

MSCI press release

INCLUSION WEIGHT OF MSCI TAIWAN TO REMAIN UNCHANGED

Geneva, December 10, 2000.

MSCI announced today that the inclusion weight of the MSCI Taiwan IndexSM in the MSCI Emerging Markets Free (EMF) IndexSM series and the MSCI All Country World Index (ACWI) FreeSM series, including the MSCI All Country Far East Free ex Japan IndexSM, will remain at its current level of 80% of its total market capitalization. MSCI had previously announced that the inclusion weight of the MSCI Taiwan Index in the MSCI EMF Index could be increased from 80% to 100% on May 31, 2001, if there was sufficient evidence of further opening of the Taiwanese equity markets to foreign investment.

Although important market liberalization efforts have recently taken effect in Taiwan, the nature of the restrictions that remain in place for many foreign investors continue to make the investment process in the country significantly more difficult than in other emerging markets. In the current environment, and after the increase in inclusion weight from 65% to 80% that took effect on November 30, 2000, MSCI believes that a further increase of the MSCI Taiwan Index inclusion weight from 80% to 100% is not warranted at this time.

Under its enhanced index construction methodology also announced today, MSCI will adjust constituent weights for constraints on investability caused by limited free float and maximum foreign ownership limits, as well as other restrictions for foreign investors. As detailed in a separate announcement, the weights of securities in the MSCI indices will directly reflect free float and foreign ownership limitations through the use of security specific Inclusion Factors.

In order to account for other types of restrictions on foreign equity investment, such as the investor qualification and quota approval system prevailing today in Taiwan, the enhanced MSCI methodology provides for an additional investability factor. The application of this Limited Investability Factor would permit a more accurate comparison of markets with more complex and subtle restrictions to the investment process with markets where investment limitations can be appropriately reflected in security specific Inclusion Factors.

In accordance with the scheduled implementation of the enhanced methodology, MSCI will announce on or before June 30, 2001 the list of constituents, including their Inclusion Factors and Limited Investability Factors, if any, for the MSCI ACWI Index. This will include the constituent level details for the MSCI Taiwan Index, and also include its Limited Investability Factor.

The new Limited Investability Factor for the Taiwan Index will be determined on the basis of the restrictions existing in Taiwan at that time. If these restrictions are not materially different from what they are today, it is expected that the impact of the new Limited Investability Factor on the weight of the Taiwan Index, under the enhanced methodology, would be similar to the impact of the current 80% inclusion weight on the weight of the Taiwan Index, under the existing methodology.

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