Date: 24 September 2004
On behalf of: Collins Stewart Tullett plc
Embargoed until: 7.15am

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Collins Stewart Tullett plc

Proposed Acquisition of FPG Holdings Limited ("Prebon") for £69.5m and Placing of 15,714,286 new Ordinary Shares at 350 pence per new Ordinary Share

Summary

Collins Stewart Tullett, the diversified financial services group, announces the proposed acquisition of the entire issued share capital of Prebon, an inter-dealer broker. The Acquisition values the ordinary share capital of Prebon at £69.5 million and places an Enterprise Value on Prebon of approximately £125.3 million including debt and other obligations which Collins Stewart Tullett will assume or repay on Completion.

The consideration of £69.5 million for the ordinary share capital of Prebon will be satisfied partly by the issue of 5,522,683 Consideration Shares to the Vendors with an approximate value of £19.9 million (based on the closing mid-market price on 23 September 2004) and as to the remaining £49.6 million in cash.

The Acquisition is conditional, amongst other things, upon the approval of Shareholders at the EGM convened for 9.30 a.m. on 12 October 2004 and the Acquisition not being referred to the Competition Commission by the Office of Fair Trading. If the Acquisition is referred to the Competition Commission the Company will not proceed with the Acquisition. The Acquisition is also conditional upon the receipt of regulatory approvals in certain jurisdictions without which the Acquisition may not proceed.

The cash element of the consideration and the repayment of that part of Prebon's outstanding indebtedness which is repayable on Completion will be satisfied from the proceeds of a Placing of 15,714,286 Placing Shares at a price of 350 pence per Ordinary Share to raise approximately £48.0 million (net of expenses) and from Collins Stewart Tullett's existing internal resources. The Placing has been fully underwritten by Lehman Brothers. The Placing is conditional, amongst other things, upon the Acquisition proceeding but the Placing does not require approval from Shareholders.

The Directors of Collins Stewart Tullett believe the Acquisition will:

- Allow the enlarged inter-dealer broker to benefit from economies of scale and achieve cost savings and efficiencies thereby enhancing the operating returns of the enlarged inter-dealer broker for the benefit of Shareholders

- Create a larger counterparty able to provide customers with an enhanced service offering by:

  – extending the depth of the Group's inter-dealer broking operations particularly in Asian and other emerging markets

- consolidating and broadening the Group's inter-dealer broking product offering, increasing liquidity across a wider range of financial products

- Strengthen the Group both in its existing business areas and in new product development

The Directors believe that the Acquisition will generate substantial cost savings through:

- Increased operational efficiency arising from rationalising technologies so as to establish single operating IT and communication platforms

- The closure of relatively underperforming desks within both Tullett Liberty and Prebon

- The removal of overlapping support and management functions

Accordingly, the Directors believe that the enlarged inter-dealer broking business will benefit from annualised pre-tax savings in fixed broker and support costs of approximately £60 million. The Group should see the full year benefit of these savings in 2006. The Directors estimate that these savings will be partly offset by modest reductions in brokerage revenues but nevertheless believe that the operating margins for the enlarged inter-dealer broking business, stated before reorganisation costs, will be higher than the rates currently achieved by Tullett Liberty.

The one-off pre-tax restructuring costs of combining the Tullett Liberty and Prebon businesses are expected to be approximately £80 million, with these costs expected to be incurred by the end of 2005.

The Directors believe that prior to charging restructuring costs, the Acquisition's return on capital will exceed the Group's cost of capital in the year to 31 December 2005 and that on the same basis the Acquisition will be earnings enhancing in that financial year. This does not however mean that earnings per share for the year to 31 December 2005 will necessarily be greater than those for the current year.

Commenting on the Acquisition, Keith Hamill, Chairman of Collins Stewart Tullett, said:

"The acquisition of Prebon is an important strategic development for Collins Stewart Tullett. Since the acquisition of Tullett Liberty in March 2003, it has been our intention to make a major consolidation-led acquisition in this sector. This acquisition will enable us both to strengthen and develop our existing inter-dealer broking business, and will give rise to significant opportunities for the creation of shareholder value."

This summary should be read in conjunction with the full text of the following announcement and the circular to Shareholders relating to the Acquisition and the Placing which will be posted to Shareholders.

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Further information on Collins Stewart Tullett plc:

Further information on Collins Stewart Tullett, Collins Stewart and Tullett Liberty is available on the Company's websites: www.cstplc.com, www.collins-stewart.com and www.tullib.com.

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Lehman Brothers are acting for Collins Stewart Tullett plc and no one else in connection with the proposed placing referred to in this announcement (the Placing) and will not be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the Placing.

No offer or invitation to acquire shares in Collins Stewart Tullett plc is being made by or in connection with this announcement. Any such offer will be made solely by means of listing particulars to be published by Collins Stewart Tullett plc in due course and any acquisition of ordinary shares should be made on the basis of the information contained in such listing particulars.

This announcement and the information contained herein are not an offer for sale of securities in or into the United States, Australia, Canada, Japan or the Republic of Ireland or in any other jurisdiction. The ordinary shares, nor any rights to subscribe for such ordinary shares, have not been and are not being registered under the United State Securities Act of 1933, as amended (the Securities Act) and may not be offered or sold in the United States or to or for the account or benefit of US persons (as such terms are defined in Regulation S under such Act) absent registration under, or an exemption from registration under, or in a transaction not subject to the requirements of, the Securities Act. There will be no public offer of securities in the United States.

This announcement and the information contained herein does not constitute an offer to sell, exchange or transfer any securities of Collins Stewart Tullett plc and is not soliciting an offer to purchase, exchange or transfer such securities in any jurisdiction where the offer, sale, exchange or transfer is not permitted or to any person or entity to whom it is unlawful to make that offer, sale, exchange or transfer. This announcement contains certain forward-looking statements. Such forward-looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. Collins Stewart Tullett plc disclaims any obligation to update any forward-looking statements contained herein, except as required pursuant to applicable law.

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Collins Stewart Tullett plc
Proposed Acquisition of Prebon
and
Placing of 15,714,286 new Ordinary Shares at 350 pence per new Ordinary Share

1. Background and introduction

Collins Stewart Tullett, the diversified financial services group, announces the proposed acquisition of the entire issued share capital of Prebon, an inter-dealer broker. The Acquisition values the ordinary share capital of Prebon at £69.5 million and places an Enterprise Value on Prebon of approximately £125.3 million including debt and other obligations which Collins Stewart Tullett will assume or repay on Completion.

The acquisition of Tullett Liberty by the Company in March 2003 diversified the Group's revenue streams making the Group a stronger entity, better able to provide higher and more consistent returns to Shareholders than either Collins Stewart or Tullett Liberty could as independent entities.

Following the Group's acquisition of Tullett Liberty, the Directors of Collins Stewart Tullett have indicated that the Group was seeking to enhance Tullett Liberty's franchise further both organically and by acquisition. With Tullett Liberty now successfully incorporated into the Group, the acquisition of Prebon offers the opportunity to consolidate and strengthen the Group's position in the inter-dealer broker business by bringing together two brokers with strong positions and largely complementary activities. Accordingly, the Directors of Collins Stewart Tullett believe the Enlarged Tullett Liberty Group will be better able to compete with other inter-dealer brokers across a full range of products.

The consideration of £69.5 million for the ordinary share capital of Prebon will be satisfied partly by the issue of 5,522,683 Consideration Shares to the Vendors with an approximate value of £19.9 million (based on the closing mid-market price on 23 September 2004) and as to the remaining £49.6 million in cash. The cash element of the consideration and the repayment of that part of Prebon's outstanding indebtedness which is repayable on Completion will be satisfied from the proceeds of the Placing of 15,714,286 Placing Shares at a price of 350 pence per Ordinary Share to raise approximately £48.0 million (net of expenses) and from Collins Stewart Tullett's existing internal resources. The Placing has been fully underwritten by Lehman Brothers.

Collins Stewart Tullett will assume or repay debt and other obligations at Completion with a gross value of approximately £55.8 million as at 31 August 2004. The exact value of the indebtedness and the obligations will depend upon the date on which Completion occurs, foreign exchange rates and interest accruing until Completion. The above figure does not take into account cash held by Prebon, a large proportion of which is used by Prebon to satisfy regulatory and clearing requirements.

In view of its size, the Acquisition is conditional, amongst other things, upon the approval of Shareholders at the EGM convened for 9.30 a.m. on 12 October 2004 and the Acquisition not being referred to the Competition Commission by the Office of Fair Trading. If the Acquisition is referred to the Competition Commission the Company will not proceed with the Acquisition. The Acquisition is also conditional upon the receipt of regulatory approvals in certain jurisdictions without which the Acquisition may not proceed. The Placing is conditional, amongst other things, upon the Acquisition proceeding but the Placing does not require approval from Shareholders.

2. General information on Collins Stewart Tullett

Collins Stewart Tullett is a global diversified financial services group listed on the London Stock Exchange. Its two trading groups are Collins Stewart, one of the UK's leading independent stockbrokers, and Tullett Liberty, the world's second largest inter-dealer broker. The Group employs some 2,100 staff in 21 locations, of which approximately 1,700 are employed by Tullett Liberty.

The original stockbroking business was founded in 1991 and has grown rapidly through a combination of organic development and acquisitions. In May 2000, the Company completed a management buy-out and Collins Stewart became an independent business. The Company was then floated on the main market of the London Stock Exchange in October 2000 with a market capitalisation on flotation of approximately £326 million. The move into the inter-dealer broking sector took place in March 2003 when the Company acquired Tullett Liberty for a consideration of approximately £250 million.

Collins Stewart's activities span institutional and private client stockbroking, market making, corporate finance, fund management and the supply of on-line financial information. Collins Stewart's main quantitative research tool is its QUEST™ on-line share evaluation system which is currently supplied to institutional investors in the UK, Europe, North America and the Far East.

Tullett Liberty is an inter-dealer broker operating as an intermediary in the wholesale financial markets, by facilitating the trading activities of its clients. Tullett Liberty operates on both a ''name give up'' and ''matched principal'' basis. Tullett Liberty's clients are largely commercial and investment banks, hedge funds and buy-side institutions. Tullett Liberty's business comprises four major product groups: fixed income securities and their derivatives, interest rate derivatives, treasury products and equities. In addition, it has an energy broking operation and a data sales operation.

Tullett Liberty pursues 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.

In the year to 31 December 2003, the Group generated revenues of £473.9 million and operating profit before goodwill amortisation of £77.8 million (these statutory financials reflect Tullett Liberty's contribution only from the date of its acquisition on 10 March 2003). In the six months to 30 June 2004, the Group generated revenues of £274.7 million (of which Tullett Liberty contributed £216.4 million) and operating profit before goodwill amortisation of £46.9 million (of which Tullett Liberty contributed £29.0 million).

3. General information on Prebon

Prebon is an inter-dealer broker which has grown both organically and by a series of mergers and acquisitions which took place primarily in the 1990s. The most significant of these was the merger of Prebon Yamane and MW Marshall in 1999 to form the Prebon Group.

Prebon employs approximately 1,650 staff and has 23 offices around the world with a relatively strong presence in Asia. Its principal offices are in London, New Jersey, Singapore and Tokyo, with other offices in Luxembourg, Hong Kong, Sydney, Toronto, Warsaw and Zurich, and a representative office in Shanghai. It also has joint ventures in Bahrain, Bangalore, Jakarta, Kuala Lumpur, Manila, Mumbai and Paris.

Like Tullett Liberty, Prebon pursues a ''hybrid'' model with voice broking supported by systems such as onscreen price display, analytics, access to historical price information and automated post-trade feeds. Prebon acts as an intermediary in the wholesale over-the-counter financial markets by facilitating the trading of its clients across a diversified range of interest rate, equity and credit derivatives, energy, foreign exchange, money markets and securities products. It facilitates trades on a ''name give up'' basis and does not take unmatched principal positions. In addition, it generates revenues from the sale of price data to third party information providers.

Prebon's clients include the leading global and regional banking groups, other financial institutions, corporations and government agencies.

In the twelve months to 31 March 2004, Prebon generated revenues of £288.5 million and operating profit before goodwill amortisation of £15.0 million. Further financial information on Prebon is given in Appendix 2 of this announcement.

4. Comparison of Tullett Liberty's and Prebon's Revenue Breakdown and Geographical Footprint

The complementary nature of Tullett Liberty's and Prebon's revenues can be illustrated by the following table:

Financial Year Ended	*Tullett Liberty 31 December 2003*		*Prebon 31 March 2004*	
	£m		*£m*	
Fixed Income Securities	202.2	47%	36.3	13%
Interest Rate Derivatives	100.6	24%	81.8	28%
Treasury	72.6	17%	117.5	48%
Equities	42.4	10%	18.0	6%
Data Sales	7.9	2%	4.2	1%
Energy (incl. Metals for Verdi)	1.6	-	30.7	11%
	427.4	100%	288.5	100%
UK	173.9	41%	103.5	36%
Rest of EMEA	20.4	5%	31.2	11%
Americas	196.5	46%	99.6	34%
Asia	36.6	8%	54.2	19%
	427.4	100%	288.5	100%

5. Rationale for the Acquisition

Since the acquisition of Tullett Liberty in March 2003, the Directors have stated that the Group was seeking to enhance Tullett Liberty's franchise further both organically and by acquisition. With Tullett Liberty now successfully incorporated within the Group, the acquisition of Prebon will consolidate and strengthen the Group's position in the inter-dealer broker business by bringing together two brokers with strong positions in largely complementary activities. The Group has an experienced management team which has developed a detailed integration plan for the Tullett Liberty and Prebon businesses.

The Directors of Collins Stewart Tullett believe the Acquisition will:

- Allow the enlarged inter-dealer broker to benefit from economies of scale and achieve cost savings and efficiencies thereby enhancing the operating returns of the enlarged inter-dealer broker for the benefit of Shareholders

- Create a larger counterparty able to provide customers with an enhanced service offering by:

  – extending the depth of the Group's inter-dealer broking operations particularly in Asian and other emerging markets

  – consolidating and broadening the Group's inter-dealer broking product offering, increasing liquidity across a wider range of financial products

- Strengthen the Group both in its existing business areas and in new product development

6. Financial benefits of the Acquisition

The Directors believe that the Acquisition will generate substantial cost savings through:

- Increased operational efficiency arising from rationalising technologies so as to establish single operating IT and communication platforms
- The closure of relatively underperforming desks within both Tullett Liberty and Prebon
- The removal of overlapping support and management functions

Accordingly, the Directors believe that the enlarged inter-dealer broking business will benefit from annualised pre-tax savings in fixed broker and support costs of approximately £60 million. The Group should see the full year benefit of these savings in 2006. The Directors estimate that these savings will be partly offset by modest reductions in brokerage revenues but nevertheless believe that the operating margins for the enlarged inter-dealer broking business, stated before reorganisation costs, will be higher than the rates currently achieved by Tullett Liberty.

The one-off pre-tax restructuring costs of combining the Tullett Liberty and Prebon businesses are expected to be approximately £80 million, with these costs expected to be incurred by the end of 2005.

The Directors believe that prior to charging restructuring costs, the Acquisition's return on capital will exceed the Group's cost of capital in the year to 31 December 2005 and that on the same basis the Acquisition will be earnings enhancing in that financial year. This does not however mean that earnings per share for the year to 31 December 2005 will necessarily be greater than those for the current year.

7. Regulatory Capital

The Group's lead regulator is the FSA and, in accordance with its rules, the Group's regulatory capital position is monitored on a consolidated basis, in addition to the monitoring required for each individual regulated company within the Group. The Group's consolidated Regulatory Financial Resources are made up of three tiers of capital, which are detailed below:

Tier 1:	Consolidated shareholders' funds including interim verified profits plus minority interests less goodwill and less material losses.
Tier 2:	Dated long term subordinated debt, with a maturity of greater than five years from draw down, limited to 50 per cent. of Tier 1 capital.
Tier 3:	Non verified profits plus short term subordinated debt with a maturity of greater than two years from draw down, limited to 200 per cent. of Tier 1 capital.

The Group's consolidated Regulatory Financial Resources have to exceed the Group's consolidated Financial Resources Requirement (''FRR''). The FRR is an aggregation of the FRR for each company within the Group. The FRR comprises calculations which are designed to assess the various risks faced by an entity and which are defined by the relevant regulators.

Goodwill arising on both the acquisition of Prebon and the goodwill already on Prebon's balance sheet, estimated in total to be £121.6 million will be deducted from Tier 1 capital. Tier 1 capital as at 30 June 2004, was £110.0 million and Tier 2 and Tier 3 capital was in aggregate £165.0 million. After the Acquisition, the Consideration Shares to the Vendors would increase Tier 1 capital by £19.9 million but the goodwill arising on the transaction would reduce it to a negligible amount. The Placing will restore the Company's Tier 1 capital to approximately £63.3 million and enable the Company's recently issued subordinated Eurobond to again be included in the Group's consolidated Regulatory Financial Resources in accordance with the prescribed ratios. In calculating the size of the Placing, the Directors have taken account of the integration costs which will be incurred after the Acquisition in order that the Group continues to maintain a satisfactory excess over its FRR.

8. Sale of certain Prebon businesses

On 24 September 2004, Prebon agreed to sell certain of its businesses to be known as the ‘‘Mawlaw Group’’ to Mawlaw 611 Limited, a company which is majority owned by Arthur Hughes and Patrick Keenan, who are also, currently, together the majority shareholders of Prebon (directly or indirectly). These businesses have a largely different focus to Prebon’s business, and as such do not directly compete with the Enlarged Tullett Liberty Group.

The sale of these businesses is conditional upon completion of the Acquisition and the consent of the Dutch regulators, and completion is to be simultaneous with completion of the Acquisition. In the event that the Dutch regulators have not given the necessary consent at the time the Acquisition is completed, these businesses will remain with Prebon pending that consent being obtained and the sale proceeding. The total consideration for the sale is £4.3 million to be paid in cash at Completion, and the proceeds of the sale will be an asset of Prebon when it is purchased by Collins Stewart Tullett.

In the period to 31 March 2004, the Mawlaw Group had turnover of £5.075 million, operating profit of £0.743 million, and profit on ordinary activities before tax of £0.368 million. At 31 March 2004, the Mawlaw Group had net assets of £2.576 million.

9. Management

It is announced that Helen Smith, who has been the Company’s Finance Director since 2000, will be leaving at the end of December and will be succeeded by Stephen Jack, who is Chief Financial Officer of Tullett Liberty and who has been a member of the Board since March 2003. Helen will leave with the best wishes and thanks of the Board and her colleagues and friends for the valuable contribution she has made to the development of the Company.

No other changes to the Board of Collins Stewart Tullett are contemplated as a result of the Acquisition.

10. Proposed grant of share options to Louis Scotto and Stephen Jack

An option over 424,087 Existing Ordinary Shares is proposed to be granted to Louis Scotto and an option over 106,045 Existing Ordinary Shares is proposed to be granted to Stephen Jack, in each case conditional on Shareholder approval (to be sought at the EGM) and completion of the Acquisition. The number of Ordinary Shares subject to Louis Scotto’s or Stephen Jack’s options, as appropriate, in respect of which the option may be exercised will be reduced by the number of Ordinary Shares subject to their respective existing options that vest on completion of the Acquisition.

The performance condition attached to the existing share options was to drive the targeted improvement in Tullett Liberty’s operating margins. The performance condition to be attached to the new share options will have the same aim, but will target improvement in the enlarged inter-dealer broking business’ operating margins.

The new share options will have a total exercise price of £1 and, to the extent that they vest in accordance with the performance conditions and any continued service condition to which they are subject and provided the optionholder remains a director or employee of the Enlarged Group, will normally be exercisable between the period of three to ten years after the date of grant.

The new share options will be subject to the following performance conditions. In order for the options to vest (i) the enlarged inter-dealer broking business’ turnover must exceed £650 million in each of the financial years 2005-2007; and (ii) the enlarged inter-dealer broking business’ operating margin (before reorganisation costs) must be at least 13 per cent. per annum in any two consecutive years in the financial years 2005-2007. At an operating margin of 13 per cent. the options would vest in respect of 30 per cent. of the Ordinary Shares subject to them; vesting would increase by 5 per cent. of the Ordinary Shares subject to the options for every 0.5 per cent. improvement in operating margin up to 15 per cent. and thereafter by 8.33 per cent. of the Ordinary Shares subject to them for every 0.5 per cent. improvement in operating margin. Once the number of Ordinary Shares over which the options vest under the performance conditions has been determined that number will then be reduced by that number of Ordinary Shares subject to the relevant optionholder's existing option that vested on completion of the Acquisition. The operating margin will be calculated before charging any FRS 20 or similar accounting costs to the profit and loss account in connection with the options or any options granted under the Tullett Liberty equity incentive plan.

If a significant acquisition is made by the enlarged inter-dealer broking business during the performance period, the performance conditions will be measured up until the time that the acquisition is completed. Provided the turnover and operating margin targets are achieved during this period the number of Ordinary Shares subject to the option that vest will be pro rated. If the performance conditions have not been met before a significant acquisition is made, the option will lapse. A significant acquisition is an acquisition of a business with an annual turnover of more than £100 million.

Following achievement of the operating margin target, a new share option will only be exercisable if the respective director remains employed by the Enlarged Group for a further twelve months.

The new share options require the approval of Shareholders which will be sought at the EGM.

11. Investment Considerations

The Financial Services Authority's investigation into the split capital investment trust sector which commenced in early 2002 is continuing. Collins Stewart Tullett announced in January 2003 that it was being investigated in connection with Collins Stewart's activities in this sector. It continues to co-operate with that investigation.

The Financial Services Authority has stated in its annual report for 2003/2004 published on 30 June 2004 that it is discussing a possible settlement with 21 firms involved in the split capital investment trust market. It has said that it will accept a settlement only on the basis of adequate compensation for investors, otherwise it will proceed with enforcement action.

Having taken legal advice, the directors of Collins Stewart Tullett continue to believe that the Group does not have any liability in relation to its involvement in the split capital investment trust sector which would be material in the context of the Group. Collins Stewart Tullett has made no specific provision in its accounts for the year ended 31 December 2003 or the six months ended 30 June 2004 in relation to its involvement in split capital investment trusts other than in respect of legal costs.

No proceedings have been commenced against Collins Stewart. However, there is a risk that the FSA will proceed with enforcement action against the firm. There can be no assurance that an adverse decision by the FSA arising from the Group's involvement in the split capital investment trust sector would not have a negative impact on the Group.

12. Details of the Placing

Collins Stewart Tullett has entered into a Placing Agreement with Lehman Brothers pursuant to which, inter alia, Lehman Brothers has agreed to procure Placees for 15,714,286 Placing Shares at the Placing Price to raise approximately £48.0 million (net of expenses). The Placing, which has been fully underwritten by Lehman Brothers, is conditional, inter alia, upon the passing of Resolution 1 at the EGM, the Acquisition Agreement remaining in full force and effect and becoming wholly unconditional on or prior to Admission, the Acquisition not being referred to the Competition Commission by the Office of Fair Trading and the Placing Agreement not having been terminated in accordance with its terms. The Placing does not require Shareholder approval. The New Ordinary Shares to be issued pursuant to the

Placing and the Acquisition will be issued pursuant to existing authorisations. Shareholders have no right of pre-emption in respect of the new Ordinary Shares to be issued pursuant to the Placing.

All New Ordinary Shares will be credited as fully paid and will rank pari passu in all respects with the Existing Ordinary Shares, including the right to receive all future dividends and other distributions declared, paid or made in respect of Ordinary Shares from the date of issue, other than the interim dividend of 2.75 pence per Ordinary Share declared by the Group on 24 September 2004. New Ordinary Shares are not being made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

Application has been made to the UK Listing Authority and to the London Stock Exchange for the New Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange's market for listed securities respectively. It is expected that Admission will become effective and that dealings for normal settlement will commence on 13 October 2004.

13. Extraordinary General Meeting

An Extraordinary General Meeting of the Company will be convened for 9.30 a.m. on 12 October 2004 for the purpose of considering and, if thought fit, passing the Resolutions.

14. Recommendation

The Directors consider the Acquisition and the grant of options to Louis Scotto and Stephen Jack to be in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors unanimously recommend Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting as the Directors intend to do in respect of their beneficial interests comprising 11,184,868 Ordinary Shares representing approximately 5.9 per cent. of the Company's entire issued ordinary share capital.

15. Documentation

A circular to Shareholders which provides details of the Acquisition, the Placing and the option grants to Louis Scotto and Stephen Jack, and explaining why the Directors believe the Acquisition and the option grants to be in the best interests of the Company and the Shareholders as a whole, and why the Directors recommend Shareholders vote in favour of the Resolutions to be proposed at the EGM, will be posted to Shareholders.

Appendix 1: Summary Financial Information on Prebon

This summary financial information on Prebon is extracted without adjustment from the Accountant's Report on Prebon shown in full in Part IV of the circular to be posted to Collins Stewart Tullett shareholders relating to the Acquisition. The financial information herein does not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985, as amended.

Combined Profit and Loss Accounts

	Year ended 31 March		
	2002	**2003**	**2004**
	£'000	**£'000**	**£'000**
Turnover			
Continuing operations	277,402	278,867	288,088
Discontinued operations	14,268	6,604	365
	291,670	285,471	288,453
Less: share of joint ventures	(1,616)	-	-
	290,054	285,471	288,453
Continuing operations			
Operating expenses – amortisation of goodwill	(4,076)	(4,585)	(4,429)
Operating expenses – writedown of investment	-	(1,215)	-
Operating expenses other	(260,011)	(267,316)	(273,186)
	(264,087)	(273,116)	(277,615)
Discontinued operations	(11,472)	(6,850)	(312)
Total operating expenses	(275,829)	(279,966)	(277,927,)
Operating profit			
Continuing operations	13,315	5,751	10,473
Discontinued operations	910	(246)	53
	14,225	5,505	10,526
Investment income	-	143	-
Share of profit/(loss) of associated undertakings	713	(496)	(3)
Share of profit of joint ventures	316	-	-
Continuing operations			
Restructuring costs	(1,900)	-	-
Profit on disposal of businesses	4,177	3,087	-
Writedown of investment	-	(1,681)	-
Total exceptional items	2,277	1,406	-
Profit before interest and taxation	17,531	6,558	10,523
Interest receivable and similar income	1,541	1,027	382
Interest payable and similar charges	(4,751)	(3,343)	(2,292)
Profit on ordinary activities before taxation	14,321	4,242	8,613
Tax on profit on ordinary activities	(5,812)	(1,283)	(1,852)
Profit on ordinary activities after taxation	8,509	2,959	6,761
Minority interests	(252)	(159)	(303)
Profit for the financial year	8,257	2,800	6,458

Combined and Consolidated Balance Sheets

	Year ended 31 March		
	2002	**2003**	**2004**
	£'000	**£'000**	**£'000**
Fixed assets			
Intangible assets	24,956	21,514	21,334
Tangible assets	12,147	13,495	13,342
Investments in associates	4,469	175	37
Other investments	6,984	4,268	3,847
	11,453	4,443	3,884
	48,556	39,452	38,560
Current assets			
Debtors - amounts falling due within one year	54,721	55,027	53,160
Debtors - amounts falling due after more than one year	1,011	3,598	5,526
	55,732	58,625	58,686
Cash at bank and in hand	35,341	28,548	24,017
	91,073	87,173	82,703
Creditors (amounts falling due within one year)			
Creditors	(94,407)	(84,202)	(79,406)
Loans	(10,904)	(6,311)	(28,944)
	(105,311)	(90,513)	(108,350)
Net current liabilities	(14,238)	(3,340)	(25,647)
Total assets less current liabilities	**34,318**	**36,112**	**12,913**
Creditors (amounts falling due after more than one year)			
Creditors	4,897	10,303	5,398
Loans	58,548	51,964	21,362
	63,445	62,267	26,760
Provisions for liabilities and charges	1,749	5,373	6,899
	65,194	67,640	33,659
Capital and reserves			
Share capital			1
Share premium reserve			8,981
Profit and loss account			(31,598)
Invested capital/Equity shareholders' funds	(32,351)	(32,970)	(22,616)
Minority interests, including non-equity interests	1,475	1,442	1,870
Total capital and reserves	(30,876)	(31,528)	(20,746)
	34,318	**36,112**	**12,913**

Combined Statement of Total Recognised Gains and Losses

	Year ending 31 March		
	2002 **£'000**	**2003** **£'000**	**2004** **£'000**
Profit on ordinary activities after taxation	8,509	2,959	6,761
Minority interests	(252)	(159)	(303)
	8,257	2,800	6,458
Currency translation differences on foreign currency net investments	539	(3,419)	(85)
Total recognised gains/(losses) relating to the year	8,796	(619)	6,373

Combined Reconciliation of Movements in Invested Capital/Shareholders' Funds

	Year ending 31 March		
	2002 **£'000**	**2003** **£'000**	**2004** **£'000**
Profit on ordinary activities after taxation	8,509	2,959	6,761
Minority interests	(252)	(159)	(303)
	8,257	2,800	6,458
Currency translation differences on foreign currency net investments	539	(3,419)	(85)
Net increase/(reduction) in invested capital/shareholders' funds	8,796	(619)	6,373
Opening deficit on invested capital/ shareholders' funds	(41,147)	(32,351)	(32,970)
Adjustment arising from the statutory re-acquisition of PTGL	-	-	3,981
Closing deficit on invested capital / shareholders' funds	(32,351)	(32,970)	(22,616)

The notes form an integral part of this combined financial information.

Combined Cash Flow Statements

	Year ended 31 March 2002 £'000	2003 £'000	2004 £'000
Net cash flow from operating activities	29,594	13,951	13,125
Dividends from associates and joint ventures	411	282	-
Returns on investment and servicing of finance			
Interest received	1,376	1,019	382
Interest paid	(3,427)	(857)	(1,401)
Interest element of finance lease rental payments	(103)	(31)	(72)
Dividends paid to minorities	(159)	(207)	(53)
Dividends received from investments	-	143	-
Net cash (outflow)/inflow from returns on investment and servicing of finance	(2,313)	67	(1,144)
Taxation	(11,866)	(6,195)	(2,957)
Capital expenditure and financial investments			
Purchase of tangible fixed assets	(7,693)	(8,584)	(7,808)
Proceeds from sale of tangible fixed assets	462	204	313
Purchase of fixed asset investments	(361)	(180)	-
Net cash outflow from capital expenditure and financial investments	(7,592)	(8,560)	(7,495)
Acquisitions and disposals			
Purchase of subsidiary undertakings	-	(971)	-
Proceeds from sale of business	6,172	4,283	-
Proceeds from sale of associate company	-	-	131
Net cash inflow/(outflow) from acquisitions and disposals	6,172	3,312	131
Cash inflow/(outflow) before use of liquid resources and financing	14,406	2,857	1,660
Management of liquid resources	(9,485)	9,311	6,328
	4,921	12,168	7,988
Financing			
Net repayment of brought forward bank loans	(8,212)	(9,178)	(6,095)
Draw down of other loans/finance leases	142	152	-
Capital element of finance lease rental payments	(1,278)	(839)	(65)
Minority interest additions	-	98	-
Net cash outflow from financing	(9,348)	(9,767)	(6,160)
(Decrease)/increase in cash	(4,427)	2,401	1,828

Development of the FPG Group and basis of preparation

Development of the FPG Group

The FPG Group did not constitute a discrete legal group under a single holding company throughout the period covered by the combined financial information. Throughout the period covered by the combined financial information, FPG has acted as the holding company for the main trading activities of the FPG Group. From 1 April 2001 until 31 March 2004 information technology support and development services for FPG and its subsidiary undertakings was provided by PTGL and its subsidiaries (the ‘‘PTGL Group’’) and the provision of these services was the predominant activity of the PTGL Group. During this period PTGL was owned by common shareholders to those of FPG following the previous demerger of the businesses within PTGL from FPG. On 31 March 2004 FPG reacquired an 83 per cent. equity interest in PTGL. In connection with the proposed acquisition by Collins Stewart Tullett plc of FPG, FPG has offered to acquire the remaining 17 per cent. equity interest in PTGL on completion of the proposed acquisition (‘‘Completion’’) for a consideration of £117,900 payable in cash.

Under the terms of the proposed acquisition by Collins Stewart Tullett plc of FPG, certain subsidiaries of FPG (Prebon Yamane (Nederland) BV and CCP Capital Limited together with the businesses and certain assets of Prebon Marshall Yamane (Czech Republic)) referred to as the Mawlaw Group, will on Completion, subject to regulatory approval, be disposed by FPG to a new company controlled by Mr Arthur Hughes and Mr Patrick Keenan, the two principal shareholders of FPG, for a consideration of £4.3 million payable in cash. This combined financial information includes the Mawlaw Group.

Basis of preparation

The combined financial information for the three years ended 31 March 2004 has been prepared by aggregating the financial information from the audited consolidated financial statements of FPG and PTGL, as though PTGL had been owned 83 per cent. in that period. On 31 March 2004, FPG acquired 83 per cent. of PTGL, creating a minority interest for the 17 per cent. of PTGL not owned by FPG. Adjustments have been made to conform the combined financial information to the accounting policies applied by Collins Stewart Tullett plc.

All material companies within the FPG Group had during the three years ended 31 March 2004 coterminous financial year ends and all transactions between companies within the FPG Group have been eliminated in the preparation of the combined financial information.

The adjustments arising from the actual reacquisition by FPG of an 83 per cent. equity interest in PTGL on 31 March 2004 and the goodwill arising therefrom have been dealt with within the combined financial information on 31 March 2004.

Appendix 2: Definitions

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

"Acquisition"	the proposed acquisition of the entire issued share capital of Prebon on the terms and subject to the conditions set out in the Acquisition Agreement.
"Acquisition Agreement"	the sale and purchase agreement dated 24 September 2004 between the Vendors and the Company.
"Admission"	admission of the New Ordinary Shares of the to the Official List in accordance with paragraph 7.1 of the Listing Rules and to trading on the London Stock Exchange becoming effective in accordance with the Listing Rules and the London Stock Exchange's Admission and Disclosure Standards.
"Board"	the Board and Directors of the Company as constituted from time to time.
"Collins Stewart Tullett" or the "Company"	Collins Stewart Tullett plc or, where the context permits, Collins Stewart Tullett plc and its subsidiary undertakings.
"Collins Stewart Tullett Group" or "Group"	Collins Stewart Tullett and its subsidiary undertakings.
"Completion"	completion of the Acquisition, which is expected to occur on 13 October 2004.
"Consideration Shares"	5,522,683 new Ordinary Shares to be issued to, and retained by, the Vendors pursuant to the Acquisition Agreement.
"Directors"	the directors of the Company as at 24 September 2004.
"EMEA"	Europe, Middle East and Africa
"Enlarged Group"	the Company or the Collins Stewart Tullett Group (as the context requires) as enlarged following the Acquisition.
"Enlarged Tullett Liberty Group"	the combination of Tullett Liberty and Prebon following the Acquisition.
"Enterprise Value"	the value of the share capital of Prebon, and the debt and other obligations of Prebon which Collins Stewart Tullett will assume or repay on Completion, being approximately £125.3 million not including the cash held by Prebon, a large proportion of which is held to satisfy regulatory and clearing requirements.
"Eurobond"	the £150 million 8.25% Subordinated Notes due 2014.
"Existing Ordinary Shares"	the Ordinary Shares in issue on 24 September 2004.

"Extraordinary General Meeting" or "EGM"	The extraordinary general meeting of the Company, notice of which will be posted to Shareholders.
"FSA"	the Financial Services Authority.
Lehman Brothers	Lehman Brothers International (Europe).
"London Stock Exchange"	the London Stock Exchange plc.
"New Ordinary Shares"	The Consideration Shares and the Placing Shares.
"Official List"	The Official List of the UK Listing Authority.
"Ordinary Shares"	ordinary shares of 25 pence each in the capital of the Company.
"Placees"	means the placees procured by Lehman Brothers pursuant to the Placing Agreement.
"Placing"	the placing by Lehman Brothers of the Placing Shares at the Placing Price.
"Placing Agreement	the conditional placing agreement dated 24 September 2004 in connection with the Placing between the Company and Lehman Brothers.
"Placing Price"	350 pence per Placing Share.
"Placing Shares"	the 15,714,286 new Ordinary Shares to be placed by Lehman Brothers pursuant to the Placing Agreement.
"Prebon" or, where applicable, "FPG"	FPG Holdings Limited, parent company of a group of companies trading, inter alia, as Prebon
"Prebon Group"	Prebon and its subsidiary undertakings.
"QUEST™"	the Company's proprietary on-line database and share evaluation system, a registered trade mark in the UK.
"Resolutions"	the resolutions to be proposed at the EGM, and each is a Resolution.
"Shareholders"	holders of Ordinary Shares.
"Tullett Liberty"	Tullett Liberty Limited, a wholly owned subsidiary of Collins Stewart Tullett.
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland and its dependent territories.
"UK Listing Authority" or "UKLA"	the FSA acting in its capacity as the competent authority for the purposes of Part IV of the Financial Services and Markets Act 2000.
"Vendors"	the existing shareholders of Prebon comprising Arthur Hughes, Jamestron Limited and the US Trust Company of Delaware (a family trust of David Rutter).

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