

# MSCI INTENDS TO ADJUST ITS METHODOLOGY FOR THE CALCULATION OF PRICE ADJUSTMENT FACTORS APPLIED FOR RIGHTS ISSUES IN THE MSCI INDICES

**Geneva – October 22, 2009 -** MSCI Inc. (NYSE: MXB), a leading provider of investment decision support tools worldwide, announced today its intention to adjust its methodology for the calculation of Price Adjustment Factors (PAFs) for rights issues. A PAF is applied to the market price of a security to account for a rights issue on the day it becomes effective (the ex-date).

This proposed adjustment, which addresses client feedback and follows an internal analysis, will on average result in very minor differences but will enhance index replicability under certain market circumstances.

Currently, when the subscription price for the new shares is below the Cum price (where Cum is one business day before the ex-date), MSCI applies a PAF calculated as the Cum price divided by the Theo-ex price, as described below.

# **Current PAF = Cum price / Theo-ex price**

Where the Theo-ex price is defined as [(Cum price x shares before + shares issued x subscription price)/ (shares issued + shares before)]

# The current PAF formula is:

If subscription price is greater or equal to the Cum price then PAF=1 else [Cum Price] / [(Cum price x shares before + shares issued x subscription price)/ (shares issued + shares before)]

MSCI intends to modify the PAF formula which will be calculated as the Theo-Cum price divided by the Ex price, as described below.

# Proposed new PAF = Theo-Cum price / Ex price

Where the Ex-price is the market price on the ex-date

and the Theo-Cum price is defined as [(Ex price x (shares before + shares issued) - subscription price x shares issued)/ shares before]

# The proposed new PAF formula is:

If subscription price is greater or equal to Cum price then PAF=1 else [(Ex price x (shares before + shares issued) - subscription price x shares issued)/ shares before] / [Ex price]

All the other calculation and implementation principles for right issues would remain unchanged, in particular:

- The subscription price mentioned in the above formulas is modified to take into account differences in entitlement to forthcoming dividends.
- The increase of the number of shares takes place as of the close of the ex-date.
- A PAF of 1 is applied when the subscription price of the new shares is greater than or equal to the Cum
  price. In this case, any increase in the number of shares and potential change in Foreign Inclusion Factor
  (FIF) and/or Domestic Inclusion Factor (DIF) is implemented after the results of the rights issue are made
  available.

As a consequence of this proposed new PAF treatment, MSCI will no longer provide the Preliminary Price Adjustment Factor Next Day information in the Security Core Products files on the Cum date of the rights issues. However, MSCI plans to send Intraday PAF announcements for all rights issues cases via email, similarly to what is done currently for events such as spin-offs, capital repayments or special dividends.

MSCI welcomes feedback from the investment community on its proposal regarding the treatment of rights issues in terms of PAF. MSCI will announce its final decision on or before November 16, 2009. This may or may not lead to any changes to MSCI's current treatment of rights issue in terms of PAF.

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# **About MSCI Inc.**

MSCI Inc. is a leading provider of investment decision support tools to investment institutions worldwide. MSCI Inc. 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 Inc. is headquartered in New York, with research and commercial offices around the world.

# For further information on MSCI Inc., please visit our web site at www.mscibarra.com

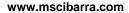
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