

MSCI Barra Announces MSCI Global Investable Market Indices Methodology and Transition Plan for the MSCI Standard and Small Cap Indices

Geneva – March 28, 2007 - MSCI Barra, a leading provider of benchmark indices and risk management analytics products, announced today the details of the MSCI Global Investable Market Indices methodology and the plan for transitioning the MSCI Standard and Small Cap Indices to the methodology. The transition plan involves a two-phase transition implemented as of the close of November 30, 2007 and the close of May 30, 2008, respectively.

"Today's announcement will result in enhancements to the existing MSCI International Equity Indices as well as the creation of new indices. The resulting integrated investable family of indices will provide investors with broader market coverage of international equity markets segmented by market cap size, value and growth, and industries," said Henry Fernandez, CEO and President of MSCI Barra. "The changes announced today demonstrate that as markets and investment processes continue to evolve, MSCI Barra remains committed to enhancing the MSCI International Indices to provide the benchmark tools investors need for global asset allocation, mandate attribution, portfolio construction, and performance evaluation".

MSCI Barra has posted the Global Investable Market Indices methodology book, including the transition plan, on its website at <http://www.msclubarra.com/products/indices/GIMImethodology.html>. A pro-forma list of constituents of the MSCI Global Investable Market Indices – including the new Large Cap, Mid Cap, and Investable Market Indices as well as the Provisional Standard and Provisional Small Cap Indices – will be available on May 3, 2007. The changes resulting from the May 2007 Index Review of the current Standard Indices and Small Cap Indices will also be announced at the same time, earlier than the usual announcement schedule.

MSCI Barra will begin calculating the Provisional Standard and Small Cap Indices based on the Global Investable Market Indices methodology, as well as the new Large Cap, Mid Cap, and Investable Market Indices, as of the close of May 31, 2007 and begin distributing the indices from June 5, 2007.

Index Construction and Maintenance Methodology: The enhancements to the current Standard and Small Cap Index methodologies set forth in the MSCI Global Investable Market Indices methodology reflect the changing nature of international equity markets and the evolution of investment processes globally. The final methodology is largely similar to the one presented in the earlier consultation proposal with minor changes to the global minimum size range and parameters for index continuity and periodic maintenance. The enhancements will allow the MSCI Standard and Small Cap Indices to continue to meet the needs of investors seeking indices that reflect the international opportunity set and geographic, style and sector diversification within equity global equity markets.

- The enhanced Standard Indices will exhaustively cover the large- and mid-cap segments of the investable equity universe by targeting a range around 85% coverage of the free float-adjusted market capitalization in each market, while striving to achieve a balance between appropriate market representation in size segment composites within countries and reasonable size integrity across countries.
- The enhanced Small Cap Indices will exhaustively cover the small-cap segment of the investable equity universe by targeting for inclusion all companies with a market capitalization below that of the companies in the enhanced Standard Indices and within the top 99% of the investable equity universe in each market in both Developed and Emerging Markets, subject to a global minimum size requirement.
- The enhanced Standard and Small Cap Indices will be combined to create an Investable Market Index in each market to provide broad and exhaustive coverage of the large-cap, mid-cap, and small-cap companies in the investable equity universe, and, along with style segments, result in an integrated investable market index family.

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- For index construction and size segmentation purposes, the MSCI Developed Markets countries in Europe will be aggregated and treated as a single market. The country indices for MSCI Developed Markets countries within Europe will be derived from the MSCI Europe Index.
 - The Global Investable Market Indices methodology will continue to use a building block approach to allow the creation and calculation of meaningful composite indices. The Global Investable Market Indices methodology also features sector indices created using the Global Industry Classification Standard (GICS®) and value and growth indices created using the existing MSCI Global Value and Growth methodology, for all size segments.

Transition: The transition will occur in two phases rather than three phases as was proposed during the consultation. The details of the transition plan are available in the transition section of the Global Investable Market Indices methodology book. The transition will be synchronized for all markets and composite indices.

Timeline

- The two phases of the transition of the current Standard Index and the current Small Cap Index will occur as of the close of November 30, 2007 and May 30, 2008, respectively.
- The final additions and deletions of constituents for each phase will be announced at least 4 weeks in advance of their implementation in the Standard and Small Cap Indices.

Provisional Indices

- In order to add transparency to the transition process and to assist clients in planning and implementing their individual transition strategies, MSCI Barra will provide Provisional Indices for the Standard and Small Cap Indices constructed and maintained according to the Global Investable Market Indices methodology.
- These Provisional Indices will begin to be calculated as of the close of May 31, 2007 and will be distributed to clients from June 5, 2007.

Transition Methodology

- In the first phase of the transition in November 2007, half of the differences between the Provisional Standard and the Standard Indices will be implemented. That is, all companies in the Provisional Standard Index not in the Standard Index will be added to the Standard Index at half of their free float-adjusted market capitalization, and companies in the Standard Index and not in the Provisional will have half of their free float-adjusted market capitalization removed.
- In the second and final phase of the transition in May 2008, after the rebalancing of the Provisional Indices, any and all differences between the MSCI Standard and the MSCI Provisional Standard Indices will be fully reflected in the MSCI Standard Index.
- The transition of the Small Cap Indices will follow the same approach.

Maintenance of the Current Standard and Small Cap Indices during the Transition

- MSCI Barra will maintain its schedule of regular index reviews for its current Standard and Small Cap Indices.
- During the period from the announcement of the pro forma constituents to the end of the transition (May 3, 2007 through May 30, 2008), MSCI Barra will seek to minimize changes in the current indices not related to the transition.
- In order to minimize reverse turnover, starting with the May 2007 Index Review for the Standard Indices will use the same minimum size and other investability requirements that will be applied in the construction of the Provisional Standard Indices.

- The changes resulting from the May 2007 Index Reviews of the current Standard and Small Cap Indices will be available on May 3, 2007 at the same time the pro-forma list of constituents of the MSCI Global Investable Market Indices, including the Provisional Indices, are made available.

MSCI Global Value and Growth Indices

- The MSCI Global Value and Growth Indices will continue to be derived from the Standard Indices and follow the two-phase transition of the Standard Indices. Starting with the first phase of the transition in November 2007, the constituents of the Global Value and Growth Indices will adopt the style inclusion factors of the Provisional Standard Indices.

Indices based on the Standard Indices

- Indices constructed with the Standard Indices as their basis, such as the High Dividend Yield Indices, GDP-weighted indices, 10/40 Indices and other custom indices, will continue to be derived from the Standard Indices throughout the transition.
- The MSCI Euro and MSCI Pan-Euro Indices are subsets of the Standard MSCI EMU and MSCI Europe Indices, respectively, and aim to capture 90% of the market capitalization of the broader benchmarks. The MSCI Euro and MSCI Pan-Euro Indices will now evolve to the methodology for the Large Cap Index under the Global Investable Market Indices methodology and will be transitioned in one phase as of the close of November 30, 2007.

Standalone Country Indices: MSCI Barra also intends to apply the general framework used to create the Global Investable Market Indices to the MSCI stand-alone country indices.

- This approach will target broader coverage of those markets while satisfying investability requirements that are reasonable and relevant for these countries and offer non-overlapping size segmentation with exhaustive coverage of the size segments.
- For countries included in the MSCI GCC (Gulf Cooperation Council) Countries Index, MSCI Barra will announce the methodology and implementation schedule on May 3, 2007.

Documents: The methodology documents for the Global Investable Market Indices are available at <http://www.msclubarra.com/products/indices/GIMImethodology.html>.

MSCI Barra has clarified and updated its methodology for country classification of securities. Please refer to Appendix I of the Methodology Book for the Standard or Small Cap Index Series, posted at www.msclubarra.com, for the full document. The clarifications and updates are effective immediately.

Further information on the MSCI International Equity Indices can be found on www.msclubarra.com.

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About MSCI Barra

MSCI Barra develops and maintains equity, fixed income, multi-asset class, REIT and hedge fund 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 and a market leader in securities, asset management, and credit services, is the majority shareholder of MSCI Barra, and Capital Group International, Inc. is the minority shareholder.

For further information on MSCI Barra, please visit our web site at www.msclubarra.com

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