PRESS RELEASE

Eastern Europe outperforms west on job growth

Brussels, Belgium, 20 October 2006 The new EU member states in central and eastern Europe are creating more jobs and driving stronger turnover growth across all business sectors than their western partners. This is one of the key findings of the annual Europe's 500 Listing of fast growing, job-creating companies, released today by Europe's 500 – Entrepreneurs for Growth, an independent association representing more than 2.000 pan-European entrepreneurs.

Collectively, the winning companies from Estonia, Hungary, Latvia, Lithuania, Poland and Slovenia – all new qualifiers to the Listing this year - along with the Czech Republic which was listed for the first time in 2005, delivered an average annual job growth rate of 21,1%, compared to 18,3% among the other EU member states and European Free Trade Association (EFTA) countries. Viewed over three years (2002-2005), Lithuania's annual employment growth was 45,4%, Slovenia's 27,3% and Latvia's 25,2%. Of the western economies, only Iceland could compete, posting 72,3% annualised growth over the same period.

Martin Schoeller, president of Europe's 500 comments: "The encouraging growth from the new EU member states is not only driven by the catch up potential but also pulled by the social, economical and technical standards the EU has demanded as a prerequisite for entering the Union. This positive experience could also be considered in our trade policy with the developing countries. The entrepreneurial energy of the top growth companies demonstrates clearly how important entrepreneurship is to job creation and that it should remind governments of attracting more entrepreneurship (instead of giving in to unproductive public emotions such as jalousy that only reduces the dynamics of the labour market).""

Steve Hollis, KPMG's Head of Markets in the EMA Region, said: "This year's list is a wake up call to the established Western European markets, whose presence amongst Europe's 500 has shrunk markedly as that of the Central and Eastern European countries has grown. These economies should be recognised as important emerging markets alongside the giants of China and India and by outstripping other European markets in terms of job creation and growth the Central and Eastern European nations are proving themselves a force to be reckoned with, meaning this ranking could look very different in a few years time."

DC Holding AS, a Latvian-based operator of coffee bars across the Baltic States (ranked No 26), is typical of the profile of a Europe's 500 winning company, starting small but quickly outgrowing the standard definition of an SME to become mid-sized (having between 100-1000 employees). DC Holding grew from 57 employees at the end of 2002 to 456 three years later - a 700% growth rate.

Two-thirds of the 2006 Europe’s 500 winners fall into this category, while 22% have more than 1000 employees and only 12% have fewer than 100. Data from the previous nine years of the Listing reveals that it is these companies which are driving growth and creating jobs – at an average annual rate of 16% - and not the smaller companies.

“Mid-size businesses are the champions of economic growth in Europe. We work with mid-size businesses every day and continue to see unprecedented business growth in our customers. Today’s mid-market companies are using technology to empower their workforce, recognising that people are at the core of success – a trend that will see continued growth in Europe for years to come,” commented Gabriel Indalecio, Microsoft EMEA Senior Director of Small and Midsize Solutions and Partners

In recognition of these mid-sized ‘champions of growth’, European Commission Vice-President, Günter Verheugen, in charge of Enterprise and Industry, will present the awards at the Awards Ceremony and Gala Dinner on 25 November at the Hofburg in Vienna.

For more information or to arrange interviews with the winning companies, please contact: Dee O’Sullivan on +32 2 789 2315, **dee.osullivan@europes500.com**

Notes to Editors:

1) ***Europe's 500*** was first published in 1996 as an initiative of the pan-European association ***Europe’s 500*** - Europe’s Entrepreneurs for Growth and has been published on annual basis ever since. During this time, more than 3.000 of Europe’s high growth companies have received the accolade of being one of Europe's 500 champions of growth.

2) The annual ***Europe's 500*** Listing is supported by **Microsoft** and **KPMG**.

3) The listing is intended to focus attention on entrepreneurial achievement and fast growth European companies. Its primary focus on job creation and growth in medium-sized enterprises across all business sectors is unique and distinguishes it from many other business rankings.

4) The 2006 ***Europe's 500*** analyses company performance over three fiscal years: from end December 2002 to end December 2005.

5) To quantify companies’ performance ***Europe's 500*** uses the Birch Employee Growth Index (which combines relative and absolute job creation) which was devised by David Birch, an economist at the Massachusetts Institute of Technology (MIT). Once companies have met the qualifying criteria: entrepreneurial involvement; independence; employment, turnover and organic growth; size (minimum 50 employees at end 2005 and maximum 5000 at end of 2002), the companies are ranked according to their Birch Index to ascertain the winners.

6) Companies from the 25 EU member states, plus three EFTA (European Free Trade Association) members Iceland, Norway and Switzerland were considered for the 2006 edition. This year companies from 25 countries (22 EU and 3 EFTA) were among the winners.

7) Detailed information on each of the 2006 ***Europe's 500*** listed companies (searchable by country, industry, employment, …) and complete statistical data and tables (including graphs) are available at **www.europes500.com/results**