



24 October 2001

press release

Employee Ownership Index clings onto long term outperformance

Despite falling to its lowest point since the end of December 1998, the UK Employee Ownership Index (EOI) continues to outperform the major market indices on a long term basis, increasing by 57% over a 5 year period in comparison to an increase of 21% by the FTSE 100.

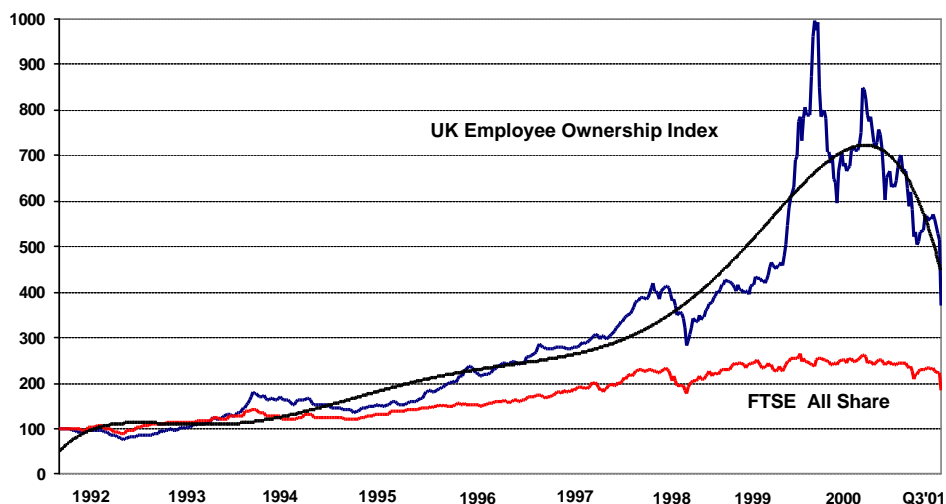
The Index suffered this quarter from a combination of the continuing uncertainty in the technology and support services sectors, from which many of the EOI companies are taken, and the effects felt across world markets as a result of events since September 11. The Index dropped by 28% in the third quarter of 2001, with the FTSE All-Share, FTSE Small Cap and FTSE 100 indices also experiencing falls of 16%, 26% and 15% respectively.

Almost all the companies in the EOI (88%) saw their share prices drop, with some companies in the technology and support services sectors experiencing falls in share price of up to 50%.

It remains to be seen whether the EOI will rally in the next quarter. It would be fair to say however that external factors at the moment far outweigh any of the positive benefits which may, or may not, be brought about as a result of employee involvement and participation.

In the meantime, the hypothetical EOI investor has a choice. He can either dwell on what might have been if he had sold out at the peak of the unsustainable dot.com boom, when a £100 investment in the Index made in 1992 would have had a return of £785. Or, he can compare his return today – a more meagre £370 – to a return on the same investment in the FTSE All-Share, which would now be worth £186.

Comparison of UK Employee Ownership Index against the FTSE All Share, January 1992 to September 2001



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

	EOI	FTSE All Share	FTSE Small Cap	FTSE 100
Q3 2001	-28.15%	-16.38%	-26.27%	-15.52%
1 Year	-52.16%	-24.49%	-16.15%	-7.82%
3 Years	7.84%	-4.62%	5.80%	-7.82%
5 Years	57.22%	17.18%	-0.89%	20.71%

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Notes to Editors

- Equity Incentives Limited specialises in employee ownership solutions for private and quoted companies. The company was formed in July 2001 when the share plans team at Capital Strategies Limited merged with the share plans team at Field Fisher Waterhouse, City solicitors.
- 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.

Incorporates the equity incentives businesses of **FIELD FISHER WATERHOUSE** and **CAPITAL STRATEGIES**.

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