

1. INTRODUCTION

The MSCI Asia APEX Indices are a set of free float-adjusted market capitalization indices designed to track the performance of the various size segments of the MSCI AC Asia ex Japan Index. These indices aim to serve as tradable proxies to the broader MSCI AC Asia ex Japan size Indices¹, which are benchmark indices widely followed by investors investing in Asia. The MSCI Asia APEX indices share similar construction rules and methodology, but differ slightly in terms of the construction and maintenance parameters. Specifically,

- The MSCI Asia APEX 50 Index tracks the performance of the 50 largest most tradable securities in the MSCI AC Asia ex Japan Standard Index.
- The MSCI Asia APEX Mid Cap 50 Index tracks the performance of the 50 largest most tradable securities in the MSCI AC Asia ex Japan Mid Cap Index.
- The MSCI Asia APEX Small Cap 200 Index tracks the performance of the 200 largest most tradable securities in the MSCI AC Asia ex Japan Small Cap Index.

2. INDEX CONSTRUCTION METHODOLOGY

The selection universe of the MSCI Asia APEX Indices is based on constituent securities of the underlying MSCI AC Asia ex Japan size indices subject to the following eligibility screens.

Eligibility Screens

2.1.1 Country Filters

Given the objective of the MSCI Asia APEX indices is to serve as effective tradable proxies for the broader parent indices, the country filters are designed to minimize multiple currency exposures of the MSCI Asia APEX Indices. Countries with less than three securities (10 securities in the case of MSCI Asia APEX Small Cap 200 Index) ranking in the top 50 (200) in terms of free float-adjusted market capitalization or countries with less than 5% weight in the underlying index are excluded from the MSCI Asia APEX 50 Index and the MSCI Asia APEX Mid Cap 50 Index (MSCI Asia APEX Small Cap 200 Index).

2.1.2 Eligible Security Filter

Securities subject to foreign ownership restrictions are excluded from the universe. REITs are excluded due to investment product restrictions in certain countries, e.g. Japan. China B shares are excluded. If a company has multiple share classes, only the larger security will be eligible.

In addition, a minimum Average Traded Value Ratio (ATVR) threshold of 30% is applied in the construction of the MSCI Asia APEX Mid Cap 50 and MSCI Asia APEX Small Cap 200 Indices to improve the liquidity profile of the indices. No ATVR threshold is applied in the construction of the MSCI Asia APEX 50 Index.

¹ The MSCI AC Asia ex Japan Standard Index, the MSCI AC Asia ex Japan Mid Cap Index and the MSCI AC Asia ex Japan Small Cap Index are collectively referred to as MSCI AC Asia ex Japan size indices or parent indices.

2.2 Index Construction

After applying the eligible security and country filters, the remaining securities in the underlying MSCI AC Asia ex Japan size indices are ranked by free float-adjusted market capitalization in descending order and the largest 50 (200) securities are selected to construct the MSCI Asia APEX 50 Index and MSCI Asia APEX Mid Cap 50 Index (MSCI Asia Apex Small Cap 200 Index)

3. INDEX MAINTENANCE METHODOLOGY

3.1. Quarterly Index Review

The composition of the MSCI Asia APEX Indices is fully reviewed on a quarterly basis to coincide with the regular index reviews (Semi-Annual Index Reviews in May and November and Quarterly Index Reviews in February and August) of the MSCI Global Investable Market Indices. The changes are implemented at the end of February, May, August and November.

During the Quarterly Index Review, the number of securities will be restored to 50 (200) for the MSCI Asia APEX 50 and the MSCI Asia APEX 50 Mid Cap Index (MSCI Asia APEX Small Cap 200 Index). Note that the number of index constituents between the index reviews may differ from these numbers due to additions and deletions resulting from corporate events on existing constituents.

In addition, MSCI Barra will also reassess the eligibility of underlying countries during the Quarterly Index Review. Non-constituent countries represented by more than three (10) securities in the top 50 (200) and representing more than 5% of the underlying MSCI AC Asia Ex Japan Index will be considered for inclusion in the MSCI Asia APEX 50 Index and the MSCI Asia APEX Mid Cap 50 Index (MSCI Asia APEX Small Cap 200 Index) while existing constituent countries with only one (three) securities in the top 50 (200) will be removed.

3.1.1 Buffer Rules

To minimize index turnover, additions to and deletions from the Index during rebalancing will be controlled by buffer rules.

Non-constituents that satisfy all eligibility criteria and rank 35th (140th) in the respective MSCI AC Asia x Japan size indices and above will be added to the MSCI Asia Apex 50 Index and the MSCI Asia APEX Mid Cap 50 Index (MSCI Asia APEX Small Cap 200 Index) and existing constituents which rank below 65th (240th) will be deleted from the index. If the number of securities differ from 50 (200) after applying the buffer rules, the lowest ranked securities within the index will be deleted, or the next highest ranked securities will be added to the index to restore the number of constituents to 50 (200).

Quarterly Index Reviews may also result in changes in Foreign Inclusion Factor (FIF) and updates in number of shares for existing constituents.

3.1.2 Cutoff Date for Market Capitalization and Prices Used for the Rebalancing

The cutoff date for market capitalization and prices used for the rebalancing of the MSCI Asia APEX Indices is generally any one of the last 10 business days of January, April, July and October.

3.2 Ongoing Event-Related Maintenance

3.2.1 Early Inclusions of Non-Index Constituents

A spun-off security that qualifies for immediate inclusion to the underlying MSCI AC Asia ex Japan size indices will generally be eligible for immediate inclusion to the corresponding MSCI Asia APEX Indices.

There will be no fast inclusion for IPOs. Securities that are added to the underlying MSCI AC Asia ex Japan size indices between the quarterly index reviews will only be considered for inclusion in the corresponding MSCI Asia APEX Indices during the next Quarterly Index Review.

3.2.2 Early Deletions of Existing Constituents

If a security is deleted from the underlying MSCI AC Asia ex Japan size indices due to corporate events, it will be automatically removed from the corresponding MSCI Asia APEX Indices. Examples are securities of companies that file for bankruptcy, companies that file for protection from their creditors and/or are suspended and for which a return to normal business activity and trading is unlikely in the near future.

When the number of securities in the MSCI Asia APEX 50 Index and the MSCI Asia APEX Mid Cap 50 Index (MSCI Asia Apex Small Cap 200 Index) falls below or rises above 50 (200) due to corporate events, no additions or deletions will be made to restore the number of constituents to 50 (200) until the next Quarterly Index Review.

Contact Information

clientservice@mscibarra.com

Americas

Americas	1.888.588.4567 (toll free)
Atlanta	+ 1.404.949.4529
Boston	+ 1.617.856.8716
Chicago	+ 1.312.706.4999
Montreal	+ 1.514.847.7506
New York	+ 1.212.762.5790
San Francisco	+ 1.415.576.2323
Sao Paulo	+ 55.11.3048.6080
Toronto	+ 1.416.943.8390

Europe, Middle East & Africa

Amsterdam	+ 31.20.462.1382
Cape Town	+ 27.21.683.3245
Frankfurt	+ 49.69.2166.5325
Geneva	+ 41.22.817.9800
London	+ 44.20.7618.2222
Madrid	+ 34.91.700.7275
Milan	+ 39.027.633.5429
Paris	0800.91.59.17 (toll free)
Zurich	+ 41.1.220.9300

Asia Pacific

China Netcom	10800.852.1032 (toll free)
China Telecom	10800.152.1032 (toll free)
Hong Kong	+ 852.2848.7333
Singapore	+ 65.6834.6777
Sydney	+ 61.2.9220.9333
Tokyo	+ 813.5424.5470

www.mscibarra.com

Notice and Disclaimer

- This document and all of the information contained in it, including without limitation all text, data, graphs, charts (collectively, the "Information") is the property of MSCI Inc. ("MSCI"), Barra, Inc. ("Barra"), or their affiliates (including without limitation Financial Engineering Associates, Inc.) (alone or with one or more of them, "MSCI Barra"), or their direct or indirect suppliers or any third party involved in the making or compiling of the Information (collectively, the "MSCI Barra Parties"), as applicable, and is provided for informational purposes only. The Information may not be reproduced or redisseminated in whole or in part without prior written permission from MSCI or Barra, as applicable.
- The Information may not be used to verify or correct other data, to create indices, risk models or analytics, or in connection with issuing, offering, sponsoring, managing or marketing any securities, portfolios, financial products or other investment vehicles based on, linked to, tracking or otherwise derived from any MSCI or Barra product or data.
- **Historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction.**
- **None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), or a promotion or recommendation of, any security, financial product or other investment vehicle or any trading strategy, and none of the MSCI Barra Parties endorses, approves or otherwise expresses any opinion regarding any issuer, securities, financial products or instruments or trading strategies. None of the Information, MSCI Barra indices, models or other products or services is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.**
- The user of the Information assumes the entire risk of any use it may make or permit to be made of the Information.
- NONE OF THE MSCI BARRA PARTIES MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY LAW, MSCI AND BARRA, EACH ON THEIR BEHALF AND ON THE BEHALF OF EACH MSCI BARRA PARTY, HEREBY EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION.
- Without limiting any of the foregoing and to the maximum extent permitted by law, in no event shall any of the MSCI Barra Parties have any liability regarding any of the Information for any direct, indirect, special, punitive, consequential (including lost profits) or any other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited.
- Any use of or access to products, services or information of MSCI or Barra or their subsidiaries requires a license from MSCI or Barra, or their subsidiaries, as applicable. MSCI, Barra, MSCI Barra, EAFE, Aegis, Cosmos, BarraOne, and all other MSCI and Barra product names are the trademarks, registered trademarks, or service marks of MSCI, Barra or their affiliates, in the United States and other jurisdictions. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and Standard & Poor's.
- The governing law applicable to these provisions is the substantive law of the State of New York without regard to its conflict or choice of law principles.

© 2007 MSCI Barra. All rights reserved.

About MSCI Barra

MSCI Barra develops and maintains equity, hedge fund, and REIT indices that serve as benchmarks for an estimated USD 3 trillion on a worldwide basis. MSCI Barra's risk models and analytics products 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, is the majority shareholder of MSCI Barra, and Capital Group International, Inc. is the minority shareholder.