

MSCI ANNOUNCES INTENT TO LAUNCH MSCI HEDGE FUND INDICES

For Immediate Distribution

(New York, January 26th)

Morgan Stanley Capital International, Inc. (MSCI) announced today its intent to launch the MSCI Hedge Fund Indices. The index family will be designed to be the global standard for hedge fund performance measurement and the most comprehensive source of hedge fund data available.

MSCI is partnering with London-based investment manager Financial Risk Management Limited (FRM) in developing this product. FRM has developed a proprietary database of 3,000 funds that will serve as the initial core of the indices. “FRM provides us with outstanding hedge fund expertise and a database of unparalleled depth and quality”, said Henry Fernandez, President and CEO of MSCI.

“These indices will provide the rigorous data and analytics that both managers and investors are increasingly demanding to measure performance and risk in this rapidly growing asset class”, added Mr. Fernandez

Blaine Tomlinson, President of FRM, added: “We are delighted to be joining with MSCI, the leading provider of equity and fixed income indices worldwide, in this exciting opportunity. We look forward to working closely with MSCI and the hedge fund manager community to develop the leading product in the industry”.

The indices will be based on precise strategy classifications developed in close consultation with the hedge fund manager and investor community. They will be marketed globally and cover all relevant asset classes and strategies. Constituents will be selected from a universe of managers worldwide, with participation subject to certain eligibility requirements.

Subscribers will have access to a broad range of hedge fund data, together with sophisticated reporting and analytic capabilities. MSCI plans for all data collection, distribution and analysis to be fully internet enabled. An announcement outlining specifics on product structure, methodology and rollout dates will be issued in the future.

Note to the Editors

Morgan Stanley Capital International indices –including EAFE®, The World Index, and EMF– are the most widely used benchmarks by international portfolio managers. In North America and Asia over 90% of institutional international equity assets are benchmarked to MSCI indices. In Europe over half of Continental fund managers currently use MSCI indices as their benchmark. Last year, MSCI celebrated 30 years of providing global benchmark products and services. These years of experience, together with an extensive product line and dedicated staff of over 100 full-time professionals in offices around the globe, contribute to MSCI's market-leading position in international indices.

FRM is an independent investment advisory firm specialising in constructing and monitoring portfolios of hedge funds to suit client-specific risk and return objectives. Being an independent firm, FRM offers impartial advice on the selection of the best managers from each of the Hedge Fund investment disciplines. FRM employs 23 people, 12 of whom are dedicated to research

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