

Date: 23 January 2003
On behalf of: Collins Stewart Holdings plc
Embargoed until: 0700hrs

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UNITED STATES, CANADA, JAPAN OR AUSTRALIA**

Collins Stewart Holdings plc ("Collins Stewart")

**Recommended Ordinary and Bond Offers, Option Proposals and related proposals for
Tullett plc ("Tullett")**

Cash Underpinning of up to £98.2 million and Cash Placing to raise £4.6 million

Proposed Placing and Open Offer to raise £44.6 million (net)

The boards of Collins Stewart, the financial services group, and Tullett, one of the leading international inter-dealer brokers, are pleased to announce that they have reached agreement on a proposed combination of Collins Stewart and Tullett.

Highlights

- The transaction is proposed to be effected through a recommended share exchange Ordinary Offer, a recommended Bond Offer and Option Proposals, together with related proposals to be made by Collins Stewart for the whole of the issued and to be issued ordinary and preference share capital and options of Tullett and all of the issued Tullett Bonds
- Based on the Closing Price of a Collins Stewart Ordinary Share of 333.5 pence on 22 January 2003, the Ordinary Offer values the whole of Tullett's existing issued ordinary share capital at approximately £212.7 million, the Bond Offer values the whole of Tullett's existing bonds at approximately £11.4 million and the Option Cancellation Proposal values the whole of the existing Tullett Options at approximately £4.6 million. Various alternatives to these offers are being made available. The Tullett preference share capital may be redeemed upon a change of control of Tullett for up to £22.5 million. Collins Stewart is making offers for the preference shares as an alternative to their redemption. This would imply an overall value of the Tullett capital of up to £251.2 million
- The Tullett Directors have given irrevocable undertakings to accept the Ordinary Offer in respect of a total of 1,842,098 Tullett Ordinary Shares, representing approximately 7.3 per cent. of the existing issued ordinary share capital of Tullett. In addition, Collins Stewart has received irrevocable undertakings to accept the Ordinary Offer in respect of approximately a further 72.4 per cent. of the existing issued ordinary share capital of Tullett
- Tullett Ordinary Shareholders who validly accept the Ordinary Offer may elect for a Partial Cash Alternative which, in respect of the existing issued ordinary share capital of Tullett, is being funded as to approximately 97 per cent. by the proceeds of a cash underpinning arrangement. Up to 31,893,223 New Ordinary Shares of Collins Stewart will be placed pursuant to the cash underpinning arrangements at a price of 308 pence per share
- Collins Stewart proposes to raise £4.6 million (net of expenses) through a firm Cash Placing of 1,506,501 new Collins Stewart Shares at the Issue Price of 308 pence per new Collins Stewart Share in order to finance the cash requirements for the Tullett Bond Offer and Option Proposals. The Cash Placing is being made under Collins Stewart's existing authorities for the disapplication of statutory pre-emption rights

- Collins Stewart also proposes to raise approximately £44.6 million (net of commissions and expenses) by way of a Placing and Open Offer of 14,652,224 new Collins Stewart Shares at a price of 308 pence per share in order to finance the redemption of Collins Stewart's existing preference share capital. The Open Offer is being made on the basis of 4 Open Offer Shares for every 29 existing Collins Stewart Shares
- HSBC Bank is acting as financial adviser, sponsor and corporate broker to Collins Stewart and is sole underwriter of the Cash Underpinning Placing, the Cash Placing and the Placing and Open Offer. Amethyst Corporate Finance is acting as financial adviser to Tullett
- Reasons for and benefits of the combination:
 - provides the Enlarged Group with the capability to service the entire range of potential financial markets clients
 - provides a more balanced exposure to customers, products and markets
 - complementary risk profiles
 - provides Tullett with access to capital needed to accelerate its growth plans by fulfilling its strategy to take part in the consolidation of the IDB market
 - provides shareholders with the opportunity to benefit from potential improvements in Tullett's operating margins and from the scope to leverage both groups' infrastructures, technologies and client bases
 - provides a strong initial return on capital for shareholders in the Enlarged Group which should be enhanced by the implementation of Tullett's existing plans for the development of its profitability and market position
- It is intended that Bruce Collins, Chief Executive of Tullett, Stephen Jack, Group Chief Financial Officer of Tullett, and David Clark, an independent non-executive director of Tullett, will join the board of the Enlarged Group. The current executive committee of Tullett will remain in place to manage its day to day activities
- It is also intended that a resolution to change Collins Stewart Holdings' name will be proposed at the next annual general meeting of Collins Stewart to reflect the change in emphasis of the Enlarged Group's activities. However, it is intended that the Collins Stewart and Tullett names will be retained as the principal trading names for the respective businesses
- Collins Stewart is estimating that its operating profit (before goodwill amortisation) for the year ended 31 December 2002 will not be less than £32 million.

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

"The acquisition of Tullett is a major advance for the Collins Stewart Group and creates an Enlarged Group which will service the entire range of products and potential clients in the financial markets from 19 locations worldwide. This increased diversity of revenues should further safeguard results and shareholders' returns from a downturn in any one area of the markets and enable the Group to continue delivering superior returns. We are confident that the acquisition will provide a strong return on capital for shareholders in the Enlarged Group and look forward to working with Tullett's management to help them realise their plans for the development of Tullett's market position."

Commenting on the merger, Bruce Collins, Chief Executive of Tullett, said:

"This combination enables Tullett to achieve its two principal strategic objectives: to deliver value for our shareholders and to accelerate our ability to take advantage of the consolidating global IDB marketplace in which we operate"

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This summary should be read in conjunction with and is subject to the full text of the attached press announcement.

HSBC Bank plc, which is regulated in the United Kingdom by the Financial Services Authority, is acting for Collins Stewart and no one else in connection with the Offers, the Option Proposals, the Placing and Open Offer and the Cash Placing and will not be responsible to anyone other than Collins Stewart for providing the protections afforded to clients of HSBC Bank plc, or for providing advice in relation to the Offers and Option Proposals, or for giving advice in relation to the contents of this announcement or any offer or arrangement referred to herein.

Amethyst Corporate Finance PLC, which is regulated in the United Kingdom by the Financial Services Authority, is acting for Tullett and no one else in connection with the Offers and the Option Proposals and will not be responsible to anyone other than Tullett for providing the protections afforded to clients of Amethyst Corporate Finance PLC, or for providing advice in relation to the Offers and Option Proposals, or for giving advice in relation to the contents of this announcement or any offer or arrangement referred to herein.

The Offers and the Option Proposals will be made in the United States, Canada and Japan by Collins Stewart. References in this announcement to the Offers and the Option Proposals being made by HSBC on behalf of Collins Stewart should be read and construed accordingly.

The new Collins Stewart Shares to be issued pursuant to the Offers, the Option Proposals, the Placing and Open Offer and the Cash Placing have not been and will not be registered under the US Securities Act or under the securities laws of any state of the United States. Accordingly, subject to certain exceptions, the new Collins Stewart Shares to be issued pursuant to the Offers, the Option Proposals, the Placing and Open Offer and the Cash Placing are not being, and will not be, offered or sold in the United States. No clearances have been, or will be, obtained from the securities regulation authority of any province or territory of Canada or under the securities laws of the Republic of Ireland in respect of the new Collins Stewart Shares offered pursuant to the Placing and Open Offer and Cash Placing nor have such securities been registered under the Securities and Exchange Law of Japan nor has any prospectus been lodged with, or registered by, the Australian Securities and Investment Commission. Accordingly, subject to certain exceptions, the new Collins Stewart Shares offered pursuant to the Placing and Open Offer and Cash Placing may not be offered or sold,

directly or indirectly, in favour of a resident of Canada, the Republic of Ireland, Japan or Australia.

This announcement is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. The new Collins Stewart Shares to be issued pursuant to the Offers, the Option Proposals, the Placing and Open Offer and the Cash Placing have not been, and will not be, registered under the US Securities Act.

The availability of the Offers, the Option Proposals, the Placing and Open Offer and the Cash Placing to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.

This announcement contains forward-looking statements regarding future business and financial prospects, dividends, financing plans, business strategies, operating efficiencies and synergies, competitive positions, growth opportunities, plans and objectives of management and other matters. These forward-looking statements are generally identified by words such as "may", "will", "expect", "anticipate", "believe", "estimate", "plan", "intend" and similar expressions. Forward-looking statements are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed and thus undue reliance should not be placed on any of these forward-looking statements. Any forward-looking statements are qualified in their entirety by reference to the information presented in the Offer Document and the Prospectus. Further, any forward-looking statement speaks only as of the date of this announcement and Collins Stewart and Tullett, and their respective directors, undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date of this announcement or to reflect the occurrence of unanticipated events.

This announcement contains a profit estimation relating to Collins Stewart, which is inherently subject to uncertainty due to a number of factors, many of which are not within Collins Stewart's control. Collins Stewart's actual results may differ from such profit estimation and such differences may be material. Under no circumstances should the inclusion of the profit estimation, or any statements related thereto, be regarded as a representation, warranty or prediction with respect to its accuracy or the accuracy of the underlying assumptions or that Collins Stewart has or will achieve or is likely to achieve any particular result. There can be no assurance that Collins Stewart's actual results will not vary significantly from the profit estimation set forth in this announcement. Collins Stewart does not intend to furnish any updated or revised profit estimation. Undue reliance should not be placed on the profit estimation.

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Proposed Placing and Open Offer to raise £44.6 million (net)

1. Introduction

The boards of Collins Stewart and Tullett are pleased to announce that they have reached agreement on a proposed combination of Collins Stewart and Tullett. The transaction is proposed to be effected through a recommended share exchange Ordinary Offer, Bond Offer, Option Proposals and related proposals to be made by Collins Stewart for the whole of the issued and to be issued ordinary and preference share capital and options of Tullett and all of the issued Tullett Bonds.

Collins Stewart also announces that it proposes to raise £44.6 million net of commissions and expenses through an underwritten Placing and Open Offer and £4.6 million (net of expenses) through a firm Cash Placing of new Collins Stewart Shares. The proceeds of the Placing and Open Offer (which will not be conditional on the Offers for Tullett) will be used to redeem Collins Stewart's existing preference share capital. The proceeds of the Cash Placing will be used to fund that part of the consideration which is payable in cash to be made available pursuant to the Bond Offer and the Option Proposals which are being made as part of the Offers for Tullett. The Cash Placing and the Placing and Open Offer are fully underwritten by HSBC and approximately 97% of the cash required to satisfy valid elections for the Partial Cash Alternative in respect of the existing issued ordinary share capital of Tullett is also being provided from underwriting by HSBC.

2. The Offers for Tullett

The Ordinary Offer

The Ordinary Offer, which will be made by HSBC on behalf of Collins Stewart and will be subject to the conditions and further terms set out below and in Appendix I to this announcement and to be set out in the Offer Document, will be made on the following basis:

for each Tullett Ordinary Share 2.52 New Collins Stewart Shares

and so in proportion for any other number of Tullett Ordinary Shares held. Fractions of New Collins Stewart Shares will not be allotted and the number of New Collins Stewart Shares to be allotted to each Tullett Ordinary Shareholder who validly accepts the Ordinary Offer will be rounded down to the nearest whole number.

On the basis of the Closing Price of 333.5 pence per Collins Stewart Share on 22 January 2003 (the latest practicable date prior to this announcement), the Ordinary Offer equates to a value of 840.4 pence per Tullett Ordinary Share and values the whole of the existing issued ordinary share capital of Tullett at approximately £212.7 million.

The Partial Cash Alternative to the Ordinary Offer

Under the terms of the Bond Offer, Collins Stewart will withhold from the cash element of the consideration payable to each eligible Tullett Bondholder who validly accepts the Bond Offer an amount equal to any Relevant Tax Liabilities. To the extent that such withholding would not provide sufficient cash to satisfy such liabilities, Collins Stewart will be authorised to sell such of the New Collins Stewart Shares which such accepting Tullett Bondholder would otherwise be entitled to receive so as to realise sufficient cash to satisfy the Relevant Tax Liabilities. By accepting the Bond Offer, Tullett Bondholders will consent for all purposes to such withholdings and/or sales being made on the basis that Collins Stewart undertakes to pay the amount withheld and/or realised to Tullett and procure that Tullett discharges the said Relevant Tax Liabilities and promptly returns to any Tullett Bondholder any surplus monies not required to be paid to the relevant authorities.

The Bond Offer Additional Share Facility

Tullett Bondholders who validly accept the Bond Offer may elect to receive New Collins Stewart Shares instead of all (but not part only) of the cash that they would otherwise be entitled to receive under the Bond Offer, being the cash element of the consideration under the Bond Offer less the amount of cash which Collins Stewart withholds to satisfy Relevant Tax Liabilities under the terms of the Bond Offer. By making an election under the Bond Offer Additional Share Facility, such Tullett Bondholders will receive New Collins Stewart Shares on the basis of 1 New Collins Stewart Share for every 317.5 pence in cash in respect of which an election is made or deemed to have been made.

Fractions of New Collins Stewart Shares will not be allotted and the number of New Collins Stewart Shares to be allotted to each Tullett Bondholder who validly makes an election under the Bond Offer Additional Share Facility will be rounded down to the nearest whole number.

The A Preference Offer

Under the Tullett Articles, the Tullett A Preference Shares will fall due for redemption if more than two thirds of Tullett's Ordinary Shares are acquired by Collins Stewart under the Ordinary Offer. Each Tullett A Preference Share will be redeemable for an aggregate amount of up to 330.6 pence per Tullett A Preference Share (over the period to 19 February 2005), amounting to up to £18.0 million in aggregate. To assist Tullett A Preference Shareholders with tax planning, the A Preference Offer, which will be made by HSBC on behalf of Collins Stewart and will be subject to the conditions and further terms set out below and in Appendix I to this announcement and to be set out in the Offer Document, will be made on the following basis:

For each Tullett A Preference Share 236.0 pence in cash and the Further Payment (being a further payment of 91.4 pence in either cash or new Collins Stewart Shares, subject to certain contingent deductions)

and so in proportion for any other number of Tullett A Preference Shares held.

The A Preference Share Offer values all of the existing issued Tullett A Preference Shares at approximately £17.8 million (assuming the Further Payment is made in cash without any deduction and disregarding any time value relating to the payment terms of the Further Payment).

The amount of the Further Payment (which is payable on 19 November 2004) is dependent on the extent to which Tullett or any subsidiary of Tullett becomes obliged to make any payment to the Belgium Social Security office or under a deed of tax indemnity in favour of Madge Networks NV prior to 19 November 2004. The Further Payment essentially replicates certain rights attaching to the Tullett A Preference Shares under the Tullett Articles. The amount of the Further Payment to each Tullett A Preference Shareholder who validly accepts the A Preference Offer shall be equal to the amount that would be payable to such persons in respect of a Tullett A Preference Share under the Tullett Articles (as proposed to be amended by the resolutions to be proposed at the Tullett EGM and the class meeting of

Tullett A Preference Shareholders) if they were still holders of Tullett A Preference Shares on 19 November 2004.

The B Preference Offer

Under the Tullett Articles, the Tullett B Preference Shares will fall due for redemption if more than two thirds of Tullett's Ordinary Shares are acquired by Collins Stewart under the Ordinary Offer. Each Tullett B Preference Share will be redeemed for an aggregate amount (capital and income) of 41.3 pence per Tullett B Preference Share (over the period to 31 March 2004) amounting in aggregate to £4.5 million. To assist Tullett B Preference Shareholders with tax planning, the B Preference Offer, which will be made by HSBC on behalf of Collins Stewart and will be subject to the conditions and further terms set out below and in Appendix I to this announcement and to be set out in the Offer Document, will be made on the following basis:

for each Tullett B Preference Share 37.7 pence in cash

and so in proportion for any other number of Tullett B Preference Shares held.

The B Preference Offer values all of the existing issued Tullett B Preference Share at approximately £4.1 million.

The Loan Note Alternative

As an alternative to (i) all or part of the cash consideration payable under the Partial Cash Alternative, (ii) all or part of the cash consideration payable under the A Preference Offer (but not any cash payable in respect of the Further Payment) and the B Preference Offer and (iii) all (but not part only) of any additional cash payable as a result of valid elections under the Additional Cash Facility, Tullett Securityholders (other than Tullett Securityholders who are resident in, or who have a registered address in, any jurisdiction outside the United Kingdom) may elect to receive Loan Notes on the following basis:

**for every £1 of cash consideration £1 nominal in Loan Notes
to which they are entitled**

The maximum nominal amount of Loan Notes available under the Loan Note Alternative is £30 million.

The Loan Note Alternative will be conditional on the Ordinary Offer becoming or being declared unconditional in all respects. In addition, if valid elections for the Loan Note Alternative received by 3.00 p.m. (London time) on the later of (i) the date falling 14 days after the Ordinary Offer becomes or is declared unconditional as to acceptances and (ii) the business day prior to the date on which the Ordinary Offer becomes or is declared unconditional in all respects do not require the issue of at least £2 million in nominal amount of Loan Notes, no Loan Notes will be issued unless Collins Stewart otherwise determines. In such circumstances, Tullett Securityholders who have otherwise validly elected to receive Loan Notes will then receive the cash to which they would otherwise have been entitled.

The Loan Notes will be guaranteed as to principal only by Bank of Scotland. Further details of the Loan Notes are set out in Appendix II to this announcement.

Further terms of the Offers

The Tullett Securities that are the subject of the Offers will be acquired by Collins Stewart fully paid and free from all liens, equities, charges, encumbrances and rights of pre-emption and any other third party rights of any nature and together with all rights now or hereafter attaching thereto, including the right to receive and retain all dividends and other distributions declared, made or paid after 22 January 2003, save (in the case of the Tullett Ordinary Shares) for the entitlement of persons who were ordinary shareholders on the register of members of Tullett on 21 October 1999 to the special payment in

relation to virt-x plc, further details of which will be set out in the Offer Document, and save as otherwise provided in the Tullett Articles. Under the terms of the Bond Offer, Tullett Bondholders will be entitled to keep and retain interest accrued on the Tullett Bonds in respect of the period up to and including the date on which is next due for payment by Tullett, being 18 February 2003. The Tullett Bonds to be acquired by Collins Stewart under the terms of the Bond Offer will be acquired together with all rights to interest in respect of any period after 18 February 2003.

The New Collins Stewart Shares to be issued pursuant to the Offers and the Option Proposals will be issued free from all liens, equities, charges, encumbrances and other interests. The New Collins Stewart Shares will be issued credited as fully paid and will rank *pari passu* in all respects with existing Collins Stewart Shares and the new Collins Stewart Shares to be issued pursuant to the Placing and Open Offer, including the right to all dividends and other distributions declared by Collins Stewart after the date of this announcement (including any final dividend declared by Collins Stewart in respect of the year ended 31 December 2002).

The Ordinary Offer will be conditional on, *inter alia*, the passing by Collins Stewart Shareholders of appropriate resolutions to approve the making of the Offers and the acquisition of Tullett. The Collins Stewart Directors, who have been provided with financial advice by HSBC, consider the terms of the Offers and Option Proposals to be fair and reasonable and view the proposed combination of Collins Stewart and Tullett to be in the best interests of Collins Stewart Shareholders as a whole. In providing its advice to the Directors of Collins Stewart, HSBC has taken into account the Collins Stewart Directors' commercial assessments of the Offers. Accordingly, the Collins Stewart Directors will be unanimously recommending Collins Stewart Shareholders to vote in favour of the resolutions relating to the Offers at the extraordinary general meeting as they have irrevocably undertaken to do in respect of their own beneficial shareholdings.

The Bond Offer, the A Preference Offer, the B Preference Offer and the Option Proposals will be conditional, *inter alia*, on the Ordinary Offer becoming or being declared unconditional in all respects.

Each of the Offers will also be conditional on the passing of certain resolutions to be proposed at the Tullett EGM and at separate class meetings of the Tullett Preference Shareholders.

The Offers will otherwise be made subject to the conditions and further terms set out in Appendix I, and to be set out in full in the Offer Document and the Forms of Acceptance, or otherwise so as to comply with the requirements of the City Code.

The Tullett Share Option Plan

The Ordinary Offer will extend to Tullett Ordinary Shares which are unconditionally allotted or issued and fully paid (or credited as fully paid) on the date on which the Ordinary Offer is made together with any further Tullett Ordinary Shares which are unconditionally allotted or issued whilst the Ordinary Offer remains open for acceptance (or by such earlier date as Collins Stewart may, subject to the City Code, decide) including any which are unconditionally allotted or issued as fully paid pursuant to the exercise of options.

Although no outstanding Tullett Options granted under the Tullett Share Option Plan are currently exercisable, they will become so if the Ordinary Offer becomes or is declared unconditional in all respects and Collins Stewart (and persons who, under the rules of the Tullett Share Option Plan, are deemed to be associates of Collins Stewart) acquires at least 75 per cent. of the Tullett Ordinary Shares then in issue.

Collins Stewart, through HSBC, will be making two proposals to Tullett Optionholders, the Option Cancellation Proposal and the Option Exercise Proposal, further details of which will be set out in the Offer Document. The Option Proposals will be conditional on the Ordinary Offer becoming or being declared unconditional in all respects.

Recommendation

The Tullett Directors (with the exception of Michael Whitaker who is considered by the Panel to be acting in concert with Collins Stewart and has therefore not been able to join in the Tullett Board recommendation to Tullett Ordinary Shareholders, Tullett Bondholders and Tullett Optionholders), who have been advised by Amethyst Corporate Finance PLC, intend to state in the formal Offer Document that they consider the terms of the Ordinary Offer, the Partial Cash Alternative, the Bond Offer and the Option Proposals to be fair and reasonable and the Recommending Directors intend unanimously to recommend that Tullett Ordinary Shareholders, Tullett Bondholders and Tullett Optionholders accept, as appropriate, the Ordinary Offer, the Bond Offer and whichever of the Option Proposals is most appropriate to Tullett Optionholders after taking into account their personal circumstances. In providing its advice, Amethyst Corporate Finance PLC has taken into account the commercial assessments of the Tullett Directors.

Irrespective of whether Tullett A Preference Shareholders or Tullett B Preference Shareholders wish to accept the A Preference Offer or the B Preference Offer, as appropriate, the Tullett Directors will urge Tullett A Preference Shareholders and Tullett B Preference Shareholders to vote in favour of the resolutions to be proposed at the separate class meetings of Tullett A Preference Shareholders and Tullett B Preference Shareholders to enable the implementation of the A Preference Offer and the B Preference Offer.

Irrevocable undertakings

Collins Stewart has received irrevocable undertakings to accept the Ordinary Offer from the Tullett Directors and certain other Tullett Ordinary Shareholders in respect of their holdings totalling an aggregate of 20,175,421 Tullett Ordinary Shares, representing approximately 79.7 per cent. of Tullett's existing issued ordinary share capital.

Collins Stewart has received irrevocable undertakings to accept the Bond Offer from the Tullett Directors and certain other Tullett Bondholders in respect of their holdings totalling an aggregate of £300,000 in nominal amount of Tullett Bonds, representing approximately 6.5 per cent. of the nominal amount of the issued Tullett Bonds.

Further details of these undertakings, including the extent to which undertakings have been given to elect for the Partial Cash Alternative, will be set out in the Offer Document.

Financing of the Offers

The Partial Cash Alternative in respect of the existing issued share capital of Tullett is being funded as to approximately 97 per cent. through a cash underpinning arrangement which has been underwritten by HSBC. The remaining cash required for the Partial Cash Alternative and the cash requirements for the A Preference Offer and the B Preference Offer are being provided through additional bank facilities made available to Collins Stewart by Bank of Scotland and through Collins Stewart's own existing cash resources.

Pursuant to the Cash Underpinning and Cash Placing Agreement, the New Collins Stewart Shares to which Tullett Ordinary Shareholders who validly elect for the Partial Cash Alternative would otherwise have been entitled will be placed by HSBC with institutional investors at a price of 308 pence per New Collins Stewart Share, the same price at which new Collins Stewart Shares are being allotted pursuant to the Placing and Open Offer and the Cash Placing.

The cash element of the consideration payable under the Bond Offer and the Option Cancellation Proposal is being partly funded out of the proceeds of the Cash Placing which has been underwritten by HSBC. The 1,506,501 new Collins Stewart Ordinary Shares to be issued pursuant to the Cash Placing will be placed firm by HSBC with institutional investors at a price of 308 pence per new Collins Stewart Share and will be issued by Collins Stewart regardless of whether or not the Bond Offer and the Option Proposals become unconditional or the level of acceptances under them. To the extent that the net proceeds of the Cash Placing exceed the amount required by Collins Stewart to satisfy the cash element of the consideration payable under the Bond Offer and the Option Cancellation Proposal,

the balance will be available to Collins Stewart for general working capital purposes.

The cash underpinning and cash placing arrangements are conditional upon the Ordinary Offer being declared unconditional in all respects (save only for the condition of the Ordinary Offer relating to Admission).

General

Full acceptance of the Offers (assuming all the Tullett Options are assented to the Option Cancellation Proposal and without taking account of any election for the Bond Offer Additional Share Facility and ignoring any new Collins Stewart Shares which may be allotted in satisfaction of the Further Payment) would result in the issue of 66,280,436 New Collins Stewart Shares to Tullett Securityholders, representing approximately 35.1 per cent. of the enlarged issued ordinary share capital of Collins Stewart (assuming the Collins Stewart Placing and Open Offer and Cash Placing becomes unconditional).

3. Information on Collins Stewart

Collins Stewart is a financial services group whose activities span institutional and private client stockbroking, market making, corporate finance, fund management and the supply of on-line financial information. It was founded in 1991 as a partnership with Singer & Friedlander. Its operations are conducted through three principal operating entities: CSL in London, CSCI which operates from offices in Guernsey, Jersey, Isle of Man and Uxbridge and CS Inc. in New York.

Since its formation Collins Stewart has grown rapidly, partly through acquisition (Greig Middleton's Channel Islands business in 1996 and the private client division of NatWest Stockbrokers in 2001) and partly through organic development, and has established itself as one of London's leading independent UK stockbrokers.

In May 2000, CSL became an independent company via an MBO backed by CVC Capital Partners, Parallel Ventures and Bank of Scotland. This was quickly followed by a flotation on the main market of the London Stock Exchange in October 2000. The new money raised at the time of the flotation was principally used to repay much of the debt taken on at the time of the MBO and the Collins Stewart Group is today lightly geared.

Since its formation, the Collins Stewart Group has expanded to its current level, with revenues of £103 million in the year to 31 December 2001, producing operating profits before goodwill and exceptional income in excess of £32.9 million in the year ended 31 December 2001. It has consistently produced above average returns for groups of its size and type despite poor conditions in its core markets over the past three years. The estimate of operating profit before goodwill in the year ended 31 December 2002 is set out in the paragraph on current trading below.

Collins Stewart's main quantitative research product is its QUEST™ on-line share evaluation system which is currently supplied to 214 institutional investors in the UK, Europe, North America, and the Middle and Far East. In 2003 CSL expects to complete a two year development project which will expand the coverage of stocks by QUEST™ from European to Asian and North American companies and which it believes should lead to an increase in its large company broking revenues. The Collins Stewart Directors have noted the purchase of QUEST™'s closest competitor by a major investment bank last year and believe that Collins Stewart's ownership of QUEST™ places the Collins Stewart Group in a strong position given the pressure on investment banks to demonstrate independence of research.

Collins Stewart continues to grow its funds management business at CSCI and its private client division which it acquired in 2001. Although the value of funds managed has fallen in line with the equity markets, the Collins Stewart Group has continued to expand its client base. Two hedge funds based upon the QUEST™ product have already been launched and are expected to be followed by other products.

Collins Stewart believes that its shareholders are best served by structuring the Collins Stewart Group's business in order to enhance the likelihood of strong returns in all foreseeable market conditions, through maintaining a spread of revenue streams and tight control of trading risks and costs. To this end:

- the Collins Stewart Group continues to seek ways to diversify in areas which are capable of complementing the existing business;
- the Collins Stewart Group maintains as low a level of fixed costs as is practicable to guard against a downturn in volume and performance related incentive payments form a significant proportion of staff costs;
- trading limits are set with Collins Stewart's low risk appetite in mind; and
- the Collins Stewart Group maintains capital comfortably in excess of its required regulatory capital so that none of its businesses have to date been constrained in their development by capital adequacy considerations.

4. Information on Tullett

Background

Tullett was founded in 1971 and focused during its early years on foreign exchange markets. Following that time, during the 1970s and 1980s, Tullett developed a number of overseas offices. Today it is an IDB operating as an intermediary in the wholesale financial markets by facilitating the trading activities of its clients, in particular, commercial and investment banks. In certain product areas Tullett's customer base also includes financial institutions and other professional investors.

The Tullett Group has around 1,800 staff. Its principal offices are in London, New York, Hong Kong, Singapore, Sydney, Paris, Frankfurt and Toronto. It also has alliances with or investments in IDB businesses in Tokyo, Bahrain, Bangkok, Mumbai and in Latin America. These alliances include a strategic alliance established in 1983 with Tokyo Tanshi, a Japanese IDB, as a result of which Tullett has a 20 per cent. shareholding in Totan Derivatives, a Japanese broker and subsidiary of Tokyo Tanshi. Totan Derivatives and Tokyo Tanshi have an aggregate holding of 28.6 per cent. of Tullett's Ordinary Shares. Tullett's other principal ordinary shareholders are Spitz (11.0 per cent.), Hermes (10.2 per cent.) and Derek Tullett and related interests (8.8 per cent.). A further 16.8 per cent. is held by three other major financial institutions, being Citigroup, Goldman Sachs and Lehman Brothers. Tullett changed its name from Tullett & Tokyo Liberty plc with effect from 29 November 2002.

Tullett's business comprises four major product groups: Fixed Income Securities, Treasury Products, Interest Rate and Credit Derivatives and Equities. Tullett also offers certain cross product packages and arbitrage opportunities for its customers.

Tullett has a ``hybrid`` model, with its voice broking services being provided to its clients through direct lines to trading desks supported by proprietary screens which display historical data, analytics and real time prices. Tullett brokes a broad range of financial market products on either a ``name give up`` (where the counterparties to a transaction settle directly with each other) basis or a ``matched principal`` (where Tullett is the counter-party to each leg of a transaction) basis. Tullett also collects and distributes price information which it then on-sells to data vendors. In addition, through its Gains subsidiary, Tullett manages the provision of voice and data lines to its own businesses and other market participants. As at the date of this announcement, Tullett has entered into a conditional contract for the sale of its Gains subsidiary. Further details in relation to the terms of the proposed disposal will be set out in the Prospectus.

Tullett has developed a proprietary multi-product broking platform, Market:Marker, which supports both Tullett's brokers and clients with capabilities such as on-screen price display, analytics, access to historical price information and automated post-trade feeds.

Tullett's strategy is to broaden and deepen its product base, maintaining its standing in those areas where it has a leading position and developing new product areas, not necessarily limited to the financial markets, where it can leverage its business model, infrastructure, and technology.

Fixed Income Securities

Tullett has a broadly based business in Fixed Income products across North America, Europe and Asia. Tullett's operations cover cash products including US Treasuries, US Government Agencies, US mortgage-backed securities, European Government Bonds and local government bonds, as well as Repos and bond derivatives. Tullett's operations also cover credit products ranging from high grade corporates to high-yield bonds and certain emerging markets bonds.

Treasury Products

Tullett's brokers cover treasury products which embrace the traditional money broking product areas (Foreign Exchange and Cash) as well as Foreign Exchange Forwards (including non-deliverable forwards) and Foreign Exchange Options ('FXOs').

In Spot Foreign Exchange, Tullett provides voice broking services and a rates listening service, which may be accessed via traditional telephone lines and the internet. In the Forward Foreign Exchange market Tullett combines voice broking with an electronic system known as Fast Forwards.

Tullett's Cash business is built around the traditional products of Loans and Deposits and negotiable securities including Certificates of Deposit, Bankers' Acceptances and Commercial paper in G3 and local currency markets, for banking and wholesale financial market users.

Tullett's FXO business is co-ordinated through London, New York, Singapore and Tokyo. Overall product coverage includes the main traded currencies, crosses, emerging markets, currencies and exotic options.

Interest Rate and Credit Derivatives

Tullett's brokers cover derivative products which facilitate the management of interest rate and credit risk. Tullett has a business covering the full yield curve on a multi currency basis. Tullett offers a variety of over the counter (OTC) products, including Forward Rate Agreements, Interest Rate Swaps in all forms (Spread, Coupons and Basis) and Interest Rate Options (Caps, Floors and Swaptions).

Tullett has been involved in the growth of the wholesale market for credit derivatives for approximately five years. Its teams in New York, London and Asia provide pricing, execution and information in a range of Investment Grade, High Yield and Emerging Market products that include Default Swaps. Tullett uses its network and proprietary database, coupled with its internal access to various credit markets, to provide pricing for credit product structures.

Equities

Tullett's operations in London offer services in European cash equities and equity derivatives. Its multiple exchange memberships (including the London Stock Exchange) ensure that Tullett is positioned to cater for most of its clients' equity trading needs. In addition, Tullett has developed specialist automated trading tools, which execute pairs, risk and arbitrage strategies simultaneously across multiple markets.

Tullett also has a share of the IDB market in European convertible securities. Its proprietary internet-delivered IPO pricing service has approximately 1500 users. Tullett's operations cover both Global Depositary Receipts and American Depositary Receipts, using the Market:Marker service to distribute price information. The equity option market is covered in terms of major market sectors and single securities from Tullett's London office.

In early 2002, Tullett established a domestic US cash equity business in New York which has 12 brokers.

Energy and Oil

Tullett has a 20 per cent. interest in Natsource LLC ('`Natsource''), an energy broker in gas, power and coal, with considerable expertise in the emerging emissions market, which has also established advisory services. Natsource and Tullett have a strategic joint venture in Europe, NTEL Holdings Limited ('`NTEL''), which is focused on developing the emissions business throughout Europe and building on its existing consultancy contracts. In May 2002, Tullett acquired the traditional power broking business in Europe from a wholly-owned subsidiary of NTEL and is developing this business in a number of key European markets. The joint venture also owns an energy broker named Natsource Tullett Scandinavia AS in Norway. The energy desk of Tullett Sydney provides a range of broking and information services in the Australian electricity and gas markets, as well as information services in the Australian coal markets. It also has the capacity to provide broking services in the Australian coal market.

Tullett, through its joint venture with Starsupply Tullett Energy Limited, known as Starsupply Tullett, has an oil broking operation with desks in London and Singapore, specialising in the derivatives markets.

5. Reasons for the Offers and strengths of the Enlarged Group

Collins Stewart's existing business operations are based on the principle of maintaining a spread of revenue streams to safeguard results and shareholders' returns from volatility in any one area of the market. The Collins Stewart Directors believe that Collins Stewart's success as an independent broking firm is partly attributable to this.

At present, Collins Stewart's revenues are primarily derived from services to corporate, institutional and retail clients whilst nearly all of Tullett's revenues come from dealing with other market intermediaries and principals such as banks and investment banks. The Enlarged Group would therefore service the entire range of potential clients in the financial markets.

Substantially all of Collins Stewart's revenues are currently derived from equity markets. It has little exposure to fixed interest products and none to derivatives or foreign exchange. In contrast, Tullett derives less than 10 per cent. of its revenues from equity products. The Collins Stewart Directors believe that the derivatives market in general has experienced significant growth over the last fifteen years, with interest rate swaps performing most strongly in the most recent past. Derivatives volumes are largely independent of market direction as they are driven principally by volatility and trading volumes in the underlying assets. The Collins Stewart Directors believe that some of the products of the Enlarged Group will be at different stages of their economic life cycles contributing to a more balanced risk profile for the Enlarged Group.

Many of the services which Collins Stewart provides are relatively high value added, command high margins and are reliant upon the direction of markets. By contrast, Tullett's operations can be characterised as being dependent upon the volume of trading. The combination of Collins Stewart and Tullett should therefore provide a more balanced exposure to customers, products and markets. Both group's trading activities are primarily agency based, meaning that their risk profiles are complementary.

Tullett operates in the IDB market which has recently been consolidating. Membership of the Enlarged Group, whose shares are traded on the main market of the London Stock Exchange, should provide Tullett with access to capital needed to take part in this consolidation. The Enlarged Group intends to support Tullett to continue to develop as a major independent operator in the IDB market, which, Tullett believes will be welcomed by its client base, many of whom are likely to become shareholders in the Enlarged Group as they are currently shareholders in Tullett. It is intended that a resolution to change Collins Stewart's name will be proposed at the next annual general meeting of Collins Stewart to reflect the change in emphasis of the Enlarged Group's activities. However, it is intended that the Collins Stewart and Tullett names will be retained as the principal trading names for the respective businesses.

Collins Stewart's rationale for making the Offers for Tullett is not reliant upon synergies between Collins Stewart and Tullett within the Enlarged Group, although it is expected that some will be realisable. The Collins Stewart Directors believe there is the potential to improve Tullett's efficiency and operating margins. From early 2003, it is expected that Collins Stewart's QUEST™ Plus project will expand the coverage of Collins Stewart's on-line company evaluation database to cover Asian and North American securities. It is expected that Tullett's operations in Asia and North America will be able to assist in the development of the revenues derived from QUEST™. Collins Stewart does not currently have any significant ability to execute trades in equities in these regions and does not have a marketing capability to domestic investors based in Asia. The Collins Stewart Directors believe there should also be other opportunities for Collins Stewart to leverage Tullett's infrastructure, technology and client base.

In addition to the strategic rationale for the Offers, it is the view of the Collins Stewart Board that a combination with Tullett will provide a strong initial return on capital for shareholders in the Enlarged Group which should be enhanced once Tullett's existing plans for the development of its profitability and market position are implemented.

6. New Media SPARK plc

On 10 September 2002, NewMedia SPARK plc ("NewMedia SPARK") announced that it was considering a range of strategic options, one of which was a possible sale of the company, and that discussions were being held in relation to this possibility. Such discussions were at an early stage and it was stated that they may or may not lead to an offer being made for the company.

Collins Stewart confirms that it was in discussions with NewMedia SPARK. Collins Stewart carried out initial due diligence into a possible acquisition of NewMedia SPARK. However, these discussions have not been actively pursued since discussions with Tullett commenced in earnest. Collins Stewart is still considering a transaction with NewMedia SPARK but such a transaction, which would be subject to further due diligence, would not be actively pursued before the date that the Ordinary Offer for Tullett becomes unconditional in all respects or lapses.

7. Current trading

Collins Stewart

On 2 September 2002, Collins Stewart reported unaudited interim results for the six months ended 30 June 2002. The interim results for this period show profit before tax for the six months to 30 June 2002 of £11.9 million compared with £11.6 million for the same period in 2001.

Although equity market conditions continue to be volatile and difficult, the performance of Collins Stewart has remained resilient, aided by continued strong trading within smaller company corporate finance which has grown in relative importance to the Collins Stewart Group in the period, as shown in the interim results announced in September 2002. Although revenues for the year to 31 December 2002 were below those for 2001, with stronger margins the Collins Stewart Directors estimate that the operating profit before goodwill amortisation of the Collins Stewart Group for the year ended 31 December 2002 will be not less than £32 million.

Letters relating to this profit estimate for the Collins Stewart Group in respect of the year ended 31 December 2002 are set out in full in Appendix III and will be set out in the Prospectus.

Tullett

Historically, Tullett's annual performance has shown some seasonality with stronger performance normally in the first half of the financial year. The audited results for the six month period to 30 June 2002 which will be set out in Part V of the Prospectus showed that the Tullett Group made a profit before taxation of £19.1 million for the half year. The Tullett Group has continued to trade strongly since that time and, as anticipated, has benefited from the continuing high levels of volatility in a number of key financial markets which the Tullett Group serves.

8. The Split Capital Investment Trust Sector

Collins Stewart, in the light of the concerns about the split capital investment trust sector, has conducted an internal review. The result of its review has not led the Collins Stewart Board to believe that the Collins Stewart Group has any material liability in relation to its involvement in split capital investment trusts and the Collins Stewart Board does not currently intend to make any material specific provision in its accounts for the year ended 31 December 2002 in relation to its involvement in split capital investment trusts. On 20 January 2003 Collins Stewart Limited, the Collins Stewart Financial Services Authority regulated subsidiary, received a notification from the Financial Services Authority that it was being investigated in connection with its activities in the split capital investment trust sector. In the light of this notification and the widely publicised more general regulatory investigations into the split capital investment trust industry, no assurances can be given that any adverse findings in respect of the Collins Stewart Group's involvement in, or developments in respect of, the split capital investment trust sector would not have a negative impact on the Enlarged Group.

9. Tullett's directors, management and employees

Bruce Collins, Chief Executive of Tullett, Stephen Jack, Group Chief Financial Officer of Tullett and David Clark an independent non-executive director of Tullett have been invited to join the Collins Stewart Board, conditional upon the Ordinary Offer becoming or being declared unconditional in all respects. They have all indicated their intention to accept these appointments.

The non-executive directors of Tullett have agreed that following the Ordinary Offer becoming or being declared unconditional in all respects they will resign from the board of Tullett and as directors of every other company in the Tullett Group.

The board of Collins Stewart has given assurances to the board of Tullett that the existing employment rights, including pension rights, of all employees of the Tullett Group, will be fully safeguarded if the Ordinary Offer becomes or is declared unconditional in all respects.

10. Merger Agreement

As an inducement to Collins Stewart to make the Offers and under the terms of the Merger Agreement, Tullett has agreed that it will pay Collins Stewart an inducement fee of £2 million in cash (representing approximately 0.8 per cent. of the value of the Offers, based on the Closing Price of a Collins Stewart Share on 22 January 2003, the latest practicable date prior to this announcement) if the Ordinary Offer is withdrawn or lapses in accordance with its terms due to the Tullett EGM convened for 21 February 2003 failing to pass the resolutions to be proposed thereat.

Under the terms of the Merger Agreement, Collins Stewart has agreed, *inter alia*, in most circumstances to keep the Ordinary Offer open and to extend the closing date(s) to the Ordinary Offer for up to 60 days from the date of the Offer Document, unless the Ordinary Offer becomes or is declared unconditional in all respects on an earlier date.

Collins Stewart has also agreed that it will pay to Tullett a break fee of £2 million in cash in the event that Collins Stewart's ordinary shareholders do not approve the resolutions necessary for Collins Stewart to implement the Offers which will be proposed at the extraordinary general meeting of Collins Stewart convened for 17 February 2003.

11. Details of the Placing and Open Offer and the Cash Placing

Pursuant to the Placing and Open Offer, Collins Stewart is seeking to raise approximately £44.6 million (net of expenses) for the purposes of redeeming its existing preference share capital. HSBC, as agent on behalf of Collins Stewart, will invite Collins Stewart Qualifying Shareholders to apply under the Open Offer for 14,652,224 Open Offer Shares at the Issue Price on the basis of:

4 Open Offer Shares

for every 29 existing Collins Stewart Ordinary Shares

held by Collins Stewart Qualifying Shareholders at close of business on the Record Date, and so in proportion for any other number of existing Collins Stewart Ordinary Shares then held. Entitlements of Collins Stewart Qualifying Shareholders will be rounded down to the nearest whole number of Open Offer Shares. Fractional entitlements will be aggregated and included in the Placing, with the proceeds retained for the benefit of Collins Stewart. Collins Stewart Qualifying Shareholders will be able to apply for any whole number of Open Offer Shares up to their maximum entitlement as set out on their Application Form. Collins Stewart Qualifying Shareholders with holdings of existing Collins Stewart Ordinary Shares in both certificated and uncertificated form will be treated as having separate entitlements under the Open Offer.

The Collins Stewart directors (other than Keith Hamill) and certain other Collins Stewart shareholders have undertaken not to take up their entitlement to 5,840,208 Open Offer Shares which constitute their entitlement to Open Offer Shares under the Open Offer and those shares have therefore been placed firm by HSBC under the Placing.

Keith Hamill has undertaken to take up his entitlement to 2,182 Open Offer Shares under the Open Offer.

The Open Offer Shares will be offered at the Issue Price to Collins Stewart Qualifying Shareholders validly applying for the same on a pre-emptive basis under the terms of the Open Offer. Pursuant to the Placing and Open Offer Agreement (details of which will be set out in the Prospectus), HSBC has agreed to place conditionally with institutional and other investors, or, to the extent that it fails to do so, itself to subscribe for the Open Offer Shares which are not the subject of undertakings to take up or valid applications made by Collins Stewart Qualifying Shareholders under the Open Offer, on the terms and subject to the conditions set out in the Placing and Open Offer Agreement.

The Open Offer Shares will rank *pari passu* in all respects with the existing Collins Stewart Ordinary Shares and the New Collins Stewart Shares to be issued pursuant to the Offers and the Option Proposals and will rank in full for dividends and other distributions declared, made or paid after Admission in respect of the ordinary share capital of Collins Stewart.

Pursuant to the Cash Placing, Collins Stewart is seeking to raise £4.6 million (net of expenses) for the purposes of providing the cash element of the consideration payable under the Bond Offer and the Option Proposals. Pursuant to the Cash Underpinning and Cash Placing Agreement, HSBC has agreed to place conditionally with institutional and other investors or to the extent that it fails to do so, itself to subscribe for the 1,506,501 new Collins Stewart Shares the subject of the Cash Placing, on the terms and subject to the conditions set out in the Cash Underpinning and Cash Placing Agreement.

12. The Offer Document and the Prospectus

The Offer Document containing the full terms and conditions of the Offers and the Option Proposals, together with relevant Forms of Acceptance, Option Proposals Form of Election and a copy of the Prospectus, is expected to be despatched to Tullett Securityholders today.

The Prospectus containing the full terms of the Placing and Open Offer, together with the relevant Application Forms is expected to be despatched to Collins Stewart Shareholders and Tullett Securityholders later today.

The Prospectus will also contain notice of an extraordinary general meeting of Collins Stewart convened for 17 February 2003 for the purposes of considering the necessary resolutions to implement the Offers and the Placing and Open Offer.

13. Overseas Tullett Securityholders and Collins Stewart Shareholders

The availability of the Offers, options proposals, the Placing and Open Offer and Cash Placing to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements. Further guidance will be set out in the Offer Document and the Prospectus.

14. General

According to the register of Tullett Securityholders, Sputz AG, which is a subsidiary of New Media SPARK and which is deemed by the Panel to be acting in concert with Collins Stewart for the purposes of the Offers, owns in aggregate 2,771,918 Tullett Ordinary Shares as at the date of this announcement.

According to the register of Tullett Securityholders, HSBC Securities (USA) Inc., which is a subsidiary of HSBC Bank plc and which is deemed by the Panel to be acting in concert with Collins Stewart for the purposes of the Offers owns in aggregate 495,189 Tullett Ordinary Shares as at the date of this announcement.

Save as referred to above, neither Collins Stewart, nor so far as Collins Stewart is aware, any party acting in concert with Collins Stewart, owns or controls any Tullett Securities or holds options over or derivatives references to Tullett Securities. In the interests of secrecy (and save as referred to above), Collins Stewart has not made enquiries in this respect of certain parties who may be deemed by the Panel to be acting in concert with it for the purposes of the Offers.

The financial effects of acceptance of the Ordinary Offer and the bases of these calculations are set out in Appendix III.

Certain terms used in this announcement are defined in Appendix V.

This announcement does not constitute an offer or invitation to purchase any securities.

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The Collins Stewart Directors accept responsibility for the information contained in this announcement other than the information relating to the Tullett Group, the Tullett Directors, their immediate families and related trusts and persons connected with the Tullett Directors. To the best of the knowledge and belief of the Collins Stewart Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement, for which they accept responsibility, is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Tullett Directors accept responsibility for the information contained in this announcement relating to the Tullett Group, the Tullett Directors, their immediate families and related trusts and persons connected with the Tullett Directors. To the best of the knowledge and belief of the Tullett Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement, for which they accept responsibility, is in accordance with the facts and does not omit anything likely to affect the import of such information.

HSBC Bank plc, which is regulated in the United Kingdom by the Financial Services Authority, is acting for Collins Stewart and no one else in connection with the Offers, the Option Proposals, the Placing and Open Offer and the Cash Placing and will not be responsible to anyone other than Collins Stewart for providing the protections afforded to clients of HSBC Bank plc, or for providing advice in relation to the Offers and Option Proposals, or for giving advice in relation to the contents of this announcement or any offer or arrangement referred to herein.

Amethyst Corporate Finance PLC, which is regulated in the United Kingdom by the Financial Services Authority, is acting for Tullett and no one else in connection with the Offers and the Option Proposals and will not be responsible to anyone other than Tullett for providing the protections afforded to clients of Amethyst Corporate Finance PLC, or for providing advice in relation to the Offers and Option Proposals, or for giving advice in relation to the contents of this announcement or any offer or arrangement referred to herein.

The Offers and the Option Proposals will be made in the United States, Canada and Japan by Collins Stewart. References in this announcement to the Offers and the Option Proposals being made by HSBC on behalf of Collins Stewart should be read and construed accordingly.

The new Collins Stewart Shares to be issued pursuant to the Offers, the Option Proposals, the Placing and Open Offer and the Cash Placing have not been and will not be registered under the US Securities Act or under the securities laws of any state of the United States. Accordingly, subject to certain exceptions, the new Collins Stewart Shares to be issued pursuant to the Offers, the Option Proposals, the Placing and Open Offer and the Cash Placing are not being, and will not be, offered or sold in the United States. No clearances have been, or will be, obtained from the securities regulation authority of any province or territory of Canada or under the securities laws of the Republic of Ireland in respect of the new Collins Stewart Shares offered pursuant to the Placing and Open Offer and Cash Placing nor have such securities been registered under the Securities and Exchange Law of Japan nor has any prospectus been lodged with, or registered by, the Australian Securities and Investment Commission. Accordingly, subject to certain exceptions, the new Collins Stewart Shares offered pursuant to the Placing and Open Offer and Cash Placing may not be offered or sold, directly or indirectly, in favour of a resident of Canada, the Republic of Ireland, Japan or Australia.

This announcement is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. The new Collins Stewart Shares to be issued pursuant to the Offers, the Option Proposals, the Placing and Open Offer and the Cash Placing have not been, and will not be, registered under the US Securities Act.

The availability of the Offers, the Option Proposals, the Placing and Open Offer and the Cash Placing to persons who are not resident in the United Kingdom may be affected

by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.

This announcement contains forward-looking statements regarding future business and financial prospects, dividends, financing plans, business strategies, operating efficiencies and synergies, competitive positions, growth opportunities, plans and objectives of management and other matters. These forward-looking statements are generally identified by words such as "may", "will", "expect", "anticipate", "believe", "estimate", "plan", "intend" and similar expressions. Forward-looking statements are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed and thus undue reliance should not be placed on any of these forward-looking statements. Any forward-looking statements are qualified in their entirety by reference to the information presented in the Offer Document and the Prospectus. Further, any forward-looking statement speaks only as of the date of this announcement and Collins Stewart and Tullett, and their respective directors, undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date of this announcement or to reflect the occurrence of unanticipated events.

This announcement contains a profit estimation relating to Collins Stewart, which is inherently subject to uncertainty due to a number of factors, many of which are not within Collins Stewart's control. Collins Stewart's actual results may differ from such profit estimation and such differences may be material. Under no circumstances should the inclusion of the profit estimation, or any statements related thereto, be regarded as a representation, warranty or prediction with respect to its accuracy or the accuracy of the underlying assumptions or that Collins Stewart has or will achieve or is likely to achieve any particular result. There can be no assurance that Collins Stewart's actual results will not vary significantly from the profit estimation set forth in this announcement. Collins Stewart does not intend to furnish any updated or revised profit estimation. Undue reliance should not be placed on the profit estimation.

Appendix I

Conditions and certain further terms of the Offers

1. Conditions of the Ordinary Offer

The Ordinary Offer, which will be made by HSBC on behalf of Collins Stewart, will comply with the applicable rules and regulations of the City Code and the Listing Rules and will be subject to the terms and conditions set out in the Offer Document and the Forms of Acceptance and the following conditions:

- (a) valid acceptances being received (and not, where permitted, withdrawn) by 3.00 p.m. (London time) 10.00 a.m. (New York City time) on the First Closing Date (or such later time(s) and/or date(s) as Collins Stewart may, subject to the rules of the City Code, decide), in respect of not less than 90 per cent. in nominal value (or such lesser percentage as Collins Stewart may decide) of the Tullett Ordinary Shares to which the Ordinary Offer relates, provided that this condition shall not be satisfied unless Collins Stewart and/or its wholly owned subsidiaries shall have acquired or agreed to acquire, whether pursuant to the Ordinary Offer or otherwise, Tullett Ordinary Shares carrying, in aggregate, more than 50 per cent. of the voting rights then normally exercisable at general meetings of Tullett, including for this purpose (to the extent, if any, required by the Panel) any such voting rights attaching to any Tullett Ordinary Shares that are unconditionally allotted or issued before the Ordinary Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any subscription rights, conversion rights or otherwise. For the purposes of this condition:
 - (i) the expression ``Tullett Ordinary Shares to which the Ordinary Offer relates'' shall be construed in accordance with sections 428 - 430F (inclusive) of the Companies Act 1985; and
 - (ii) Tullett Ordinary Shares which have been unconditionally allotted shall be deemed to carry the voting rights which they will carry on issue;
- (b) the passing at an extraordinary general meeting of Collins Stewart (or at any adjournment thereof) of such resolution or resolutions as may be necessary to approve, effect and implement or authorise the implementation of the Ordinary Offer;
- (c) the passing at the Tullett EGM (or any adjournment thereof) of such resolution or resolutions as may be necessary to permit Collins Stewart to acquire the Tullett Ordinary Shares to which the Ordinary Offer relates free of all rights of pre-emption pursuant to the Tullett Articles or otherwise, and authorise and permit the registration of Collins Stewart as holder of all Tullett Ordinary Shares to which the Ordinary Offer relates which are acquired pursuant to the Ordinary Offer;
- (d) the admission to the Official List of the New Collins Stewart Shares (or such of them as are due to be allotted at the time the Ordinary Offer becomes or is declared unconditional in all other respects) becoming effective in accordance with the Listing Rules and the admission of such shares to trading on the London Stock Exchange's market for listed securities becoming effective or (if determined by Collins Stewart and subject to the consent of the Panel) the UK Listing Authority agreeing to admit such shares to the Official List and the London Stock Exchange agreeing to admit such shares to trading subject only to (i) the allotment of such shares and/or (ii) the Ordinary Offer becoming or being declared unconditional in all respects;
- (e) the Financial Services Authority (``FSA'') having notified Collins Stewart in writing in terms satisfactory to Collins Stewart and Tullett that it does not object to any person who will, pursuant to the Ordinary Offer and/or pursuant to the acquisition or proposed acquisition of any shares in or control of, Tullett by Collins Stewart, become a controller of Starsupply Tullett Energy Limited for the purposes of the Financial Services and Markets Act 2000, or the period allowed under that Act for the FSA to notify any objection to any such person becoming a controller having expired without notification of such objection;

- (f) the Hong Kong Monetary Authority having confirmed in writing in terms satisfactory to Collins Stewart and Tullett that it does not object to any person who will, pursuant to the Ordinary Offer and/or pursuant to the acquisition or proposed acquisition of any shares in or control of, Tullett by Collins Stewart, become a controller of Tullett Liberty (Hong Kong) Limited (formerly known as Tullett & Tokyo Liberty Limited) for the purposes of the Banking Ordinance (Cap. 155 of the Laws of Hong Kong);
- (g) the National Association of Securities Dealers of the United States ("NASD") having notified each of Tullett Liberty Brokerage Inc, Tullett Liberty Securities Inc, and Praxis Capital Inc in writing in terms satisfactory to Collins Stewart and Tullett that it grants its approval to each such person to continue to act as a broker-dealer following the acquisition by Collins Stewart of any shares in, or control of, Tullett pursuant to the Offers under the US Exchange Act and applicable NASD rules;
- (h) the Office of Fair Trading indicating, in terms satisfactory to Collins Stewart and Tullett, that it is not the intention of the Secretary of State for Trade and Industry to refer the proposed acquisition of Tullett by Collins Stewart, or any matters arising therefrom, to the Competition Commission, or the Secretary of State for Trade and Industry accepting undertakings from Collins Stewart in relation to the proposed acquisition of Tullett by Collins Stewart instead of referring it to the Competition Commission;
- (i) all filings having been made and all or any appropriate waiting periods under the United States Hart-Scott-Rodino Anti-trust Improvements Act of 1976, as amended, and the regulations thereunder having expired, lapsed or been terminated as appropriate, in each case in respect of the Offers and the proposed acquisition of any shares in, or control of, Tullett by Collins Stewart;
- (j) no government or governmental, quasi-governmental, supranational, statutory or regulatory or investigative body or trade agency, professional body, association, institution or environmental body or any court or other body or person whatsoever in any jurisdiction (each a "Relevant Authority") having instituted, implemented, or threatened, or having decided to take, institute or threaten, any action, proceedings, suit, investigation, enquiry or reference or having enacted, made or proposed any statute, regulation or order or decision or taken any other steps and there not continuing to be outstanding any statute, regulation, order or decision that would or might reasonably be expected to:
 - (i) make the Ordinary Offer or the acquisition or proposed acquisition by Collins Stewart or any member of the Collins Stewart Group of any Tullett Ordinary Shares, or the acquisition or proposed acquisition by Collins Stewart or any member of the Collins Stewart Group of any shares in or control of Tullett, void, unenforceable or illegal or directly or indirectly restrict, prohibit, delay or otherwise interfere with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise challenge the Ordinary Offer or the acquisition of any Tullett Securities or the acquisition of control of Tullett or otherwise require material amendment to the terms of the Ordinary Offer;
 - (ii) require or prevent or materially delay a divestiture by any member of the Collins Stewart Group of any Tullett Ordinary Shares;
 - (iii) require or prevent or materially delay the divestiture or alter the terms of any proposed divestiture by any member of the Wider Collins Stewart Group or by the Wider Tullett Group of all or any substantial part of their respective businesses, assets or property or impose any material limitation on the ability of any of them to conduct all or any portion of their respective businesses or to own all or any portion of their respective assets or property to an extent which in each case would be material in the context of the Wider Tullett Group taken as a whole or the Wider Collins Stewart Group taken as a whole, as appropriate;
 - (iv) impose any material limitation on the ability of the Wider Collins Stewart Group or of the Wider Tullett Group to acquire or hold or to

exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or loans or securities convertible into shares or the equivalent in any member of the Wider Tullett Group or the Wider Collins Stewart Group respectively or to exercise management control over any such member to an extent which is material in the context of the Wider Collins Stewart Group taken as a whole or, as the case may be, the Wider Tullett Group taken as a whole;

- (v) other than pursuant to the Offers require any member of the Wider Collins Stewart Group or any member of the Wider Tullett Group to offer to acquire directly or indirectly any shares in any member of the Wider Tullett Group owned by any third party; or
- (vi) affect materially and adversely the business, assets, profits or prospects of any member of the Wider Collins Stewart Group or any member of the Wider Tullett Group to an extent which is material in the context of respectively the Wider Collins Stewart Group taken as a whole or the Wider Tullett Group taken as a whole;

and all applicable waiting and other time periods during which any such Relevant Authority could decide to take, institute, implement or threaten any such action, proceedings, suit, investigation, enquiry or reference under the laws of any relevant jurisdiction having expired, lapsed or been terminated;

- (k) all necessary filings having been made in respect of the Ordinary Offer and all required authorisations, orders, grants, recognitions, confirmations, consents, clearances, licences, permissions, exemptions and approvals ('`authorisations'') necessary or appropriate or required for or in respect of the Offers (including, without limitation, its implementation and financing (which term includes, without limitation, any borrowing of any moneys, the entry into of any underwriting agreements, the giving of any guarantee or security and the investment of the proceeds thereof or any other moneys by any member of the Collins Stewart Group in the Tullett Group and Collins Stewart's investment in Tullett Securities)) or the proposed acquisition of all or any shares in, or control of, Tullett by the Collins Stewart Group having been obtained on terms and in a form reasonably satisfactory to Collins Stewart from all appropriate Relevant Authorities with whom any member of the Collins Stewart or Tullett Groups has entered into contractual arrangements, in each case where the absence of such would have a material adverse effect on the Wider Collins Stewart Group taken as a whole or the Wider Tullett Group taken as a whole, as the case may be, and all such authorisations remaining in full force and effect at the time at which the Ordinary Offer becomes otherwise unconditional in all respects (save only as regards satisfaction of the condition of the Ordinary Offer relating to Admission) and no intimation or notice of any intention to revoke, suspend, restrict, modify or not renew any of the same having been received and all necessary filings having been made and all appropriate waiting periods (including any extension thereof) under any applicable legislation and regulations in any jurisdiction having expired, lapsed or been terminated, in each case as may be necessary in connection with the Offers or the proposed acquisition of all or any shares in, or control of Tullett, by the Collins Stewart Group under the laws or regulations of any relevant jurisdiction and all necessary statutory or regulatory obligations in any relevant jurisdiction having been complied with in connection with the Offers or the proposed acquisition of all or any shares in, or control of, Tullett by the Collins Stewart Group;
- (l) save as Disclosed, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Tullett Group is a party or by or to which any such member or any of their assets may be bound, entitled or be subject which, as a direct result of the acquisition by the Collins Stewart Group of the Tullett Securities or any of them, or change in the management or control of Tullett or the acquisition of control of Tullett by the Collins Stewart Group will, or might reasonably be expected to, result in:
 - (i) any material amount of moneys borrowed by, or any other material indebtedness (actual or contingent) of any such member being or becoming repayable or capable of being declared repayable immediately or earlier than the repayment date stated in such agreement, arrangement, licence,

permit or other instrument, or the ability of any such member to borrow monies or incur any material indebtedness being withdrawn or inhibited;

- (ii) any such agreement, arrangement, licence, permit or other instrument being or becoming capable of being terminated or materially and adversely modified or affected or any onerous obligation arising or any adverse action being taken or arising thereunder;
- (iii) the interests or business of any such member in or with any other person, firm, company or body (or any arrangements relating to such interests or business) being terminated, modified or materially and adversely affected;
- (iv) any assets of any such member being or falling to be disposed of or charged, or any right arising under which any such asset or interest could be required to be disposed of or charged other than in the ordinary course of trading;
- (v) the creation of any mortgage, charge or other security interest over the whole or any substantial part of the business, property or assets of any such member, or any such security (whenever arising or having arisen) becoming enforceable or being enforced;
- (vi) the value or financial or trading position or prospects of any such member being prejudiced or materially and adversely affected;
- (vii) any such member ceasing to be able to carry on business under any name under which it presently does so where such a result would be material in the context of the Wider Tullett Group taken as a whole; or
- (viii) the creation of any material liabilities by any such member which will or might reasonably be expected to have a material adverse effect on the Tullett Group taken as a whole;

in each case, which will or might reasonably be expected to have a material adverse affect on the Tullett Group, taken as a whole;

- (m) save as Disclosed, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Collins Stewart Group is a party or by or to which any such member or any of their assets may be bound, entitled or be subject which, as a direct result of the acquisition by the Collins Stewart Group of the Tullett Securities or any of them, or change in the management or control of Tullett or the acquisition of control of Tullett by the Collins Stewart Group will, or might reasonably be expected to, result in:
 - (i) any material amount or moneys borrowed by, or any other material indebtedness (actual or contingent) of any such member being or becoming repayable or capable of being declared repayable immediately or earlier than the repayment date stated in such agreement, arrangement, licence, permit or other instrument, or the ability of any such member to borrow monies or incur any material indebtedness being withdrawn or inhibited;
 - (ii) any such agreement, arrangement, licence, permit or other instrument being or becoming capable of being terminated or materially and adversely modified or affected or any onerous obligation arising or any adverse action being taken or arising thereunder;
 - (iii) the interests or business of any such member in or with any other person, firm, company or body (or any arrangements relating to such interests or business) being terminated, modified or materially and adversely affected;
 - (iv) any assets of any such member being or falling to be disposed of or charged, or any right arising under which any such asset or interest could be required to be disposed of or charged other than in the ordinary course of trading;

- (v) the creation of any mortgage, charge or other security interest over the whole or any substantial part of the business, property or assets of any such member, or any such security (whenever arising or having arisen) becoming enforceable or being enforced;
- (vi) the value or financial or trading position or prospects of any such member being prejudiced or materially and adversely affected;
- (vii) any such member ceasing to be able to carry on business under any name under which it presently does so where such a result would be material in the context of the Wider Collins Stewart Group taken as a whole; or
- (viii) the creation of any material liabilities by any such member which will or might reasonably be expected to have a material adverse effect on the Collins Stewart Group taken as a whole;

in each case, which will or might reasonably be expected to have a material adverse effect on the Collins Stewart Group, taken as a whole;

- (n) save as Disclosed, no member of the Wider Tullett Group having since 31 December 2001:
 - (i) (save as between Tullett and wholly-owned subsidiaries of Tullett prior to 23 January 2003 and save for options granted and for any Tullett Securities allotted upon exercise of options granted under the Tullett Share Option Plan) issued or authorised or proposed the issue of additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or securities or redeemed, purchased or reduced any part of its share capital;
 - (ii) recommended, declared, paid or made or proposed to declare, pay or make any bonus, dividend or other distribution in respect of the share capital of Tullett;
 - (iii) merged with any body corporate or authorised or announced any intention to propose any merger, demerger, acquisition, disposal, transfer, mortgage or charge of or granting of any security over assets or shares (otherwise than in the ordinary course of business);
 - (iv) authorised or proposed or announced its intention to propose any change in its share or loan capital other than in the ordinary course of business and/or as between Tullett and/or wholly owned subsidiaries of Tullett;
 - (v) announced any proposal to purchase any of its own shares or purchased any such shares;
 - (vi) issued, authorised or proposed the issue of any debentures or (save in the ordinary course of business) incurred or increased any indebtedness or become subject to any contingent liability which in any case is material in the context of the Tullett Group taken as a whole;
 - (vii) entered into any contract or commitment (whether in respect of capital expenditure or otherwise) which is of a long term or unusual nature or which involves or could involve an obligation of a nature or magnitude which is material in the context of the Tullett Group taken as a whole;
 - (viii) entered into any contract, transactions or arrangement which would be restrictive on the business of any member of the Tullett Group and which would have a material adverse effect on the business of the Tullett Group taken as a whole;
 - (ix) entered into or varied the terms of any service agreement with any of the directors of Tullett;
 - (x) acquired, disposed of or transferred, mortgaged or charged or encumbered or created any security interest over any asset or any right, title or

interest in any asset (including, without limitation, shares and trade investments) or entered into any contract, reconstruction, amalgamation, commitment or other transaction or arrangement in each case which is otherwise than in the ordinary course of business and material in the context of the Tullett Group taken as a whole;

- (xi) waived or compromised any claim which is material otherwise than in the ordinary course of business;
 - (xii) proposed any voluntary winding up or taken any corporate action or had any order made for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any of its assets and revenues other than in respect of a member which was solvent at the relevant time; or
 - (xiii) made or agreed or consented to any significant change to the terms of the trust deeds constituting the pension schemes established for its directors and/or employees and/or their dependants or to the benefits which accrue, or to the pensions which are payable thereunder, or to the basis on which qualification for or accrual or entitlement to such benefits or pensions are calculated or determined, or to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to any change to the trustees involving the appointment of a trust corporation which would be material in the context of the Tullett Group taken as a whole;
 - (xiv) entered into any contract, commitment or agreement to, or passed any resolution with respect to, or announced any intention to, or to propose to, effect any of the transactions or events referred to in this paragraph (n);
- (o) save as Disclosed, no member of the Wider Collins Stewart Group having since 31 December 2001:
- (i) (save as between Collins Stewart and wholly-owned subsidiaries of Collins Stewart prior to 23 January 2003 and save for options granted and for any Collins Stewart Shares allotted upon exercise of options granted under the Collins Stewart Share Option Plans) issued or authorised or proposed the issue of additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or securities or redeemed, purchased or reduced any part of its share capital;
 - (ii) recommended, declared, paid or made or proposed to declare, pay or make any bonus, dividend or other distribution in respect of the share capital of Collins Stewart;
 - (iii) merged with any body corporate or authorised or announced any intention to propose any merger, demerger, acquisition, disposal, transfer, mortgage or charge of or granting of any security over assets or shares (otherwise than in the ordinary course of business);
 - (iv) authorised or proposed or announced its intention to propose any change in its share or loan capital other than in the ordinary course of business or as between Collins Stewart and/or wholly owned subsidiaries of Collins Stewart;
 - (v) announced any proposal to purchase any of its own shares or purchased any such shares;
 - (vi) issued, authorised or proposed the issue of any debentures or (save in the ordinary course of business) incurred or increased any indebtedness or become subject to any contingent liability which in any case is material in the context of the Collins Stewart Group taken as a whole;
 - (vii) entered into any contract or commitment (whether in respect of capital expenditure or otherwise) which is of a long term or unusual nature or which involves or could involve an obligation of a nature or magnitude

which is material in the context of the Collins Stewart Group taken as a whole;

- (viii) entered into any contract, transactions or arrangement which would be restrictive on the business of any member of the Collins Stewart Group and which would have a material adverse effect on the business of the Collins Stewart Group taken as a whole;
 - (ix) entered into or varied the terms of any service agreement with any of the directors of Collins Stewart;
 - (x) acquired, disposed of or transferred, mortgaged or charged or encumbered or created any security interest over any asset or any right, title or interest in any asset (including, without limitation, shares and trade investments) or entered into any contract, reconstruction, amalgamation, commitment or other transaction or arrangement in each case which is otherwise than in the ordinary course of business and material in the context of the Collins Stewart Group taken as a whole;
 - (xi) waived or compromised any claim which is material otherwise than in the ordinary course of business;
 - (xii) proposed any voluntary winding up or taken any corporate action or had any order made for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any of its assets and revenues other than in respect of a member which was solvent at the relevant time; or
 - (xiii) made or agreed or consented to any significant change to the terms of the trust deeds constituting the pension schemes established for its directors and/or employees and/or their dependants or to the benefits which accrue, or to the pensions which are payable thereunder, or to the basis on which qualification for or accrual or entitlement to such benefits or pensions are calculated or determined, or to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to any change to the trustees involving the appointment of a trust corporation which would be material in the context of the Collins Stewart Group taken as a whole;
 - (xiv) entered into any contract, commitment or agreement to, or passed any resolution with respect to, or announced any intention to, or to propose to, effect any of the transactions or events referred to in this paragraph (o);
- (p) since 31 December 2001, and save as Disclosed:
- (i) no adverse change in the business, financial or trading position or profits or assets or prospects of any member of the Wider Tullett Group having occurred which would be material to the Wider Tullett Group taken as a whole; and
 - (ii) no contingent liability having arisen which would or might reasonably affect materially and adversely the Wider Tullett Group taken as a whole;
- (q) since 31 December 2001, and save as Disclosed:
- (i) no adverse change in the business, financial or trading position or profits or assets or prospects of any member of the Wider Collins Stewart Group having occurred which would be material to the Wider Collins Stewart Group taken as a whole; and
 - (ii) no contingent liability having arisen which would or might reasonably affect materially and adversely the Wider Collins Stewart Group taken as a whole;
- (r) since 31 December 2001, and save as Disclosed, no litigation, arbitration proceedings, prosecution or other legal proceedings having been instituted or threatened by or against or remaining outstanding against any member of the

Wider Tullett Group or to which any member of the Wider Tullett Group is party (whether as plaintiff or defendant or otherwise) and which, in any case, is or might reasonably be expected to materially and adversely affect the Wider Tullett Group taken as a whole;

(s) since 31 December 2001, and save as Disclosed, no litigation, arbitration proceedings, prosecution or other legal proceedings having been instituted or threatened by or against or remaining outstanding against any member of the Wider Collins Stewart Group or to which any member of the Wider Collins Stewart Group is party (whether as plaintiff or defendant or otherwise) and which, in any case, is or might reasonably be expected to materially and adversely affect Wider Collins Stewart Group taken as a whole;

(t) Collins Stewart not having discovered:

(i) that any, financial or business or other information concerning the Tullett Group which has been disclosed at any time, whether publicly or otherwise, by any member of the Tullett Group is materially misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make the information contained therein not materially misleading or that any contingent liability disclosed in such information would or might materially and adversely affect directly or indirectly the business, assets, Financial position, profits or prospects of the Wider Tullett Group and which was not, if material, corrected by subsequent public announcement made before 23 January 2003; or

(ii) that any partnership, company or other entity in which any, member of the Wider Tullett Group has an interest and which is not a subsidiary undertaking of Tullett is subject to any liability, contingent or otherwise, which is or might reasonably be expected to be material in the context of the Wider Tullett Group taken as a whole, and which has not been Disclosed; and

(u) Tullett not having discovered:

(i) that any, financial or business or other information concerning the Collins Stewart Group which has been disclosed at any time, whether publicly or otherwise, by any member of the Collins Stewart Group is materially misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make the information contained therein not materially misleading or that any contingent liability disclosed in such information would or might materially and adversely affect directly or indirectly the business, assets, financial position, profits or prospects of the Wider Collins Stewart Group and which was not, if material, corrected by subsequent public announcement made before 23 January 2003; or

(ii) that any partnership, company or other entity in which any, member of the Wider Collins Stewart Group has an interest and which is not a subsidiary undertaking of Collins Stewart is subject to any liability, contingent or otherwise, which is or might reasonably be expected to be material in the context of the Wider Collins Stewart Group taken as a whole, and which has not been Disclosed.

Subject to the terms of the Merger Agreement, Collins Stewart and Tullett together may waive all or any of the conditions in sub-paragraphs (e), (f), (g), (h), (i), (j) and (k), Collins Stewart may waive all or any of the conditions in sub-paragraphs (l), (n), (p), (r) and (t), in whole or in part, Tullett may waive all or any of the conditions in sub-paragraphs (m), (o), (q), (s) and (u), in whole or in part.

If Collins Stewart is required by the Panel to make an offer for Tullett Ordinary Shares under the provisions of Rule 9 of the City Code, Collins Stewart may make such alterations to the above conditions, including condition (a) as are necessary to comply with the provisions of that Rule.

The Ordinary Offer will lapse unless the conditions set out above (other than condition (a)) are fulfilled or (if capable of waiver) waived no later than midnight on the 21st day after whichever is the later of the First Closing Date and the date on

which the Ordinary Offer becomes or is declared unconditional as to acceptances, or such later date as the Panel may agree. Collins Stewart shall be under no obligation to waive or treat as fulfilled any of the conditions in sub-paragraphs (e) to (k) (inclusive), (l), (n), (p), (r) or (t) by a date earlier than the latest date specified above for the satisfaction thereof notwithstanding that the other conditions of the Ordinary Offer may at such earlier date have been waived or fulfilled and that on such earlier date there are no circumstances indicating that any of such conditions may not be capable of fulfilment.

The Ordinary Offer will lapse if the acquisition of Tullett is referred to the Competition Commission before 3.00 p.m. (London time) 10.00 a.m. (New York City time) on whichever is the later of the First Closing Date and the date on which the Ordinary Offer becomes or is declared unconditional as to acceptances, or such later date as the Panel may agree.

In the event that the Ordinary Offer lapses, all of the Offers and Options Proposals will lapse and will cease to be capable of further acceptance and persons accepting the Offers and/or Options Proposals and Collins Stewart shall thereupon cease to be bound by acceptances delivered on or before the time when the Offers and Option Proposals so lapse.

2. Conditions of the Bond Offer

The Bond Offer, which will be made by HSBC on behalf of Collins Stewart, will comply with the applicable rules and regulations of the City Code and the Listing Rules and will be subject to the terms and conditions set out in the Offer Document and the Forms of Acceptance and the following conditions:-

- (a) the Ordinary Offer becoming or being declared unconditional in all respects in accordance with its terms; and
- (b) the delivery of a written resolution signed by holders of not less than 75 per cent. in nominal amount of the Tullett Bonds for the time being outstanding, passed in accordance with the SPB Instrument consenting to an amendment to the terms of the SPB Instrument so as to permit Collins Stewart to become a registered holder of the Tullett Bonds validly assented to the Bond Offer upon the Bond Offer becoming or being declared unconditional in all respects.

3. Conditions of the A Preference Offer

The A Preference Offer, which will be made by HSBC on behalf of Collins Stewart, will comply with the applicable rules and regulations of the City Code and the Listing Rules and will be subject to the terms and conditions set out in the Offer Document and the Forms of Acceptance and the following conditions:

- (a) the Ordinary Offer becoming or being declared unconditional in all respects in accordance with its terms; and
- (b) the passing at a separate class meeting of Tullett A Preference Shares of an extraordinary resolution, passed in accordance with the Tullett Articles, agreeing to a variation of the class rights attaching to the Tullett A Preference Shares such that amongst other things, a "Change of Control" as determined pursuant to Article 4.4.2 of the Tullett Articles shall be deemed to take place on the Delayed Trigger Date following the Ordinary Offer becoming or being declared unconditional in all respects in accordance with its terms and Collins Stewart is permitted to acquire the Tullett A Preference Shares to which the A Preference Offer relates free of all rights of pre-emption pursuant to the Tullett Articles or otherwise, and the registration of Collins Stewart as holder of all Tullett A Preference Shares to which the A Preference Offer relates which are acquired pursuant to the A Preference Offer is authorised and permitted.

4. Conditions of the B Preference Offer

The B Preference Offer, which will be made by HSBC on behalf of Collins Stewart, will comply with the applicable rules and regulations of the City Code and the Listing Rules and will be subject to the terms and conditions set out in the Offer Document and the Forms of Acceptance and the following conditions:

- (a) the Ordinary Offer becoming or being declared unconditional in all respects in accordance with its terms; and
- (b) the passing at a separate class meeting of Tullett B Preference Shares of an extraordinary resolution, passed in accordance with the Tullett Articles agreeing to a variation of the class rights attaching to the Tullett B Preference Shares such that Collins Stewart is permitted to acquire the Tullett B Preference Shares to which the B Preference Offer relates free of all rights to pre-emption pursuant to the Tullett Articles or otherwise, and the registration of Collins Stewart as holder of all Tullett B Preference Shares to which the B Preference Offer relates which are acquired pursuant to the B Preference Offer is authorised and permitted.

Appendix II

Particulars of the Loan Notes

The Floating Rate Unsecured Loan Notes 2008 of Collins Stewart, which will be guaranteed by Bank of Scotland as to principal only will be created by a resolution of the Board of Collins Stewart and will be constituted by a Loan Note Instrument to be executed as a deed by Collins Stewart and Bank of Scotland. The issue of the Loan Notes will be conditional on the Ordinary Offer becoming or being declared unconditional in all respects. If valid elections for the Loan Note Alternative received by 3.00 p.m. (London time) on the later of (i) the date falling 14 days after the Ordinary Offer becomes or is declared unconditional as to acceptances and (ii) the business day prior to the date on which the Ordinary Offer becomes or is declared unconditional in all respects do not require the issue of at least £2 million in nominal amount of Loan Notes, no Loan Notes will be issued unless Collins Stewart exercises its discretion otherwise. The maximum nominal amount of Loan Notes available under the Loan Note Alternative is £30 million. To the extent that elections for Loan Notes cannot be satisfied in full, the available Loan Notes will be applied first in satisfying, as far as possible on a *pro rata* basis, elections in respect of the basic entitlement to cash under the Partial Cash Alternative. Any Loan Notes available thereafter will be applied in satisfying, as far as possible on a *pro rata* basis, elections for Loan Notes in respect of the cash consideration payable under the A Preference Offer (but not in respect of the Further Payment) and the B Preference Offer. Any Loan Notes available thereafter will be applied in satisfying, as far as possible on a *pro rata* basis, elections for Loan Notes in respect of additional cash allocated under the Additional Cash Facility. The Loan Note Instrument will contain provisions, *inter alia*, to the effect set out below.

1. Form and status

The Loan Notes will be issued by Collins Stewart, credited as fully paid, in amounts and integral multiples of £1 and will constitute unsecured obligations of Collins Stewart. The Loan Note Instrument will not contain any restrictions on borrowing, disposals or charging of assets by Collins Stewart.

2. Guarantee of principal

All amounts of principal only payable by Collins Stewart to Noteholders in respect of redemption of the Loan Notes shall be guaranteed by Bank of Scotland.

3. Interest

- 3.1 Interest on the outstanding principal amount of the Loan Notes will accrue from day to day, will be calculated on the basis of a 365-day year and will be payable (subject to any requirement to deduct tax therefrom) six-monthly in arrears on 30 June and 31 December in each year (each an "Interest Payment Date") in respect of the interest period (as defined below) ending on the day immediately preceding those dates, in each case only to persons who are registered as holders of Loan Notes at the close of business on the relevant record date (being the thirtieth day before the relevant Interest Payment Date), except that the first payment of interest on any Loan Note will be made in respect of the period from the date of issue of such Loan Note (including such day of issue) up to (but excluding) 31 December 2003. In respect of the Loan Notes, such period and each subsequent period commencing on an Interest Payment Date and ending on the date immediately preceding the next Interest Payment Date is referred to as an "Interest Period".
- 3.2 The rate of interest for an Interest Period on the Loan Notes will be the rate per annum calculated by Collins Stewart to be 1 per cent. below LIBOR expressed as a rate per annum for six-month sterling deposits commencing on the first day of the relevant Interest Period (notwithstanding whether such Interest Period happens to fall short of or to exceed six months) which appears on Telerate Page 3750 at or about 11.00 a.m. (London time) on such date.
- 3.3 If the rate of interest on the Loan Notes cannot be established as described in paragraph 3.2 above for any Interest Period, the rate of interest for that Interest Period shall be calculated by reference to such rate as Collins Stewart shall reasonably determine on the basis of quotations made for six-

month sterling deposits of a similar size in any such other inter-bank market or markets as Collins Stewart may reasonably select and, if a rate of interest cannot be established in accordance with the foregoing provisions for any succeeding Interest Period, then the rate of interest on the Loan Notes for such Interest Period shall be the same as that applicable to the Loan Notes during the immediately preceding Interest Period.

4. Redemption of Loan Notes

- 4.1 Noteholders shall be entitled to require Collins Stewart to redeem the whole (whatever the amount) or any part (being £100 in nominal amount or any integral multiple thereof) of his holding of Loan Notes at par together with accrued interest (subject in the latter case to any requirement to deduct tax therefrom) upon any Interest Payment Date falling on or after 31 December 2003 by giving notice in writing to Collins Stewart (by executing the form endorsed on the Loan Note certificate) not less than 30 days before the relevant Interest Payment Date accompanied by such evidence (if any) as the Collins Stewart directors may reasonably require to prove the title of the person requiring redemption.
- 4.2 If at any time on or after 31 December 2003 the principal amount of all the Loan Notes outstanding shall be £200,000 or less, Collins Stewart shall be entitled, having given to the remaining Noteholders not less than 30 days' notice in writing, to redeem, on the expiry date of such notice, all or part of the outstanding Loan Notes by payment of the principal amount thereof together with accrued interest (subject in the latter case to any requirement to deduct tax therefrom).
- 4.3 Any Loan Notes not previously so redeemed or purchased will be repaid in full at par on 7 April 2008 together with accrued interest (subject in the latter case to any requirement to deduct tax therefrom) to (but excluding) that date.
- 4.4 A Noteholder shall also be entitled to require redemption of all or part of the Loan Notes held by him at par, together with accrued interest, if Collins Stewart fails to pay within 21 days of the due date therefor any principal or interest payable in respect of the Loan Notes or on the occurrence of certain insolvency events described in the Loan Note Instrument.
- 4.5 A Noteholder may, by notice in writing to Collins Stewart given on or before a date being 60 days prior to any Interest Payment Date falling on or after 31 December 2003 (the "Redemption Date") elect that the principal amount of all Loan Notes held by such Noteholder and then outstanding shall be redeemed in US dollars, in which event Collins Stewart shall on the Redemption Date and in full discharge of its obligations to repay such Loan Notes, pay to the Noteholders an amount in US dollars (the "Repayment Value") obtained by converting the principal amount outstanding of such Loan Notes into US dollars at the spot rate for the purchase of US dollars with sterling certified by Bank of Scotland as prevailing at or about 11.00 a.m. (London time) on a business day falling not more than five days after the election date, provided that the Repayment Value shall not exceed the lower of (i) an amount equal to the sterling nominal amount of the Loan Notes to be repaid plus one twenty-fourth of Y per cent. of the sterling nominal value of the Loan Notes to be repaid, where Y is the number of complete months and part of months between the date on which the Loan Notes were issued and the Redemption Date and (ii) an amount equal to 101.5 per cent. of the sterling nominal amount of the Loan Notes to be repaid, in either case converted into US dollars at the spot rate for the purchase of US dollars with sterling certified by Bank of Scotland at or about 11.00 a.m. (London time) on the Redemption Date. The Repayment Value shall not be less than an amount equal to 98.5 per cent. of the sterling nominal amount of the Loan Notes to be repaid converted into US dollars at the Spot rate for the purchase of US dollars for sterling certified by Bank of Scotland at or about 11.00 a.m. (London time) on the Redemption Date. The guarantee provided by Bank of Scotland is for the sterling nominal amount of the Loan Notes to be repaid only.

5. Purchase of Loan Notes

Collins Stewart will be entitled at any time to purchase Loan Notes by tender, private treaty or otherwise by agreement with the relevant Noteholders.

6. Cancellation

All Loan Notes purchased or repaid by Collins Stewart shall be cancelled and shall not be available for re-issue.

7. Modification

The provisions of the Loan Note Instrument and the rights of the Noteholders may from time to time be modified, abrogated or compromised in any respect by Collins Stewart with the written consent of Bank of Scotland and the holders of 75 per cent. in nominal amount of the Loan Notes then in issue or the sanction of an Extraordinary Resolution (as defined in the Loan Note Instrument).

8. Registration and transfer

The Loan Notes are transferable (other than to overseas persons) in amounts of £100 or integral multiples thereof or the whole amount of the transferor's holding of Loan Notes.

The Loan Notes have not been and will not be registered under the US Securities Act or under the securities laws of any of the United States and may not be offered, sold, pledged or otherwise transferred in the United States except pursuant to an effective registration statement under the US Securities Act or pursuant to an available exemption from the registration requirements of the US Securities Act.

9. No Listing

No application has or will be made to any stock exchange for the Loan Notes to be listed or otherwise traded or dealt in.

10. Governing Law

The Loan Notes and the Loan Note Instrument will be governed by and construed in accordance with English law.

Appendix III

Bases and sources

1. The value attributed to the existing issued Tullett Ordinary Shares pursuant to the Ordinary Offer is based on a total of 25,312,082 Tullett Ordinary Shares in issue on 22 January 2003, according to the records of Tullett.
2. The value attributed to all Tullett Securities under the Offers and related proposals has been calculated by reference to the Tullett Securities in issue on 22 January 2003, according to the records of Tullett, and the Closing Price of a Collins Stewart Share on 22 January 2003. The value assumes full acceptance of the Ordinary Offer without any election for the Partial Cash Alternative or Loan Note Alternative or under the Additional Cash Facility or the Bond Offer Additional Share Facility, assumes the Further Payment is made in full, but ignores any election for new Collins Stewart Shares in respect of the Further Payment and ignores the special payment due to certain Tullett Ordinary Shareholders in respect of virt-x plc.
3. Unless otherwise stated, financial and other information on Collins Stewart is extracted from the published report and accounts of Collins Stewart and other publicly available information and from its own records.
4. Unless otherwise stated, financial and other information on Tullett is extracted from the published report and accounts of Tullett and other publicly available information and from its own records.

Financial effects of acceptance

The following tables set out, for illustrative purposes only and on the bases and assumptions set out in the notes below, the financial effects for a Tullett Ordinary Shareholder of both acceptance of the Ordinary Offer and an election for the Partial Cash Alternative in relation to 100 Tullett Ordinary Shares.

Increase in income under the terms of the Ordinary Offer

- (i) Assuming full acceptance of the Ordinary Offer and no elections for the Partial Cash Alternative:

Dividend income on 252 Collins Stewart Shares	£17.01
Dividend income on 100 Tullett Ordinary Shares	Nil
Increase	£17.01

- (ii) Assuming full acceptance of the Ordinary Offer and full election for the Partial Cash Alternative, but no election under the Additional Cash Facility:

Dividend income on 126 Collins Stewart Shares	£8.51
Income on £400 cash	£16.20
Dividend income on 100 Tullett Ordinary Shares	Nil
Increase	£24.71

Notes

- 1 No dividend was paid by Tullett on Tullett Ordinary Shares in respect of the year ended 31 December 2001.
- 2 Dividend income on Collins Stewart Shares based on net dividends declared in respect of the year ended 31 December 2001.
- 3 Income on cash assumed to yield 4.05 per cent. per annum, being the Government Securities Index average gross redemption yield for medium coupon UK gilts of maturities of up to five years as obtained from the Financial Times on 22 January 2003 (reflecting trading on 21 January 2003).
- 4 No account has been taken of tax.

Tullett Ordinary Shares are not currently listed. In these circumstances, no appropriate comparison of capital values with the New Collins Stewart Shares can be made.

Appendix IV

Collins Stewart profit estimate

(i) Profit estimate

The Directors' estimate of Collins Stewart's operating profit before goodwill amortisation for the year ended 31 December 2002, as set out under the heading "Current Trading" in this announcement, has been prepared on a basis consistent with the accounting policies set out in the annual report and accounts of Collins Stewart for the year ended 31 December 2001. The estimate has been based on the unaudited interim results of Collins Stewart for the 6 months ended 30 June 2002 and the unaudited management accounts for the 6 months ended 31 December 2002. The Directors have chosen to provide an estimate on operating profit before goodwill amortisation in preference to, for example, an estimate of profit before taxation as in their view operating profit before goodwill amortisation is the figure ordinarily communicated to shareholders as a key measure of Collins Stewart's profitability.

(ii) Letters

The following letters have been delivered in connection with the profit estimate and will appear in full in the Prospectus:

(a) Letter from Deloitte & Touche

"The Directors and Proposed Directors
Collins Stewart Holdings plc
9th Floor
88 Wood Street
London EC2V 7QFR

The Directors
HSBC Bank plc
8 Canada Square
London E14 5HQ

23 January 2003

Dear Sirs,

We have reviewed the accounting policies and calculations for the estimate of the operating profit before goodwill amortisation of Collins Stewart Holdings plc and its subsidiary undertakings for the year ended 31 December 2002 (the "profit estimate") as set out in the press announcement dated 23 January 2003 and repeated in Part I of the Prospectus dated 23 January 2003 and Part III of the Offer Document dated 23 January 2003.

The profit estimate, for which the Directors of the Company are solely responsible, includes the published unaudited interim results for the 6 months ended 30 June 2002 and the results shown by unaudited management accounts for the period ended 31 December 2002.

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

In our opinion, the profit estimate, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis stated by the Directors of the Company as stated on page 5 of this Prospectus and the basis of accounting consistent with the accounting policies of the Group.

Yours faithfully

Deloitte and Touche''

(b) Letter from HSBC

"The Directors and Proposed Directors
Collins Stewart plc
9th Floor
88 Wood Street
London EC2V 7QFR

23 January 2003

Dear Sirs,

We refer to the estimate of the operating profit before goodwill amortisation Collins Stewart Holdings plc and its subsidiary undertakings for the year ended 31 December 2002 set out in the press announcement dated 23 January 2003 and repeated in Part I of the Prospectus dated 23 January 2003 and Part III of the Offer Document dated 23 January 2003.

We have discussed with yourselves and with Deloitte & Touche the profit estimate, together with the bases of its compilation, and have considered the letter dated 23 January 2003 from Deloitte & Touche addressed to the Directors of Collins Stewart and ourselves.

We consider that the profit estimate, for which the Directors of Collins Stewart are solely responsible, has been made after due and careful enquiry by the Company.

Yours faithfully

Edward Williams
Managing Director - Corporate Finance and Advisory
For and on behalf of
HSBC Bank plc''

Appendix V

Definitions

The following definitions apply throughout this announcement unless the context requires otherwise:

``A Preference Offer''	the offer to be made by HSBC on behalf of Collins Stewart to acquire the Tullett A Preference Shares, subject to the terms and conditions set out in the Offer Document, and in the blue Form of Acceptance and, where the context so requires, any subsequent revision, variation, extension or renewal thereof
``Accredited Investor''	an ``accredited investor'' within the meaning of Rule 501(a) of Regulation D under the US Securities Act. The definition of ``accredited investor'' is set forth in paragraph 8.2(a) of Part B of Appendix I of the Offer Document
``Act''	the Companies Act 1985
``Additional Cash Facility''	the facility described in this announcement and to be described in the Offer Document under which eligible Tullett Ordinary Shareholders who validly accept the Ordinary Offer and elect for the Partial Cash Alternative in respect of all of their holding of Tullett Ordinary Shares assented to the Ordinary Offer may elect, subject to availability, to increase the amount of cash receivable and decrease the number of New Collins Stewart Shares receivable
``Admission''	the admission of New Collins Stewart Shares to the Official List becoming effective in accordance with the Listing Rules and dealings commencing on the London Stock Exchange's market for listed securities
"Amethyst"	Amethyst Corporate Finance PLC, financial adviser to Tullett
"Application Form"	the application form for use by Collins Stewart Qualifying Shareholders in connection with the Open Offer
"Approved Plan"	the Tullett & Tokyo Liberty plc Approved Share Option Plan
``Australia''	the Commonwealth of Australia, its states, territories and possessions
``Bank of Scotland''	the Governor and Company of the Bank of Scotland
``B Preference Offer''	the offer to be made by HSBC on behalf of Collins Stewart to acquire the Tullett B Preference Shares, subject to the terms and conditions set out in the Offer Document and in the green Form of Acceptance and, where the context so requires, any subsequent revision, variation, extension or renewal thereof
``Bond Offer''	the recommended offer to be made by HSBC on behalf of Collins Stewart to acquire the Tullett Bonds, subject to the terms and conditions set out in the Offer Document, and in the pink Form of Acceptance and, where the context so requires, any subsequent revision, variation, extension or renewal thereof
"Bond Offer Additional Share Facility"	the facility under which Tullett Bondholders (other than Tullett Bondholders who are Non-Eligible US Securityholders) who validly accept the Bond Offer may elect to receive New Collins Stewart Shares in lieu of all (but not part only) of the cash to which they would otherwise have been entitled under the Bond Offer on the terms set out in the Offer Document
"Business Day"	a day, other than a Saturday or a Sunday, on which clearing banks are generally open for business in the UK

``Canada'' Canada, its provinces and territories and all areas subject to its jurisdiction and any political sub-division thereof

"Cash Placing" the conditional placing of 1,506,501 new Collins Stewart Shares being made pursuant to the terms of the Cash Underpinning and Cash Placing Agreement

"Cash Underpinning and Cash Placing Agreement" the conditional agreement dated 23 January 2003 in connection with the Partial Cash Alternative and the Cash Placing made between Collins Stewart and HSBC, the principal terms of which will be summarised in paragraph 12 of Part IX of the Prospectus

``City Code'' the City Code on Takeovers and Mergers

``Closing Price'' the closing middle market price of a Collins Stewart Share as derived from the Daily Official List

``Collins Stewart'' Collins Stewart Holdings plc

``Collins Stewart A Preference Shares'' the existing A preference shares of 1 pence each in the capital of Collins Stewart

``Collins Stewart B Preference Shares'' the existing B preference shares of 1 pence each in the capital of Collins Stewart

``Collins Stewart Directors'' or ``Collins Stewart Board'' the existing directors of Collins Stewart whose names are to be set out in paragraph 2.1 of Appendix IV to the Offer Document

``Collins Stewart (CI)'' Collins Stewarts (CI) Limited

``Collins Stewart Group'' Collins Stewart Holdings plc and its subsidiaries

``Collins Stewart Preference Shares'' Together the Collins Stewart A Preference Shares and the Collins Stewart B Preference Shares

``Collins Stewart Qualifying Shareholders'' those holders of Collins Stewart Shares on the register of members of Collins Stewart on the Record Date

``Collins Stewart Share Option Plans'' the Collins Stewart Holdings plc Company Share Option Plan, the Collins Stewart Holdings plc Unapproved Share Option Scheme, the Collins Stewart Holdings plc Unapproved Share Option Scheme no. 2 and the Collins Stewart Holdings plc Sharesave Scheme 2000

``Collins Stewart Shares'' or ``Collins Stewart Ordinary Shares'' Ordinary shares of 25 pence each in the capital of Collins Stewart

``Collins Stewart Shareholders'' holders of Collins Stewart Shares, Collins Stewart A Preference Shares and Collins Stewart B Preference Shares

``Daily Official List'' the daily official list of the London Stock Exchange

``Delayed Trigger Date'' the 30th day after the Ordinary Offer becomes or is declared unconditional in all respects or (if such day is not a Business Day) the next Business day thereafter

``Disclosed'' in relation to Collins Stewart, means as disclosed in Collins Stewart's annual report and accounts for the year ended 31 December 2001 or interim report and accounts for the six months ended 30 June 2002, as publicly announced by Collins Stewart (by delivery of an announcement to an authorised Regulatory Information Service) prior to 23 January 2003, as disclosed in

the Prospectus or the Offer Document or as otherwise disclosed in writing to Tullett or its advisors by or on behalf of Collins Stewart prior to 23 January 2003 and in relation to Tullett, means as disclosed in Tullett's annual report and accounts for the year ended 31 December 2001 or interim report and accounts for the six months ended 30 June 2002, as publicly announced by Tullett prior to 23 January 2003 as disclosed in the Prospectus or the Offer Document or as otherwise disclosed in writing to Collins Stewart or its advisors by or on behalf of Tullett prior to 23 January 2003

``Eligible US Securityholder'' any Tullett Securityholder or Tullett Optionholder resident in, or with a registered address in, the United States that: (i) is an Accredited Investor; (ii) has returned an Investor Letter to Collins Stewart and (iii) in the event Collins Stewart so requests, has otherwise satisfied Collins Stewart that it is an Eligible US Securityholder

``Enlarged Group'' Collins Stewart or the Collins Stewart Group (as the context requires) as enlarged by the combination with Tullett

``Extraordinary General Meeting'' the extraordinary general meeting of Tullett to be held at Cable House on 21 February 2003

``First Closing Date'' the first closing date of the Ordinary Offer, which will be set out in the Offer Document

``Forms of Acceptance'' the forms of acceptance, authority and election for use in connection with the Offers accompanying the Offer Document

``Further Payment'' the further payment in cash or, subject to a valid election therefor, new Collins Stewart Shares, under the A Preference Offer, of up to 91.4 pence in cash, with the right to receive all or part of this future cash payment being subject to certain contingent deductions (as described in further detail in paragraph 5 of Part I and paragraph 2 of Part III of the Offer Document)

``HSBC'' HSBC Bank plc

``IDB'' an inter-dealer broker

``Inland Revenue'' the Inland Revenue service of the United Kingdom

``Investor Letter'' the Investor Letter that accompanies the Offer Document sent to Tullett Securityholders with registered addresses in the United States (or which can be obtained from the Receiving Agent, Capita IRG Plc, New Issues Department at PO Box 166, Bourne House, 34 Beckenham Road, Kent BR3 4TH) containing undertakings, representations, warranties and agreements required for Collins Stewart to determine whether any Tullett Securityholder who is resident in, or with a registered address in, the United States is an Eligible US Securityholder

``Issue Price'' 308 pence per new Collins Stewart Share

``LIBOR'' London Inter-Bank Offer Rate

``Listing Rules'' the rules and regulations made by the UK Listing Authority under the Financial Services and Markets Act 2000 and contained in the UK Listing Authority's publication of the same name

``Loan Note Alternative'' the alternative under which Tullett Securityholders who are resident in, or who have a registered address in, the United Kingdom and who validly accept the Ordinary Offer, the A Preference Offer and the B Preference Offer (and, in the case of the Ordinary Offer, validly elect for the Partial Cash Alternative and (if elected) for the Additional Cash Facility)

may elect to receive Loan Notes in lieu of all or part of the cash to which they would otherwise become entitled (but only all the cash in relation to the Additional Cash Facility) but not the cash receivable under the Further Payment

``Loan Note Instrument'' the instrument constituting the Loan Notes, a summary of which is set out in Appendix II to this announcement

``Loan Notes'' the unsecured floating rate guaranteed loan notes of £1.00 each of Collins Stewart redeemable before or on 7 April 2008 to be issued by Collins Stewart pursuant to valid elections for the Loan Note Alternative, particulars of which are set out in Appendix II to this announcement

``London Stock Exchange'' London Stock Exchange plc

``MBO'' Management buy-out

``Merger Agreement'' the agreement dated 22 January 2003 between Collins Stewart and Tullett the material terms of which are described in paragraph 7 of Appendix IV to the Offer Document

``New Collins Stewart Shares'' the ordinary shares of 25 pence each in the capital of Collins Stewart to be issued credited as fully paid pursuant to the Ordinary Offer, the Bond Offer and the A Preference Offer and the Option Proposals

``Non-Eligible US Securityholder'' any Tullett Securityholder or Tullett Optionholder resident in, or with a registered address in, the United States who is not an Eligible US Securityholder

``Noteholder'' a holder of any Loan Notes

``Notice of Extraordinary General Meeting'' or ``Notice of EGM'' the notice of the Extraordinary General Meeting

``Offer Document'' the offer document dated 23 January 2003 issued by HSBC on behalf of Collins Stewart, and to be sent to shareholders today, making the Offers and Option Proposals

``Offer Period'' the period commencing on 17 September 2002 and ending on whichever is the later of 3.00 p.m. on (i) the First Closing Date, (ii) the time and date on which the Ordinary Offer lapses; and (iii) the time and date on which the Ordinary Offer becomes or is declared unconditional as to acceptances

``Offers'' together, the Ordinary Offer, the A Preference Offer, the B Preference Offer and the Bond Offer

``Official List'' The official list of the UK Listing Authority

``Open Offer'' The conditional invitation by HSBC on behalf of Collins Stewart to Collins Stewart Qualifying Shareholders to apply for new Collins Stewart Shares on the terms and conditions set out in the Prospectus and the accompanying Application Form

``Open Offer Shares'' the 14,652,224 new Collins Stewart Shares to be offered to Collins Stewart Qualifying Shareholders under the Open Offer

``Option Cancellation Proposal'' the proposal to be made by HSBC on behalf of Collins Stewart to Tullett Optionholders for the cancellation of options currently outstanding and held by them under the Tullett Share Option Plan

``Option Exercise Proposal'' the proposal to be made by HSBC on behalf of Collins Stewart to Tullett Optionholders pursuant to which they may in certain

circumstances exercise options held by them under the Tullett Share Option Plan and then accept the Ordinary Offer

``Option Proposals'' together, the Option Exercise Proposal and the Option Cancellation Proposal

``Option Proposals Form of Election'' the form of election accompanying this document for use by Tullett Optionholders in connection with the Option Proposals

``Ordinary Offer'' the recommended offer to be made by HSBC on behalf of Collins Stewart to acquire the Tullett Ordinary Shares, subject to the terms and conditions set out in the Offer Document and the white Form of Acceptance and, where the context so requires, any subsequent revision, variation, extension or renewal thereof

``Overseas Securityholders'' Tullett Securityholders who are resident in countries other than the UK and who have a registered address in countries other than the UK

``Panel'' The Panel on Takeovers and Mergers

``Partial Cash Alternative'' the alternative under which Tullett Ordinary Shareholders who validly accept the Ordinary Offer may elect to receive cash in lieu of some of the New Collins Stewart Shares to which they would otherwise be entitled under the Ordinary Offer on the terms set out in the Offer Document

``PAYE'' the Pay as You Earn system under which certain UK income tax on income derived from employment is accounted for to the Inland Revenue by a tax payer's employer

``Placing'' the conditional placing by HSBC of the new Collins Stewart Shares the subject of the Open Offer subject to recall to satisfy valid applications by Collins Stewart Qualifying Shareholders under the Open Offer

``Placing and Open Offer Agreement'' the conditional agreement dated 22 January 2002 in connection with the Placing and Open Offer made between Collins Stewart and HSBC, the principal terms of which are summarised in paragraph 12 of Part IX of the Prospectus

``Proposed Directors'' Bruce Collins, Stephen Jack and David Clark, who have been proposed as new members of the Collins Stewart Board upon the Ordinary Offer becoming or being declared unconditional in all respects

``Prospectus'' the prospectus to be published today and issued by or on behalf of Collins Stewart in connection with, *inter alia*, the Offers, the Placing and Open Offer and the Cash Placing

``Receiving Agent'' Capita IRG Plc

``Recommending Directors'' the Tullett Directors other than Michael Whitaker

``Record Date'' close of business on 17 January 2003

``Regulatory Information Service'' a service set out in Schedule 12 of the Listing Rules

``Relevant Tax Liabilities'' means in relation to any person accepting the Bond Offer or the Option Proposals (the "Employee"), any UK income tax and primary and secondary class 1 National Insurance contributions (and similar taxes in jurisdictions outside the United Kingdom) which a person other than the Employee is required to withhold pay or account for as a result of the acceptance by the Employee of the Bond Offer or the Option Proposals and which such person is entitled (whether by law or as a result of an agreement with the

Employee) to recover from the Employee

``SPB Instrument'' the instrument of Tullett dated 18 February 2002 constituting the Tullett Bonds

``subsidiary'' or have the meanings given to them by the Act
 ``subsidiary
 undertaking''

``Tullett'' Tullett plc

``Tullett A Preference Shares'' the existing unconditionally allotted and issued fully paid preference shares of £1 each in the capital of Tullett

``Tullett A Preference Shareholders'' holders of Tullett A Preference Shares

``Tullett Articles'' the articles of association of Tullett

``Tullett B Preference Shares'' the existing unconditionally allotted and issued fully paid E preference shares of 10 pence each in the capital of Tullett

``Tullett B Preference Shareholders'' holders of Tullett B Preference Shares

``Tullett Bondholders'' holders of Tullett Bonds

``Tullett Bonds'' the existing unconditionally allotted and issued fully paid variable rate unsecured convertible loan notes of Tullett constituted under the SPB Instrument

``Tullett C Preference Shares'' the C preference Shares of 1 pence each in the capital of Tullett (which were redeemed in full on 22 February 2002)

``Tullett Circular'' the circular to shareholders of Tullett dated 23 January 2003 comprising, *inter alia*, a notice for the purpose of convening the Tullett EGM

``Tullett Directors'' or the existing directors of Tullett whose names are set out in paragraph 2.3 of Appendix IV to the Offer Document
 ``Tullett Board''
 ``Tullett EGM'' the extraordinary general meeting of Tullett being convened for 21 February 2003, to approve, *inter alia*, a dis-application of the pre-emption provisions in the Tullett Articles in connection with the Offers

``Tullett Group'' Tullett and its subsidiary undertakings

``Tullett Optionholders'' Holders of options under the Tullett Share Option Plan

``Tullett Options'' Existing options over Tullett Ordinary Shares granted under the Tullett Share Option Plan

``Tullett Ordinary Shares'' The unconditionally allotted and issued fully paid ordinary shares of 10 pence each in the capital of Tullett and any further such ordinary shares which are unconditionally allotted or issued at or before the time at which the Ordinary Offer ceases to be open for acceptance (or such earlier date or time not being earlier than the date on which the Ordinary Offer becomes or is declared unconditional as to acceptances or, if later, the first closing date of the Ordinary Offer, as Collins Stewart may, subject to the City Code decide) including such further ordinary shares of Tullett as may be unconditionally allotted or issued pursuant to the exercise of any options under

the Tullett Share Option Plan or conversion of Tullett Bonds

``Tullett Ordinary Shareholders'' Holders of Tullett Ordinary Shares

``Tullett Preference Shareholders'' Holders of Tullett A Preference Shares and/or holders of Tullett B Preference Shares

``Tullett Securities'' Tullett Ordinary Shares, Tullett Bonds, Tullett A Preference Shares and Tullett B Preference Shares

``Tullett Securityholders'' Together, Tullett Ordinary Shareholders, Tullett Preference Shareholders and Tullett Bondholders, including, where the context so requires, Tullett Optionholders

``Tullett Share Option Plan'' The Tullett & Tokyo Liberty plc Share Option Plan consisting of the Approved Plan and the Unapproved Plan

``Unapproved Plan'' The Tullett & Tokyo Liberty plc Unapproved Share Option Plan

``United Kingdom'' or ``UK'' The United Kingdom of Great Britain and the province of Northern Ireland and its territories and crown dependencies

``UK Listing Authority'' The Financial Services Authority acting in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000

``US Exchange Act'' United States Securities Exchange Act of 1934 (as amended)

``US Investment Company Act'' United States Investment Company Act of 1940 (as amended)

``US'', ``USA'' or ``United States'' The United States of America, its territories and possessions, any state of the United States and the District of Columbia and all other areas subject to its jurisdiction

``US Person'' as defined in Regulation S of the US Securities Act

``US Securities Act'' United States Securities Act of 1933 (as amended)

``US Securityholders'' Eligible US Securityholders and Non-Eligible US Securityholders

``Wider Tullett Group'' Any member of the Tullett Group or any company, partnership, joint venture, firm or body corporate in which any member of the Tullett Group may be interested but excluding any interest of the Tullett Group in Totan Derivatives Co. Limited and Natsource Inc.

``Wider Collins Stewart Group'' Any member of the Collins Stewart Group or any company, partnership, joint venture, firm or body corporate in which any member of the Collins Stewart Group may be interested