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Morningstar today announced the annual reconstitution of its family of U.S. dividend indexes. The Morningstar dividend indexes are reconstituted once a year to accurately represent the universe of dividend-paying stocks.

Following the reconstitution, there are now 680 stocks in the Morningstar Dividend Composite Index, an index that captures the performance of all stocks in the US Market Index that have a consistent record of dividend payment and have the ability to sustain their dividend payment. The aggregate market cap of stocks in the index following the reconstitution is \$9.49 trillion, which is approximately 60% of the total market value of all stocks trading in the United States.

The three largest sectors represented in the Morningstar Dividend Composite Index have not changed—Financial Services with a 30% weight, Industrial materials with a 14% weight and Consumer Goods with a 12% weight.

However, the Morningstar Dividend Leaders Index, an index that captures the performance of 100 highest yielding stocks in the Dividend Composite Index, experienced significant sector shift. Exposure in the Financial Services sector, which represented 44.6% of the index weight before the reconstitution, was reduced to 38%. The Healthcare sector increased from 9% to 16% in the newly reconstituted portfolio.

At the time of the reconstitution, 20 new firms were added to the Morningstar Dividend Leaders Index. Notable additions include Pfizer, Wachovia, Dow Chemicals, and DuPont. Two firms that were removed from the Leaders Index because of a decline in dividend yields—a function of appreciating stock price or cut in dividends—were J.P. Morgan Chase & Co. and ConAgra Foods.

For five years ending June 16, 2006, the Morningstar Dividend Composite Index had an annualized return of 5.47%, while the Morningstar Dividend Leaders Index gained 8.46%. The Morningstar US Market Index was up 3.33% during the same time period. For more information about the Morningstar Dividend Indexes, please [click here](#).

For questions regarding the Morningstar Indexes and the annual reconstitution process, please send an e-mail to indexes@morningstar or call 312-384-3735