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Russell U.K. Index gains 41 names

Index of UK equities reflects one-year loss of 7.5%

LONDON, JULY 9, 2008 –Russell Investments has posted its official lists of companies that were added to the Russell U.K. Index and the Russell Global Index when the comprehensive family of global benchmarks was reconstituted on June 27. The list shows 41 U.K. firms qualified for addition and, as a result, the Russell U.K. Index now comprises 522 U.K. firms that represent more than USD \$3.4 trillion in market capitalization. The list of U.K. stocks in the Russell Global Index is available here: <http://www.russell.com/Indexes/membership/Reconstitution/default.asp>

“The Russell U.K. Index shows a 7.5% loss for the one-year period through May 30. For comparison, the U.S. broad-market Russell 3000 Index reflected a 6.6% decline,” said David Grieger, Managing Director for Russell Indexes. “The annual reconstitution process captures all of the changing fortunes within these key markets and recalibrates the indexes to accurately measure current realities. This process gives investors truly representative benchmarks to better gauge the performance of their stock portfolios or retirement plans.”

Grieger points out three sectors that saw growth in the Russell U.K. Index in the past year: energy (18.1%), materials and processes (13.3%) and utilities (6.2%). This one-year period through May 30 parallels the annual snapshot of the global equity market that Russell takes as the initial step in its comprehensive index reconstitution process.

Looking at year-to-date returns through yesterday’s close, the Russell U.K. Index’s (-12.5%) showed a decline similar to the Russell 3000 (-11%) and the Russell Global Index (-10.8%).

The U.K. ranked seventh behind only the United States (278), India (93), Canada (89), Taiwan (63), Australia (51) and China (42) with the highest number of stocks set for addition to the global index.

Other key points related to the Russell U.K. Index stemming from this year’s reconstitution process:

- 24% of the additions are energy companies.
- 20% are in the materials & processing sector
- 93% of new additions are small-cap stocks.

The U.K. moved towards a value tilt with 47% growth stocks versus 53% value. This differs from pre-reconstitution results, showing a narrow growth bias of 51% growth and 49% value.

“Reconstitution is a key feature of truly representative benchmarks,” Grieger continued. “Russell’s unique process completely recalibrates our comprehensive family of global indexes to today’s market realities, ensuring that stocks are moved into the right ‘buckets’ to truly represent small-cap, midcap,

large-cap stocks. It also serves as a clear measure of the shifts in relative valuations of value and growth stocks over the past year."

Russell's index reconstitution process is followed closely by many investors because its U.S. indexes currently have \$4.4 trillion in assets benchmarked against them and account for an industry-leading 58.5% of institutional benchmarked products.

Membership in Russell's equity indexes—widely used as benchmarks for both passive and active investment strategies—is determined by objective rules, such as market capitalization rankings. Accurate benchmarks are an integral part of Russell's ongoing process to monitor more than 8,000 investment manager products worldwide for Russell's \$213 billion active investment management business.

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