

March 24, 2003

Morningstar today announces first quarter rebalancing for its index family. Rebalancing adjusts the number of free float shares for each constituent. By adjusting free float shares of securities to reflect only truly investable shares, the Morningstar Indexes capture the most current picture of the market.

Highlighted below are index constituents that have the biggest changes in their float weights at the time of rebalancing:

- Hewitt Associates (HEW), the human resources service provider, free float increased to 100% from 30% due to the expiration of the lock-up period on Dec. 31, 2002. Shares of the 62-year-old firm, which went public in June 2002, have gained 35% since its IPO.
- Yahoo! Inc. (YHOO) shares were also adjusted this quarter to reflect Softbank America's shrinking position in the firm. Softbank, which owned 20% of Yahoo at the start of the year, has sold its shares during the past year to provide funding for its broadband business. After its last disposal, Softbank's holding of Yahoo! Inc. fell to 4%, which is below the 5% block ownership threshold.

At rebalancing, Morningstar also adds recent IPOs to the Morningstar Indexes if the IPO qualifies as a constituent of the mid cap or large cap indexes by the last trading day of the first month of a quarter and it has a known investment style. Three IPOs met these criteria at the time of rebalancing:

- WellChoice (WC), the largest HMO in the New York metropolitan area, went public on Nov. 8, 2002. The firm, which was previously named Empire BlueCross BlueShield, operated as a non-profit company before going public. The company has been added to Morningstar Mid Core Index.
- The Chicago Mercantile Exchange's (CME) stock debuted on Dec. 6, 2002, at \$35 per share. As the first U.S.-based exchange to go public, it is currently trading at more than \$46 per share, a 24% gain. The company is now part of Morningstar Mid Growth Index.
- Seagate Technology HDD Holdings (STX), the largest maker of computer disk drives, qualified for inclusion in the Morningstar Mid Growth Index after its December IPO.

Morningstar uses free float values for component weights in each index. Free float is defined as a company's outstanding shares adjusted by block ownership. Adjustments are made if a particular entity owns 5% or more of the company, but exclusions are made for the holdings of institutional investors, such as mutual funds or pension fund holdings. Using the free float instead of the full capitalization improves the investability of the index.

For a complete list of securities in the Morningstar U.S. Market Index and their float figures, send an e-mail to indexes@morningstar.com.