

11/06/03

Dear Students,

Here are two printouts.

1. The first one is a short description, as provided by Morgan Stanley Capital International (www.msci.com) of the MSCE EAFE index, which is recognized as one of the major indices in the US to measure international equity market performance.
2. The second one is a copy of appendix B (Investor Information) from the Emerging Stock Markets Handbook, 2001, also available through the Bobst library. The appendix contains info on the withholding taxes on dividends & interest in emerging markets, as well as the foreign investment ceilings for listed stocks. We will use this info when we discuss ADRs.

MSCI®

EAFE® INDEX



The MSCI EAFE® Index is recognized as the pre-eminent benchmark in the United States to measure international equity performance¹. It comprises 21 MSCI country indices, representing the developed markets outside of North America: Europe, Australasia and the Far East. Over the past 30 years, the MSCI EAFE Index has had an average gross annual return of 9.85%.

MSCI aims to include in its international equity indices 85% of the free float-adjusted market capitalization in each industry group, within each country. As of July 31, 2002, the MSCI EAFE Index contained 1,021 securities with a total market capitalization of over USD 5.5 trillion.

The MSCI EAFE Index is published daily by MSCI and through multiple vendors and in real time every 60 seconds through Reuters and Bloomberg.

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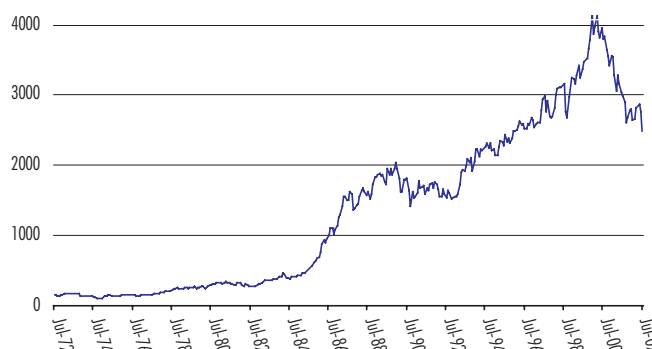
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MSCI EAFE INDEX COUNTRY WEIGHTS (AS OF JULY 31, 2002)

COUNTRY	WEIGHT	COUNTRY	WEIGHT
United Kingdom	27.5%	Finland	1.6%
Japan	22.6%	Belgium	1.0%
France	9.2%	Singapore	0.9%
Switzerland	7.9%	Ireland	0.8%
Germany	6.5%	Denmark	0.7%
Netherlands	5.5%	Norway	0.5%
Australia	4.3%	Greece	0.4%
Italy	3.7%	Portugal	0.3%
Spain	2.9%	New Zealand	0.1%
Sweden	1.8%	Austria	0.1%
Hong Kong	1.7%	EAFE	100.0%

MSCI EAFE INDEX

INDEX LEVEL WITH GROSS DIVIDENDS REINVESTED — USD



Over the past 30 years, the MSCI EAFE Index has had an average gross annual return of 9.85%.

MSCI EAFE INDEX - SUMMARY INFORMATION (AS OF JULY 31, 2002)

INDEX SECTOR WEIGHTS

SECTOR	NO OF SECURITIES	WEIGHT
Financials	170	24.8%
Consumer Discretionary	189	13.2%
Health Care	61	10.1%
Energy	25	9.5%
Industrials	219	9.3%
Consumer Staples	82	9.1%
Telecommunication Services	28	6.7%
Materials	112	6.3%
Information Technology	94	6.2%
Utilities	41	4.8%
EAFE	1,021	100.0%

INDEX CAPITALIZATION AND FINANCIAL RATIOS

INDEX CAPITALIZATION AND CONCENTRATION	
Total Market Capitalization	USD 5,568,414,000,000
Number of Securities	1,021
Average Security Market Capitalization	USD 5,454,000,000
Largest Security	USD 174,399,000
Smallest Security	USD 54,000,000
FINANCIAL RATIOS	
Price to Earnings (P/E)	27.60
Price to Book (P/BV)	1.79
Dividend Yield	2.59%

TOP 50 MSCI EAFE INDEX CONSTITUENTS (AS OF JULY 31, 2002)

SECURITY	COUNTRY	WEIGHT
BP	United Kingdom	3.1%
GlaxoSmithKline	United Kingdom	2.1%
Novartis	Switzerland	2.0%
HSBC Holdings (GB)	United Kingdom	1.9%
Vodafone Group	United Kingdom	1.9%
Royal Dutch Petroleum Co	Netherlands	1.7%
Total Fina Elf	France	1.7%
Nestle	Switzerland	1.5%
Royal Bank of Scotland	United Kingdom	1.3%
Shell T&T	United Kingdom	1.2%
AstraZeneca	United Kingdom	1.1%
Nokia Corp	Finland	1.1%
Toyota Motor Corp	Japan	1.0%
Lloyds TSB Group	United Kingdom	1.0%
UBS Nomen	Switzerland	1.0%
Barclays	United Kingdom	0.9%
Roche Holding Genuss	Switzerland	0.9%
Aventis	France	0.8%
HBOS Group	United Kingdom	0.8%
ENI	Italy	0.8%
Telefonica	Spain	0.7%
Siemens	Germany	0.7%
Sony Corp	Japan	0.7%
Diageo	United Kingdom	0.7%
NTT DoCoMo	Japan	0.7%

SECURITY	COUNTRY	WEIGHT
ING Groep	Netherlands	0.7%
BNP Paribas	France	0.7%
DaimlerChrysler	Germany	0.7%
Takeda Chemical Industries	Japan	0.6%
Unilever NV Cert	Netherlands	0.6%
Deutsche Bank Nomen	Germany	0.6%
Philips Electronics (Kon.)	Netherlands	0.5%
E.ON	Germany	0.5%
BBVA	Spain	0.5%
Canon Inc	Japan	0.5%
National Australia Bank	Australia	0.5%
BT Group	United Kingdom	0.5%
Allianz	Germany	0.5%
BSCB BCO Santander Centr	Spain	0.5%
Honda Motor Co	Japan	0.5%
Swiss Reinsurance Co	Switzerland	0.5%
Credit Suisse	Switzerland	0.4%
Unilever PLC	United Kingdom	0.4%
Tesco	United Kingdom	0.4%
Matsushita Elect Ind'l	Japan	0.4%
Deutsche Telekom	Germany	0.4%
Sanofi-Synthelabo	France	0.4%
Loreal	France	0.4%
Nomura Holdings	Japan	0.4%
Tokyo Electric Power Co	Japan	0.4%

ABOUT MSCI INDICES

Benchmarking: MSCI has been the world's leading benchmark provider since 1969, providing global, regional and sector products and services to international investors. In North America, MSCI's market share of the international equity indexing industry is over 90%¹. MSCI has achieved this preeminent position by constructing accurate benchmarks that consistently reflect the business activities of equity markets worldwide. MSCI's Equity Indices are developed and maintained by an experienced staff of researchers based in Europe, the United States and Asia.

Fund Creation: MSCI international equity indices are fully consistent across geographical markets and industries, making them ideal for use in both exchange traded funds and index funds aiming to represent a range of investment strategies. Currently there are 23 exchange traded funds listed on the American Stock Exchange based on MSCI equity indices.

Derivatives and Real Time Indices: MSCI has licensed the use of its indices to all major global broker/dealers to create OTC derivative products. Listed derivatives based on MSCI Indices trade on the Singapore Exchange, Hong Kong Exchanges, Osaka Securities Exchange and on Euronext LIFFE. MSCI publishes over 800 indices in real-time, available through Reuters and Bloomberg.

Industry Classification: MSCI and Standard & Poor's have developed the Global Industry Classification Standard (GICS)SM - the world's most widely used industry classification. MSCI uses the GICS to classify stocks into sectors and industries that reflect today's evolving marketplace. GICS DirectSM, a joint database product of MSCI and Standard and Poor's, provides more than 24,500 company classifications (28,000 securities) worldwide in accordance with the GICS.

1. Pensions and Investments Magazine Survey, July 2000.

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Foreign Investment Ceiling for Listed Stocks in Emerging Markets (Markets Covered by S&P Emerging Market Indices, End-2000)

Market		Market	
Latin America		Europe	
Argentina	100% in general	Bulgaria	100% in general
Brazil	100% preferred stocks; 100% for common stock in general, except 0% for banks; 20% for air transport; 49% for cable television and 20% for highway cargo transport; 0% for newspaper, radio and TV broadcasting companies and 50% minus one share for Petrobras	Croatia	100% in general
Chile	100% in general	Czech Republic	100% in general
Colombia	100% in general; some approval needed or regulations exist in specific sectors such as national defense, financial and mining	Estonia	100% in general
Ecuador	100% in general	Greece	100% in general
Jamaica	100% in general	Hungary	100% in general
Mexico	100% in general; while there are some total ceiling limits by sectors according to Mexican Foreign Investment Law	Lithuania	100% in general
Peru	100% in general	Poland	100% in general; exceptions for some companies in the security and defense industry and organizing lotteries
Trinidad & Tobago	30% in general	Romania	100% in general; some restrictions in certain sectors such as banking
Venezuela	100% in general	Russia	100% in general; 9% for Gazprom, 25% for UFS; 12% or central bank approval for banks
		Slovakia	100% in general; some restriction on banks, air transportation, lotteries and strategic enterprises
		Slovenia	100% in general; 24% for brokerage firms; 20% for investment management companies
Asia		Turkey	100% in general
Bangladesh	100% in general; 10% on banking companies for a single entity	Ukraine	100% in general; 49% for telecommunications; some restrictions at the corporate level
China	100% only for B- and H-class shares and red chip stocks		
India	24% in general; 20% for banks; up to 40% with board of directors approval	ME & Africa	
Indonesia	100% in general	Bahrain	Up to 49% foreign ownership if company approves; some companies are 100% open to foreign ownership; 100% for GCC nationals
Korea	100% in general; telecommunications 49%, air transportation 50%, mining 49.99%, 15% for Korea Gas Corp., 35% for Korea Tobacco & Ginseng, 40% for KEPCO, 19.44% for Korea Telecom; 0% for Seoul Broadcasting; and 33% for other broadcasting	Botswana	55% for institutional, 10% for private
Malaysia	100% in general; some restrictions at the corporate and sector level per the Foreign Investment Committee Guidelines	Cote d'Ivoire	100% in general
Pakistan	100% in general	Egypt	100% in general
Philippines	40% in general; in some cases can only own B class shares	Ghana	74% in general
Sri Lanka	100% in general; 50% for banks; 90% for insurance companies; 40% for residential housing and mining companies	Israel	100% in general
Taiwan	Limits to the maximum holdings of total shares outstanding by foreigners at both the individual and aggregate level. Sector foreign investment ceilings of 50% for cement; 0% for domestic transportation; 33% for aviation; 50% for aviation logistics; 20% for telecommunications; 50% for natural gas; 40-50% for some banks and insurance companies	Jordan	100% in general; 50% for construction, retail trade and mining sectors
Thailand	10%-100% depending on company by-laws	Lebanon	40% in general
		Mauritius	100% in general
		Morocco	100% in general; 15% for sugar companies
		Namibia	100% in general
		Nigeria	100% in general
		Oman	Up to 49% foreign ownership if company approves; 100% for GCC nationals
		Saudi Arabia	25% for GCC nationals; other foreign investors may access market via mutual funds
		South Africa	100% in general
		Tunisia	49.9% in general
		Zimbabwe	40% in general

Withholding Taxes in Emerging Markets (U.S.-Based Institutional Investors, End-2000)

Market	Interest* (%)	Dividends (%)	Long-term Capital Gains on Listed Shares (%)	Market	Interest* (%)	Dividends (%)	Long-term Capital Gains on Listed Shares (%)
Argentina	0	0	0	Lithuania	0-24	0-29	0
Bahrain	0	0	0	Malaysia*	0	0	0
Bangladesh	15	15	0	Mauritius	0	0	0
Botswana	15	15	0	Mexico*	4.9	0	0
Brazil	15	0	0	Morocco	0	10	0
Bulgaria	15	15	15	Namibia	0	10	0
Chile	35	35	15	Nigeria	10	0	0
China	20	20	0	Oman	0	0	0
Colombia	0	0	0	Pakistan	10	15	0
Cote d'Ivoire	0	10	0	Peru	0	0	0
Croatia	0	0	0	Philippines*	25	25	0.5*
Czech Republic	15	25	0	Poland*	30	15	0
Ecuador	5	0	0	Romania*	1	5,10	1
Egypt	0	0	0	Russia	0	10	-
Estonia*	26	26	26	Saudi Arabia	0	0	0
Ghana*	0	10	0	Slovakia*	15	15	29
Greece*	0	35	0	Slovenia	0	15	0
Hungary	0	20	0	South Africa	0	0	0
India	20	0	10	Sri Lanka	0	15	0
Indonesia	15	15	0.1	Taiwan	20	20	0
Israel*	35	25	0	Thailand*	15	10	15
Jamaica	15	15	0	Trinidad & Tobago*	20	15	0
Jordan	0	10	0	Tunisia*	-	0	0
Kenya	15	10	0	Turkey*	0	5.5	0
Korea*	27.5	27.5	27.5	Ukraine	30	15	0
Latvia	10	0	0	Venezuela*	1	0	1*
Lebanon	0	10	0	Zimbabwe	30	15	10

Notes: List includes 54 emerging markets covered by Standard & Poor's. Covers taxation of interest from bond and money market securities.

Estonia: Taxes are sometimes lower if the foreign country has a treaty with Estonia.

Ghana: No withholding tax on dividends for individuals.

Greece: Taxes are paid by issuers. Treaties with certain countries to avoid double taxation.

Israel: Tax treaties exist with some countries that lower these figures, including the U.S. (17.5%) and the U.K. (15%).

Korea: Rates applied when there is no tax treaty. For capital gains, the rate is 27.5% on capital gains or 1% on the gross proceeds, whichever is less. Tax rates shown include a 10% resident tax.

Malaysia: Capital gains subject to a flat 10% levy upon repatriation.

Mexico: Government debt is exempt. For private debt interest the 4.9% tax is not applicable if the beneficiary resides in a member country of the OECD in which the income tax applicable is equivalent to that applied in Mexico, or in a country with which Mexico has a treaty.

Philippines: Transactions tax in lieu of a capital gains tax.

Poland: No withholding tax on interest or capital gains for individuals. Taxes are subject to treaties to avoid double taxation for foreigners.

Romania: 5% for individuals, 10% for companies.

Thailand: Capital gains are tax free for individuals.

Trinidad and Tobago: 15% tax on dividends for individuals.

Tunisia: Foreign institutions cannot buy fixed income instruments or open interest bearing accounts without prior approval from the central bank.

Turkey: Government securities are exempt from taxation if held to maturity. Interest on demand deposits is taxed at 16.5%.

Venezuela: Transactions tax.