

**CPPGROUP PLC**  
**19 DECEMBER 2012**  
**PRE CLOSE ANNOUNCEMENT**

CPPGroup Plc ("CPP" or the "Group") today publishes the following statement prior to entering its close period for the year ended 31 December 2012.

**Trading performance**

The Group has continued to trade profitably and the Board continues to expect that the 2012 full year results will be in line with current market expectations.

Group operating performance has continued the trends outlined in the Group's Interim Management Statement, published on 26 October 2012. As previously indicated, Group revenue and underlying operating profit will decline for the full year principally as a result of reduced new and renewal retail revenue streams in the UK.

Trading in the UK continues to be impacted by lower revenue streams due to the Group's restricted ability to sell its full range of products. We are encouraged that our UK product development initiatives are at an advanced stage and pilot launches will commence shortly. In our international operations, both North America and Latin America continue to grow revenue. Performance in Southern Europe continues to decline and although Asia Pacific has returned to revenue growth, as a consequence of challenging trading conditions this market is taking longer to develop than expected.

**FSA**

As announced on 15 November 2012, the Group's on-going engagement with the FSA regarding its investigation has resulted in an agreed position, with Card Protection Plan Limited ("CPPL") agreeing to the publication of a Final Notice detailing significant historic failings, the phased payment of a penalty and a Voluntary Variation of Permission with regard to CPPL and Homecare Insurance Limited.

We continue to have constructive discussions with the FSA and certain of the Group's larger Business Partners, regarding the form, structure, details and timing of customer redress. These discussions continue to include consideration of the use of a solvent Scheme of Arrangement as a vehicle for providing redress. The amount of redress which will require to be paid to customers is uncertain. The Group expects to materially increase the provision it has made for customer redress and associated costs in light of current estimates. The provision for the FSA fine will also be increased by £8.5 million to reflect the final agreed fine of £10.5 million. Whilst the fine will be fully provided for in the 2012 accounts, it will be paid in instalments during 2013 and 2014.

**Financial position**

The Board continues to assess and actively pursue a range of financing options. A number of alternative financing and strategic options are under consideration with a view to putting funding in place in advance of the maturity of the Group's current debt facilities due on 31 March 2013. Alternative financing or strategic options are necessary to secure the future viability of the Group.

**Outlook**

Moving into 2013, the current outlook for the Group reflects the significant challenges and uncertainties that the business is facing. As previously indicated we anticipate that a combination of factors, most notably redress-related costs and anticipated revenue decline in the UK, is expected to have a substantial adverse impact on our performance in 2013 and beyond until revenue is generated from alternative channels. The Group is considering the most appropriate approach to reduce its cost base to mitigate some of the adverse profit impact from lower revenue and redress-related costs.

**Paul Stobart, Chief Executive Officer, commented:**

"The Group has made progress with the FSA and on deploying our new customer focused strategy as we reshape our business for the future. The closure of the FSA's investigation during the period was an important milestone, which removes an element of uncertainty for the business and our stakeholders.

Our performance, nonetheless, continues to be affected by the on-going challenges of our operating environment, which will remain difficult moving into 2013 and beyond. However, the

continuing demand for our products and the actions we are taking to rebuild our business and reputation, combined with enhanced governance and risk management across the Group, will provide us with a platform to move the business forward.”

A conference call for investors and analysts will be held on 19 December 2012 at 8:00 a.m. (GMT), dial in details for which are as follows:

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**Notes to Editors**

CPPGroup Plc (CPP) is an International Assistance business operating across 16 geographical markets with more than 200 Business Partners worldwide. Via its Business Partners, CPP provides Life Assistance products to consumers, which includes annually renewed and packaged products that provide assistance and insurance across a wide range of market sectors helping our customers to live life and worry less.

For more information on CPP visit [www.cppgroupplc.com](http://www.cppgroupplc.com)

**Cautionary statement**

This trading statement contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of approval of the trading statement but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information. Subject to the requirements of the UK Listing Authority's Disclosure and Transparency Rules and Listing Rules, CPPGroup Plc undertakes no obligation to update these forward-looking statements and it will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this trading statement.