

CAGNEY

Friday 15th January 2010

CAGNEY ANNOUNCES SALE OF CST AND INTENDED SALE OF TREE

- *CST Advertising sold to Media Square*
- *Heads of terms agreed with Chime for the sale of Tree London*
- *Combined consideration £2.4m*

The marketing communications group Cagney today announces the sales of two group companies that would free the group of debt and refocus the group on integrated communications and PR, with plans in place to build upon the group's digital capabilities.

On 15th January, Cagney sold its advertising agency CST to Media Square for cash consideration of £430,000. The company has also agreed heads of terms with Chime for the sale of its research and data analysis agency Tree London for cash consideration of £2m. In both cases, all clients and staff have been informed.

The parties expect that a definitive agreement for the sale of Tree will be signed during February. At that time Cagney will make a further announcement, in which it plans to reveal a new digital start-up and give further details of the group's plans for its future strategy and growth.

The sale of Tree would see the departure of Steve Matthey, CEO of Cagney, to follow the agency which he founded with Matthew Bayfield in 2001. A new CEO for Cagney would be announced on completion of the Tree sale.

Kerry Simpson, Managing Director of Cubo and an executive director of Cagney, said: "The board concluded from a recent strategic review that the interests of its shareholders would best be served by selling CST and Tree and paying down its debts, enabling it to build upon its digital capabilities within its integrated communications and PR businesses.

Working with the senior management teams at CST and Tree has been enjoyable and rewarding - they are exceptional companies joining exceptional marketing groups and we wish them the very best in the future. The board would particularly like to express its gratitude to Steve Matthey who has successfully guided the group through a testing and critical phase in its evolution."

The board looks forward to making a further, more detailed announcement in due course.

www.cagneyplc.com

For further information, please contact:

Anna Foster, 020 7612 1163, anna@themediafoundry.com

Nick Dudley-Williams, 020 7612 1158, nick@themediafoundry.com

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