Registration No 4759928

Registered Office

Ninth Floor, Ten Bishops Square,
London E1 6EG, United Kingdom

RESEARCH, RECOMMENDATIONS AND ELECTRONIC VOTING LIMITED

Report and Accounts

31 December 2012

RESEARCH, RECOMMENDATIONS AND ELECTRONIC VOTING LIMITED

RESEARCH, RECOMMENDATIONS AND ELECTRONIC VOTING LIMITED

DIRECTORS' REPORT

The Directors present their report and accounts for Research, Recommendations and Electronic Voting Limited (the "Company") for the year ended 31 December 2012

RESULTS AND DIVIDENDS

The profit for the year, after tax, was £690,000 (2011 £1,216,000)

No dividends were declared or paid during the year The Directors do not recommend the payment of a final dividend for the financial year ended 31 December 2012

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is the provision of Corporate Governance research services The Company serves the corporate governance needs of institutional investors based primarily in the United Kingdom, the Company offering a wide menu of corporate governance research services designed specifically to meet the needs of investment managers and pension funds The Company is based in London

The Company has no direct employees but is charged at cost value by ISS Europe Limited, a fellow Group undertaking, for the work performed by certain employees of ISS Europe Limited which is attributable to UK corporate governance research This recharge includes a share of salary costs and other overhead costs related to those employees

The Profit and Loss Account is set out on page 6 The Company has recorded a profit for the year, after tax, of £690,000 There has been a 6 per cent decrease in net revenue as a result of certain client contracts being taken on and serviced by ISS Europe Limited Administrative expenses have increased by 14 per cent in 2012 compared to the prior year, driven by higher intercompany cost allocations and transfer pricing charges

The balance sheet is set out on page 7 and shows the net assets of the Company were £5,734,000 (2011 £5,044,000) On 15 November 2012, the Company entered into a long-term loan agreement with MSCI UK Holdings Limited, a fellow Group undertaking, whereby the Company agreed to grant to MSCI UK Holdings Limited an interest-bearing loan of £4,500,000 with a maturity date of 29 November 2022 The loan was granted in anticipation of the acquisition of IPD Group by MSCI Limited, a fellow Group undertaking incorporated in the United Kingdom

Both the level of business during the year and the financial position at the end of the year were satisfactory No significant change in the Company's principal business activity is expected

The performance of the Company is included in the results of the MSCI Inc Group (the "Group") which are discussed in the Group's Annual Report on Form 10-K to the United States Securities and Exchange Commission The Group manages its key performance indicators on a global basis For this reason, the Company's Directors believe that providing performance indicators for the Company itself would not enhance an understanding of the development, performance or position of the business of the Company

Financial risk management objectives and policies

Risk is an inherent part of the Company's business activity and is managed within the context of the broader Group's business activities The Group seeks to identify, assess, monitor and manage each of the various types of risk involved in its activities, in accordance with defined policies and procedures

Credit risk

Credit risk refers to the risk of loss arising from borrower or counterparty default when a borrower, counterparty or obligor is unable to meet its financial obligations

The Group manages credit risk exposure in consideration of each individual legal entity, but on a global basis, by ensuring transparency of material credit risks, ensuring compliance with established limits, approving material extensions of credit, and escalating risk concentrations to appropriate senior management

RESEARCH, RECOMMENDATIONS AND ELECTRONIC VOTING LIMITED

DIRECTORS' REPORT (CONTINUED)

Liquidity and cash flow risk

The Group's senior management establishes the overall liquidity and capital policies of the Group The Group's liquidity and funding risk management policies are designed to mitigate the potential risk that the Group and the Company may be unable to access adequate financing to service its financial obligations when they fall due without material, adverse franchise or business impact The key objectives of the liquidity and funding risk management framework are to support the successful execution of the Group's and the Company's business strategies while ensuring ongoing and sufficient liquidity through the business cycle and during periods of financial distress

Going concern

At 31 December 2012 the Company has £2,533,000 in cash and net current assets of £1,212,000 The Directors believe that the Company operates with satisfactory cash flow and has little exposure to credit, liquidity or other financial risk As a result, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements

DIRECTORS

The following Directors held office except as noted, during the year

J M Procter (resigned 15 November 2012)
F W Bogdan (resigned 15 November 2012)
L J Gamble
J C Pawliczek (appointed 15 November 2012)
AK Eadie (appointed 15 November 2012)

EMPLOYEES

As noted above, the Company has no direct employees but receives services from employees of ISS Europe Limited

Both the Company and the Group place considerable value on the investment in their employees and have continued their practice of keeping employees informed on matters affecting them Employees are encouraged to present their suggestions and views on the Group's performance to management and employees participate directly in the success of the business through both the Company's and the Group's various compensation incentive plans

Every effort is also made to ensure that disabled applicants, or those existing employees that are disabled or may have become disabled, are treated as fairly as possible on terms comparable with those of other employees Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the Company made no political or charitable contributions (2011 £nil)

POST BALANCE SHEET EVENTS

No significant post balance sheet events have taken place

RESEARCH, RECOMMENDATIONS AND ELECTRONIC VOTING LIMITED

DIRECTORS' REPORT (CONTINUED)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to continue in office as auditor of the Company and under Sections 485 to 488 of the CA 2006 will be deemed to be reappointed

By order of the Board on 22 August 2013

LINDA GAMBLE

Director

RESEARCH, RECOMMENDATIONS AND ELECTRONIC VOTING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RESEARCH, RECOMMENDATIONS AND ELECTRONIC VOTING LIMITED

We have audited the financial statements of Research, Recommendations and Electronic Voting Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Alan Chaudhuri

Alan Chaudhuri (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
22 August 2013

RESEARCH, RECOMMENDATIONS AND ELECTRONIC VOTING LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
NET REVENUE	2	4,308	4,588
Administrative expenses		(3,341)	(2,939)
OPERATING PROFIT	3	967	1,649
Interest receivable and similar income	6	24	5
Interest payable and similar charges	7	(78)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		913	1,654
Tax charge on profit on ordinary activities	8	(223)	(438)
PROFIT FOR THE FINANCIAL YEAR	13	690	1,216

All operations were continuing in the current and prior year

There were no recognised gains or losses for 2012 or 2011 other than those included in the profit and loss account

A reconciliation of the movement in shareholders' funds has been prepared in note 13 to the accounts

The notes on pages 8-14 form an integral part of the accounts

RESEARCH, RECOMMENDATIONS AND ELECTRONIC VOTING LIMITED
Registration No. 4759928

BALANCE SHEET
31 December 2012

	Notes	2012 £'000	2011 £'000
CURRENT ASSETS			
Debtors	9	676	1,130
Cash at bank		2,533	5,990
		3,209	7,120
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Other creditors	10	(1,997)	(2,076)
NET CURRENT ASSETS		1,212	5,044
NON-CURRENT ASSETS			
Debtors – amounts receivable after more than one year	11	4,522	-
TOTAL ASSETS LESS CURRENT LIABILITIES		5,734	5,044
CAPITAL AND RESERVES			
Called up share capital	12,13	10	10
Profit and loss account	13	5,724	5,034
SHAREHOLDERS' FUNDS		5,734	5,044

The notes on pages 8-14 form an integral part of the accounts

These accounts were approved by the Board and authorised for issue on 22 August 2013

Signed on behalf of the Board

LINDA GAMBLE

Director

RESEARCH, RECOMMENDATIONS AND ELECTRONIC VOTING LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2012

1. ACCOUNTING POLICIES

a) Accounting convention

The accounts are prepared under the historical cost convention, and in accordance with applicable United Kingdom company law and accounting standards

b) Functional currency

The accounts are prepared in Pounds sterling, the currency of the primary economic environment in which the Company operates

All currency amounts in the Directors' Report, the Accounts and the Notes to the Accounts are rounded to the nearest thousand Pounds sterling

c) Foreign currencies

All monetary assets and liabilities denominated in currencies other than Pounds sterling are translated into Pounds sterling at the rates ruling at the balance sheet date Transactions in currencies other than Pounds sterling are recorded at the rates ruling at the dates of the transactions Translation differences are taken through the profit and loss account

d) Offsetting of financial assets and financial liabilities

Where there is a legally enforceable right to set off the recognised amounts and an intention to settle on a net basis or to realise the asset and the liability simultaneously, financial assets and financial liabilities are offset and the net amount is presented on the balance sheet All other amounts are presented on a gross basis

e) Taxation

UK corporation tax is provided at amounts expected to be paid / recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date

Full provision has been made for deferred tax assets and liabilities arising from timing differences Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

f) Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term Rentals receivable under operating leases are credited to the profit and loss account on a straight line basis over the lease term Lease incentives are allocated on a straight line basis over the shorter of the lease term and a period ending on a date from which it is expected the market rent will be payable

g) Cash flow statement

The Company's ultimate parent undertaking produces a cash flow statement Accordingly, the Company, which is a wholly owned subsidiary, has elected to avail itself of the exemption provided in FRS 1 (Revised 1996) *Cash Flow Statements* and not present a cash flow statement

h) Segmental reporting

The Company has only one class of business as described in the Directors' Report and operates in one geographic market, Europe

NOTES TO THE ACCOUNTS
Year ended 31 December 2012

ACCOUNTING POLICIES (CONTINUED)

i) Going concern

At 31 December 2012 the Company has £2,533,000 in cash (2011 £5,990,000) and net current assets of £1,212,000 (2011 £5,044,000) The decrease in net current assets is the result of the granting of a long-term loan of £4,500,000 to MSCI UK Holdings Limited, a fellow Group undertaking The Company earns all of its revenue through the provision of corporate governance services to customers located primarily in the United Kingdom The majority of the Company's expenses relate to recharges of personnel and other operating costs from ISS Europe Limited, a fellow Group undertaking The Directors believe that the Company operates with satisfactory cash flow and has little exposure to credit, liquidity or other financial risk As a result, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements

j) Interest receivable and interest payable

Interest receivable and interest payable arises from cash and intercompany balances and financing activities Interest is recognised in the profit and loss account on an accrual basis using the effective interest method

2. NET REVENUE

Net revenue represents revenues earned for corporate governance and proxy voting services provided to the Company's customers The whole of the turnover is attributable to the provision of corporate governance services

A geographical analysis of turnover is as follows

	2012 £'000	2011 £'000
United Kingdom	3,959	4,361
Rest of World	349	227
	4,308	4,588

3. OPERATING PROFIT

	2012 £'000	2011 £'000
Operating profit is stated after charging		
Restructuring expenses	-	(45)
Auditor's remuneration - audit fees	(9)	(9)

During 2010, Group management approved, committed to and initiated a plan to restructure operations due to the acquisition of RiskMetrics in order to eliminate overlapping positions, eliminate duplicative office space costs, terminate overlapping vendor contracts and discontinue the planned integration of a product into RiskMetrics' standard product offering suite

Costs relating to this restructuring plan are recorded as restructuring expenses in the Company's Profit and Loss Account as they are recognised and are disclosed above The Company has recognised no restructuring expenses in connection with the restructuring plan during the current year (2011 £45,000) All restructuring expenses are disclosed within Administrative expenses in the Company's Profit and Loss Account

4. STAFF COSTS

The Company does not employ directly any employees ISS Europe Limited, a fellow Group undertaking, recharged personnel costs to the Company amounting to £1,381,000 (2011 £1,292,000) in respect of work performed by employees of ISS Europe Limited on behalf of the Company

Remuneration received by Directors in respect of their services to the Company amounts to £14,000 (2011 £11,000) and is disclosed in note 5 below

5. DIRECTORS' EMOLUMENTS

	2012 £'000	2011 £'000
Total emoluments of all Directors :		
Aggregate emoluments	14	11
Company contributions to pension schemes	1	1
Disclosures in respect of the highest paid Director:		
Aggregate emoluments	7	6
Company pension contributions to money purchase schemes	1	-

Directors' emoluments have been calculated as the sum of cash, accrued bonuses, and benefits in kind

All Directors who are employees of the Group are eligible for shares and share options of the parent undertaking, MSCI Inc , awarded under the Group's equity-based long-term incentive schemes

There are three Directors to whom retirement benefits are accruing under a money purchase scheme (2011 nil)

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £'000	2011 £'000
Interest receivable from fellow Group undertakings	22	-
Other interest receivable	2	3
Other foreign exchange gains, net	-	2
	24	5

Interest receivable from fellow Group undertakings represents accrued interest on the long-term loan of £4,500,000 granted to MSCI UK Holdings Limited in November 2012 Other interest receivable represents interest received on cash balances deposited with external financial institutions

Foreign exchange gains are generated through the revaluation of monetary assets and liabilities into the functional currency of the Company

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £'000	2011 £'000
Other foreign exchange losses, net	78	-
	78	-

Foreign exchange losses are generated through the revaluation of monetary assets and liabilities into the functional currency of the Company The Company recorded foreign exchange losses in 2012 primarily as a result of the revaluation of US Dollar and Euro denominated balances into the Company's functional currency

8. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2012 £'000	2011 £'000
UK corporation tax at 24 5% (2011 26 5%)		
- Current year	223	438
- Prior year	-	-
Total current tax	223	438
Tax charge on profit on ordinary activities	223	438

Factors affecting the tax charge for the year

The current tax charge is equivalent to (2011 lower than) that resulting from applying the standard UK corporation tax of 24 5% (2011 26 5%) The main differences are explained below

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	913	1,654
Profit on ordinary activities multiplied by the standard rate of UK corporation tax in the UK of 24 5% (2011 26 5%)	223	438
Current tax charge for the year	223	438

8. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The headline rate of UK corporation tax reduced to 24% from 26% on 1 April 2012, and is legislated to reduce to 23% from 1 April 2013 As this reduction was enacted on 17 July 2012, the deferred tax balances at 31 December 2012 have been stated at 23%

Further reductions in the rate of UK corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015 were included in the 2013 Finance Bill which was enacted on 17 July 2013

9. DEBTORS

	2012 £'000	2011 £'000
Trade debtors	568	909
Corporation tax receivable	-	218
VAT and other taxes	105	-
Prepayments and accrued income	3	3
	676	1,130

10. OTHER CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Amounts owing to Group undertakings	391	550
Corporation tax payable	110	-
Other taxes and social security costs	346	298
Accruals and deferred income	1,150	1,228
	1,997	2,076

11. DEBTORS: AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR

	2012 £'000	2011 £'000
Amounts owing by Group undertakings	4,522	-

On 15 November 2012, the Company entered into a long-term loan agreement with MSCI UK Holdings Limited, a fellow Group undertaking, whereby the Company granted MSCI UK Holdings Limited an interest-bearing loan of £4,500,000 with a maturity date of 29 November 2022 The loan bears interest at the rate of 5 62% per annum with interest of £22,000 accrued at the balance sheet date The Company does not expect the loan principal or the interest, or any part of either, to be repaid within the next year and both amounts are therefore disclosed within amounts receivable after more than one year

12. CALLED UP SHARE CAPITAL

	2012 Number	2011 Number
Authorised:		
Equity shares		
10,000 "Ordinary" shares of £1 each (2011 Nil)	10,000	-
5,000 "A" shares of £1 each (2011 5,000)	-	5,000
5,000 "B" shares of £1 each (2011 5,000)	-	5,000
	10,000	10,000

	2012 £'000	2011 £'000
Allotted and fully paid:		
Equity shares		
10,000 "Ordinary" shares £1 each (2011 Nil)	10	-
5,000 "A" shares £1 each (2011 5,000)	-	5
5,000 "B" shares £1 each (2011 5,000)	-	5
	10	10

During the year the Company approved a resolution to re-designate the Class "A" shares and Class "B" shares as "Ordinary" shares in the capital of the Company, ranking pari passu in all respects

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2011	10	3,818	3,828
Profit for the year	-	1,216	1,216
At 31 December 2011	**10**	**5,034**	**5,044**
Profit for the year	-	690	690
At 31 December 2012	**10**	**5,724**	**5,734**

14. RELATED PARTY TRANSACTIONS

The Company ıs exempt from the requırement to dısclose transactıons wıth fellow Group undertakıngs under paragraph 3(c) of FRS 8 Related Party Dısclosures

15. PARENT UNDERTAKINGS

The ımmedıate parent undertakıng of the Company ıs Instıtutıonal Shareholder Servıces Inc , a company ıncorporated ın Delaware, the Unıted States of Amerıca.

The ultımate parent undertakıng of the Company ıs MSCI Inc , a company ıncorporated ın Delaware, the Unıted States of Amerıca Copıes of ıts accounts can be obtaıned from 7 World Trade Center, 250 Greenwıch Street, New York, New York 10007, Unıted States of Amerıca