

# MSCI<sup>®</sup> press release

## MSCI ANNOUNCES METHODOLOGY ENHANCEMENTS TO THE MORGAN STANLEY REIT INDEX (RMS)

**Princeton, January 11, 2005.** Following a consultation period with market participants, MSCI announced today the methodology enhancements it will make to the Morgan Stanley REIT Index (RMS). In addition, MSCI announced that the RMS Index rebalancing expected to take place as of the close of January 21, 2005 will be replaced by a Quarterly Index Review in February 2005. Therefore, there will be no rebalancing as of the close of January 21, 2005. Changes to the RMS Index resulting from the February 2005 Quarterly Index Review will be effective as of the close of February 28, 2005. Such changes will be announced and posted on MSCI's website at least ten days prior to their implementation. These changes will also be made available on AMEX's website prior to their implementation. Below is a summary of the methodology enhancements:

1. Free float-adjust the RMS Index constituents using the MSCI free float methodology in order to reflect the availability of shares from the perspective of US domestic investors. MSCI free float-adjusts the market capitalization of each security using an adjustment factor, referred to as the Domestic Inclusion Factor (DIF).
2. Apply to the RMS Index the same investibility screens that are used in the construction and maintenance of the MSCI US Equity Indices.
3. Apply to the RMS Index the same periodicity of index reviews and corporate events maintenance methodology as are applied to the MSCI US Equity Indices.
4. Include only REIT securities from the investable market segment of the MSCI US equity universe in the RMS Index. The type of REIT eligible for inclusion in the RMS Index remains unchanged.

In order to minimize the market impact of the enhancements, MSCI will implement the methodology changes in two separate phases. The first phase will take place during the February 2005 Quarterly Index Review and the second and final phase will take place during the May 2005 Semi-Annual Index Review.

During the February 2005 Quarterly Index Review, MSCI will update the number of shares and free float-adjust the market capitalization of all constituents in the RMS Index. Constituents with a DIF lower than 0.80 and an index weight of more than 0.2% as of December 31, 2004 will be assigned an interim DIF to reflect approximately half of the final free float adjustment. The full DIF adjustment will be implemented in the May 2005 Semi-Annual Index Review. All other constituents will transition to their final DIF reflecting their final free float-adjusted market capitalization during the February 2005 Quarterly Index Review. Additions to and deletions from the RMS Index, if any, will also take place during the May 2005 Semi-Annual Index Review.

More details about the RMS Index methodology will be made available on MSCI's and AMEX's websites no later than January 31, 2005. The MSCI US Equity Indices methodology book can be found on [www.msci.com](http://www.msci.com) under the "US Equity" section.

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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