One Small Step for SpaceX, One Giant Leap of Faith for Investors

The IPO is overvalued: Only in our most optimistic 'Moonshot' scenario does its valuation approach $2 trillion.

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Correction
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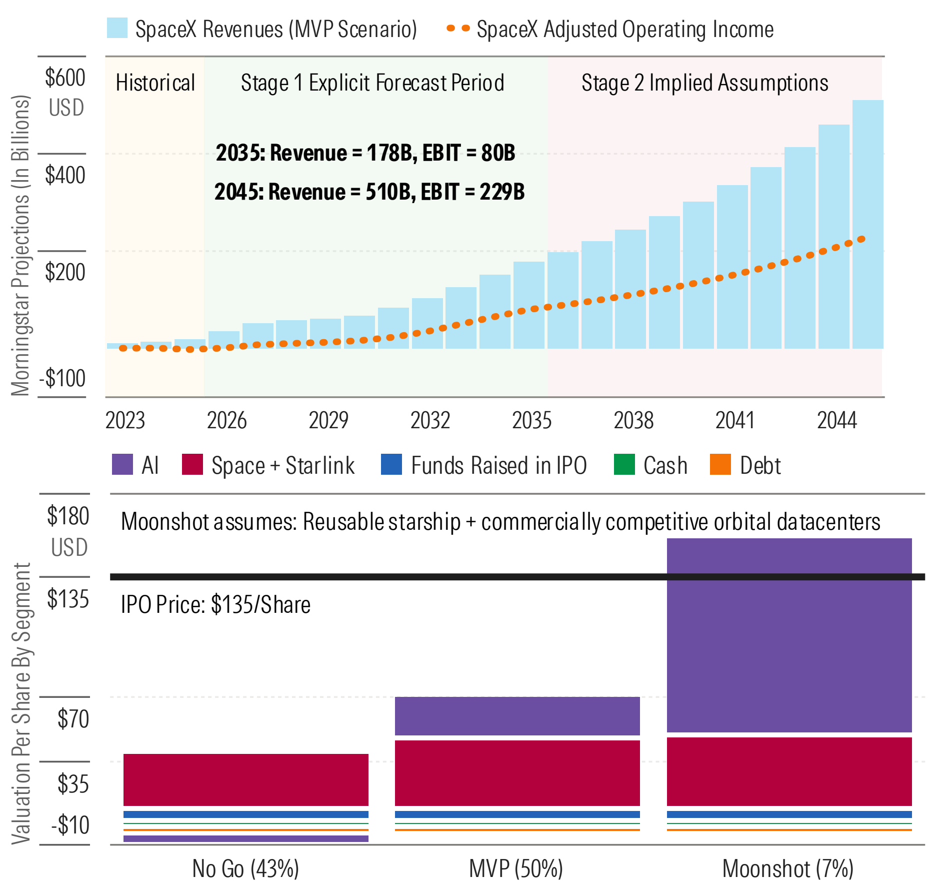
Executive Summary

We value SpaceX at $63 per share, a 53% discount to the upcoming IPO price. Our valuation is the result of mathematics more than skepticism, reflecting a wide range of possible outcomes for the company's financial future. Our probability-weighted DCF-based valuation incorporates three scenarios for the firm's most uncertain artificial intelligence business. Only the most optimistic Moonshot scenario, which requires a rapidly reusable Starship and commercially competitive orbital data centers, approaches the IPO price. The IPO price implies the Moonshot scenario is highly likely, but we think the outlook is very uncertain.

Exhibit 1 SpaceX's IPO Valuation Implies That the Firm Will Achieve Its Most Ambitious Targets With High Certainty



Source: Company filings, Morningstar estimates. Data as of June 6, 2026.

Key Takeaways

- Our probability-weighted DCF valuation of SpaceX is $63 per share, and we think that the IPO price is significantly overvalued. Investors should wait for a better margin of safety.
- The valuation hinges on two unproven technologies: a rapidly reusable Starship upper stage and commercially scalable and competitive orbital AI data centers. We expect neither of these technological questions to be answered before 2028, even in the most optimistic scenario.
- We give SpaceX a lot of benefit of the doubt in two of the three scenarios, in which we assume the company can achieve a rapidly reusable Starship rocket enabling multiple launches per week and successfully commercialize data centers in space.
- The core space and connectivity businesses, which have much better visibility and relatively lower uncertainty, contribute about $40 per share to our fair value. These businesses form a solid foundation for SpaceX, but markets are excited about the AI segment.
- In the most optimistic Moonshot scenario for the AI business, the company successfully overcomes engineering constraints and rapidly scales orbital data centers to capture 20% of our forecast AI computing capacity by 2040; we value the stock at $154 per share.
- In our analysis, we assign the Moonshot scenario only a 7% probability. To justify the $135 offering price, one would need to assign a 77% probability to the Moonshot scenario and a 23% probability to the MVP scenario, which we view as overly optimistic given the nested improbabilities.
- If our probabilities for the AI business are correct, investors will be paying a $72 per share option premium for SpaceX's long list of future ambitions (chip fabrication and Mars colonies, for example).

Companies Mentioned

Name/Ticker	Economic Moat	Currency	Fair Value Estimate	Current Price	Uncertainty Rating	Morningstar Rating	Market Cap (Bil)
Space Exploration Technologies	Narrow	USD	63.00	135.00	Very High	★	1,750

Exhibit 2 SpaceX IPO Pricing Implied Assumptions Versus Morningstar's View

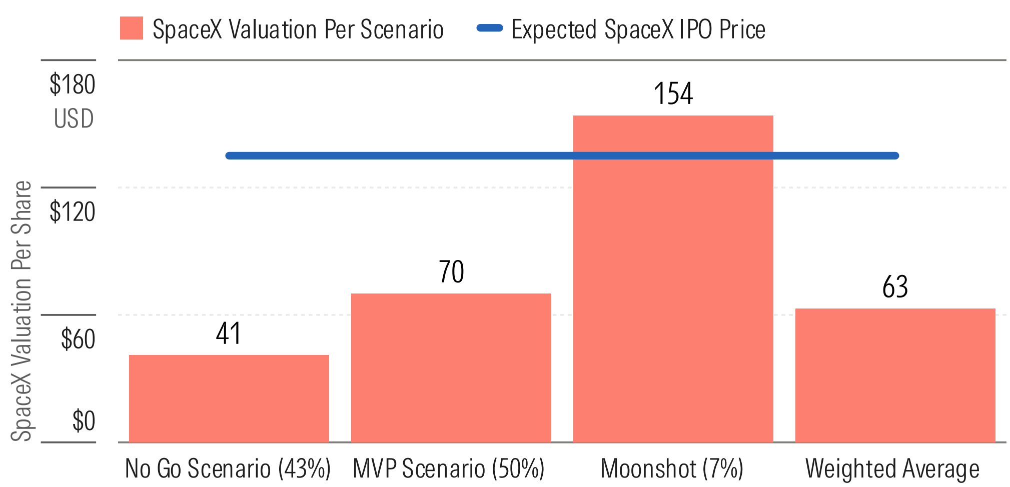
Topic	What is the SpaceX IPO Price implying?	Where is Our View Different?
Valuation	IPO valuation around $1.75T ($135 per share); $80B raise is the largest IPO in stock market history.	Probability-weighted DCF-based fair value estimated at $63/share (~$830 billion market cap). View the stock as significantly overvalued and expect better entry points post-IPO.
Starship Reusability (All Segments)	Investors assume Starship will achieve rapid, reliable reusability that enables cost advantages and major capacity expansion.	We agree and model 85% reusability by 2035. This is highly likely in the long-run but not a near-term certainty. Success here doesn't justify the IPO price.
Orbital Data Centers (AI Business)	High confidence that SpaceX's orbital AI infrastructure will scale commercially and capture a major share of global compute.	Model a 7% probablity to the "Moonshot" scenario where orbital datacenters succeed at scale. In our view, the moonshot scenario is possible but not probable. The engineering is unproven and not expected to be solved soon.
Core Businesses (Space & Connectivity)	Starship improves capacity per launch and much higher launch cadence. Starlink starts to disrupt the core telecom business over time and remains a high-growth global connectivity platform.	Agree on launches: Project 340 Starship missions by 2035. Partially agree on Starlink and model 45% penetration in Niche and Add-on segments. Core space and connectivity businesses contribute ~$40/share to fair value.
Future Moonshots (Mars colonization)	IPO pricing implies a significant option value to Mars colonization, lunar operations, chip fabrication, and other ambitious projects.	We assign these a net present value of zero to these future moonshots. We don't dismiss these possibilities, but they are not a reason to pay up at IPO. We will model these opportunities when we get better visibility.

Source: SpaceX, Morningstar estimates, PitchBook. Data as of June 6, 2026.

Why Is Morningstar So Bearish on SpaceX's IPO?

We value SpaceX at $63 per share, a 53% discount to the upcoming IPO's offering price. Our valuation is based on mathematics rather than skepticism: given the wide range of possible outcomes for the company's financial future, we created DCF-based forecasts and valuations for three scenarios and probability-weighted them (Exhibit 3).

Exhibit 3 Our $63 Fair Value Estimate Is Based on Probability Weight of Three Different Scenarios



Source: Company filings, Morningstar estimates. Data as of June 6, 2026.

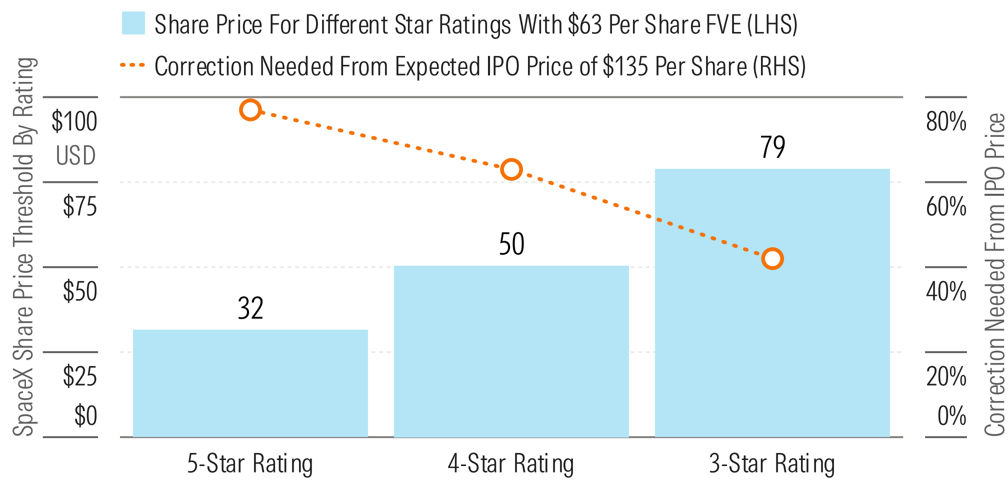
We give SpaceX the benefit of the doubt in two of the three scenarios (MVP and Moonshot), in which we assume the company can achieve a rapidly reusable Starship rocket and successfully commercialize datacentres in space. Neither of these engineering problems has been solved, and we don't expect they will be until at least 2028.

In our most optimistic Moonshot scenario, the company would be worth $1.97 trillion, or $154 per share. That's 14% above the offering price and a level the shares might even reach in the short term after their public launch, given widespread investor enthusiasm for SpaceX, AI infrastructure, and the IPO. We assign this scenario, in which both Starship is reusable and scaled orbital datacentres are highly successful, a 7% chance of happening, which is one reason our final fair value estimate of $63 is much lower than $154.

What Would It Take for SpaceX to Get A 'Buy' Rating From Morningstar?

Morningstar's consistent and independent equity research methodology is designed to help long-term investors ascertain a stock's intrinsic value and weigh it against the prevailing market price. Our analysis focuses on the business's intrinsic long-term value, based on fundamentals, especially the firm's future cash flows.

Exhibit 4 Shares Would Have to Correct by 77% for a 5-Star Rating, Given Its Very High Uncertainty Rating



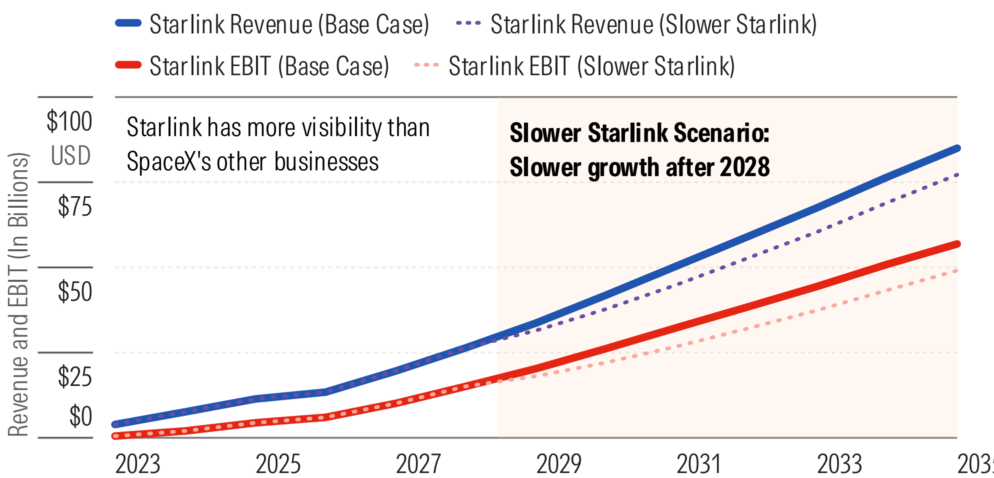
Source: Company filings, Morningstar estimates. Data as of June 6, 2026.

Furthermore, given SpaceX's Very High Uncertainty Rating, we would consider the stock as offering a highly attractive risk-adjusted return—and therefore earn a 5-star Morningstar Rating for Stocks—only if it traded at more than a 50% discount to our Fair Value Estimate. Put differently, at SpaceX's IPO offering price of $135 per share, our Fair Value Estimate would need to be approximately $270 per share, all else equal, for the stock to qualify for a 5-star rating. Alternatively, SpaceX shares would have to trade below $50 for a 4-star rating and below $ 31.50 for a 5-star rating (Exhibit 4).

What Are the Building Blocks of SpaceX's Fair Value Estimate?

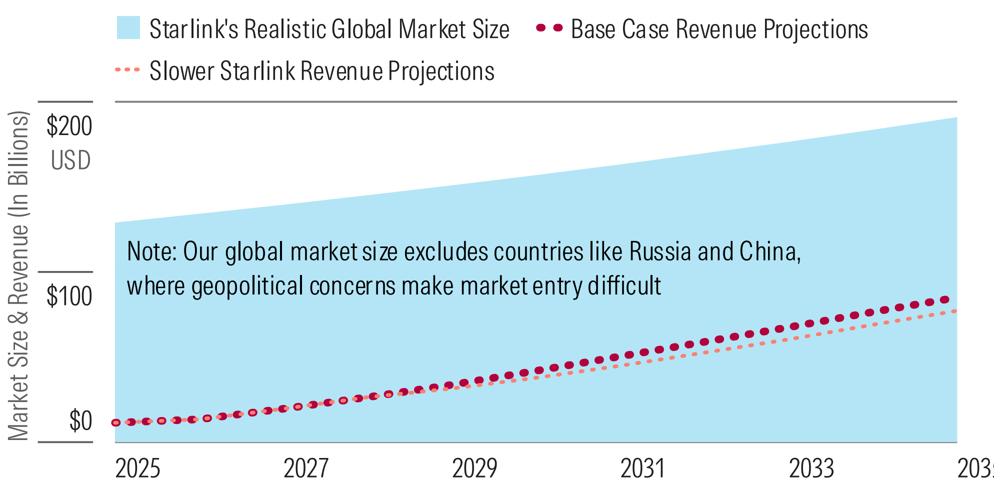
Our fair value analysis focuses on the profit drivers and forecasts for the company's businesses, as described in our initiation report. Some items that add up to our fair value estimate don't change, but we use a probability-weighted approach for the most uncertain AI business.

Exhibit 5 We Model Two Scenarios for the Core Business: Our Base Case and a Slower Starlink Scenario



Source: Company filings, Morningstar estimates. Data as of June 6, 2026.

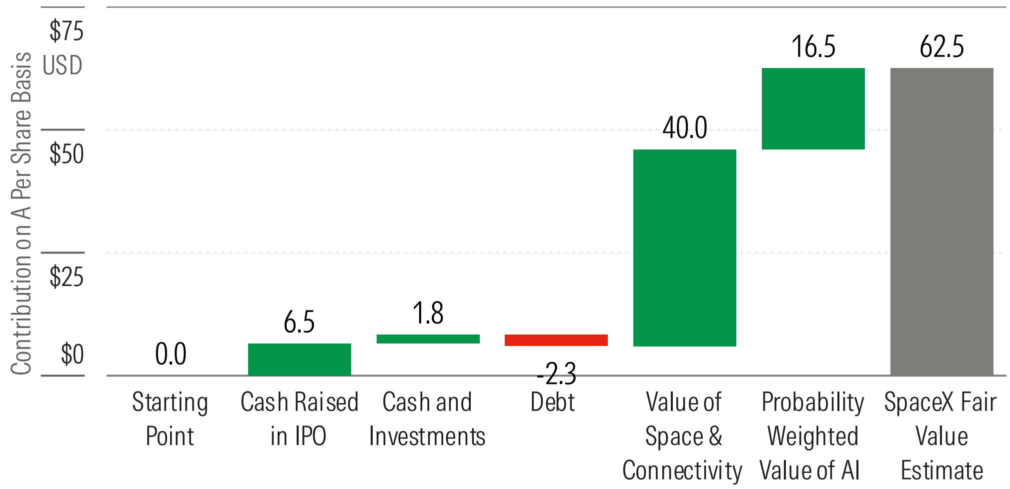
Exhibit 6 Our Revenue Projections Imply 40%-45% Penetration of Our Market Size Estimate



Source: Company filings, Morningstar estimates. Data as of June 6, 2026.

We assume the firm will raise $85.7 billion by offering 639 million shares in the IPO at $6.50 per share, our fair value estimate. Add to that its existing $1.80 of cash and investments, minus $2.30 per share of debt. Our valuation for the core space and connectivity businesses adds around $40 per share. We believe a slower-growth scenario for Starlink after 2028 would reduce that estimate by around $5 per share (Exhibits 5 and 6).

Exhibit 7 Buildup to Our $63 FVE: IPO Cash + Existing Net Cash + EV of Space and Connectivity + EV of AI Segment



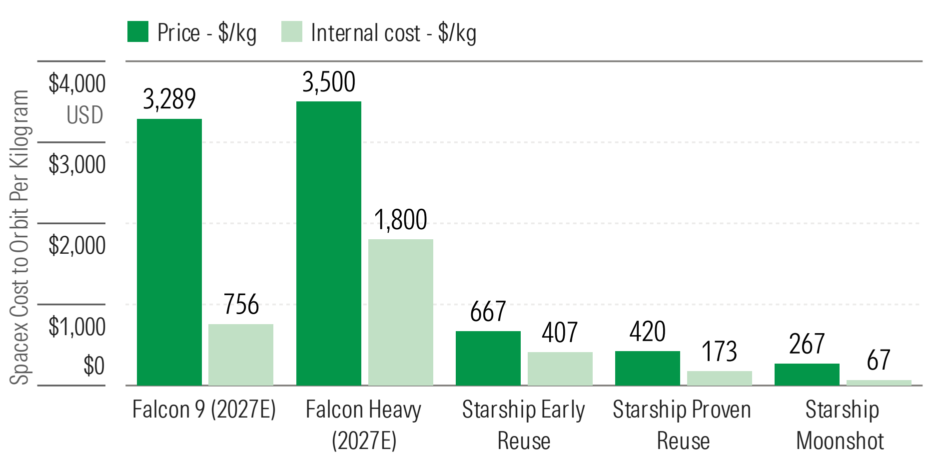
Source: Company filings, Morningstar estimates. Data as of June 6, 2026.

Our probability-weighted average of the three wide-ranging AI scenarios adds $16.50 to our overall valuation estimate, which we view as more akin to the value of a call option on the commercialization of orbital AI infrastructure. Exhibit 7 shows the math: $6.51 + $1.80 - $2.30 + $40 + $16.50 = $62.51 (we rounded up to $63).

Modeling the Highly Uncertain AI Business: What Assumptions Drive Our AI Forecast?

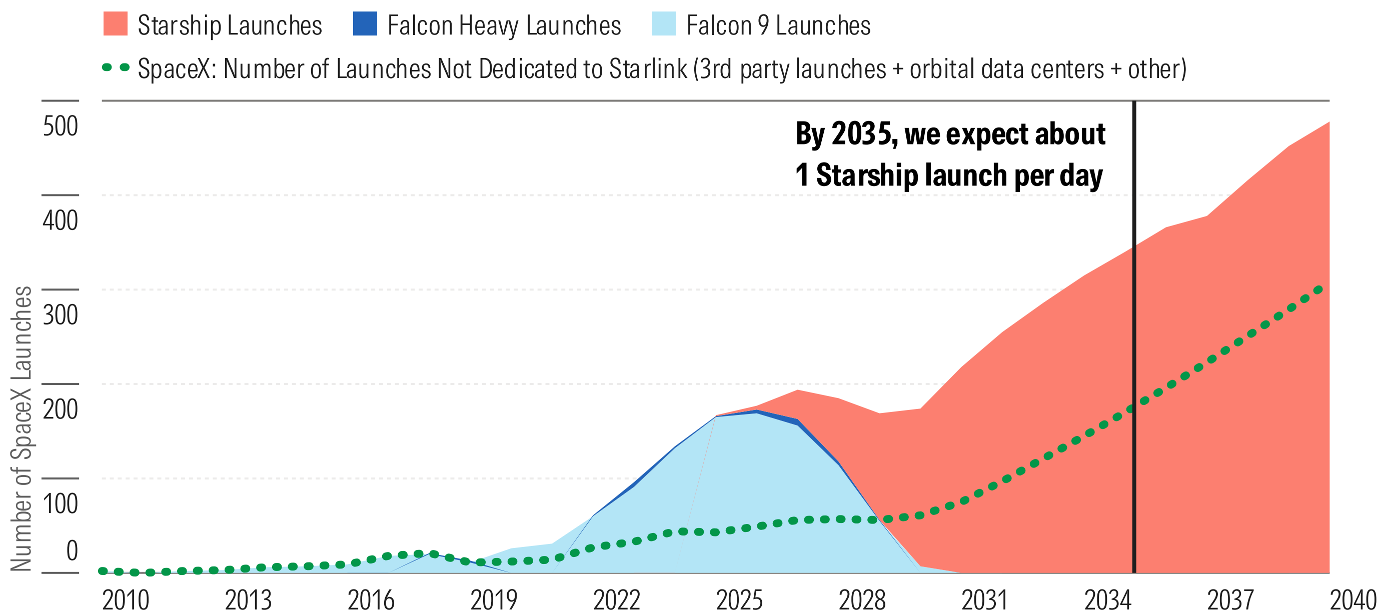
In all three scenarios, we apply base-case forecasts informed by PitchBook's research for the space and connectivity businesses, in which we assume that by 2035 SpaceX will be able to launch 340 Starship missions, nearly one a day, and that the reusability rate of the rockets on these missions reaches 85%, extending cost and time savings beyond reuse of the boosters to the upper stage spacecraft. Starship's unit economics represent a structural improvement to the cost structure (Exhibit 8).

Exhibit 8 Starship's Unit Economics Promise a Step Function Improvement Over Previous Rockets



Source: Company filings, Morningstar estimates, PitchBook. Data as of June 6, 2026.

Exhibit 9 Starship Accounts for Most of the Launches; Expect Launch Cadence to Grow Fast and Capacity (Mass to Orbit) To Grow Even Faster



Source: Company filings, Morningstar estimates, Pitchbook. Data as of Jun 6, 2026.

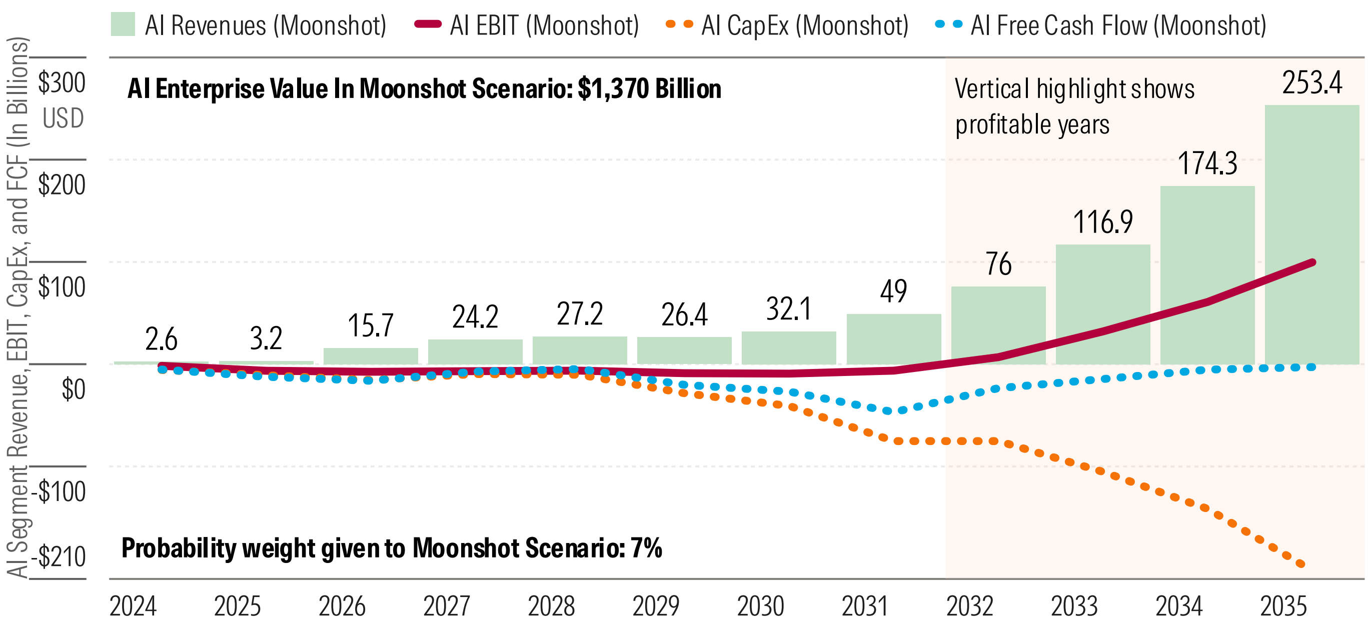
With early reusability, the price per kilogram to LEO drops 45% versus Falcon 9, while proven reusability could trim costs by nearly 80%. As Starship scales, we think that the company will have enough capacity to dedicate to ventures beyond Starlink (Exhibit 9). Based on the firm's launch cadence and capacity estimates, we built forecasts for three scenarios to ascertain what the AI business might achieve.

Before we dive into scenarios for the AI business, we highlight that scaling Starship and unlocking its high reusability (essential for unit economics) is central not only to orbital data centers but also to other businesses of the firm. Any meaningful delay or technical difficulties on this front would have substantial detrimental impact on the firm's valuation.

AI Segment: Moonshot Scenario

In the first, our most optimistic Moonshot scenario, SpaceX's orbital AI platform works, achieves operating cost advantages over terrestrial computing, and eventually deploys and commercializes one-fifth of our forecast of AI infrastructure computing capacity (excluding Russia and China) by 2040. We apply the estimates provided by SpaceX that it can engineer and deploy satellites with the equivalent of 100 kilowatts of AI processing capacity each and eventually fit more than 100 of them into the fairing of a Starship, which we forecast to result in an orbital computing cluster of some 59,000 satellites by 2035, providing the equivalent of 11.6 gigawatts of AI computing capacity and generating $225 billion of annual revenue.

Exhibit 10 AI Moonshot Scenario: Overall AI Revenue and Operating Income Approaches $250 Billion and $100 Billion, Respectively, by 2035



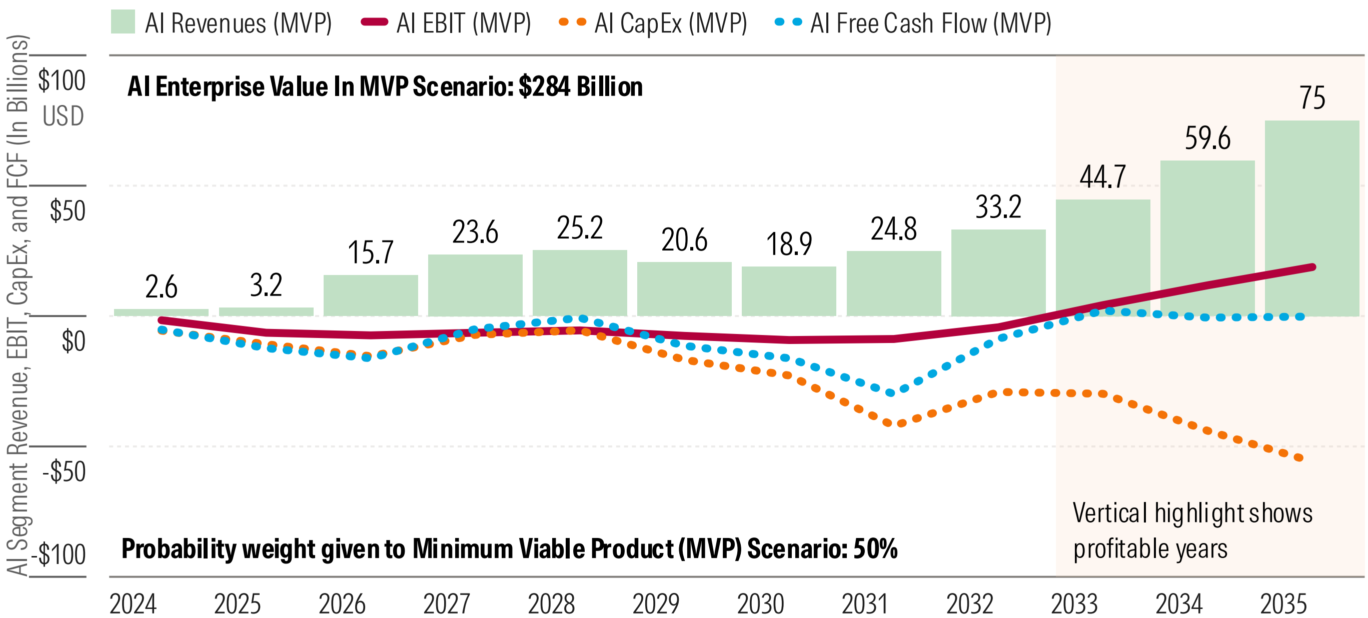
Source: Company filings, Morningstar estimates, PitchBook. Data as of June 6, 2026.

In the Moonshot scenario, we project overall AI revenue to approach $250 billion and AI operating income to approach $100 billion by 2035. In this scenario, we expect a very high reinvestment rate over the next decade, as we assume that orbital data centers would have a cost advantage over terrestrial data centers. However, as the business scales, we expect free cash flow generation to improve over time.

AI Segment: MVP Scenario

In our most likely scenario, orbital data centers prove viable, subject to some capacity constraints; they benefit from SpaceX's decreasing cost to launch large payloads on Starship, and the company successfully deploys and commercializes around 4% of our forecast AI computational capacity—probably best serving those use cases that can tolerate higher data transmission latency. It's a project that requires some unproven engineering to succeed, but we do see SpaceX as the best positioned to pursue it.

Exhibit 11 AI MVP Scenario: Overall AI Revenue and Operating Income Approaches $75 Billion and $19 Billion, Respectively, by 2035



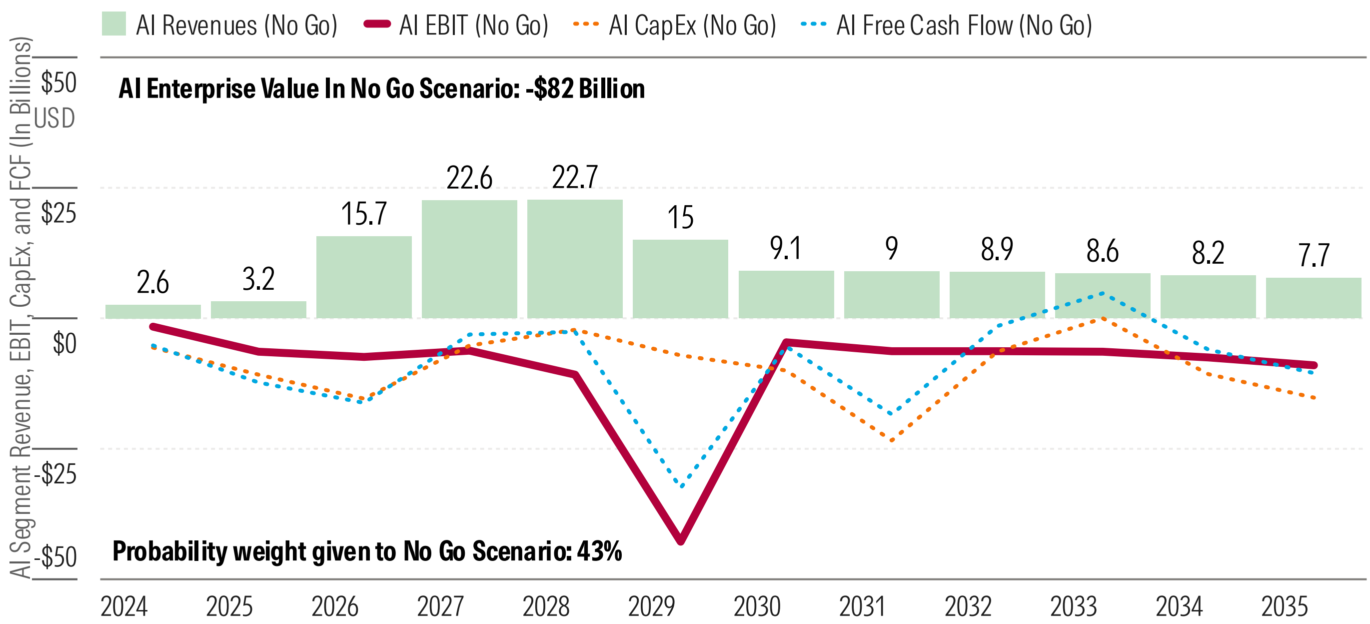
Source: Company filings, Morningstar estimates, PitchBook. Data as of June 6, 2026.

In this scenario, we estimate SpaceX would engineer and deploy satellites with the equivalent of 50 kilowatts of AI processing capacity each and eventually fit more than 90 of them into the fairing of each Starship launch, resulting in an orbital computing cluster of some 48,000 satellites by 2035 providing the equivalent of 2.4 gigawatts of AI computing capacity and generating $47 billion of annual revenue. In the MVP scenario, we project overall AI revenue to approach $75 billion and AI operating income to approach $19 billion by 2035. Even in this scenario, we expect free cash flow to remain negative over the next decade due to a high reinvestment rate, but FCF conversion should improve in outer years.

AI Segment: No Go Scenario

In a downside scenario we call No Go, orbital data centers won't work or offer any advantage over terrestrial ones. We surmise the company, having invested tens of billions to find this out, would cut bait on the project sometime around 2028, much like how management walked away from plans to build multiple small-car factories at Tesla. We assume SpaceX would continue to commercialize its terrestrial Colossus data center but would not take a meaningful share of global computing capacity.

Exhibit 12 AI 'No Go' Scenario: Results in Value Destruction of About $82 Billion

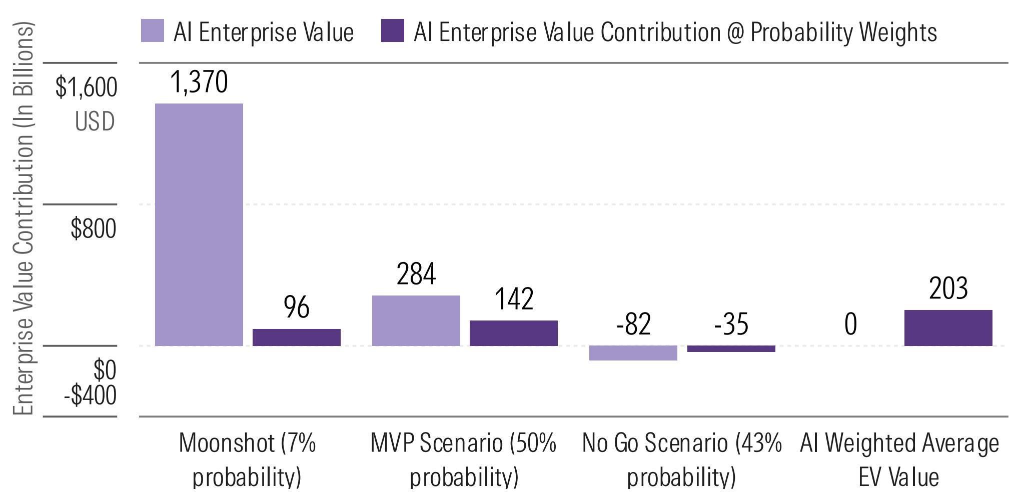


Source: Company filings, Morningstar estimates, PitchBook. Data as of June 6, 2026.

How Do the AI Scenarios Add Up to Our Fair Value Estimate?

Based on enterprise value contributions across scenarios and our probability weights, we estimate the option value for the AI segment at approximately $203 billion, about a quarter of the firm's overall value.

Exhibit 13 Impact of Different Scenarios on SpaceX Enterprise Value



Source: Company filings, Morningstar estimates, PitchBook. Data as of June 6, 2026.

We give the Moonshot scenario a 7% chance of happening. This represents the combined probability that Starship is reusable 85% of the time and orbital datacenters scale well commercially. This scenario would add $108 to our unweighted fair value estimate and lift the final result by $7.56 per share. What we deem a most-likely scenario, though far from guaranteed, we call the minimum viable product or MVP scenario described above, and it is worth $23.50, adding $11.75 to the fair value weighted at 50% probability. We assign the No Go scenario a 43% chance of occurring, meaning that even if Starship is successful, orbital AI datacenters may not be, which would detract $6.20 from our fair value estimate on its own and weigh on the average by $2.67.

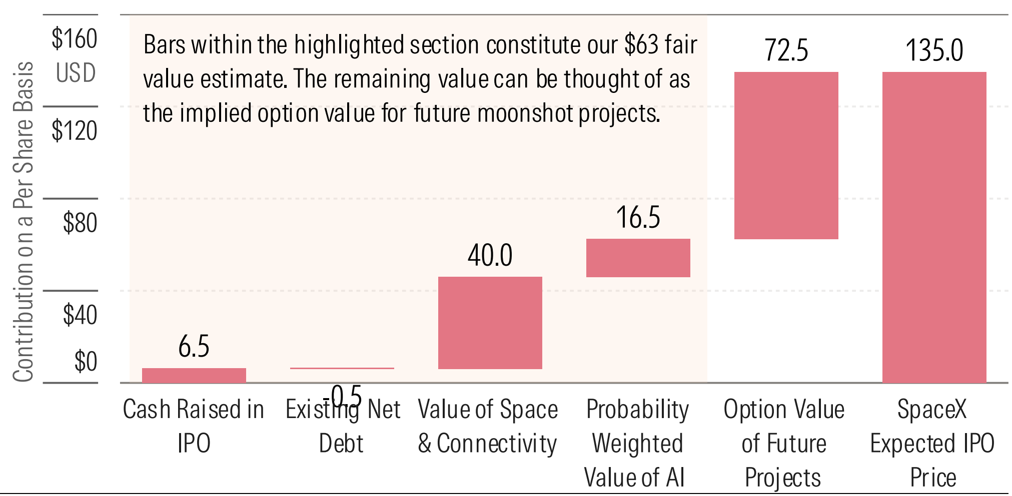
What About Fabricating Chips on the Moon and the City on Mars?

SpaceX has a long list of other projects and ambitions, including actual moonshots and interplanetary colonization. These would most likely require massive investment, could come with dilution to stockholders, and have a wide range of possible payoffs, both positive and negative. In this way, we view them all as having potential "optionality" value, and it's a matter for investors to decide what they think the payoffs could be and what premium they assign to each project. We did not explicitly model or forecast these projects, so we would say either our valuation is agnostic to them or that it effectively gives the projects as a group a net present value of zero.

What Would Make SpaceX Fairly Valued at $135 Per Share?

As with orbital AI computing clusters, we see SpaceX as the firm best positioned to pursue such ambitious projects. One way to evaluate the value of these opportunities is to apply the logic of pricing call options, in which an investor pays a premium upfront to buy into a project at a predetermined price. If the project works out and is worth more than the strike price, the investor wins, but if it doesn't, the investor has lost their premium, and the option expires without value.

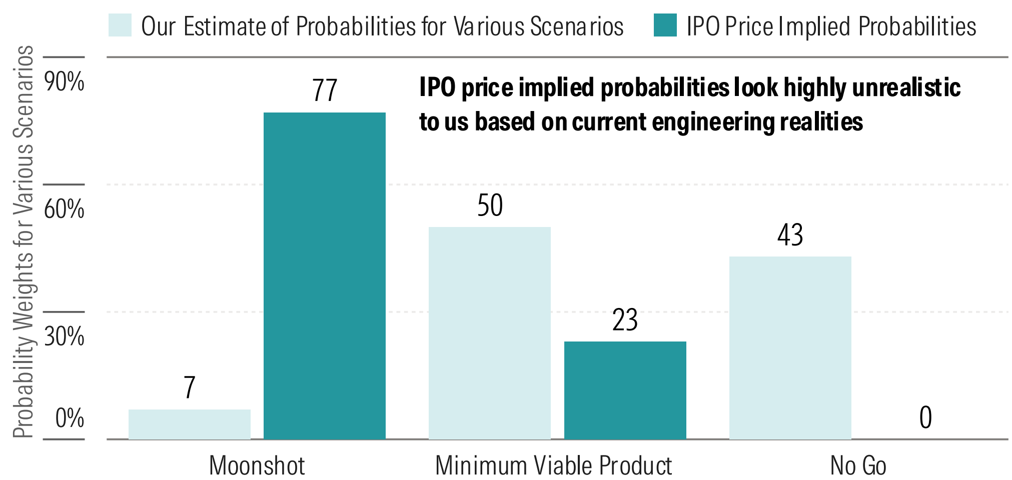
Exhibit 14 Investors Are Paying an Implied Option Value of $72 for Future Moonshot Projects



Source: Company filings, Morningstar estimates, PitchBook. Data as of June 6, 2026.

If our weighted $63 fair value estimate of SpaceX is accurate, at the offering price of $135, investors are adding $72 per share of 'option premium' to their investment, for the right to participate, come what may, in the long list of future projects SpaceX may undertake.

Exhibit 15 Probability of 77% and 23% for Moonshot and MVP Gets Us to the $135 IPO Price



Source: Company filings, Morningstar estimates, PitchBook. Data as of June 6, 2026.

The more likely you believe cost-competitive orbital AI datacenters will be, the closer to the offering price a re-weighted valuation of SpaceX gets, and those extra projects could be seen as free options. Using the inputs above and re-weighting our scenarios to 77% likely Moonshot and 23% likely MVP, excluding the No Go scenario, the valuation equals the $135 offering price.

SpaceX's IPO Valuation Looks Frothy on Almost Any Other Valuation Metric

While our valuation is based on our DCF-based probability weighted approach, we think that the SpaceX IPO looks expensive on almost any other metric as well. We argue that at a $1.75 trillion IPO valuation for SpaceX, the shares are priced for perfection.

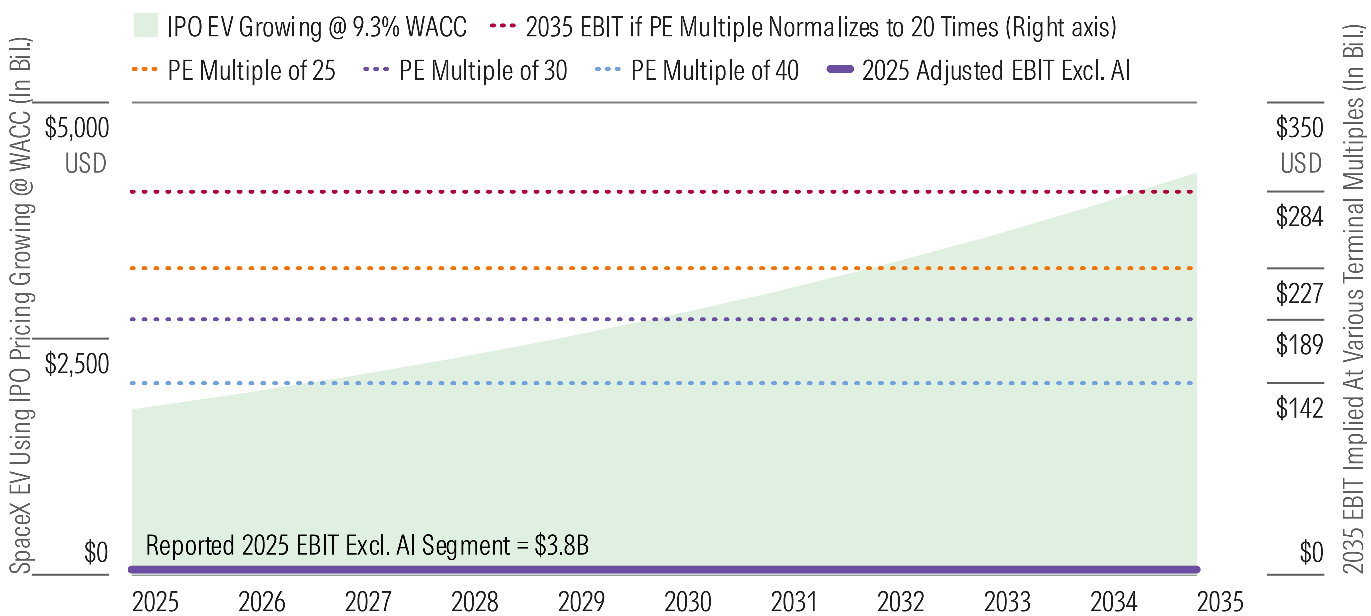
In our opinion, the offering implies that investors have already priced in flawless execution across multiple unproven frontiers (reusable Starship, orbital data centers) simultaneously. The offering price appears to bake in optimistic execution scenarios from the outset. As a result, even modest shortfalls or disappointments—whether in launch cadence, data center commercialization, Starlink growth, or regulatory approvals—should prompt corrections to the company's valuation. In our view, the IPO valuation offers limited upside for long-term oriented investors, but the risk of a downside surprise is significant.

In this section of the report, we will explore other ways to think about SpaceX's valuation and why we believe its shares are overvalued despite the company's incredible strengths in its core business.

Implied Profitability Growth Is Astronomical Based on Current Valuation

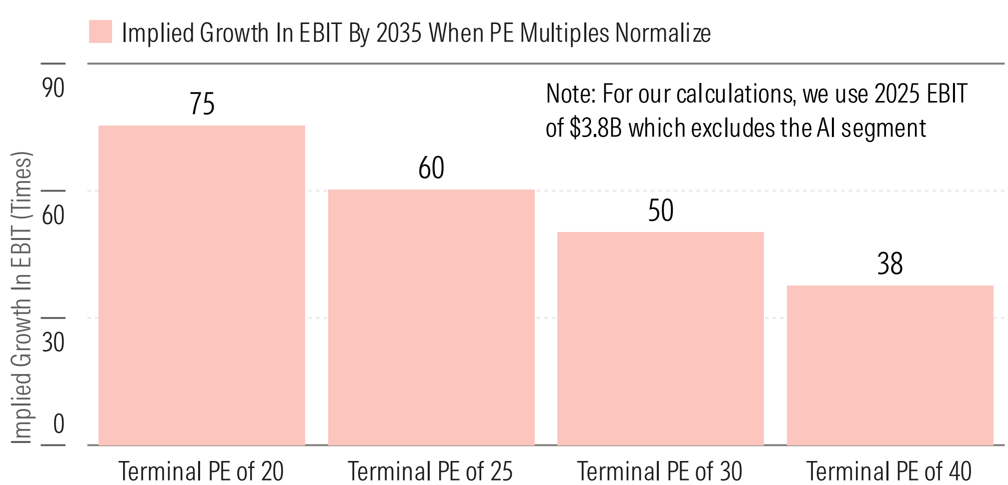
At a $1.75 trillion valuation and our estimated 9.3% weighted average cost of capital, the discounted cash flow assumptions embedded in SpaceX's share price are exceptionally demanding (Exhibit 16 and 17). To support today's valuation, the company would need to deliver sustained margin expansion and very high growth over the next decade. With this exercise, we want to show investors that buying at today's valuation implies astronomical growth in profitability over the next decade.

Exhibit 16 Buying SpaceX at the $1.75 Trillion IPO Valuation Implies Extraordinary Profitability Growth When Multiples Normalize



Source: Company filings, Morningstar estimates. Data as of June 6, 2026.

Exhibit 17 IPO Valuation Implies That 2035 EBIT Would Have to Grow 75 Times From 2025 Levels

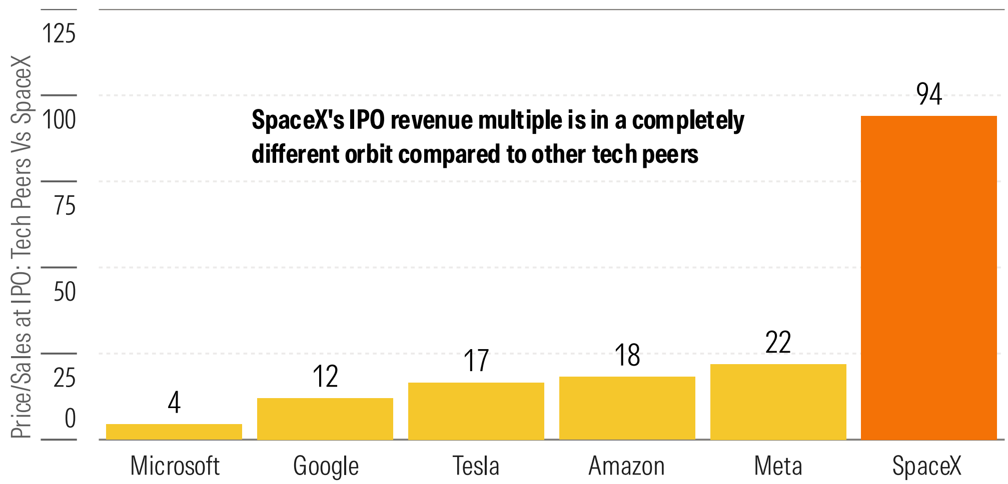


Source: Company filings, Morningstar estimates. Data as of June 6, 2026.

SpaceX's IPO Valuation Is Substantially Higher Than Previous High-Profile Tech IPOs

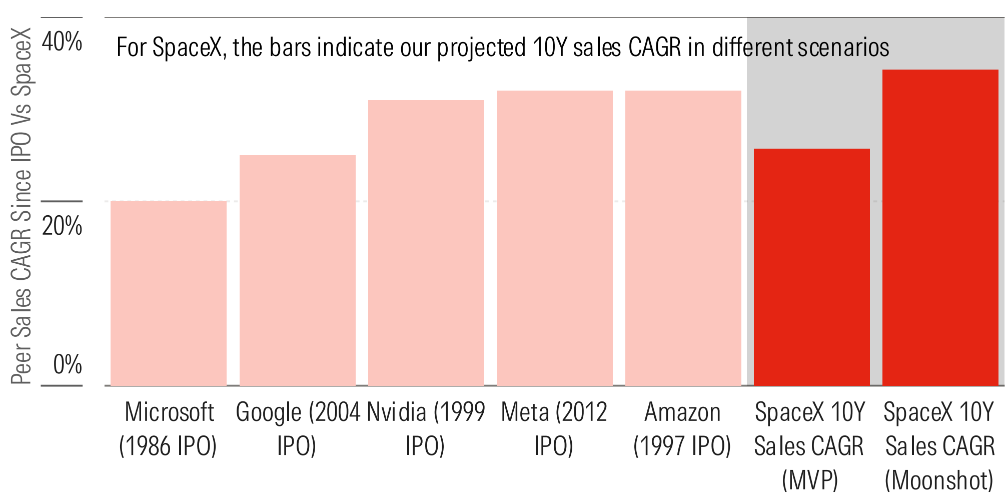
SpaceX's IPO valuation stands significantly above the multiples commanded by major technology listings (Exhibit 18), despite a growth outlook that is not necessarily superior (Exhibit 19). At roughly 94 times revenue, investors would assign a premium that exceeds even the most aggressively valued IPOs in recent history. We note that SpaceX's multiple is higher despite the company going public at a relatively more mature stage compared with peers in Exhibit 18.

Exhibit 18 SpaceX's IPO Revenue Multiple Is Significantly Higher Than Previous High-Profile IPOs



Source: Company filings, Morningstar estimates, PitchBook. Data as of June 6, 2026.

Exhibit 19 SpaceX Future Growth Prospects Are Not Materially Better Compared With Other Tech Peers

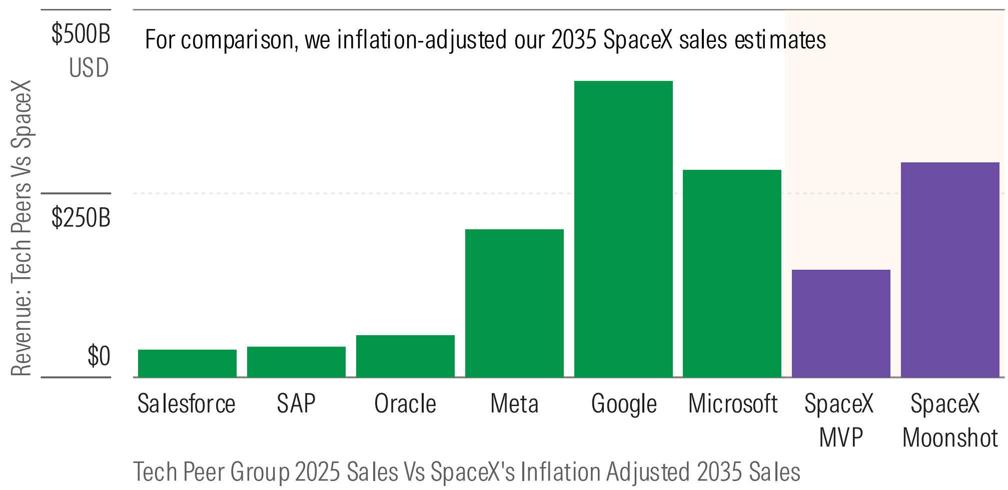


Source: Company filings, Morningstar estimates, PitchBook. Data as of June 6, 2026.

Our SpaceX Forecasts Make It Comparable to Big Tech, but We Still Can't Get to the IPO Valuation

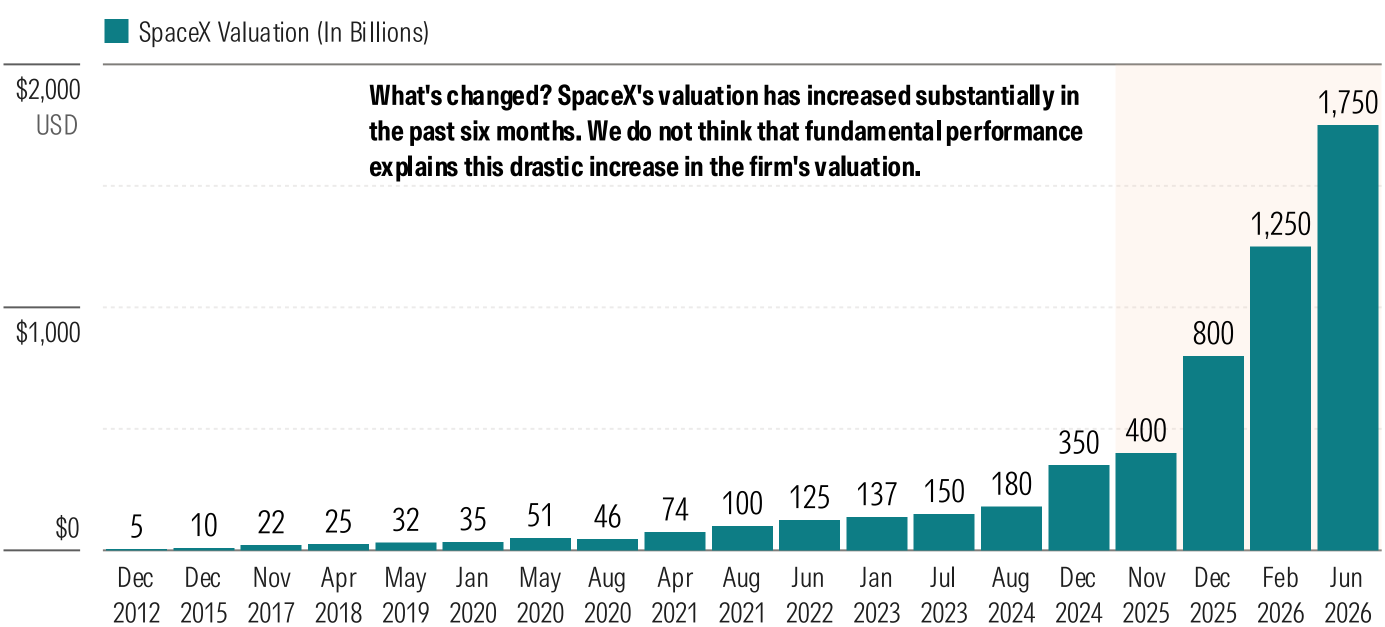
A potential critique of our SpaceX thesis could be that we are not giving the firm enough credit for its growth potential. Exhibit 20 compares our inflation-adjusted 2035 revenue for SpaceX to the 2025 revenue of other tech companies. It shows that our revenue projections are comparable to other Big Tech firms, but we still can't justify the firm's valuation.

Exhibit 20 SpaceX Future Growth Prospects Are Not Materially Better Compared With Other Tech Peers



Source: Company filings, Morningstar estimates, PitchBook. Data as of June 6, 2026.

Exhibit 21 SpaceX's Valuation Has Increased by More Than 4 Times in the Past Six Months; We Don't Think Fundamentals Merit This Increase

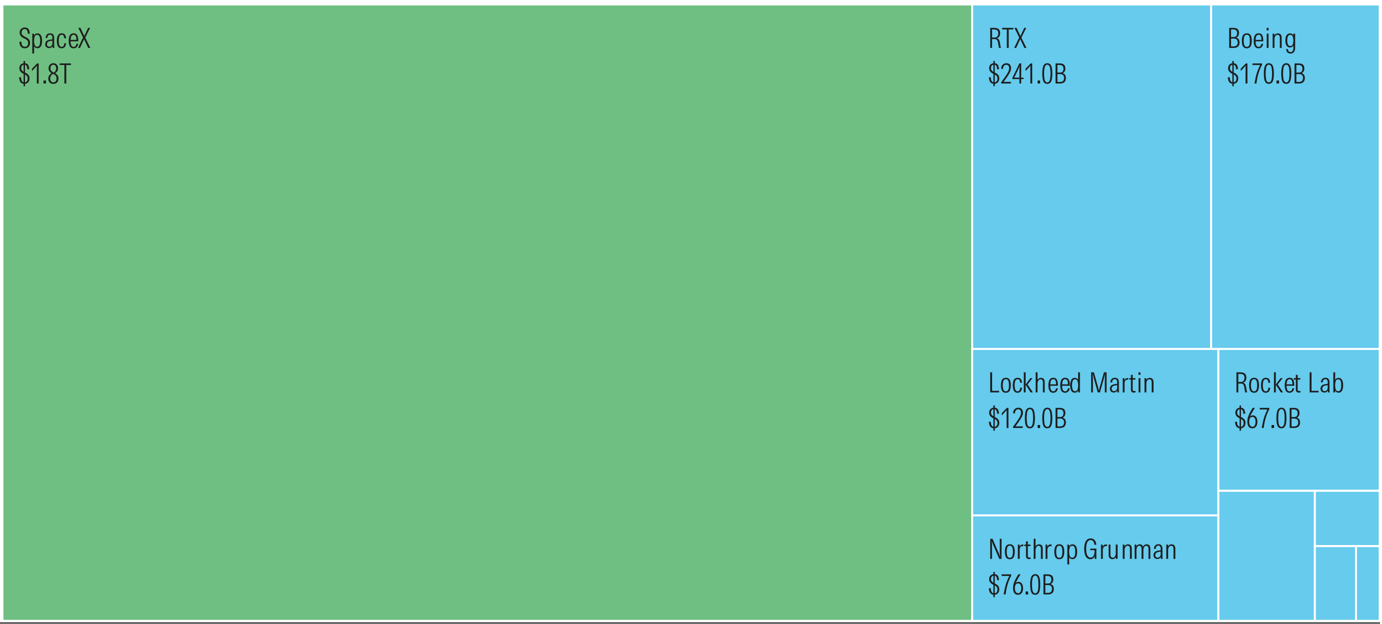


Source: Company filings, Morningstar estimates, PitchBook. Data as of June 6, 2026.

SpaceX Valuation Compared With Other Peers in Relevant Sectors

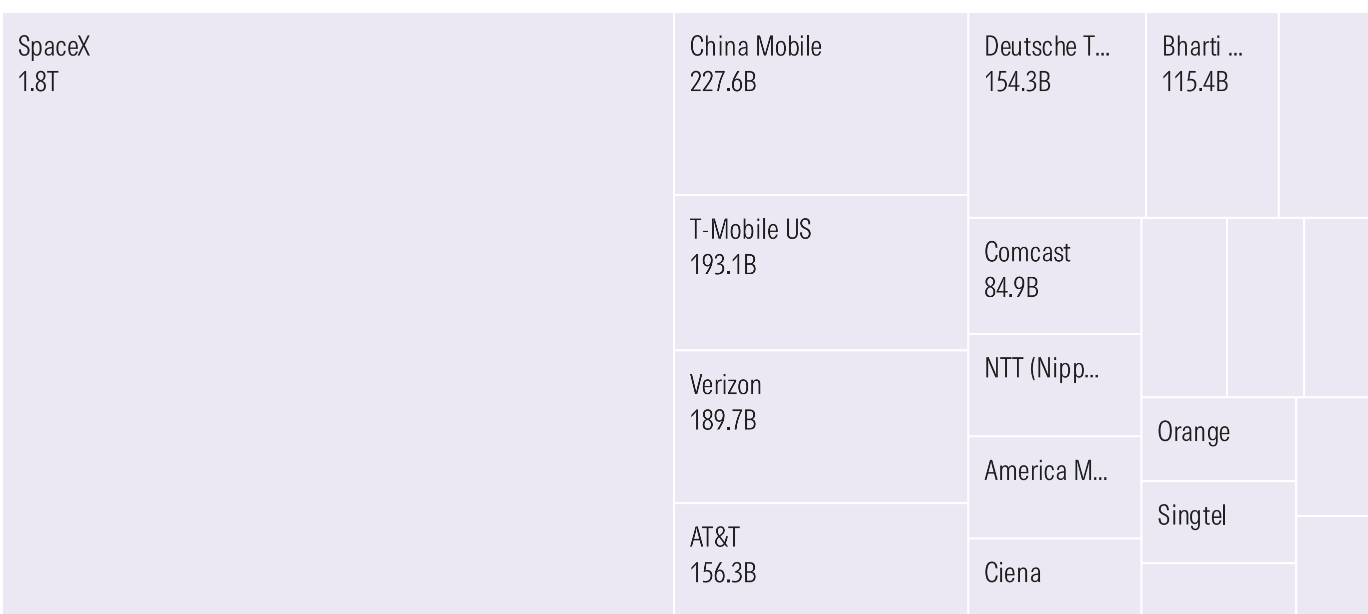
In this section, we compare SpaceX's IPO valuation with other firms in relevant sectors. These comparisons show the extent of the premium that investors are being asked to pay.

Exhibit 22 SpaceX's Valuation Is Significantly Higher Than Its Peers in the Aerospace and Defense Space



Source: Company filings, Morningstar estimates, PitchBook. Data as of June 6, 2026.

Exhibit 23 SpaceX's Valuation Compared With Largest Global Telecom Companies

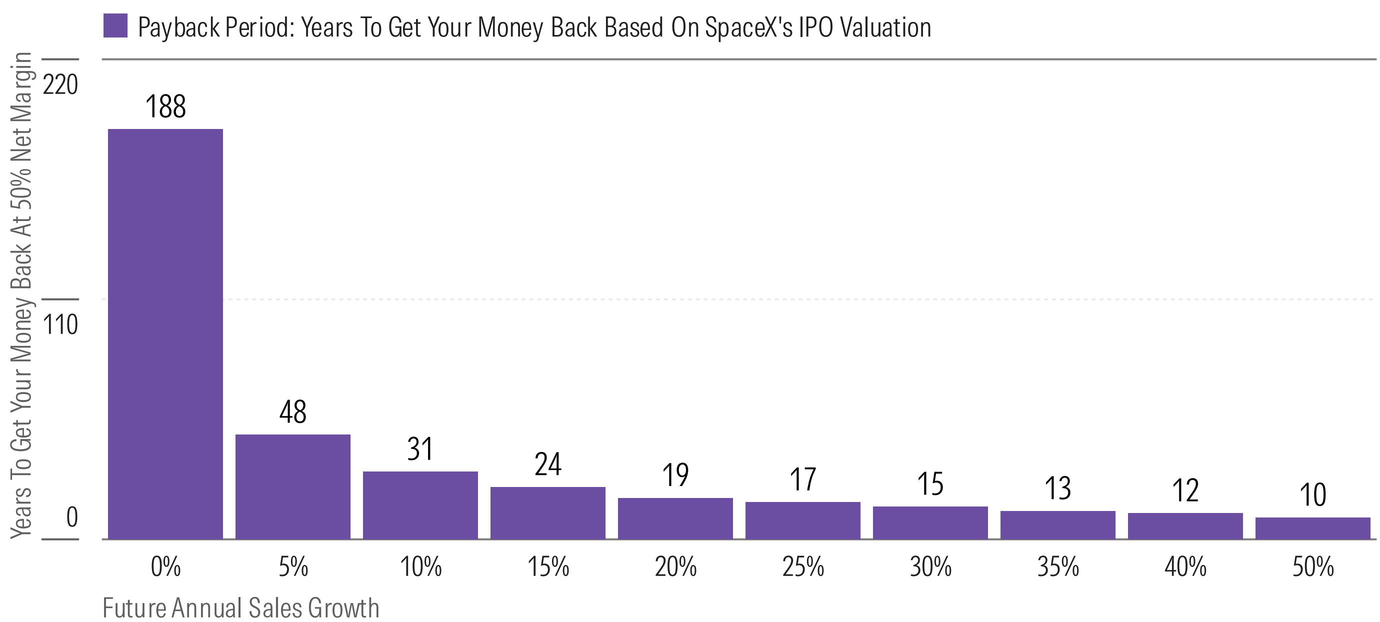


Source: Company filings, Morningstar estimates, PitchBook. Data as of June 6, 2026.

Payback Period: SpaceX Investors Are Buying Future Growth at a Steep Premium

Exhibit 24 shows the scale of the challenge facing SpaceX IPO investors. Even assuming a 50% net margin (around 65% operating margin), investors would have to wait for 15 years to recover their capital at a respectable 30% growth rate. For context, a 30% CAGR over the next 15 years would deliver about a trillion dollars in revenue by 2040. Getting to a reasonable payback period under 15 years requires maintaining 30%-plus annual revenue growth at a trillion-dollar scale.

Exhibit 24 Missing Lofty Growth Expectations Can Lead to Significant Correction in the Firm's Valuation



Source: Company filings, Morningstar estimates, PitchBook. Data as of June 6, 2026.

Our Recommendation

With a small initial float boosted by almost every investment bank on the planet, buoyant investor appetite for AI infrastructure bids, and an unprecedented path to inclusion in the Nasdaq 100 Index just 15 trading days after the IPO, we expect SpaceX's share price will likely survive separation and may even ascend, at least for a time. In the months following the IPO, when successive tranches of stock held by private investors and employees are slated for sale into the public market, selling pressure may weigh on the shares. As a result, we think long-term investors eager to participate in SpaceX's future endeavors and potential success will have opportunities to do so with more margin of safety than the initial offering is likely to provide.

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. We think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (mines, for example), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss short-term market-price movements), but we believe these negatives are mitigated by deep analysis and our long-term approach.

Morningstar's Equity Research Group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate in Morningstar terminology. Five-star stocks sell for the biggest risk-adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating:

- our assessment of the firm's economic moat.
- our estimate of the stock's fair value.
- our uncertainty around that fair value estimate.
- the current market price.

This process ultimately culminates in our single-point star rating.

Economic Moat

The Morningstar Economic Moat Rating is a structural feature that Morningstar believes positions a firm to earn durable excess profits over a long period of time, with excess profits defined as returns on invested capital above our estimate of a firm's cost of capital. The economic moat rating is not an indicator of the investment performance of the investment highlighted in this report. Narrow-moat companies are those that Morningstar believes are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those that Morningstar believes will earn excess returns for 10 years, with excess returns more likely than not to remain for at least 20 years. Firms without a moat, including those that have a substantial threat of value destruction-related risks related to environmental, social, and governance; industry disruption; financial health; or other idiosyncratic issues, are more susceptible to competition. Morningstar has identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Fair Value Estimate

Each stock's fair value is estimated by using a proprietary discounted cash flow model, which assumes that the stock's value is equal to the total of the free cash flows of the company is expected to generate in the future, discounted back to the present at the rate commensurate with the riskiness of the cash flows. As with any DCF model, the ending value is highly sensitive to Morningstar's projections of future growth.

Fair Value Uncertainty

The Morningstar Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the fair value estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors. Based on these factors, analysts classify the stock into one of several uncertainty levels: Low, Medium, High, Very High, or Extreme. Our recommended margin of safety—the discount to fair value demanded before we'd recommend buying or selling the stock—widens as our uncertainty of the estimated value of the equity increases.

Market Price

The market prices used in this analysis and noted in the report come from exchanges on which the stock is listed, which we believe is a reliable source.

Morningstar Rating for Stocks

The Morningstar Rating for Stocks is a forward-looking, analyst-driven measure of a stock's current price relative to the analyst's estimate of what the shares are worth. Stock star ratings indicate whether a stock, in the equity analyst's educated opinion, is cheap, expensive, or fairly priced. To rate a stock, analysts estimate what they think it is worth (its "fair value"), using a detailed, long-term cash flow forecast for the company. A stock's star rating depends on whether its current market price is above or below the fair value estimate. Those stocks trading at large discounts to their fair values receive the highest ratings (4 or 5 stars). Stocks trading at large premiums to their fair values receive lower ratings (1 or 2 stars). A 3-star rating means the current stock price is close to the analyst's fair value estimate.

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Please note that investments in securities are subject to market and other risks, and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not continue in the future and is no indication of future performance. A security investment's return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost.

A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating is a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

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Correction

In an earlier version of this report, an incorrect number of shares being offered in the IPO was given. The correct number is 639 million shares.