MSCI Barra
INDEX METHODOLOGY

Select Summary of MSCI Global Investable Market Indices Methodology | April 2010

This document is a summary of certain select provisions of MSCI's Global Investable Market Indices ("GIMI") methodology. This summary does not contain, and is not intended to contain, every element of the GIMI methodology. It is provided for informational purposes only in order to highlight certain key elements of the methodology's framework. For a complete understanding of the GIMI methodology, please refer to the full methodology book available on our website, www.mscibarra.com.

MSCI Global Investable Market Indices

The MSCI indices based on the GIMI methodology aim to provide:

- Coverage of the relevant investable opportunity set with non-overlapping size and style segmentation.
- A strong emphasis on investability and replicability of the indices through the use of size and liquidity screens.
- Size segmentation that aims to balance the objectives of global size integrity and country diversification.
- A balance between index stability and timely reflection of changes in the opportunity set.
- A complete and consistent index family, with Standard, Large Cap, Mid Cap, Small Cap, and Investable Market Indices.

Additionally, the GIMI methodology uses:

- A building block approach to permit the creation and calculation of meaningful composite indices.
- The Global Industry Classification Standard (GICS®) to create sector and industry indices.
- The MSCI Global Value and Growth Methodology to construct Value and Growth Indices.
- Minimum free float requirements for eligibility and free float-adjusted capitalization weighting to appropriately reflect the size of each investment opportunity and facilitate the replicability of the Indices.
- Timely and consistent treatment of corporate events and synchronized rebalancings, globally.

Index Construction

The GIMI index construction process involves: (i) defining the equity universe, (ii) determining the market investable equity universe for each market, (iii) determining market capitalization size segments for each market, (iv) applying final size-segment investability requirements and (v) applying index continuity rules for the Standard Index (Large Cap + Mid Cap).

(i) Defining the Equity Universe. MSCI begins with securities listed in countries included in the MSCI Global Investable Market Indices. Of these countries, currently 23 are classified as developed markets and 22 as emerging markets. All listed equity securities and listed securities that exhibit characteristics of equity securities, except mutual funds, ETFs, equity derivatives, limited partnerships and most investment trusts, are eligible for inclusion in the equity universe. Real estate investment trusts in some countries and certain income trusts in Canada are also eligible for inclusion. Each company and its securities are classified in only one country.

(ii) Determining the Market Investable Equity Universe for Each Market. The equity universe in any market is derived by applying investability screens to individual companies and securities in the equity universe of that market. Some investability requirements are applied at the individual security level and some at the overall company level, represented by the aggregation of individual securities of the company. As a result, the inclusion or exclusion of one security does not imply the automatic inclusion or exclusion of other securities of the same company.

(iii) Determining Market Capitalization Size-Segments for Each Market. In each market, MSCI creates an Investable Market Index, Standard Index, Large Cap Index, Mid Cap Index and Small Cap Index. The Standard Index is the aggregation of the Large Cap Index and the Mid Cap Index. The Investable Market Index is the aggregation of the Standard Index and the Small Cap Index. In order to create size components that can be meaningfully aggregated into composites, individual market size segments balance the following two objectives:

1. Achieving global size integrity by ensuring that companies of comparable and relevant sizes are included in a given size segment across all markets in a composite index.
2. Achieving consistent market coverage by ensuring that each market's size segment is represented in its proportional weight in the composite universe.

(iv) Applying Final Size-Segment Investability Requirements. In order to enhance the replicability of Size-Segment Indices, additional size-segment investability requirements are set for the Investable Market and the Standard Indices. These investability requirements include minimum free float market capitalization, minimum liquidity and minimum foreign room.

(v) Applying Index Continuity Rules for the Standard Index. In order to achieve index continuity, as well as provide some basic level of diversification within a market index, notwithstanding the effect of other index construction rules, a minimum number of five constituents will be maintained for a developed market Standard Index and a minimum number of three constituents will be maintained for an emerging market Standard Index.

Weighting

All indices under the GIMI methodology are free-float weighted, i.e., companies are included in the indices at the value of their free public float, as measured by the Foreign Inclusion Factor multiplied by security price. In cases where other foreign investment restrictions exist that materially limit the ability of international investors to freely invest in a particular equity market, sector or security, a Limited Investability Factor (LIF) may also be applied to the free float to insure that the investability objectives of the indices can be achieved.

Free Float / Foreign Inclusion Factor

MSCI defines the free float of a security as the proportion of shares outstanding that are deemed to be available for purchase in the public equity markets by international investors. A constituent's Foreign Inclusion Factor (FIF) 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 market capitalization. For securities with a free float of less than 15%, the estimated free float is adjusted to the nearest 1%.

Regional Weights

Market capitalization weighting, combined with a consistent target of 99% of free float-adjusted market capitalization, aims to ensure that each country's weight in regional and international composite indices approximates its weight in the total universe of developing and emerging markets. A market is equivalent to a single country except for Europe, where all markets are aggregated into one single market for index construction purposes. Individual country indices of the European developed markets are derived from the constituents of the MSCI GIMI Europe Index.

Prices

The prices used to calculate the MSCI indices are the official exchange closing prices or those figures accepted as such. MSCI reserves the right to use an alternative pricing source on any given day.

Foreign Exchange Rates

MSCI currently uses the WM/Reuters Closing Spot Rates, taken at 4:00 p.m., London time.

MSCI may monitor exchange rates independently and may, under exceptional circumstances, elect to use an alternative exchange rate if the WM Reuters rate is believed not to be representative for a given currency on a particular day.

Index Maintenance

MSCI indices are maintained with the objective of reflecting, on a timely basis, the evolution of the underlying equity markets. In maintaining the MSCI indices, emphasis is also placed on continuity, replicability and minimizing index turnover. Among other things, maintaining the MSCI indices involves making: additions to and deletions from the indices, changes in number of shares, and changes in FIFs as a result of updated free float estimates.

Index maintenance can be described by three broad categories of implementation of changes:

(i) Semi-Annual Index Reviews (SAIRs). The objective of the SAIRs is to systematically reassess the various dimensions of the Equity Universe for all markets on a fixed semi-annual timetable. An SAIR involves a comprehensive review of the Size Segment and Global Value and Growth Indices.

During each SAIR, the Equity Universe is updated and the Global Minimum Size Range is recalculated for each size segment. Then, the following index maintenance activities are undertaken for each market:

- Updating the Market Investable Equity Universe.
- Reassessing the Segment Number of Companies and the Market Size-Segment Cutoffs.
- Assigning companies to the size segments taking into account buffer zones.
- Assessing conformity with Final Size-Segment Investability Requirements.

(ii) Quarterly Index Reviews (QIRs). QIRs are designed to ensure that the indices continue to be an accurate reflection of the evolving equity marketplace. This is achieved by a timely reflection of significant market driven changes that were not captured in the index at the time of their actual occurrence but are significant enough to be reflected before the next SAIR. QIRs may result in additions or deletions due to migration to another Size Segment Index, and changes in FIFs and in number of shares. Only additions of significant new investable companies are considered, and only for the Standard Index. The buffer zones used to manage the migration of companies from one segment to another are wider than those used in the SAIR. The style classification is reviewed only for companies that are reassigned to a different size segment.

(iii) Ongoing event-related changes. Ongoing event-related changes to the indices are the result of mergers, acquisitions, spin-offs, bankruptcies, reorganizations and other similar corporate events. They can also result from capital reorganizations in the form of rights issues, bonus issues, public placements and other similar corporate actions that take place on a continuing basis. These changes generally are reflected in the indices at the time of the event.

The SAIR is carried out once every 6 months and implemented generally as of the close of the last business day of May and November. The implementation of changes resulting from a QIR generally occurs as of the close of the last business day of February and August. The results of the SAIR and QIR are generally announced at least ten business days in advance of implementation.

Market Reclassifications

Potential changes in the status of countries (stand-alone, frontier, emerging, developed) follow their own separate timetables.

During an Annual Market Classification Review, MSCI analyzes and seeks feedback on those markets it has placed under review for potential market reclassification. Every June, MSCI communicates its conclusions from discussions with the investment community on the list of countries under review and announces the new list of countries, if any, under review for potential market reclassification in the upcoming cycle. Ample lead time is provided for implementation of changes in market classification into developed, emerging or frontier status.

The complete MSCI Global Investable Market Indices Methodology may be found on www.mscibarra.com. Additional methodology books -- including the MSCI Index Calculation Methodology, MSCI Barra Fundamental Data Methodology and MSCI Corporate Events Methodology -- may also be found on www.mscibarra.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 include over 120,000 indices calculated daily across more than 70 countries, and the Barra risk models and portfolio analytics, which cover 59 equity and 48 fixed income markets. MSCI Barra is headquartered in New York, with research and commercial offices around the world.