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Morningstar today announced the preliminary additions and deletions of securities to its family of 16 U.S. equity style indexes. Morningstar Style Indexes are reconstituted twice annually to accurately represent the current landscape of the U.S. equity markets. All index portfolios will reflect the changes Monday, June 19.

Following the reconstitution, the total market capitalization of the Morningstar US Market Index, which targets the top 97% of U.S. equities by capitalization, will be approximately \$15.94 trillion. This is an increase of \$681.5 billion since the previous reconstitution on December 19, 2005. The total number of stocks now in Morningstar US Market Index is 2,151.

At the time of the reconstitution, 136 companies will be added to the Morningstar US Market Index—the vast majority of which will be part of the Morningstar Small Cap Index. Among the additions are 29 firms to the Industrial Materials sector, 18 to the Business Services sector, 15 to the Financial Services sector, and 15 to the Healthcare sector.

Twelve of the additions are initial public offerings, one of which (CBOT Holdings) will be added to the Morningstar Mid Cap Index. CBOT Holdings (BOT), the third largest derivatives exchange in the world, debuted on October 19, 2005. The firm raised \$172.8 million by offering 3.2 million shares at an initial price of \$54. The stock is now trading above \$100.

Two notable re-listed stocks have been added to the Morningstar US Market Index after emerging from bankruptcy protection. United Airlines, the second largest U.S. airline, began trading under the symbol UAU on the NASDAQ Feb. 1, 2006, after more than four years under protection of the courts. The stock opened at \$43.75 and is currently trading around \$27. Mirant (MIR), a power plant operator based in Atlanta, GA also exited Chapter 11 protection on Jan. 1, 2006. After 30 months in bankruptcy court, Mirant stock began trading on the New York Stock Exchange and is up 8.7% year-to-date.

Another notable change in this reconstitution is Microsoft's (MSFT) shift from a large-growth stock to a large-core stock. The change in classification was largely driven by a 16% drop in the stock price year-to-date, which has lowered its price ratios. Also, maturing core markets in operating systems and productivity software, and coupled with delayed new product launches have diminished the firm's growth prospects.

At the time of this reconstitution, Morningstar will be removing 42 companies from the indexes because they either fell below the 97% market capitalization threshold or failed to meet the liquidity requirements for inclusion.

A list of preliminary additions can be found [here](#). A list of preliminary deletions can be found [here](#).

For questions regarding the Morningstar Indexes and the semi-annual reconstitution process, please send an e-mail to [indexes@morningstar](mailto:indexes@morningstar) or call 312-384-3735

## Quick Reference Guide to Morningstar Index Reconstitution, June 2006

### Morningstar US Market Index

<b>Capitalization and Number of Stocks</b>	<b>December 2005</b>	<b>June 2006</b>
Overall Market Cap (in \$ trillion)	15.25	15.94
Median Market Cap (in \$ billion)	1.77	1.85
Maximum Market Cap (in \$ billion)	370.34	385.19
Minimum Market Cap (in \$ million)	308.40	356.60
Market Cap Break Points (in \$ millions)		
Large to Mid	9,664	10,583
Mid to Small	1,740	1,875
Number of Holdings	2,110	2,151
Additions to US Market Index	119	136
Deletions from US Market Index	64	42
Number of IPO's Added	10	12
<b>Sector Breakdown</b>	<b>December 2005</b>	<b>June 2006</b>
<b>Information Economy</b>	<b>19.59</b>	<b>18.71</b>
Software	3.86	3.36
Hardware	9.16	8.72
Media	3.79	3.65
Telecommunications	2.78	2.98
<b>Service Economy</b>	<b>48.82</b>	<b>48.84</b>
Healthcare Services	13.02	12.24
Consumer Services	9.29	9.04
Business Service	5.41	5.77
Financial Services	21.10	21.79
<b>Manufacturing Economy</b>	<b>31.60</b>	<b>32.46</b>
Consumer Goods	8.11	7.96
Industrial Materials	11.44	11.87
Energy	8.85	9.23
Utilities	3.20	3.40
<b>Portfolio Statistics</b>	<b>December 2005</b>	<b>June 2006</b>
Turnover (annualized)	5.48	5.22
% Weight Top 10 Holdings	16.57	15.40
Price/Earning	22.05	21.53
Price/Book	4.16	3.94
Price/Cash Flow	15.02	14.95
Price/Sales	3.19	2.97
Dividend Yield	1.60	1.69
Earnings (Historical) Growth	22.63	20.37
Book Value Growth	14.75	9.56
Sales Growth	16.78	15.43

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### Morningstar Style Indexes Portfolio Statistics (as of May 31, 2006)

	No. of Holdings	Median Mkt Cap	% Wt. in Top 10 Holdings	P/E	P/B	P/S	Dividend Yield (%)	Earnings Growth
<b>Cap Indexes</b>								
Large Cap Index	313	18.767	21.19	20.52	3.95	2.93	1.86	20.99
Mid Cap Index	759	3.316	3.47	24.35	4.04	3.10	1.25	19.39
Small Cap Index	1,079	0.973	1.84	25.38	3.55	3.11	1.15	15.71
<b>Composite Style Indexes</b>								
US Value Index	686	1.689	34.78	14.24	2.58	2.01	2.94	14.55
US Core Index	731	1.721	31.98	20.61	3.77	2.41	1.55	18.25
US Growth Index	734	1.753	18.48	30.51	5.61	4.68	0.50	29.70
<b>Style Indexes</b>								
Large Value Index	93	18.770	47.41	13.27	2.65	2.06	3.15	16.27
Large Core Index	96	20.840	43.26	19.38	3.85	2.33	1.73	18.65
Large Growth Index	124	15.960	26.25	29.92	5.51	4.63	0.58	29.65
Mid Value Index	247	3.175	10.23	17.12	2.45	1.83	2.29	10.19
Mid Core Index	262	3.306	9.39	24.42	3.64	2.74	1.14	16.81
Mid Growth Index	250	3.370	9.72	31.59	6.05	4.73	0.33	31.37
Small Value Index	346	0.877	5.37	17.43	2.10	2.08	2.55	6.56
Small Core Index	373	0.980	5.05	25.01	3.29	2.35	0.75	17.29
Small Growth Index	360	0.945	5.26	34.24	5.24	4.99	0.22	24.37

### Index Performance (As of June 9, 2006 in %)

	YTD	1 Year	3 Year	5 Years
<b>US Market Index</b>	1.52	7.66	12.16	2.48
<b>Cap Indexes</b>				
Large Cap Index	0.93	5.61	9.79	0.39
Mid Cap Index	2.41	13.11	18.33	7.90
Small Cap Index	5.13	13.41	18.96	8.93
<b>Composite Style Indexes</b>				
US Value Index	5.48	11.23	15.76	7.38
US Core Index	1.80	7.67	12.64	3.59
US Growth Index	-3.01	3.73	7.84	-4.43
<b>Style Indexes</b>				
Large Value Index	5.65	10.81	13.96	5.55
Large Core Index	1.40	6.10	10.60	1.26
Large Growth Index	-4.81	-0.74	4.40	-6.70
Mid Value Index	4.86	12.27	20.35	11.87
Mid Core Index	1.17	10.74	17.54	10.07
Mid Growth Index	1.36	16.28	16.69	1.22
Small Value Index	5.26	12.18	20.34	14.45
Small Core Index	7.77	15.92	21.01	11.88
Small Growth Index	2.29	12.17	15.41	0.78