

MSCI[®] press release

MSCI TO REMOVE IN TWO PHASES THE LIMITED INVESTABILITY FACTOR (LIF) CURRENTLY APPLIED TO THE MSCI TAIWAN INDEX

Geneva, June 18, 2004. MSCI announced today that, having completed a consultation with investors worldwide, it has decided to remove the Limited Investability Factor (LIF) currently applied to the MSCI Taiwan Index. The change will be implemented in two separate phases. In the first phase, MSCI will increase the LIF from 0.55 to 0.75 as of the close of November 30, 2004; in the second phase, MSCI will increase the LIF from 0.75 to 1 as of the close of May 31, 2005.

MSCI's decision to remove the LIF currently applied to the MSCI Taiwan Index recognizes that significant developments have taken place to relax foreign investment restrictions in Taiwan over the past few years. While some investment constraints continue to exist, their impact is not significantly different from those existing in other emerging markets and as such do not justify continuing to maintain the LIF currently applied to the MSCI Taiwan Index. However, MSCI will continue to monitor developments in Taiwan and will also monitor market participants' experiences related to the implementation of the first phase of the LIF increase.

Publication of Provisional Indices

In order to assist market participants in understanding and preparing for these changes, MSCI will begin publishing on September 1, 2004, provisional indices based on the full removal of the LIF for the following composite indices: MSCI Emerging Markets (EM), MSCI AC Far East ex Japan, MSCI AC Asia Pacific ex Japan, and the MSCI Taiwan Index.

The provisional indices may be used by clients who wish to measure performance based on the full removal of the LIF ahead of MSCI's official implementation schedule.

Pro forma impact of the removal of the LIF on the MSCI Emerging Markets (EM) and MSCI All Country Far East ex Japan Indices

Tables 1 and 2 are provided for illustrative purposes only and show the pro-forma weights of various countries and regions in the MSCI Emerging Markets and MSCI All Country Far East ex Japan Indices, as of June 2, 2004, as a result of the LIF removal in two phases.

In addition, the two tables show the pro forma transition turnover in the MSCI Emerging Markets (EM) and MSCI All Country Far East ex Japan Indices that result from the two-phase removal of the LIF and the distribution of this turnover across the different constituent countries and regions.

Please note that the turnover data shown is specific to the current MSCI Emerging Markets (EM) and MSCI All Country Far East ex Japan Indices and is not indicative of the turnover in any other MSCI index.

TABLE 1: TAIWAN LIF IMPLEMENTATION IMPACT ANALYSIS ON MSCI EMERGING MARKETS (EM) INDEX IN 2 PHASES

	Current: Taiwan's LIF = 0.55		Phase 1: Taiwan's LIF = 0.75			Phase 2: Taiwan's LIF = 1.00		
	Index Mcap USD mm	Index Weight	Index Mcap USD mm	Index Weight	One-way Index Turnover	Index Mcap USD mm	Index Weight	One-way Index Turnover
KOREA	166,565	19.20%	166,565	19.07%	0.07%	166,565	18.13%	0.47%
SOUTH AFRICA	123,153	14.20%	93,858 ¹	10.74%	1.73%	93,858 ¹	10.21%	0.27%
TAIWAN	104,922	12.09%	140,228	16.05%	1.98%	185,584	20.20%	2.07%
CHINA	74,150	8.55%	74,150	8.49%	0.03%	74,150	8.07%	0.21%
BRAZIL	66,774	7.70%	66,774	7.64%	0.03%	66,774	7.27%	0.19%
MEXICO	53,774	6.20%	53,774	6.16%	0.02%	53,774	5.85%	0.15%
INDIA	44,358	5.11%	44,358	5.08%	0.02%	44,358	4.83%	0.13%
RUSSIA	38,550	4.44%	38,550	4.41%	0.02%	38,550	4.20%	0.11%
MALAYSIA	38,967	4.49%	38,967	4.46%	0.02%	38,967	4.24%	0.11%
ISRAEL	38,604	4.45%	38,604	4.42%	0.02%	38,604	4.20%	0.11%
THAILAND	23,621	2.72%	23,621	2.70%	0.01%	23,621	2.57%	0.07%
CHILE	15,378	1.77%	15,378	1.76%	0.01%	15,378	1.67%	0.04%
INDONESIA	14,095	1.62%	14,095	1.61%	0.01%	14,095	1.53%	0.04%
TURKEY	11,917	1.37%	11,917	1.36%	0.00%	11,917	1.30%	0.03%
POLAND	12,011	1.38%	12,011	1.38%	0.00%	12,011	1.31%	0.03%
HUNGARY	11,281	1.30%	11,281	1.29%	0.00%	11,281	1.23%	0.03%
ARGENTINA	4,434	0.51%	4,434	0.51%	0.00%	4,434	0.48%	0.01%
CZECH REPUBLIC	5,900	0.68%	5,900	0.68%	0.00%	5,900	0.64%	0.02%
PERU	4,472	0.52%	4,472	0.51%	0.00%	4,472	0.49%	0.01%
PHILIPPINES	4,534	0.52%	4,534	0.52%	0.00%	4,534	0.49%	0.01%
EGYPT	2,742	0.32%	2,742	0.31%	0.00%	2,742	0.30%	0.01%
MOROCCO	1,844	0.21%	1,844	0.21%	0.00%	1,844	0.20%	0.01%
PAKISTAN	1,661	0.19%	1,661	0.19%	0.00%	1,661	0.18%	0.00%
VENEZUELA	1,306	0.15%	1,306	0.15%	0.00%	1,306	0.14%	0.00%
JORDAN	1,285	0.15%	1,285	0.15%	0.00%	1,285	0.14%	0.00%
COLOMBIA	1,199	0.14%	1,199	0.14%	0.00%	1,199	0.13%	0.00%
EM	867,497		873,509		3.96%	918,865		4.14%

Note: Data as of the close of June 2, 2004

¹Excludes Anglo American which will be deleted from the MSCI South Africa Index and included in the MSCI United Kingdom Index effective as of the close of November 30, 2004 following its country reclassification as announced on May 11, 2004.

TABLE 2: TAIWAN LIF IMPLEMENTATION IMPACT ANALYSIS ON MSCI ALL COUNTRY FAR EAST ex JAPAN (AC FAR EAST ex JAPAN) INDEX IN 2 PHASES

	Current: Taiwan's LIF = 0.55		Phase 1: Taiwan's LIF = 0.75			Phase 2: Taiwan's LIF = 1.00		
	Index Mcap USD mm	Index Weight	Index Mcap USD mm	Index Weight	One-way Index Turnover	Index Mcap USD mm	Index Weight	One-way Index Turnover
KOREA	166,565	27.28%	166,565	25.79%	0.75%	166,565	24.10%	0.85%
HONG KONG	122,452	20.05%	122,452	18.96%	0.55%	122,452	17.71%	0.62%
TAIWAN	104,922	17.18%	140,228	21.71%	2.26%	185,584	26.85%	2.57%
CHINA	74,150	12.14%	74,150	11.48%	0.33%	74,150	10.73%	0.38%
SINGAPORE	61,310	10.04%	61,310	9.49%	0.27%	61,310	8.87%	0.31%
MALAYSIA	38,967	6.38%	38,967	6.03%	0.17%	38,967	5.64%	0.20%
THAILAND	23,621	3.87%	23,621	3.66%	0.11%	23,621	3.42%	0.12%
INDONESIA	14,095	2.31%	14,095	2.18%	0.06%	14,095	2.04%	0.07%
PHILIPPINES	4,534	0.74%	4,534	0.70%	0.02%	4,534	0.66%	0.02%
AC FAR EAST ex JAPAN	610,615		645,922		4.53%	691,278		5.14%

Note: Data as of the close of June 2, 2004

MSCI press release (continued)

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