

# MSCI<sup>®</sup> press release

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## MSCI TO ADJUST VENEZUELA EXCHANGE RATE

**Geneva, November 17, 2003.** MSCI announced today that on November 28, 2003 it will start adjusting the exchange rate used to calculate the MSCI Standard Venezuela Index. The rate will be derived from the relationship between the price of CANTV TELEFONOS DE VENEZUELA D (“CANTV”) in the local market and the price of its ADR listed in New York. MSCI believes this alternative exchange rate will be more representative of market realities.

The new exchange rate will be applied beginning on November 28, 2003 when both real-time index levels and closing index levels will be calculated using this new exchange rate. This change will address the distortion in the level of the MSCI Venezuela Index in USD created by the artificially high official fixed exchange rate that MSCI currently uses. Application of the new exchange rate will result in a drop in performance of the MSCI Venezuela Index and a reduction in the weight of MSCI Venezuela in the various MSCI composite and regional indices.

The exchange rate will be adjusted on a daily basis, using the implicit exchange rate derived from the local market to ADR price relationship for CANTV as per the previous day. Specifically, the formula that MSCI will use to derive the implicit exchange rate is as follows:

$$\text{Implicit FX} = (\text{Domestic Price} / \text{ADR Price}) * \text{ADR Conversion Factor}$$

For example, given that the ADR Conversion Factor for CANTV is equal to 7 shares per ADR and using prices as of Friday November 14, the implicit exchange rate for the calculation of the MSCI Venezuelan Index on Monday November 17 would be:  $(5,630 / 15.87 \times 7) = \text{Venezuelan Bolivar } 2,483 \text{ per USD}$ .

As a reminder, capital controls, including a fixed exchange regime, were established earlier this year in Venezuela. Since then the exchange rate has been set at a fixed level of Venezuelan Bolivar (VEB) 1,598 per USD. This official exchange rate is currently used in order to convert local prices to USD in the calculation of the MSCI Indices.

The ADR of CANTV listed in New York has been trading at a discount to the local price of CANTV, ranging between 35% and 41% in the last 2 months. CANTV currently represents approximately 72% of the MSCI Standard Venezuela Index. CANTV is the only Venezuelan security with an ADR that has sufficient liquidity in order to be used as a proxy.

MSCI will continue to monitor developments in Venezuela. Any further changes, if warranted, will be announced in due course.

For further information on MSCI indices or MSCI data, please visit our web site at [www.msci.com](http://www.msci.com).

## **MSCI** press release (continued)

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For further information on MSCI indices or MSCI data, please visit our web site at [www.msci.com](http://www.msci.com) or contact:

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