April 24, 2012

EXEQUITY

Independent Board and Management Advisors

Client Alert

Evaluating MSCI Inc. Under ISS's Pay-for-Performance and Say-on-Pay Policies

"Do as We Say, Not as We Do"

ISS's parent, MSCI Inc., filed its proxy March 19, 2012[1] for its annual shareholder meeting on May 2, 2012. ISS has indicated that it will not issue one of its Proxy Reports for MSCI as that would present a conflict of interest. Without an ISS Proxy Report, we will not know how MSCI would fare under ISS's revised Pay-for-Performance (P4P) and Say-on-Pay (SOP) policies for 2012. Given that Exequity has conducted a significant number of P4P analyses in light of ISS's 2012 P4P and SOP policies, we thought we could address this gap by offering our assessment of MSCI on these issues.

In reviewing MSCI's proxy, we found that MSCI was engaging in a number of practices which ISS has criticized at a growing number of companies. These practices include:

- Not splitting the CEO and Chairman of the Board roles;
- Not having stock holding requirements, stock ownership guidelines, or a clawback policy;
- Not using preset performance goals for the annual bonus plan (the plan is discretionary);
- Not providing the specific performance goals for the performance-based equity awards until after the two-year performance period ends;
- Aiming to compensate named executive officers at the "higher end of market practice"; and
- Granting equity awards with single-trigger change-in-control provisions.

The attached presentation walks through how we believe ISS might analyze MSCI's proxy disclosures and performance if not for the conflict of interest. This analysis was prepared by Exequity using our best understanding of the applicable ISS policies, some of which require a bit of subjective interpretation and application, while others are not fully disclosed, e.g., how ISS truly selects all the peer companies it uses and what it would do when a company changes its fiscal year. We cannot be certain that ISS would reach the same conclusions that we did. Thus, it should be fully understood that this represents Exequity's opinion of how MSCI might fare under these ISS policies. Only ISS can be certain how MSCI fares under its policies and, understandably, ISS does not want to judge its corporate parent.

If you have any questions about this analysis or would like to see how such an analysis can be prepared for your company, please contact your Exequity consultant or ***Ed Hauder***, the author of the presentation.

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[1] MSCI's proxy is available at http://www.sec.gov/Archives/edgar/data/1408198/000119312512121766/d304462ddef14a.htm.

Summary of Possible Quantitative Analysis of MSCI Under the ISS P4P Policy

ISS Benchmark	MSCI Inc.		Level That Triggers Medium Concern (May Trigger High Overall Concern if Two or More Factors Are Medium Concern)		Level That Triggers High Concern (Based on Any Individual Factor)	
	Score	Concern Level	Score	~Percentile	Score	~Percentile
Relative Degree of Alignment (RDA)	**1.4**	**Low**	-30	~25th percentile	-50	~10th percentile
Multiple of Median (MOM)	**1.43x/2.91x**[1]	**Low/Medium**[1]	2.33x	~92nd percentile	3.33x	~97th percentile
Pay-TSR Alignment (PTA)	**19%/-30%**[2]	**Low/Medium**[2]	-30%	~10th percentile	-45%	~5th percentile
Overall Expected ISS Quantitative Concern Level		**Low/Medium**				

[1] Measured against MSCI's Self-Selected, Primary Peer Group.

[2] Based on a PTA analysis excluding 2007 pay and performance, which represented one month of MSCI being public while wholly owned by Morgan Stanley.

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EXEQUITY

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Management Advisors

MSCI Inc.

Simulated Application of ISS's Pay-for-Performance Policy

April 24, 2012

Contents

About This Material

This report estimates how MSCI Inc. might fare under the quantitative and qualitative segments of Institutional Shareholder Services Inc.'s (ISS) 2012 Pay-for-Performance (P4P) Policy.

The peer group whose practices are the foundation of our assessment is the best representation of the one ISS might identify given the announced ISS methodology and its application to the Russell 3000 Index companies. ISS has indicated that the community of companies it will consider for peer group selection encompasses the range of Russell 3000 Index companies as well as the peers of those companies, but ISS has not yet publicized the full company list.

Furthermore, when conducting the relative assessment segment of its P4P analysis, ISS will use the peer group company compensation data disclosed in the most recently filed annual proxy statements. Depending on proxy filing dates, therefore, ISS could compare MSCI's 2012 compensation data to reported pay levels that, at some peer companies, are a year old.

Our reporting of the relative segment of P4P analysis, therefore, is qualified by the fact that ISS could choose a slightly different set of peer companies than we have in this analysis, and that the compensation data we use likely would be updated for some peer companies (i.e., ISS may have the benefit of incorporating into its analysis some peer company data that first is disclosed in proxy statements after our assessment has been completed).

Executive Summary

ISS Votes Influenced by P4P Alignment

This analysis tests the likelihood of an ISS finding that MSCI exhibits a level of P4P misalignment which could lead ISS to issue adverse recommendations with respect to say on pay (SOP) voting, Board member elections, and Equity Plan Proposals. Demonstrated P4P misalignment is just one of several reasons for an unfavorable ISS voting position; others are identified in the boxes below:

SOP Votes

- ***P4P misalignment***
- Significant problematic pay practices exist
- Poor communications and responsiveness of Board

Compensation Committee Members/ Full Board–Director Elections

- No SOP on proxy and ***against*** on SOP is warranted (see box to left)
- Board fails to adequately respond to a prior <70% favorable SOP vote
- Problematic pay practices used
- Situation is egregious

Equity Plan Proposals

- ***P4P misalignment*** and a significant portion of CEO's pay is attributed to non-performance-based equity awards, i.e., time-based vested equity awards

ISS would test P4P alignment by reference to a series of quantitative and qualitative filters, detailed explanations of which follow in the balance of this report. In summary, we expect ISS could determine that MSCI would generate a **low** level of concern with respect to its P4P character.

Quantitative Analysis Summary

ISS Benchmark	MSCI Inc.		Level That Triggers Medium Concern (May Trigger High Overall Concern if Two or More Factors Are Medium Concern)		Level That Triggers High Concern (Based on Any Individual Factor)	
	Score	Concern Level	Score	~Percentile	Score	~Percentile
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Overall Expected ISS Quantitative Concern Level		**Low/Medium**				

[1] Measured against MSCI's Self-Selected, Primary Peer Group.

[2] Based on a PTA analysis excluding 2007 pay and performance, which represented one month of MSCI being public while wholly owned by Morgan Stanley.

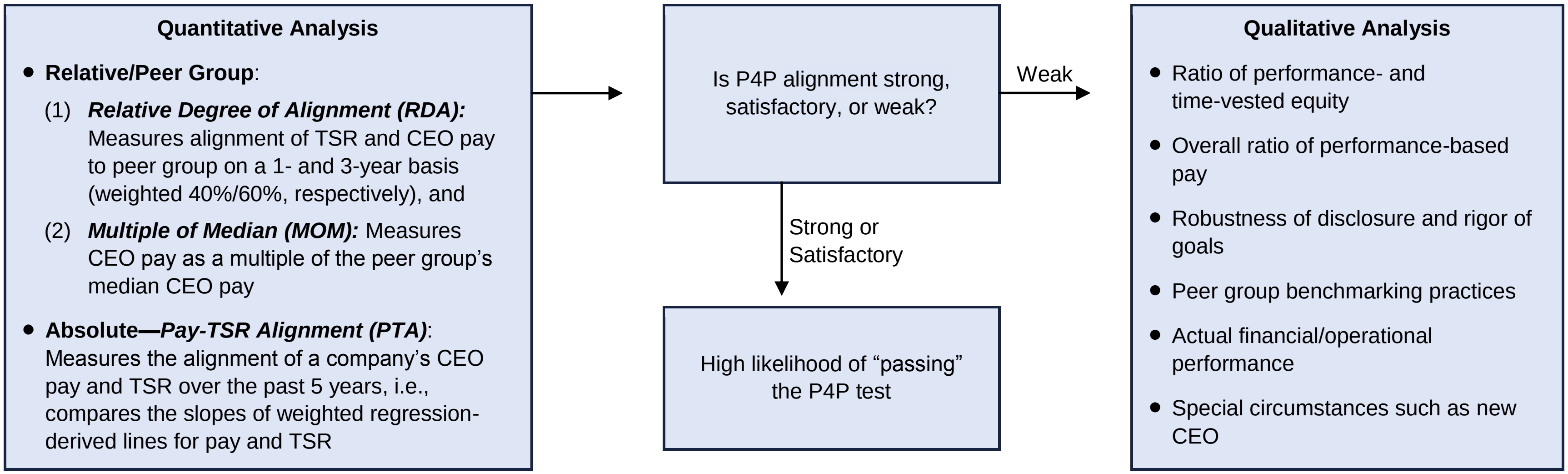
Qualitative Analysis Summary

ISS will perform an in-depth Qualitative Analysis of P4P if a company triggers a **high** level of concern with respect to any individual Quantitative factor or an overall **high** concern level from scoring a ***medium concern level with respect to two or more factors*** in the Quantitative Analysis. The more in-depth Qualitative Analysis assesses the company's compensation programs for the likely causes of the P4P disconnect or for mitigating factors. We expect it is possible that ISS could uncover significant issues with MSCI's pay programs as a consequence of its Qualitative Analysis.

Consequently, we believe ISS could conclude that while MSCI's P4P alignment is **acceptable**, other factors exist that raise concerns with MSCI's compensation and could cause ISS to qualify its support with a statement that it would closely monitor MSCI's compensation going forward, or even cause ISS to issue an adverse voting recommendation with respect to MSCI's SOP proposal.

Overview of Pay-for-Performance Policy Application

The chart below shows the flow of the ISS P4P policy in 2012. Importantly, no company ever automatically fails the P4P test because ISS applies its P4P policy ***case-by-case***, and some degree of subjectivity is expected in its application, especially if a company becomes subject to an in-depth Qualitative Analysis.



Notwithstanding the results of its Quantitative Analysis, ISS reserves the right to recommend against SOP proposals and/or the election of directors who sit on the compensation committee if ISS determines there are any unusual or extraordinary practices that raise significant concerns about a company's P4P alignment. However, it is expected that companies with strong or satisfactory P4P alignment under the Quantitative Analysis rarely will earn such negative vote recommendations.

Pay-for-Performance: Quantitative and Qualitative Analysis

Quantitative Analysis

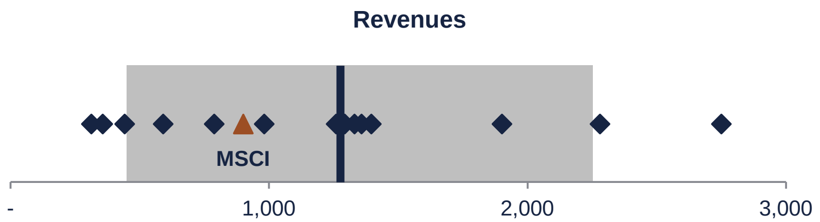
Relative/Peer Group P4P Alignment Analysis

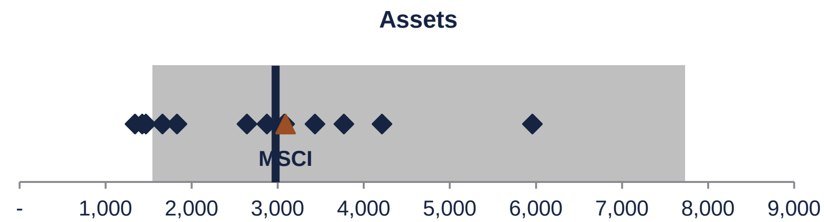
ISS settled on three new measures in the Quantitative segment of its P4P policy test: RDA, MOM, and PTA. However, peer group selection is critical to the Quantitative Analysis. Listed below are the peer group companies we expect ISS might use in connection with the Relative segment of its Quantitative Analysis.

Anticipated ISS Peer Group

Affiliated Managers Group Inc.	Janus Capital Group Inc.
American Capital Ltd.	Lazard Ltd.
BGC Partners Inc.	Lexington Realty Trust
Cash America International Inc.	**Moody's Corp.**
Credit Acceptance Corp.	National Retail Properties Inc.
DFC Global Corp.	T. Rowe Price Group Inc.
Eaton Vance Corp.	Stifel Financial Corp.

***Note**: Moody's Corp. is bolded because it is also in MSCI's Self-Selected, Primary Peer Group.*





Each of the above charts illustrates how MSCI compares to the Anticipated ISS Peer Group in terms of revenues and assets. The shaded boxes represent the stated range with which ISS applies these criteria to the selection of peer companies, i.e., 0.5x to 2.0x of MSCI's revenues and assets (note: ISS's technical document[1] indicates a range of 0.45x to 2.1x[2]).

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[1] *Evaluating Pay for Performance Alignment, ISS' Quantitative and Qualitative Approach*, Updated: February 17, 2012; available at http://www.issgovernance.com/files/EvaluatingPayForPerformance_final_updated_02172012.pdf.

[2] Ibid, page 14.

MSCI's Self-Selected, Primary Peer Group

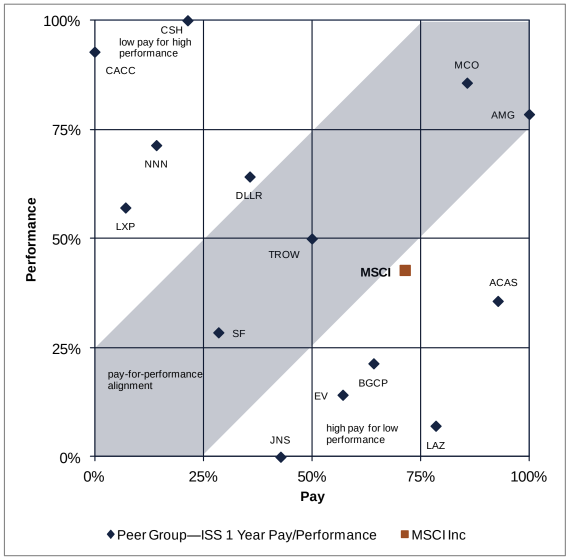
Dun & Bradstreet Corp.	Fair Isaac Corp.	Morningstar Inc.
Equifax Inc.	IHS Inc.	SEI Investments Co.
FactSet Research Systems Inc.	**Moody's Corp.**	Verisk Analytics Inc.

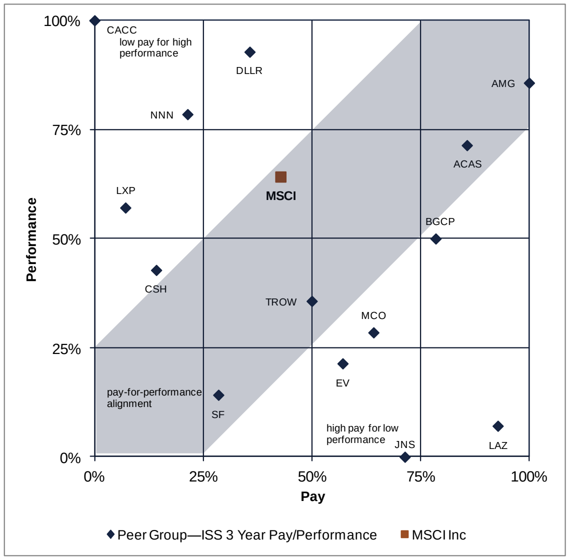
***Note**: Because MSCI is a financial company, ISS would use assets to determine MSCI's peer group for purposes of applying its P4P policy. However, MSCI itself (like many similar companies) utilizes revenues in constructing its peer group. For financial companies that are not relying on their assets to operate (as banks do), revenues often make a better choice for selecting peer groups. Hopefully, ISS will revise its peer group methodology accordingly for 2013.*

***Comment**: Other than Moody's Corp., there is no overlap between the Anticipated ISS Peer Group and MSCI's Self-Selected, Primary Peer Group. Thus, not unlike many other companies, our estimate of the group that ISS would select based on its publicized algorithms is very different from the group that MSCI's Compensation Committee selected using its best judgment, presumably because they compete for customers and/or talent with those companies or have similar business operations.*

Relative Degree of Alignment (RDA)

Anticipated ISS Peer Group—MSCI Score: 1.4% (Low Concern)





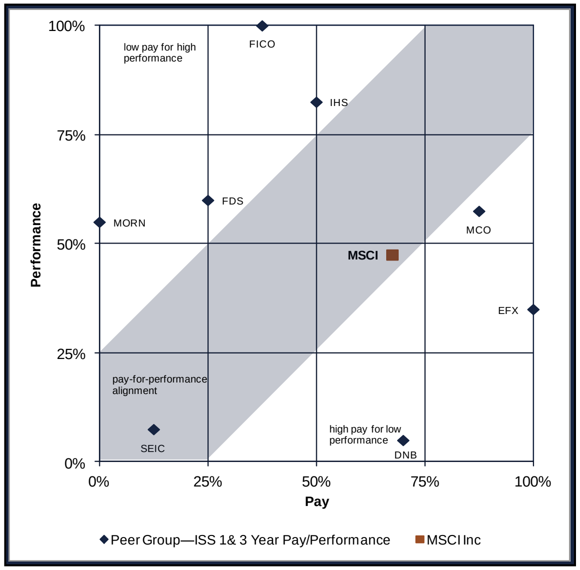
Note: *ISS will only display the combined 1- and 3-year pay/performance chart. We have also provided the 1- and 3-year data sets broken out to allow for a better understanding of what is driving the figures in the combined chart. For purposes of the RDA analysis, "performance" refers to MSCI's relative TSR percentile rank against the anticipated ISS peer group companies on both a 1- and 3-year basis, with the percentile ranking for each period being combined on a weighted basis.*

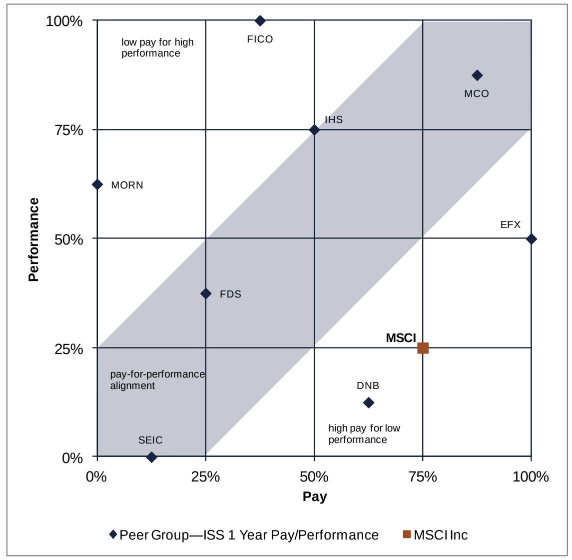
Anticipated ISS Peer Group—MSCI Score: 1.4% (Low Concern)

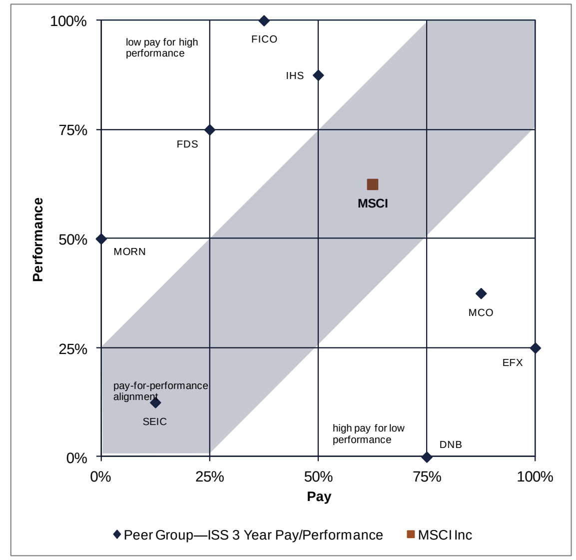
RDA	TSR %ile	CEO Pay %ile	RDA (%)
RDA: 1-Year Scope	42.8%	71.4%	-28.6%
RDA: 3-Year Scope	64.2%	42.8%	21.4%
RDA: Combined	55.6%	54.2%	**1.4%**

Comment: Other than Moody's Corp., there is no overlap between the Anticipated ISS Peer Group and MSCI's Self-Selected, Primary Peer Group. Surprisingly, using this disparate and unrelated group of financial companies results in MSCI's compensation appearing to be very aligned on a relative basis under the ISS RDA factor.

MSCI Self-Selected, Primary Peer Group—MSCI Score: -20% (Low Concern)







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MSCI Self-Selected, Primary Peer Group—MSCI Score: -20% (Low Concern)

RDA	TSR %ile	CEO Pay %ile	RDA (%)
RDA: 1-Year Scope	25%	75%	-50%
RDA: 3-Year Scope	62.5%	62.5%	0
RDA: Combined	47.5%	67.5%	**-20%**

Comment: When MSCI's Self-Selected, Primary Peer Group is used, while the ultimate conclusion remains a low concern level for relative alignment of pay, we note the RDA score is substantially higher than under the Anticipated ISS Peer Group (i.e., -20% vs. 1.4%). This emphasizes how critical peer group selection is to the ISS P4P methodology and how significant an impact utilizing different groups can have on the analysis.

Multiple of Median (MOM)

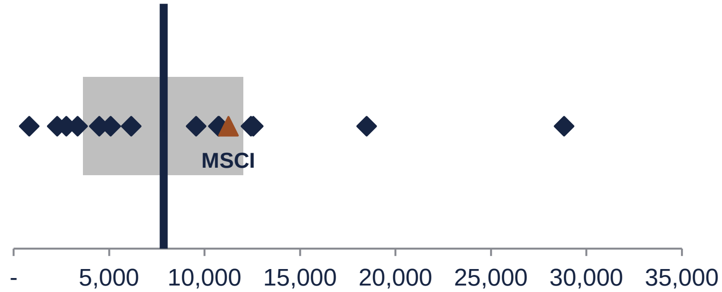
Anticipated ISS Peer Group—
MSCI Score: 1.43x (Low Concern)

1-Year CEO Pay ($000)	Median 1-Year Pay of Peers ($000)	MOM
$11,244	$7,851	**1.43x**

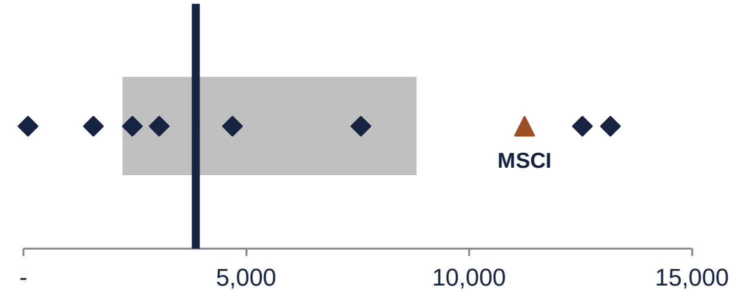
MSCI Self-Selected, Primary Peer Group—
MSCI Score: 2.91x (Medium Concern)

1-Year CEO Pay ($000)	Median 1-Year Pay of Peers ($000)	MOM
$11,244	$3,870	**2.91x**

MSCI's CEO Pay: 1.43x Median



MSCI's CEO Pay: 2.91x Median



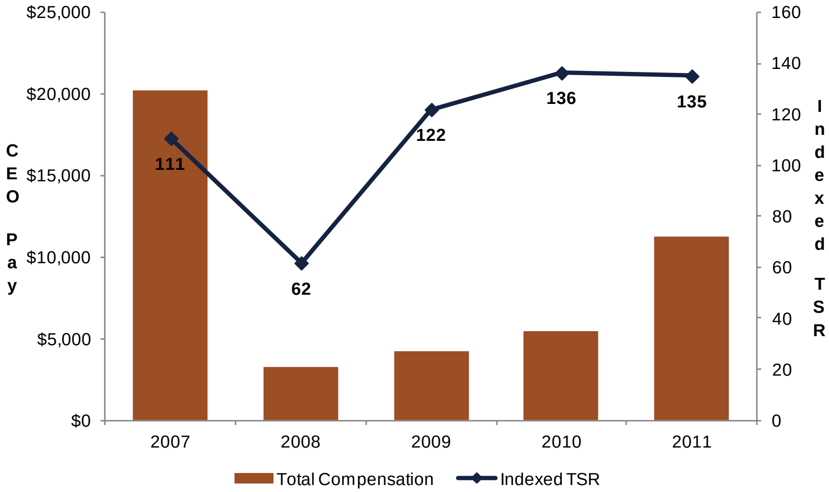
The shaded bands represent 25th to 75th percentile of CEO pay of the Anticipated ISS Peer Group and the MSCI Self-Selected, Primary Peer Group with the black line representing the 50th percentile/median.

***Comment**: Again, the MOM scores emphasize how critical peer group selection truly is. MSCI's CEO pay as a MOM ends up at either **1.43x**, a **low** concern, using the Anticipated ISS Peer Group, or **2.91x**, a **medium** concern, using the MSCI Self-Selected, Primary Peer Group. The resulting MOM using MSCI's Self-Selected, Primary Peer Group is consistent with MSCI's stated pay philosophy of rewarding its executives at "the higher end of market practice" (a pay targeting objective that ISS routinely criticizes).*

Absolute P4P Alignment Analysis

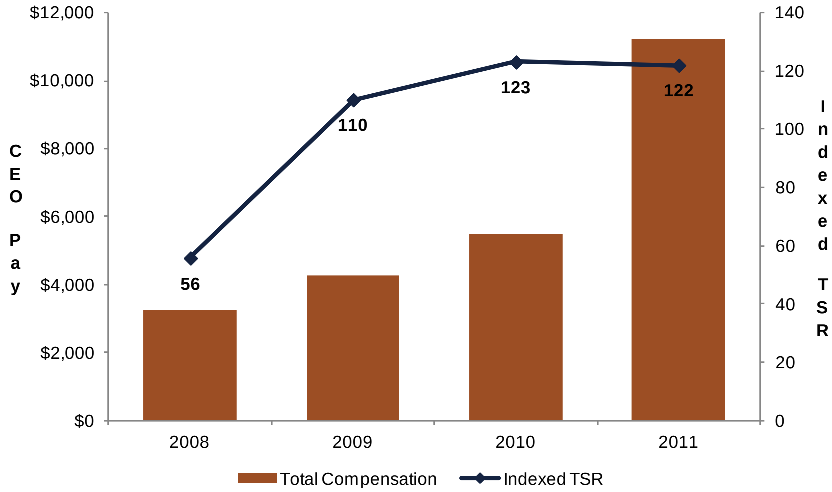
Pay-TSR Alignment (PTA)—MSCI Score: 19% (Low Concern)

Full Five-Year Analysis—Includes 2007



***Note**: 2007 was a year consisting of a one-month period that MSCI was public and wholly owned by Morgan Stanley.*

Four-Year Analysis—Excludes 2007



***Note**: When 2007 is excluded, PTA for 2008–2011 is -30%.*

	2006 Year-End	2007	2008	2009	2010	2011	Weighted Average	Annual Trend ($)	Annual Trend (%)
CEO Pay ($000)	—	$20,241	$3,263	$4,254	$5,493	$11,244	$8,509	($854)	-10.0%
Indexed TSR	100	111	62	122	136	135	115	10	9%
								PTA: "TSR Trend"–"Pay Trend"	**19%**

***Comment**: The PTA looks at the absolute alignment of pay and performance (TSR) at MSCI. Overall, because of the methodology employed and the way it captured IPO grants at MSCI in 2007, it appears fine. But, note that if 2007 is excluded and we just look at the trends in pay and performance afterwards, PTA decreases to **-30%**, a **medium** concern. This again points out the tremendous sensitivity of the quantitative tests to uncontrollable factors that can dramatically alter the results and ISS's resulting voting recommendation.*

P4P: In-Depth Qualitative Analysis

Qualitative Factor	Potential Issues for MSCI
Strength of Performance-Based Compensation	• ***Annual bonuses*** are ***discretionary***, as the company does not use preset goals. The discretionary nature of these awards runs counter to a P4P philosophy. ISS prefers companies to attach the payout of incentive awards to specific, measurable, and predetermined performance factors. • ***Performance goals*** were ***not disclosed*** for either the annual bonus or long-term incentive plans. • The ***CEO's pay increased*** year over year[3] by ***more than 100%*** (2x prior-year total compensation) due in large part to a special stock option award made on December 14, 2010 valued at $3.55 million by MSCI and at $5.25 million by using an ISS valuation approach. The December 2010 stock option grant has stock price hurdles (the lowest of which was nearly met at the time of our analysis) in order for the award to vest (but is not a premium-priced stock option) and time-based vesting requirements. MSCI discussed the CEO's December 2010 stock option grant in the 2011 proxy's Compensation Discussion and Analysis (CD&A). • ***Other*** named executive officers (***NEOs***) had ***significant increases*** in their total compensation (some nearly 3x the prior-year compensation) in ***2010***, and MSCI's 2011 proxy discussed these in its CD&A under "Special Acquisition-Related Equity Awards." • The CEO's 2011 total compensation was approximately 58.5% performance-based (the special stock options granted and performance stock unit for which MSCI did ***not disclose*** the associated ***performance goals*** so shareholders could assess the adequacy of these goals) and 41.5% non-performance-based (annual base salary, annual cash bonus (discretionary because preset performance goals were not used), restricted stock units, and all other compensation). • We note that MSCI ***does not disclose*** any ***stock ownership guidelines*** or ***equity holding periods*** for executives, nor does it disclose a ***clawback policy***.
Peer Group Benchmarking Practices	• MSCI indicates it ***does not benchmark***; however, it does review the data for both a primary and a secondary peer group and concludes that, in aggregate, the total reward levels in respect of services for fiscal 2011 for its NEOs were both appropriate and ***competitive***. MSCI also indicates it aims to compensate its NEOs at the "higher end of market practice." • Given the disclosure, it is difficult to assess what level of pay in relation to the primary and secondary peer groups the Committee feels is ***competitive***, e.g., does "competitive" mean total pay is above median, 75th percentile, or some other level compared to the peer groups?

[3] In its latest proxy, MSCI reports the change of its fiscal year from a November 30 FYE to a December 31 FYE starting in 2011. As a result, MSCI had a one-month stub fiscal year for December 2010. Because MSCI's prior compensation data was all presented using a November 30 FYE, we used the December 2010 and FY 2011 disclosures to calculate an annual amount for a November 30, 2011 FYE. Primarily, this impacted cash-based payments since other amounts, like equity awards, were reported using the date of grant/service inception date. Accordingly, we also calculated TSR ending November 30, 2011.

<table>
<tr><th>Qualitative Factor</th><th>Potential Issues for MSCI</th></tr>
<tr><td>Results of Financial/Operational Metrics</td><td>

- MSCI's 1- and 3-year TSRs were generally better than those of its GICS group, regardless of whether using a November or December fiscal year-end (other than 1-year TSR as of December FYE, which appears slightly worse).

<table>
<tr><th rowspan="2"></th><th colspan="2">December FYE</th><th colspan="2">November FYE</th></tr>
<tr><th>1-Year TSR</th><th>3-Year TSR</th><th>1-Year TSR</th><th>3-Year TSR</th></tr>
<tr><td>MSCI Inc.</td><td>-15.48%</td><td>22.85%</td><td>-0.91%</td><td>29.81%</td></tr>
<tr><td>GICS Group 4020 Median</td><td>-12.01%</td><td>13.07%</td><td>-2.92%</td><td>18.93%</td></tr>
<tr><td>S&P MidCap 400</td><td>-1.74%</td><td>19.57%</td><td>5.09%</td><td>21.62%</td></tr>
</table>

- Net income nearly doubled, growing to $173 million in 2011 from $92 million for FY 2010.
- Cash flows from operations also increased year over year, to $254 million from $183 million.
- The annual bonus plan and the long-term incentive awards do not adequately disclose how their payouts relate to company performance.
- CEO pay[4] as a % of net income: 6.5%.

</td></tr>
<tr><td>Special Circumstances</td><td>

- MSCI changed its fiscal year from a November 30 FYE to a December 31 FYE starting in 2011. MSCI did not present prior compensation information using its new fiscal year, so we restated the most recent compensation information for December 2010 and 2011 into FY 2011 (having a FYE of November 2011).
- MOM appears fine for the Anticipated ISS Peer Group. However, it appears higher (***medium*** concern) when using MSCI's Self-Selected, Primary Peer Group.
- PTA appears fine for MSCI unless 2007 (an anomalous year of one month being public during which time it was wholly-owned by Morgan Stanley) is excluded. If 2007 is excluded, and using the same PTA formula, there would be a ***medium*** concern.

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</table>

[4] Detail: CEO pay of $11.2 million for 12-month period ending November 30, 2011/$173 million in net income.

Implications and Comments

Having conducted the ISS P4P policy tests in accordance with ISS's parameters, as we understand them, we report the following:

RDA

The RDA analysis shows, under the ISS P4P policy, pay and performance are **aligned** on a relative basis. The RDA score will likely trigger a **low** level of concern regarding MSCI's P4P alignment.

MOM

The level of MSCI's Chief Executive Officer compensation rests above the median pay among Chief Executive Officers across the community of anticipated ISS peer group members. However, the MOM does **not** rise to a level that triggers a medium concern level from ISS (1.43x for MSCI vs. 2.33x to trigger a medium concern level). That noted, the MOM for MSCI based on its own self-selected peer group comes in at 2.91x, which would raise a medium concern if ISS used a company's self-selected peer group.

PTA

We estimate MSCI's PTA score would be 19%. The ISS methodology indicates that a PTA level of -30% will trigger a ***medium*** level of concern over a company's P4P alignment, and a level of -45% is needed to trigger a ***high*** level of concern, so MSCI's PTA would likely only trigger a **low** level of concern. If 2007 were excluded, it appears that PTA would decrease to -30% and result in a medium concern.

Note*: This assumes the PTA formula is applied with "0"s for 2007. It is possible ISS would revise the PTA formula in some fashion to reconfigure the associated weightings under the PTA formula in such a circumstance. However, ISS has not publicly described how it would do so.*

Additional Say-on-Pay Considerations	*Assumed* Levels of Concern*
Non-Performance-Based Pay Elements	**Concern: Medium/High**

The annual bonus plan is ***discretionary*** in design. The annual bonus plan does ***not*** utilize preset performance goals.

The long-term incentive awards are only ***partially performance-based***, i.e., 50% of the long-term incentive award is delivered as performance stock units. However, MSCI has chosen not to disclose the actual performance targets for the two performance metrics utilized—cumulative revenue and net income per share—until after the performance period, which makes it difficult for shareholders to determine how rigorous the performance goals are in a timely manner.

Company Peer Group	**Concern: Low/Medium**

MSCI states it does not benchmark executives' compensation to market levels. MSCI does, however, review market information. MSCI utilizes both primary and secondary peer groups which serve as references for pay levels and practices, without benchmarking to a specified target. MSCI indicates it believes its compensation is "competitive" but does not define what that means in relation to the compensation provided by companies in the peer groups utilized.

Severance/Change-in-Control Arrangements	**Concern: Low**

MSCI should be commended for not having employment, severance, change in control, or similar agreements with its NEOs. However, for equity awards, MSCI does provide a full-career retirement provision which apparently enables unvested awards to fully vest upon termination of employment, including terminations related to a change in control if certain requirements are met (note that MSCI does not discuss the full details of its Full Career Retirement benefit in the proxy). Additionally, for certain equity awards granted within the past three years, MSCI has provided for single-trigger vesting in certain change-in-control situations.

Compensation Committee Communication and Effectiveness	**Concern: High**
Disclosure of Metrics	
Performance metrics/goals disclosed—annual incentives	No
Performance metrics/goals disclosed—long-term incentives	No (MSCI indicates it will disclose performance goals after 2-year performance period ends)
Pay Riskiness Discussion	
Process discussed?	No
Material risk found?	No
Pledging of Shares	
Pledging of company stock by NEOs or directors	None disclosed
Anti-hedging policy	None disclosed
Risk Mitigators	
Clawback policy	No
CEO stock ownership guideline	No guidelines
Stock holding requirements	Stock options: none; restricted stock: none
Compensation Committee Responsiveness	
Prior year's SOP vote result (F/F+A)	87%
Frequency adopted by company	Annual
Frequency approved by shareholders	Annual with 91% support

* Exequity bases these assumed levels of concern on ISS's published policies and on our experience with ISS's recommendations with respect to ISS reports we have reviewed.

MSCI has not adopted a clawback policy, stock ownership guidelines for executives, or equity holding requirements, which shareholders consider to be mitigators of compensation risk. Given these absences and the fact that Mr. Retelny appears to sell a significant portion of his equity awards upon or shortly after vesting (though he does appear to retain a standard ownership level in MSCI stock), bring into question whether there is alignment between the executives and MSCI shareholders.

Additionally, MSCI's CD&A indicates MSCI viewed the results of its 2011 SOP vote as supportive of its fiscal 2010 compensation program. ISS reported that average support for SOP votes at companies in the financial services sector averaged 92% for 2011.[5] We note ISS staff have intimated at seminars and webcasts that support levels below 90% indicate a significant show of "no confidence" in a company's compensation programs. ISS has established a 70% support (or less) threshold as the line demarcating additional scrutiny for companies' pay programs in future years.

Overall Implications and Comments

Based on the Quantitative Analysis, we expect MSCI would generate a **low/medium concern** rating under the ISS P4P methodology. Furthermore, we are unsure what ISS would conclude with respect to its SOP vote recommendation for MSCI (if it were to issue one regardless of the potential conflict of interest which has caused ISS to state that it will not provide a Proxy Report and P4P analysis for MSCI) given there appears to be a lack of meaningful, preset performance goals being used for performance-based compensation and no stock ownership guidelines, stock holding requirements, or clawback policy exist.

- If ISS were to analyze MSC's P4P alignment, it might **not** find any significant issues if it were to conduct a more in-depth Qualitative Analysis of MSCI's compensation program to assess its P4P alignment. Even in that event, we expect ISS would add cautionary language to any Proxy Report indicating it would continue to monitor MSCI's disclosures going forward to see if it does a better job addressing the issues raised above.

- However, based on some of the analyses we have seen, we think that if ISS were to analyze MSCI's P4P alignment, there is a possibility ISS might recommend **against** MSCI's SOP vote.

Comment*: This presentation represents Exequity's subjective interpretation and application of ISS's policies. ISS could reach different conclusions.*

[5] *2011 U.S. Postseason Report (Updated September 29, 2011),* page 4, available at: http://www.issgovernance.com/docs/2011USPostseason.