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ESOP Companies Outperform Stock Market in 2008
*In Survey, 88.5% of ESOP Association Members Report Better Performance
Than Stock Market*

August 17, 2009 (Washington, DC) – Results from the Employee Ownership Foundation’s 18th Annual ESOP Economic Performance Survey show that 88.5% of ESOP companies outperformed the stock market in 2008. The results indicate respondents’ companies outperformed three major stock indices in 2008 including the Dow Jones Industrial Average, the NASDAQ Composite, and the S&P 500.

As has been the case in all 18 years the survey has been conducted, a very large majority, 88.2% of survey respondents reported that creating employee ownership through an ESOP (employee stock ownership plan) was a “good business decision that has helped the company.” In addition, 65% indicated the ESOP positively affected the overall productivity of the employees. In terms of profitability, the number is down from 2008 with 50.4% of respondents stating profitability increased in 2008. In terms of revenue, 57.9% reported an increase over the prior year. A new question was added to the survey in 2009 asking ESOP companies to report whether profits/revenue were down in the final quarter compared to the first quarter of the year. Approximately 63% reported that profits/revenue were down significantly/moderately, with 12.2% reporting the last quarter remained the same as the first. In addition, 13.3% reported that revenue improved in the last quarter and 10.2% reported that profit improved in the same time frame.

“In a turbulent year, these results speak wonders for the power of employee ownership,” said J. Michael Keeling, president of the Employee Ownership Foundation. “On the other hand, this survey and most news reports show that American companies are hurting, profits are down, and layoffs are taking place across the country. Objective academic research evidences that employee owned companies are higher performing, have high employee retention rates, and have employees that are more motivated and productive. Our national leaders need to promote policies to encourage more companies to become employee owned through an ESOP to create a more fair and equitable society.”

In addition, the survey asked companies to indicate their performance in 2008 relative to 2007:

- 50.9% indicated a better performance; 39.7% indicated a worse performance; 9.4% indicated a nearly identical performance as the previous year
- 57.9% indicated revenue increased; 42.1% indicated revenue did not increase
- 50.4% indicated profitability did increase; 49.6% indicated that profitability did not increase
- 65% of survey respondents indicated the ESOP improved the overall productivity of the company’s employees
- 51.3% of companies that responded indicated they have created an employee participation program since establishing the ESOP

The 2009 Economic Performance Survey was distributed to The ESOP Association’s over 1,400 members in May 2009. The results are based on 429 responses, a 31% response rate.

For additional information about the survey, please visit the Employee Ownership Foundation’s website at

www.employeeownershipfoundation.org or The ESOP Association's website at www.esopassociation.org.

The Employee Ownership Foundation is The ESOP Association's affiliated 501 (c)(3) organization dedicated to promoting employee ownership.

Founded in 1978, The ESOP Association represents over 1,400 ESOP companies who believe that employee ownership will improve American competitiveness, increase productivity through greater employee participation and strengthen our free enterprise economy.

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