

# Proposed merger of Huntsworth Plc and Incepta Group Plc to create a major international marketing and communications group

**3 March 2005**

Not for release or publication in or into Canada, Australia or Japan.

The Boards of Huntsworth PLC (“Huntsworth”) and Incepta Group plc (“Incepta”) are pleased to announce that they have agreed the terms of an all-share merger (the “Merger”), to create an international marketing and communications group with public relations at its core (the “Group”).

The marketing and communications sector has experienced significant consolidation in recent years. As a consequence there has been a polarisation between the large businesses offering international scale and breadth of service and smaller niche players. Both Huntsworth’s and Incepta’s Boards believe that a greater critical mass and international presence will substantially improve the Group’s ability to attract and retain large clients and highly regarded industry talent. Against this background, the combination of Huntsworth and Incepta brings together outstanding brands, complementary geographical fit and a blue chip international client base.

## **Benefits of the merger**

The Boards of Huntsworth and Incepta have held discussions about a possible merger over the course of the last year. They believe that the Merger will create significant strategic, operational and financial benefits for clients, staff and shareholders, which will include:

- delivering enhanced revenues from existing multinational clients through increased international presence;
- accelerating future growth through the cross marketing of the Group’s brands and services to each company’s existing clients;
- increasing the scale of the business and its international reach to attract and retain larger clients;
- attracting and retaining highly regarded industry talent;
- creating a larger capitalised company with a stronger financial position and a more liquid market in the company’s shares; and
- estimated annualised pre-tax cost savings of at least £2.5 million achievable in the first full financial year following completion of the Merger.

The Merger will generate significant scale, both in terms of geographic reach and sector expertise. Huntsworth’s European public relations operations, with a focus in the UK, Austria, Belgium, France,

Germany, Ireland, Spain and Switzerland, complement Incepta's businesses in the UK, Belgium, France, Germany, Holland, Italy, Spain and Sweden. In the US, Huntsworth's presence in Chicago, Los Angeles, New York and Sacramento is complementary to Incepta's positioning in Austin, Boston, Chicago, New York and San Francisco. Huntsworth's satellite operations in Asia (Hong Kong and Singapore) will be strengthened by Incepta's established operations in Beijing, Dubai, Hong Kong, Mumbai, Shanghai and Singapore. At a sector level, the Merger brings together both companies' strength in financial and corporate public relations, public affairs, consumer goods and healthcare.

## **Strategic review**

As part of the Merger process, the board of the Group will undertake a thorough review of the activities of the combined business in order to ensure the Group delivers a focused range of services to its existing and potential clients within an efficient operational structure. The Board proposes to announce the results of the strategic review before the end of the 2005 financial year.

## **Board**

Following the completion of the Merger, Lord Chadlington will become Executive Chairman of the Group, Richard Nichols will become Chief Executive and Roger Selman will be Finance Director.

The Board of Huntsworth has received assurances from Lord Chadlington that he will remain committed to the Group on a full time basis until at least the end of 2008. Roger Selman will see through the integration of the two groups and the implementation of the strategic review. It is then intended that when a new Finance Director has been appointed, he will leave the board. The Nomination Committee will search for Roger Selman's successor at the earliest appropriate opportunity.

Rt Hon Francis Maude and Jon Foulds will be Joint Deputy Chairmen and, to complete the Board, Huntsworth and Incepta have each nominated a further two Non-Executive Directors, with all other existing directors resigning. Incepta has nominated Robert Alcock and Charles Good whilst Huntsworth has nominated Anthony Brooke and Eugene Beard.

It is intended that a new Senior Independent Non-Executive director will be appointed to the Board as Deputy Chairman within one year to succeed Rt. Hon Francis Maude and Jon Foulds who will then both retire from the Board.

## **Merger summary**

The Group will have strong brands in marketing and communications, operating from some 125 offices in 23 countries.

Based on Closing Prices as at 2 March 2005, the last trading day before this Announcement, Huntsworth

and Incepta's aggregate market capitalisation was approximately £195.4 million.

Based on the current issued share capital of the two companies, Huntsworth Shareholders will hold approximately 32.8 per cent. and Incepta Shareholders will hold approximately 67.2 per cent. of the issued share capital of the combined Group. A resolution to change the name of the Group will be put to shareholders as soon as practicable after the completion of the Merger.

The Directors of Incepta unanimously recommend that Incepta Shareholders accept the Merger Offer, as they have irrevocably undertaken to do in respect of their own beneficial holdings of, in aggregate, 3,198,999 Incepta Shares, representing approximately 1.59 per cent. of Incepta's existing issued share capital. In doing so, the Directors of Incepta have taken financial advice from LongAcre. In providing its financial advice to the Directors of Incepta, LongAcre has taken into account the commercial assessments of the Directors of Incepta.

The Directors of Huntsworth are of the opinion that the Merger Offer is in the best interests of Huntsworth Shareholders as a whole and that the terms are fair and reasonable. In reaching that opinion, the Directors of Huntsworth have taken financial advice from Bridgewell and Numis. In providing their financial advice to the Directors of Huntsworth, Bridgewell and Numis have taken into account the commercial assessments of the Directors of Huntsworth.

The Merger is subject to, amongst other things, approval by Huntsworth Shareholders and Incepta has received irrevocable undertakings to vote in favour of the resolutions to be put to Huntsworth Shareholders to approve the Merger from the Directors of Huntsworth in respect of 10,935,194 Huntsworth Shares in aggregate, representing approximately 3.57 per cent. of Huntsworth's existing issued ordinary share capital.

Commenting on today's Announcement, Lord Chadlington, Chief Executive of Huntsworth, said:

“We are delighted to announce our merger with Incepta, a well respected international marketing and communications group. This transaction represents an exciting opportunity to create one of the world's leading public relations focused marketing and communications companies. We are confident that the Merger will create significant benefits and exciting opportunities for clients, staff and shareholders of both companies.”

Commenting on today's Announcement, Richard Nichols, Chief Executive of Incepta, said:

“We believe Huntsworth is a compelling partner for Incepta and our merger will create a Group with real international scale, outstanding brands and a blue chip client base. In our discussions over the last year it has been obvious how complementary our businesses are and that a merger would further our ability to attract and retain people of the highest quality, with all the benefits that will bring for our stakeholders.”

This summary should be read in conjunction with the full text of the following Announcement. Appendix III to the following Announcement contains definitions of certain expressions used in this summary and the following Announcement.

A presentation to analysts will be held today, 3 March 2005, at 9:30 a.m. at The London Stock Exchange, 10 Paternoster Square, London EC4M 7LS.

## ENQUIRIES

Huntsworth PLC		Incepta Group plc	
Lord Chadlington	020 7408 2232	Richard Nichols	020 7282 2800
Bridgewell (Lead Financial Adviser)		LongAcre (Financial Adviser)	
Andrew Tuckey	020 7003 3000	Jonathan Goodwin	020 7759 4600
John Craven		Zeph Sequeira	
Numis (Joint Financial Adviser and Broker)		Collins Stewart (Joint Broker)	
Jag Mundi	020 7776 1500	Chris Wells	020 7523 8350
Richard Hall		Mark Connelly	
The Global Consulting Group (PR Adviser)		Investec (Joint Broker)	
Jonathan Shillington	020 7796 4133	David Currie	020 7597 5970
		Erik Anderson	
		Citigate Dewe Rogerson (PR Adviser)	
		Patrick Toyne Sewell	020 7638 9571
		Fiona Bradshaw	

This Announcement does not constitute an offer or an invitation to purchase any securities. The laws of the relevant jurisdictions may affect the availability of the Merger Offer to persons not resident in the United Kingdom. Persons who are not resident in the United Kingdom, or who are subject to the laws of any jurisdiction other than the United Kingdom, should inform themselves about, and observe, any applicable requirements. Further details in relation to overseas shareholders will be contained in the Offer Document.

Bridgewell, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting only for Huntsworth and no-one else in connection with the Merger Offer and will not regard any other person as its client or be responsible to any person other than Huntsworth for providing the protections afforded to clients of Bridgewell, nor for giving advice in relation to the Merger Offer.

Numis, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting only for Huntsworth and no-one else in connection with the Merger Offer and will not regard any other person as its client or be responsible to any person other than Huntsworth for providing the

protections afforded to clients of Numis, nor for giving advice in relation to the Merger Offer.

LongAcre, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting only for Incepta and no-one else in connection with the Merger Offer and will not regard any other person as its client or be responsible to any person other than Incepta for providing the protections afforded to clients of LongAcre, nor for giving advice in relation to the Merger Offer.

Collins Stewart, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting only for Incepta and no-one else in connection with the Merger Offer and will not regard any other person as its client or be responsible to any person other than Incepta for providing the protections afforded to clients of Collins Stewart, nor for giving advice in relation to the Merger Offer.

Investec, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting only for Incepta and no-one else in connection with the Merger Offer and will not regard any other person as its client or be responsible to any person other than Incepta for providing the protections afforded to clients of Investec, nor for giving advice in relation to the Merger Offer.

This Announcement does not constitute, or form part of, any offer for, or any solicitation of any offer for, securities. Any acceptance or other response to the Merger Offer should be made only on the basis of information referred to in the Offer Document which Huntsworth intends to despatch shortly to Incepta Shareholders and, for information only, to holders of options under the Incepta Share Option Schemes.

The Merger Offer will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national securities exchange of, Canada, Australia or Japan and will not be capable of acceptance by any such use, means, instrumentality or facility. Accordingly, neither this Announcement nor the Offer Document nor the accompanying Form of Acceptance is being, and must not be, mailed or otherwise forwarded, transmitted, distributed or sent in, into or from Canada, Australia or Japan. Doing so may render invalid any purported acceptance of the Merger Offer. All Incepta Shareholders or other persons (including nominees, trustees or custodians) who would or otherwise intend to, or may have a contractual or legal obligation to, forward this Announcement or the Offer Document or the accompanying Form of Acceptance to any jurisdiction outside the United Kingdom, should refrain from doing so and seek appropriate professional advice before taking any action. The New Huntsworth Shares to be issued in connection with the Merger have not been, and will not be, registered under or offered in compliance with applicable securities laws of any state, province, territory or jurisdiction of Canada, Australia or Japan and no regulatory clearances in respect of the New Huntsworth Shares have been, or will be, applied for in any jurisdiction other than the UK. Accordingly, unless an exemption under the relevant securities laws is applicable, the New Huntsworth Shares are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly, in or into, Canada, Australia or Japan or to, or for the account or benefit of, any person resident in Canada, Australia or Japan.

The New Huntsworth Shares to be issued in connection with the Merger have not been, and will not be, registered under the US Securities Act or under the securities laws of any jurisdiction of the United States. The New Huntsworth Shares are intended to be made available within the United States in connection with the Merger pursuant to an exemption from the registration requirements of the US Securities Act provided by Rule 802 thereunder and an exemption from the US tender offer rules provided by Rule 14d-1(c) under the US Securities Exchange Act. This Merger Offer relates to the securities of two non-US companies. The Merger Offer is subject to disclosure requirements of the United Kingdom which are different from those of the United States. Financial statements included in the document, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies. It may be difficult for US persons to enforce their rights and any claim that they may have arising under the US federal securities laws, as Huntsworth and Incepta are located in the United Kingdom and some or all of their respective officers and directors are residents of the United Kingdom or other non-US countries. US persons may not be able to sue a foreign company or its officers or directors in a foreign court for violations of US securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a US court's judgment. You should be aware that Huntsworth may purchase securities of Incepta otherwise than under the Merger Offer, such as in open market or privately negotiated purchases.

This Announcement contains a number of forward-looking statements relating to Huntsworth, Incepta and the Group with respect to, among others, the following: financial condition; results of operations; the business of the Group; future benefits of the Merger; and management plans and objectives. Huntsworth and Incepta consider any statements that are not historical facts as "forward-looking statements". They involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Important factors that could cause actual results to differ materially from estimates or forecasts contained in the forward-looking statements include, among others, the following possibilities: future revenues are lower than expected; costs or difficulties relating to the integration of the businesses of Huntsworth and Incepta, or of other future acquisitions, are greater than expected; expected cost savings from the Merger or from other future acquisitions are not fully realised or realised within the expected time frame; competitive pressures in the industry increase; general economic conditions or conditions affecting the relevant industries, whether internationally or in the places Huntsworth and Incepta do business, are less favourable than expected, and/or conditions in the securities market are less favourable than expected.

The expected operational cost savings and financial synergies referred to in this Announcement have been calculated on the basis of the existing cost and operating structures of the companies and by reference to current prices and the current regulatory environment. These statements of estimated cost savings relate to future actions and circumstances which, by their nature, involve risks, uncertainties and other factors. Because of this, the cost savings referred to may not be achieved, or those achieved could be materially different from those estimated. This statement should not be interpreted to mean that the earnings per share in the first full financial year following the Merger, or in any subsequent period, would necessarily match or be greater than those for the relevant preceding financial period.

The Directors of Huntsworth accept responsibility for the information contained in this summary Announcement (in respect of the paragraph headed “Benefits of the Merger” and the paragraph headed “Board”, jointly with the Directors of Incepta) other than information relating to the recommendation of the Incepta Board under the paragraph headed “Merger Summary” and information relating to the Directors of Incepta. To the best of the knowledge and belief of the Directors of Huntsworth (who have taken all reasonable care to ensure that such is the case), the information contained in this summary 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 Directors of Incepta accept responsibility for the information contained in this summary Announcement in the paragraph headed “Benefits of the Merger” (jointly with the Directors of Huntsworth), the paragraph headed “Board” (jointly with the Directors of Huntsworth), information relating to the recommendation of the Incepta Board under the paragraph headed “Merger Summary” and information relating to the Directors of Incepta. To the best of the knowledge and belief of the Directors of Incepta (who have taken all reasonable care to ensure that such is the case), the information contained in this summary 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.

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