,591	71,629	67,100
Other	192,694	161,918	139,018
Total Asia & Australia	273,285	233,547	206,118
Total	<u>\$ 1,695,390</u>	<u>\$ 1,557,796</u>	<u>\$ 1,433,984</u>

Long-lived assets consist of property, equipment and leasehold improvements, right of use assets and internally developed capitalized software, net of accumulated depreciation and amortization. The following table presents long-lived assets by geographic area on the dates indicated:

	As of	
	December 31, 2020	December 31, 2019
	(in thousands)	
Long-lived assets		
Americas:		
United States	\$ 182,776	\$ 199,022
Other	13,949	16,343
Total Americas	196,725	215,365
EMEA:		
United Kingdom	19,678	20,480
Other	33,561	36,121
Total EMEA	53,239	56,601
Asia & Australia:		
Japan	1,896	2,351
Other	37,946	32,326
Total Asia & Australia	39,842	34,677
Total	<u>\$ 289,806</u>	<u>\$ 306,643</u>

Certain prior period amounts in the preceding table have been reclassified to conform to the current period presentation.

14. EQUITY METHOD INVESTMENT

In January 2020, MSCI entered into a strategic relationship with Burgiss, a global provider of investment decision support tools for private capital. The Company acquired a 40% non-controlling interest for \$190.8 million, including capitalized costs, which is accounted for as an equity method investment with the Company's share of Burgiss' earnings being recognized in "Other expense (income), net" in the Consolidated Statements of Income. The Company is applying a policy election to recognize its share of Burgiss' earnings on a three-month lag. For the year ended December 31, 2020, the Company has recognized in its results of operations an immaterial amount in earnings related to its investment in Burgiss. MSCI has also elected to apply the nature of the distribution approach

to determine the classification of the distributions it receives from its equity method investee. In the year ended December 31, 2020, MSCI received an immaterial amount in distributions from its equity method investee.

The Company's investment substantially exceeds the Company's share of the underlying equity of Burgiss. A portion of this excess, representing the excess of the fair value of Burgiss' intangible assets over their book value, is amortized into "Other expense (income), net" over the useful lives of the respective intangible assets

15. QUARTERLY RESULTS OF OPERATIONS (unaudited):

	2020				2019			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except per share data)							
Operating revenues	\$416,780	\$409,616	\$425,333	\$443,661	\$371,381	\$385,558	\$394,251	\$406,606
Cost of revenues	74,609	70,456	70,704	75,935	82,346	71,975	70,486	70,154
Selling and marketing	55,549	51,617	52,668	56,662	56,048	51,657	52,107	59,486
Research and development	26,562	22,534	24,901	27,056	23,172	23,752	24,310	27,100
General and administrative	30,833	28,309	27,613	27,872	27,497	26,378	26,559	29,659
Amortization of intangible assets	13,776	14,062	14,333	14,770	11,793	12,013	12,361	13,243
Depreciation and amortization of property, equipment and leasehold improvements	7,567	7,463	7,494	7,281	7,850	7,405	7,209	7,535
Total operating expenses	208,896	194,441	197,713	209,576	208,706	193,180	193,032	207,177
Operating income	207,884	215,175	227,620	234,085	162,675	192,378	201,219	199,429
Interest income	(3,483)	(771)	(475)	(301)	(4,086)	(3,345)	(3,673)	(5,299)
Interest expense	40,231	41,227	37,536	37,330	35,915	35,915	35,922	40,289
Other expense (income)	8,287	35,552	1,516	1,890	2,554	63	222	17,906
Other expense (income), net	45,035	76,008	38,577	38,919	34,383	32,633	32,471	52,896
Income before provision for income taxes	162,849	139,167	189,043	195,166	128,292	159,745	168,748	146,533
Provision for income taxes	14,724	24,044	6,685	38,950	(49,900)	34,055	31,765	23,750
Net income	<u>\$148,125</u>	<u>\$115,123</u>	<u>\$182,358</u>	<u>\$156,216</u>	<u>\$178,192</u>	<u>\$125,690</u>	<u>\$136,983</u>	<u>\$122,783</u>
Earnings per basic common share	<u>\$ 1.75</u>	<u>\$ 1.38</u>	<u>\$ 2.18</u>	<u>\$ 1.89</u>	<u>\$ 2.11</u>	<u>\$ 1.48</u>	<u>\$ 1.62</u>	<u>\$ 1.45</u>
Earnings per diluted common share	<u>\$ 1.73</u>	<u>\$ 1.36</u>	<u>\$ 2.16</u>	<u>\$ 1.87</u>	<u>\$ 2.08</u>	<u>\$ 1.47</u>	<u>\$ 1.60</u>	<u>\$ 1.44</u>
Weighted average shares outstanding used in computing per share data								
Basic	<u>84,870</u>	<u>83,666</u>	<u>83,602</u>	<u>82,737</u>	<u>84,253</u>	<u>84,750</u>	<u>84,765</u>	<u>84,802</u>
Diluted	<u>85,548</u>	<u>84,349</u>	<u>84,479</u>	<u>83,707</u>	<u>85,649</u>	<u>85,393</u>	<u>85,550</u>	<u>85,546</u>

16. SUBSEQUENT EVENTS

On January 25, 2021, the Board of Directors of the Company declared a quarterly dividend of \$0.78 per share of common stock to be paid on February 26, 2021 to shareholders of record as of the close of trading on February 19, 2021.

Effective January 1, 2021, the Company will present the ESG operating segment as a separate reportable segment and will be renamed ESG and Climate. In addition, the All Other reportable segment will be renamed to All Other – Private Assets and will be comprised of the Real Estate and Burgiss operating segments. These changes will be reflected in subsequent filings.

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

None.

Item 9A. *Controls and Procedures*

(a). Evaluation of Disclosure Controls and Procedures

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

Management of the Company, with the participation of its CEO and CFO, evaluated the effectiveness of the Company's disclosure controls and procedures. Based on their evaluation, as of December 31, 2020, the end of the period covered by this Annual Report on Form 10-K, the Company's CEO and CFO have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective.

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

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers or persons performing similar functions and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2020 based on the criteria described in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on this assessment, management, including the Company's CEO and CFO, concluded that, as of December 31, 2020, our internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

PricewaterhouseCoopers LLP, our independent registered public accounting firm, has audited and issued a report on the effectiveness of our internal control over financial reporting as of December 31, 2020, which appears on page 58 of this Annual Report on Form 10-K.

(c). Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

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

Except for the information relating to our Executive Officers set forth in Part I of this Annual Report on Form 10-K, we incorporate by reference the information responsive to this Item appearing in our Proxy Statement, which will be filed no later than 120 days after December 31, 2020.

Information regarding our Code of Ethics and Business Conduct and Corporate Governance Policies is incorporated herein by reference from our Proxy Statement, which will be filed no later than 120 days after December 31, 2020. Any amendments to, or waivers from, a provision of our Code of Ethics that apply to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and that relates to any element of the Code of Ethics enumerated in paragraph (b) of Item 406 of Regulation S-K shall be disclosed by posting such information on our website at www.msci.com. The information on our website is not and should not be considered a part of this Annual Report on Form 10-K.

Item 11. *Executive Compensation*

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, which will be filed no later than 120 days after December 31, 2020.

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

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, which will be filed no later than 120 days after December 31, 2020. The information provided under Part II, Item 5. “Market for Registrant’s Common Equity, Related Stockholder Matters And Issuer Purchases of Equity Securities” of this Annual Report on Form 10-K is incorporated by reference herein.

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

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, which will be filed no later than 120 days after December 31, 2020.

Item 14. *Principal Accountant Fees and Services*

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, which will be filed no later than 120 days after December 31, 2020.

PART IV

Item 15. *Exhibit and Financial Statement Schedules*

(a)(1) *Financial Statements*

The financial statements are provided under Part II, Item 8. “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

(a)(2) *Financial Statement Schedules*

No financial statement schedules are provided because the information called for is not applicable or not required or is included in the consolidated financial statements or the notes thereto provided under Part II, Item 8. “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

(a)(3) *Exhibits*

The information required by this Item is set forth below.

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit No.</u>	<u>Filing Date</u>
3.1	Third Amended and Restated Certificate of Incorporation	10-Q	001-33812	3.1	5/4/2012
3.2	Amended and Restated By-laws	8-K/A	001-33812	3.1	1/11/2021
4.1	Form of Senior Indenture	S-3	333-206232	4.1	8/7/2015
4.2	Form of Subordinated Indenture	S-3	333-206232	4.2	8/7/2015
4.3	Form of Common Stock Certificate	10-Q	001-33812	4.1	5/4/2012
4.4	Indenture, dated as of August 4, 2016, among MSCI Inc., each of the Subsidiary Guarantors party thereto and Wells Fargo Bank, National Association, as Trustee	8-K	001-33812	4.1	8/5/2016
4.5	Form of Note for MSCI Inc. 4.750% Senior Notes due August 1, 2026 (included in Exhibit 4.4)	8-K	001-33812	4.2	8/5/2016
4.6	Indenture, dated as of May 18, 2018, among MSCI Inc., each of the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as Trustee	8-K	001-33812	4.1	5/18/2018
4.7	Form of Note for MSCI Inc. 5.375% Senior Notes due May 15, 2027 (included in Exhibit 4.6)	8-K	001-33812	4.2	5/18/2018
4.8	Indenture, dated as of November 7, 2019, among MSCI Inc., each of the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as Trustee	8-K	001-33812	4.1	11/7/2019
4.9	Form of Note for MSCI Inc. 4.000% Senior Notes due November 15, 2029 (included in Exhibit 4.8)	8-K	001-33812	4.2	11/7/2019
4.10	Indenture, dated as of March 4, 2020, among MSCI Inc., each of the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as Trustee.	8-K	001-33812	4.1	3/04/2020
4.11	Form of Note for MSCI Inc. 3.625% Senior Notes due September 1, 2030 (included in Exhibit 4.10).	8-K	001-33812	4.2	3/04/2020
4.12	Indenture, dated as of May 26, 2020, among MSCI Inc., each of the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as Trustee.	8-K	001-33812	4.1	5/26/2020

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit No.</u>	<u>Filing Date</u>
4.13	Form of Note for MSCI Inc. 3.875% Senior Notes due February 15, 2031 (included in Exhibit 4.12).	8-K	001-33812	4.2	5/26/2020
4.14	Description of Securities			Filed Herewith	
10.1††#	Index License Agreement for Funds, dated as of March 18, 2000, between Morgan Stanley Capital International and Barclays Global Investors, N.A.			Filed Herewith	
10.2††#	Amendment to Index License Agreement for Funds between Morgan Stanley Capital International and Barclays Global Investors, N.A.			Filed Herewith	
10.3††#	Letter Agreement to Amend MSCI-BGI Fund Index License Agreement, dated as of June 21, 2001, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A.			Filed Herewith	
10.4††#	Addendum to the Index License Agreement for Funds, dated as of September 18, 2002, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A.			Filed Herewith	
10.5††#	Amendment to the Index License Agreement for Funds, dated as of December 3, 2004, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A.			Filed Herewith	
10.6††#	Amendment to the Index License Agreement for Funds, dated as of May 1, 2005, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A.			Filed Herewith	
10.7††#	Amendment to the Index License Agreement for Funds, dated as of July 1, 2006, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A.			Filed Herewith	
10.8	Amendment to Index License Agreement for Funds, dated as of June 5, 2007, between Morgan Stanley Capital International Inc. and Barclays Global Investors, N.A.	10-K	001-33812	10.8	1/31/2011
10.9	Amendment to Index License Agreement for Funds, dated as of November 7, 2008, between MSCI Inc. and Barclays Global Investors, N.A.	10-K	001-33812	10.9	2/29/2012
10.10††#	Amendment to Index License Agreement for Funds, dated as of December 9, 2008, between MSCI Inc. and Barclays Global Investors, N.A.			Filed Herewith	
10.11	Amendment to Index License Agreement for Funds, dated as of April 1, 2009, between MSCI Inc. and Barclays Global Investors, N.A.	10-K	001-33812	10.11	1/29/2010
10.12††#	Amendment to Index License Agreement for Funds, dated as of May 21, 2009, between MSCI Inc. and Barclays Global Investors, N.A.			Filed Herewith	
10.13	Amendment to Index License Agreement for Funds, dated as of September 30, 2009, between MSCI Inc. and Barclays Global Investors, N.A.	10-Q	001-33812	10.4	7/2/2010
10.14	Amendment to Index License Agreement for Funds, dated as of October 6, 2009, between MSCI Inc. and Barclays Global Investors, N.A.	10-K	001-33812	10.14	1/29/2010

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit No.</u>	<u>Filing Date</u>
10.15††#	Amendment to the Index License Agreement for Funds, dated as of October 4, 2011, by and between MSCI Inc. and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.). Replaces in its entirety the Amendment to Index License Agreement for Funds, dated as of October 27, 2009, between MSCI Inc. and Barclays Global Investors, N.A. filed as Exhibit 10.15 to Form 10-K (001-33812) filed with the SEC on February 29, 2012		Filed Herewith		
10.31*	MSCI Inc. Performance Formula and Incentive Plan	Proxy	001-33812	Annex C	2/28/2008
10.46††#	Amendment to Index License Agreement for Funds, dated as of December 15, 2009, between MSCI Inc. and Blackrock Institutional Trust Company, N.A.		Filed Herewith		
10.47	Amendment to Index License Agreement for Funds, dated as of June 13, 2011, between MSCI Inc. and BlackRock Institutional Trust Company, N.A.	10-K	001-33812	10.58	2/29/2012
10.48	Amendment to Index License Agreement for Funds, dated as of May 20, 2010	10-K	001-33812	10.59	1/31/2011
10.49††#	Schedule No. 11043 to the Master Index License Agreement for Index Based Funds, between MSCI Inc. and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.), dated as of September 1, 2010		Filed Herewith		
10.50††#	Amendment to the Index License Agreement for Funds, dated as of November 19, 2010, between MSCI Inc. and Barclays Global Investors, N.A.		Filed Herewith		
10.51	Amendment to the Index License Agreement for Funds, dated as of June 21, 2011, by and between MSCI Inc. and BlackRock Institutional Trust Company, N.A. (formerly known as Barclays Global Investors, N.A.)	10-K	001-33812	10.62	2/29/2012
10.52††#	Amendment to the Index License Agreement for Funds, dated as of July 1, 2011, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and Blackrock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)		Filed Herewith		
10.53††#	Amendment to the Index License Agreement for Funds, dated as of August 23, 2011, by and between MSCI Inc. and Blackrock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)		Filed Herewith		
10.54	Amendment to the Index License Agreement for Funds, dated as of October 4, 2011, by and between MSCI Inc. and BlackRock Institutional Trust Company, N.A. (formerly known as Barclays Global Investors, N.A.)	10-K	001-33812	10.65	2/29/2012
10.55††#	Amendment to the Index License Agreement for Funds, dated as of October 4, 2011, by and between MSCI Inc. and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)		Filed Herewith		

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit No.</u>	<u>Filing Date</u>
10.56	Amendment to the Index License Agreement for Funds, dated as of December 16, 2011, by and between MSCI Inc. (formerly, Morgan Stanley Capital International, Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)	10-K	001-33812	10.67	2/29/2012
10.57	Agreement of Lease dated September 16, 2011, by and between 7 World Trade Center, LLC and MSCI Inc.	8-K	001-33812	10.1	9/22/2011
10.62††#	Amendment to the Index License Agreement for Funds, dated as of February 16, 2012, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)			Filed Herewith	
10.63††#	Amendment to the Index License Agreement for Funds, dated as of April 9, 2012, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)			Filed Herewith	
10.64††#	Amendment to the Index License Agreement for Funds, dated as of June 1, 2012, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)			Filed Herewith	
10.65††#	Amendment to the Index License Agreement for Funds, dated as of August 17, 2012, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)			Filed Herewith	
10.66††#	Amendment to the Index License Agreement for Funds, dated as of August 20, 2012, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)			Filed Herewith	
10.67††#	Amendment to the Index License Agreement for Funds, dated as of November 6, 2012, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)			Filed Herewith	
10.68††#	Amendment to the Index License Agreement for Funds, dated as of November 15, 2012, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)			Filed Herewith	
10.69††#	Amendment to the Index License Agreement for Funds, dated as of February 21, 2013, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)			Filed Herewith	

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit No.</u>	<u>Filing Date</u>
10.70††#	Amendment to the Index License Agreement for Funds, dated as of March 20, 2013, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)				Filed Herewith
10.71††#	Amendment to the Index License Agreement for Funds, dated as of September 11, 2013, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)				Filed Herewith
10.72††#	Amendment to the Index License Agreement for Funds, dated as of December 10, 2013, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)				Filed Herewith
10.73††#	Amendment to the Index License Agreement for Funds, dated as of December 16, 2013, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)				Filed Herewith
10.82††#	Amendment to the Index License Agreement for Funds, dated as of January 23, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)				Filed Herewith
10.83††#	Amendment to the Index License Agreement for Funds, dated as of January 23, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)				Filed Herewith
10.85††#	Letter Agreement to amend the Amendment to the Index License Agreement for Funds, dated as of March 18, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)				Filed Herewith
10.88*	Summary of Non-Employee Director Compensation				Filed Herewith
10.89††#	Amendment to the Index License Agreement for Funds, dated as of July 9, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)				Filed Herewith
10.90††#	Amendment to the Index License Agreement for Funds, dated as of July 16, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)				Filed Herewith

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit No.</u>	<u>Filing Date</u>
10.91††#	Amendment to the Index License Agreement for Funds, dated as of August 15, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)				Filed Herewith
10.92††#	Amendment to the Index License Agreement for Funds, dated as of September 9, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)				Filed Herewith
10.96††#	Amendment to the Index License Agreement for Funds, dated as of October 30, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)				Filed Herewith
10.97	Revolving Credit Agreement, dated as of November 20, 2014, among MSCI Inc., as the Borrower, each of the Subsidiary Guarantors party thereto, JPMorgan Chase Bank, N.A., as the Administrative Agent and L/C Issuer, the Other Lenders Party Thereto and JPMorgan Chase Bank, N.A., as Lead Arranger and Bookrunner (as amended as of May 18, 2018 by Amendment No. 2 (See Exhibit 10.174) and as of November 15, 2019 by Amendment No. 3 (See Exhibit 10.200))	8-K	001-33812	10.1	5/18/2018
10.102††#	Amendment to the Index License Agreement for Funds, dated as of February 4, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)				Filed Herewith
10.103††#	Amendment to the Index License Agreement for Funds, dated as of February 25, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)				Filed Herewith
10.104††#	Letter Agreement (to amend the Amendment dated December 10, 2013) to the Index License Agreement for Funds, dated as of March 17, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)				Filed Herewith
10.105††#	Amendment to the Index License Agreement for Funds, dated as of April 20, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)				Filed Herewith
10.106††#	Amendment to the Index License Agreement for Funds, dated as of April 20, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)				Filed Herewith

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit No.</u>	<u>Filing Date</u>
10.109*	MSCI Inc. Change in Control Severance Plan, adopted May 28, 2015	10-K	001-33812	10.109	2/24/2017
10.110††#	Amendment (to amend the Amendment dated February 21, 2013) to the Index License Agreement for Funds, dated as of June 1, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)			Filed Herewith	
10.111††#	Amendment to the Index License Agreement for Funds, dated as of June 1, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)			Filed Herewith	
10.112††#	Amendment (to amend the Amendment dated November 6, 2012) to the Index License Agreement for Funds, dated as of June 4, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)			Filed Herewith	
10.113†	Amendment (to amend the Amendments dated January 23, 2014 and April 15, 2014) to the Index License Agreement for Funds, dated as of June 4, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	011-33812	10.113	2/22/2019
10.116††#	Amendment to the Index License Agreement for Funds, dated as of August 1, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)			Filed Herewith	
10.117††#	Amendment (to amend the Amendment dated October 4, 2011) to the Index License Agreement for Funds, dated as of August 3, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)			Filed Herewith	
10.118††#	Amendment (to amend the Amendment dated January 23, 2014) to the Index License Agreement for Funds, dated as of August 3, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)			Filed Herewith	
10.119††#	Amendment (to amend the Amendment dated August 15, 2014) to the Index License Agreement for Funds, dated as of August 3, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)			Filed Herewith	

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit No.</u>	<u>Filing Date</u>
10.120††#	Letter Agreement (to amend the Amendment dated August 15, 2014) to the Index License Agreement for Funds, dated as of August 3, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)				Filed Herewith
10.121††#	Letter Agreement (to amend the Amendment dated April 20, 2015) to the Index License Agreement for Funds, dated as of October 9, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)				Filed Herewith
10.122††#	Letter Agreement (to amend the Amendment dated December 10, 2013) to the Index License Agreement for Funds, dated as of December 17, 2015, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)				Filed Herewith
10.126	Amendment (to amend the Amendment dated January 23, 2014) to the Index License Agreement for Funds, dated as of April 15, 2014, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.126	2/26/2016
10.127††#	Amendment to the Index License Agreement for Funds, dated as of January 28, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)				Filed Herewith
10.129††#	Amendment to the Index License Agreement for Funds, dated as of February 29, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)				Filed Herewith
10.130††#	Amendment to the Index License Agreement for Funds, dated as of April 8, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)				Filed Herewith
10.131††#	Amendment (to amend the Amendment dated December 16, 2011) to the Index License Agreement for Funds, dated as of April 12, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)				Filed Herewith
10.132*	MSCI Inc. 2016 Omnibus Incentive Plan	S-8	333-210987	99.1	04/28/2016
10.133*	MSCI Inc. 2016 Non-Employee Directors Compensation Plan, as amended	10-Q	001-33812	10.3	5/5/2017

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit No.</u>	<u>Filing Date</u>
10.135*	Non-Employee Director Stock Ownership Guidelines	10-Q	001-33812	10.8	4/29/2016
10.136*	MSCI Inc. Non-Employee Director Deferral Plan, as amended	10-Q	001-33812	10.9	4/29/2016
10.140††#	Amendment to the Index License Agreement for Funds, dated as of April 29, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)		Filed Herewith		
10.141	Amendment to the Schedules to the Index License Agreement for Funds, dated as of May 4, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.141	2/24/2017
10.142††#	Amendment to the Index License Agreement for Funds, dated as of May 12, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)		Filed Herewith		
10.143††#	Amendment to the Index License Agreement for Funds, dated as of June 15, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)		Filed Herewith		
10.144††#	Amendment (to amend the Amendment dated February 29, 2016) to the Index License Agreement for Funds, dated as of July 21, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)		Filed Herewith		
10.146††#	Amendment to the Index License Agreement for Funds, dated as of August 1, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)		Filed Herewith		
10.147	Amendment No. 1 to the Revolving Credit Agreement, dated August 4, 2016, among MSCI Inc., each of the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent	8-K	001-33812	10.1	8/05/2016
10.148††#	Amendment to the Index License Agreement for Funds, dated as of October 12, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)		Filed Herewith		
10.149	Amendment to the Schedules to the Index License Agreement for Funds, dated as of November 30, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.149	2/24/2017

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit No.</u>	<u>Filing Date</u>
10.150††#	Amendment to the Index License Agreement for Funds, dated as of December 5, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)			Filed Herewith	
10.154†	Amendment to a Schedule to the Index License Agreement for Funds, dated as of December 8, 2016, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.154	2/26/2018
10.155†	Amendment to the Index License Agreement for Funds, dated as of February 10, 2017, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.155	2/26/2018
10.156†	Amendment No. 1 to the Index License Agreement for Funds, dated as of April 6, 2017, by and between MSCI ESG Research LLC and BlackRock Fund Advisors	10-K	001-33812	10.156	2/26/2018
10.157†	Amendment to the Second Schedule to the Index License Agreement for Funds, dated as of April 12, 2017, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.157	2/22/2019
10.159†	Amendment to the Index License Agreement for Funds, dated as of May 26, 2017, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.159	2/26/2018
10.160†	Amendment to the Previous Amendment and Previous Name Change Amendment to the Index License Agreement for Funds, dated as of September 1, 2017, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.160	2/26/2018
10.161†	Amendment to the Index License Agreement for Funds, dated as of October 1, 2017, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.161	2/22/2019
10.162	Amendment to the Index License Agreement for Funds, dated as of October 1, 2017, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.162	2/22/2019

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit No.</u>	<u>Filing Date</u>
10.163†	Amendment to the Index License Agreement for Funds, dated as of November 1, 2017, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.163	2/26/2018
10.164*	Form of Award Agreement for Restricted Stock Units for Managing Directors under the MSCI Inc. 2016 Omnibus Incentive Plan	10-K	001-33812	10.164	2/26/2018
10.165*	Form of Annual Performance Award Agreement for Performance Stock Units for Managing Directors under the MSCI Inc. 2016 Omnibus Incentive Plan	10-K	001-33812	10.165	2/26/2018
10.166*	Annual Incentive Plan	10-K	001-33812	10.166	2/26/2018
10.167*	Offer Letter, executed March 11, 2014, by and between MSCI Inc. and Scott Crum	10-Q	001-33812	10.1	5/4/2018
10.169†	Amendment to the Index License Agreement for Funds, dated as of January 18, 2018, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.169	2/22/2019
10.170†	Amendment to the Index License Agreement for Funds, dated as of February 8, 2018, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.170	2/22/2019
10.171	Amendment to the Previous Amendment to the Index License Agreement for Funds, dated as of February 19, 2018, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.171	2/22/2019
10.172†	Amendment No. 2 to the Index License Agreement for Funds, dated as of March 1, 2018, by and between MSCI ESG Research LLC and BlackRock Fund Advisors	10-K	001-33812	10.172	2/22/2019
10.173	Amendment to the Schedules to the Index License Agreement for Funds, dated as of May 15, 2018, by and between MSCI Inc. and BlackRock Fund Advisors	10-K	001-33812	10.173	2/22/2019
10.174	Amendment No. 2 to the Revolving Credit Agreement, dated as of May 18, 2018, among MSCI Inc., each of the subsidiary guarantors party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and L/C Issuer and the other lenders party thereto	8-K	001-33812	10.1	5/18/2018
10.175†	Amendment to the Index License Agreement for Funds, dated as of June 1, 2018, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.175	2/22/2019
10.176†	Amendment No. 3 to the Index License Agreement for Funds, dated as of July 1, 2018, by and between MSCI ESG Research LLC and BlackRock Fund Advisors	10-K	001-33812	10.176	2/22/2019

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit No.</u>	<u>Filing Date</u>
10.177	Amendment to the Schedules to the Index License Agreement for Funds, dated as of September 1, 2018, by and between MSCI Inc. and BlackRock Fund Advisors	10-K	001-33812	10.177	2/22/2019
10.178	Amendment to the Previous Amendment to the Index License Agreement for Funds, dated as of September 10, 2018, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.178	2/22/2019
10.179†	Amendment to the Previous Amendment, the Previous Conversion Amendment and Previous Name Change Amendment to the Index License Agreement for Funds, dated as of September 10, 2018, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.179	2/22/2019
10.180†	Amendment to the Index License Agreement for Funds, dated as of October 1, 2018, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)	10-K	001-33812	10.180	2/22/2019
10.181†	Amendment to the Index License Agreement for Funds, dated as of October 1, 2018, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Institutional Trust Company, N.A. (formerly, Barclays Global Investors, N.A.)	10-K	001-33812	10.181	2/22/2019
10.182†	Amendment to the Index License Agreement for Funds, dated as of November 1, 2018, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.182	2/22/2019
10.183†	Amendment to the Index License Agreement for Funds, dated as of November 1, 2018, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.183	2/18/2020
10.184†	Amendment to the Previous Amendment to the Index License Agreement for Funds, dated as of November 16, 2018, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.184	2/22/2019
10.185*	Form of 2019 Award Agreement for Restricted Stock Units For Employees Under the MSCI Inc. 2016 Omnibus Incentive Plan	10-K	001-33812	10.185	2/22/2019
10.186*	Form of 2019 Annual Performance Award Agreement for Performance Stock Units for Managing Directors Under the MSCI Inc. Omnibus Incentive Plan	10-K	001-33812	10.186	2/22/2019

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit No.</u>	<u>Filing Date</u>
10.187*	Form of 2019 Annual Performance Award Agreement for Performance Stock Units for Managing Directors Under the MSCI Inc. Omnibus Incentive Plan	10-K	001-33812	10.187	2/22/2019
10.188*	MSCI Inc. Executive Committee Stock Ownership Guidelines	10-Q	001-33812	10.3	5/3/2019
10.189*	MSCI Inc. Clawback Policy	10-K	001-33812	10.189	2/22/2019
10.190*	Form of 2019 Special Award Agreement for Restricted Stock Units Under the MSCI Inc. 2016 Omnibus Incentive Plan	8-K	001-33812	10.1	4/29/2019
10.191*	Form of 2019 Special Award Agreement for Performance Stock Units Under the MSCI Inc. 2016 Omnibus Incentive Plan	8-K	001-33812	10.2	4/29/2019
10.192*	Offer Letter, executed April 17, 2019, between MSCI Inc. and Linda S. Huber	8-K	001-33812	10.3	4/29/2019
10.193*	Change of Employment Status and Release Agreement, entered into on October 5, 2020, between MSCI Inc. and Linda S. Huber	8-K	001-33812	10.1	10/07/2020
10.195*	Form of 2018 Award Agreement for Restricted Stock Units for Managing Directors Under the MSCI Inc. 2016 Omnibus Incentive Plan	10-Q	001-33812	10.4	5/3/2019
10.196*	Special Restricted Stock Unit Award Agreement Under the MSCI Inc. 2016 Omnibus Incentive Plan	10-Q	001-33812	10.5	5/3/2019
10.197*	Form of Award Agreement for Restricted Stock Units for Directors Under the MSCI Inc. 2016 Non-Employee Directors Compensation Plan	10-Q	001-33812	10.6	5/3/2019
10.198*	Form of 2019 Special Performance Award Agreement for Performance Stock Units Under the MSCI Inc. 2016 Omnibus Incentive Plan	10-Q	001-33812	10.1	8/1/2019
10.199††	Amendment, dated as of October 30, 2019, by and among MSCI Inc., MSCI Limited, BlackRock Fund Advisors and BlackRock Institutional Trust Company, N.A.	10-Q	001-33812	10.1	10/31/2019
10.200	Amendment No. 3 to the Revolving Credit Agreement, dated as of November 15, 2019, among MSCI Inc., each of the subsidiary guarantors party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and L/C Issuer and the other lenders party thereto	8-K	001-33812	10.1	11/19/2019
10.201	Amendment to the Previous Amendment to the Index License Agreement for Funds, dated as of January 31, 2019, by and between MSCI Inc. and BlackRock Fund Advisors	10-K	001-33812	10.201	2/18/2020
10.202††	Amendment to the Index License Agreement for Funds, dated as of February 1, 2019, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.202	2/18/2020
10.203	Amendment to the Previous Amendment to the Index License Agreement for Funds, dated as of March 1, 2019, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.203	2/18/2020

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit No.</u>	<u>Filing Date</u>
10.204	Amendment to the Previous Amendment to the Index License Agreement for Funds, dated as of March 1, 2019, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.204	2/18/2020
10.205††	Amendment to the Index License Agreement for Funds, dated as of April 1, 2019, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.205	2/18/2020
10.206††	Amendment to the Index License Agreement for Funds, dated as of April 1, 2019, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.206	2/18/2020
10.207††	Amendment to the Index License Agreement for Funds, dated as of April 1, 2019, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.207	2/18/2020
10.208††	Amendment to the Index License Agreement for Funds, dated as of April 1, 2019, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.208	2/18/2020
10.209††	Amendment to the Index License Agreement for Funds, dated as of April 1, 2019, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.209	2/18/2020
10.210††	Amendment to the Index License Agreement for Funds, dated as of April 1, 2019, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.210	2/18/2020
10.211††	Amendment to the Index License Agreement for Funds, dated as of April 1, 2019, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.211	2/18/2020
10.212††	Amendment to the Index License Agreement for Funds, dated as of October 1, 2019, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.212	2/18/2020
10.213	Amendment to the Previous Amendment to the Index License Agreement for Funds, dated as of October 25, 2019, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A., which was succeeded by BlackRock Institutional Trust Company, N.A.)	10-K	001-33812	10.213	2/18/2020

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit No.</u>	<u>Filing Date</u>
10.214††	Amendment to the Index License Agreement for Funds, dated as of November 25, 2019, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.214	2/18/2020
10.215††	Amendment to the Index License Agreement for Funds, dated as of November 25, 2019, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)	10-K	001-33812	10.215	2/18/2020
10.216*	Form of 2020 Award Agreement for Restricted Stock Units For Employees Under the MSCI Inc. 2016 Omnibus Incentive Plan	10-K	001-33812	10.216	2/18/2020
10.217*	Form of 2020 Annual Performance Award Agreement for Performance Stock Units for Managing Directors Under the MSCI Inc. 2016 Omnibus Incentive Plan	10-K	001-33812	10.217	2/18/2020
10.218*	Form of 2020 Annual Performance Award Agreement for Performance Stock Units for Managing Directors Under the MSCI Inc. 2016 Omnibus Incentive Plan	10-K	001-33812	10.218	2/18/2020
10.219*	Form of Award Agreement for Restricted Stock Units for Directors Under the MSCI Inc. 2016 Non-Employee Directors Compensation Program	10-Q	001-33812	10.1	4/29/2020
10.220*	Offer Letter, executed September 24, 2020, between MSCI Inc. and Andrew C. Wiechmann	8-K	001-33812	10.1	9/25/2020
10.222	Amendment to the Schedules to the Index License Agreement for Funds, dated as of February 3, 2020, by and between MSCI Inc. and BlackRock Fund Advisors		Filed Herewith		
10.223	Amendment to the Schedules to the Index License Agreement for Funds, dated as of February 3, 2020, by and between MSCI ESG Research LLC and BlackRock Fund Advisors		Filed Herewith		
10.224	Amendment to the Schedules to the Index License Agreement for Funds, dated as of March 9, 2020, by and between MSCI Inc. and BlackRock Fund Advisors		Filed Herewith		
10.225††#	Amendment to the Schedules to the Index License Agreement for Funds, dated as of March 9, 2020, by and between MSCI Inc. and BlackRock Fund Advisors		Filed Herewith		
10.226††#	Amendment to the Previous Amendment to the Index License Agreement for Funds, dated as of April 1, 2020, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors		Filed Herewith		
10.227††#	Amendment to the Previous Amendment to the Index License Agreement for Funds, dated as of April 13, 2020, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors		Filed Herewith		

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit No.</u>	<u>Filing Date</u>
10.228††#	Amendment No. 5 to the Index License Agreement for Funds, dated as of June 15, 2020, by and between MSCI ESG Research LLC and BlackRock Fund Advisors				Filed Herewith
10.229††#	Amendment to the Previous Amendment to the Index License Agreement for Funds, dated as of August 19, 2020, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors				Filed Herewith
10.230††#	Amendment to the Index License Agreement for Funds, dated as of November 16, 2020, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors (as successor to Barclays Global Investors, N.A.)				Filed Herewith
10.231††#	Amendment to the Previous Amendment to the Index License Agreement for Funds, dated as of December 1, 2020, by and between MSCI Inc. (formerly, Morgan Stanley Capital International Inc.) and BlackRock Fund Advisors				Filed Herewith
10.232*	Form of Award Agreement for Restricted Stock Units For Employees Under the MSCI Inc. 2016 Omnibus Incentive Plan				Filed Herewith
10.233*	Form of Annual Performance Award Agreement for Performance Stock Units for Managing Directors Under the MSCI Inc. 2016 Omnibus Incentive Plan				Filed Herewith
10.234*	Form of Annual Performance Award Agreement for Performance Stock Units for Managing Directors Under the MSCI Inc. 2016 Omnibus Incentive Plan				Filed Herewith
21.1	Subsidiaries of the Registrant				Filed Herewith
23.1	Consent of PricewaterhouseCoopers LLP				Filed Herewith
24.1	Powers of Attorney (included as part of Signature Page)				Filed Herewith
31.1	Rule 13a-14(a) Certification of Chief Executive Officer				Filed Herewith
31.2	Rule 13a-14(a) Certification of Chief Financial Officer				Filed Herewith
32.1	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer				Furnished Herewith
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				Filed Herewith
101.SCH	XBRL Taxonomy Extension Schema Document.				Filed Herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				Filed Herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				Filed Herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				Filed Herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				Filed Herewith
104.DEF	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				Filed Herewith

- * Indicates a management compensation plan, contract or arrangement.
- † Confidential treatment has been granted for a portion of this exhibit.
- †† Certain confidential portions of this Exhibit have been omitted pursuant to Item 601(b) of Regulation S-K because the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.
- # The Company agrees to furnish an unredacted copy of this exhibit to the Securities and Exchange Commission upon its request.

Item 16. *Form 10-K Summary*

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

MSCI INC.

By: /S/ HENRY A. FERNANDEZ

Name: Henry A. Fernandez

Title: Chairman and Chief Executive Officer

Date: February 12, 2021

POWER OF ATTORNEY

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

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

Signature	Title	Date
<u>/S/ HENRY A. FERNANDEZ</u> Henry A. Fernandez	Chairman and Chief Executive Officer (principal executive officer)	February 12, 2021
<u>/S/ ANDREW C. WIECHMANN</u> Andrew C. Wiechmann	Chief Financial Officer (principal financial officer)	February 12, 2021
<u>/S/ JENNIFER MAK</u> Jennifer Mak	Global Controller and Head of Finance Operations (principal accounting officer)	February 12, 2021
<u>/S/ ROBERT G. ASHE</u> Robert G. Ashe	Director	February 12, 2021
<u>/S/ BENJAMIN F. DUPONT</u> Benjamin F. duPont	Director	February 12, 2021
<u>/S/ WAYNE EDMUNDS</u> Wayne Edmunds	Director	February 12, 2021
<u>/S/ CATHERINE R. KINNEY</u> Catherine R. Kinney	Director	February 12, 2021
<u>/S/ JACQUES P. PEROLD</u> Jacques P. Perold	Director	February 12, 2021
<u>/S/ SANDY C. RATTRAY</u> Sandy C. Rattray	Director	February 12, 2021
<u>/S/ LINDA H. RIEFLER</u> Linda H. Riefler	Director	February 12, 2021
<u>/S/ MARCUS L. SMITH</u> Marcus L. Smith	Director	February 12, 2021
<u>/S/ PAULA VOLENT</u> Paula Volent	Director	February 12, 2021

Subsidiaries of MSCI Inc.

<u>Name</u>	<u>Jurisdiction of Incorporation/Organization</u>
MSCI Inc.	Delaware, U.S.A.
Barra, LLC	Delaware, U.S.A.
Investment Property Databank Limited	Illinois, U.S.A.
MSCI Barra Financial Information Consultancy (Shanghai) Limited	China
MSCI ESG Research LLC	Delaware, U.S.A.
KLD Research and Analytics, Inc.	Massachusetts, U.S.A.
MSCI ESG Research (Australia) Pty Ltd.	Australia
MSCI Kft.	Hungary
MSCI Holdings LLC	Delaware, U.S.A.
MSCI Scot 1 LP (general partner)	Scotland
MSCI S. de R.L. de C.V. (minority owner)	Mexico
MSCI S. de R.L. de C.V. (majority owner)	Mexico
MSCI Scot 1 LP (limited partner)	Scotland
MSCI GP I LLC	Delaware, U.S.A.
MSCI Scot 2 LP (general partner)	Scotland
MSCI Scot 2 LP (limited partner)	Scotland
MSCI Grand Cayman Limited	Cayman Islands
MSCI UK Holdings Limited	United Kingdom
MSCI Barra (Suisse) Sàrl	Switzerland
BarraConsult Ltda. (minority owner)	Brazil
Carbon Delta AG	Switzerland
Carbon Delta Germany GmbH*	Germany
MSCI India Holdings No. 1 Sàrl	Switzerland
MSCI Services Private Limited (minority owner)	India
MSCI India Holdings No. 2 Sàrl	Switzerland
MSCI Services Private Limited (majority owner)	India
MSCI Limited	United Kingdom
Barra International, LLC	Delaware, U.S.A.
BarraConsult Ltda. (majority owner)	Brazil
MSCI G.K.	Japan
MSCI France	France
IPD Group Limited	United Kingdom
KK IPD Japan	Japan
Investment Property Databank Limited	United Kingdom
Investment Property Databank Pty Limited	Australia
IPD Investment Property Databank GmbH	Germany
Investment Property Databank South Africa (Proprietary) Limited	South Africa
IPD France	France
IPD Norden AB	Sweden
IPD Nederland B.V.	Netherlands
MSCI Holdings 2 LLC	Delaware, U.S.A.
MSCI Australia Pty Limited	Australia
MSCI Canada ULC	Canada
MSCI Hong Kong Management Limited	Hong Kong
MSCI Hong Kong Limited	Hong Kong
MSCI Taiwan Limited	Taiwan
MSCI (Singapore) Private Limited	Singapore
MSCI Holdings 3 LLC	Delaware, U.S.A.
MSCI ESG Research (UK) Limited	United Kingdom
MSCI ESG Research (France)	France
MSCI Korea Limited	Korea
RiskMetrics Group, LLC	Delaware, U.S.A.
RiskMetrics Group Holdings, LLC	Delaware, U.S.A.
RiskMetrics Solutions, LLC	Delaware, U.S.A.
Measurisk, LLC	Delaware, U.S.A.
The Burgiss Group, LLC (minority owner)	New Jersey, U.S.A.

* Carbon Delta Germany GmbH is currently under liquidation process as of January 1, 2021.

SECTION 302 CERTIFICATION

I, Henry A. Fernandez, certify that:

1. I have reviewed this Annual Report on Form 10-K of MSCI Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) 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(s) 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: February 12, 2021

/s/ Henry A. Fernandez

Henry A. Fernandez

Chairman and Chief Executive Officer

(Principal Executive Officer)

SECTION 302 CERTIFICATION

I, Andrew C. Wiechmann, certify that:

1. I have reviewed this Annual Report on Form 10-K of MSCI Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) 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(s) 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: February 12, 2021

/s/ Andrew C. Wiechmann
Andrew C. Wiechmann
Chief Financial Officer
(Principal Financial Officer)

**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 and Chief Executive Officer of MSCI Inc. (the “Registrant”) and Andrew C. Wiechmann, Chief Financial Officer of the Registrant, each hereby certifies that, to the best of his/her knowledge:

1. The Registrant’s Annual Report on Form 10-K for the period ended December 31, 2020 (the “Periodic Report”), to which this Certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition of the Registrant at the end of the period covered by the Periodic Report and results of operations of the Registrant for the periods covered by the Periodic Report.

Date: February 12, 2021

/s/ Henry A. Fernandez

Henry A. Fernandez
Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ Andrew C. Wiechmann

Andrew C. Wiechmann
Chief Financial Officer
(Principal Financial Officer)

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