

FOR IMMEDIATE RELEASE

Contacts:

Greg Stockett
Chief Financial Officer
510.548.5442
greg.stockett@barra.com

Krista Gulbransen
Director, Marketing Communications
510.647.3931
krista.gulbransen@barra.com

Barra Inc. Acquires Financial Engineering Associates

FEA to add to Barra strong sell-side franchise in risk and derivatives analytics

Berkeley, California, December 12, 2002—Barra, Inc. (Nasdaq: BARZ) a global leader in risk management technology for investment professionals, announced today the acquisition of the closely held private company Financial Engineering Associates, Inc., (FEA) a leading provider of financial analytics based in Berkeley, California. Under the terms of the acquisition, which closed on December 12, 2002, Barra acquired all outstanding shares of FEA for \$21.25 million in cash.

FEA is a developer of derivatives and risk analytics software for traders, risk managers, and financial analysts for a wide range of industries. The firm has a global client base, with over 700 clients across the U.S., Europe and Asia. Operating revenues from software licensing and maintenance were approximately \$8 million for its fiscal year ending February 28, 2002, an increase of 50 percent over the previous fiscal year. FEA sells perpetual licenses for most of its products and typically charges a 20 percent annual maintenance fee. While historical profit results are not meaningful given the private, closely held nature of the company, FEA has been consistently profitable. Through continued growth at FEA and new market opportunities for the combined firm, the acquisition is expected to be accretive to Barra's earnings in FY 2004. The acquisition is expected to be neutral to Barra's earnings per share for the remaining periods within FY 2003, excluding the impact of any acquisition-related charges expected to be recorded in the December 31, 2002 quarter. FEA will be operated as a wholly owned subsidiary of Barra Inc.

Kamal Duggirala, chief executive officer of Barra, said, "We are very excited about joining forces with FEA, a market leader in derivatives and risk analytics for financial, commodity and energy markets. FEA reinforces Barra's core competence in financial analytics and at the same time adds new, diversifying market segments for growth. The combined firm will

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leverage FEA's impressive list of sell-side clients and market knowledge to develop a more comprehensive suite of risk analytics for both trading and portfolio management."

Mark B. Garman, founder and chairman of FEA, said, "Barra enables FEA to expand our product and service offering to FEA's traditional sell side segment using global scaling combined with a powerful brand association. With each company's focus in risk management, the individual markets of the two companies will complement and enhance both companies' offerings. FEA is excited about this prospect for our clients, partners, and employees and welcomes the opportunity to become part of the Barra family."

About Barra

Barra is a global leader in delivering risk management systems and services to managers of portfolio and firm-wide investment risk. Since its inception in 1975, Barra's single vision — to empower its clients to make strategic investment decisions — has made Barra the industry standard in investment risk management. Headquartered in Berkeley, California, Barra has offices in all major financial centers around the world.

About FEA

Focusing on the energy, financial, and commodities markets since 1989, Financial Engineering Associates, Inc., is renowned for the development of option valuation models and market risk assessment software. Powered by constant innovation, aggressive release schedules, and superb technical support, FEA is routinely first-to-market with pricing models and authoritative risk management tools for the latest, most complex financial instruments. FEA's more than 700 institutional clients include energy firms, money center banks, Fortune 500 companies, trading enterprises, and leading financial firms worldwide. FEA remains at the forefront of financial engineering through an on-going commitment to meeting the needs of its clients worldwide. For more information, please visit <http://www.fea.com>.

This release contains forward-looking statements that reflect management's current expectations regarding future events and financial performance. All statements in this release containing the words or variations of the words "expect," "continue," "expand" and "will" are forward-looking statements, and all other statements that address MORE... expectations or projections about the future, including but not limited to any projections of

earnings, revenues, acquisition synergies, accretion or other financial items; any statements of the plans, strategies, and objectives of management for future operations; any statements regarding future economic performance; any statements of belief and any statements of assumptions underlying any of the foregoing. Any or all of these forward-looking statements may turn out to be wrong. Factors that could cause actual results to differ materially from the forward-looking statements include the ability of Barra to retain and motivate key employees of both FEA and Barra; the timely development, production and acceptance of products and services; the challenges of integration and restructuring associated with the acquisition of FEA; the challenges of achieving anticipated synergies; undisclosed liabilities of FEA; and the assumption of maintaining revenues on a combined company basis following the close of the acquisition. These and other important factors are detailed in various Securities and Exchange Commission filings made periodically by Barra, particularly its latest annual report on Form 10-K for the fiscal year ended March 31, 2002 and subsequent quarterly reports on Form 10-Q, copies of which are available from the company without charge or online at <http://www.barra.com>. Please review such filings and do not place undue reliance on these forward-looking statements.

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