



21 October 2002

press release

More bad news for Index

The Employee Ownership Index (EOI) fell by more during the third quarter of 2002 than the other major indices. Its value fell by 27% during that period. This followed a 26% drop in value during the second quarter of the year. The EOI is now at its lowest point since the beginning of 1997.

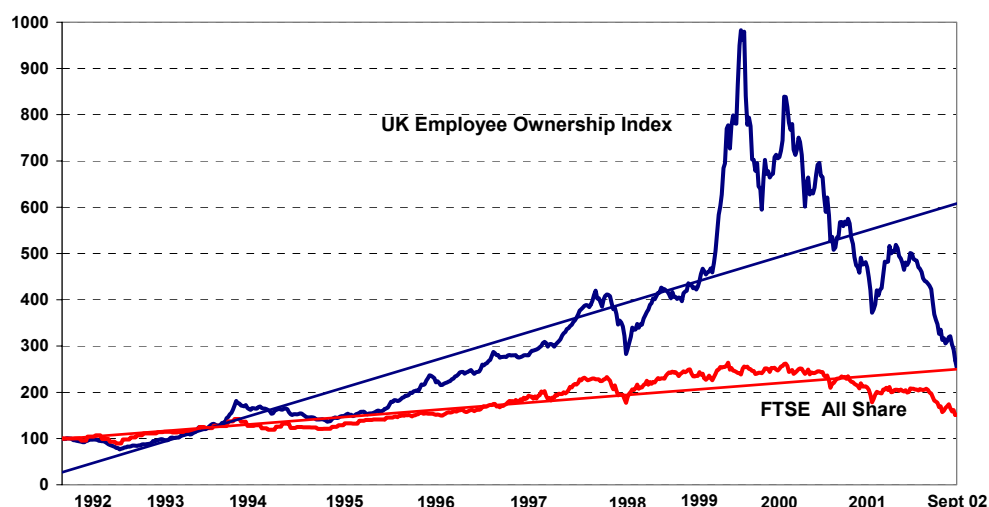
The EOI was not alone in its misfortune. The FTSE hit its lowest point for 5 years on 11 July 2002. A 4% fall in value in one day was, according to the Financial Times, the biggest percentage drop since September 11. All the major indices performed atrociously throughout the quarter, with the FTSE 100 and FTSE All Share indices dropping by around 14% each in that period. Meanwhile, the Techmark 100 hit its lowest level since this index started just under three years ago.

In the EOI, only one company saw an increase in its share price during the period. All the others saw an average drop in share price value of 27% - with one company suffering a share price reduction of 64%. Those companies whose share prices fell by a mere 4-5% can probably count themselves as winners in this quarter.

More bad news, then, for companies with a significant level of employee share ownership. An investment in the EOI would still be showing a return of £250 today on £100 invested in 1992; while the same investment in the FTSE All-Share would be worth £151, so a differentiation between the EOI and the other indices does continue – and this is demonstrated by the insertion of trendlines for each index on this quarter's graph, below.

What seems apparent is that the EOI magnifies the performance of the FTSE All-Share Index – whether that magnification is of over or underperformance. The biggest divergence was evident during the technology sector boom, and the EOI growth during that period is now undergoing the inevitable correction. How far this correction will be taken remains to be seen, but followers of the EOI will look to its future with interest.

Comparison of UK Employee Ownership Index against the FTSE All Share, January 1992 to September 2002 (including linear trendlines)



Comparison of EOI, FTSE All Share, 100 and Small Cap Indices over 1, 3 and 5 years

Q3 2002	EOI	FTSE All Share	FTSE Small Cap	FTSE 100
Q3 2002	-26.85%	-14.49%	-18.77%	-13.88%
Six months	-47.53%	-26.48%	-28.54%	-26.09%
1 Year	-32.95%	-18.34%	-15.44%	-19.17%
3 Years	-44.13%	-33.30%	-32.26%	-35.15%
5 Years	-14.47%	-21.82%	-21.65%	-23.98%

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Notes to Editors

- Equity Incentives Limited specialises in employee ownership solutions for private and quoted companies.
- FTSE is a trademark of FTSE International.
- The UK Employee Ownership Index is produced by Equity Incentives Limited and tracks the performance of UK quoted companies with a significant degree of employee share ownership.