



**VALUEACT CAPITAL MASTER FUND, L.P.**  
*THIRD QUARTER REPORT 2016*

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We report on the investment activities in *VALUEACT CAPITAL MASTER FUND, L.P.*<sup>1</sup> for the quarter ending September 30, 2016. *VALUEACT CAPITAL MASTER FUND, L.P.* appreciated 6.3% in value for the quarter and declined (1.9)% for the nine months ending September 30<sup>th</sup>, after all fees and expenses (time-weighted calculation)<sup>1</sup>. The Standard and Poor's 500 Index appreciated 3.8% for the quarter and appreciated 7.8% for the nine months, while the MSCI World Index appreciated 4.9% in the third quarter and appreciated 6.0% for the nine months.

Since the fund's inception in October 2000, *VALUEACT CAPITAL MASTER FUND, L.P.* has appreciated 14.6% on a net annualized basis (time-weighted calculation)<sup>1</sup>, while the Standard and Poor's 500 has appreciated 4.6% and the MSCI World Index has appreciated 4.2% over the same period (returns for both indices are annualized with dividends reinvested). You should refer to the "Statement of Changes in Partner's Capital" sheet for your specific performance net of all fees and expenses.

At the time of this letter's release, our core public company positions were: Alliance Data Systems Corp. ("Alliance Data"), Allison Transmission Holdings, Inc. ("Allison"), Armstrong Flooring, Inc. ("Armstrong Flooring"), Armstrong World Industries, Inc. ("Armstrong Ceiling"), Baker Hughes Incorporated ("Baker Hughes"), CBRE Group, Inc. ("CBRE"), Microsoft Corporation ("Microsoft"), Morgan Stanley, Rolls-Royce Holdings plc (Rolls-Royce"), Seagate Technology PLC ("Seagate"), Trinity Industries, Inc. ("Trinity"), Twenty-First Century Fox, Inc. ("Fox"), Valeant Pharmaceuticals International, Inc. ("Valeant") and Willis Towers Watson PLC ("Willis Towers Watson"). As is our practice, we continue to maintain, add to, and/or remove farm team public company positions in the portfolio that we will disclose should any become significant in terms of our investment expectations or in dollars invested. In addition, *VALUEACT CAPITAL MASTER FUND, L.P.* also has the following core private investment: Seitel, Inc.

***Third Quarter Update***

During the quarter, we continued the pattern of selling a few of our most stable, and highly valued, core portfolio companies in favor of our more cyclical, high-quality undervalued companies. As we discussed in our last quarterly letter, as best we can tell, the stock market is assuming different economic realities for different sectors of the market: a recession for cyclicals but a robust expansion for defensive bond-like equities. This is a paradox that we have not observed before, but one into which we are decisively investing.

To illustrate this phenomenon, we analyzed twenty-five years of market data and plot the results in a table below. As you can see, we measured the percentage of stocks in the S&P 500 down more than 25% over the previous two years. Usually this figure only rises above 15% during market corrections like 2002-2003 or 2008-2009. However, it has spikes in 1999 and 2016, where the indexes are peaking and yet many companies have fallen significantly. In 1999, this reflected the narrowing of the market's gains into the technology stock bubble. We believe the current trend illustrates the "tale of two markets" we describe above and had previously discussed in the last letter.



During the third quarter, we continued to add to our core investments in Morgan Stanley, Alliance Data and Trinity, each of which was featured in our last quarterly letter. We also took the opportunity to increase our position in CBRE, the company that helped us appreciate the potential of "high-quality cyclicals" with significant competitive advantages and tailwinds for years of market share growth. In addition, during the third quarter, we established a new core investment in Seagate, this quarter's featured investment, which we believe represents a significant milestone in ValueAct Capital's history.

At the same time, we sold shares of Microsoft and Baker Hughes, primarily for portfolio sizing reasons, and fully exited our position in MSCI, Inc. ("MSCI"). Pro forma year-end distributions, we will have cash of roughly \$1.4 billion, or approximately 10% of assets under management. We have also committed drawdown capital in Tranche 5B that represents approximately another 4% of assets under management. We believe our current cash position and ability to draw capital under the terms of Tranche 5B positions us well to invest into market dislocations, either to add to existing core investments or invest in new opportunities.

### ***Commentary and Featured Investment: Seagate Technology PLC***

Twelve years ago, in late 2004, something unusual happened. The CEO of a public company called ValueAct Capital directly and asked for help. TriZetto Group, Inc. ("TriZetto"), which makes software for health insurers, had a problem. Its largest shareholder, IMS Health Inc., was about to sell its ownership, around 25% of the outstanding shares, to one of TriZetto's competitors. TriZetto had a right of first refusal on the transaction but didn't have enough capital to buy the block of shares. To solve this issue, they wanted ValueAct Capital to help purchase the equity stake and become an anchor shareholder.

What was even more unusual about the situation was that we had never met anyone from TriZetto's management team or board of directors. Rather, their team had watched our investment in Per-Se Technologies Inc., where we helped the company navigate through a difficult operational turnaround and successful growth phase. TriZetto wanted ValueAct Capital's involvement as they worked through a turnaround of their own. We worked through the Thanksgiving week and signed a deal in the first week of December 2004, buying 16% of the outstanding shares through a block trade, with the company buying back the balance of the block. Two years later, TriZetto was sold to private equity, giving shareholders more than two times their money and ValueAct Capital a 77% IRR from the date of our investment.

With a few exceptions, the TriZetto deal proved to be an outlier. For the following decade, we continued to "invite ourselves to the party" at many of our portfolio companies, asking for board seats rather than being offered them. In each case, our relationships with management teams and board colleagues, history of constructive and successful engagement with companies, and support base among institutional investors carried the day. But it was never easy. The initial orientation of most companies and their advisers was to resist shareholder directors in general—and us specifically—not embrace them.

The times may be changing. This summer, Seagate's CEO, Steve Luczo, approached ValueAct Capital about buying a block of shares from one of its large strategic shareholders. In early September, we acquired a 4% ownership position in the company. A copy of the press release announcing this investment is attached at the bottom of this letter.

Seagate is a leader in the research, development, and manufacturing of hard disk drives ("HDD"). Historically a volatile and fragmented space, in recent years the HDD market has consolidated down to two players who earn virtually all of the industry's profit dollars. Barriers to entry are high, primarily due to the complexity of continued technological innovation and the large scale in which manufacturers are required to operate. Seagate has been the industry's technology leader for over thirty years and its strong portfolio of intellectual property gives us confidence that they can maintain and/or steadily gain market share for years to come.

Like all technology companies, Seagate is navigating the once-in-a-generation platform shift from client to cloud computing. Its customer base is thus migrating from traditional client PC suppliers, like Lenovo Group Ltd and Dell Inc., toward enterprise customers that enable the public and private cloud, including Amazon Web Services, Google Cloud Services, Microsoft Azure, and HP Enterprise. Exacerbating issues presented by the end-market transition has been the emergence of solid-state storage technologies as a potential substitute to HDDs, disrupting certain segments of the market that demand high performance and fast output.

As we have witnessed in many other similar cases, the cloud transition has not been frictionless. Sharp declines in demand from PC markets have been painful for Seagate in recent years, contributing to meaningful earnings volatility as the company struggled to predict orders and size their manufacturing base appropriately.

Consistent with what one might expect after reading our "tale of two markets" observation, the market has not reacted kindly to the uncertainty created by the transition to the cloud and the risk of substitution to

solid-state technologies. At our entry price, Seagate is down over 50% from its highs in 2015, and trading at a valuation level greater than 15% cash-on-cash. We believe this discount to the broader market is unwarranted. While the cloud transition is still ongoing, we believe it is in its later innings. For instance, sales outside traditional PC markets now represent the vast majority of profits, and demand for high-capacity enterprise products, now the company's single largest product Stock Keeping Unit (SKU), remains robust.

These complicated strategic environments, without easy answers or quick wins, are well-suited for our long-term, fact-based and collaborative problem-solving approach. We believe this is a unique opportunity to invest and importantly serve as a value-added partner to the management team and board of directors as they work through several strategic challenges.

Unlike our introduction to TriZetto, we knew the business and management team at Seagate well. Mason had served on the Microsoft board of directors with Seagate's CEO, Steve Luczo, in 2014 and Kelly had served on the Adobe board of directors with Mike Cannon, one of the Seagate directors, from 2012 to 2016. We have researched Seagate and the disk drive industry for years, and made small farm team investments in 2014 and 2015. All of these experiences informed Seagate's desire for ValueAct Capital as a shareholder. As a condition of our investment, ValueAct Capital received observation rights to attend Seagate's board meetings. Dylan Haggart, one of our Vice Presidents, who has led the due diligence work on Seagate over the past three years, will serve as our observer. Dylan is a talented business analyst and we believe his participation will be additive to the Seagate team and our knowledge base.

While it is too early to call this a trend, Seagate's interest in ValueAct Capital as a partner was not an isolated incident this quarter. Another company, whose CEO had similar direct relationships with one of our investment partners, found it had a similar need to match a buyer to a large investor seeking liquidity. As of the date of this letter, we have not chosen to make this investment, but it remains a possibility for the future.

In situations where we may decide to pursue a board seat, we still expect to have to earn the trust and respect of our portfolio companies the hard way, through good ideas that create sustainable value and dedicated hard work over multiple years. To this point, we have also included a press release from MSCI announcing Rob Hale's resignation from its board of directors, which provides a nice bookend to a four-year investment in the company. As we have described in previous letters, Rob joined the MSCI board in 2015 after a process that was less than smooth, and only reached its conclusion after a public letter from ValueAct Capital and broad-based shareholder support for our involvement.

Crucially, our management relationship was bruised but not broken and with all credit to MSCI Chairman and CEO, Henry Fernandez, and his team, these bruises healed quickly. We worked closely with a talented group of executives who taught us a great deal about the business and seriously took the input in fact-based discussions of long-term strategy from the new MSCI directors, including Rob and two friends of ValueAct Capital, Wayne Edmunds and Wendy Lane. Over time, the relationship developed into one of partnership, with our team working side by side with MSCI on financial analysis and disclosure, a CFO search and compensation, among other initiatives.

Many observers speculated that ValueAct Capital was attempting to break up the company, a clichéd strategy for shorter-term investors seeking to improve returns. In reality, we were not focused on a split, but on better financial disclosure to highlight the gem index franchise, operational improvement, talent development, and value oriented capital allocation and incentive policies. These improvements may seem mundane to the outside world, but they are our stock-in-trade. We take pride in contributing to this work, which we believe is enduring and leaves all stakeholders with a better company.

#### *Administrative Update*

We are pleased to welcome a new member to ValueAct Capital's team, Jason Breeding, as Deputy General Counsel. Prior to joining ValueAct Capital, Jason was the Chief Compliance Officer and Deputy General Counsel at Marcato Capital Management, L.P. Before Marcato, Jason spent four years as Senior Counsel, Division of Enforcement – Market Abuse Special Unit, for the SEC. Prior to that, he was an Associate at Skadden, Arps, Slate, Meagher & Flom LLP where he specialized in litigation. Interestingly, we have recently learned that Jason is an avid comic book fan and is eagerly anticipating his chance to give Jeff his thoughts on the most recent X-Men: Apocalypse movie produced by Fox. Jason brings a wealth of complementary skills to our Legal and Compliance Department and we feel very fortunate to have him on our team.

As in years past, for investors in ValueAct Capital's onshore feeder funds, we will distribute tax estimates through October 31<sup>st</sup> via our investor reporting website, Intralinks, in early December. An email notification will be sent once the tax estimates become available. In addition, for onshore investors that are invested through one of our offshore feeder funds, we will have PFIC estimates through October 31<sup>st</sup> available upon request beginning in early December.

Lastly, we announced in our last letter that we will be hosting the **2017 ValueAct Capital Investor Conference on May 25, 2017** at the St. Regis Hotel in San Francisco. Please reserve the date on your calendar and we will be in touch with more information as the date approaches.

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On behalf of the twelve partners at VALUEACT CAPITAL, we remain respectful of the confidence that you have demonstrated in us with your investment. We will continue to work diligently on your behalf, and look forward to keeping you apprised of the fund's progress.

**VALUEACT CAPITAL**

<sup>1</sup> **Performance Disclaimers**

Performance figures from the inception date of October 20, 2000 through September 30, 2004 are calculated based on ValueAct Capital Partners, L.P., a predecessor to ValueAct Capital Master Fund, L.P. (the "Master Fund"). ValueAct Capital Partners, L.P. was part of a conversion to a master-feeder structure on October 1, 2004. Beginning October 1, 2004, all investment activity was conducted by the Master Fund, which has four feeder funds (each a "Feeder Fund" and, collectively, the "Feeder Funds"), and therefore performance figures from October 1, 2004 to date are calculated based on the actual, net performance of the Master Fund.

Returns for the Master Fund include the reinvestment of all dividends, interest, and capital gains. Performance returns are presented on a net-of-fees basis reflecting the deduction of, among other things, management fees, brokerage commissions, administrative expenses and performance fees (if any). Net of fee returns are calculated using actual management fees (ranging from 0-2%) and performance allocations (ranging from 0-20%, subject to a 0%, 6%, or 8% preferred return) actually earned by the Investment Manager in accordance with the terms of the limited partnership agreements of the feeder funds in effect during all relevant periods. Certain fee structures included in the Master Fund's historical returns may no longer be available to new investors. Performance since inception includes the impact of side pocket investments. Limits on the amount of side pocket investments, as well as the ability to opt out of such investments, has varied over time. Performance since inception includes the impact of any "new issues", as such term is defined under Rules 5130 and 5131 of FINRA. Performance data for the Master Fund is unaudited.

The performance of the Master Fund is being provided to you for informational and discussion purposes only. All ValueAct Capital limited partners invest in the Master Fund through one or more of the following feeder funds: ValueAct Capital Partners, L.P., ValueAct Capital Partners II, L.P., ValueAct Capital International I, L.P., and ValueAct Capital International II, L.P. (each a "Feeder Fund" and, collectively, with the Master Fund, the "Legacy Funds"). Actual returns are specific to each investor investing through a Feeder Fund and the returns provided herein are not intended to be reflective of the potential or actual returns achieved by each investor. Each Feeder Fund was established at different times and has varying subsets of investors who may have had different fee structures than those currently being offered. As a result of differing fee structures, the level of participation in side pocket investments, differing tax impact on onshore and offshore investors and Feeder Funds, the timing of subscriptions and redemptions, the impact of assets included in the Master Fund for which no fees are charged (as set forth below), and other factors, the actual performance experienced by an investor may differ materially from the performance reported above.

Performance Figures from inception to date include amounts associated with the individual partners of ValueAct Holdings, L.P., the managing member of the General Partner (VA Partners I, LLC, and its predecessor, VA Partners, LLC), including affiliates and family members of such persons, none of whom pay fees. Therefore, the performance listed above is higher than it would be if such assets were excluded from the calculation of the net performance returns for the Master Fund. **No investor will have the same net performance as stated above and, due to the factors listed in the previous sentence, any performance net of fees and expenses will likely be lower.** Past performance is no guarantee of future performance and the possibility of loss exists. Existing investors must refer to the "Statement of Changes in Partners Capital" sheet for their specific performance net of all fees and expenses.

Beginning June 30, 2013 ValueAct Capital replaced the use of the Russell 2000 index with the MSCI World index as a comparative benchmark tool for investor reporting. This determination was made as a result of ValueAct Capital's shift towards investments in companies with larger market capitalizations as well as the global nature of those companies. Therefore, performance comparisons since inception have been recalculated using the MSCI World Index.

Information about indices is provided to allow for comparison of the performance presented to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index, which also does not take into account trading commissions and other fees and expenses ultimately borne by Feeder Fund investors. Index returns are gross of fees and expenses. The volatility of indices may be materially different from the performance of the funds described above and the securities purchased (by ValueAct Capital Partners, L.P. and then the Master Fund) differ significantly from the securities that comprise the indices. The S&P 500 Index is an unmanaged capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The S&P 500 rate of return reflects its percentage increase (or decrease) for each period, as adjusted to reflect reinvestment of dividends. Source: Bloomberg. The MSCI World Index is an unmanaged free float market capitalization-weighted index that consists of over 1,200 securities traded in 24 or the world's most developed countries. Securities are listed on exchanges in the US, UK, Europe, Canada, Australia, New Zealand, Israel, Hong Kong, Singapore and Japan. The index is calculated with net dividends reinvested, in US dollars. ValueAct Capital's portfolio of securities is highly concentrated and comprises a majority of US securities. Therefore, ValueAct Capital does not believe that any broad market index is useful as a performance benchmark.

#### **General Disclaimer**

This report (the "Report") is being provided to you for informational and discussion purposes and is intended to help you understand ValueAct Capital's investment process. This Report is not intended for public use or distribution. The information contained herein is strictly confidential and may not be reproduced or used in whole or in part for any other purpose.

This Report may contain a discussion of the performance returns of selected portfolio holdings. The determination of which portfolio holdings are highlighted in any quarterly report is based on a number of factors, including information contained in past quarterly reports, timeliness of information, and events that ValueAct Capital has determined, in its discretion, would be of note to existing investors. Quarterly reports do not purport to contain a complete listing or description of all past or present portfolio holdings. For a complete list of all of ValueAct Capital's investments in the past 12 months, please contact the Investor Relations Department at [investorrelations@valueact.com](mailto:investorrelations@valueact.com).

In considering any performance data contained in this Report, you should bear in mind that past or targeted performance is not indicative of future results and there can be no assurance that any Feeder Fund or the Master Fund will achieve comparable results, that target returns will be met, or that the Feeder Funds or the Master Fund will not sustain material losses. Nothing in this Report should be deemed to be a prediction or projection of future performance of the Legacy Fund.

While the information in this Report is believed to be accurate and reliable, the general partner of the Legacy Funds, its affiliates, advisors and employees make no express warranty as to its completeness or accuracy. None of the general partner, its affiliates (including the investment adviser to the Legacy funds), their employees, or the Legacy Funds undertakes to update the accuracy of this Report. Any projections, market outlooks, or estimates in the Report are forward looking statements and are based upon certain assumptions. Other events which were not taken into account may occur and may significantly affect the performance of the Legacy Funds. Any projections, outlooks, and assumptions should not be construed to be indicative of the actual events which will occur.

The information contained in the quarterly reports is based on matters as they existed as of the date of preparation of such reports and not as of date of distribution or any future date, and have not been and will not be updated or otherwise revised to reflect information that subsequently became available, circumstances existing, or changes occurring after the date thereof. Please further note that a private offering of interests in any Feeder Fund will only be made pursuant to a confidential offering memorandum and any information contained in quarterly reports will be superseded by and is qualified in its entirety by reference to the offering memorandum, which contains additional information about the investment objectives and the terms and conditions of an investment in a Feeder Fund and also contains tax information and risk disclosures that are important to any investment decision regarding that Feeder Fund.

**This Report does not constitute an offer to sell or a solicitation of an offer to purchase an interest in any Feeder Fund. You should not consider the contents of this Report as financial or other advice.**

### **Use of Projections**

*This investment summary contains estimates and projections, as well as certain forward-looking statements, some of which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “anticipate,” “expect,” “project,” “intend,” “believe,” or variations thereon or comparable terminology (collectively, the “Projections”).*

*Projections are inherently unreliable as they are based on estimates and assumptions about exit and valuation multiples, and events and conditions that have not yet occurred, any and all of which may prove to be incorrect. Accordingly, the Projections are subject to uncertainties and changes (including changes in market valuation multiples, earnings assumptions, economic, operational, political or other circumstances or the management of the particular portfolio company), all of which are beyond the Legacy Fund’s or ValueAct Capital Management, L.P.’s (the “Manager”) control and that may cause the relevant actual results to be materially different from the results expressed or implied by the Projections. Industry experts may disagree with the Projections or the Manager’s or the management’s own view of a portfolio company. No assurance, representation or warranty is made by any person that any of the Projections will be achieved, that any portfolio company will be able to avoid losses or that any company will be able to implement its intended activities. Neither Manager nor any of its directors, officers, employees, partners, shareholders, affiliates, advisers and agents makes any assurance, representation or warranty as to the accuracy or reasonableness of the Projections nor have any of them independently verified the Projections.*

*Numerical projections for privately held portfolio companies are based primarily on estimates provided by the management of such underlying portfolio companies. We have not had an opportunity to analyze, verify or challenge the assumptions on which these Projections are based. In some instances, the projections have been adjusted by the Manager to reflect a more conservative outlook than the underlying portfolio company.*

*Because the Projections are presented on an individual company-by-company basis, the earnings multiples, implied share price, and other figures do not reflect either (a) the effect of all fees and expenses on the profits to which an investor may ultimately be entitled and (b) the effect of aggregation of profits and losses across the entire Master Fund portfolio. As a result, the returns experienced by a Feeder Fund investor may be much lower than the Projections set forth in this investment summary.*

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Sep 09, 2016



# Seagate Technology Executes Secondary Block Trade Transaction With ValueAct Capital



**CUPERTINO, Calif.** — Seagate Technology plc (NASDAQ:STX), a world leader in storage solutions, today announced a secondary block trade transaction of approximately 12.5 million ordinary and existing shares. Participating in this transaction are ValueAct Capital and Seagate Technology, as a result of which ValueAct Capital will become one of Seagate's largest shareholders with approximately 9.5 million ordinary shares upon transaction closing. In connection with the transaction, ValueAct has been invited to serve as an observer on Seagate's Board of Directors. The transaction is conditioned on customary regulatory approval which is expected by the end of September.

"We are very pleased to have ValueAct Capital as one of our largest investors. Seagate approached ValueAct to execute this transaction and become an investor in our company, given their commitment to and success in creating long-term value for the companies in which they invest. The Seagate Board and management team are looking forward to engaging with the ValueAct team as we leverage their experience and resources to further strengthen the company and create long-term investment appreciation for Seagate shareholders," said Steve Luczo, Seagate's chairman and chief executive officer.

"Seagate has a strong storage technology portfolio and is well positioned to benefit from attractive long-term secular trends," said Mason Morfit, ValueAct Capital's president. "We are very excited about the opportunity to work with the Seagate team, at both the Board and management level, to help increase long-term value for all shareholders."

## About Seagate

Seagate creates space for the human experience by innovating how data is stored, shared and used. Learn more at [www.seagate.com](http://www.seagate.com). Follow Seagate on [Twitter](#), [Facebook](#), [LinkedIn](#), [Spiceworks](#), [YouTube](#) and subscribe to our [blog](#).

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September 27, 2016

## MSCI Announces Resignation of Board Member

NEW YORK--(BUSINESS WIRE)-- MSCI Inc. (NYSE:MSCI), a leading provider of portfolio construction and risk management tools and services for global investors, today announced that D. Robert Hale, Partner of ValueAct Capital, has resigned as a member of the Board of Directors of MSCI, effective immediately. Mr. Hale was appointed to the Board on March 10, 2015 and was a member of the Audit Committee.

"On behalf of the Board, the MSCI management team and our shareholders, I would like to thank Rob for his service on our Board of Directors," commented Henry A. Fernandez, Chairman and CEO of MSCI. "MSCI has had a strong relationship with Rob and ValueAct Capital since the firm first became a shareholder in 2012, and their counsel and insights have been invaluable to the Company as we have transformed MSCI. During this time, we have executed on our growth strategy, implemented segment reporting and established long-term targets for our segments and the Company. We have also refined our capital allocation policy, returning approximately \$2 billion in capital to investors through share repurchases and dividends and establishing new guidelines for gross leverage. And lastly, we have implemented new compensation programs designed to drive deeper alignment between compensation and long-term performance for the benefit of our shareholders. All of these initiatives have well-positioned MSCI to continue to grow and deliver shareholder value in the quarters and years ahead."

"I am grateful to Henry and the entire Board and management team of MSCI for embracing me and the ValueAct Capital team as partners, and working together tirelessly on strategies to enhance long-term value for all stakeholders," stated Robert Hale, Partner of ValueAct Capital. "Now that we have reached the end of our four-year investment in MSCI, our team is also grateful that it has been highly successful for our investors and a rich learning experience for our firm. We are confident that the enduring governance, leadership, strategy and operational frameworks in place will position MSCI to deliver valuable insights and tools to its clients, and build value for MSCI stakeholders for years to come."

### About MSCI

For more than 40 years, MSCI's research-based indexes and analytics have helped the world's leading investors build and manage better portfolios. Clients rely on our offerings for deeper insights into the drivers of performance and risk in their portfolios, broad asset class coverage and innovative research.

Our line of products and services includes indexes, analytical models, data, real estate benchmarks and ESG research.

MSCI serves 97 of the top 100 largest money managers, according to the most recent P&I ranking.

For more information, visit us at [www.msci.com](http://www.msci.com). MSCI#IR

### Forward-Looking Statements

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

Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in MSCI's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed with the Securities and Exchange Commission ("SEC") on February 26, 2016 and in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC. If any of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what MSCI projected. Any forward-looking statement in this press release reflects MSCI's current views with respect to future events and is subject to these and other risks, uncertainties and

assumptions relating to MSCI's operations, results of operations, growth strategy and liquidity. MSCI assumes no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise, except as required by law.

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