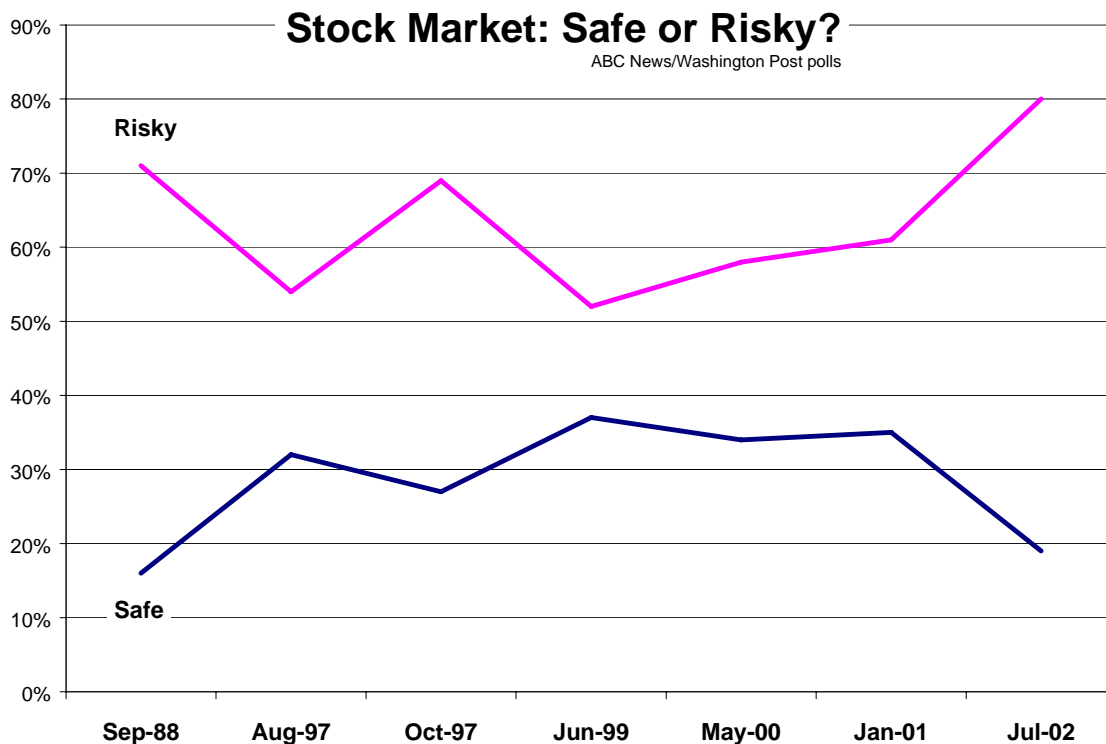


## **A Measured Response to Market Decline, Though Eight in 10 Now Call Stocks Risky**

Views of the stock market as a "risky" investment have risen to a record high in polls dating back 14 years, confidence in the adequacy of retirement savings has slid and nearly four in 10 Americans say they've been hurt financially by the market's swoon.

For all that, the public is weathering the market's turmoil with fortitude. While seven in 10 are concerned about its decline, fewer than three in 10 are "very" concerned about it. While 53 percent say they're personally affected by market gyrations, just 17 percent feel affected "a great deal." And just 35 percent favor more government regulation of the market – more than in 1997, but still barely over a third.

Sixty-four percent, moreover, express at least some confidence that the market does treat individual investors fairly – though far fewer, just 14 percent, have a "great deal" of confidence that's so. (Among stock owners, confidence advances to 71 percent.)



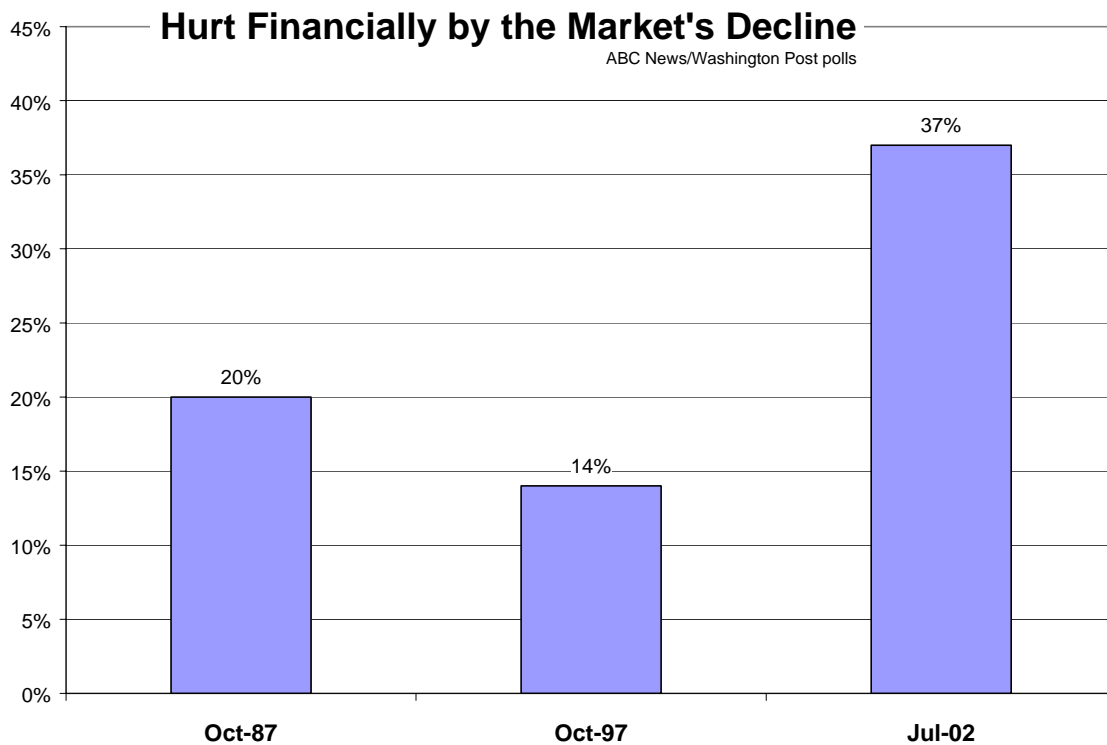
**STOCKHOLDERS** – Twenty-two percent of Americans own individual stocks, and 55 percent own either stocks or stock funds – up sharply from 32 percent in 1987 and 48

percent in January 2000. The number of people who say they're affected by market swings has risen in tandem with increased stock and stock fund ownership.

One reason for stockholders' relative equanimity is that the vast majority are long-term, buy-and-hold investors, not traders trying to use the market to generate cash. And as indirect investors, most leave trades of individual stocks to fund managers.

The patience of most stock and stock fund owners is perhaps best evidenced by the fact that despite the broad downturn only about half of them – 49 percent – say they've been hurt financially by the market. Of the rest, some could be thinking about earlier gains; others may be anticipating a brighter future before they cash in their investments.

Among people who don't own stocks or stock funds, far fewer – 23 percent – say they've been hurt by the market's decline. Among all Americans – stock owners and non-owners alike – 37 percent say they or someone in their immediate family has been hurt financially by the market. That compares to 14 percent after the 1997 market drop, and 20 percent after the crash of 1987.

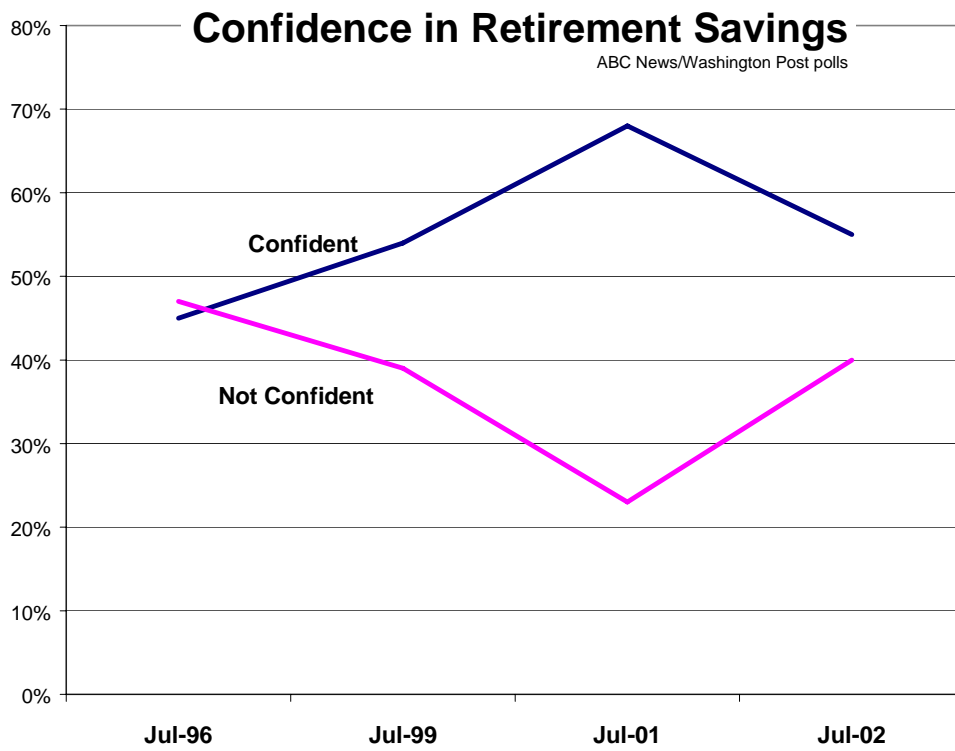


Hurt financially by the market's decline	
July 2002	37%
October 1997	14
October 1987	20

In another sign of the tempered view of the market's drop, stock and stock fund owners are no more likely than non-owners to say their family's finances have gotten worse in the last two years – 27 percent in both groups say so. About as many in both groups say their finances have improved; the rest say they've held steady.

Stockholders clearly tend to be better-off financially than other Americans, and thus better positioned to weather market downturns like the current episode. Among people with annual household incomes of \$75,000 or more, 84 percent own stocks or stock funds; among those with incomes less than \$30,000 stock ownership dives to 26 percent. (Each of those income groups accounts for about a quarter of all adults.)

RETIRE – The market's troubles follow an economic downturn, a double-whammy that has damaged views of the adequacy of retirement savings. Fifty-five percent of Americans express some confidence they'll have adequate retirement savings, down from 68 percent a year ago. That's just back where it was, though, in 1999, and still better than it was in 1996.



Confident in retirement savings	
7/02	55
7/01	68
7/99	54
7/96	45

With their greater exposure to the market, upper-income individuals are more likely to say they've been hurt by its recent decline – but, given their overall resources, they're also more likely to express confidence in their retirement savings. Among stock and fund owners, 62 percent are confident they've saved enough money for retirement; among non-owners, this falls to 47 percent.

RISK – Majorities have rated the market as "risky" in polls dating to 1988, though that level has risen and fallen with share prices. After the 1997 crash, 69 percent called the market risky; in the pre-millennial boom that fell to a low of 52 percent; now it's up to 80 percent, a new high. (Among stock and stock fund owners, 73 percent call the market risky; among people who aren't in the market, this jumps to 88 percent.)

	Stock market is:	
	Safe	Risky
7/02	19%	80
1/01	35	61
5/00	34	58
6/99	37	52
10/97	27	69
8/97	32	54
9/88	16	71

POLITICS – Whether there's political advantage in the market uproar is debatable. Among Americans who have retirement savings other than Social Security – such as a pension plan, a 401(k) or an IRA account – 44 percent say they trust George W. Bush more to protect it; 35 percent trust the Democrats in Congress more.

When the choice is between the Republican or Democratic parties, the division is even closer: Forty-one percent trust the Republicans more to protect their retirement savings; 40 percent, the Democrats.

On the market specifically, just 44 percent say regulating Wall Street and the stock market is a “very important” issue in their vote in the November midterm elections, ranking it last in importance of 14 election issues tested in this poll. (It's no higher among stock owners.) Asked which party they trust more to handle market regulation, 43 percent pick the Democrats, 39 percent the Republicans – not a significant difference.

At the same time, just 50 percent approve of Bush's handling of the issue of market regulation, while 36 percent disapprove – much weaker than his overall job approval rating of 72 percent.

Still, as noted above, just 35 percent say greater government regulation of the stock market is needed – well up from 14 percent in October 1997, but just over a third. Support for more regulation is no different among stock owners than non-owners. (It ranges from 42 percent of Democrats to 27 percent of Republicans.)

**SOCIAL SECURITY** – This poll shows no change in views of another political issue related to the market – allowing people to invest a portion of their Social Security contributions in stocks. Fifty-two percent favor the idea, about the same as it was in spring 2001, when the market was starting down. Support for the idea peaked at 64 percent in the headier days of May 2000.

Stock and stock fund owners are more likely than non-owners to support the Social Security option – 56 percent of stock and fund owners favor the idea, compared to 47 percent of non-owners.

**STOCKHOLDER GROUPS** – There are broad disparities in stock-owning groups, owing primarily to income differences. Fifty percent of Democrats and independents own stocks or stock funds; that jumps to 67 percent of Republicans, who tend to be better off.

Fifty-eight percent of whites own stocks or stock funds, compared to 41 percent of blacks. And 43 percent of young adults (age 18 to 34) own stocks or funds, compared to 65 percent of 45- to 60-year-olds.

	Own stocks or stock funds
Income under \$30K	26%
Income over \$75K	84
Democrats	50
Independents	50
Republicans	67
Blacks	41
Whites	58
Age 18-30	43
Age 45-60	65

**METHODOLOGY** – This ABC News/Washington Post poll was conducted by telephone July 11-15, 2002, among a random national sample of 1,512 adults. The results have a 2.5-point error margin. Fieldwork by TNS Intersearch of Horsham, PA.

Analysis by Gary Langer.

ABC News polls can be found at ABCNEWS.com on the Internet at:  
<http://abcnews.go.com/sections/us/PollVault/PollVault.html>

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Results used in this analysis follow. Additional results are being released in separate reports. \* = less than 0.5 percent

8. In deciding your vote for the U.S. House, how much of a factor will (READ ITEM) be - very important, somewhat important, not so important or not important at all?

7/15/02

	-----Important-----			-----Not important-----			No op.
	NET	Very	Smwt.	NET	Not so	At all	
1. Regulating Wall Street and the stock market	81	44	37	16	9	7	2

10. Would you describe the state of the nation's economy these days as excellent, good, not so good or poor?

	-----Excellent/Good-----			-----Not so good/Poor-----			No op.
	NET	Excellent	Good	NET	Not so good	Poor	
7/15/02	39	3	36	61	44	17	1
2/21/02	30	1	29	69	51	18	*
1/27/02	31	1	29	69	50	19	*
9/20/01	38	3	35	60	47	14	2
9/9/01	33	1	32	66	47	19	*
7/30/01	50	3	46	50	39	12	*
4/22/01	50	3	47	50	40	9	*
1/15/01	70	10	59	29	24	6	1
10/27/00 LV	86	24	61	14	11	3	*
10/26/00 LV	86	24	61	14	11	3	*
6/11/00	74	17	57	26	19	6	*
2/27/00	80	25	55	20	14	5	*
10/31/99	74	18	56	26	18	7	1
9/2/99	76	19	57	23	16	6	1
3/14/99	80	22	58	19	15	4	1
11/1/98	73	12	61	26	21	5	1
11/1/98 LV	78	13	65	22	19	3	*
10/13/97	61	12	49	39	27	11	*

Call for full trend.

11. Do you think the nation's economy is getting better, getting worse or staying the same?

	Better	Worse	Same	No opin.
7/15/02	20	36	43	2
7/7/02	22	37	41	0
6/9/02	27	29	43	1
5/12/02	35	27	38	0
4/14/02	34	26	40	0
3/17/02	47	20	32	1
2/17/02	29	27	42	2
1/20/02	25	36	39	1
12/9/01	24	37	38	1
11/11/01	16	48	36	1
10/14/01	15	46	39	0
9/16/01	9	44	46	1
8/12/01	16	46	38	0
7/15/01	13	40	46	0
6/17/01	17	45	38	1
5/20/01	13	47	39	0

\*7/7/02 and previous, ABC/Money. Call for full trend.

12. Compared to two years ago, is your family's financial situation better today, worse or about the same?

	Better	Worse	About the same	No opin.
7/15/02	27	27	47	0
11/1/98	40	12	48	*
10/25/98	38	10	49	3

56. How confident are you that you will retire with enough income and assets to last for the rest of your life - would you say you're very confident, somewhat confident, not so confident or not confident at all?

	-----Confident-----			-----Not Confident-----			Retired (vol.)	No opin.
	NET	Very	Somewhat	NET	Not so	Not at all		
7/15/02	55	18	37	40	21	18	5	0
7/15/01	68	33	35	23	10	12	7	2
7/4/99	54	21	33	39	21	18	6	0
7/21/96	45	16	29	47	25	21	7	1

14. Do you approve or disapprove of the way Bush is handling:

7/15/02

	Approve	Disapprove	No opinion
k. Regulating Wall Street and the stock market	50	36	14

57. On another subject, would you support or oppose a plan in which people who chose to could invest some of their Social Security contributions in the stock market?

	Support	Oppose	No opin.
7/15/02	52	45	3
4/22/01	53	46	2
3/25/01	52	45	3
10/30/00 LV	58	35	8
9/6/00 RV	59	37	4
5/10/00	64	31	5

22. Do you have retirement savings other than Social Security - like a pension plan, a 401(K) account or an IRA account - or not?

	Yes	No	No opin.
7/15/02	67	33	*

23. (IF HAVE RETIREMENT SAVINGS) Who do you trust more to protect your retirement savings - (Bush) or (the Democrats in Congress)?

	Bush	Democrats	Both (vol.)	Neither (vol.)	No opinion
7/15/02	44	35	2	16	3

25. Which political party, the (Democrats) or the (Republicans), do you trust to do a better job (INSERT ITEM).

7/15/02

	Democrats	Republicans	Both (vol.)	Neither (vol.)	No op.
j. Regulating Wall Street and the stock market	43	39	5	7	6
l. (IF HAVE RETIREMENT SAVINGS) Protecting your retirement savings	40	41	4	12	3

34. Now, thinking about all of your investments, including retirement savings at work, do you currently have money invested in stocks or stock mutual funds, or not?

	Yes	No	No opin.
7/15/02	55	45	*
1/16/00	48	52	1
8/29/99	49	50	1
5/10/98	49	50	1
9/14/97	44	55	1
11/5/87	34	66	1
10/19/87	40	60	1
2/28/87	32	68	*

35. (IF NO, DON'T KNOW, REFUSED) If you have a spouse, does your spouse have stocks or mutual funds, or not?

	Yes	No	No spouse	No opin.
7/15/02	9	91	0	1

36. (IF OWNS STOCKS/STOCK MUTUAL FUNDS) Do you personally own any individual stocks directly, or do you own stocks only through mutual funds or a pension plan?

	Own stock directly	Only through mutual funds	No opin.
7/15/02	40	58	1

37. (IF SPOUSE OWNS STOCKS/STOCK MUTUAL FUNDS) Does your spouse own any individual stocks directly, or only through mutual funds or a pension plan?

	Own stock directly	Only through mutual funds	No opin.
7/15/02	7	76	16

38. Overall, do you think the stock market is a safe investment, or a risky one?

	Safe	Risky	No opin.
7/15/02	19	80	2
1/15/01	35	61	3
5/7/00	34	58	8
6/6/99	37	52	9
10/13/97	27	69	4
8/31/97	32	54	14
9/14/88	16	71	12

39. How much do rises and falls in stock market prices affect you personally—a great deal, somewhat, not much or not at all?

	--A great deal/Somewhat--			--Not much/Not at all---			No opin.
	NET	Great deal	Somewhat	NET	Not much	Not at all	
7/15/02	53	17	36	47	26	21	*
1/15/01	49	12	36	50	29	20	2
10/27/97	38	9	30	60	24	36	2
10/13/97	42	9	33	58	24	34	1
11/5/87	36	8	28	63	24	39	0
10/26/87	34	7	27	65	28	37	1
10/19/87	45	13	32	55	23	32	1
2/28/87	35	10	25	63	24	39	2
9/21/86	26	6	20	72	28	44	3

40. How do you feel about the recent drop in the stock market - very concerned, somewhat concerned, not too concerned or not at all concerned?

	-----Concerned-----			-----Not Concerned-----			No
	NET	Very	Somewhat	NET	Not too	Not at all	opin.
7/15/02	69	28	41	31	21	10	0
3/25/01	64	24	40	35	22	13	1

Compare to:

	-----Concerned-----			-----Not Concerned-----			No
	NET	Very	Somewhat	NET	Little/Not Very	Not at all	op.
2/14/90*	43	14	29	55	27	28	2
10/22/87**	68	18	50	32	23	9	*

\*Time/CNN: Turning to the stock market, how concerned are you about the general drop in stock prices since the beginning of the year--very concerned, somewhat concerned, a little concerned or not at all concerned?

\*\*USA Today: How concerned are you about the recent drop in the stock market? Are you very concerned, somewhat concerned, not very concerned, or not at all concerned?

41. Have you or anyone in your immediate family been hurt financially by the recent sharp drop in stock prices, or not?

	Yes, have been hurt	No, have NOT been hurt	Too soon to tell(vol.)	No Opinion
7/15/02	37	61	1	1
10/27/97	14	81	4	1
10/26/87	20	79	*	1

42. How much confidence do you have that the stock market treats individual investors fairly - a great deal, only some, hardly any or none at all?

	---Great deal/Only some---			----Hardly any/None----			No
	NET	Great deal	Only some	NET	Hardly any	None	opin.
7/15/02	64	14	50	32	21	11	5
6/9/02*	64	16	48	31	26	5	5
2/11/02*	73	22	51	24	21	3	4

\*Business Week.

43. Do you think there should be more government regulation of the stock market, less regulation, or should government regulation of the stock market stay as it is?

	More	Less	Same	No opin.
7/15/02	35	6	54	5
10/13/97	14	16	65	5

\*\*\*END\*\*\*