

MSCI press release

MSCI TO ADJUST FOR FREE FLOAT AND TO INCREASE COVERAGE TO 85%

Geneva, December 10, 2000.

MSCI announced today that it will adjust all its equity indices for free float, and that it will increase the target market representation of its Standard Index series from 60% to 85% coverage. The combined changes will be implemented in two separate phases, as of the close of November 30, 2001 and as of the close of May 31, 2002, respectively. MSCI plans to publish index constituents and their Inclusion Factors based on the enhanced methodology on or before June 30, 2001, and will begin calculating a provisional index series shortly thereafter. Details of these enhancements to MSCI's equity index construction methodology are available on MSCI's web site (www.msci.com).

These changes are designed to maintain the MSCI equity indices' long established characteristics of investability, diversification and accurate market representation as the world's equity markets and investment processes continue to evolve. As such, the move to free float-weighted constituents and broader coverage does not represent a new index series but is a continuation of the current series.

MSCI will provide uniquely accurate and reliable free float-weighted equity indices. "The quality of a free float-weighted index is particularly dependent on the quality of the underlying research. MSCI has the largest and most experienced research staff in the index business, and therefore, it has the resources and the skills to ensure that the analysis of thousands of individual securities around the world is as accurate as it can be," says Henry Fernandez, President and CEO of MSCI.

MSCI's Free Float-Adjustment Methodology

MSCI defines free float as total shares outstanding excluding shares held by strategic investors such as governments, corporations, controlling shareholders, and management, and shares subject to foreign ownership restrictions.

Under MSCI's free float-adjustment methodology, a constituent's Inclusion Factor is equal to its estimated free float rounded-up to the closest 5% for constituents with free float equal to or exceeding 15%. For example, a constituent security with a free float of 23.2% will be included in the index at 25% of its total market capitalization.

Increase in Target Market Representation to 85%

MSCI will increase its coverage in the MSCI Standard Index series from 60% of total market capitalization to 85% of free float-adjusted market capitalization, within each industry group within each country. Given trends such as increased market concentration, the increase in coverage will provide greater diversification and representation of market opportunities.

Publication of Constituent Data and Implementation

In order to assist market participants in preparing for these changes, MSCI plans to publish on or before June 30, 2001, the index constituents for each of MSCI's Standard country indices and their Inclusion Factors under the enhanced methodology. In addition, MSCI will begin publishing a provisional index series based on the enhanced methodology shortly thereafter. The provisional series may be used by clients who wish to measure performance based on the enhanced methodology ahead of MSCI's official implementation schedule.

MSCI press release (continued)

MSCI has opted for implementation of the combined changes in two phases. In the first phase, effective as of the close of November 30, 2001, MSCI will implement approximately half of the change resulting from the free float-adjustment for all existing index constituents and, simultaneously, include all the new constituents resulting from the increase in coverage to 85% at approximately half of their free float-adjusted market capitalization. The remaining adjustments to fully implement the enhanced methodology will take place in the second phase, effective as of the close of May 31, 2002.

Previously Announced Country Changes

MSCI previously announced a change of status for the MSCI Greece, Egypt and Morocco Indices, to become effective as of May 31, 2001. In light of today's announcement, these indices will be rebalanced as of that date in accordance with the enhanced methodology for free float adjustment and increased coverage. Effective as of the close of May 31, 2001, the newly rebalanced Greece index will enter MSCI's Developed Markets index series and the newly rebalanced Egypt and Morocco indices will be added to the MSCI EMF (Emerging Markets Free) index series.

Separately, MSCI announced today its decision on the potential change in the inclusion weight of the MSCI Taiwan Index from 80% to 100%, also scheduled for May 31, 2001. For further details please refer to today's separate announcement on the MSCI Taiwan Index.

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

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MSCI press release (continued)

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