

25 January 2003

press release

Gloomy year for Index ends in upbeat final quarter

The Employee Ownership Index (EOI) rallied slightly during the final quarter of 2002 with its value increasing by 11.5% during the period. All but 6 of the 27 companies currently included in the EOI saw their share prices rise by an average of 25% in the last three months of the year. The other major indices also avoided the heavy reductions of recent periods, with the FTSE All Share, Small Cap and FTSE 100 all showing increases of around 1% - 2%.

However, the overall picture remains bleak, with the value of the EOI dropping by around 50% during 2002. Over the year, all but 3 of the companies have faced very significant reductions in their share price, some by up to 80% during this period. Meanwhile, the standard indices continue to react to the climate of economic upheaval and political uncertainty, all seeing a fall in value of between 20% and 30% during 2002. The FTSE 100 has struggled throughout the year to hit the 4000 mark and despite the slight increase in the last quarter, the general picture is gloomy.

As noted previously, the performance of the EOI has exaggerated the performance of the major market indices. During the year as a whole, the EOI has fallen by around 50%, in comparison to the 20% - 30% fall of the FTSE Indices. Over the final quarter of the year, the EOI rallied and saw an increase of 14% in comparison to the 1% - 2% increase of the FTSE indices. The graph to the end of 2002 suggests that, whatever performance the FTSE All Share turns in, the EOI will emphasise its movements, whether up or down.

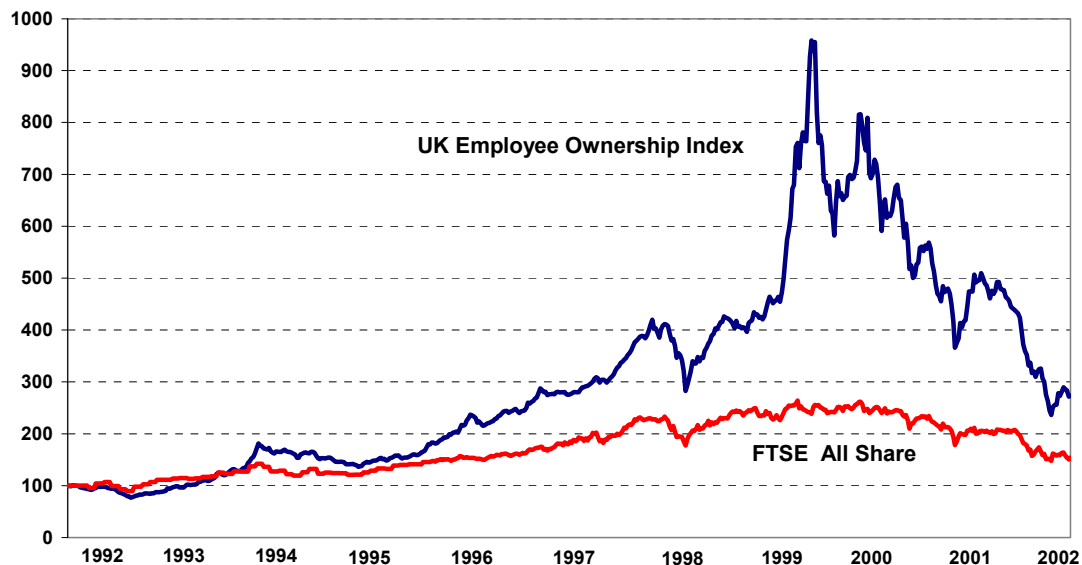
So what comfort for the EOI in 2003? For the long-term investor, the EOI remains a better investment than the FTSE All-Share. £100 invested in the EOI in 1992 is today worth £273; the same amount invested in the FTSE All-Share is now worth £154.

Finally, MITIE plc, a long-term EOI constituent, has seen its share price fall considerably over the year, but announced interim pre-tax profits of £15.4m in December 2002. Its Chairman David Telling is upbeat and confident about the year to come, reminding shareholders that the MITIE model has “continued to produce satisfactory results in an uncertain financial climate”. Mr Telling

also stated that the company's positive results were "achieved because of the determination and passion of our employees".

The EOI investor will be hoping that the determination and passion evidenced at MITIE will be equally evident in other constituent companies.

Comparison of UK Employee Ownership Index against the FTSE All Share, January 1992 to December 2002



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

Q4 2002	EOI	FTSE All Share	FTSE Small Cap	FTSE 100
Q4 2002	11.55%	1.58%	2.55%	1.59%
1 Year	-44.90%	-24.83%	-29.06%	-22.40%
3 Years	-64.07%	-41.61%	-41.28%	-43.12%
5 years	-13.70%	-21.37%	-21.16%	-23.19%

For further information:

Sarah Anderson
Share Plans Executive

<mailto:sarah.anderson@equityincentives.co.uk>

Graeme Nuttall
Director

<mailto:graeme.nuttall@equityincentives.co.uk>

Equity Incentives Limited
Tel: +44 (0) 20 7861 4717

Notes to Editors

1. Equity Incentives Limited specialises in employee ownership solutions for private and quoted companies.
2. FTSE is a trademark of FTSE International.
3. 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.