

Dec. 22, 2004

Morningstar, Inc. today announced the semi-annual reconstitution for its family of 16 U.S. equity indexes. As part of this process, Morningstar adjusts its index holdings to ensure the most accurate landscape of the U.S. market.

Morningstar conducted the reconstitution on Monday, Dec. 20. The total market cap of the Morningstar US Market Index, which targets the top 97 percent of the U.S. equities by capitalization, is now approximately \$13.96 trillion. The total number of stocks in the Morningstar US Market Index is now 2,045, an increase of 53 from 1,992 at December 2003. The median market capitalization of a company in the Morningstar US Market Index is now \$1.74 billion.

Ninety-seven new securities were added to the Morningstar US Market Index, a proxy for the U.S. equity market. Twenty-two of the new additions were initial public offerings.

- Salesforce.com (CRM), a provider of customer relationship management services, was added to the Morningstar Mid Growth Index. Initially priced at \$11, the company has seen its share price fluctuate between \$22.70 and \$9. It currently trades above at \$16.
- Freescale Semiconductor (FSL), which was spun off from cell phone manufacturer Motorola (MOT) on July 16, is the third largest independent semiconductor maker. It was added to the Morningstar Mid Core Index and has gained 23 percent since going public.
- Dex Media (DEX), publisher of the "official" Yellow Pages for Qwest Communications in 14 states, priced its IPO at \$19. It currently trades around \$25. It was added to the Morningstar Mid Growth Index.
- CB Richard Ellis, a commercial real estate services firm, was added to the Morningstar Mid Growth Index after its listing on the NYSE at \$18.30 per share.
















For a complete list of IPOs added to the Morningstar U.S. Market Index, click [here](#).

Also at this reconstitution, Morningstar removed 73 securities from the indexes. All of the securities were part of the Morningstar Small Cap Index and were removed after they fell below the 97% market capitalization threshold.

For a complete list of securities added and deleted from the Morningstar US Market Index, click [here](#).

The sector makeup of the Morningstar US Market Index underwent some changes over the past 12 months as well. Hardware, which represented 11.5 percent of the US Market Index a year ago, dropped to 9.8 percent. The Healthcare sector dropped from 13.6 percent a year ago to 12.5 percent in the newly reconstituted portfolio. The Energy sector increased its share of the US Market Index from 6.2 percent to 7.3 percent. Following is the sector distribution of the US Market Index:

Sector Breakdown for Morningstar US Market Index (%)

December	2003	2004		2003	2004		2003	2004
 Mfg Economy	29.1	31.4	 Service Economy	47.4	47.6	 Info Economy	23.5	21.0
 Consumer Goods	8.6	8.5	 Healthcare Services	13.6	12.5	 Software	4.4	4.1
 Industrial Materials	11.3	12.3	 Consumer Services	20.8	21.5	 Hardware	11.5	9.8
 Energy	6.2	7.3	 Business Services	8.6	8.9	 Media	4.4	4.0
 Utilities	3.0	3.2	 Financial Services	4.5	4.8	 Telecom	3.2	3.1

Morningstar reconstitutes its indexes using the latest information available for assessing a company's fundamental information, market capitalization, and liquidity. A complete list of securities in the Morningstar U.S. Market Index can be found [here](#). For questions regarding the Morningstar Indexes and the semi-annual reconstitution process, please send an e-mail to indexes@morningstar.com.