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MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the MSCI First Quarter 2010 Earnings Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session, and instructions will follow at that time. [Operator Instructions] As a reminder, this conference call is being recorded.

I would now like to introduce your host for today's conference, Edings Thibault, Head of Investor Relations.

Edings Thibault, Investor Relations

Thank you, Operator. Good morning, everybody, and thank you for joining our first quarter 2010 earnings call. Please note that earlier this morning we issued a press release describing our results for the first quarter of 2010. A copy of that release can be viewed on the company's website at www.mscibarra.com under Investor Relations.

This presentation may contain forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date in which they are made, which reflects management's current estimates, projections, expectations or beliefs, and which are subject to risks and uncertainties that may cause actual results to differ materially.

For a discussion of additional risks and uncertainties that may affect the future results of the company, please see the description of risk factors and forward-looking statements in our Form 10-K for our fiscal year ended November 30, 2009 and registration statement on Form S-4 filed with the Securities and Exchange Commission on April 2, 2010.

Today's earnings call may also include discussion of certain non-GAAP financial measures. Please refer to today's earnings release for the required reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures and other related disclosures.

Since we will be further referring to run rate frequently in our discussion this morning, let me remind you that our run rate is an approximation at a given point in time of the forward-looking fees for subscriptions and product licenses that we will record over the next 12 months assuming no cancellations, new sales, or changes in the assets and ETFs licensed to our indices. Please refer to Table five in our press release for a detailed explanation.

Henry Fernandez will begin the discussion with an overview of the first quarter, and then our CFO, Michael Neborak, will provide details on our financial results. In their prepared remarks, both, Henry and Mike will focus on commentary that will supplement the information that can be found in the earnings release. Following our formal remarks, we will open up the line for questions.

I will now turn the call over to Mr. Henry Fernandez, our Chairman and Chief Executive Officer. Henry?

Henry A. Fernandez, Chairman, Chief Executive Officer and President

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Thank you, Edings. Good morning, everyone. And thank you for joining. Apologies for my scratchy voice. It is spring allergy season for me.

This morning, we reported record Q1 revenues of $122 million and adjusted EBITDA of $57 million. Excluding one-time expenses related to our planned acquisition of RiskMetrics, we generated $59

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million of adjusted EBITDA and an adjusted EBITDA margin of 49%, which is at the high end of our target range.

Revenues grew by 15% year-over-year and adjusted EBITDA grew by 18%. We are encouraged to see more signs that business conditions continue to improve. The market for our products have not yet fully recovered, but demand for our investment decision tools now appear to be on the rise.

Our recurring subscription sales rose sequentially for the fourth consecutive quarter and our retention rates improved both sequentially and year-over-year. Our asset-based revenues reached record levels for the third consecutive quarter, fueled by the partial rebound in global equity markets and by continually strong inflows into equity ETF.

Our revenue growth is underpinned by three long-term secular investment trends. First, the globalization of investing, which drives demand for indices and portfolio construction tools that cover global markets.

Secondly, the increasing and widespread use of risk management tools leading to demand for tools that help understand, measure, manage, and report risks across multiple asset classes, multiple portfolios, and various markets worldwide.

And thirdly, the growing popularity of passive investing worldwide and the resulting need for indices and index-tracking quantitative tools. The continuous and increasing importance of this long-term secular trend have been a factor in our performance since the beginning of this downturn and continue to propel us forward.

In Q1, new subscription – new recurring subscription sales rose by almost 10% to $18 million from Q4 ‘09. New sales rose in all three of our major product categories. The aggregate retention rate increased sequentially to 92% from 82% at the end of Q4 and from 91% in Q1 ‘09.

In dollar terms, cancellations fell by 56% from Q4 and by 13% from a year ago. The combination of improving new sales and rising retention rates drove the sequential acceleration of our subscription run rate growth.

Our asset-based fee business also continues to be a strong driver of growth. Our revenues benefited from an increase in average assets under management in ETFs linked to our indices driven, for the most part, by the strong performance of global equity markets in the fourth quarter of ‘09. While markets dipped during the first quarter, our first quarter of 2010, they have since rebounded. Total assets under management in MSCI linked ETF closed last night at $263 billion and the second quarter to date average AUM is $252 billion, up 5% from the average AUM in Q1.

Finally, we continue to invest in our business by adding staff in key areas to drive growth and profitability and, of course, by making a substantial investment in the form of our planned acquisition of RiskMetrics.

Before discussing our investment plans, let me provide some additional details regarding the performance of our business in Q1. In my prepared remarks, I will be referring only to run rate figures, and Mike’s comments later on in the call will focus on financial accounting numbers. I will be speaking to comparisons to Q4 ‘09 unless otherwise noted.

Our total run rate in Q1 grew by 1% to $467 million compared to Q4. Our subscription run rate grew by 2% to $373 million and was partially offset by 1% decline in the run rate from our asset-based fee business. The overall run rate in our equity index business increased 2% compared to Q4. The equity index subscription run rate rose 3%. Usage fees rose 9% on the back of several large global deals during the quarter. Run rate for our core index modules of developed, emerging, and small cap market rose by 1%, and other index products such as value and growth indices rose by 3%.

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Equity index subscription run rate grew across all client types and across all regions with relative strength coming from EMEA and the Americas. The retention rate in equity index subscriptions rebounded to 95% from 85% in Q4 and what's in line with the levels that we saw back in Q1 '09. Structural changes in a few of our clients, like mergers and acquisitions and firm and fund closures continue to account for about half of the equity index cancels in the first quarter.

Finally, at the beginning of last month, we informed our equity index subscription client that we plan to raise prices for select international equity index products by an average of 3 to 4% beginning in May of this year.

Later in this call, Mike will provide more color about the other part of our equity index business, the asset-based fee side.

Equity Portfolio Analytics, the run rate grew half of 1% in Q1 compared to Q4, the first positive sequential change since the second quarter of 2008. We are encouraged to see signs of stabilization in this product line. The strengthening of the U.S. dollar also had a negative impact of 1.4 million or 1% on the sequential growth of run rate in this product. A large reason for the growth in the run rate during the quarter was an increase in retention rate. The retention rate for Equity Portfolio Analytics increased to 92% from 79% in Q4 and from 86% a year ago.

By client types, the run rate increased at broker/dealers and were essentially unchanged in all other client types. On the regional basis, strong growth in Asia Pacific was offset by small declines in EMEA and in Japan. This stabilization in the Equity Portfolio Analytics product line was driven by solid growth in demand for equity risk content.

As you may remember, equity risk content, which is delivered either directly or via third party software systems and it grew by 3% sequentially. That growth was paced by demand for our new and revised models, such as our global equity risk model and our new European risk model.

The positive results were recorded for our equity index – equity risk content were offset by a decline of 1% for our Aegis products, which as you remember, is the product that bundles our equity risk content with our proprietary software.

We have invested significantly in Equity Portfolio Analytics in recent years to improve the quality of our underlying data and our ability to produce new risk models at a much faster pace. Therefore we view this stabilization on this business as an important validation of these efforts.

In the second quarter, our new product pipeline is robust. We recently launched our new extreme risk analytics, and a new Asia Pacific risk model is coming out shortly. Our investments have also enabled us to selectively raise prices and roll back discounts, the combination of which accounted for almost half of the new sales growth achieved in the first quarter.

Finally, we continue to work on the development of Barra Portfolio Manager, our new proprietary ASP software that is targeted for release at the end of 2010. We believe these investments in data, in new models and the new software system will help us drive growth in our Equity Analytics business.

The Multi-Asset Class Analytics run rate increased 2% compared to Q4, comprised of 5% growth to $36 million for BarraOne and an 18% decline to 5 million for TotalRisk. The strengthening of the U.S. dollar during the quarter reduced our run rate by about $1.4 million or about 4%. The aggregate retention rate for Multi-Asset Class Portfolio Analytics rebounded to 83% from 60% in Q4, largely reflecting seasonal trends. The overall retention rate continues to be affected by expected cancellations of TotalRisk. Apropos, as you know, we are in the final stages of the commissioning. For BarraOne specifically the retention rate increased to 88% from 79% in Q4.

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BarraOne sales resulting from TotalRisk conversions accounting for about $800,000 or about 20% of total BarraOne sales in the quarter.

By client type, BarraOne run rate increased at asset managers and custodial institutions, but declined at asset owners. By region, BarraOne run rate rose in the Americas, in Japan, and in Asia Pacific, but declined slightly in EMEA.

When we reported our fourth quarter 2009 results, we discussed our plans to raise our level of investment overall in our business. Before I give details regarding the status of this investment, I would like to take this opportunity to reiterate our determination to continue to invest prudently in our business in order to take advantage of the significant opportunities that we have to accelerate medium to long-term revenue growth.

Three months ago, we laid out plans to make an additional 105 hires over the next three to six months with approximately 90% of these hires expected to be in our emerging market centers. At the time we broke down our investments into three categories, and let me give you an update of what we have achieved so far. The first category was product development, which includes investments that are expected to lead to the launch of new products and the enhancement of existing products. In the first quarter of 2010, we added 32 new employees in the product development area.

The second category is client coverage, which includes investment that should help our sales force and our client service teams reach new clients and increase the penetration of existing clients. We added 14 new employees in the client coverage area.

The third category is work productivity, which includes investment that should result in better decision making across the company and better expense management throughout the organization. We added five new employees in this category. And of course, we also committed to making what will be the biggest investment in our company’s history, the planned acquisition of RiskMetrics.

The combination of MSCI and RiskMetrics will greatly expand our capabilities in the high growth, high margin business of multi-asset class risk management analytics.

As a combined company, we will significantly accelerate our efforts to take advantage of what will be an important theme for at least the next decade, the critical need to understand, measure, manage, and report risks across multiple asset classes, across multiple portfolios, and on a global basis. This is going to be a key growth area for our company for a long time to come.

In addition, we expect the increased scale and scope of our combined businesses to enable us to leverage our existing common platform of data, data processing, model development, and software and technology infrastructure. This operating leverage should result in higher margin, increased investment in new products and capabilities, and lead to accelerated revenue growth in the future. This is the virtual circle that has created so much value in our equity index business and it is our vision and determination for our combined analytics business.

Since the announcement of our planned acquisition of RiskMetrics on March 1, we have been working hard to complete the steps necessary to close the transaction as soon as possible. On March 16, we submitted our application for antitrust approval in the United States. On April 2, we filed an S-4 combined registration and proxy statement with the U.S. SEC. We continue to expect the deal to close in our fiscal third quarter.

We also have been very hard at work planning the integration for our combined company. Both MSCI and RiskMetrics have established large integration teams to make the planning as efficient

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and as useful as possible. Our employees are very excited and eager to plan for the integration and put ourselves in a position to hit the ground running post closing.

Let me now turn over to Mike for a review of our financial highlights for the quarter.

Michael K. Neborak, Chief Financial Officer

Thank you, Henry. My first topic is to discuss our asset-based fee business. Revenues from that product category were up $11.8 million or 90% to 25 million versus Q1 2009. Similar to prior periods, the substantial majority of that revenue was related to the equity ETF business.

We saw asset inflows into all of the major ETFs linked to our indices, with the exception of those linked to the EAFE and Brazil indices. Inflows for the quarter totaled $4.4 billion. ETFs linked to our Japan index were the biggest beneficiary with $1.2 billion of inflows. Over the course of the first quarter 2010, we estimate that roughly one-third of all inflows into equity ETF went into those linked to MSCI indices.

Our overall market share of equity ETF was essentially flat at 29% at the end of February versus 30% at the end of 2009, but was up substantially from 22% at the end of Q1 2009. MSCI’s market share in U.S. listed ETFs dipped slightly to 33% in Q1 2010 from 34% in Q4 2009, and rose in Europe to 30% in Q1 2010 from 28%. The number of ETFs linked to MSCI indices rose to 291, a net increase of 23 during the quarter with most of that growth coming in Europe.

Finally, the top 25 ETFs linked to our indices had a combined AUM of approximately $173 billion. That is 73% of our total AUM linked to our indices; 45 ETFs linked to our indices had AUM balances greater than $1 billion. At February 28, iShares accounted for approximately 56% of the AUM linked to our indices. That is down from 61% a year ago. At February 28, iShares accounted for approximately 66% of our ETF’s run rate.

The AUM in ETFs linked to our Equity Indices at the end of the quarter was $236 billion with a run rate equal to $76.5 million, that’s 81% of our asset-based fee run rate. The weighted average basis point fee excluding minimum fees was approximately 3.1 basis points.

Revenues from our subscription product categories grew 4.3% versus Q1 2009 reflecting a modest increase to our subscription run rate during the past 12 months. As new recurring subscription sales increased and retention rates improved, revenue growth from our subscription business should increase, but on a lagged basis versus run rate growth.

In the first quarter, we generated $57 million of adjusted EBITDA down 4% from 59.3 million in Q4 2009 and up 17.6% from $48.5 million a year ago. However, included in our expenses was 2.2 million of costs associated with our planned acquisition of RiskMetrics Group.

Excluding those one-time expenses, we generated adjusted EBITDA of 59.2 million in line with Q4 2009 and up 22% from a year ago. The 2.2 million of expenses related to the acquisition of RiskMetrics consists of financial advisory, legal, and accounting fees. Please note that most transaction-related fees, which historically have been capitalized as part of the purchase price, are now required to be expensed under U.S. GAAP.

Looking forward, we will be providing regular quarterly updates of all one-time expenses related to the acquisition and integration of RiskMetrics. Overall, total cash operating expenses, which exclude depreciation, amortization and founders grant costs rose 12.6% to $64.7 million in our first quarter.

Compensation costs rose 12.2% while non-compensation expenses increased 13.4% versus the first quarter of 2009. The increase in compensation expense was driven by increased investment in our product development and research capabilities as well as more investments in our sales and sales support functions.

Excluding the impact of the $2.2 million of expense related to the planned acquisition of RiskMetrics, non-compensation expenses rose by only 0.3 million or 1.7%.

In summary, we continue to manage our expenses very tightly. GAAP earnings per share for the quarter were $0.26, our cash earnings per share, which is a non-GAAP measure and which we derived by adding back the after-tax costs of the founders grant expense and the amortization of intangibles was $0.29, up 17% from the first quarter 2009. Excluding the impact of the one-time charges associated with our planned acquisition of RiskMetrics, cash earnings would have been $0.31 per share.

As of February 28, MSCI had 105 million shares outstanding, fully diluted shares outstanding for the EPS calculation were 105.8 million. Also, as of February 28, we had $442 million in cash and cash equivalents and $369 million of debt outstanding. On April 1, 2010, we utilized $147 million of our cash to prepay a portion of our debt.

With that, we would be happy to take questions. I will turn it over to you now, operator.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And our first question comes from James Kissane from Bank of America.

<Q>: Hey, it's actually George filling in for Jim. A couple quick questions. Can you just maybe talk about – now, your sort of your early read here in 2Q what you're seeing in terms of BarraOne sales? Are you seeing any sort of an influence given the RiskMetrics acquisition?

<A – Henry Fernandez>: Hi, George. A, it is Henry. B, I think there is no change at all with the announcement of the planned acquisition of RiskMetrics. BarraOne continues to be a product in high demand across the world and across a variety of different client types. So no change that we can discern at this point.

<Q>: Okay. Great. And any update you guys can provide with respect to your discussions with BlackRock at this point?

<A – Henry Fernandez>: With BlackRock – the relationship with BlackRock continues to be the same, which is very good. It is an excellent client. We have a lot of different touch points in various aspects of our business and their business, and there really is no change whatsoever in that relationship.

<Q>: Okay. And just last question. Just want to make sure now, given with the integration teams at work, that is not slowing down your plans to hire the full 105 by the first half of this calendar year. Is that correct?

<A – Henry Fernandez>: Correct.

<Q>: Okay. Great. Thanks, guys.

Operator: Our next question comes from the line of David Scharf from JMP securities.

<Q – David Scharf>: Just a couple things. First, I just wanted to confirm, Henry, the very steep ramp in Barra renewals. There weren't any sort of one-time promotional or pricing initiatives that drove that, were there? That pretty much is a clean number?

<A – Henry Fernandez>: Completely clean number. No sort of influence or any kind of intervention on pricing or anything like that. As I said in my remarks, if anything, we have been renewing contracts on the basis of slight increase in prices in some cases and in other cases, rolling back some of the discount that we offered during the crisis.

<Q – David Scharf>: Got you. Okay. And then on the index side, more of a general question. Clearly, a lot of these sales are sort of packaged in price along the lines of number of offices you are selling to. Obviously, the end markets have firmed up considerably. We're really running on kind of three quarters now where we've probably seen trough levels of demand. So unquestionably across all asset class categories your markets have improved. But can you give us a sense for how perhaps head count reduction, offices, consolidation should impact the demand for index subscriptions going forward? Whether we'll ultimately rebound to the kind of growth we saw a couple of years ago or if you think a sort of normalized level of subscription growth in Equity Indices is perhaps a little below the peak levels we saw in the last peak?

<A – Henry Fernandez>: We continue to be fairly optimistic and bullish on the medium to long-term demand for our equity index subscription products. We clearly went through a period of higher cancels during the crisis, particularly in those products that were not the most core in client usage,

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and maybe selected saving of offices or different software platforms and the like, but overall, the demand is robust. It's on the rise.

We don't see any negative impact coming from any potential cancellations of offices or usage or whatever. If anything, when you saw my prepared remarks, 9% increase sequentially was driven by what we call usage fees. And those are important in the – in what we call the global deals, the very large asset managers that when they renew a contract, they want to add more people globally. So that's on the rebound. The early signs are on the rebound. So overall -- and, obviously, we feel very optimistic about the strong demand that allows us to do a price increase of 3 to 4%. Obviously, that will filter through the system as the contracts get renewed. So we continue to be very positive. We think that this product line will continue to rebound at some point strongly and we feel good about it.

Operator: Our next question comes from Andrew Fones from UBS.

<Q – Andrew Fones>: Yes. Thank you. I wanted to ask you just about your hiring plans. You gave us an update at the end of – where you stood at the end of Q1; thanks for that. I was just wondering where you stand now and whether you still anticipate hiring the 105 people by the end of Q2, whether that could push into Q3 as well. Thanks.

<A – Henry Fernandez>: We continue to focus strongly on hiring these people in Q2 to try to complete the 100-plus head count hire that we had anticipated. I think two things are out there that are slowing us down. One, the labor markets in financial centers have picked up and tightened, and therefore that could impact us on both sides: one is the ability to continue to attract tale