

Collins Stewart Holdings PLC  
23 May 2001

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Collins Stewart Enters Asset Management in UK with Acquisition of NatWest Stockbrokers' Private Client Division

Further to the announcement made on 21 May 2001, Collins Stewart announces that its wholly owned subsidiary, Collins Stewart Limited, has conditionally agreed to acquire the business and goodwill of the Private Client division of NatWest Stockbrokers Limited ("NWS"), the retail stockbroking arm of The Royal Bank of Scotland Group plc ("RBS"). The execution-only share dealing services of NWS are not included in the negotiations and NWS will continue to provide these services.

The consideration for the sale of the business is #11m payable in cash on completion of the acquisition. Up to a further #6.5m may be payable based on the level of client funds transferring to Collins Stewart Limited over a maximum of a 180 day period following completion of the acquisition.

The acquisition is in line with Collins Stewart's strategy of building an asset management business within the UK, as set out at the time of its successful flotation on the London Stock Exchange in October 2000 and the announcement of the inaugural full year results in March 2001. It marks Collins Stewart's move into private client business and asset management on the UK mainland. Collins Stewart already operates as the leading private client broker and asset manager in the Channel Islands through its subsidiary Collins Stewart (CI) Limited ("CSCI"), which it acquired in 1996. Funds under management at CSCI grew from #388m to #889m during its last financial year.

The NWS Private Client Business, which is targeted at high net worth individuals, small company pension funds, trusts and charities, had over 6,000 clients and some #1.3bn of assets under management as at 18 May 2001. In the year ended 31 December 2000, the division made an operating profit of #2m. The services offered are:

- \* Advisory Portfolio Management
- \* Discretionary Portfolio Management
- \* Fund Management Service
- \* Advisory Dealing Service

The acquisition is being partially funded by a placing of 3,125,000 ordinary shares of 25p in the capital of the Company (the "Placing Shares") at 400p per share (the "Placing Price") which will raise #12.5m before expenses (the "Placing"). The balance of the consideration will be provided from Collins Stewart's existing resources.

HSBC Investment Bank plc ("HSBC") has been appointed to act as the Company's agent in connection with the Placing and has entered into a conditional placing agreement with the Company (the "Placing Agreement") under which HSBC has agreed to use its reasonable endeavours to procure places for the Placing Shares at the Placing Price. The Placing is not being underwritten by HSBC and the Placing Agreement is conditional, inter alia, on admission of the Placing Shares to the Official List of the UK Listing Authority and completion of the acquisition of the NWS Private Client division.

The Placing Shares will, when issued, be fully paid and will rank in full for all dividends or other distributions declared, made or paid on the ordinary share capital of the Company after the date of their issue, except for the final dividend to be paid on 7 June 2001 in respect of the financial year ended 31 December 2000.

The Placing Shares will represent 2.94 per cent. of the Company's issued share capital immediately following the Placing. It is expected that, conditional upon the satisfaction of the conditions in the Placing Agreement, dealings in the Placing Shares will commence on 6 June 2001.

Commenting on the acquisition, Terry Smith, Chief Executive of Collins Stewart, said:

"For the first time, our existing clients will be able to benefit from a private client advisory service based in the UK mainland and clients transferring their accounts from NWS will be able to utilise research based on Collins Stewart's QUEST(TM) and triAngle(TM) valuation and factor models as well as gain access to other products developed by the Collins Stewart Group, such as the Hirzel House absolute return funds managed by CSCI."

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Further information on Collins Stewart:

- \* Collins Stewart Holdings plc, the financial services group, was admitted to the Official List of the UK Listing Authority on 24 October 2000 when it raised #70 million net of expenses, primarily to repay some of the debt assumed at the time of the MBO in May 2000.
- \* Further information on Collins Stewart is available on the Company's website at [www.collins-stewart.com](http://www.collins-stewart.com).

Further information concerning the NatWest Stockbrokers Private Client Business:

- \* The Private Client division of NatWest Stockbrokers is based in London and was formed out of the acquisition of Fielding, Newson-Smith by National Westminster Bank in 1986.
- \* NatWest Stockbrokers Limited is a separately incorporated subsidiary of RBS and is regulated by the SFA and is a member of the London Stock Exchange.
- \* The Business is highly regarded throughout the industry for providing high quality advisory and discretionary investment management services. In 1998, it received the Investors Chronicle award for "Best Advisory Portfolio Manager", following its award the previous year for "Best Advisory/Discretionary Manager".

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