

MSCI[®] press release

FOR IMMEDIATE RELEASE

Vanguard to Adopt MSCI US Broad Market Index

Assets benchmarked to MSCI US Equity Indices to increase by more than \$60 Billion

NEW YORK - Feb. 1, 2005 -- MSCI, a leading provider of U.S. equity, international equity, fixed income and hedge fund indices, announced today that The Vanguard Group has decided that they will adopt the MSCI US Broad Market Index as the target benchmark for index funds with assets totaling more than \$60 billion (as of 12/31/04). This adoption will signify a marked increase in the total assets benchmarked to the MSCI US Equity Indices to more than \$110 billion.

"Vanguard's pending adoption is a significant advancement in the growing market acceptance of the MSCI US Equity Indices," said Ken O'Keeffe, executive director at MSCI. "Currently, we have approximately \$50 billion benchmarked to our U.S. indices from Vanguard and a growing number of institutional investors. Vanguard's move will more than double that number. Our benchmarks are built for professional users who demand indices that broadly and fairly reflect the U.S. equity market, yet are replicable and have low turnover."

Vanguard's Chief Investment Officer, Gus Sauter, explained, "We feel that MSCI's US Broad Market Index is a well-constructed index that will enhance our all-market index fund offerings. With the addition of this index, we will now offer 21 U.S. equity index funds tracking MSCI benchmarks."

The MSCI US Broad Market Index offers several advantages vs. competing total market indices including:

- The broadest market capitalization coverage of any total market index. MSCI includes certain U.S. companies that are domiciled outside of the U.S. such as Tyco International, Accenture LTD and Ingersoll-Rand in its US Equity Indices.
- Investability screens that help to ensure the investability and replicability of the index, such as free float adjustment of index constituents, liquidity and minimum market capitalization screens.

The MSCI US Broad Market Index has been calculated since May 30, 2003. The Index is the aggregation of the MSCI US Large Cap 300, Mid Cap 450, Small Cap 1,750 and Micro Cap Indices. The Broad Market Index represents approximately 99.5% of the market capitalization of the U.S. equity market and includes approximately 3,900 companies.

About the MSCI US Equity Indices

The MSCI US Equity Indices offer investors a state-of-the-art family of indices with the following benefits:

- The broadest market capitalization coverage of the U.S. equity market
- Broad and fair representation of each segment of the U.S. equity market, including:
 - Value and growth indices defined using eight variables
 - Index reviews four times per year
- Reduced index turnover through the innovative use of buffer zones for both size and style indices
- Replicable and investable through the use of:
 - Free float adjustment of index constituents
 - Minimum free float screens
 - A liquidity screen
 - Minimum market capitalization screens

MSCI launched the US Equity Indices in 2003 after extensive consultations with institutional investors who expressed the need for a suite of U.S. indices that more broadly and fairly reflect the various size and style segments of the U.S. markets, yet are replicable and have low turnover.

About MSCI

MSCI (www.msci.com) is a leading provider of equity, fixed income and hedge fund indices, and related products and services. MSCI estimates that over USD 3 trillion is benchmarked to its indices on a worldwide basis. MSCI is headquartered in New York, with research and commercial offices around the world. In 2004, MSCI acquired Barra, Inc. (www.barra.com), a global leader in delivering risk analytics, performance measurement and attribution systems and services to managers of portfolio and firm-wide investment risk. Morgan Stanley, a global financial services firm and a market leader in securities, asset management, and credit services, is the majority shareholder of MSCI, and The Capital Group Companies, Inc., a global investment management group, is the minority shareholder.

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For further information on MSCI indices or MSCI data, please visit our web site at www.msci.com or contact:

Dorsey Horowitz, MSCI, New York	+ 1 212 762 5790
Guillermo Bénédict, MSCI, London	+ 44 20 7425 6660
Jammy Chan, MSCI, Hong Kong	+ 852 2848 6740
Olivia Vong, MSCI, Tokyo	+ 813 5424 5470

PR:

Carla A. Schlemminger, MSCI, Berkeley, California	+ 1 510 649 4615
Ben Curson/Clare Rowsell, Penrose Financial, London	+ 44 20 7786 4888
Ed Rowley/Patrick Linehan, Abernathy MacGregor, New York	+ 1 212 371 5999

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