

June 23, 2003

Effective today, Morningstar is making additions and deletions to its family of 16 U.S. equity indexes based on the results of the index reconstitution. Index reconstitution adds and removes securities from the indexes to capture the most current landscape of the U.S. equity markets.

The Morningstar US Market Index targets the top 97% of U.S. Equities by market capitalization. Following the reconstitution, the total market cap of the Morningstar US Market Index is slightly more than \$11 trillion, an increase of roughly 4% from the previous reconstituted portfolio. The increase reflects the stock market appreciation from December 2002 to June 2003.

The initial public offering (IPO) pipeline continues at a slow trickle, consequently only five IPOs were added to the Morningstar US Market Index. In addition, 103 small cap securities were added. Partially offsetting these additions was the deletion of 54 securities that fell below the 97% market cap threshold. The total number of stocks now in the Morningstar US Market Index is 1,847.

Of the five IPOs added to the Morningstar US Market Index, none are large or mid cap securities. The 5 IPOs added to the Morningstar Small Cap Index consist of the following:

- ▶ Texas Geneco Holdings (TGN), The most sizable IPO is a wholesale electric power generating company for the lone star state. Debuting at \$8 a share in late December, the stock was received well by the market, as its price nearly doubled by the end of January. As of Friday's close at \$22.34, shareholders gained 179 percent since its IPO.
- ▶ Provident Financial Services (PFS), a consumer- orientated bank for the state of New Jersey that operates 49 full-service banking offices. Converting from a mutually owned company, the regional bank sold nearly \$600 million in stock to its depositors at \$10 per share to fuel its conversion.
- ▶ Warnaco Group (WRNC), an apparel maker that appeals to male and females in all age groups. Familiar brands abound, including, Nautica, Calvin Klein, and its own brand Warner. Debuting at \$11.65 the shares quickly slid to \$9, but have since come back strong closing Friday at \$13.85
- ▶ Brookfield Homes (BHS), a residential home builder and land developer that specializes in master planned communities for move-ups and luxury home purchases. Brookfield was spun off from Brookfield Properties in late January at \$8.50 and has seen a steady rise in price.
- ▶ Infinity Property and Casualty (IPCC), primarily provides auto insurance policies, and is the second largest provider to high-risk drivers behind Providian. In February of 2003, Infinity offered more than 12 million shares at \$16, and shares as of Friday closed at \$24.24.

For a complete list of securities in the Morningstar Indexes please send an e-mail to indexes@morningstar.com.