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RiskMetrics Group to Acquire Institutional Shareholder Services Inc

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RiskMetrics Group to Combine Industry-Leading Risk Management Capabilities with World Class Corporate Governance Services

NEW YORK -- RiskMetrics Group, the leading financial risk management firm announced that it will acquire Institutional Shareholder Services Inc. (ISS). ISS is the world's leading provider of proxy voting and corporate governance solutions to the institutional marketplace. The merger reflects the broader vision of both companies to expand beyond their core businesses of financial risk management and corporate governance to offer a broad range of data, analytics and advice to investors.

Combined, RiskMetrics Group and ISS will generate over \$200 million in revenue per year with approximately 800 employees across 23 offices serving over 2400 clients worldwide. Spun-out of JP Morgan in September of 1998, RiskMetrics Group is the leading provider of financial risk analytics to banks, central banks, hedge funds, asset managers, pension funds and corporations. Founded in 1985, Institutional Shareholder Services has built a reputation as the world-leader in corporate governance research, proxy voting services and analytical databases.

"As financial markets become more important and complex, RiskMetrics Group is committed to providing expertise and leadership to all market participants," said Ethan Berman, Chief Executive Officer of RiskMetrics. "The addition of ISS to RiskMetrics Group brings another important capability to that community."

"The combination of ISS and RiskMetrics Group will deliver profoundly important benefits to our combined clients, to our combined staff and to the financial services industry as a whole," said John M. Connolly, President and Chief Executive Officer of ISS. "Both ISS and RiskMetrics have been tremendously successful on their own. Now, by bringing together our industry leading solutions, our respective areas of expertise and our acute understanding of institutional investors' needs, we will be in a position to serve an even broader range of

fiduciary and risk management requirements."

"Corporate governance is now being recognized as a vital fiduciary responsibility," said RiskMetrics Group board member, Arthur Levitt. "This merger will allow RiskMetrics Group to offer these services to increase shareholder value for more investors."

"ISS was founded to help institutional shareholders mitigate risk and maximize return," said ISS Chairman, Robert C.S. Monks. "This transaction represents the expansion of that vision to a wider audience of financial stakeholders."

"Both RiskMetrics and ISS have built traditions of trust with their clients through a combination of integrity, independence, thought leadership and a commitment to transparency," said Mark Anson, Chief Executive Officer of Hermes. "RiskMetrics and ISS have each brought huge value to our investment process and I am eagerly anticipating the benefits this combination will bring to the broader investment community."

All members of the RiskMetrics Group board and its three investors, Spectrum Equity Investors, General Atlantic, and Technology Crossover Ventures, backed the deal, which is expected to close by year-end or shortly thereafter. ISS will operate as a separate, wholly-owned subsidiary of RiskMetrics Group with John M. Connolly remaining CEO and operations largely unchanged. Connolly will also join the RiskMetrics Group board. Credit Suisse advised ISS in connection with the transaction. Financial terms of the deal were not disclosed.

About RiskMetrics Group:

RiskMetrics provides expertise to the financial community through a broad range of research, analytics, data and other products and services. Formerly a division of JP Morgan, RiskMetrics Group became an independent company in 1998. The company is headquartered in New York City, with eleven worldwide offices, including London, Tokyo and Singapore. More information is available online at: www.riskmetrics.com.

About Institutional Shareholder Services

ISS is the world's leading provider of corporate governance and proxy voting solutions. ISS provides proxy research, voting services and corporate governance advisory services to financial institutions and corporations worldwide. Founded in 1985, ISS is headquartered in Rockville, Maryland with offices in Washington DC, Amsterdam, Brussels, Chicago, London, Manila, Melbourne, New York, Paris Tokyo and Toronto. For more information on ISS, visit www.issproxy.com.

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