

MSCI Equal Weighted Indices Methodology

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1. INTRODUCTION

For over 35 years, MSCI Barra has constructed the most widely used international equity indices for institutional investors. In calculating its international equity indices, MSCI Barra employs market capitalization weighting where each constituent in the index is weighted by its free float-adjusted market capitalization. Over time, investors have expressed a desire for index providers to additionally provide indices based on alternative weighting schemes. For example, MSCI Barra calculates a GDP weighted version of its international equity indices as some investment professionals prefer to weight countries in a composite index by a variable, like GDP, other than market capitalization.

The MSCI Equal Weighted Indices offer another alternative to market capitalization-weighted indices. In the MSCI Equal Weighted Indices, each security has the same weight, i.e. the weight of each security is set to unity on the rebalancing date. Between two rebalancings, the weight of securities will deviate from the equal weight based on the performance of each security.

This document describes the methodology that MSCI uses to calculate its Equal Weighted Indices by applying equal weights to the constituents of the corresponding free float-adjusted market capitalization weighted MSCI global equity indices (herein, "Parent Indices").

2. CONSTRUCTING THE MSCI EQUAL WEIGHTED INDICES

The MSCI Equal Weighted Indices are constructed from the applicable MSCI country and composites indices and have the same constituents as the underlying Parent Indices. At construction and at each rebalancing, each issuer in the equal weighted index is given an equal weight (i.e. $1/N$, where N is the number of issuers in the Parent Index). Between two rebalancings, the weightings of constituents will change due to price performance. If there are multiple securities of the same issuer in the index, the issuer will be equal weighted and the securities will be free float-adjusted market capitalization weighted.

3. MAINTAINING THE MSCI EQUAL WEIGHTED INDICES

3.1. Quarterly and Semi-Annual Index Reviews

Coinciding with the quarterly and semi-annual index reviews of the Parent Indices, the MSCI Equal Weighted Indices are rebalanced on the last business day of February, May, August and November.

3.2. Ongoing Event Related Changes

In general, the MSCI Equal Weighted Indices follow the event maintenance of the Parent Index. Changes in the Parent Index are reflected simultaneously in the MSCI Equal Weighted Indices.

3.2.1. Rebalancing due to an IPO added to the Parent Index as an early Index Inclusion

Early inclusions of new securities to the Parent Index, such as IPOs, will be simultaneously added to the current equal weighted index with a constraining factor reflecting a weight that its issuer would have had as a result of an equal weighted index rebalancing. The weights of existing constituents are then accordingly adjusted so as to bring the total weight of the index to 100%. For example, if there are nine constituents in the index prior to the IPO inclusion, the IPO will be included with an estimated weight at approximately 10%. The weight of the remaining 9 securities will be then proportionately reduced to bring the total weight of the index to 100%.

3.2.2. Additions and deletions due to corporate events

The general treatment of additions and deletions due to corporate events aims at minimizing turnover in the MSCI Equal Weighted Indices.

A security added to the Parent Index following a corporate event (acquisition, spinoff or merger) will also be added to the Equal Weighted Index with an estimated capped weight.

A constituent deleted from the Parent Index following a corporate event will be simultaneously deleted from the Equal Weighted Index.

APPENDIX

Exhibit 1 provides a performance comparison of the MSCI World Equal Weighted Index with the MSCI World Index, which is market capitalization weighted.

Exhibit 1: MSCI World Equal Weight Index Total Return performance in USD relative to the MSCI World Index - December 1998 to December 2007

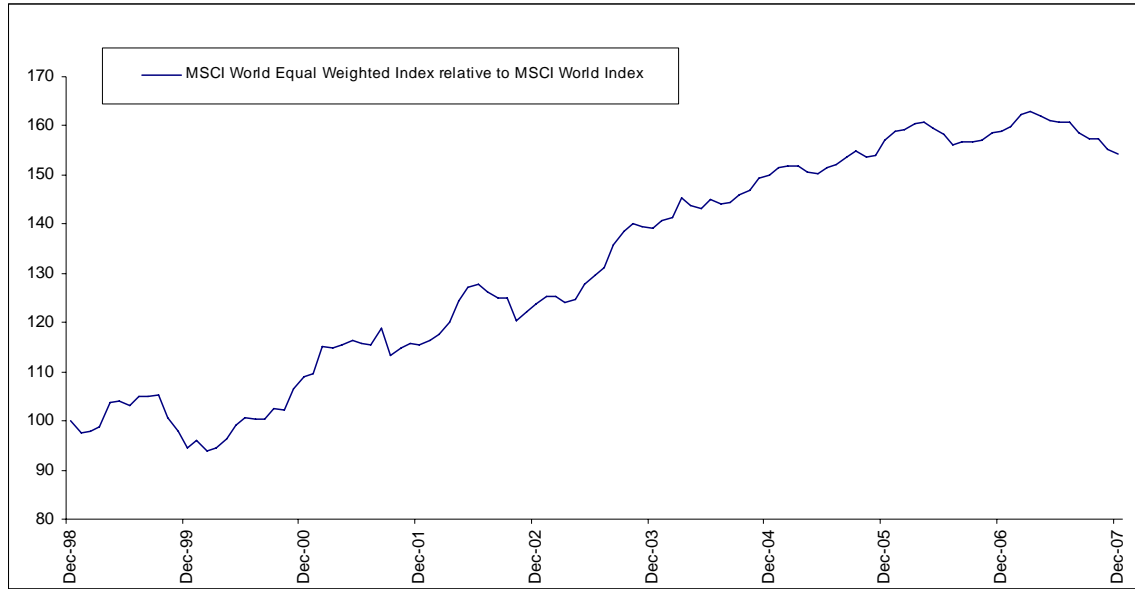


Exhibit 2 provides the annualized index risk and return for various equal and capitalization-weighted country and composite indices. During the period from December 1998 to December 2007, the MSCI World Equal Weighted Index outperformed the market capitalization weighted MSCI World Index by 5.2% annually. Volatility for the equal weighted indices is slightly higher.

Exhibit 2: Annualized Risk and Return: December 1998 to December 2007

	Return	Risk ¹
THE WORLD INDEX	5.7%	13.4%
THE WORLD EQUAL WEIGHTED	10.9%	14.0%
EAFE	7.8%	13.9%
EAFE EQUAL WEIGHTED	12.0%	14.3%
EUROPE	8.0%	15.2%
EUROPE EQUAL WEIGHTED	11.9%	16.6%
EM (EMERGING MARKETS)	20.1%	21.0%
EM EQUAL WEIGHTED	21.7%	20.1%
AC WORLD INDEX	6.5%	13.6%
ACWI EQUAL WEIGHTED	14.4%	15.2%
USA	3.3%	13.9%
USA EQUAL WEIGHTED	7.6%	15.9%
JAPAN	4.6%	17.9%
JAPAN EQUAL WEIGHTED	7.4%	18.7%

Note: ¹ Risk is measured as annualized standard deviation of monthly returns

Exhibit 3 and 4 show weights for respectively the top and bottom ten companies in the capitalization weighted MSCI World Index and their corresponding weights in the MSCI World Equal Weighted Index. It highlights that in the MSCI World Equal Weighted Index the smaller capitalization securities will proportionally have higher weight relative to their weight in a capitalization weighted index.

Exhibit 3: Largest Ten Securities by Market Capitalization in the MSCI World Index

Company Name	Weight in the MSCI World Index	Weight in the MSCI World Equal Weighted Index
Exxon Mobil Corp.	1.82%	0.05%
General Electric Co.	1.33%	0.05%
Microsoft Corp.	1.05%	0.05%
AT&T Inc.	0.89%	0.05%
BP PLC	0.82%	0.05%
Procter & Gamble Co.	0.80%	0.05%
Chevron Corp.	0.70%	0.05%
Vodafone Group PLC	0.69%	0.05%
HSBC Holdings PLC	0.69%	0.05%
Johnson & Johnson	0.68%	0.05%
Total	9.46%	0.51%

Data as of December 31, 2007

Exhibit 4: Smallest Ten Securities by Market Capitalization in the MSCI World Index

Company Name	Weight in the MSCI World Index	Weight in the MSCI World Equal Weighted Index
Aderans Holdings Co. Ltd.	0.0009%	0.05%
Wihlborgs Fastigheter AB	0.0009%	0.05%
Haw Par Corp. Ltd.	0.0009%	0.05%
Hoganas AB	0.0009%	0.05%
Fuji Soft Inc.	0.0008%	0.05%
Billerud AB	0.0008%	0.05%
Vector Ltd.	0.0008%	0.05%
Goodwill Group Inc.	0.0007%	0.05%
Quebecor World Inc.	0.0003%	0.05%
Johnson & Johnson	0.0003%	0.05%
Total	0.01%	0.51%

Data as of December 31, 2007

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The company's flagship products are the MSCI International Equity Indices, which are estimated to have over USD 3 trillion benchmarked to them, 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. Morgan Stanley, a global financial services firm, is the majority shareholder of MSCI Barra.