

MSCI[®]

press release

MSCI PROPOSES ADJUSTMENT TO VENEZUELA EXCHANGE RATE

Geneva, October 28, 2003. MSCI announced today that it will consult with market participants over the coming weeks on a proposal to adjust the exchange rate used to calculate the MSCI Standard Venezuela Index.

As a reminder, capital controls, including a fixed exchange regime were established earlier this year in Venezuela. Since then the exchange rate has been set at a fixed level of VEB 1598 per USD. This official exchange rate is currently used in order to convert local prices to USD in the calculation of the MSCI Indices.

MSCI is proposing to use an alternative exchange rate that it believes would be more representative of market realities. The rate MSCI proposes to use would be derived from the relationship between the price of CANTV TELEFONOS DE VENEZUELA D ("CANTV") in the local market and the price of its ADR listed in New York. The ADR of CANTV listed in New York has been trading at close to a discount of 40% to the local price of CANTV. CANTV currently represents approximately 72% of the MSCI Standard Venezuela Index. CANTV is the only Venezuelan security with an ADR that has a sufficient liquidity in order to be used as a proxy.

MSCI is proposing to adjust the exchange rate on a weekly basis. A 5-day average of the implicit exchange rate derived from the local market to ADR price relationship would be used.

Specifically, the formula that MSCI is considering to derive the implicit exchange rate would be as follows:

Implicit FX = Domestic Price x ADR Conversion Factor / ADR Price

For example, given that the ADR Conversion Factor for CANTV is equal to 7 and using prices between October 16 and 22, the implicit exchange rate would be: $(5,282 \times 7 / 14.1) = \text{VEB } 2,618 \text{ per USD}$.

Please note that MSCI may or may not adopt the proposal described in this announcement. It may adopt an alternative proposal or make no change at all.

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