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Morningstar Indexes announces the addition and deletion of securities from its family of 16 U.S. equity indexes. The list of additions and deletions is part of reconstitution process that occurs twice annually in June and December. Effective immediately, the index holdings will be adjusted to ensure an accurate representation of the U.S. market.

With 197 new constituents being added to the Morningstar US Market Index—a proxy for broad U.S. equity market—this reconstitution is certainly larger than recent ones. Forty-three companies were added last December, and June's reconstitution featured 103 new securities.

Contributing to the new additions was an improved IPO market, which really gained steam in the latter half of the year. Sixty-nine new additions to the Morningstar US Market Index were companies that went public in 2003, compared to only 15 in 2002.

And what may seem like a flashback to the IPO radar of 2000, technology companies dominated the successful initial public offerings this reconstitution. In a marked difference to the IPO's of 2000, however, many of these firms have longer proven track records than the dotcom blowouts. Noteworthy additions included:

Bermuda-based insurer Axis Capital Holdings Limited (AXS) raised \$473 million when it went public in early July. The company provides insurance and reinsurance through operating subsidiaries based in Bermuda, Ireland, and the United States. It is up 27 percent so far this year.

The parent holding company of AMI Semiconductor (AMIS) raised \$600 million in its IPO on Sept. 24. The much-hyped IPO from the chipmaker was the largest IPO from the tech sector this year. However, since going public, it has lagged the market, losing 13 percent of its value since going public at \$20.

Austin, Texas chipmaker SigmaTel Inc.'s (SGTL) stock price has increased nearly 90percent above its IPO price in this month alone. The leading supplier of chips used in CD players and digital audio devices went public on September. 19.

Beginning December 22, 2003, 197 new constituents will be added to the Morningstar US Market Index all but one will be part of Morningstar Small Cap Index. The one noteworthy exception is:

SpectraSite Inc. (SSI), a leading U.S. wireless tower operator, will be included in the Morningstar Large Growth Index. In November 2002, SpectraSite Holdings, Inc. filed for Chapter 11 protection. On February 10, 2003, SpectraSite Inc. emerged from bankruptcy. The Cary, North Carolina-based company issued a secondary offering of 9 million shares of common stock priced at \$30.25 per share, just a few months after it completed a successful financial restructuring.

Twenty-three securities were deleted from the Morningstar US Market Index. The newly reconstituted portfolio for the Morningstar US Market Index now includes 1,992 securities.

Thanks to the powerful rally that kicked off beginning in mid-March, it was one of the best-performing markets in recent memory, almost across the board. The Morningstar US Market Index, which tracks the performance of the broad U.S. equity market-gained 27.90 percent for the year to date through Dec. 19, 2003. That marked the benchmark's best total return since 1997, when it surged ahead by 36.77 percent. The total market value represented by Morningstar US Market Index rose to \$12.4 trillion, increasing 24 percent so far this year.

Using the latest information available for assessing a company's fundamental information, market capitalization, and liquidity, the Morningstar US Market Index selects the 97 percent market capitalization of the investable universe. For a complete list of securities in Morningstar US Market Index, send an email to indexes@morningstar.com.