

MSCI US Equity Indices

The MSCI US Equity Indices offer a comprehensive family of benchmark indices, including capitalization, style and sector sub-indices

Highlights

- Broad representation of the US Equity Market
- Precise representation of size and style segments
- Timely reflection of changes in equity markets
- Reduced index turnover via unique buffer rules
- Transparent index construction and maintenance
- Investability screens including free-float adjustment
- Consistency with MSCI International Equity Indices

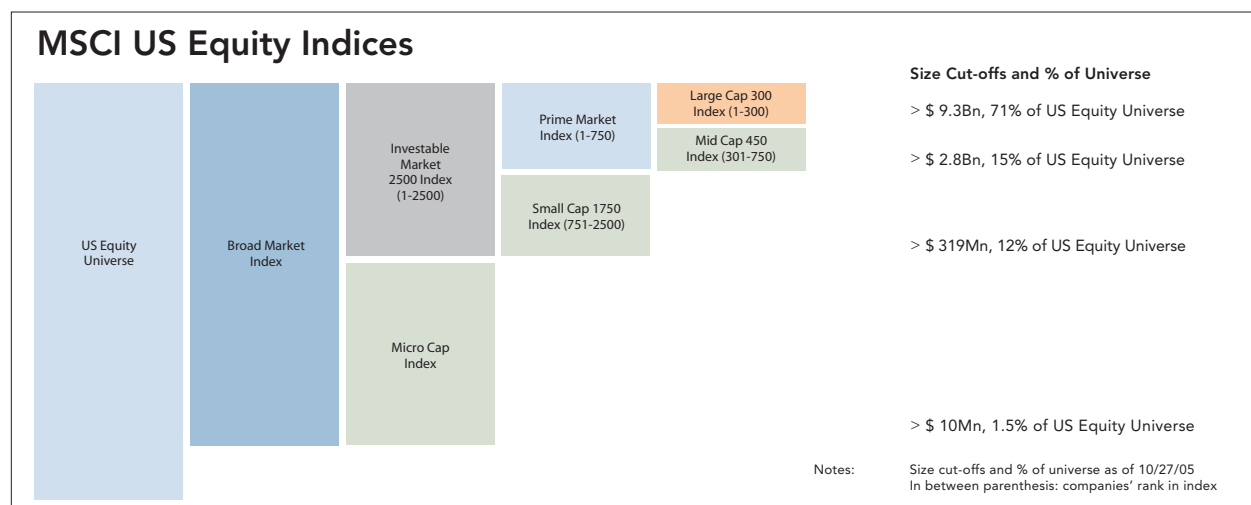
The MSCI US Equity Indices can serve as the basis for:

- Performance measurement and attribution
- Asset allocation
- Research
- Index-linked structured products
- Asset manager selection
- Holdings-based style analysis

Description

The eligible US equity universe¹ is segregated into the following market capitalization segments:

- **The MSCI US Broad Market Index** represents approximately 99.5% of the US equity market capitalization and combines the MSCI US Investable Market 2500 and Micro Cap Indices
- **The MSCI US Investable Market 2500 Index** consists of the 2500 largest companies and covers approximately 98% of the US equity universe. It is the aggregation of the **MSCI US Prime Market 750** (that is, the **Large Cap 300** and **Mid Cap 450 Indices** combined) and **Small Cap 1750 Indices**
- **The MSCI US Micro Cap Index** represents companies not included in the investable market but in the top 99.5% of the US equity universe. The index includes approximately 1.5% of the market capitalization of the US equity universe



- **Value and Growth Indices** for each market capitalization index² use a two-dimensional framework and a multi-factor approach based on historical and forward-looking variables:

VALUE STYLE CHARACTERISTICS	GROWTH STYLE CHARACTERISTICS
1. Book value to price ratio	1. Long-term forward earnings per share (EPS) growth rate
2. 12-months forward earnings to price ratio	2. Short-term forward EPS growth rate
3. Dividend yield	3. Current internal growth rate
	4. Long-term historical EPS growth trend
	5. Long-term historical sales per share growth trend

- **Sector, Industry Group and Industry Indices** are calculated based on the Global Industry Classification Standard (GICS[®]), providing index level information for 10 sectors, 24 industry groups, and 67 industry indices³ for each market capitalization segment

- **Combined Indices** such as MSCI US Small + Mid Cap 2200 and Small + Micro Cap Indices are also available

¹ Please refer to MSCI Methodology Book on US Equity Indices for full definition

² The MSCI US Broad Market, Micro Cap and Small + Micro Cap Indices do not have value and growth sub-indices

³ GICS structure from May 2006

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Benefits

Broad representation of US Equity Market Capitalization:

- All eligible liquid securities of the largest 2500 companies and the micro cap segment are covered
- Size, style, and sector indices are available

Precise representation of size and style segments:

- *Style integrity:* The multi-factor approach to style classification captures various dimensions of a company's valuation and improves the comparability of securities within and across industries
- *Buffer zones* help reduce unnecessary index turnover within size and style segments. This results in more stable indices that better reflect the investment process of asset managers because irregular and minor security drifts are not automatically included at an index rebalancing
- *Independent and consistent segment definition:* No overlap exists between indices, which enhances their usefulness in making asset allocation decisions

Timely reflection of changes in equity markets — The evolution of the US equity market is captured on a regular basis through semi-annual index rebalancings, quarterly index reviews, and timely updates that reflect corporate actions

Usage

Performance measurement and attribution — In order to assess performance and skills of asset managers against a well defined target market segment, plan sponsors and consultants use MSCI US Equity Indices as benchmarks

Asset allocation — By comprehensively representing all US equity segments without any overlap of securities, the MSCI US Equity Indices enable precise asset allocation decisions

Research — Investors utilize the MSCI US Equity Indices to analyze and understand the performance and risk of all segments of the US equity market, and to develop investment strategies

Development of financial products — Numerous passively managed funds and Exchange Traded Funds (ETFs) with over \$125 billion in assets under management are based on MSCI US Equity Indices

Creation of custom indices — MSCI Barra calculates and maintains custom indices requested by clients to address their specific investment needs

Asset manager selection — MSCI US Equity Indices are actively used by asset owners and their consultants to conduct:

Reduced index turnover via unique buffer rules — Despite regular index reviews, turnover is reduced by a buffer zone mechanism that processes companies' size or style shifts progressively rather than with rigid cut-off points

Transparent index construction and maintenance — The indices are calculated using a rules based methodology, which reduces subjectivity and facilitates index replication by investors. The methodology is published on msci.com

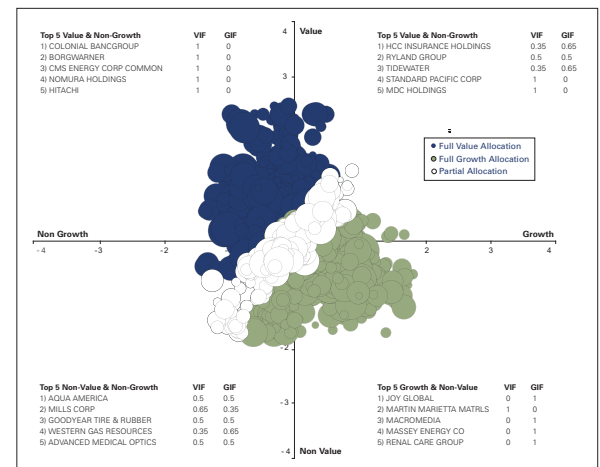
Investability screens — Liquidity, company free float-adjusted market capitalization and length of trading screens are used to create indices that are investable and replicable

Consistency with MSCI International Equity Indices — Asset owners and managers are able to manage better and more easily their domestic and global equity portfolios due to the common features that the MSCI US Equity Indices share with the MSCI International Equity Indices such as the MSCI EAFE Index:

- Industry classification - GICS®
- Style methodology
- Float-adjustment of constituent weights
- Treatment of corporate events, and
- Coordinated index rebalancings that reduce overall portfolio turnover

Holdings-based style analysis, which, with MSCI's sophisticated, objective, and thorough Growth and Value z-scores methodology, facilitates the assessment and monitoring of managers' style. Asset managers also use MSCI z-scores to identify securities' style drifts and better define the investment opportunity set

MSCI Value & Growth Space — MSCI US Small Cap 1750 Index¹



¹ Pro Forma November 2005 Semi-Annual Index Review. Data as of the close of October 27, 2005.

About MSCI Barra

MSCI Barra is a leading provider of investment decision support tools to investment institutions worldwide. MSCI Barra products include indices and portfolio risk and performance analytics for use in managing equity, fixed income and multi-asset class portfolios. The company's flagship products are the MSCI International Equity Indices, which include over 120,000 indices calculated daily across more than 70 countries, and the Barra risk models and portfolio analytics, which cover 56 equity and 46 fixed income markets. MSCI Barra is headquartered in New York, with research and commercial offices around the world.

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