

MSCI Barra Announces its Conclusions from its Recent Market Classification Study

Geneva - June 18, 2008 - MSCI Barra (NYSE:MXB), a leading provider of investment decision support tools worldwide, including indices and portfolio risk and performance analytics, announced today its conclusions from its recent discussions with the investment community on the classification of markets in the MSCI Equity Indices. As part of its conclusions, MSCI Barra is amending its country classification framework and consequently will:

- Reclassify Jordan from Emerging Markets to Frontier Markets at the end of November 2008.
- Open consultations on proposals to :
 - Reclassify Israel and South Korea as Developed Markets,
 - Reclassify Kuwait, Qatar and the United Arab Emirates as Emerging Markets.
- Consider reclassifying Argentina and Colombia as Frontier Markets unless significant improvements in the relevant capital flow restrictions are observed.

MSCI Barra's conclusions and decisions take into account the feedback MSCI Barra received on the market classification discussion paper published on January 23, 2008.

The feedback from the institutional investment community on the Emerging/Developed Markets classification centered on the appropriate balance between a country's economic development and the accessibility of its market, including the efficiency of its operational framework, as well as on the role of geo-political risk.

- One main conclusion from the discussion is that a more appropriate market classification approach is one that emphasizes the advancement of the economy jointly with a reasonable level of overall market accessibility rather than one that focuses mainly on the presence of a highly efficient operational framework.
- While international institutional investors believe that geo-political risk is an important factor in market classification, the feedback suggests that the difficulty in assessing this factor makes it unsuitable for use as a pass-or-fail dimension for the classification of a country as a Developed Market.

In the Frontier/Emerging Markets classification framework, the feedback suggests placing greater emphasis on the role of market accessibility for classification as an Emerging Market, albeit with attention to preserving index stability as much as possible.

These conclusions lead MSCI Barra to announce the following decisions in the management of the MSCI Equity Indices:

1. Amendments to the current country classification framework, effective immediately

MSCI Barra is adapting the Emerging/Developed Markets classification framework by:

- Clarifying that the absence of major geo-political risk is not a necessary condition for designation as a Developed Market.
 - Similar to domestic political risk, geo-political risk will remain a dimension in the assessment of the sustainability of market accessibility and economic development, as instability may be an indicator of potential accessibility issues and may influence economic development.
- Considering the criterion of full convertibility of currency together with the other market accessibility criteria and not as a separate individual disqualifying criterion.
 - While the ability to move money in and out of a country is critical and requires a smoothly functioning domestic foreign exchange market, the absence of a seamless offshore cash currency market, while affecting operations, is not considered decisive enough to justify it being a disqualifying condition.

MSCI Barra is adapting the current Frontier/Emerging Markets classification as follows:

- Country indices with fewer than three companies meeting the Emerging Markets size and liquidity requirements for four consecutive Semi-Annual Index Reviews will be reclassified as Frontier Markets.
- Countries imposing restrictions on inflows or outflows of capital that create significant obstacles to investment flows into or from equity markets will be considered for reclassification as Frontier Markets.
 - MSCI Barra will add countries imposing such restrictions to a monitoring list after a three-month period following the introduction of the restrictions.
 - A consultation with market participants on a potential reclassification from Emerging Markets to Frontier Markets will be opened for these countries if the restrictions have not been eased after 12 months following their introduction.

2. Decision to reclassify Jordan from Emerging to Frontier Markets

MSCI Barra will reclassify Jordan from Emerging Markets to Frontier Markets. The majority of the constituents of the MSCI Jordan Index do not meet the minimum size and liquidity requirements set for the Emerging Markets indices. This reclassification will be implemented at the November 2008 Semi-Annual Index Review.

3. Proposals regarding reclassifications from Emerging to Developed Markets

In July 2008, MSCI Barra will open a consultation on a proposal to reclassify Israel and South Korea from Emerging Markets to Developed Markets. In the course of this consultation with international institutional investors, MSCI Barra will focus on the suitability of such reclassifications and on the potential transition timelines. MSCI Barra will also actively solicit feedback from the South Korean government and regulators to understand their intentions, implementation plans, and timetables with respect to the remaining improvements in the current market accessibility framework. In particular, many international institutional investors remain concerned with the lack of full convertibility of the Korean Won, including the lack of an efficient offshore market for the currency. MSCI Barra intends to incorporate this feedback in its own assessment and decisions and intends to announce its final decision on the potential reclassification of Israel and South Korea based on this consultation no later than June 2009. If any changes in country classification are warranted based on the consultation, the proposed timeline for implementation of such changes will also be made public at that time. MSCI Barra also intends to update the investment community with a preliminary assessment from this consultation in December 2008.

4. Proposals regarding reclassifications from Frontier to Emerging Markets

In July 2008, MSCI Barra will begin a consultation on a proposal to reclassify Kuwait, Qatar and the United Arab Emirates from Frontier Markets to Emerging Markets. In the course of this consultation with international institutional investors, MSCI Barra will focus on the suitability of such reclassifications and on the potential transition timelines. MSCI Barra will also actively solicit feedback from authorities and regulators of these markets to understand their intentions and implementation plans with respect to the remaining improvements in the current market accessibility framework, as articulated by investors. MSCI Barra intends to announce its final decision on the potential reclassification of Kuwait, Qatar, and the United Arab Emirates based on this consultation no later than June 2009. If any changes in country classification are warranted based on the consultation, the proposed timeline for implementation of such changes will also be made public at that time. MSCI Barra also intends to update the investment community with a preliminary assessment from this consultation in December 2008.

5. Proposals regarding reclassifications from Emerging to Frontier Markets

If no significant improvements in terms of restrictions of inflows/outflows of capital are observed by December 2008 in Argentina and Colombia, MSCI Barra will open in January 2009, and close in February 2009, a consultation with market participants on a proposal to reclassify these markets as Frontier Markets coinciding with the May 2009 Semi-Annual Index Review. MSCI Barra welcomes feedback from the authorities and

regulators on their plans to address these capital flow restrictions issues raised by investors. Important hindrances to the inflows and outflows remain in place in these two countries, including cash reserves requirements and repatriation constraints.

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MSCI Barra will be holding a Press Conference Call following the announcement to answer questions from the media:

Date: Wednesday June 18, 2008
Time: 6pm EDT/11pm BST/Midnight CET
International Dial-In: +1.973.582.2860
Conference ID: 52516516

Toll Free Numbers:

US: 888.889.5602 Hong Kong: 800.933.597
UK: 0800.032.3836 Japan: 0053.116.0590

Please note that this press conference call is restricted to journalists. Replays of this call will not be available. Clients and other interested parties should contact MSCI Barra Global Client Service with any enquiries.

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

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About MSCI Barra

MSCI Barra is a leading provider of investment decision support tools to investment institutions worldwide. MSCI Barra 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 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.

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