MSCI Barra press release

MSCI Barra Announces Revised Proposal for the MSCI 10/40 Equity Indices Methodology

Geneva - July 15, 2005 - MSCI Barra, a leading provider of benchmark indices and risk management analytics products, announced today a revised proposal for the MSCI 10/40 Equity Indices methodology, following an initial consultation period with market participants. Below is a summary of the revised proposed methodology enhancements:

1. In order to reflect the new concept of group entities set forth in the UCITS III directive, MSCI proposes to analyze the financial accounts of companies holding stakes of 20% or more in other companies in order to determine whether these stakes should be considered as controlling stakes and, consequently, whether both companies should be considered as belonging to the same group entity. Under international accounting standards a parent company is required to consolidate its investment in subsidiaries, defined as companies it controls.

2. MSCI proposes to apply the most stringent investment restrictions set forth in the UCITS III directive. The UCITS III allows the Member States to choose to introduce pre-defined relaxations to these restrictions but MSCI will not consider those relaxations. MSCI would apply the following constraints to the 10/40 Equity Indices: "The weight of any single group entity cannot exceed 10% of the 10/40 Index and the sum of the weights of all group entities representing more than 5% cannot exceed 40% of the 10/40 Index".

3. Under the current MSCI 10/40 Equity Indices methodology, the indices are rebalanced following a sequential 3 step process. As previously announced, MSCI proposes to replace the 3 step process by one single dynamic step.

4. Under the current methodology, the MSCI 10/40 Equity Indices are immediately rebalanced to the parent index whenever a constituent is added to the parent index following a corporate event. MSCI proposes to no longer rebalance the MSCI 10/40 Equity Indices to the parent index and instead to rebalance relative to the existing constituents' weights only if the added constituent causes the 10/40 Equity Indices to breach the 10/40 constraints.

Feedback and comments on this revised proposal are welcome and can be submitted through MSCI Barra's client service channels by August 12, 2005.

Please note that the consultation may or may not result in any changes to the MSCI 10/40 Equity Indices methodology.

About MSCI Barra

MSCI (www.msci.com) develops and maintains equity, REIT, fixed income, multi-asset class and hedge fund indices that serve as the benchmark for an estimated USD 3 trillion on a worldwide basis and owns Barra, Inc. ("Barra"). Barra analytics (www.barra.com) help the world's largest investors analyze, measure and manage portfolio and firm-wide investment risk. MSCI Barra is headquartered in New York, with research and commercial offices around the world. Morgan Stanley, a global financial services firm and a market leader in securities, asset management, and credit services, is the majority shareholder of MSCI, and Capital International Inc., part of the global investment management group of The Capital Group Companies, Inc., is the minority shareholder. MSCI Barra is a service mark of Morgan Stanley Capital International Inc. ("MSCI" or "MSCI Barra").

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