

St Ives plc (“St Ives” or “the Group”) - Disposal of US Division

02-01-09

The Board of St Ives is pleased to announce that it has today entered into a conditional agreement to dispose of its US division, St. Ives (USA), Inc. and its subsidiary undertakings (the “US Division”), to a management buyout vehicle, St Ives (USA) Acquisition Inc. (the “Disposal”). The management buyout team is being led by Wayne Angstrom, a director of St Ives and Chief Executive Officer and Chairman of the US Division. Wayne Angstrom will resign from his position as a director of St Ives following completion of the Disposal.

The total consideration receivable by St Ives for the Disposal will be US\$39.0 million, comprising US\$34.0 million in cash payable on completion (the “Completion Proceeds”) and a US\$5.0 million secured promissory note. US\$3.9 million of the Completion Proceeds may be retained in escrow on completion pending approval of a United States Internal Revenue Service (“IRS”) real property transaction tax withholding exemption application. In the event the tax withholding exemption is approved by completion, the Completion Proceeds will be received in full on completion, however the IRS has up to 90 days to consider the application. The secured promissory note is repayable in instalments with US\$1.0 million due on 1 February 2012, US\$1.0 million due on 1 February 2013 and the balance due on 1 February 2014. The Disposal is subject to shareholder approval and is expected to be completed by 21 January 2009.

The US Division is focused on magazine printing, general commercial printing and the supply of point-of-sale marketing materials to the North American market. The US Division currently employs 564 people and its operations are located in Hollywood, Florida and Cleveland, Ohio. As at 1 August 2008, the US Division had gross assets of £41.7 million (US\$82.4 million) and, in the financial year ended 1 August 2008, generated a profit before tax of £1.7 million (US\$3.4 million). Since the financial year end the US Division has repaid £6.3 million (US\$11.0 million) of inter-company debt.

Due to the size of the Disposal relative to the Group and the directorship held by Wayne Angstrom on the Board of St Ives and his ownership of St Ives (USA) Acquisition Inc., the Disposal is deemed a class 1 related party transaction under the Listing Rules. The Disposal is therefore conditional upon the approval of independent St Ives shareholders at an Extraordinary General Meeting and accordingly a circular containing further details of the Disposal and the Extraordinary General Meeting will be sent to shareholders shortly.

St Ives plc
St Ives House, Lavington Street,
London SE1 0NX
T 020 7928 8844 **F** 020 7902 6436
W www.st-ives.co.uk

The Disposal is consistent with the Group's strategy of focusing on its core operations. As set out in the Interim Management Statement released on 1 December 2008, the US Division continues to face significant challenges due to volatile demand in an oversupplied market. The Disposal will realise significant value for St Ives and the net proceeds will be used to reduce Group indebtedness.

Commenting on the Disposal, Miles Emley, Chairman of St Ives, said:

"I am very pleased to announce the disposal of the US Division. The Group currently faces a challenging trading outlook with increasing pressure on margins resulting from prevailing volatility in demand and rising input costs. The Disposal will allow a significant reduction in Group borrowings and enable the Board to focus on ensuring the continued success of St Ives's core UK businesses."

For further information, please contact:

St Ives plc

020 7928 8844

Brian Edwards, Chief Executive

Matt Armitage, Group Finance Director