

Our Bogey Goes Banking

By Michael Santoli

IN THE FIRST SEMI-ANNUAL reshuffling of the freshly launched Barron's 400, the index's stock-selection process alighted on some beaten-up financial stocks while taking modest profits in its heavy energy holdings.

The index, unveiled in a recent cover story, is based on the stock-rating research of MarketGrader.com, whose 24 rating factors focus strictly on reported company earnings, growth, profitability, valuation and, to a small degree, on stock action.

In March and September, all stocks in the Dow Jones Wilshire 5000 index are ranked on MarketGrader's zero-to-100 scale. The index then selects the top-ranked stocks, while conforming to certain sector-diversification and market-cap rules. The best-scoring 400 stocks following these screens make the index and are weighted equally.

One of the index-construction rules limits any one sector to 20% of the index, or 80 stocks. As the nearby table shows, the index has again taken the maximum helping of financials, a sign that MarketGrader's growth-at-a-good-price methodology is finding bottom-fishing opportunities there. Citigroup (ticker: C) and Wachovia (WB) are two prominent financials that made the cut. Note that Goldman Sachs (GS) was eliminated, based on its subpar grade as of the Aug. 31 cutoff date, but its score has since risen back into the Buy zone following its earnings report last month.

Meantime, the index's large and

successful allocation to energy shares has been trimmed slightly, with the number of oil-and-gas stocks dipping to 65 from 78. ExxonMobil (XOM) and ConocoPhillips (COP) were cut for the latest version of the index.

The other notable sector shifts include a significantly increased commitment to health-care stocks. And the index is picking up on stirrings of emerging value in utilities, which took seven slots in the new index, up from zero.

Because the index seeks to identify the most fundamentally attractive stocks based on the freshest reported results and market activity, turnover of Barron's 400 components is significant. In this latest rebalancing, 190, or 47.5%, of the 400 stocks were replaced. Turnover in back tests stretching to 1998 has averaged around 40%. The market volatility of recent months might have resulted in valuation changes that led to somewhat higher turnover. The B400 is up 11.8% year to date, versus 7.98% for the S&P 500 and 8.9% for the DJ Wilshire 5000.

The full list of the current 400 stocks appears on page 3, with scores as of Aug. 31. The complete list will continually be available online at www.Barrons400.com, though without an updated score.

While the index will always serve as a stock-prospecting tool, Dow Jones Indexes is hoping to find partners to create an exchange-traded fund and other investment products tied to the B400.



The New Order

Some 190 companies, or 47.5% of the total, were replaced in the semi-annual rebalancing. The current 400 companies are listed on page M18. Here's how they break down by market cap and sector.

Market Cap	Number Of Companies		Percentage Of Index Market Cap	
	New	Old*	New	Old*
Large-Cap	124	133	31.00%	34.07%
Mid-Cap	78	75	19.50	19.19
Small-Cap	158	162	39.50	39.50
Micro-Cap	40	30	10.00	7.24

Sector	Number Of Companies		Percentage Of Index Market Cap	
	New	Old*	New	Old*
Financials	80	80	20.00%	18.26%
Industrials	72	75	18.00	19.31
Oil & Gas	65	78	16.25	21.16
Consumer Services	45	37	11.25	8.39
Technology	42	46	10.50	11.79
Health Care	36	27	9.00	6.65
Consumer Goods	28	27	7.00	6.68
Basic Materials	24	29	6.00	7.45
Utilities	7	0	1.75	0.00
Telecom	1	1	0.25	0.31

*As of 8/24/07.

Sources: MarketGrader.com; Dow Jones Indexes

(over please)

How Now, Dow?

Four Dow 30 stocks have been added to the Barron's 400, while three have been shed, reflecting their MarketGrader scores as of Aug. 31. The small stocks deleted all saw their market values fall below the required minimum of \$250 million.

Additions: Largest Five by Market Cap

Company	Ticker	Market Cap (mil)	Grade*
Citigroup	C	\$231,858	69.19
Procter & Gamble	PG	215,305	66.87
Coca-Cola	KO	120,070	69.09
Merck	MRK	107,805	65.02
Wachovia	WB	95,393	66.35

Additions: Smallest Five by Market Cap

Company	Ticker	Market Cap (mil)	Grade*
AeroVironment	AVAV	\$259	70.0
James River Group	JRVR	259	64.8
SeaBright Insurance	SEAB	267	76.9
eHealth	EHTH	268	77.6
Delek US Holdings	DK	273	74.3

Deletions: Largest Five by Market Cap

Company	Ticker	Market Cap (mil)	Grade*
Exxon Mobil	XOM	\$504,833	63.5
Pfizer	PFE	172,141	40.0
ConocoPhillips	COP	129,762	47.4
Goldman Sachs	GS	70,477	63.7
Walt Disney	DIS	62,327	55.7

Deletions: Smallest Five by Market Cap

Company	Ticker	Market Cap (mil)	Grade*
New York & Co.	NWY	\$167	47.3
Universal Stainless	USAP	208	45.8
Brookfield Homes	BHS	229	77.1
Anaren	ANEN	242	63.0
Vaalco Energy	EGY	245	64.3

Sources: MarketGrader.com; Dow Jones Indexes

Barron's 400

Here are the companies in the index after a semi-annual rebalancing, ranked by scores from MarketGrader that reflect growth, profitability and stock valuation. See story on page 48.

Company	Ticker	Score	Company	Ticker	Score	Company	Ticker	Score	Company	Ticker	Score
● New To The List											
Noble Corp.	NE	87.86	Hansen Natural Corp.	HANS	73.91	Overseas Shipholding Group Inc.	OSG	69.44	Genuine Parts Co.	GPC	66.64
Gulfmark Offshore Inc.	GLF	86.17	● Cypress Semiconductor Corp.	CY	73.82	Herbalife Ltd.	HLF	69.38	Middleby Corp.	MIDD	66.64
VirPharma Inc.	VPHM	85.80	● Apollo Group Inc.	APOL	73.75	Dress Barn Inc.	DBRN	69.33	● Hercules Inc.	HPC	66.62
Helmerich & Payne Inc.	HP	85.75	Ladish Co. Inc.	LDSH	73.71	Wal-Mart Stores Inc.	WMT	69.32	Dionex Corp.	DNEX	66.50
Western Digital Corp.	WDC	84.67	● Blackbaud Inc.	BLKB	73.67	MAR	69.29	● Covance Inc.	CVD	66.48	
● Western Refining Inc.	WNR	83.46	● Michael Baker Corp.	BKR	73.61	AMSF	69.19	Meridian Bioscience Inc.	VIVO	66.45	
Intevac Inc.	IVAC	83.07	Renaissance Holdings Ltd.	RNR	73.57	● Clitgroup Inc.	C	69.19	WMS Industries Inc.	WMS	66.35
W-H Energy Services Inc.	WHQ	83.05	Tidewater Inc.	TDW	73.50	● Lehman Brothers Holdings Inc.	LEH	69.18	● Wachovia Corp.	WB	66.35
● Seagate Technology	STX	82.51	j2 Global Communications Inc.	JCOM	73.47	● Coca-Cola Co.	KO	69.09	● ADC Telecommunications Inc.	ADCT	66.35
Superior Energy Services Inc.	SPN	82.50	NVIDIA Corp.	NVDA	73.47	Arena Resources Inc.	ARD	69.05	● Sunoco Inc.	SUN	66.33
Solihby's	BID	82.23	ANDE	ANDE	73.45	Occidental Petroleum Corp.	OCY	69.00	● Omnicorn Group Inc.	OMC	66.28
Garmin Ltd.	GRMN	82.13	EV	EV	73.42	TRV	68.98	Harsco Corp.	HSC	66.24	
Gymboree Corp.	GYMB	81.94	● Preferred Bank Los Angeles	PFBC	73.27	● Tempur-Pedic International Inc.	TPX	68.90	● Fastenal Co.	FAS	66.24
Grant Prideco Inc.	GRP	81.91	PetMed Express Inc.	PETS	73.21	● Royal Gold Inc.	RGLD	68.90	● FS Networks Inc.	FFIV	66.21
Alon USA Energy Inc.	ALJ	81.62	Arch Capital Group Ltd.	ACGL	73.17	● Blackstone Group L.P.	BX	68.88	● Corn Products International Inc.	CPO	66.20
● Greenhill & Co. Inc.	GHL	81.19	Air Products & Chemicals Inc.	APD	73.14	Aeropostale Inc.	ARO	68.87	BP Prudhoe Bay Royalty Trust	BPT	66.18
OptionsXpress Holdings Inc.	OXPS	81.14	Valero Energy Corp.	VLO	72.84	● Rowan Cos. Inc.	RDC	68.84	Ciror International Inc.	CIR	66.13
Lam Research Corp.	LRCX	81.06	KeyCorp	KEY	72.82	● Wabtec	WAB	68.83	● Erle Indemity Co.	ERIE	66.07
Holly Corp.	HOC	81.04	● Double-Take Software Inc.	DTBK	72.67	Chubb Corp.	CB	68.81	BankUnited Financial Corp. CI A	BKUN	66.06
Philadelphia Consolidated Holding	PHLY	80.98	Apple Inc.	APPL	72.63	● TBS International Ltd.	TBSI	68.78	● Manpower Inc.	MAN	66.06
Dawson Geophysical Co.	DWSN	80.48	CTSH	CTSH	72.62	● Acme Packet Inc.	APKT	68.75	● International Game Technology	IGT	66.05
● Ergen Corp.	EGN	80.46	● Cognizant Technology Solutions Corp.	CTSH	72.62	Banner Corp.	BANR	68.68	Consol Energy Inc.	CNS	65.97
Frontier Oil Corp.	FTO	80.01	● FactSet Research Systems Inc.	FDS	72.56	W&T Offshore Inc.	WTI	68.65	● CB Richard Ellis Group Inc. CI A	CRG	65.97
Crocs Inc.	CROX	79.94	● Gulport Energy Corp.	GPOR	72.53	● Devon Energy Corp.	DVN	68.61	Corus Bankshares Inc.	CORS	65.94
Concur Technologies Inc.	CNOQ	79.64	Flir Systems Inc.	FLIR	72.51	● Equinix Inc.	EQIX	68.61	● Suburban Propane Partners L.P.	SPH	65.92
Harley-Davidson Inc.	HOG	79.27	● USANA Health Sciences Inc.	USNA	72.50	● Administaff Inc.	ASF	68.54	● Lo-Jack Corp.	LOJN	65.83
Southern Copper Corp.	POJ	78.69	● Max Impact Group	MIG	72.47	Teclon Corp.	TECH	68.53	● American Dental Partners Inc.	ADPI	65.83
PepsiCo Inc.	PEP	78.63	● Headwaters Inc.	HW	72.39	Olin Corp.	OLN	68.48	● American Science & Engineering Inc.	ASEI	65.81
Kinetic Concepts Inc.	KCI	78.80	● Flotek Industries Inc.	FTK	72.30	Daktronics Inc.	DAKT	68.46	● Sigma Designs Inc.	SIGM	65.80
● Wynn Resorts Ltd.	WYNN	78.79	● Qestar Corp.	STR	72.21	● MSC Industrial Direct Co.	MSM	68.45	● Sanderson Farms Inc.	SIFM	65.80
Archer Daniels Midland Co.	ADM	78.58	● Cameron International Corp.	CAM	72.20	● United Fire & Casualty Co.	UFCS	68.43	Alcoa Inc.	AA	65.79
HCC Insurance Holdings Inc.	HCC	78.57	● Frontier Financial Corp.	FTBK	71.95	W.P. Berkley Corp.	BER	68.38	King Pharmaceuticals Inc.	KG	65.79
Halliburton Co.	HAL	78.55	TROW	TROW	71.91	● First Mercury Financial Corp.	FMR	68.38	ParPhar Ltd.	PRE	65.79
Dynamic Materials Corp.	BOOM	78.39	● Comtech Telecommunications Corp.	CMTL	71.90	● Midland Co.	MLAN	68.35	● Jackson Hewitt Tax Service Inc.	JTX	65.75
Hewlett-Packard Co.	HPQ	78.22	● Sherwin-Williams Co.	SHW	71.79	East West Bancorp Inc.	EWBC	68.32	● Anheuser-Busch Cos. Inc.	BUD	65.73
Diamond Offshore Drilling Inc.	DO	78.21	MORN	MORN	71.76	● BMC Software Inc.	BMC	68.31	● Glacier Bancorp Inc.	GBCI	65.71
Microsoft Corp.	MSFT	78.18	LECO	LECO	71.66	● Medtronic Inc.	MDT	68.29	● Bank of Hawaii Corp.	BOH	65.67
Immucor Inc.	BLUD	78.00	Lincoln Electric Holdings Inc.	LECO	71.66	Robert Half International Inc.	RHI	68.28	● RFM International Inc.	RFM	65.66
ENSCO International Inc.	ESV	77.99	Harris Corp.	HRS	71.63	● Cincinnati Financial Corp.	CINF	68.28	Quality Systems Inc.	QSI	65.62
GlobalSantafe Corp.	GSF	77.79	● Everest Re Group Ltd.	RE	71.63	● United Industrial Corp.	UIC	68.27	Portfolio Recovery Associates Inc.	PRAA	65.59
● First Marblehead Corp.	FMD	77.69	Abercrombie & Fitch Co.	ANF	71.61	Hittite Microwave Corp.	HITT	68.26	● Lowe's Cos.	LOW	65.59
● eHealth Inc.	EHTH	77.65	Walgreen Co.	WAG	71.59	OYO Geospace Corp.	OYOG	68.25	● FTD Group Inc.	FTD	65.58
Guess? Inc.	GES	77.60	Treo Marine Services Inc.	TRMA	71.58	● Jos. A. Bank Clothiers Inc.	JSB	68.24	● AME Group Inc.	AME	65.56
Ceradyne Inc.	CRDN	77.57	Cleveland-Cliffs Inc.	CLF	71.56	● AMERIGROUP Corp.	AGP	68.24	● AK Steel Holding Corp.	AKS	65.55
Tesoro Corp.	TSO	77.56	● FBL Financial Group Inc.	FFG	71.53	● Under Armour Inc.	UA	68.22	Allis-Chalmers Energy Inc.	ALY	65.54
Vasco Data Security International Inc.	VDSI	77.37	Sysco Corp.	SY	71.44	● Triumph Group Inc.	TGI	68.22	● Harding Inc.	HDNG	65.52
Morgan Stanley	MS	77.27	● Greene County Bancshares Inc.	GRNB	71.43	● Syniverse Holdings Inc.	SVR	68.15	Patterson-UTI Energy Inc.	PTEN	65.50
Freeport-McMoran Copper & Gold Inc.	FCX	77.15	American Eagle Outfitters Inc.	AEO	71.39	Huron Consulting Group Inc.	HURN	68.12	Sigma-Aldrich Corp.	SIAL	65.49
Accenture Ltd. CI A	ACN	77.12	SEI Investments Co.	SEIC	71.30	Palomar Medical Technologies Inc.	PMTI	68.10	● American Financial Group Inc.	AFG	65.48
National Oilwell Varco Inc.	NOV	76.98	Cisco Systems Inc.	CSCO	71.23	Sierra Health Services Inc.	SIE	68.10	● Novatel Wireless Inc.	NVTL	65.47
● SeaBright Insurance Holdings Inc.	SEAB	76.96	● Boston Beer Co.	SAM	71.20	● Amedisys Inc.	AMED	68.10	● Amerigas Partners L.P.	APU	65.46
● Equitable Resources Inc.	EQT	76.94	Labor Ready Inc.	LRW	71.16	RTI International Metals Inc.	RTI	68.07	● Houston Wire & Cable Co.	HWCC	65.46
MECMC Electronic Materials Inc.	WFR	76.89	● West Coast Bancorp (Oregon)	WCBO	71.14	● Trimble Navigation Ltd.	TRMB	68.05	● Mattson Technology Inc.	MTSN	65.42
Precision Castparts Corp.	PCP	76.83	● Dick's Sporting Goods Inc.	DKS	71.10	● Amazon.com Inc.	AMZN	67.99	● RFM International Inc.	RFM	65.41
● J. Crew Group Inc.	JCG	76.59	Omnix Biopharmaceuticals Inc.	OMRI	71.04	● L.B. Foster Co.	FSTR	67.99	● GMX Resources Inc.	GMXR	65.41
Basic Energy Services Inc.	BAS	76.45	Bed Bath & Beyond Inc.	BBBY	70.99	Petroleum Development Corp.	PETD	67.95	● Respiricon Inc.	RESP	65.38
● Schnitzer Steel Industries Inc.	SCHN	76.42	● Atlantic Tele-NetWork Inc.	ATNI	70.95	LCA-Vision Inc.	LCAV	67.94	● Avon Products Inc.	AVP	65.37
RLI Corp.	RLI	76.38	Applied Materials Inc.	AMAT	70.92	IDEXX Laboratories Inc.	IDXX	67.86	● Avon Products Inc.	AVP	65.37
Endurance Specialty Holdings Ltd.	ENH	76.33	Merrill Lynch & Co. Inc.	MR	70.87	● Starbucks Corp.	SBUX	67.86	● FTD Group Inc.	FTD	65.34
Transocean Inc.	RIG	76.32	● Interactive Brokers Group Inc.	IBKR	70.80	● Market Corp.	MKL	67.86	Grey Wolf Inc.	GW	65.33
Jones Lang LaSalle Inc.	JLL	76.29	Chevron Corp.	CVX	70.76	EXCO Resources Inc.	XCO	67.83	Lamson & Sessions Co.	LMS	65.28
Nike Inc. CI B	NKE	76.26	American Ecology Corp.	ECOL	70.72	Steel Dynamics Inc.	STLD	67.82	● Autodesk Inc.	ADSK	65.28
Oceaneering International Inc.	OII	76.15	Commercial Metals Co.	CMC	70.68	Encore Wire Corp.	WIRE	67.81	● Sterling Financial Corp. (Washington)	STSA	65.27
Tetra Technologies Inc.	TTI	76.06	Ambassadors Group Inc.	EPAX	70.65	● Astec Industries Inc.	ASTE	67.81	● Becton Dickinson & Co.	BDX	65.25
Knot Inc.	KNOT	76.04	Graco Inc.	GGG	70.59	● Nuveen Investments Inc. CI A	JNC	67.80	Brush Engineered Materials Inc.	BW	65.20
Chesapeake Energy Corp.	CHK	75.98	Rockwell Automation Corp.	ROK	70.52	Brinker International Inc.	EAT	67.70	First Community Bancorp Inc.	FCBP	65.16
Allegheny Technologies Inc.	ATI	75.91	Safety Insurance Group Inc.	SAFT	70.52	● IntercontinentalExchange Inc.	ICE	67.68	McGraw-Hill Cos.	MHP	65.13
NutriSystem Inc.	NTRI	75.71	● Buckle Inc.	BKE	70.51	● CDW Corp.	CDWC	67.68	● Coventry Health Care Inc.	CVH	65.11
St. Mary Land & Exploration Co.	SM	75.69	OIS	OIS	70.50	● UnitedHealth Group Inc.	UNH	67.67	● Illinois Tool Works Inc.	ITW	65.08
● Dolby Laboratories Inc.	DLB	75.69	Monarch Casino & Resort Inc.	MCRI	70.48	● RealNetworks Inc.	RNWK	67.65	● Foster Wheeler Ltd.	FWLT	65.08
● Men's Wearhouse Inc.	MW	75.68	● Regions Financial Corp.	RF	70.45	● Omnicell Inc.	OMCL	67.64	● Actuant Corp. CI A	ATU	65.06
Anixter International Inc.	AXE	75.67	● Oracle Corp.	ORCL	70.40	● Heidrick & Struggles International Inc.	HSII	67.63	● Merck & Co. Inc.	MRK	65.02
Sykes Enterprises Inc.	SYKE	75.46	Tessera Technologies Inc.	TSRA	70.38	● Dell Inc.	DELL	67.52	● eBay Inc.	EBAY	65.01
Alliance Resource Partners L.P.	ARLP	75.33	Nara Bancorp Inc.	NARA	70.37	Netflix Inc.	NFLX	67.51	● TXU Corp.	TXU	65.00
United Parcel Service Inc. CI B	UPS	75.28	Advent Software Inc.	ADVS	70.36	GlobalIndustries Ltd.	GLBL	67.50	● Layne Christensen Co.	LAYN	64.97
Titanium Metals Corp.	TIE	75.24	Axis Capital Holdings Ltd.	AXS	70.29	● Amphenol Inc.	APH	67.49	● James River Group Inc.	JRVR	64.89
Altria Group Inc.	MO	75.19	● Premier Exhibitions Inc.	PRXI	70.29	● Wright Express Corp.	WXS	67.48	Baker Hughes Inc.	BHI	64.88
AllianceBernstein Holding L.P.	AB	75.06	● Intuitive Surgical Inc.	ISRG	70.27	Terex Corp.	TEX	67.44	● DaVita Inc.	DVA	64.82
Strayer Education Inc.	STRA	75.06	● Mentor Corp.	MNT	70.27	Target Corp.	TGT	67.42	● Bank of The Ozarks Inc.	OZKR	64.79
FMC Technologies Inc.	FTI	75.00	Cascade Bancorp	CASB	70.20	Stryker Corp.	SYK	67.38	● Nordstrom Inc.	JWN	64.74
● Terra Nitrogen Co. L.P.	TNH	74.99	● II-VI Inc.	IIVI	70.17	Johnson & Johnson	JNJ	67.37	● Anadarko Petroleum Corp.	APC	64.73
● Cascade Corp.	CAE	74.95	Franklin Resources Inc.	BEN	70.15	● Excel Maritine Carriers Ltd.	EXM	67.35	● Watson Wyatt Worldwide Inc. CI A	WW	64.72
Ansoft Corp.	ANST	74.90	Rockwell Collins Inc.	COL	70.15	● Ruth's Chris Steak House Inc.	RUTH	67.31	● American Express Co.	AXP	64.71
Google Inc. CI A	GOOG	74.89	● AeroVironment Inc.	AVAV	70.06	● Arthrocare Corp.	ARTC	67.29	● Valmont Industries Inc.	VMI	64.70
Navigator Group Inc.	NAVJ	74.86	● SVB Financial Group	SIVB	70.03	Hercules Offshore Inc.	HERO	67.22	Baxter International Inc.	BAX	64.65
● Kaiser Aluminum Corp.	KALU	74.85	TradeStation Group Inc.	TRAD	69.92	● Synchronon Technologies Inc.	SNCR	67.21	● International Flavors & Fragrances Inc.	IFF	64.62
Syntel Inc.	SYNT	74.82	● Raven Industries Inc.	RAVN	69.91	● WSFS Financial Corp.	WSFS	67.20	● DPL Inc.	DPL	64.62
Complete Production Services Inc.	CPX	74.78	3M Co.	MMM	69.87	Union Pacific Corp.	UNP	67.17	Unit Corp.	UNT	64.61
LHC Group	LHCG	74.78	LMT	LMT	69.83	● AZZ Inc.	AZZ	67.15	● Teletech Holdings Inc.	TTEC	64.61
Mammoth Co.	MTW	74.68	DNA	DNA	69.80	Bill Barrett Corp.	BBS	67.12	Swift Energy Co.	SEY	64.57
Coach Inc.	COH	74.61	● First Cash Financial Services Inc.	FCFS	69.73	DealerTrack Holdings Inc.	TRAK	67.11	● H&E Equipment Services Inc.		