THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000, if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or do sell or have otherwise transferred or do transfer all your CPP Shares, please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell or have sold or otherwise transferred part of your holding of CPP Shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

CPPGROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 7151159)

Proposed Disposal of

CPPNA HOLDINGS INC.

and

Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from your Chairman which is set out in Part I (Letter from the Chairman) of this document and which recommends you vote in favour of the Resolution to be proposed at the General Meeting referred to below.

Your attention is also drawn to the risk factors set out in Part II (Risk Factors) of this document.

Notice of General Meeting of CPPGroup PLC to be held at 10:00 a.m. on 3 May 2013 at Holgate Park, Holgate Road, York, YO26 4GA, is set out at the end of this document. A Form of Proxy for use at this General Meeting is enclosed. To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon to the Company's Registrar, Capita Registrars, at The Registry, 34 Beckenham Road, Kent, BR3 4TU as soon as possible but in any event must arrive not later than 1 May 2013.

If you hold your CPP Shares in uncertified form (i.e. in CREST), you may appoint a proxy by completing and transmitting a CREST Proxy Instruction, in accordance with the procedures set out in the CREST Manual, so that it is received by the Registrar (under CREST participant RA10) by no later than 1 May 2013. The time of receipt will be taken to be the time from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. Shareholders may also register the appointment of a proxy electronically by logging on to www.capitashareportal.com, so that the appointment is received by the Registrar no later than 10:00 a.m. on 1 May 2013. Completion and posting of the Form of Proxy or completing and transmitting a CREST Proxy Instruction or appointing a proxy electronically will not prevent you from attending and voting in person at the General Meeting, if you wish to do so.

Greenhill, which is regulated in the United Kingdom by the Financial Conduct Authority, is acting solely for CPP and no-one else in connection with the Disposal and will not be responsible to anyone other than CPP for providing the protections afforded to clients of Greenhill nor for providing advice in relation to the Disposal or any other matter referred to in this document.

KPMG Corporate Finance LLC is acting solely for CPP and no-one else in connection with the Disposal and will not be responsible for anyone other than CPP for providing the protections afforded to clients of KPMG Corporate Finance LLC nor for providing advice in relation to the Disposal or any other matter referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed upon Greenhill by the Financial Services and Markets Act 2000 or the regulatory regime established thereunder, Greenhill accepts no responsibility whatsoever nor makes any representation or warranty, express or implied, concerning the contents of this document, including its accuracy, completeness or verification, or concerning any other statement made or purported to be made by it, or on its behalf, in connection with CPP or the Disposal, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Greenhill accordingly disclaims to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to herein) which they might otherwise have in respect of this document or any such statement.

FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be "forward-looking statements". The words "believe", "anticipate", "expect", "intend", "aim", "plan", "predict", "continue", "assume", "positioned", "may", "will", "should", "shall", "risk" and other similar expressions that are predictions of or indicate future events and future trends identify forward looking statements. These forward-looking statements include all matters that are not historical facts. In particular, the statements regarding the Company's strategy, plans, objectives, goals and other future events or prospects are forward-looking statements. An investor should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Company's control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions investors that forward-looking statements are not guarantees of future performance and that its actual results of operations and financial condition, and the development of the industry in which it operates, may differ materially from those referred to in or suggested by the forward-looking statements contained in this document. The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Company, or persons acting on its behalf, may issue. Factors that may cause the Company's actual results to differ materially from those expressed or implied by the forward-looking statements in this document include but are not limited to the risks described under "Risk Factors" in Part II of this document. These forward-looking statements reflect the Company's judgment at the date of this document and are not intended to give any assurances as to future results. Furthermore, forward-looking statements contained in this document that are based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Except as required by FSMA, the Listing Rules and/or Disclosure Rules and Transparency Rules, the Company undertakes no obligation to update these forward-looking statements, and 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 document. The Company will comply with its obligations to publish updated information as required by FSMA, the Listing Rules and/or the Disclosure Rules and Transparency Rules or otherwise by law and/or by any regulatory authority, but assumes no further obligation to publish additional information.

The delivery of this document shall not imply that there has been no change in the Company's affairs or that the information set forth in this document is correct as of any date subsequent to the date hereof.

PRESENTATION OF FINANCIAL INFORMATION

For the six months to 30 June 2012, the financial information relating to CPPNA contained in Part III of this document has been extracted without material adjustment from the consolidation schedules that underlie the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2012. For the years ended 31 December 2011, 31 December 2010 and 31 December 2009, the financial information relating to CPPNA contained in Part III of this document has been extracted without material adjustment from the consolidation schedules that underlie the audited consolidated financial statements of the Group for those periods.

Up to and including 31 December 2012, the Mexican Subsidiaries were wholly owned by CPPNA. The Mexican Subsidiaries were sold to a subsidiary of CPP on 31 December 2012 and will remain part of the Continuing Group. Although some financial information relating to the Mexican Subsidiaries is included within the stand-alone financial statements prepared by CPPNA, historically, financial information relating to the Mexican Subsidiaries has been consolidated within the financial information relating to the Group's Southern Europe and Latin America segment (rather than the North America segment) in its consolidated financial statements. The financial information relating to CPPNA contained in this document does not include any financial information pertaining to the Mexican Subsidiaries except for an investment on the balance sheet as set out in note (ii) on page 43 of this document.

Unless otherwise indicated, financial information relating to CPPNA for each of the three years ended 31 December 2009, 31 December 2010 and 31 December 2011 and the six-month period ended 30 June 2012 included in other parts of this document has been extracted without material adjustment from the financial information in Part III of this document (which has been prepared in accordance with IFRS).

Unless otherwise indicated, the following £:$ exchange rates have been used for the conversion of financial amounts denominated in US$ within this document:

	2009	2010	2011	2012 HY
Income statements (average rate)	1.56	1.54	1.61	1.59
Statement of net assets and pro forma financial information (closing rate)	—	—	1.55	1.57

A hedged exchange rate of £1:$1.5334 has been used for the conversion of the Disposal proceeds within this document.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Charles Henry Gregson (*Non-Executive Chairman*) Paul Lancelot Stobart (*Chief Executive Officer*) Shaun Parker (*Chief Financial Officer*) Hamish Macgregor Ogston CBE (*Founder and Non-Executive Director*) Arthur Leslie Owen (*Non-Executive Director*) Duncan James McIntyre (*Non-Executive Director*)
Company Secretary	John Titchener
Registered Office	Holgate Park Holgate Road York, YO26 4GA
Sponsor	Greenhill & Co. International LLP Lansdowne House 57 Berkeley Square London, W1J 6ER
Legal Adviser to the Company	Herbert Smith Freehills LLP Exchange House Primrose Street London, EC2A 2EG
Legal Adviser to the Sponsor	Simmons & Simmons LLP CityPoint One Ropemaker Street London, EC2Y 9SS
Auditors and Reporting Accountants to the Company	Deloitte LLP 1 City Square Leeds, LS1 2AL
Communications	Tulchan Communications 85 Fleet Street London, EC4Y 1AE
Registrar	Capita Registrars The Registry 34 Beckenham Road Kent, BR3 4TU

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EXPECTED TIMETABLE OF EVENTS

Announcement of the Disposal	17 April 2013
Latest time and date for receipt of Forms of Proxy from Shareholders	10:00 a.m. on 1 May 2013
General Meeting	10:00 a.m. on 3 May 2013
Expected date of Completion of the Disposal	on or before 7 May 2013
Longstop date for Completion of the Disposal	31 May 2013

Notes:

Future dates are indicative only and are subject to change by the Company, in which event details of the new times and dates will be notified to the Financial Conduct Authority, London Stock Exchange and, where appropriate, Shareholders.

References to times in this document are to London time.

PART I

LETTER FROM THE CHAIRMAN

CPPGROUP PLC

(*Incorporated and registered in England and Wales with registered number 7151159*)

Directors	*Registered Office*
Charles Henry Gregson (*Non-Executive Chairman*) Paul Lancelot Stobart (*Chief Executive Officer*) Shaun Parker (*Chief Financial Officer*) Hamish Macgregor Ogston CBE (*Founder and Non-Executive Director*) Arthur Leslie Owen (*Non-Executive Director*) Duncan James McIntyre (*Non-Executive Director*)	Holgate Park Holgate Road York YO26 4GA

17 April 2013

To: *CPP Shareholders and, for information only, CPP optionholders*

Dear Shareholder,

Proposed Disposal of CPPNA Holdings Inc.

1. INTRODUCTION

On 17 April 2013, the Board of CPP announced it had conditionally agreed to sell its North American business to AMT Warranty Corp. for a total cash consideration of $40 million (approximately £26.1 million) (the "**Disposal**").

The Board of CPP also announced that, following the extension of its Existing Bank Facility by two weeks to 12 April 2013 (as announced on 28 March 2013) and by a further week to 19 April 2013 (as announced on 11 April 2013), it had agreed a further extension of its Existing Bank Facility on amended terms with its existing lenders, Barclays Bank PLC, the Royal Bank of Scotland PLC and Santander UK Plc (the "**Lenders**" and the Existing Bank Facility as so extended being the "**Amended Facility**"). Under the terms and conditions of this further amendment and extension, the Group is required to apply the net proceeds of the Disposal in an amount so as to reduce the commitments under the Amended Facility to £25 million. Therefore, on Completion £16.5 million, representing the majority of the net proceeds from the Disposal, must be used to prepay part of the Amended Facility. The Amended Facility, which will total £25 million following the prepayment to be made utilising proceeds from the Disposal, has a final maturity date of 30 September 2013.

The Amended Facility was made available on the condition that the Group entered into the Disposal Agreement and if the Disposal does not complete by 31 May 2013 or another event of default occurs under the Amended Facility Agreement, the Amended Facility will become immediately repayable. The Amended Facility may also cease to be available if the Group fails to comply with its agreed covenants including, without limitation, a covenant which requires the Group to maintain a mimimum balance of £12 million in a blocked account that is secured in favour of the Lenders. In the event of a breach of this covenant, the Group is required to provide a third party guarantee. A failure to provide this will be an event of default under the Amended Facility. In such circumstances, the Company and certain other members of the Group would likely need to cease trading. The consequences of a cessation of trading would be likely to include administration or other insolvency process.

The Disposal and the Amended Facility are expected to provide a period of time up to 30 September 2013 (subject to the Group's ongoing compliance with its covenants and other obligations under the Amended Facility Agreement) for the Group to engage in further discussions with the Lenders and the Company's major shareholder, Mr Hamish Macgregor Ogston CBE, with a view to refinancing the Amended Facility on a longer-term basis and providing some additional working capital.

As a result of the difficult financial situation of the Group, CPP has explored a number of options and has engaged in discussions with the Lenders, Mr Hamish Macgregor Ogston CBE and others concerning the financing requirements of the Group. These discussions led to a request being made to the Lenders and

Mr Hamish Macgregor Ogston CBE to consider whether they would be willing to provide a refinancing solution for the Group. In response to such request, Mr Hamish Macgregor Ogston CBE indicated that he would, subject to certain pre-conditions and limitations, be willing to participate with the Lenders in a refinancing of the Amended Facility (the "**Potential Financing Arrangements**"). One of the pre-conditions to Mr Hamish Macgregor Ogston CBE's participation in the Potential Financing Arrangements would be the Board (other than Mr Hamish Macgregor Ogston CBE) agreeing to recommend any such offer as may be made by Mr Hamish Macgregor Ogston CBE for the CPP Shares not held by him (the "**Possible Offer**") (see section 4.5 of this Part I, below). There can be no certainty that the Potential Financing Arrangements will be made available or that the Possible Offer will be made or as to the terms of or conditions to any such offer, should one be forthcoming.

In addition, since the date of Mr Hamish Macgregor Ogston CBE's initial indication in respect of the Potential Financing Arrangements, CPP's financial circumstances have changed such that CPP will require a significantly larger amount for its working capital purposes than is currently available under the Amended Facility or was originally anticipated may be made available under the Potential Financing Arrangements by the Lenders and Mr Hamish Macgregor Ogston CBE. Further discussions will therefore be required with the Lenders and Mr Hamish Macgregor Ogston CBE in relation thereto and there can be no certainty that the amount of any Potential Financing Arrangements which may be made available will be sufficient for the Group's needs.

The Disposal is part of a series of related measures being pursued by the Board with a view to securing the future viability of the Group in the interests of all stakeholders, notwithstanding that the Group is likely to continue to face significant financial challenges in the short to medium term, especially given the pending redress programme, the need to refinance the Amended Facility prior to its expiry and the required repositioning of the Group's business model.

In the course of its strategic review, the Board has reached the conclusion, on the basis of the facts currently available, that the Disposal, in conjunction with the Amended Facility, represents the only viable means of enabling the Group to move forward.

Given the size of the North American business relative to that of CPP, completion of the Disposal is conditional upon the approval of Shareholders. Your approval for the Disposal will be sought at a General Meeting to be held on 3 May 2013. The notice convening the General Meeting is set out at the end of this document.

I am writing to give you further details of the Disposal, including the background to and reasons for it, to explain why your Board considers it to be in the best interests of CPP and to seek your consent to the Disposal. Shareholders are not being asked to vote on the Amended Facility, the Potential Financing Arrangements or the Possible Offer at this time.

The background to and reasons for the Disposal, in particular the need to raise finance to prepay in part the Amended Facility and to provide some additional funding for the Group's short term working capital requirements, are set out in detail in section 4 of this letter. Your attention is also drawn to the section headed "Importance of the Vote" in section 14 below.

2. INFORMATION ON CPP

CPP is an international life assistance business operating across 16 geographical markets with more than 200 Business Partners and approximately ten million customers worldwide.

Through its Business Partners, and also through direct retail sales to consumers, CPP offers its customers a portfolio of monthly, annually or triennially renewed products across a wide range of market sectors including financial services, telecommunications, travel and the home, providing customers with support and protection for their plastic cards, mobile phones, keys and identities. CPP's three core products are Card Protection, Identity Protection and Mobile Phone Insurance.

Founded in the UK, which accounted for over 65.2 per cent. of its revenue in the six months to 30 June 2012 (67.6 per cent. in the year to 31 December 2011), CPP has progressively expanded its business overseas. CPP currently has operations in four regions, being Northern Europe, Southern Europe and Latin America, North America and Asia Pacific, with revenues in these regions of £249.5 million, £44.4 million, £45.8 million and £6.5 million respectively in the financial year ended 31 December 2011. The total gross assets in each of these regions as at 31 December 2011 were £117.4 million, £9.3 million, £18.5 million and £2.3 million respectively.

In the financial year ended 31 December 2011 and the six months ended 30 June 2012, the Group had revenue of £346.1 million and £162.9 million, gross profit of £143.9 million and £67.7 million and profit before taxation of £28.3 million and £6.8 million, respectively, as taken from the audited consolidated financial statements of the Group for the year ended 31 December 2011 and the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2012. At 30 June 2012, the Group had net assets of £32.0 million and gross assets of £176.0 million.

3. SUMMARY INFORMATION ON CPPNA

CPP's North American business, operated by CPPNA, was established in 2003 through the acquisition of the enhancement services division of Metris Inc., a medium-sized credit card issuer based in the United States that is now owned by HSBC. Since then, the business has developed through focused product development and working with major organisations in the financial and retail sectors and provided 13.2 per cent. of Group revenue as reported in the Group's audited consolidated financial statements for the year ended 31 December 2011. Products sold by CPPNA include identity protection and life assistance products under the brands IdentityProtector, PurchaseShield 360, Lifestyle Perks, Preferred Program and Sage 365.

The financial performance of CPPNA is summarised below and has been extracted without material adjustment from the financial information contained in Part III (Financial Information) of this document. Shareholders should read the whole of this document and not rely solely on the summarised table below.

	12 months ended 31 December 2009	**12 months ended 31 December 2010**	**12 months ended 31 December 2011**	**6 months ended 30 June 2012**
				(unaudited)
		(£ millions)		
Revenue	34.8	38.5	45.8	26.0
Gross profit	14.9	16.3	18.7	11.9
Profit before taxation	5.4	5.0	6.8	5.2

At 30 June 2012, CPPNA had net assets of £15.4 million and gross assets of £23.4 million.

4. BACKGROUND TO AND REASONS FOR THE DISPOSAL

4.1 The FCA Investigation

In March 2011, the FCA commenced an investigation into alleged mis-selling by one of the Group's regulated UK insurance intermediary businesses, Card Protection Plan Limited ("**CPPL**"). In February 2012, following discussions between the FCA and the Group, it was agreed that CPPL would make changes to certain aspects of its renewal process, and would contact and offer redress to customers to whom CPPL had sold the Card Protection or Identity Protection products directly between January 2005 and March 2011. These requirements were formalised in a voluntary variation of the regulatory permissions of CPPL on 1 March 2012.

On 15 November 2012, the Company announced an agreed resolution of the FCA's investigation into CPPL's historical sales of the Card Protection and Identity Protection products in the UK. CPPL agreed to the publication of a Final Notice detailing its historical failings, to the phased payment of a penalty of £10.5 million and to effecting redress as previously agreed with the FCA in February 2012. The phased payment of the penalty consists of an initial payment of £2 million by 29 November 2012 (already paid), followed by a payment of £2 million by 1 June 2013 and four further instalments of £1.625 million, one to be paid in each quarter of 2014.

Furthermore, on 15 November 2012, the regulatory permissions of CPPL and Homecare Insurance Limited ("**HIL**"), which is the Group's UK insurance subsidiary and which mainly provides Mobile Phone Insurance and Identity Protection insurance, were varied on the voluntary application of CPPL and HIL. The voluntary variations of permission ("**VVOPs**") formalised the existing suspension of new retail sales of Card Protection and Identity Protection products by CPPL in the UK (and extended it to certain other EEA jurisdictions) and of new retail sales by HIL of Mobile Phone Insurance products. Sales via Packaged Accounts, credit card accounts and ancillary insurance contracts, and renewals of existing contracts, were unaffected by the VVOPs. CPPL and HIL also agreed (*inter alia*) to certain restrictions on the disposal of assets and on the use of CPPL and HIL assets as security for borrowing by any other company (including members of the Group) pending resolution of issues identified by the FCA relating to their governance

arrangements and control environment. For further information in relation to the VVOPs and their impact on the Group's business, please see section 5.5 of this Part I, below.

4.2 Customer redress

4.2.1 *The requirement for redress*

The Group has acknowledged the past failings at its UK business in the period from January 2005 to March 2011. CPPL has agreed to carry out a customer redress exercise in relation to direct sales (and subsequent renewals) made by CPPL of Card Protection and Identity Protection products since 14 January 2005 and to pay redress to customers where appropriate.

In addition to direct sales made to customers by CPPL, a substantial number of sales of CPPL's products were made indirectly via its Business Partners or through sales introduced via its Business Partners. In the period from 14 January 2005 to March 2011, CPP sold 4.4 million Card Protection and Identity Protection products in the United Kingdom, the majority of which were sales through its Business Partners. The extent of any potential claims against the Group relating to mis-selling of Card Protection and Identity Protection products, whether in relation to direct sales made by CPPL or sales made through its Business Partners (either by the Business Partner as agent for CPPL or by CPPL following an introduction by a Business Partner to CPPL) is currently unknown and could take a number of forms, and therefore their financial effect cannot presently be predicted with reasonable certainty. However, as detailed in Section 4.2.2 of this Part I, below, some of these potential claims will be addressed as part of the redress process.

4.2.2 *Redress and the Scheme*

As noted above, in February 2012, CPPL agreed with the FCA to contact and offer redress to customers to whom CPPL had sold the Card Protection or Identity Protection products directly between January 2005 and March 2011.

The Group and CPPL have subsequently continued to have constructive discussions with the FCA and with certain of the Group's larger Business Partners, regarding the form, structure, details and timing of a wider customer redress programme encompassing not only customers to whom CPPL sold the Card Protection and Identity Protection products directly but also customers who purchased the products from CPPL following an introduction by a Business Partner or (in some cases) directly from a Business Partner. These discussions include consideration of the use of a court-sanctioned solvent scheme of arrangement (the "**Scheme**") as a mechanism for providing such redress to some customers.

Although schemes of arrangement have previously been used as a mechanism for providing redress in relation to various types of financial product in the UK, the Scheme is highly innovative in terms of providing redress of this kind and on this scale to retail customers in relation to the mis-selling of general insurance products, with contributions to the overall redress cost being made by multiple parties. At present, it is not certain that CPPL will ultimately proceed with launching the Scheme or, even if it does, that the terms of the Scheme will be as described below, that a sufficient number of customers will vote in favour of the Scheme or that it will be sanctioned by the court.

The terms and scope of the Scheme as currently contemplated differ from the terms and scope of the redress programme initially agreed with the FCA in February 2012.

It is currently expected that the Scheme will provide a mechanism for reviewing claims and, where appropriate, paying redress to customers who purchased (or renewed) the Card Protection and/or the Identity Protection product on or after 14 January 2005 (being the date on which mediation of general insurance products first became subject to regulation by the FCA) as follows:

- In the case of Card Protection products, it is currently proposed that customers who either (a) purchased a product from CPPL, either directly or following an introduction to CPPL through a participating Business Partner, or from a participating Business Partner directly (as agent for CPPL) on or after 14 January 2005 but before the date on which certain insurance elements were removed; or (b) purchased a product from CPPL, either directly or following an introduction to CPPL through a participating Business Partner, or from a participating Business Partner directly (as agent for CPPL) prior to 14 January 2005 but who subsequently renewed their product on or after that date, will be eligible to participate in the Scheme. In relation to customers falling within category (b), they will only be entitled to redress under the Scheme in respect of renewal premiums paid on or after 14 January 2005. Customers who purchased a Card Protection product from CPPL or a participating Business Partner but cancelled it prior to 14 January 2005, or who purchased their product from CPPL

or a participating Business Partner for the first time after the date on which certain insurance elements were removed, will not be eligible to participate in the proposed Scheme.

- In the case of Identity Protection products, it is currently proposed that customers who purchased a product from CPPL, either directly or following an introduction to CPPL through a participating Business Partner for the first time on or after 14 January 2005 will be eligible to participate in the Scheme. Customers who purchased an Identity Protection product directly from a participating Business Partner will not be eligible to participate in the proposed Scheme.

In addition, certain other customers will be excluded from the Scheme (for example deceased customers and wholesale customers).

Under the terms of the Scheme as currently contemplated, it is proposed that:

- Customers will release CPPL (and each of the Business Partners participating in the Scheme) from any mis-selling liability in respect of those Card Protection and Identity Protection product sales or renewals within the scope of the Scheme.
- Each Business Partner who participates in the Scheme will, once the Scheme becomes effective, unconditionally release and discharge CPPL in respect of any actual or potential claims (other than those claims which are excluded from the Scheme, but including any claim from a customer relating to a sale which occurred before 14 January 2005 where the product has subsequently renewed after 14 January 2005) which the Business Partner has against CPPL arising out of or in connection with the mis-selling of any Card Protection and/or Identity Protection product.
- CPPL will be responsible for the redress paid under the Scheme to customers to whom it sold the products directly. The participating Business Partners will be responsible for the redress paid under the Scheme to customers introduced by them to CPPL and to customers to whom they sold the products directly (as agent for CPPL).
- Customers who make a claim under the Scheme will be treated as requesting cancellation of their product. If the claim is upheld and redress is paid, the customer's product will then be cancelled.
- The Scheme is expected to feature a deadline for customers to submit a claim, following which all of those customers who are within the scope of the Scheme and who have not submitted a claim will be prevented from bringing a claim. The deadline is expected to fall seven months after the Scheme becomes effective, with an additional six month period being allowed thereafter for customers to bring a claim where they can show that they were subject to exceptional circumstances.

Assuming that the Scheme is launched on the basis contemplated by the Group's discussions with the FCA and certain of its larger Business Partners to date, the Directors currently expect that formal communications with customers in connection with the Scheme will commence in the second quarter of 2013 and that, if the Scheme is approved by the requisite majority of customers and is subsequently sanctioned by the court without material modifications being necessary, it will become effective late in the fourth quarter of 2013. However, this is subject to possible delays arising from matters including, amongst other things, the participation of additional Business Partners and the administrative complexity of the Scheme.

4.2.3 *Financial impact and timing of redress under the Scheme*

Assuming that the Scheme is sanctioned in the form in which it is currently contemplated, although payments of redress to creditors under the Scheme are expected to commence within approximately one to two months of the date on which it is sanctioned, due to the overall timing of and likely deadlines for claims under the Scheme (described in 4.2.2 above) it is likely that the total amount payable by CPPL under the Scheme will not be capable of being finally determined until approximately the fourth quarter of 2014 at the earliest.

As announced on 15 November 2012, the Group's provision for customer redress and associated costs (which comprises anticipated compensation payable to customers through customer redress exercises, regulatory penalties, and other costs and professional fees associated with the customer redress exercises) had risen to £33.4 million (unaudited) as at that date. The Group announced in its pre-close statement dated 19 December 2012 that it expected to materially increase this provision in light of current estimates. As at 31 March 2013, the provision recognised in the Group's financial statements for customer redress and associated costs was £51.7 million (unaudited), of which £17.8 million has been used and £33.9 million

remains to be used as at the date of this document. Whilst this reflects the Group's latest view on this matter, the Group continues to review the provision on an on-going basis.

Given the highly innovative nature of the proposed redress process, it is impossible to predict with reasonable certainty what proportion of customers will respond and seek redress under the Scheme and whether this would differ from the proportion of customers that might be expected to respond to a more conventional form of redress exercise, such as a past business review.

The proportion of customers that may respond and seek redress under the Scheme (assuming that it is sanctioned) could be affected by a large number of factors, including, without limitation:

- the nature and content of communications with customers;
- the nature and amount of publicity associated with the Scheme;
- the scale of the Scheme arising from the unusually large number of potential claimants involved;
- the extent to which potential claimants associate the identity of certain Business Partners (particularly those in the banking and retail financial services sectors) with redress;
- the impact of general media, social media and bloggers, as well as consumer groups, in informing customers how to complete their application;
- the fact that the Scheme is likely to have at least two distinct triggers for responses, being a letter explaining the requirement to vote at a meeting of potential claimants under the Scheme and a letter explaining the requirement to make an application in respect of a claim; and
- the role that claims management companies may play in soliciting or otherwise encouraging customers to make claims under the Scheme.

In assessing the likely financial impact of the redress exercise under the Scheme and the provisioning described above, the Group has, with its advisers, considered a number of assumptions, including the form and structure of customer redress and likely customer response rates arising under the Scheme as currently contemplated and under a conventional past business review.

There can be no assurance that these assumptions will be borne out by future events or that they will not be materially affected by factors outside the Directors' knowledge and control. In particular, given the publicity generated by the FCA Investigation, it is possible that customer response rates in relation to the Scheme could materially exceed those assumed, with the result that CPPL's liabilities in relation to customer redress and associated costs could significantly exceed the amount provided for at present in the Group's financial statements.

However, based on consideration of the matters, factors and assumptions identified above and certain other assumptions (including as to the content of the draft documentation relating to the Scheme that is currently being agreed with the relevant Business Partners and the FCA), the Board currently believes there is a reasonable prospect that the rate of responses leading to successful claims will be less than 25 per cent. of the aggregate overall population of potential claimants under the Scheme. There can however be no certainty in relation to the rate of responses leading to a successful claim under the Scheme and it is possible that the rate of such responses may be materially higher or lower than currently anticipated.

In addition to the costs of the customer redress exercise and the final amount of any redress paid out, the Group's book of renewal business may experience material degradation as a result of the cancellation or non-renewal of live products, either to the extent that live products are automatically cancelled under the Scheme as currently contemplated or simply as a result of cancellations or non-renewals arising from the adverse publicity arising from the FCA Investigation and the customer redress exercise. Any such material degradation would have a significant adverse impact on the Group's revenue and profits going forward.

Given CPPL's need for financial resources in order to pay redress under the Scheme, and taking into account the anticipated degradation of the book of renewal business arising from cancellation of products in respect of which redress is paid, there may come a point where the level of responses leading to a successful claim under the Scheme is such that CPPL will ultimately be unable to meet its funding requirements under the Scheme. Given the uncertainty regarding likely customer response rates, as detailed above, the Directors are unable to predict with any certainty at present the precise quantum of redress at which the Scheme may become unaffordable.

Additionally, under the terms of the Amended Facility Agreement, the Company has agreed to certain events of default, including if the rate of cancellation during the cooling off period of UK Card Protection and Identity Protection products (excluding products cancelled under the Scheme or other redress arrangements) exceeds 20 per cent. on a rolling 12 month basis (see Part VI of this document for further information). If these events of default occur, the Lenders will be entitled to declare an event of default and demand immediate repayment of all indebtedness under the Amended Facility.

Unless the Company is able to refinance the Amended Facility at such time (either through an equity financing or new debt financing, as set out in section 13 of this Part I, below), it is likely that this would result in the Company ceasing to trade, with the consequences of a cessation of trading likely to include administration or other insolvency process. Additionally, on an enforcement of their security, the Lenders have certain powers to appoint an administrator or other office holder and the FCA may also be entitled to make an application to appoint an administrator in respect of a regulated entity (such as CPPL or HIL) where that entity fails to repay money due to consumers on time.

4.2.4 *Other redress exercises*

Under the VVOPs, CPPL has also agreed to carry out a redress exercise in respect of those customers who had payments deducted from their debit cards or credit cards using the "autopaycard" process since 14 January 2005. The redress exercise in relation to direct debit customers has been substantially completed and the redress exercise in relation to credit card customers is expected to be substantially completed during the second quarter of 2013. Details of these redress exercises are set out in the Final Decision Notice published by the FCA on 15 November 2012.

CPPL has also carried out one other small redress exercise relating to customers who had products renewed whilst living outside the UK or who had been sold products whilst living outside the UK and who were therefore technically ineligible to renew or purchase the Group's products. This redress exercise has now been completed.

Each of the above redress exercises is being carried out independently of the Scheme and the estimated amounts involved in each of the redress exercises are included within the current provision for redress costs.

Additionally, there is a redress exercise for customers who had their products renewed but did not receive renewal packs as a result of these not being sent to the customer as the Group did not hold a current address for these customers but where renewal premiums were still collected. At present, it is not confirmed whether this redress exercise will be run independently or will form part of the Scheme.

4.2.5 *Potential impact of other claims and wider industry action*

Notwithstanding the Group's constructive discussions with the FCA in relation to the Scheme, there is still uncertainty about what steps the FCA may wish to take, if any, and against whom in relation to sales that are not within the scope of the customer redress exercise that CPPL has agreed to conduct. To date, the FCA has not indicated any intention to take action against CPPL in relation to sales of Card Protection or Indentity Protection products falling outside the scope of the Scheme, beyond that already announced.

In addition, there remains the possibility that third parties may wish to take action against CPPL or other members of the Group. These actions could include, without limitation, claims outside of the Scheme in relation to the Card Protection and/or Identity Protection products, or other products sold by the Group. Regulators in other jurisdictions in which the Group operates may also seek to bring actions against the Group for non-compliance with local regulatory requirements. The effects of any actions against the Company and other members of the Group, whether by the FCA, third parties or regulators in other jurisdictions in which the Group operates cannot presently be predicted by the Directors. Please see "*Risk Factors—The Continuing Group may be exposed to liabilities, including in relation to regulatory compliance issues*" in Part II of this document.

The FCA could also seek to take action on a wider industry basis in relation to products available to the market from other providers which are similar to or have common features with the Card Protection and/or Identity Protection products. Whilst the Directors believe that such wider industry action would be unlikely to directly increase the amount of redress due to customers of CPPL, any resulting strategic decisions by Business Partners with regard to their product offering could affect the business model of the Group and result, for example, in the Group needing to diversify its core range of products or seek alternative channels through which to sell its products. Until such time as the FCA's position becomes clear, and the repercussions are understood for the industry as a whole, the Group is unable to assess the

potential impact of any such wider action on its Business Partners, or the Group's relationship with them, including any financial consequences.

4.3 Existing Bank Facility and Amended Facility

The Group has in place a revolving credit facility supported by three banks which had an original maturity date of 31 March 2013.

On 28 March 2013, the Company, certain other members of the Group and the Lenders agreed to extend the final maturity date of the Existing Bank Facility by two weeks to 12 April 2013. As part of this extension it was agreed that £2 million would be pre-paid under the Existing Bank Facility and this prepayment took place on 28 March 2013. As a result of this prepayment, the drawn balance on this facility at 31 March 2013 was £41.5 million and remains so at the date of this document.

On 11 April 2013, the Company, certain other members of the Group and the Lenders agreed to extend the final maturity date of the Existing Bank Facility by a further week to 19 April 2013.

On 16 April 2013, the Company and certain other members of the Group entered into the Amended Facility Agreement to extend the final maturity date of the Existing Bank Facility to 30 September 2013 and to amend certain terms of the Existing Bank Facility, thereby creating the Amended Facility (see section 8 of this Part I, below).

4.4 Requirement for additional financing and strategic review

As a result of the impending maturity of the Existing Bank Facility; the penalty agreed with the FCA in relation to historical failings; the associated costs relating to the FCA Investigation; the significant uncertainty relating to the extent of the Group's liabilities in relation to customer redress under the Scheme; and the on-going costs in relation to implementing customer redress, the Directors determined that strengthening the Group's capital structure was essential.

Given the urgent need to raise financing, the limitations on the Group's ability to raise new finance inherent in the terms of the VVOPs (as described in section 5.5 of this Part I, below) and the uncertainty over the Group's ability to secure funding from its Lenders or third parties on the maturity of the Existing Bank Facility, the Board initiated a strategic review of the Group to analyse which parts of the Group were potentially separable and saleable.

The Board concluded that, of those parts of the Group's business identified for potential disposal, CPPNA was likely to be attractive to potential purchasers and attract a valuation in a range that would assist the Group in repaying the Existing Bank Facility. Additionally, although certain of the products sold by the Group are also sold through CPPNA in the United States, CPPNA has its own range and mix of products that are unique within the Group and certain of its Business Partners do not have a relationship with the wider Group outside the United States, making CPPNA more easily separable from the Group and more saleable as a standalone business. Furthermore, in light of the increased focus on regulation of retail financial services products in the US in recent years and the activities of the Consumer Financial Protection Bureau established in 2010 under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Board also took into account the risk of exposure to regulatory action and of more onerous compliance obligations and costs in the event that CPPNA is retained.

The Board therefore launched a broad sale process for CPPNA, soliciting competing bids from a number of interested parties. Having determined during the course of this sale process that the value to be realised through the Disposal would not be sufficient to repay the Existing Bank Facility in full, the Board has explored a broad range of alternative financing and strategic options for the Group, including extending the current cash conservation and cost management exercise throughout the business, seeking to obtain additional equity financing, seeking to obtain new debt financing and the disposal of other assets of the Group. The Board's active engagement with the Lenders and with other potential providers of debt or equity financing (including Mr Hamish Macgregor Ogston CBE) has culminated in the negotiations that have resulted in the Amended Facility, which itself contemplates good faith negotiations between the Lenders and Mr Hamish Macgregor Ogston CBE to agree the Potential Financing Arrangements.

Under the Amended Facility, on completion of the Disposal, the Group is required to apply proceeds arising from the Disposal to reduce the commitments under the Amended Facility to £25 million. Accordingly, the Group will apply £16.5 million of the expected net proceeds from the Disposal to prepay in part the Amended Facility. The remaining net proceeds of approximately £4.8 million from the Disposal, together with funds available under the Amended Facility, will be used to provide additional working capital to the Group in the short term. If the Disposal does not complete on or before 31 May 2013, an event of default will occur under the Amended Facility, allowing the Lenders to demand immediate repayment of the Amended Facility. In such circumstances, unless additional funds are raised to enable the repayment in full of the Amended Facility, the Company and certain other members of the Group would likely need to cease trading. The consequences of a cessation of trading would be likely to include administration or other insolvency process. Additionally, on an enforcement of their security, the Lenders have certain powers to appoint an administrator or other office holder and the FCA may also be entitled to make an application to appoint an administrator in respect of a regulated entity (such as CPPL or HIL) where that entity fails to pay money due to consumers on time.

4.5 Potential Financing Arrangements and Possible Offer

The Group intends to engage in further discussions with the Lenders and Mr Hamish Macgregor Ogston CBE with a view to putting in place a funding plan for the Group following expiry of the Amended Facility. The quantum of the Potential Financing Arrangements is now expected to exceed the £25,000,000 of the Amended Facility. As yet, there has not been any agreement with the Lenders or Mr Hamish Macgregor Ogston CBE on the terms on which any funding under the Potential Financing Arrangements may be made available and there can be no certainty that any such future funding will be available or will be sufficient for the Group's needs.

While there is no certainty that any such discussions will result in the Potential Financing Arrangements being made available on terms acceptable to the Group, or at all, if agreement is reached the Group will seek to implement the Potential Financing Arrangements as soon as reasonably possible and in advance of the maturity of the Amended Facility on 30 September 2013. Pursuant to the terms of the Amended Facility, the Lenders have agreed to enter into good faith negotiations with the Company and Mr Hamish Macgregor Ogston CBE to agree the Potential Financing Arrangements before maturity of the Amended Facility.

As a result of the difficult financial situation of the Group, CPP has explored a number of options and has engaged in discussions with the Lenders, Mr Hamish Macgregor Ogston CBE and others concerning the financing requirements of the Group. These discussions led to a request being made to the Lenders and Mr Hamish Macgregor Ogston CBE to consider whether they would be willing to provide a refinancing solution for the Group. In response to such request, Mr Hamish Macgregor Ogston CBE indicated that he would, subject to certain pre-conditions and limitations, be willing to participate with the Lenders in the Potential Financing Arrangements.

Mr Hamish Macgregor Ogston CBE further indicated that his willingness to participate in the Potential Financing Arrangements would be subject to a number of pre-conditions which would need to be satisfied or waived by Mr Hamish Macgregor Ogston CBE. These pre-conditions include the following:

- completion of the Disposal in accordance with its terms, resulting in net proceeds to the Group of not less than £20 million;
- receipt by Mr Hamish Macgregor Ogston CBE of irrevocable undertakings to accept any such offer as may be made by Mr Hamish Macgregor Ogston CBE for the CPP Shares not held by him from Shareholders representing such number of shares which, when aggregated with his own interests, would amount to at least 75 per cent. of the issued CPP Shares, such that if any offer is made and is successful, Mr Hamish Macgregor Ogston CBE would be able to cancel CPP's listing on the Official List. Mr Hamish Macgregor Ogston CBE is currently interested in approximately 57.15 per cent. of the entire issued share capital of CPP, therefore he will currently require irrevocable undertakings in respect of at least 17.85 per cent. of the entire issued share capital of CPP for the satisfaction of this pre-condition;
- the Board of CPP (other than Mr Hamish Macgregor Ogston CBE) agreeing to recommend any such offer as may be made by Mr Hamish Macgregor Ogston CBE for the CPP Shares not held by him;

- Mr Hamish Macgregor Ogston CBE obtaining any necessary approvals, in terms satisfactory to him, of the FCA in connection with the implementation of any such offer as may be made by Mr Hamish Macgregor Ogston CBE for the CPP Shares not held by him;
- Mr Hamish Macgregor Ogston CBE undertaking and completing due diligence on the Group that is satisfactory to him;
- new credit arrangements for the Group with a three year term being agreed between CPP, Mr Hamish Macgregor Ogston CBE and the Lenders, which are appropriate for the needs of the Group having regard to its financing requirements, and including security arrangements satisfactory to Mr Hamish Macgregor Ogston CBE in support thereof, including "ring-fencing" certain parts of the Group as part of enhanced contingency planning; and
- Mr David Sugden agreeing to accept appointment as (and being appointed as) a director and chairman of the company that will be the holding company of the Group following completion of such offer by Mr Hamish Macgregor Ogston CBE, should one be made.

Mr Hamish Macgregor Ogston CBE has further indicated that if he were to make an offer for the CPP Shares not held by him, once the pre-conditions to the Potential Financing Arrangements set out above are satisfied or waived by Mr Hamish Macgregor Ogston CBE and he is willing to participate in the Potential Financing Arrangements, his current intention would be for any such offer to be at an indicative price of 1 pence per share in cash. Shareholders' attention is drawn to the announcement released by the Company on 17 April 2013 relating to the Possible Offer and in particular to the reservation of rights by Mr Hamish Macgregor Ogston CBE for the purposes of Rule 2.5(a) of the City Code.

Since the date of Mr Hamish Macgregor Ogston CBE's initial indication of willingness to participate in the Potential Financing Arrangements, CPP's financial circumstances have changed such that CPP will require a significantly larger amount for its working capital purposes than is currently available under the Amended Facility or was originally anticipated may be made available under the Potential Financing Arrangements by the Lenders and Mr Hamish Macgregor Ogston CBE. Further discussions will therefore be required with the Lenders and Mr Hamish Macgregor Ogston CBE in relation to such Potential Financing Arrangements and the Possible Offer.

The Possible Offer does not constitute a binding commitment by Mr Hamish Macgregor Ogston CBE to make an offer. There can be no certainty that an offer will be made or as to the terms of and conditions to any such offer, should one be forthcoming. See "*Risk Factors—The Potential Financing Arrangements and Possible Offer are still in the course of negotiation, the Potential Financing Arrangements are currently subject to certain pre-conditions and there can be no certainty that the Possible Offer will lead to an offer being made or that the Potential Financing Arrangements will be made available*" in Part II of this document.

The announcement published by the Company on 27 March 2013 in respect of the Possible Offer constituted a possible offer announcement under Rule 2.4 of the City Code. Accordingly, unless the Takeover Panel has previously consented to the extension of the deadline, Mr Hamish Macgregor Ogston CBE must, by not later than 5.00p.m. on 24 April 2013 (being the 28th day after the announcement in which he was identified as a potential offeror), either announce a firm intention to make an offer for the CPP Shares that he does not already own or announce that he does not intend to make such an offer. The Board of CPP expects that an extension to this deadline will be required if any offer is to be made by Mr Hamish Macgregor Ogston CBE and should an extension to the deadline be requested, the Board of CPP intends to, absent any significant change in circumstances, agree to such extension and seek the Takeover Panel's consent to such extension.

Under the terms of the Relationship Agreement, Mr Hamish Macgregor Ogston CBE has agreed not to take any action to prejudice CPP's status as a listed company. However Mr Hamish Macgregor Ogston CBE is not prevented thereby from making an offer for the CPP Shares he does not own in accordance with the City Code (see section 6(a)(iv) of Part VII of this document).

If the Potential Financing Arrangements do not ultimately become available to the Continuing Group, or the Possible Offer does not lead to an offer being made by Mr Hamish Macgregor Ogston CBE, the Board believes that there is a significant risk that the Group will not be able to put in place an alternative financing solution. If no such alternative financing solution can be put in place, the Company and certain other members of the Group will likely need to cease trading. The consequences of a cessation of trading would be likely to include administration or other insolvency process.

Shareholders are not being asked to vote on the Amended Facility, the Potential Financing Arrangements or the Possible Offer at the General Meeting. To the extent that any of these matters requires a resolution to be put to Shareholders, a separate general meeting will be convened and a circular or other relevant materials will be circulated to Shareholders at such time.

4.6 Conclusion of the strategic review

In the course of its exploration of the Disposal, the Amended Facility and the alternative options, the Board has reached the conclusion that, on the basis of the facts currently available, the Disposal, in conjunction with the Amended Facility, represents the only viable means of enabling the Group to move forward.

The Disposal and the Amended Facility are expected to provide a period of up to six months (subject to the Group's ongoing compliance with its covenants and other obligations under the Amended Facility Agreement) for the Group to engage in further discussions with the Lenders and Mr Hamish Macgregor Ogston CBE. Any such discussions, and the Board's consideration of the Potential Financing Arrangements (which are subject to the uncertainties described in sections 4.4 and 4.5 of this Part I, above), will be and are being undertaken with a view to securing the future viability of the Group in the interests of all stakeholders, notwithstanding that the Group is likely to continue to face significant financial challenges in the short to medium term, especially given the pending redress programme, the need to refinance the Amended Facility prior to its expiry and the required repositioning of the Group's business model.

5. THE CONTINUING GROUP

5.1 Completion of the FCA Investigation and VVOPs

The Group has acknowledged that there were significant historical failings at CPPL which occurred in the period from January 2005 to March 2011 and that the matters giving rise to the FCA Investigation and identification of practices below the required standard are deeply regrettable. The FCA has now concluded its investigation into CPPL's sales of Card Protection and Identity Protection products in the UK, removing some of the uncertainty which had surrounded the Group during the FCA Investigation. As detailed above the Group is currently in discussions with the FCA and certain of its larger Business Partners regarding the form, structure and details of the mechanism and timing for effecting customer redress due from CPPL.

In response to the issues raised during the course of the FCA Investigation, the Group, under the leadership of its new Chief Executive Officer, Paul Stobart, appointed in October 2011, has developed and is implementing change initiatives designed to bring about an entirely different and improved approach to the customer experience, a more robust governance framework and enhanced risk management structures and controls.

The Group is well advanced in implementing this extensive business transformation programme, supported by significant organisational changes within its Compliance, Risk and Internal Audit functions. The UK business has also put in place a new operational structure, with broader leadership experience.

On 15 November 2012, the Group announced that it had entered into the VVOPs, formalising and in some cases extending the restrictions on the activities of the Group's regulated UK entities, CPPL and HIL. Further details on the VVOPs are provided at section 5.5 below.

5.2 Strategy of the Continuing Group

CPP has four key objectives shaping the evolving strategic roadmap that the Board believe will help to drive future success for the Continuing Group. CPP's objectives are:

- People—to strengthen its organisational culture, with the end-customer and Business Partners at the heart of what it does, and to act responsibly, efficiently and in a disciplined manner.
- Customers—to provide a superior customer experience that will set it apart from its competitors and which will encourage its customers to renew their products, to buy more products, and to recommend CPP to others.

- Products—to develop and increase sales of new assistance products building on CPP's expertise and penetrating new sectors, supported by integrated sales and service channels that are easy to use, across voice and digital channels.
- Markets—to stabilise and refocus its UK business, returning to sustainable growth supported by product and service innovation, and improved customer experience, whilst at the same time focussing on and accelerating the growth and scale of its emerging and developing markets.

In its preliminary results announcement for the 2011 financial year published in March 2012 the Group outlined its five key priorities:

- Settlement of the FCA Investigation and enforcement action to be effected to the satisfaction of all stakeholders.
- Shift CPP's culture and operating model through greater customer focus aligned to strengthened management discipline and enhanced governance.
- Develop product and service propositions with a view to driving future success.
- Ensure investments in emerging markets take full advantage of significant growth opportunities.
- Retain and recruit the talent CPP needs, at all levels, to deliver future success.

The Board believes that the Group has made and continues to make good overall progress against these key priorities.

5.3 Size and structure of CPP's business going forward and key markets

As discussed above, of its operational units, the Board concluded that CPPNA was easily separable from the Group and was likely to be attractive to potential purchasers as a standalone business as it had its own range and mix of products and certain of its Business Partners did not have a relationship with the Group outside of the United States. Accordingly, save with regard to the availability of the proceeds generated from the Disposal, the provision of the transitional services by CPPL under the Transition Services Agreement and otherwise as set out in this document, the Disposal is not expected to have a significant effect on the Continuing Group's operations.

Following the Disposal, the Continuing Group will have on-going established operations in 15 countries across the following regions:

- **Northern Europe**—operating in the UK, Ireland, Germany and Turkey with established products and services including Card Protection*, Identity Protection*, Mobile Phone Insurance*, Packaged Accounts, Airport Angel and Home 3;
- **Southern Europe and Latin America**—operating in Spain, Italy, Portugal, France, Brazil and Mexico with products and services including Card Protection*, Identity Protection*, Mobile Phone Insurance*, Legal Protection/Legal Assistance, Gadget Insurance and Airport Angel;
- **Asia Pacific**—operating in Hong Kong, Singapore, Malaysia, India and China with products and services including Card Protection and Identity Protection.

   * *The Continuing Group will continue to provide renewals of existing products and sales of these products via Packaged Accounts, credit card accounts, and ancillary insurance contracts in the UK and EEA jurisdictions where the Group operates using its UK regulatory permissions, as these renewals and sales are unaffected by the VVOPs.*

The Group is also developing a new range of unregulated products and services as described below, with a view to deploying these principally in the UK but also across other parts of the Group which may include jurisdictions in the EEA where new retail sales of regulated products are currently suspended. Although the Group's new product and channel initiatives are expected to contribute revenue over the next 12 months, the Board does not expect that this will be sufficient to offset the expected decline in its UK revenues and profits arising from the restrictions on new retail sales of regulated products set out in the VVOPs, expected declines in revenue from product renewals arising from the adverse publicity associated with the FCA Investigation and cancellations of products associated with the customer redress exercise (including under the Scheme as currently contemplated). In the medium term, the Board believes that satisfying the FCA that it is appropriate to lift the restrictions on retail sales of regulated products under the VVOPs, which will (inter alia) require the embedding of the proposed change initiatives and

enhancements to the Group's governance and risk management systems and controls will be an important step in creating a sustainable business model for the Group.

The Board believes that the growth opportunities arising in some of the Group's emerging markets (such as India, Brazil, Mexico, China and Turkey) are attractive and potentially provide a platform for future growth in the business.

5.4 Recently launched and potential new products

As previously announced, the Group has a range of new UK product development initiatives.

Some new products, such as Card Rescue (an enhanced variant of its traditional Card Protection product, offering the benefits of loss reporting and card replacement services, but without any regulated insurance feature) and Key Lifeline (a 24/7 assistance product which enables spare keys to be delivered to customers by courier within the UK mainland if a customer's keys are lost or stolen) have already been launched.

Other proposed new products and services include concepts in respect of loss of mobile phones, legal services advice and personal support. These products and services will be aimed at supporting both individuals and families. Since these new products will not incorporate insurance elements, they will not be regulated by the FCA and so will fall outside the restrictions outlined in the VVOPs, allowing them to be marketed immediately on launch. It is expected that these new products will be sold through the Group's existing on-line distribution channels. These products however are currently at the initial stages of development and have not yet been tested with potential business partners.

Further product investment is underway in a number of the Group's markets, since customer-led product development efforts require contact with the local customer base. In India, for example, a new product has recently been introduced combining card protection, roadside assistance and additional features, providing value to the large segment of Indian customers that own a two- or three-wheel vehicle.

5.5 VVOPs

Under the VVOPs, the suspension of new retail sales by CPPL of the regulated Card Protection and Identity Protection products (to which the Group had agreed previously) continues and has been extended to encompass sales through CPPL and HIL in other EEA jurisdictions where the Group operates using its UK regulatory permissions (being Ireland, Italy and Portugal in the case of CPPL and Spain and Ireland in the case of HIL). These restrictions also encompass, from 15 November 2012, new retail sales of Mobile Phone Insurance, with the result that the Group has effectively ceased all new retail sales of its Card Protection, Identity Protection and Mobile Phone Insurance products in the UK and in certain other EEA jurisdictions.

The suspension under the VVOPs does not apply to renewals of existing regulated retail products, although both CPPL and HIL have agreed not to seek to retain a customer who contacts it requesting cancellation of a product. Similarly, the Group's Packaged Account business, including all Mobile Phone Insurance sold through Packaged Accounts, and all non-insured service activities are unaffected by the VVOPs.

Through the VVOPs, the restrictions on asset dispositions previously agreed to by the Group in respect of CPPL and announced in February 2012 have been extended to cover both CPPL and HIL. In addition, the VVOPs stipulate that HIL and, with effect from 1 April 2013, CPPL will not offer their assets as security for borrowing by any other company (including members of the Group) without the prior written agreement of the FCA. The Group obtained the necessary consent from the FCA to the security granted in connection with the Amended Facility on 15 April 2013. CPPL and HIL are also prohibited under the VVOPs from paying a dividend without the prior written consent of the FCA, which may in turn have an impact on the ability of the Company to pay a dividend to Shareholders in the future.

The suspension of new retail sales of regulated products and other restrictions set out in the VVOPs have resulted in trading in the UK and certain other EEA jurisdictions continuing to be impacted by lower revenue streams due to the Group's restricted ability to sell its full range of products. This revenue decline, together with redress-related costs and any cancellations or non-renewals of existing products, whether as a result of redress being paid to customers or the adverse publicity created by the FCA Investigation, is expected to have a substantial adverse impact on the Group's performance in 2013 and beyond until revenue is generated from alternative channels and the restrictions in the VVOPs are lifted. The VVOPs are also expected to have a material adverse impact on the Group's ability to grow in its current core

markets and on the Group's ability to raise debt finance in the near future. In order to mitigate some of the effects of the VVOPs, the Group is currently exploring the possibility of setting up new subsidiaries directly regulated in other EEA countries in order to be able to carry out regulated sales of the Group's products in those jurisdictions without needing to rely on the UK regulatory permissions of CPPL and HIL, and expects to recommence retail sales to new customers in Italy through its recently established subsidiary in the near future once necessary regulatory permissions have been obtained.

The Group has in place a detailed transformation programme which sets out the key milestones for the Group to achieve in order to work towards a lifting of the restrictions in the VVOPs. These milestones include matters relating to board skillset and independence at the level of CPPL and HIL, cultural changes, business continuity planning and changes to the Group's Compliance, Risk and Internal Audit functions. This transformation programme has been discussed with the FCA and independent consultants have assisted the Company with its design and embedding.

When the Group believes that it has completed the proposed change initiatives and enhancements to its governance and risk management systems and controls set out in the transformation programme, it will apply to the FCA for the restrictions in the VVOPs relating to sales of regulated products to be lifted.

Before the restrictions in the VVOPs are lifted by the FCA, CPPL and HIL will need to demonstrate to the FCA that the necessary changes to the governance and risk management systems and controls of CPPL and HIL as identified in the transformation programme have taken effect and the FCA will need to be satisfied that its trust and confidence in CPPL and HIL has been fully restored as a result. By its nature this will involve a subjective judgement on the part of the FCA and the Directors are therefore unable to predict with any certainty when the restrictions will be lifted.

Nonetheless, the Group is committed to working closely and co-operatively with the FCA to complete the process of addressing historical issues with a view to commencing discussions as soon as practicable on the recommencement of regulated sales to retail customers within the period of the business plan to 2015.

The Board does not expect that the requirement to comply with the VVOPs will in itself have a material impact on the ability of CPPL and HIL to meet their capital adequacy requirements fully on a continuing basis.

5.6 Cash conservation and cost management

As part of its response to the difficult trading conditions prevailing in the UK in the wake of the FCA Investigation and in some of the Group's overseas operations as a result of general adverse economic and market conditions, the Group has, from early 2012, implemented extensive strategies to manage its cost base and conserve cash, with a view to mitigating some of the adverse profit impact from lower revenue and changes in product mix. These have included a site closure in Chesterfield, redundancy programmes in the UK business, some streamlining of the Group's organisational structure to remove redundant management roles and reductions in planned capital expenditure.

The Board continues to focus on identifying and pursuing opportunities for further operational efficiencies, aligning the Group's cost base with its plans to stabilise the business and strengthen the Group's balance sheet.

5.7 Current Trading and Prospects of the Continuing Group

As disclosed in CPP's pre-close announcement dated 19 December 2012, the Group continued to trade profitably on an underlying basis during 2012. Group underlying operating performance has continued the trends outlined in the Group's interim management statement, published on 26 October 2012. As previously indicated, it is expected that the Group's revenue and underlying operating profit for the 2012 financial year as reported in its annual report and accounts will (when published) show a decline, principally as a result of reduced new and renewal retail revenue streams in the UK.

Trading in the UK in the first three months of 2013 has continued to be impacted by lower revenue streams due to the Group's restricted ability to sell its full range of products. Additionally, as announced on 6 February 2013 and 13 March 2013, RBS has confirmed that it will not be renewing the Group's contract from March 2013 for Mobile Phone Insurance and Santander (UK) has indicated that it does not expect to renew the Group's contract for the provision of benefits and services relating to Packaged Accounts in the UK from October 2013.

The loss of business due to the decision by RBS not to renew the contract for Mobile Phone Insurance is expected, in combination with certain other factors affecting the Group's UK business such as increased costs relating to redress and the decline in UK revenues as a result of the restrictions under the VVOPs, to have a substantial adverse impact on the Group's business in 2013 and beyond. While the anticipated loss of business arising from the expected non-renewal of the contract with Santander (UK) is not expected to have an immediate material financial impact on the Group, it is expected to result in reduced revenue from the fourth quarter of 2013 and to result in significantly lower revenue and profit for the Group's Packaged Account business in the UK in 2014 and beyond.

Nonetheless, the Group's UK product development initiatives are advancing with two new products (Card Rescue and Key Lifeline) recently launched.

In the Group's international operations, Latin America continues to grow revenue, performance in Southern Europe continues to decline and Asia Pacific has grown revenue but, as a consequence of challenging trading conditions, this market is taking longer to develop than expected.

The current outlook for the Group reflects the significant challenges and uncertainties that the business is facing. As previously indicated, the Board anticipates that a combination of factors, most notably redress-related costs and anticipated revenue decline in the UK, will have a substantial adverse impact on 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.

The Continuing Group's ability to carry on trading in the short term and its outlook and prospects (including the matters described in this section 5) currently depend to a significant extent on the cashflow generated from renewal of Card Protection and Identity Protection products in the UK. Any circumstances which may prejudice the Continuing Group's ability to continue to generate cashflow through renewal of these products (including, without limitation, in the event that relevant regulatory permissions are varied or withdrawn or key contracts with suppliers and Business Partners are suspended or terminated, for example as a result of the Continuing Group being unable to obtain professional indemnity insurance cover) would be likely to have a material adverse effect on the Continuing Group's results of operations, financial condition and prospects.

6. INFORMATION ON THE PURCHASER

AMT Warranty Corp. is a Delaware corporation and wholly owned subsidiary of AmTrust Financial Services, Inc. which is traded on the NASDAQ Global Select Market.

AmTrust Financial Services, Inc. underwrites and provides property and casualty insurance in the United States and internationally to niche customer groups. AmTrust Financial Services, Inc's product mix includes, primarily, workers' compensation, extended warranty and other commercial property/casualty insurance products. AMT Warranty Corp., through its wholly-owned subsidiaries, designs, develops, markets and acts as a third-party administrator for programmes for service contracts, limited warranties and replacement plans.

AmTrust Financial Services, Inc. reported gross written premium of approximately $2.75 billion for the year ended 31 December 2012. As at 31 December 2012, AMT Warranty Corp. had net assets of approximately $47.4 million and approximately $14.7 million of cash, cash equivalents and restricted cash on its balance sheet.

7. PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL

Under the terms of the Disposal Agreement, which was signed on 16 April 2013, CPP International Holdings Limited has conditionally agreed to sell the entire issued share capital of CPPNA. The total cash consideration for the Disposal is $40 million (approximately £26.1 million), which is subject to certain standard closing adjustments as described in more detail in Part V of this document.

The Disposal is conditional (among other things) upon (i) the Resolution being passed by the Shareholders at the General Meeting; (ii) the execution and delivery of various agreements, instruments and certifications required under the Disposal Agreement and (iii) there not having occurred any material adverse effect on CPPNA between the date of the Disposal Agreement and the date of Completion. The Disposal is expected to complete in the second quarter of 2013 and the parties may terminate the Disposal Agreement if these conditions are not satisfied on or before the close of business on 31 May 2013.

The principal terms of the Disposal Agreement, together with certain ancillary agreements entered into in connection with the Disposal, are summarised in Part V of this document.

8. PRINCIPAL TERMS AND CONDITIONS OF THE AMENDED FACILITY

On 16 April 2013 the Company, certain members of the Group and the Lenders entered into the Amended Facility Agreement to amend and extend certain terms of the Existing Bank Facility, including the extension of the term of the Existing Bank Facility until 30 September 2013.

The Amended Facility Agreement became effective on 16 April 2013 following satisfaction of the conditions precedent set out therein.

On 15 April 2013, the FCA granted its consent in writing to CPPL participating in the Amended Facility and the use of CPPL's assets as part of the security under the Amended Facility Agreement.

The Amended Facility Agreement contains a number of covenants with which the Group must comply throughout the term of the Amended Facility, together with certain events of default. These events of default include where the rate of cancellation within the cooling off period of UK Card Protection and Identity Protection products (excluding products cancelled under the Scheme or other redress arrangements) exceeds 20 per cent. on a rolling 12 month basis.

In addition to these covenants, certain members of the Group that are party to the Amended Facility are required to ensure that at all times during the term of the Amended Facility the aggregate amount of cash standing to the credit of accounts held with the Lenders and that are secured in favour of the Lenders, plus any secured guarantees provided by any third party, shall not be less than £12 million. To comply with this covenant, an account charge was granted in favour of the Lenders and CPPL deposited £12 million into a charged account. If the balance of the charged account falls below £12 million, this would breach the covenant and the Group would be required to provide a secured third party guarantee of equivalent value to the shortfall. In such circumstances, the Board believes that there is a significant risk that the Group will not be able to obtain a secured third party guarantee in the time available to the Group to do so, or at all and a failure to provide this will be an event of default, entitling the Lenders to demand immediate repayment of the Amended Facility. The Board cannot predict with certainty when CPPL may cease to maintain a minimum cash balance of £12 million and this may occur during the term of the Amended Facility.

A summary of the principal terms of the Amended Facility Agreement is set out in Part VI of this document.

9. FINANCIAL EFFECTS OF THE DISPOSAL AND THE AMENDED FACILITY ON THE CONTINUING GROUP

9.1 Application of the proceeds of the Disposal and the Amended Facility

It is proposed that £16.5 million of the expected net proceeds from the Disposal will be used to prepay part of the Amended Facility. The remaining net proceeds of approximately £4.8 million from the Disposal and the £25 million in funds available under the Amended Facility will be used to provide additional working capital.

The Group has entered into a hedging arrangement in relation to the Disposal proceeds to protect against movements in the US dollar and sterling exchange rate in order to provide certainty as to the Disposal proceeds.

In the course of its strategic review, the Board has reached the conclusion, on the basis of the facts currently available, that the Disposal, in conjunction with the Amended Facility, represents the only viable means of enabling the Group to move forward.

The Disposal and the Amended Facility are expected to provide a period of time up to 30 September 2013 (subject to the Group's ongoing compliance with its covenants and other obligations under the Amended Facility Agreement) for the Group to engage in further discussions with the Lenders and Mr Hamish Macgregor Ogston CBE. Any such discussions, and the Board's consideration of the Potential Financing Arrangements (which are subject to the uncertainties described in sections 4.4 and 4.5 of this Part I, above), will be and are being undertaken with a view to securing the future viability of the Group in the interests of all stakeholders, notwithstanding that the Group is likely to continue to face significant financial challenges in the short to medium term, especially given the pending redress programme, the

need to refinance the Amended Facility prior to its expiry and the required repositioning of the Group's business model.

9.2 Financial effects of the Disposal

CPPNA is a fast-growing division of the Group in terms of revenue and underlying operating profit and accounted for 13.2 per cent. of the Group's revenue and 14.0 per cent. of the Group's underlying operating profit as reported in the Group's audited consolidated financial statements for the 12 months ended 31 December 2011.

Following completion of the Disposal, the Group will no longer receive the revenue and profits generated by CPPNA and accordingly the Group's total consolidated revenue and operating profit are expected to decline.

Nonetheless, the proceeds realised on completion of the Disposal will enable the Group to prepay part of the Amended Facility.

9.3 Financial effects of the Amended Facility

The Amended Facility will be available until 30 September 2013 (subject to the Group's ongoing compliance with its covenants and other obligations under the Amended Facility Agreement).

The interest rates under the Amended Facility Agreement are higher than the interest rate under the Existing Bank Facility (currently LIBOR + 2.00 per cent.). As a result, the costs to the Continuing Group of servicing its debt finance will increase. The interest rate under the Amended Facility is LIBOR + 4.00 per cent.

The Company has agreed to pay certain fees in connection with the Amended Facility, including an extension fee of £500,000, which was paid to the Lenders on 17 April 2013 in consideration for entering into the Amended Facility Agreement.

Under the terms of the Amended Facility Agreement, the Company has agreed certain covenants, details of which are set out in Part VI of this document. In the event that any of these covenants are breached, the Lenders will be entitled to demand immediate repayment of all indebtedness under the Amended Facility. Unless the Company is able to refinance the Amended Facility at such time (either through an equity financing or new debt financing, as set out in section 13 of this Part I, below), it is likely that this would result in the Company ceasing to trade, with the consequences of a cessation of trading likely to include administration or other insolvency process.

9.4 Pro forma financial information

A pro forma statement of net assets illustrating the effect on the Group's net assets of the Disposal and the Amended Facility is set out in Part IV of this document.

9.5 Reimbursement of certain legal fees incurred by Mr Hamish Macgregor Ogston CBE

As part of the Disposal and the Amended Facility (and Potential Financing Arrangements), the Company has agreed to reimburse certain fees incurred by Mr Hamish Macgregor Ogston CBE in connection with the Disposal and negotiations in relation to the Amended Facility and the Potential Financing Arrangements. Further details on these arrangements can be found in section 9(iii) of Part VII of this document. For the avoidance of doubt, no reimbursement of fees has occurred since Mr Hamish Macgregor Ogston CBE gave the Company an indication of his willingness to participate in the Potential Financing Arrangements on 21 March 2013.

10. RISK FACTORS

For a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Resolution, please refer to Part II of this document.

11. GENERAL MEETING

Set out on page 67 of this document is a notice convening a General Meeting to be held at 10:00 a.m. on 3 May 2013 at Holgate Park, Holgate Road, York, YO26 4GA at which the Resolution to approve the

Disposal will be proposed. The Resolution is set out in full at the end of this document in the Notice of General Meeting.

12. ACTION TO BE TAKEN

If you are a Shareholder, you will find enclosed with this document a Form of Proxy for use at the General Meeting. **Whether you intend to be present at the General Meeting or not, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and to return it to the Company's Registrar, Capita, as soon as possible and, in any event, so as to arrive not later than 10:00 a.m. on 1 May 2013.** The completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so.

13. WORKING CAPITAL

CPP is of the opinion that, as of the date of this document, after taking into account the proceeds of the Disposal and the Amended Facility, the working capital available to the Continuing Group is not sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

13.1 Assuming the Resolution is passed and the Disposal proceeds

As explained in section 8 above, the Amended Facility will reach maturity on 30 September 2013. Currently, the Group's existing cash resources alone will not be sufficient to repay the Amended Facility in full on its maturity date and it is uncertain that the Group will be able to enter into new financing arrangements prior to that date.

The Disposal and the Amended Facility are expected to provide a period of time up to 30 September 2013 (subject to the Group's ongoing compliance with its covenants and other obligations under the Amended Facility Agreement) for the Group to engage in further discussions with the Lenders and Mr Hamish Macgregor Ogston CBE. These discussions, and the Board's consideration of the Potential Financing Arrangements (which are subject to the uncertainties described in sections 4.4 and 4.5 of this Part I, above), will be and are being undertaken with a view to securing the future viability of the Group in the interests of all stakeholders, notwithstanding that the Group is likely to continue to face significant financial challenges in the short to medium term, especially given the pending redress programme, the need to refinance the Amended Facility prior to its expiry and the required repositioning of the Group's business model.

In addition, since the date of Mr Hamish Macgregor Ogston CBE's initial indication in respect of the Potential Financing Arrangements, CPP's financial circumstances have changed such that CPP will require a significantly larger amount for its working capital purposes than is currently available under the Amended Facility or was originally anticipated may be made available under the Potential Financing Arrangements by the Lenders and Mr Hamish Macgregor Ogston CBE. Further discussions will therefore be required with the Lenders and Mr Hamish Macgregor Ogston CBE in relation thereto and there can be no certainty that the amount of any Potential Financing Arrangements which may be made available will be sufficient for the Group's needs.

Should the Potential Financing Arrangements and the Possible Offer not ultimately result in additional financing being made available to the Continuing Group, the Board believes that there is a significant risk that the Continuing Group will not be able to put alternative financing arrangements in place on the Amended Facility reaching maturity or otherwise becoming repayable on demand. In such circumstances, the Company and certain other members of the Group would likely need to cease trading.

Further, and as noted in "Risk Factors—The Continuing Group may not be able to obtain professional indemnity insurance coverage on commercially acceptable terms or at all or may be exposed to uninsured losses in excess of the Continuing Group's insurance coverage", the Group's current professional indemnity insurance policy is due to expire on 26 April 2013. The Group is currently seeking to renew or replace its cover and there is no guarantee that the Group will be able to obtain replacement cover, either on commercially acceptable terms or at all. Even if the Disposal proceeds, failure to obtain replacement cover may result in the FCA withdrawing or varying CPPL's and HIL's regulatory permission so as to prevent renewals of existing Card Protection, Identity Protection and Mobile Phone Insurance products and may also constitute a breach of the Group's contractual arrangements with key suppliers and Business Partners. In both of these cases, it is likely that the Group would be required to cease all renewals of regulated products in the UK until replacement cover is put in place. Renewals of these products represent

the principal source of revenue in the UK business as a result of the existing restrictions on new retail sales imposed under the VVOPs. Accordingly, it is likely that any failure to obtain replacement cover would materially adversely affect the Continuing Group's working capital position and would result in the Company and certain members of the Group needing to cease trading.

Notwithstanding completion of the Disposal and any alternative financing arrangements (such as the Potential Financing Arrangements and the Possible Offer) that may be put in place, there will remain significant uncertainty as to the extent of the liability to which the Continuing Group is exposed in relation to customer redress (including under the Scheme) and there is a material possibility that the Continuing Group's liabilities in relation to customer redress and associated costs will significantly exceed the amount provided for at present. It is also possible that other claims or matters may arise against the Continuing Group in connection with the matters giving rise to the FCA Investigation, which could take a number of forms and therefore have a financial effect that cannot presently be estimated.

As discussed in section 4.2 of this Part I above, it is impossible to predict with reasonable certainty what proportion of CPPL's customers will respond and seek redress under the Scheme and it is likely that the total amount payable by CPPL under the Scheme will not be capable of being finally determined until approximately the fourth quarter of 2014 at the earliest. Additionally, while the Scheme, if it becomes effective, will satisfy a certain proportion of the Continuing Group's total potential redress liabilities, CPPL will retain exposure to UK customers who are outside the scope of the Scheme, potentially including customers who purchased products and cancelled products prior to 14 January 2005, and non-UK customers. There also remains the possibility that third parties, the FCA or local regulators in overseas jurisdictions may seek to bring other actions or claims against the Continuing Group.

Accordingly, it is impossible for the Board to determine with reasonable certainty the amount and timing of any working capital shortfall that may arise in connection with the Continuing Group's liabilities in relation to customer redress and any liabilities that may arise from the matters associated with the FCA Investigation or otherwise.

In the event that the Continuing Group's liabilities in relation to customer redress (including under the Scheme, if launched) or in relation to any other claims or matters arising against the Continuing Group exceed the amount provided for in the Group's financial statements or otherwise exceed the cash resources available to the Group, the Company and certain other members of the Group would likely need to cease trading.

Additionally, notwithstanding the Disposal and the Amended Facility, it is possible that the Continuing Group's remaining cash resources, including the funds available under the Amended Facility, and current cash conservation and cost management measures will not prove sufficient to prevent a working capital shortfall during the period of the Amended Facility.

To the extent that (i) the Continuing Group is unable to arrange alternative financing prior to the Amended Facility reaching maturity or otherwise becoming repayable (for example, as a result of an event of default occurring under the Amended Facility); or (ii) other matters arise such that it can be anticipated that there will be a working capital shortfall, there are a number of options which the Board has considered and which the Continuing Group could seek to take (but none of which give the Board confidence that, on the facts currently known to the Board, any such working capital shortfall will be capable of being addressed in the time available, or at all). These include:

- **extending the current cash conservation and cost management exercise throughout the business**—as identified at section 5.6 above, the Group is already implementing an extensive cash conservation and cost management plan. In the event that the Continuing Group needs access to increased working capital, additional, wider-reaching measures could be introduced in order to reduce costs further, albeit that these are likely to result in a reduction in the Continuing Group's operations, both nationally and internationally, and to have an adverse effect on the Continuing Group's future revenues and growth prospects;
- **seeking to obtain additional equity financing or new debt financing**—however, given the uncertainty around customer redress (including under the Scheme), and the restrictions on grants of security under the terms of the VVOPs, it is likely to prove difficult to obtain any such financing on commercially acceptable terms or at all; and
- **disposing of other assets**—the Continuing Group could consider a number of asset disposals, including of certain smaller, non-core assets that may be available for disposal. However, there can be no

assurance that the Continuing Group will be able to dispose of such assets on advantageous terms, or at all.

In the event that such a working capital shortfall arise during the term of the Amended Facility and the measures described above are not sufficient to address it, the Company and certain other members of the Group would likely need to cease trading.

To the extent that such a decision remains in the Directors' control, the date on which the Directors may conclude that the Company and other members of the Group should cease to trade will depend on, among other things, the Company's and its subsidiaries' trading positions at any time and the Company's and its subsidiaries' prospects of discharging their respective liabilities in relation to customer redress and other liabilities (including repayment of the Amended Facility on its maturity and, following a covenant breach or other event of default, liabilities under the accelerated Amended Facility).

The consequences of a cessation of trading, whether as a result of any of the circumstances described above or otherwise, would be likely to include administration or other insolvency process. Additionally, on an enforcement of their security, the Lenders have certain powers to appoint an administrator or other office holder and the FCA may also be entitled to make an application to appoint an administrator in respect of a regulated entity (such as CPPL or HIL) where that entity fails to pay money due to consumers on time.

13.2 Assuming the Resolution is not passed or the Disposal does not proceed

If the Resolution is not passed, or if the Resolution is passed but the Disposal does not proceed (for example, because the conditions precedent under the Disposal Agreement are not satisfied or the Disposal Agreement is terminated prior to Completion), the Group will not receive the proceeds from the Disposal. This will be an event of default under the Amended Facility, with the result that the Amended Facility may become immediately repayable on demand.

In such circumstances, the Group's existing cash resources alone will not be sufficient to repay the Amended Facility in full and the Board is not confident that the Group will be able to put in place alternative financing arrangements in the time available that would enable the Group to repay the Amended Facility. In such circumstances, it is likely that the Directors would need to consider an immediate cessation of trading.

The consequences of a cessation of trading would be likely to include administration or other insolvency process.

14. IMPORTANCE OF THE VOTE

In order for the Disposal to be completed, Shareholders will need to approve the Resolution at the General Meeting.

As explained in section 4.3 of this Part I, above, the term of the Existing Bank Facility has been extended pursuant to the Amended Facility Agreement and the Amended Facility will expire on 30 September 2013.

If the Resolution is not passed, the Disposal will not proceed and an event of default will occur under the Amended Facility allowing the Lenders to demand immediate repayment of the Amended Facility. In such circumstances, the Board is not confident that the Group will be able to put in place alternative financing arrangements in the time available and the Group's existing cash resources alone will not be sufficient to repay the Amended Facility.

In the course of its strategic review, as detailed in section 13 above, the Board has reached the conclusion, on the basis of the facts currently available, that the Disposal, in conjunction with the Amended Facility, represents the only viable means of enabling the Group to move forward.

The consequences of an inability to prepay part of the Amended Facility using proceeds from the Disposal are likely to include an immediate cessation of trading, which would be likely to lead to the Company and other members of the Group entering into administration or other insolvency process in the near term. **Accordingly, it is very important that Shareholders vote in favour of the Resolution, in order that the Disposal can proceed.**

15. IRREVOCABLE UNDERTAKINGS

Mr Hamish Macgregor Ogston CBE has given an irrevocable undertaking to the Company and the Purchaser to vote in favour of the Resolution at the General Meeting in respect of his beneficial holding totalling 98,021,288 CPP Shares, representing 57.15 per cent. of the issued CPP Shares at the date of this document. This irrevocable undertaking will lapse if (amongst other things): (i) the Disposal Agreement is terminated, or amended without the consent of Mr Hamish Macgregor Ogston CBE; (ii) any actual or potential claim is brought, made or notified in relation to the Disposal or the Disposal Agreement which may delay Completion; or (iii) the Directors (other than Mr Hamish Macgregor Ogston CBE) withdraw or amend their recommendation in relation to the Disposal.

Additionally, those Directors who hold CPP Shares have given irrevocable undertakings to the Company to vote in favour of the Resolution at the General Meeting (and to procure that such action is taken by the relevant registered holders) in respect of their beneficial holdings totalling 203,797 CPP Shares, representing 0.119 per cent. of the issued CPP Shares at the date of this document.

16. FURTHER INFORMATION

Your attention is drawn to the additional information set out in Parts II to VII of this document. You are advised to read the whole document and not merely rely on the key or summarised information in this letter.

17. RECOMMENDATION

The Board has received financial advice from KPMG Corporate Finance LLC in relation to the Disposal. In providing their financial advice to the Board, KPMG Corporate Finance LLC has relied upon the Board's commercial assessment of the Disposal.

The Board considers the terms of the Disposal to be in the best interests of the Company and its Shareholders taken as a whole.

Accordingly, the Board recommends that you vote in favour of the Resolution to be proposed at the General Meeting.

Yours faithfully

Charles Henry Gregson
Chairman

PART II

RISK FACTORS

All of the information set out in this document (including the risks described below) should be carefully considered when deciding whether or not to vote in favour of the Resolution to be proposed at the General Meeting. These risk factors all constitute risks of which the Directors are aware and which they consider to be material risks to the Disposal, material new risks to the Group as a result of the Disposal or existing material risks to the Group which will be impacted by the Disposal.

The risks and uncertainties described below are not intended to be exhaustive and are not the only ones that, following completion of the Disposal, will face the Continuing Group. Following completion of the Disposal, additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Continuing Group's business, financial condition, results of operations and prospects. If this occurs, the market price of CPP Shares could decline and you may lose all or part of your investment.

1. Risks relating to the Resolution not being passed or the Disposal not proceeding

If the Resolution is not passed, or if it is passed but the Disposal does not proceed, the Group is unlikely to be able to repay the Amended Facility and the Company may need to cease trading

In order for the Disposal to proceed, the Shareholders will need to approve the Resolution at the General Meeting.

As explained under "Background to and Reasons for the Disposal" in Part I of this document, the final maturity date of the Amended Facility has been extended until 30 September 2013, on which date the Company will be required to repay any amounts outstanding up to the total amount drawn under the Amended Facility. The amount currently drawn under the Amended Facility is £41.5 million.

The Group's existing cash resources alone will not be sufficient to repay the Amended Facility in full.

If the Resolution is not passed, or if the Resolution is passed but the Disposal does not proceed (because, for example, the conditions precedent under the Disposal Agreement are not satisfied or the Disposal Agreement is terminated prior to Completion), and the Group therefore does not receive the net proceeds from the Disposal, an event of default will occur under the Amended Facility, allowing the Lenders to demand immediate repayment of the Amended Facility. In such circumstances, the Board is not confident that the Group will be able to put in place alternative financing arrangements in the time available and the Group's existing cash resources alone will not be sufficient to repay the Amended Facility in full, with the result that the Directors would need to consider an immediate cessation of trading. The consequences of a cessation of trading would be likely to include administration or other insolvency process. Additionally, on an enforcement of their security, the Lenders have certain powers to appoint an administrator or other office holder and the FCA may also be entitled to make an application to appoint an administrator in respect of a regulated entity (such as CPPL or HIL) where that entity fails to pay money due to consumers on time.

Alongside the Disposal and the Amended Facility, the Board has explored a broad range of alternative financing and strategic options for the Group, including extending the current cash conservation and cost management exercise throughout the business, seeking to obtain additional equity financing, seeking to obtain new debt financing and the disposal of other assets of the Group. In the course of its strategic review, the Board has reached the conclusion that, on the basis of the facts currently available, the Disposal, in conjunction with the Amended Facility, represents the only viable means of enabling the Group to move forward.

Completion of the Disposal is subject to certain conditions and the Disposal Agreement contains certain termination rights

Completion under the Disposal Agreement is conditional upon those conditions listed in section 2 of Part V of this document. The Disposal Agreement also contains a limited number of provisions which would allow the Purchaser to terminate the agreement, as set out in section 6 of Part V of this document. This includes a provision whereby the Purchaser may terminate the Disposal Agreement where an event

has occurred between the date of the Disposal Agreement and Completion which has had a material adverse effect on CPPNA.

There can be no assurance that all of the conditions will be satisfied and no relevant events will occur which would allow the Purchaser to terminate the Disposal Agreement and, accordingly, that Completion will take place. If the Disposal does not complete, or if the Disposal is terminated early by any party to the Disposal Agreement or any claim is made by the Purchaser under any of the documents relating to the Disposal in respect of an amount exceeding £100,000, this would allow the Lenders to call an event of default under the Amended Facility, with the result that the Lenders will be entitled to demand immediate repayment of all indebtedness. The Group will also be required to meet its accrued costs in respect of the aborted Disposal (including payment of the "no sale" bonus under the retention arrangements described in section 10 of Part V of this document and the payment of the break fee detailed in section 6 of Part V of this document).

If the Disposal does not complete and the Lenders call an event of default under the Amended Facility, in the absence of any alternative financing option, the Directors are not confident that any of the other courses of action that have been considered in the course of the Board's strategic review (as set out above), or any combination of them, would raise sufficient funds in order for the Group to repay the Amended Facility, with the result that the Directors would need to consider an immediate cessation of trading. The consequences of a cessation of trading would be likely to include administration or other insolvency process. Additionally, on an enforcement of their security, the Lenders have certain powers to appoint an administrator or other office holder and the FCA may also be entitled to make an application to appoint an administrator in respect of a regulated entity (such as CPPL or HIL) where that entity fails to pay money due to consumers on time.

The Group may be exposed to regulatory compliance investigations and more onerous compliance obligations in the United States

As a provider of relevant financial products, CPPNA is subject to rules promulgated by the Consumer Financial Protection Bureau ("**CFPB**"). In 2010, the United States Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"). Title X of the Dodd-Frank Act establishes the CFPB, which has broad powers to regulate the offering and the provision of consumer financial products or services under the federal consumer financial laws. General powers of the CFPB include the authority to promulgate regulations and to enforce and administer federal consumer financial laws. The CFPB is expressly charged with prohibiting unfair, deceptive or abusive acts or practices.

When evaluating the Disposal as part of its strategic review of the Group, in light of the increased focus on regulation of retail financial services products in the US in recent years and the activities of the CFPB, the Board also took into account the risk of exposure to regulatory action and of more onerous compliance obligations and costs in the event that CPPNA is retained.

In the event that the Disposal does not proceed, any such regulatory action or more onerous compliance obligations and costs could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

2. Risks related to the Disposal

The Continuing Group's operations will be smaller and less diversified

Following the Disposal, although the fact that the Continuing Group will no longer include CPPNA is not in itself expected to result in material disruption to its operations, the Continuing Group will be smaller and its overall financial performance will depend to a greater extent on the performance of each of its remaining continuing operations. Should any one of its continuing operations underperform, this may have a larger relative impact on the Continuing Group than it would have done prior to the Disposal and may materially adversely affect the Continuing Group's business, financial condition, results of operations and prospects. The reduced operations of the Continuing Group may also impact the ability of the Continuing Group to meet pre-existing growth assumptions and forecasts and/or to manage growth effectively and may result in a reappraisal of the appropriateness of the current management in the context of the size of the Continuing Group.

In addition, the smaller size of the Continuing Group may impact on the Continuing Group's ability to maintain existing economy of scale benefits and to meet the existing overheads of the Group, including centrally incurred costs relating to infrastructure, information technology, central management and other centrally provided functions. These costs will need to be spread across the Continuing Group, thereby potentially increasing the Continuing Group's operating costs as a proportion of revenue generated, with a resulting adverse effect on profitability, or potentially necessitating reassessment of these central costs, with a resulting risk of additional strain being placed on the Continuing Group's governance arrangements, compliance and risk management functions and of reduced working conditions and less competitive remuneration and fewer opportunities for career advancement leading to the loss of key personnel, all of which may have a material adverse effect on the Continuing Group's business, financial condition, results of operations and prospects.

The Disposal will affect the Continuing Group's revenue and profit generating profile

CPPNA's revenue and operating profit have continued to grow on a constant currency basis, with revenue having increased by approximately 21 per cent. to £26.0 million and operating profit having increased by approximately 75 per cent. to £5.2 million, in each case as reported in the Group's unaudited interim financial statements for the six months ended 30 June 2012 as compared with those for the six months ended 30 June 2011 (unaudited).

Following Completion, the Continuing Group will no longer benefit from the revenues or profits of CPPNA, including the renewal income from products held by customers of CPPNA. This may materially adversely affect the Continuing Group's business, financial condition, results of operations and prospects following the Disposal.

The Continuing Group may be affected by pre-Completion changes in CPPNA

During the period from signing of the Disposal Agreement on 16 April 2013 to Completion, events or developments may occur which could make the terms of the Disposal Agreement less attractive for the Seller.

The Seller will be obliged to complete the Disposal notwithstanding such events or developments. This may materially adversely affect the Continuing Group's business, financial condition, results of operations and prospects.

The Disposal Agreement contains indemnities that will survive Completion

The Disposal Agreement contains certain indemnities given by the Seller in favour of the Purchaser that will survive Completion. The Seller (and the Company as joint obligor) may be required in the future to make payments under such indemnities in the Disposal Agreement. If so, this may materially adversely affect the Continuing Group's business, financial condition, results of operations and prospects.

Further details of the Disposal Agreement are set out in Part V of this document.

The Disposal Agreement contains restrictions on the operations of CPPNA pre-Completion

The Disposal Agreement contains certain covenants which, subject to a number of exceptions, will restrict the operations of CPPNA which are outside the ordinary course of business. These restrictions, further details of which are set out in Part V of this document, apply during the period from signing of the Disposal Agreement until the earlier of Completion or termination of the Disposal Agreement. These restrictions may result in the business of CPPNA being carried on in a way which is contrary to that which might have been the case had the Disposal Agreement not been entered into and the CPPNA business may perform less well as a result. Should the Disposal not proceed to Completion, it may not be possible for the Group to recover losses incurred in connection with such underperformance. In addition, dividends and distributions from CPPNA to the Seller will be prohibited during this period. Consequently, CPP does not have the right to receive any cash generated by CPPNA between signing of the Disposal Agreement and Completion or remaining in CPPNA at Completion.

3. Risks related to the Amended Facility

The Amended Facility has a term of six months and the Continuing Group may be unable to repay or refinance the Amended Facility at the end of its term and/or meet its other obligations under the Amended Facility Agreement

Under the terms of the Amended Facility Agreement, the Amended Facility will reach maturity on 30 September 2013.

There is no certainty that the Group, the Lenders and Mr Hamish Macgregor Ogston CBE will be able to agree terms upon which any of such parties is prepared to proceed with the Potential Financing Arrangements, even if the other pre-conditions contemplated are satisfied or waived by Mr Hamish Macgregor Ogston CBE.

Even if the Possible Offer and the Potential Financing Arrangements do proceed, the Potential Financing Arrangements and Possible Offer are currently subject to certain pre-conditions and there is no assurance that these pre-conditions will be satisfied or waived prior to 30 September 2013 or such earlier date as the Amended Facility may become immediately repayable under its terms (for example, as a result of an event of default occurring under the Amended Facility) (see "*Risk Factors—The Potential Financing Arrangements and Possible Offer are still in the course of negotiation, the Potential Financing Arrangements are subject to certain pre-conditions and there can be no certainty that the Possible Offer will lead to an offer being made or that the Potential Financing Arrangements will be made available*").

CPPL has granted an account charge in favour of the Lenders to comply with the covenant that requires certain members of the Group to maintain, at all times during the term of the Amended Facility, an aggregate amount of cash standing to the credit of accounts secured in favour of the Lenders that is not less than £12 million and has deposited £12 million into a charged account. If the Group does not maintain a minimum cash balance of £12 million in accounts secured in favour of the Lenders at all times during the term of the Amended Facility the Group will be required to provide a secured third party guarantee of equivalent value to the shortfall. In such circumstances, the Board believes that there is a significant risk that the Group will not be able to provide such a guarantee in the time available to the Group to do so, or at all, and a failure to provide this will result in an event of default under the Amended Facility, entitling the Lenders to demand immediate payment of the Amended Facility. The Board cannot predict with certainty when CPPL may cease to maintain a minimum cash balance of £12 million and this may occur during the term of the Amended Facility.

Additionally, under the terms of the Amended Facility Agreement, the Company has agreed to certain events of default, including if the rate of cancellation during the cooling off period of UK Card Protection and Identity Protection products (excluding products cancelled under the Scheme or other redress arrangements) exceeds 20 per cent. on a rolling 12 month basis. Please see Part VI of this document for further information. If these events of default occur, the Lenders will be entitled to declare an event of default and demand immediate repayment of all indebtedness under the Amended Facility.

Accordingly, the debt financing contemplated by the Potential Financing Arrangements and Possible Offer may not be made available and the Continuing Group may therefore not be able to deploy any sums that would have become available under the Potential Financing Arrangements to repay the Amended Facility on or prior to its maturity date.

In such circumstances, the Continuing Group would need to pursue alternative courses of action. The Directors are not confident that any of the other courses of action that have been considered in the course of the Board's strategic review (as set out in section 1 of this Part II), or any combination of them, would raise sufficient funds in order for the Continuing Group to repay the Amended Facility, with the result that the Directors would need to consider an immediate cessation of trading. The consequences of a cessation of trading would be likely to include administration or other insolvency process, potentially in the near term.

Additionally, the Continuing Group's ability to meet its debt service obligations under the Amended Facility Agreement, including the payment of interest, will depend on the Continuing Group's operating and financial performance during the term of the Amended Facility, which is likely to be affected by the Continuing Group's ability, *inter alia*, to implement its business plan, as well as general economic, financial, competitive, regulatory, technical and other factors beyond its control.

In particular, but without limitation, the Continuing Group may be unable to meet its debt service obligations under the Amended Facility if: (i) the Continuing Group's operations do not perform in line with management's expectations; (ii) the Continuing Group's new product development initiatives are unsuccessful or do not meet expectations; (iii) redress rates under the Scheme significantly exceed current estimates; and/or (iv) regulatory capital requirements for entities within the Continuing Group exceed the levels currently assumed by the Board.

Any inability of the Continuing Group to meet its debt service obligations under the Amended Facility may result in an event of default under the terms of the Amended Facility Agreement, with the result that the Amended Facility may become immediately repayable on demand prior to 30 September 2013 and prior to the availability of any sums available under the Potential Financing Arrangements. In that event, the Continuing Group may not have sufficient funds to repay all of its debts as they fall due, which may lead to a cessation of trading. The consequences of a cessation of trading would be likely to include administration or other insolvency process, potentially in the near term.

The Amended Facility Agreement contains certain covenants which may affect the operational flexibility of the Continuing Group and may result in the Amended Facility being accelerated and the security enforced if these covenants are not met on a continuing basis

The Amended Facility Agreement contains a number of controls over the operations of the Continuing Group. These controls may affect the operational flexibility of the Continuing Group and therefore may materially adversely affect the Continuing Group's business, financial condition, results of operations and prospects.

In addition to customary financial covenants there are specific covenants included in the Amended Facility Agreement, further details of which are summarised in Part VI ('Summary of the Principal Terms and Conditions of the Amended Facility') of this document. These include a covenant whereby certain members of the Group are required to maintain, at all times during the term of the Amended Facility, an aggregate amount of cash standing to the credit of accounts secured in favour of the Lenders that is not less than £12 million. The requirement to allocate its cash resources in this way may limit the Group's flexibility to utilise its cash resources as it sees fit to finance its business and operations.

If the Group does not maintain a minimum cash balance of £12 million in accounts secured in favour of the Lenders at all times during the term of the Amended Facility, the Group will be required to provide a secured third party guarantee of equivalent value. In such circumstances, the Board believes that there is a significant risk that the Group will not be able to provide such a guarantee in the time available to the Group to do so, or at all, and a failure to provide this will result in an event of default. Additionally, if requested by the Lenders, the Company is required to appoint a chief restructuring officer, as directed by the Lenders, to any member of the Group. A breach of any of these covenants would result in an event of default under the Amended Facility Agreement, entitling the Lenders to take enforcement action, which could include demanding immediate repayment of all indebtedness under the Amended Facility.

There can be no assurance that no relevant events will occur which would allow the Lenders to call an event of default under the Amended Facility prior to its maturity date and prior to completion of any offer made pursuant to the Possible Offer and/or the availability of any sums arising from the Potential Financing Arrangements.

If the Lenders call an event of default under the Amended Facility, the Directors are not confident that any of the other courses of action that have been considered in the course of its strategic review (as set out in section 1 of this Part II), or any combination of them, would raise sufficient funds in order for the Continuing Group to repay the Amended Facility, with the result that the Directors would need to consider an immediate cessation of trading. The consequences of a cessation of trading would be likely to include administration or other insolvency process. Additionally, on an enforcement of their security, the Lenders have certain powers to appoint an administrator or other office holder and the FCA may also be entitled to make an application to appoint an administrator in respect of a regulated entity (such as CPPL or HIL) where that entity fails to pay money due to consumers on time.

The Group is, and the Continuing Group will be, exposed to fluctuations in interest rates

The Group is, and the Continuing Group will be, exposed to fluctuations in the London Interbank Offered Rate (LIBOR). Any rise in LIBOR will increase the interest payments of the Continuing Group,

principally through increases in the interest payable under the Amended Facility Agreement. Fluctuations in interest rates could also have an adverse impact on the Continuing Group's future cost of borrowing or its ability to secure borrowing facilities and could result in a reduction in the value of the Company's Shares or adversely affect the Company's ability to pay dividends to Shareholders. In addition, interest rate fluctuations will affect the return on the Continuing Group's cash investments. Movements in interest rates could therefore have a material adverse effect on the Continuing Group's business, operating profit or overall financial condition.

Interest rate hedging arrangements may not be available to the Continuing Group on commercially reasonable terms and any that are put in place may not adequately protect the Continuing Group from adverse movements in real interest rates. If such contracts were entered into and terminated before their original term expired the Continuing Group could incur significant breakage costs.

4. Risks related to the Potential Financing Arrangements and the Possible Offer

The Potential Financing Arrangements and Possible Offer are still in the course of negotiation, the Potential Financing Arrangements are currently subject to certain pre-conditions and there can be no certainty that the Possible Offer will lead to an offer being made or that the Potential Financing Arrangements will be made available

Mr Hamish Macgregor Ogston CBE's willingness to participate with the Lenders in the Potential Financing Arrangements is subject to the satisfaction or waiver by Mr Hamish Macgregor Ogston CBE of certain pre-conditions.

Once the pre-conditions to the Potential Financing Arrangements set out above are satisfied or waived by Mr Hamish Macgregor Ogston CBE and he is willing to participate in the Potential Financing Arrangements, it is possible that no offer may be made by Mr Hamish Macgregor Ogston CBE for the CPP Shares that he does not currently hold or that an offer may be made by Mr Hamish Macgregor Ogston CBE but at a price of less than 1 pence per CPP Share.

There can be no certainty that Mr Hamish Macgregor Ogston CBE will make an offer or as to the terms of or conditions to any such offer, should one be forthcoming, or that he will participate in the Potential Financing Arrangements.

The announcement published by the Company on 27 March 2013 confirming the receipt of the Possible Offer constituted a possible offer announcement under Rule 2.4 of the City Code on Takeovers and Mergers. Accordingly, unless the Takeover Panel has previously consented to the extension of the deadline, Mr Hamish Macgregor Ogston CBE must, by not later than 5.00 p.m. on 24 April 2013 (being the 28th day after the announcement in which he was identified as a potential offeror), either announce a firm intention to make an offer for the CPP Shares that he does not already own or announce that he does not intend to make such an offer. The Board of CPP expects that an extension to this deadline will be required if any offer is to be made by Mr Hamish Macgregor Ogston CBE. Should an extension to the deadline be requested, the Board of CPP intends, absent any significant change in circumstances, to agree to such extension and seek the consent of the Takeover Panel to such extension. In the event that the Takeover Panel decline to extend this deadline, or even if they do and no announcement of a firm intention to make an offer is published within the timeframe permitted by any such extension(s), Mr Hamish Macgregor Ogston CBE may be prevented from making an offer for six months (subject to certain limited exceptions).

In such circumstances, Mr Hamish Macgregor Ogston CBE may not be prepared to proceed with the Potential Financing Arrangements.

Should the Potential Financing Arrangements not ultimately result in additional financing being made available to the Continuing Group, on the Amended Facility reaching maturity on 30 September 2013 or otherwise becoming repayable on demand prior to that date, the Directors are not confident that any of the alternative courses of action considered by the Board in its strategic review (as set out in section 1 of this Part II above), or any combination of them, would raise sufficient funds for the Group to be able to repay the Amended Facility, or be able to be implemented in the time available, or at all, with the result that the Company would likely need to cease trading. The consequences of a cessation of trading would be likely to include administration or other insolvency process.

Additionally, on an enforcement of their security, the Lenders have certain powers to appoint an administrator or other office holder and the FCA may also be entitled to make an application to appoint

an administrator in respect of a regulated entity (such as CPPL or HIL) where that entity fails to pay money due to consumers on time.

The Possible Offer contemplates an offer being made by Mr Hamish Macgregor Ogston CBE for the CPP Shares that he does not already own and CPP may be de-listed

If Mr Hamish Macgregor Ogston CBE makes an offer for the CPP Shares that he does not already hold and acquires more than 75 per cent. of the outstanding CPP Shares pursuant to any such offer, he will be able to pass a resolution approving the de-listing of the Company and will also be able to pass special resolutions where required under the Companies Act 2006, including (without limitation) to amend the Articles and to disapply pre-emption rights arising on an issue of new CPP Shares for cash.

It is likely that the CPP Shares will be highly illiquid following any such de-listing and any Shareholders who still hold CPP Shares in such circumstances will not benefit from the heightened disclosure obligations and other protections from which they currently benefit as investors in a listed company under the Listing Rules, the Disclosure Rules and the Transparency Rules and applicable laws and regulations. Additionally, the Relationship Agreement that is currently in place will terminate automatically on any de-listing, with the result that (*inter alia*) the current restrictions on related party transactions between the Group and Mr Hamish Macgregor Ogston CBE and his associates, along with certain other protections, will cease to apply.

The response rate of potential claimants under the Scheme is uncertain

Given the highly innovative nature of the proposed redress process, it is impossible to predict with reasonable certainty what proportion of customers will respond and seek redress under the Scheme. This fundamental uncertainty is currently a very significant factor affecting the Company's ability to raise new debt or equity finance and affects and is expected to continue to affect the trading price of CPP Shares.

In the event that the response rate of potential claimants under the Scheme is lower than current estimates, the Continuing Group may ultimately be better able to meet its redress obligations and, for example, to deploy any surplus capital to invest in new product development and growth opportunities in some of the Continuing Group's emerging markets, with the result that the Continuing Group may become a more attractive investment proposition. Shareholders who tender their CPP Shares in any offer launched by Mr Hamish Macgregor Ogston CBE on the basis contemplated in the Possible Offer are not expected to benefit from any increase in the value of the Continuing Group arising in such circumstances.

5. Risks related to the Continuing Group

The Continuing Group may incur liabilities in relation to customer redress that significantly exceed current estimates and thereby result in the Company needing to explore additional financing and strategic options in addition to the Disposal

There is significant uncertainty as to the extent of the liability to which the Group is exposed in relation to customer redress.

The Group provided approximately £20.3 million in its unaudited consolidated interim financial statements as at and for the six months ended 30 June 2012 in relation to customer redress and associated costs (which comprises anticipated compensation payable to customers through customer redress exercises, regulatory penalties, and other costs and professional fees associated with the customer redress exercises) and subsequently increased this provision to £24.9 million as reported in its interim management statement on 26 October 2012. The provision was further increased to £33.4 million following conclusion of the FCA Investigation, as set out in the Company's RNS announcement relating to conclusion of the FCA Investigation dated 15 November 2012. The Group announced in its pre-close statement dated 19 December 2012 that it expected to materially increase this provision in light of current estimates. As at 31 March 2013, the provision recognised in the Group's financial statements for customer redress and associated costs was £51.7 million (unaudited), of which £17.8 million has been used and £33.9 million remains to be used as at the date of this document. Whilst this reflects the Group's latest view on this matter, the Group continues to review the provision on an on-going basis.

However, as discussed in section 4.2 of Part I of this document, it is impossible accurately to predict how large a proportion of the potential pool of CPPL's customers will respond and seek redress under the

Scheme and it is likely that the total amount payable by CPPL under the Scheme will not be capable of being finally determined until approximately the fourth quarter of 2014 (assuming that the Scheme is launched and does not encounter any delays). Additionally, while the Scheme, if it becomes effective, will satisfy a certain proportion of the Group's total potential redress liabilities, CPPL will retain residual potential exposures to UK customers who purchased products prior to 14 January 2005 or who opt to pursue redress outside the Scheme, or who will be excluded from the Scheme, and to non-UK customers, all of whom are outside the scope of the Scheme as currently envisaged.

Accordingly, and notwithstanding the Amended Facility, it is impossible for the Board to determine with reasonable certainty the amount and timing of any working capital shortfall that may arise in connection with the Continuing Group's liabilities in relation to customer redress and any liabilities that may arise from the matters associated with the FCA Investigation or otherwise.

It is possible that the Continuing Group's liabilities in relation to customer redress and associated costs (including under the Scheme) will significantly exceed the amount provided for at present and it is also possible that other claims or matters may arise against the Continuing Group in connection with the matters giving rise to the FCA Investigation, including claims relating to indirect sales of products via Business Partners who are not participating in the Scheme, or claims relating to sales of other products of the Group, which could take a number of forms and therefore have a financial effect that cannot presently be estimated.

As explained under "Application of the proceeds of the Disposal and the Amended Facility" in Part I of this document, it is proposed that the Continuing Group will use £16.5 million of the expected net proceeds from the Disposal to prepay part of the Amended Facility.

It is possible that, even if the Disposal does proceed, the extent of the Continuing Group's liabilities in relation to customer redress (including under the Scheme) will result in the Directors needing to pursue additional courses of action in order to pay the penalty agreed with the FCA and to have sufficient cash resources to meet such redress liabilities. These courses of action could include extending the current cash conservation and cost management exercise throughout the business, seeking to obtain additional equity financing or new debt financing and the disposal of other assets of the Continuing Group (see section 13 of Part I of this document).

The Directors cannot predict with any certainty that any of the above courses of action (or any combination of them) would raise sufficient funds to meet the Continuing Group's liabilities in relation to customer redress should such liabilities significantly exceed current estimates, or be capable of being implemented within the time available, and it is possible that the extent of the Continuing Group's liabilities in relation to customer redress will result in the Directors needing to consider ceasing to trade.

The consequences of a cessation of trading would be likely to include administration or other insolvency process.

The Continuing Group may be exposed to liabilities, including in relation to regulatory compliance issues

The Group has acknowledged that there were significant historical failings at CPPL which occurred in the period from January 2005 to March 2011. The FCA has now concluded its investigation into CPPL's sales of Card Protection and Identity Protection products in the UK, resolving some of the uncertainty that had surrounded the business regarding the duration and outcome of the FCA Investigation, but remains in continuing discussions with the Group and certain of its larger Business Partners regarding the form, structure and details of the mechanism and timing for effecting customer redress.

Notwithstanding the conclusion of the FCA Investigation and the conduct of the customer redress exercise currently under discussion with the FCA, the Continuing Group may still be exposed to significant liabilities, including in relation to regulatory compliance issues.

There is still uncertainty about what steps the FCA may wish to take, if any, and against whom, in relation to sales that are not within the scope of the customer redress exercise that CPPL has agreed to conduct. The FCA could also seek to take action on a wider industry basis in relation to similar products available to the market from other providers.

Redress may also be necessary in respect of products other than Card Protection and Identity Protection. In particular, the board of HIL has conducted a review of the sales process for the Group's Mobile Phone

Insurance products through voice channels. During the course of the review, potential compliance failings were identified in relation to the sales process and further work is being carried out to identify any potential mis-selling that may have resulted from these failings and the extent to which any such mis-selling may have led to customer detriment. HIL is working to address these potential compliance failings and is also in discussions with the FCA in relation to certain matters arising from this review. As yet, the board of HIL has not reached any firm conclusions as to whether a redress exercise will be necessary, or what its potential scope could be. As noted earlier, with effect from 15 November 2012, the Group has suspended all new retail sales of its Mobile Phone Insurance products.

It is also relevant to note in relation to Mobile Phone Insurance that the FCA has been carrying out an industry wide thematic review in relation to the sale of mobile phone insurance products and the Group has been co-operating with the FCA as part of this review in relation to sales of Mobile Phone Insurance products by HIL. The thematic review is looking at whether mobile phone insurance products are being designed with consumers' interests in mind, and is evaluating the sales, administration and claims handling processes across a population of firms who have a significant market share. HIL has co-operated fully with the FCA in relation to this process. The FCA's review in relation to HIL focused on products relating to Business Partner contracts which have now been terminated. The FCA has written to HIL identifying certain issues relating to the product terms and design, and with the claims and complaint handling processes employed by HIL. HIL had already made a number of changes to the product terms, and is in the course of reviewing and enhancing its claims and complaints handling processes. HIL will take account of the feedback from the thematic review when implementing further proposed changes to its product terms, and in reviewing and enhancing its claims and complaints handling processes.

It is not clear what further steps may be taken by the FCA following the thematic review, but the possibility of future regulatory action against HIL and/or redress being required in relation to sales of Mobile Phone Insurance products, either as a result of the thematic review or as a result of the issues identified during HIL's review, cannot be excluded.

There also remains the possibility that third parties may wish to take action against CPPL or other members of the Continuing Group. These actions could include, without limitation, claims outside the Scheme in relation to the Card Protection and Identity Protection products, or other products sold by the Group and/or the Continuing Group, or otherwise.

Equally, although customers who are within the scope of the Scheme as currently contemplated (if it proceeds) and who fail to bring a claim under the Scheme within a certain time after it becomes effective will be barred from bringing any further claims against the Continuing Group in relation to such products, the Continuing Group's other customers will remain free to bring claims against the Continuing Group. The adverse publicity generated around the matters giving rise to the FCA Investigation and any wider action by regulators globally may encourage customers to come forward with claims.

Additionally, much of the Group's product base is regulated in local markets and is regulated by local regulators in the various jurisdictions in which the Group operates. The Group engages with and continues to work with local regulators. However, the Group's engagement with the FCA may lead to increased interest in the Group among local regulators and any increased engagement with local regulators may lead to local regulators taking action against the Continuing Group and/or requiring the Continuing Group to compensate customers or make changes to its compliance framework.

The possible effects of any actions against members of the Continuing Group, whether by the FCA, third parties or regulators in other jurisdictions in which the Group operates cannot presently be predicted by the Directors and therefore could have a material adverse effect on the Continuing Group's business, financial condition, results of operations and prospects.

The Continuing Group may be exposed to regulatory compliance investigations in the United States notwithstanding the Disposal

As a provider of relevant financial products, CPPNA is subject to rules promulgated by the CFPB. In 2010, the United States Congress passed the Dodd-Frank Act. Title X of the Dodd-Frank Act establishes the CFPB, which has broad powers to regulate the offering and the provision of consumer financial products or services under the federal consumer financial laws. General powers of the CFPB include the authority to promulgate regulations and to enforce and administer federal consumer financial laws. The CFPB is expressly charged with prohibiting unfair, deceptive or abusive acts or practices.

Under the terms of the Disposal Agreement the Purchaser will acquire CPPNA, together with all of its assets and liabilities. There is however a possibility that the CFPB may seek to investigate and impose liabilities on the Continuing Group notwithstanding the Disposal in relation to any actions of CPPNA prior to Completion.

The Group's systems, procedures and controls to ensure compliance with regulatory requirements have been found to be inadequate in respect of UK sales

Both the sale of insurance products and services and the underwriting of insurance by the Group are subject to extensive regulation and oversight by regulatory authorities in the UK and in other countries in which it operates, including, without limitation, laws and regulations governing the administration, underwriting, marketing, solicitation and sale of insurance and the management and protection of personal data.

In the course of the FCA Investigation, the FCA identified serious failings in the Group's systems, controls and procedures to ensure compliance with regulatory requirements in relation to UK sales of the Group's Card Protection and Identity Protection products.

In response to the issues raised during the course of the FCA Investigation, the Group has developed and is implementing a detailed transformation programme designed to deal with a range of issues including matters relating to board skillset and independence at the level of CPPL and HIL, cultural changes, business continuity planning and changes to the Group's Compliance, Risk and Internal Audit functions.

However, by their nature some elements of this transformation programme will take time to implement fully and to become embedded in the Continuing Group's culture and their implementation may be subject to unforeseen delays. Additionally, as a result of various factors including the smaller size of the Continuing Group and the extensive cash conservation and cost management measures necessitated by the difficult trading conditions currently faced by the Group, there may be significant strains on the resources needed to implement and enforce the changes envisaged by the transformation programme.

Further, although the Group has discussed the transformation programme with the FCA and has received assistance from independent consultants in connection with its design and embedding, there can be no assurance that the enhanced risk management structures and controls that are in the course of being implemented will not be subject to unforeseen limitations or weaknesses and any such structures and controls may not be successful in detecting and eliminating intentional misbehaviour.

Accordingly, while the Group remains committed to working closely and co-operatively with the FCA to complete the process of addressing historical issues, it is possible that further breaches of applicable regulatory requirements in the UK or the other jurisdictions in which the Group operates may arise or come to light, despite the implementation of the transformation programme.

Non-compliance by the Continuing Group with any laws and regulations enforced by a consumer protection authority or an enforcement agency or other regulator and/or regulatory agency may subject the Continuing Group or its management to fines or various forms of civil or criminal prosecution, which could amongst other things impede the Continuing Group's ability to market its products and services, and cause adverse publicity.

Any of the above could have a material adverse effect on the Continuing Group's business, financial condition, results of operations and prospects.

Matters arising from the FCA Investigation and the proposals relating to customer redress have placed and will continue to place significant strain on management time and resources

The Group's engagement in and response to the FCA Investigation and the preparations for the Scheme and other redress exercises have required and will continue to require significant amounts of management time and resources and have also resulted in the Group incurring, and will result in the Continuing Group incurring, significant expenditure on professional fees and other costs relating to the implementation and administration of the Scheme.

The requirement for the Continuing Group to allocate its resources in this way may adversely affect the ability of its management to dedicate as much time as would be desirable to its ordinary course role in terms of operating the Continuing Group's business, delivering the transformation programme, developing

new business and new products and executing the Continuing Group's business plan and may also limit the Continuing Group's ability to invest in new product development and pursue opportunities in new geographies. This could have a material adverse effect on the Continuing Group's business, financial condition, results of operations and prospects.

The Continuing Group may not be able to obtain professional indemnity insurance coverage on commercially acceptable terms or at all or may be exposed to uninsured losses or losses in excess of the Continuing Group's insurance coverage

As a professional intermediary business, it is a regulatory requirement for the Group to maintain professional indemnity insurance in the UK and certain other jurisdictions in which the Group operates. The Group's current professional indemnity insurance policy was due to expire on 31 March 2013 but has been extended and will now expire on 26 April 2013. The Group is therefore currently seeking to renew or replace its cover.

There is no guarantee that the Group will in future be able to obtain appropriate professional indemnity insurance from its existing provider or from a third party insurance provider, whether on commercially acceptable terms or at all. Any failure to obtain professional indemnity insurance cover may result in the FCA withdrawing or varying CPPL's and HIL's regulatory permission so as to prevent renewals of existing Card Protection, Identity Protection and Mobile Phone Insurance products and may also constitute a breach of the Group's contractual arrangements with key suppliers and Business Partners. In both of these cases, it is likely that the Group would be required to cease all renewals of regulated products in the UK until replacement cover is put in place. Renewals of these products represents the principal source of revenue in the UK business as a result of existing restrictions on new retail sales imposed under the VVOPs. If the Group is unable to obtain professional indemnity cover in future, or is required to purchase professional indemnity cover on more onerous terms than is currently the case, this may materially adversely affect the Continuing Group's business, financial condition, results of operations and prospects.

Certain types of losses may be either uninsurable or not economically insurable. In addition, even if a loss is insured, the Continuing Group may be required to pay a significant deductible on any claim for recovery of such loss prior to the insurer being obliged to reimburse the Continuing Group for the loss, or the amount of the loss may exceed the Continuing Group's coverage for the loss. The Continuing Group's business, financial condition, results of operations and prospects may be adversely affected by any uninsured losses.

The Group is, and the Continuing Group will continue to be, reliant on its relationships with its Business Partners

The Group mainly operates a 'Business to Business to Consumer' model and as such a relatively high proportion of the Group's revenue and profit is attributable to sales through relationships with its Business Partners. To the extent that the Disposal results in the loss of Business Partner relationships (whether because such Business Partners are primarily customers of CPPNA but not of the wider Group or otherwise) the Continuing Group's reliance on its remaining Business Partner relationships will be increased.

Relationships with key Business Partners continue to be actively managed on a local basis, and globally where appropriate, to ensure that the value to the Group of these relationships is optimised. Although the Group's management continue to work closely and actively with Business Partners, as described in section 5.7 of Part I of this document, the Group has recently announced the loss or non-renewal of certain contracts with some of its key Business Partners. Any further reaction that Business Partners may have to events and actions arising from the FCA Investigation, including any actions on a wider industry basis, and the resultant impact on the Continuing Group's Business Partner relationships remains uncertain. The Continuing Group's relationships with its Business Partners could also be affected by a number of other factors, including a change of management in any Business Partner, the Continuing Group's failure to meet anticipated service levels, inability to agree terms upon renewal of a Business Partner contract or otherwise.

Any significant deterioration in the Continuing Group's relationship with one or more of its Business Partners, including the loss of key Business Partner relationships, could have a material adverse effect on the Continuing Group's business, financial condition, results of operations and prospects.

The Group is, and the Continuing Group will continue to be, reliant on its reputation with end customers to purchase and/or renew the Group's products and services

In addition to the Group's relationships with its Business Partners, the Group's business relies heavily on its relationships with end customers in order for such customers to purchase the Group's products and services and make subsequent renewals of the Group's products and services. The matters arising from the FCA Investigation may have had, and may in the future have, an adverse impact on the Group's and the Continuing Group's reputation with end customers. Any further damage to the Group's reputation, including as a result of the FCA Investigation; further regulatory action against the Group or its employees; third party contractors' operational errors or negligence; or other matters which affect the end customers' confidence in the Group or the Continuing Group, could result in end customers cancelling or failing to renew their existing products and services or result in reduced sales of the Group's products and services, and therefore have a material adverse effect on the Continuing Group's business, financial condition, results of operations and prospects.

The renewal by end customers of the Continuing Group's products and services may also be affected by a number of factors, including a decline in levels of disposable income as a result of adverse economic conditions, the termination by the end customer of the relationship with the Continuing Group's Business Partner or any failure by those end customers who pay by credit or debit card to renew the credit or debit card through which renewals are made. The level of renewals in any given market may also be affected by competitive pressures, cultural trends and/or particular characteristics or conditions in the market for the products and services of the Continuing Group's Business Partners.

Increased cancellation rates of the Group's products could result in a breach of covenant under the Amended Facility Agreement (see "*Risk Factors—The Amended Facility Agreement contains certain covenants which may affect the operational flexibility of the Continuing Group and may result in the Amended Facility being accelerated and the security enforced if these covenants are not met on a continuing basis*") and could have a material adverse effect on the Continuing Group's business, financial condition, results of operations and prospects.

The Group relies, and the Continuing Group will continue to rely, heavily on its sales in the UK and through its UK regulated entities which are subject to regulatory restrictions

The Group is already heavily reliant on revenue generated by its operations in the UK and those operations conducted in other parts of the EEA through the Group's regulated entities in the UK and the Disposal will increase the Continuing Group's reliance on such operations. Any event adversely impacting the Continuing Group's operations in the UK or through the UK regulated entities, whether due to economic conditions, changes to law and/or regulations, the impact of the FCA Investigation, reductions in renewals or cancellations as part of any customer redress exercise or adverse publicity arising from the FCA Investigation, new competition, reputational harm or otherwise, could have a material adverse effect on the Continuing Group's business, financial condition, results of operations and prospects.

In addition, the Group has suspended new retail sales of its regulated Card Protection, Identity Protection and Mobile Phone Insurance products in both the UK and other EEA jurisdictions where the Group operates using its UK regulatory permissions, being Ireland, Italy and Portugal in the case of CPPL and Spain and Ireland in the case of HIL. There can be no certainty as to when the restrictions on new retail sales outlined in the VVOPs will be lifted or as to the timing for the recommencement of new retail sales through newly established, locally regulated entities in jurisdictions outside the UK where the Group currently operates using its UK regulatory permissions. The suspension of new retail sales of regulated products and other restrictions set out in the VVOPs have resulted in trading in the UK and certain other EEA jurisdictions continuing to be impacted by lower revenue streams due to the Group's restricted ability to sell its full range of products and these restrictions could continue to have a material adverse effect on the Continuing Group's business, financial condition, results of operations and prospects.

The Continuing Group may encounter problems in implementing its new business plan, including the current cash conservation and cost management strategy, and may be required to implement a more aggressive cash conservation and cost management strategy

In light of the historical issues that arose in the UK business, and as part of the extensive business transformation programme currently being implemented as a result of the FCA Investigation, the Group is

implementing, and the Continuing Group will continue to implement, a business plan which involves a re-focusing of the Group's UK business and involves significant organisational changes within its Compliance, Risk and Internal Audit functions. As with any business plan, there is execution risk and, in particular, there is a risk that the business plan will not succeed, or may take longer to achieve than planned, which could have a material adverse impact on the Continuing Group's business, financial condition, results of operations and prospects.

In particular, as set out in section 5.6 of Part I of this document, the Group is currently implementing extensive cash conservation and cost management strategies. There can be no guarantee that such cash conservation and cost management strategies will deliver the assumed cost savings and as a result the Continuing Group may be required to implement further, more aggressive strategies, including, without limitation, if customer redress rates under the Scheme significantly exceed current estimates. These additional strategies could result, amongst other things, in a further reduction in the Continuing Group's operations, both nationally and internationally, and additional reductions in the Continuing Group's capital expenditure. This may lead to a further deterioration in the trading performance of the Continuing Group's business, to significant weakening of the Continuing Group's risk management control and governance functions and may materially adversely affect the Continuing Group's business, financial condition, results of operations and prospects.

If the Group's recently launched products and services or products and services developed by the Continuing Group in the future do not achieve substantial levels of market acceptance, or such market acceptance is delayed, the Continuing Group could be adversely affected

The Group is, and the Continuing Group will continue to, develop a new range of product initiatives (see 'Recently launched and potential new products' in Part I of this document). However, the process by which a new product or service becomes established in the market to the point where it delivers substantial revenue for the Continuing Group involves a number of steps and is not certain to succeed. These steps include designing the relevant product or service, gaining the support of one or more Business Partners for the product, launching the relevant product or service in the market, and then achieving widespread market acceptance by end customers. If the Continuing Group is unable to achieve substantial market acceptance for new products and services recently launched or those new products and services which it may develop in the future this could have a material adverse effect on the Continuing Group's business, financial condition, results of operations and prospects.

The Company's ability to pay future dividends will depend upon the trading performance of the Continuing Group and will be impacted by the VVOPs and the Amended Facility

The ability of the Company to pay any dividends in respect of CPP Shares will depend on a number of factors, including the level of the earnings, revenues and any on-going regulatory capital requirements of members of the Continuing Group as well as its cash position and other factors considered relevant by the Directors.

The payment of dividends by the Company is also subject to the Company having sufficient distributable reserves for such purposes and the receipt of amounts from its subsidiaries. Under the restrictions in the VVOPs, both CPPL and HIL are prevented from paying any dividends without the prior written consent of the FCA and this may have a significant effect on the ability of the Company to pay a dividend to Shareholders. There is also a risk that the Continuing Group's new business plan will not succeed, or may take longer to achieve than planned, which may affect the cash position of the Continuing Group.

Additionally, under the terms of the Amended Facility, the Company is prohibited from declaring or paying any dividends unless consent is obtained from the majority lenders prior to any declaration or payment of any dividend. It is possible that these restrictions will be repeated or extended under the terms of any debt financing that becomes available under the Potential Financing Arrangements.

Accordingly, there can be no assurances that the Company will declare and pay, or have the ability to declare and pay, any dividends in the future, and, if payable, the amount of any dividends paid to Shareholders by the Company may fluctuate.

The Scheme is an innovative way of providing redress to retail customers for general insurance products and consequently, if it is launched, issues may arise in the execution of the Scheme which are not currently anticipated or the Scheme may be delayed

Although schemes of arrangement have previously been used as mechanisms for providing redress in relation to various types of financial product in the UK, the Scheme is highly innovative in terms of providing redress to retail customers in relation to the mis-selling of general insurance products of this kind and on this scale.

If launched, in order for the Scheme to become effective, a majority in number representing 75 per cent. in value of the claimants who are present and voting in person or by proxy at the meeting to be held to approve the Scheme must vote in favour of the resolution to approve the Scheme and the Scheme must then be sanctioned by the Companies Court. In order to grant the necessary order sanctioning the Scheme, among other things, the judge must be satisfied that it is reasonable. There are also likely to be certain conditions precedent which will need to be satisfied before the Scheme can become effective, including but not limited to a letter of non-objection to the Scheme being issued by the FCA, and if such conditions precedent are not satisfied (or, where possible, waived) the Scheme will not become effective.

Additionally, any offer by Mr Hamish Macgregor Ogston CBE for the CPP Shares that he does not already own that is launched pursuant to the Possible Offer may take place prior to any final decision being made to launch the Scheme. It is not known what impact the Possible Offer may have on the terms of or timing for launch of the Scheme, if it is launched.

Whilst it is the current intention of the Directors to launch the Scheme, there can be no guarantee that the Scheme will in fact be launched or that, if launched, it will be on the same terms as described above. If CPPL ultimately proceeds with launching the Scheme, it is not certain that a sufficient number of claimants will vote in favour of the Scheme for it to become effective. Equally, the Scheme may not be sanctioned by the court, notwithstanding that the requisite majorities of claimants under the Scheme have voted in favour of the resolution to approve the Scheme. If launched, the Scheme may also encounter unexpected delays.

It is currently envisaged that each Business Partner who participates in the Scheme will, with effect from the date on which the Scheme becomes effective, unconditionally release and discharge CPPL in respect of any actual or potential claims (other than those claims which are excluded from the Scheme, but including any claim from a customer relating to a sale which occurred before 14 January 2005 where the product has subsequently been renewed after 14 January 2005) which the Business Partner has against CPPL arising out of or in connection with the mis-selling of any Card Protection and/or the Identity Protection product. It is expected that, under the Scheme, CPPL will only be responsible for the cost of redress to its own direct customers and that each of the Business Partners participating in the Scheme will be responsible for the cost of redress to customers that it introduced to CPPL and customers to whom the Business Partner sold the products directly (as agent for CPPL).

In the event that the Scheme does not go ahead, the relevant Business Partners may not agree to participate in a conventional past business review conducted by CPPL on the same basis, and they may not be prepared to release and discharge CPPL in respect of any claims for indemnification that they may have. Any claims for indemnification brought by Business Partners against CPPL in respect of claims made against them by customers introduced by them to CPPL or to whom the Business Partners sold the products directly (as agent for CPPL) could materially adversely affect the Continuing Group's business, financial condition, results of operations and prospects.

Given the highly innovative nature of the Scheme as a process for providing redress to retail customers, it is impossible to predict with reasonable certainty what proportion of customers will respond and seek redress under the Scheme and whether this would differ from the proportion of customers that might be expected to respond to a more conventional form of redress exercise, such as a past business review.

The Group depends and the Continuing Group will continue to depend on its ability to attract and retain suitably qualified employees

The Group is dependent on the services of members of its management team in the UK and in the other countries in which it operates to remain competitive in its industry.

The matters arising from the FCA Investigation have had, and may continue to have, an adverse impact on the Continuing Group's reputation and on the morale of management and key employees. Additionally, the extensive cash conservation and cost management measures necessitated by the difficult trading conditions currently faced by the Group have included a site closure and redundancy programmes. These and other factors may make it difficult to attract, retain and replace suitably qualified employees.

If the Continuing Group is unable to attract and retain suitably qualified employees, this could have a material adverse effect on the Continuing Group's business, financial condition, results of operations and prospects.

Certain members of the Group are required to meet capital adequacy requirements

Certain of the Company's subsidiaries, including CPPL and HIL, are regulated entities and are required to meet certain capital adequacy and regulatory capital requirements in the UK and other jurisdictions. In particular, certain of the Group's subsidiaries may become subject to the enhanced capital adequacy requirements for insurance and reinsurance companies set out in Directive 2009/138/EC (the "Solvency II Directive"). The timing for implementation of the Solvency II Directive and the timing and scope of any interim measures that may be imposed pending full implementation of the Solvency II Directive is also uncertain. Certain of the Group's subsidiaries may be required (under the Solvency II Directive or any interim measures) to maintain a larger amount of regulatory capital in future, which may limit the Group's ability to allocate its resources so as to grow the business and create shareholder value and may therefore have an adverse effect on the Continuing Group's business, results of operations and prospects.

The risks above do not necessarily comprise all those faced by the Group, or which will be faced by the Continuing Group, and are not intended to be presented in any assumed order of priority.

PART III

FINANCIAL INFORMATION

For the six months to 30 June 2012, the financial information relating to CPPNA has been extracted without material adjustment from the consolidation schedules that underlie the unaudited consolidated interim financial statements of the Group for that period. For the 12 months ended 31 December 2011, 31 December 2010 and 31 December 2009, the financial information has been extracted without material adjustment from the consolidation schedules that underlie the audited consolidated financial statements of the Group for those periods.

The financial information for CPPNA for the 12 months ended 31 December 2011, 31 December 2010 and 31 December 2009 and the six months ended 30 June 2012 has been prepared in accordance with IFRS as adopted by the EU and in accordance with the accounting policies set out in the Company's Annual Report and Accounts for each of the years ended 31 December 2011, 31 December 2010 and 31 December 2009 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2012.

Up to and including 31 December 2012, CPPNA held an ownership position in the Mexican Subsidiaries. The Mexican Subsidiaries were sold to a subsidiary of CPP on 31 December 2012 and will remain part of the Continuing Group. Although some financial information relating to the Mexican Subsidiaries is included within the stand-alone statutory accounts prepared by CPPNA, historically, financial information relating to the Mexican Subsidiaries has been consolidated within the financial information relating to the Group's Southern Europe and Latin America segment (rather than the North America segment) in its consolidated financial statements. The financial information relating to CPPNA contained in this document does not include any financial information pertaining to the Mexican Subsidiaries except for an investment on the balance sheet as set out in note (ii) of the statement of net assets.

The financial information contained in this Part III does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The consolidated audited financial statements of the Group in respect of the financial years ended 31 December 2011, 31 December 2010 and 31 December 2009 have been delivered to the Registrar of Companies. The auditors' reports in respect of those consolidated audited financial statements were unqualified (notwithstanding that the audit report in relation to the consolidated financial statements of the Group for the year ended 31 December 2011 included an emphasis of matter in relation to a material uncertainty in connection with the impact of anticipated past business reviews and possible contingent liabilities which may cast doubt about the Group's and the Company's ability to continue as a going concern) and did not contain statements under Section 498(2) or (3) of the Companies Act 2006. Deloitte LLP were the auditors of the Group in respect of the three years ended 31 December 2011.

Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part III.

1. Income statements for CPPNA

	12 months ended 31 December 2009	12 months ended 31 December 2010	12 months ended 31 December 2011	6 months ended 30 June 2012
	£m	£m	£m	£m
Revenue	34.8	38.5	45.8	26.0
Cost of sales	(19.9)	(22.2)	(27.1)	(14.1)
Gross profit	14.9	16.3	18.7	11.9
Administrative expenses	(9.7)	(10.5)	(11.8)	(6.7)
Operating profit before legacy scheme share based payments	5.1	5.8	6.9	5.2
Legacy scheme share based payments	—	(0.7)	(0.1)	—
Operating profit after legacy scheme share based payments	5.1	5.1	6.8	5.2
Finance costs	0.3	(0.1)	—	—
Profit before tax	5.4	5.0	6.8	5.2
Taxation	(0.6)	(1.0)	(0.6)	(1.4)
Profit for the period	4.8	4.0	6.2	3.8

Notes

(i) For details of the exchange rates applied in the above income statements see ‘Presentation of Financial Information’ on page 1 of this document.

2. Statement of net assets for CPPNA

	31 December 2011	30 June 2012
	£m	£m
Non-current assets		
Goodwill	12.5	12.3
Other intangible assets	0.5	0.3
Property, plant & equipment	0.3	0.3
Investments in Mexican Subsidiaries	1.4	1.6
	14.7	14.5
Current assets		
Trade and other receivables	4.1	4.4
Cash and cash equivalents	6.2	4.5
	10.3	8.9
Total assets	25.0	23.4
Current liabilities		
Income tax liabilities	(0.2)	(0.2)
Trade and other payables	(8.1)	(7.4)
Intercompany loans	(2.1)	—
	(10.4)	(7.6)
Non-current liabilities		
Deferred tax liabilities	(0.5)	(0.4)
	(0.5)	(0.4)
Total liabilities	(10.9)	(8.0)
Net assets	14.1	15.4
Equity		
Share capital	4.2	4.2
Merger reserve	(17.3)	(17.3)
Capital contribution reserve	0.6	0.6
Translation reserve	1.8	1.6
Retained earnings	24.8	26.3
Total equity attributable to equity holders of CPPNA	14.1	15.4

Notes:

(i) For details of the exchange rates applied in the above statement of net assets, see ‘Presentation of Financial Information’ on page 1 of this document.

(ii) The balance sheet figures for CPPNA as per the underlying consolidation schedules at 31 December 2011 and at 30 June 2012 include the investment value in the Group’s Mexican Subsidiaries (2011: £1.4 million, 2012 Half Year: £1.6 million) but not the underlying assets and liabilities of those subsidiaries.

(iii) The investment in the Mexican Subsidiaries was sold for £1.3 million in cash to another CPP entity on 31 December 2012 in advance of the Disposal.

PART IV

PRO FORMA STATEMENT OF NET ASSETS OF THE CONTINUING GROUP

The unaudited pro forma statement of consolidated net assets of the Continuing Group set out below has been prepared on the basis set out in the notes below to illustrate the effect of the Disposal and the Amended Facility on the consolidated net assets of the Continuing Group as at 30 June 2012 had the Disposal and the Amended Facility taken place on that date.

The unaudited pro forma statement of consolidated net assets, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Continuing Group's actual financial position or results. The unaudited pro forma financial information is compiled on the basis set out in the notes below and is based on the consolidated unaudited interim financial statements of the Group as at 30 June 2012 and on the financial information of CPPNA as at 30 June 2012 contained in Part III of this document.

Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part IV. Deloitte's report on the unaudited pro forma statement of net assets is set out in section 2 of this Part IV.

1. Pro forma financial information

		Adjustments			
	CPP as at 30 June 2012 (unaudited)	Net assets disposed CPPNA	Net disposal proceeds CPPNA	Amended Facility	Pro forma Continuing Group (unaudited)
	£m (Note 1)	£m (Notes 2, 3)	£m (Notes 4, 5, 6)	£m (Notes 7, 8)	£m (Note 9, 10)
Non-current assets					
Goodwill	16.4	(12.3)	—	—	4.1
Other intangible assets	19.5	(0.3)	—	—	19.2
Property, plant & equipment	13.6	(0.3)	—	—	13.3
Deferred tax	2.0	—	—	—	2.0
Current assets					
Insurance assets	36.1	—	—	—	36.1
Inventories	0.3	—	—	—	0.3
Trade and other receivables	36.9	(4.4)	—	—	32.5
Cash and cash equivalents	51.2	(5.8)	21.3	(20.5)	46.2
Total assets	176.0	(23.1)	21.3	(20.5)	153.7
Current liabilities					
Insurance liabilities	(8.3)	—	—	—	(8.3)
Income tax liabilities	(2.5)	0.2	—	—	(2.3)
Trade and other payables	(68.9)	7.4	—	—	(61.5)
Bank loans	(43.2)	—	—	19.9	(23.3)
Provisions	(20.3)	—	—	—	(20.3)
Non-current liabilities					
Borrowings	—	—	—	—	—
Deferred tax	(0.8)	0.4	—	—	(0.4)
Total liabilities	(144.0)	8.0	—	19.9	(116.1)
Net assets/(liabilities)	32.0	(15.1)	21.3	(0.6)	37.6

Notes:

1. The net assets of the Group have been extracted, without material adjustment, from the unaudited consolidated interim financial statements as at 30 June 2012.

2. The net assets of CPPNA have been extracted without material adjustment from the consolidation schedules that underlie the unaudited consolidated interim financial statements of the Group as at 30 June 2012 as set out in Part III of this document.

   On 31 December 2012, the investment in the Mexican Subsidiaries was sold to another CPP entity for £1.3 million consideration as per note (iii) to the statement of net assets in Part III of this document. Thus, the net assets of CPPNA being disposed of as set out above can be reconciled to the net assets in Part III as follows:

	£ million
Net assets of CPPNA per Part III (at 30 June 2012)	15.4
Less: investment in Mexican Subsidiaries sold on 31 December 2012	(1.6)
Add: cash proceeds of sale on 31 December 2012	1.3
Net assets of CPPNA at 30 June 2012 (as adjusted for Mexican Subsidiaries disposal on 31 December 2012)	15.1

3. For details of the exchange rates applied to the above pro forma financial information, see 'Presentation of Financial Information' on page 1 of this document.

4. The gross consideration for the Disposal is £26.1 million. Total net proceeds from the Disposal are expected to be £21.3 million calculated as set out in the table below:

Gross Disposal proceeds:	£26.1 million
Less: Disposal costs:	£4.8 million
Total net proceeds:	£21.3 million

5. Disposal proceeds of $40 million relates to cash consideration received on completion of the Disposal. A foreign currency option has been purchased by CPP to ensure the Disposal proceeds will be converted to Sterling at a minimum of £26.1 million. For details of the hedged rate applied to the Disposal proceeds, see 'Presentation of Financial Information' on page 1 of this document.

6. Costs of the Disposal of approximately £4.8 million represent professional costs in relation to the Disposal (comprising £2.2 million in respect of the Disposal, £2.4 million in respect of the shareholder circular and shareholder vote and £0.2 million in respect of the foreign currency option).

7. The Amended Facility cash movement of £20.5 million relates to £2 million prepaid on 28 March 2013 and £16.5 million prepaid from the Disposal proceeds in accordance with the terms of the Amended Facility. Additionally there are £2 million transaction costs relating to the Amended Facility.

8. The Bank loan movement of £19.9 million results from the £20.5 million movement in note 7 less £0.6 million charged to the income statement (comprising £0.3 million relating to the two week extension of the Existing Bank Facility to 12 April 2013 and £0.3 million in respect of unamortised debt issue costs written off at maturity of the Existing Bank Facility).

9. The Amended Facility borrowings of £25 million are stated net of £1.7 million transaction costs (excluding £0.3 million in respect of the two week extension which have been expensed to the income statement) which relate to the Amended Facility and are capitalised and amortised over the term of the Amended Facility.

10. Other than as described above, no adjustment has been made to the unaudited pro forma financial information to reflect trading or cash flows of CPP or CPPNA subsequent to 30 June 2012.

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2. Accountant's Report on pro forma financial information

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Holgate Park
Holgate Road
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YO26 4GA

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17 April 2013

Dear Sirs,

CPPGroup Plc (the "Company")

We report on the pro forma financial information (the "Pro forma financial information") set out in Part IV of the Class 1 circular dated 17 April 2013 (the "Investment Circular"), which has been prepared on the basis described in notes 1-10, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 30 June 2012. This report is required by Annex I item 20.2 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") as applied by Listing Rule 13.3.3R and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro forma financial information in accordance with Annex I item 20.2 and Annex II items 1 to 6 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

It is our responsibility to form an opinion, in accordance with Annex I item 20.2 of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom.

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Member of Deloitte Touche Tohmatsu

Deloitte.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Ordinary shareholders as a result of the inclusion of this report in the Investment Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Investment Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Opinion

In our opinion:

(a) the Pro forma financial information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

Deloitte LLP
Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

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PART V

SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL

The Disposal Agreement was entered into on 16 April 2013 by and among the Seller, CPPNA, the Company and the Purchaser. Pursuant to the terms of the Disposal Agreement, the Seller will sell the entire issued and outstanding share capital of CPPNA. The principal terms of the Disposal are described below.

1. CONSIDERATION

The total cash consideration payable by the Purchaser to the Seller at Completion for the entire issued and outstanding share capital of CPPNA is $40 million (approximately £26.1 million) (the "**Purchase Price**"), subject to certain standard closing adjustments.

2. CONDITIONS PRECEDENT TO COMPLETION

Completion is conditional upon, among other things:

(i) the passing of the Resolution by the Shareholders;

(ii) there not being in effect any Governmental Order restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by the Disposal Agreement;

(iii) the execution and delivery of all applicable agreements, instruments and certifications by the Seller and CPPNA as set forth in the Disposal Agreement;

(iv) the execution and delivery of all applicable agreements, instruments and certifications by the Purchaser as set forth in the Disposal Agreement;

(v) a certification provided by each of the Seller, CPPNA and the Purchaser as to the truth and accuracy of the applicable representations and warranties (except to the extent that the failure of such representations and warranties to be true and accurate would not have a material adverse effect on CPPNA, Seller or Purchaser, as applicable) and compliance in all material respects with the applicable agreements and covenants contained in the Disposal Agreement; and

(vi) there not having occurred any material adverse effect on CPPNA between the date the Disposal Agreement is signed and the date the Disposal is completed.

The Disposal Agreement may terminate if these conditions are not satisfied on or before the close of business on 31 May 2013.

3. REPRESENTATIONS AND WARRANTIES

Each of CPPNA, the Seller and the Purchaser has given certain representations and warranties that are customary for an arm's length agreement of this nature in the US. However, except for certain fundamental representations which relate to, among other things, ownership of the shares of CPPNA by the Seller, the representations and warranties of the Seller and CPPNA will not survive the completion of the Disposal. As such, after completion of the Disposal, the Purchaser will have no contractual right of recovery against the Seller for breaches of representations and warranties, other than with respect to the fundamental representations. Claims for breach of fundamental representations may be brought by the Purchaser indefinitely.

4. INDEMNITIES AND LIMITATIONS OF LIABILITY

The Disposal Agreement provides for certain contractual indemnification obligations that may become payable by the Seller (and the Company as guarantor) in the event that the Purchaser suffers post-closing losses with respect to certain specified matters. In particular, the Seller (and the Company as guarantor) will be required to indemnify the Purchaser for losses arising out of or relating to (i) breach of any of the fundamental representations by CPPNA and the Seller, (ii) tax liabilities of CPPNA for periods ending on or before 31 March 2013; (iii) the failure of the Seller, CPPNA or the Company to perform certain actions or covenants required by the Disposal Agreement, (iv) the transfer of the Mexican Subsidiaries (which subsidiaries remain indirect subsidiaries of the Company), (v) any undisclosed retention arrangements and other specified bonus amounts payable by CPPNA as a result of the Disposal, (vi) undisclosed

indebtedness of CPPNA outstanding as of Completion and (vii) certain claims related to the Company's employee benefit plans or employee awards under such plans.

The aggregate liability of the Seller (and the Company as guarantor) under the Disposal Agreement to make indemnification payments shall not exceed the Purchase Price.

5. UNDERTAKINGS

Pursuant to the Disposal Agreement, CPPNA has agreed to certain customary restrictions on the conduct of its business pending Completion. In particular, CPPNA has agreed, and has agreed to cause its subsidiaries, to conduct its business in all material respects in the ordinary course consistent with past practice. CPPNA has further agreed that certain specified actions will not be taken by CPPNA without the approval of the Purchaser, subject to certain exceptions. In particular, among other restrictions, CPPNA will be prohibited from paying any dividend or distribution to the Seller prior to Completion.

The Seller and the Company have given customary non-compete, non-solicitation and non-hire undertakings which prevent the Seller and the Company from competing with CPPNA in the United States or soliciting or hiring the employees of CPPNA for a period of three years after Completion.

6. TERMINATION

The Disposal Agreement may be terminated:

(i) by mutual written agreement of the Seller and the Purchaser;

(ii) by the Seller or the Purchaser on or after the close of business on 31 May 2013 if Completion shall not have occurred;

(iii) by the Seller or the Purchaser if the Shareholders fail to approve the Resolution;

(iv) by the Seller or the Purchaser if there shall be in effect a final non-appealable Governmental Order restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by the Disposal Agreement;

(v) by the Purchaser if, prior to Completion, class action litigation or an investigation, action or claim by a governmental authority has been initiated, commenced or threatened in writing against CPPNA, and such litigation or investigation, action or claim would reasonably be expected to have a material impact on CPPNA (provided that Purchaser will not have the right to terminate the Disposal Agreement for this reason if the Seller or the Company provides adequate assurances, as reasonably determined by the Purchaser, to indemnify the Purchaser for any losses that arise out of such litigation, investigation, action or claim);

(vi) by the Seller, if the Purchaser has breached the Disposal Agreement such that a condition to completion of the Disposal Agreement would not be satisfied and such breach remains uncured for thirty days after the Seller provides notice to the Purchaser of such breach; and

(vii) by the Purchaser, if the Seller has breached the Disposal Agreement such that a condition to completion of the Disposal Agreement would not be satisfied and such breach remains uncured for thirty days after the Purchaser provides notice to the Seller of such breach.

The Seller has agreed that, if the Disposal Agreement is terminated prior to Completion, except in the case of a termination described in clauses 6(i) or 6(vi) above, the Seller will pay to the Purchaser £103,953, which amount is equal to 0.95 per cent. of the market capitalisation of CPP, calculated on the basis of the fully diluted equity share capital of CPP and determined as of the close of trading on the trading day immediately prior to the date of the Disposal Agreement.

7. TAX COVENANT

Pursuant to the tax covenant of the Disposal Agreement, the Seller has agreed to be responsible for the preparation and filing of all tax returns to be filed after the Completion Date but which relate to tax periods ending on or prior to 31 March 2013. The Purchaser has agreed to be responsible for the preparation and filing of all other tax returns.

The Seller will be liable, and will indemnify the Purchaser, for all taxes imposed on CPPNA for tax periods (or portions thereof) ending on or prior to 31 March 2013 (other than taxes accrued on the 31 March 2013 balance sheet attached to the Disposal Agreement).

8. GOVERNING LAW

The Disposal Agreement is governed by New York law.

9. ANCILLARY AGREEMENTS

The following ancillary agreement will be entered into in connection with the Disposal:

Transition Services Agreement

Concurrently with Completion, CPPL and CPPNA will enter into a Transition Services Agreement requiring CPPL to provide, or cause one of its affiliates to provide, certain transition services (primarily IT-related) to CPPNA for a fixed monthly fee for a period of two years after Completion, unless terminated prior thereto pursuant to the termination provisions of such agreement.

10. RETENTION ARRANGEMENTS

In contemplation of the Disposal, and in order to incentivise and retain certain key employees of CPP North America LLC, a subsidiary of CPPNA, CPP North America LLC has entered into agreements with certain key employees (the "**Arrangements**"). The key employees who have entered into the Arrangements include David Pearce and Gregory Mazza who, in their respective capacities as directors of CPP North America LLC, are related parties of the Company for the purposes of Listing Rule 11 (the "**Related Parties**").

The Arrangements provide (amongst other things) for the payment of a "no-sale" retention bonus of approximately one times annual salary in the event the Disposal is not consummated prior to 1 July 2013 and, in the alternative, a "sale" retention bonus of approximately 1.5 times annual salary in the event the Disposal is consummated prior to 1 July 2013.

Certain of the Arrangements provide for a success bonus payable to certain key employees (including the Related Parties) in the event the total purchase price payable for the Disposal exceeds $70 million (the "**Success Fee**"). The amount of the Success Fee payable to the Related Parties is as follows:

- 25 per cent. of the sum of 2.5 per cent. of the transaction value (if any) greater than $70 million and less than $80 million; and
- 25 per cent. of the sum of 5 per cent. of the transaction value (if any) greater than $80 million.

Based on the total consideration to be paid in connection with the Disposal, the Directors do not currently anticipate that the Success Fee will become payable.

Under the terms of the Arrangements, the maximum aggregate amount payable to the Related Parties, assuming no Success Fee is payable, is approximately $464,500 in the case of David Pearce and approximately $311,525 in the case of Gregory Mazza. Details of the final amount to be paid under the Arrangements will be included in the Company's annual report and accounts in respect of the financial year ending on 31 December 2012.

On 15 April 2013, the Group entered into further agreements with David Pearce and Gregory Mazza, pursuant to which the Success Fee (if any) payable under the Arrangements was capped. No additional consideration was paid to David Pearce or Gregory Mazza in connection with this amendment and, given that the Purchase Price is such that no Success Fee would become payable in any event, the amendment did not result in any material benefit to a related party.

The Arrangements also provide for certain severance payments to be made if an employee is dismissed without cause prior to a sale, or is dismissed without cause or leaves for a good reason within the 12 months following a sale, in each case subject to certain exceptions. The severance payments will take the form of a single lump sum bonus and certain other severance benefits.

In consideration for the payments and other benefits under the Arrangements, the key employees are bound by certain restrictive covenants such as non-competition, non-solicitation and confidentiality.

PART VI

SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE AMENDED FACILITY

The Amended Facility was entered into on 16 April 2013 by and among the Company and certain members of the Group and the Lenders. The principal terms of the Amended Facility are described below.

1. PRINCIPAL TERMS

Pursuant to the terms of the Amended Facility, the Lenders have agreed to extend the term of the Existing Bank Facility until 30 September 2013.

Amounts borrowed under the Amended Facility accrue interest at a rate per annum equal to LIBOR, plus the applicable margin (being a rate of 4.00 per cent.), plus mandatory costs (if any) to compensate Lenders for complying with certain UK or European regulatory requirements.

If a borrower or guarantor fails to pay any amount payable by it under a finance document, default interest shall accrue at a rate that is 1 per cent. higher than the rate that would have been payable.

2. CONDITIONS PRECEDENT

The Amended Facility Agreement contains a number of customary conditions precedent, all of which were satisfied or waived on 16 April 2013.

3. MANDATORY PREPAYMENT OF THE AMENDED FACILITY

The Amended Facility Agreement includes mandatory prepayment provisions that are customary for a facility of this nature. In particular, the Lenders require £16.5 million of the net proceeds from the Disposal and any surplus regulatory funds released by Homecare Insurance Limited in excess of £2,500,000 to be applied in mandatory prepayment of the Amended Facility.

4. KEY TERMS

The Amended Facility contains representations and covenants that are customary for a facility of this nature. The covenants included must be complied with by the Group.

Cash covenant and the Account Charge: There is a covenant which requires the members of the Group party to the Amended Facility to ensure at all times that the aggregate amount of cash standing to the credit of accounts (such accounts being blocked and secured in favour of the Lenders) plus any secured guarantees granted by any third party in favour of the Lenders be not less than £12 million. To comply with this covenant, CPPL has granted the Account Charge pursuant to which it has deposited £12 million into a bank account which is secured in favour of the Lenders. A failure to comply with this covenant would constitute an event of default.

Chief Restructuring Officer: The Lenders may request the appointment of a chief restructuring officer to any member of the Group. The Company and/or such other member of the Group as the Lenders may require must use reasonable endeavours to appoint such a chief restructuring officer.

Potential Financing Arrangements: The Amended Facility Agreement contains certain information covenants relating to the Potential Financing Arrangements which require the Company to keep the Lenders fully apprised in relation to any discussions and/or negotiations and/or correspondence with Mr Hamish Macgregor Ogston CBE in relation to any Potential Financing Arrangements and the terms and conditions relating to any such proposal, including, without limitation, the proposed "ring-fencing" of certain parts of the Group and other conditions of such Potential Financing Arrangements.

Disposal: The Company is required:

(i) to enter into the Disposal Agreement on or before 16 April 2013;

(ii) to ensure that the Disposal is completed on or before 31 May 2013 and not to amend or revise any term of the Disposal Agreement and the Transition Services Agreement once signed, without the consent of the Lenders;

(iii) to notify the Lenders if the Company no longer intends to proceed with, or is prevented from proceeding with, the Disposal.

5. EVENTS OF DEFAULT

The Amended Facility Agreement contains events of default (including failure to comply with covenants, certain insolvency events, cross default in relation to debt of any obligor) that are customary for a facility of this nature and that are consistent with the terms of the Existing Bank Facility.

In addition, the Amended Facility Agreement contains the following additional events of default:

(i) ***Cancellation rate***: the rate of cancellation of UK Card Protection products and UK Identity Protection products during the cooling off period (excluding any products which are cancelled under the Scheme or other redress arrangements) exceeds 20 per cent. (calculated on a rolling 12 month basis).

(ii) ***Disposal***: the Disposal does not complete by 31 May 2013.

(iii) ***Mandatory prepayment***: Following the earlier of (i) the mandatory prepayment in part of the Amended Facility utilising proceeds from the Disposal and (ii) 31 May 2013, the commitments under the Amended Facility exceed £25,000,000.

(iv) ***Termination of Disposal***: the Disposal is terminated before completion by any of the parties to the Disposal Agreement or the Company no longer intends to or is prevented from proceeding with completion of the Disposal by 31 May 2013 or any actual or potential claim(s) made by the Purchaser under documents relating to the Disposal exceed £500,000 (unless the Lenders are satisfied that such claim has no reasonable prospect of success).

(v) ***Directors' recommendation of the Disposal***: the directors of the Company determine that they should not recommend the Disposal or that any recommendation in respect of the Disposal should be withdrawn or amended in any respect.

(vi) ***CPPL***: the Lenders become aware of any requirement that does or would: (a) require CPPL not to comply in full with any of its obligations under the Amended Facility Agreement and the related finance documents; (b) require CPPL not to grant any security, or not to leave in place any security granted, in connection with the Amended Facility Agreement and the related finance documents; (c) require CPPL to obtain the consent of the FCA before complying with its obligations under the Amended Facility Agreement and the related finance documents or granting security, or leaving in place any security granted, in connection with the Amended Facility; (d) affect the extent to which any obligation of CPPL under the Amended Facility Agreement and the related finance documents, or any security granted by CPPL under the Amended Facility, is legal, valid, binding or enforceable; or (e) require CPPL to transfer a material amount of its assets to any other person or take any other step that would materially affect the availability of its assets to perform its obligations under the Amended Facility Agreement and the related finance documents (a "Relevant Requirement"), other than any requirements imposed on CPPL by the voluntary variation of permissions dated 15 November 2012 (the "Existing Requirement"), or any proposal to impose or amend a Relevant Requirement, which in the opinion of the Lenders creates a material risk that the Lenders would not receive when due any amount owed to them by CPPL pursuant to the Amended Facility and any related finance document; or

(vii) ***Expiry of FCA consent***: there being fewer than five Business Days remaining before the expiry of any consent granted by the FCA in connection with any Existing Requirement where the expiry of such consent would in the opinion of the Lenders create a material risk that the Lenders would not receive when due any amount owed to them by CPPL pursuant to the Amended Facility.

Upon the occurrence of any event of default (following any grace period, if applicable) the Lenders holding the required commitments may cancel any undrawn commitments and/or demand immediate repayment of all amounts outstanding under the Amended Facility.

6. WAIVER

Under the Amended Facility Agreement the Lenders have agreed to negotiate in good faith to grant a waiver of any default triggered as a result of, or in connection with, the implementation and launch of the Scheme.

7. SECURITY

Each of the Company and certain members of the Group that are party to the Existing Bank Facility, have provided for the benefit of the Lenders a fixed and floating charge over all of their assets, undertaking and

shares. On 15 April 2013 the FCA gave its consent to the extension of the security provided under the Existing Bank Facility for the term of the Amended Facility, as required under the terms of the VVOPs.

The Account Charge was granted by CPPL to grant security over a bank account in favour of the Lenders on 16 April 2013.

As a condition subsequent to the Amended Facility Agreement certain members of the Group are required to provide a supplemental legal mortgage over the Group's property in York and additional supplemental share charge over shares and all interest in each of the Company's subsidiaries.

8. GOVERNING LAW

The Amended Facility Agreement is governed by English law.

PART VII

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Company and the Directors, whose names appear in section 2 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. DIRECTORS AND REGISTERED OFFICE

The Directors of CPP and their functions are as follows:

Charles Henry Gregson	Non-Executive Chairman
Paul Lancelot Stobart	Chief Executive Officer
Shaun Parker	Chief Financial Officer
Hamish Macgregor Ogston CBE	Founder and Non-Executive Director
Arthur Leslie Owen	Non-Executive Director
Duncan James McIntyre	Non-Executive Director

The Company was incorporated and registered in England and Wales on 9 February 2010 with registered number 7151159 under the Companies Act as a public limited company with the name Cranberry 1 Plc. The Company's name was changed to CPP on 10 March 2010. The principal legislation under which the Company operates is the Companies Act.

The registered office of the Company is at Holgate Park, Holgate Road, York, YO26 4GA (telephone number +44 1904 544500).

3. DIRECTORS' INTERESTS

The interests of the Directors of CPP as at the Latest Practicable Date, are as follows:

(i) Directors' shareholdings:

Name of Director	Number of CPP Shares	Percentage of Issued Ordinary Shares
Charles Henry Gregson	157,873	0.092
Paul Lancelot Stobart	—	—
Shaun Parker	9,600	0.006
Hamish Macgregor Ogston CBE	98,021,288	57.15
Arthur Leslie Owen	22,984	0.013
Duncan James McIntyre	13,340	0.008

The percentages of issued ordinary shares set out in this section are calculated exclusive of Treasury Shares of the Company.

Other than the Directors and Shaun Astley-Stone, the UK Managing Director responsible for CPPL and HIL, there are no other individuals comprising members of the Group's administrative, management or supervisory bodies and/or any senior managers of the Group who are relevant to establishing that CPP has the appropriate expertise and experience for the management of the Group's business.

As at the Latest Practicable Date, Shaun Astley-Stone did not hold any shares in the Company or any options over shares in the Company.

(ii) Directors' interests under the Long Term Incentive Plan:

Director	Date of grant	Vesting date	Long stop date	Number of CPP Shares under option[(1)]	Option price
Paul Lancelot Stobart	16/05/2012	16/05/2015	15/05/2022	801,862	£0.00
Shaun Parker	16/05/2012	16/05/2015	15/05/2022	381,758	£0.00
Paul Lancelot Stobart	28/11/2011	01/01/2015	28/11/2021	566,794	£0.00
Shaun Parker	04/03/2011	04/03/2014	04/03/2021	80,340	£0.00
Shaun Parker	22/03/2010	22/03/2013	22/03/2020	110,638	£0.00

(1) The numbers of CPP Shares under option shown in the table above are the maximum number of CPP Shares that can vest subject to the satisfaction of the relevant performance conditions.

(iii) Directors' interests under the Deferred Share Bonus Plan:

Director	Date of grant	Vesting date	Long stop date	Number of CPP Shares under option	Option price
Shaun Parker	04/03/2011	04/03/2014	04/03/2021	9,967	£0.00

(iv) Directors' interests under the SAYE Share Option Plan:

Director	Date of grant	Vesting date	Long stop date	Number of CPP Shares under option	Option price
Shaun Parker	28/09/2010	28/10/2013	27/04/2014	4,545	£1.98

(v) Directors' interests under the Legacy Plans:

Director	Date of grant	Vesting date	Long stop date	Number of CPP Shares under option	Option price
Shaun Parker	21/12/2009	Fully vested	21/12/2019	415,648	£2.28
Shaun Parker	19/06/2008	Fully vested	19/06/2018	352,000	£1.79

4. DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Directors' Service Contracts

Shaun Parker is employed under a service contract with CPP dated 1 January 2010 which is subject to a notice period to and from the Company of six months. Paul Stobart is employed under a service contract with CPP which took effect on 1 October 2011 and which is subject to a notice period to and from the Company of twelve months.

The Company may terminate the employment of Executive Directors by making a payment in lieu of notice equivalent to basic salary and fixed benefits only.

Currently neither of the Executive Directors holds a non-executive directorship elsewhere.

The Articles of Association require a Director to stand for election by shareholders at the first Annual General Meeting following their appointment (if appointed by the Directors) and in all cases by rotation every three years thereafter.

Non-Executive Directors' Letters of Appointment

Non-Executive Directors receive a fixed fee for their services to the Group. These fees are set for each individual Non-Executive Director by the Board on an annual basis. Fee levels for the Chairman and Non-Executive Directors reflect the time commitment in preparing and attending meetings and the responsibility and duties of the positions. The policy is to pay a market rate against other companies of a similar size and complexity. Non-Executive Directors are not entitled to any other benefits, pension arrangements or to participate in the Group's share incentive schemes.

5. SUBSTANTIAL SHAREHOLDINGS

As at the Latest Practicable Date so far as the Directors are aware no person other than those listed below was interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company (calculated exclusive of Treasury Shares):

Name	Number of CPP Shares	Percentage of Issued Share Capital (exclusive of Treasury Shares)
Hamish Macgregor Ogston CBE	98,021,288	57.15
Schroder Investment Management Limited	31,079,955	18.12
Henderson Global Investors	6,012,398	3.51

6. MATERIAL CONTRACTS

(a) Continuing Group

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by a member of the Group (excluding CPPNA) in the last two years or have been entered into at any time and contain an obligation or entitlement which is material to the Group (excluding CPPNA) as at the date of this document:

(i) the Disposal

Please see Part V of this document for a summary of the principal terms of the Disposal Agreement and the Transition Services Agreement.

(ii) the Amended Facility

Please see Part VI of this document for a summary of the principal terms of the Amended Facility Agreement.

(iii) the Existing Bank Facility

The Company entered into the Existing Bank Facility, a £80 million multicurrency revolving facility agreement, on 17 February 2010 with, among others, certain members of the Group as borrowers and guarantors, Alliance & Leicester Plc (part of the Santander Group), Barclays Capital and the Royal Bank of Scotland PLC as Arrangers, Barclays Capital as Co-ordinator, Alliance & Leicester Plc (part of the Santander Group), Barclays Bank PLC and the Royal Bank of Scotland PLC as Original Lenders and Barclays Bank PLC as agent and security agent.

The purpose of the Existing Bank Facility was to refinance an existing facility and for general corporate and working capital purposes.

The Existing Bank Facility had an original maturity date of 31 March 2013.

The Company has certain voluntary cancellation and voluntary prepayment rights under the Existing Bank Facility. The Existing Bank Facility contains certain mandatory prepayment events, including, but not limited to, change of control.

The interest rate under the Existing Bank Facility is the percentage rate per annum which is the aggregate of the applicable margin, LIBOR (or in relation to any loan in euros EURIBOR) and any applicable mandatory costs. The margin is 2.00 per cent. per annum. The margin is subject to a ratchet under which

adjustments are made to the margin depending on the ratio of Consolidated Net Borrowings to Consolidated EBITDA (both terms as defined in the Existing Bank Facility).

The fees payable under or in connection with the Existing Bank Facility are customary for facilities of this nature.

Eleven Group companies, which include CPPNA, act as guarantors under the Existing Bank Facility. Nine of the eleven guarantors are registered in England and Wales and these nine English companies have all granted certain security under a group debenture dated 17 February 2010 between Barclays Bank PLC as security agent and the charging companies listed therein.

Each Group Company which is a party to the Existing Bank Facility as an obligor makes certain representations and gives certain general undertakings, which are customary to make in a facility agreement of this nature. The Company also undertakes to comply with certain financial covenants.

Events of default under the Existing Bank Facility include (but are not limited to) failure to meet payment or certain other obligations, misrepresentation, cross-default in an amount in excess of £5 million, insolvency and insolvency proceedings and material adverse change and certain other events, all of which are customary in a facility agreement of this nature.

On 28 March 2013 the Company, certain members of the Group and the Lenders agreed to extend the term of the Existing Bank Facility by two weeks to 12 April 2013. Under the terms and conditions of this extension, the Company agreed to pay an extension fee of £250,000 and to prepay £2 million under the Existing Bank Facility.

On 11 April 2013, the Company, certain other members of the Group and the Lenders agreed to extend the final maturity date of the Existing Bank Facility by a further week to 19 April 2013.

(iv) the Relationship Agreement

On 18 March 2010, Hamish Macgregor Ogston CBE entered into the Relationship Agreement with the Company governing the exercise by him of his rights in respect of the Company. The Relationship Agreement took effect on admission to listing on the Official List and to trading on the London Stock Exchange.

Under the Relationship Agreement, for as long as Hamish Macgregor Ogston CBE and certain persons connected to him hold at least 20 per cent. or more of the Shares of the Company, Hamish Macgregor Ogston CBE is entitled to appoint one non-executive director to the Board, either himself or another person nominated by him.

For as long as Hamish Macgregor Ogston CBE and certain persons connected to him hold 30 per cent. or more of the Shares of the Company, he has undertaken not to, and to procure (so far as he is able) that certain persons connected to him do not, exercise his or their voting rights in favour of any amendment to the Articles in a manner which would be contrary with the principle of independence of the Company and not to take any action which precludes any member of the Group from carrying on a business independently of Hamish Macgregor Ogston CBE and certain persons connected with him.

All transactions and relationships between any member of the Group and Hamish Macgregor Ogston CBE or certain persons connected with him shall be conducted at arm's length, on a normal commercial basis and in accordance with the related party transaction rules set out in chapter 11 of the Listing Rules. In addition, only independent directors shall be entitled to vote on any matters giving rise to a conflict of interest between a member of the Group and Hamish Macgregor Ogston CBE or certain persons connected with him. Any material amendment to or waiver in respect of any rights of a Group Company under any agreement with Hamish Macgregor Ogston CBE or certain persons connected with him must be agreed by a majority of independent directors.

The Relationship Agreement also provides that Hamish Macgregor Ogston CBE will not take any action (or omit to take any action) to prejudice the Company's status as a listed company or its suitability for listing. This does not however prevent Hamish Macgregor Ogston CBE from making a takeover offer in accordance with the City Code on Takeovers and Mergers (whether by way of an offer or by way of a scheme of arrangement under Part 26 of the Companies Act 2006) for all of the outstanding CPP Shares and de-listing the Company after such takeover offer has become wholly unconditional or, in the case of a scheme of arrangement, after it has become effective.

(v) Disposal of I-Deal Promotions Limited and Concepts for Travel Limited

On 31 December 2012, CPP Holdings Limited ("**CPPHL**") entered into a share purchase agreement (the "**SPA**") with Mark Ian Koch under which CPPHL sold its shareholding, being 51 per cent. of the issued share capital, in I-Deal Promotions Limited ("**I-Deal**") and its shareholding, being 100 per cent. of the issued share capital, in Concepts for Travel Limited ("**Concepts**") to Mr Koch. Mr Koch was (and remains) a director and shareholder of I-Deal. Mr Koch was not a director of Concepts immediately prior to completion but was appointed a director on completion. The consideration under the SPA was nominal, being £1 for the 51 shares held by CPPHL in I-Deal and £1 for the 30,000 shares held by CPPHL in Concepts.

Immediately prior to the transaction, there was a write-off of intercompany balances of (i) approximately £785,000 owed by I-Deal to CPPHL; and (ii) approximately £212,000 owed by CPPHL to Concepts. As part of the transaction, CPPHL has also extended a loan of £350,000 to I-Deal (the "**Loan**") to meet working capital requirements of I-Deal, secured by a debenture granted in favour of CPPHL. The Loan may be drawn down by I-Deal in three instalments (the first instalment of £150,000 being paid on completion of the transaction) and will be written off by CPPHL provided I-Deal meets its pre-existing contractual commitments to its customers (which are also Business Partners of the Group) and certain other events do not trigger a repayment event.

The SPA contains customary warranties and indemnities (including tax warranties). CPPHL's liability under the warranties and indemnities is capped at £100,000 (save in respect of certain warranties and indemnities relating to CPPHL's ownership and capacity to sell the shares in I-Deal and Concepts and costs arising from the dismissal of up to four Concepts employees, which shall be the responsibility of CPPHL).

CPPHL is prohibited under the SPA from carrying on any business under the name 'I-Deal Promotions' and 'Concepts for Travel' or any similar names and the buyer agreed not to use the name CPP or Card Protection Plan.

CPPHL has agreed under the SPA to consult with Mr Koch in advance of terminating or amending a contract currently in place between some of CPP's group companies and a business partner, if such termination or amendment would have an adverse effect on the value of the contract to I-Deal, and to notify Mr Koch if the business partner seeks to cancel the contract. CPPHL also agreed during the period to 31 March 2013 to continue to host certain promotional systems of I-Deal on its systems, subject to further extensions as agreed by the parties.

(b) CPPNA

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by CPPNA in the last two years or have been entered into at any time and contain an obligation or entitlement which is material to CPPNA as at the date of this document:

(i) The Disposal

Please see Part V of this document for a summary of the principal terms of the Disposal Agreement, and the Transition Services Agreement.

(ii) Retention arrangements with certain key employees

Please see Part V of this document for a summary of the retention agreements entered into with certain key employees of CPPNA, including David Pearce and Gregory Mazza as directors of CPPNA, in contemplation of the Disposal.

(iii) The Existing Bank Facility

CPP North America LLC, a subsidiary of CPPNA, is a signatory to the Existing Bank Facility as an original obligor. Further details of the Existing Bank Facility are provided in section 6(a)(iii) of this Part VII.

7. LITIGATION

(a) Continuing Group

Save as disclosed below, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the previous 12 months which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Group (excluding CPPNA).

The FCA Investigation

Please see Part I of this document for a description of the FCA Investigation.

(b) CPPNA

Save as disclosed below, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the previous 12 months which may have, or have had in the recent past, a significant effect on the financial position or profitability of CPPNA.

West Virginia Attorney General proceedings

In August 2011, CPPNA was joined as a defendant in a complaint filed by the West Virginia Attorney General. The primary defendant was World Financial Network National Bank (now known as Comenity Bank), the bank subsidiary of CPPNA's business partner Alliance Data. CSI Processing, the debt protection provider of Alliance Data, was also named in the proceedings. The complaint alleges two main categories of violations by the co-defendants: (i) poor selling practices, whereby the co-defendants are accused of making misleading statements; and (ii) a debt protection product (which CPPNA does not provide) described as inherently unfair to consumers in that it offers little benefit in relation to the fees paid. As of March 2013, the matter was still in the discovery phase. Given the current stage of the proceedings, the Directors are currently unable to ascertain the potential impact (if any) of this matter for CPPNA. CPPNA is vigorously defending this case.

8. SIGNIFICANT CHANGES

(a) Continuing Group

Save as disclosed below, there has been no significant change in the financial or trading position of the Continuing Group since 30 June 2012 (being the date to which the Group's unaudited interim results have been prepared).

Since 30 June 2012, the Group's operating performance has continued to decline, principally as a result of declines in the Group's new and renewal retail revenue streams in the UK and Southern Europe. The Group's operating profit has also been affected during the period by a significant increase in exceptional costs, including in relation to: (i) customer redress and associated costs; (ii) restructuring costs and costs incurred in connection with the closure of the Chesterfield site; (iii) project costs; and (iv) a write-down of goodwill and intangibles in relation to the Group's Travel Services business.

Between 30 June 2012 and 28 February 2013 (being the date of the latest management accounts available), shareholders' funds decreased from £22.5 million (unaudited) to £0.5 million (unaudited), net current liabilities increased from £19.9 million (unaudited) to £28.4 million (unaudited), total current assets decreased from £115.7 million (unaudited) to £103.1 million (unaudited). In addition, consolidated turnover decreased from £196.1 million (unaudited) for the eight months ended 29 February 2012 to £170.9 million (unaudited) for the eight months ended 28 February 2013, while profit before taxation decreased from £4.0 million (unaudited) for the eight months ended 29 February 2012 to a loss before taxation of £25.3 million (unaudited) for the eight months ended 28 February 2013. Since 28 February 2013, the Group's performance has continued in line with these general trends, with £2 million being prepaid under the Existing Bank Facility on 28 March 2013.

(b) CPPNA

Save as disclosed below, there has been no significant change in the financial or trading position of CPPNA since 30 June 2012 (being the date to which the financial information on CPPNA presented in Part III (Financial Information) of this document has been prepared).

Since 30 June 2012, CPPNA's revenue has declined due to lower volumes of new retail product enrolments, offset in part by revenue from an increased renewal book. CPPNA's profit before taxation has increased slightly during the period, due in part to higher renewal revenue and lower direct costs from lower new volumes.

CPPNA's net current assets have decreased by £1.3 million since 30 June 2012, mainly due to the timing of Business Partner receipts.

Since 30 June 2012, CPPNA has paid the following dividends to CPP International Holdings Limited: US$4 million (in September 2012); US$3.5 million (in December 2012) and US$2 million (in January 2013).

9. RELATED PARTY TRANSACTIONS

Other than as set out below and as published in the notes to the audited consolidated financial statements for the Group for the financial years ended 31 December 2009 (at note 35), 31 December 2010 (at note 34) and 31 December 2011 (at note 35) and in the unaudited interim financial statements for the six months ended 30 June 2012 (at note 14), there are no related party transactions which the Company or any member of the Group has entered into during the financial years ended 31 December 2009, 31 December 2010, 31 December 2011, the six months ended 30 June 2012 or during the period between 1 July 2012 and the Latest Practicable Date.

(i) Retention arrangements with certain key employees

Please see Part V of this document for a summary of the retention agreements entered into with certain key employees of CPP North America LLC, a subsidiary of CPPNA, including David Pearce and Gregory Mazza as directors of CPP North America LLC, in contemplation of the Disposal.

(ii) Disposal of I-Deal Promotions Limited and Concepts for Travel Limited

Please see section 6(a)(v) above for a summary of the disposal of I-Deal Promotions Limited and Concepts for Travel Limited to Mr Mark Ian Koch, a director and shareholder of I-Deal Promotions Limited.

(iii) Reimbursement of legal fees incurred by Mr Hamish Macgregor Ogston CBE

On 23 March 2013 the Company entered into a letter agreement (the "**Costs Letter**") with Mr Hamish Macgregor Ogston CBE whereby the Company agreed to reimburse on demand any legal fees, costs and expenses and any VAT thereon ("**Expenses**") which Mr Hamish Macgregor Ogston CBE has incurred or may incur or which have been incurred or may be incurred on his behalf and which are directly attributable to his participation in the discussions and negotiations as (i) an actual or potential lender in relation to the Disposal and a possible financial restructuring of CPP and/or (ii) a Shareholder insofar as such status is directly relevant to the Disposal and a possible financial restructuring of CPP, whether or not the Disposal and the possible financial restructuring are implemented (in whole or in part).

The aggregate amount of Expenses to be reimbursed by the Company in accordance with the Costs Letter is limited to £470,000 plus such amount of VAT thereon as shall be recoverable by the Company. It is acknowledged in the Costs Letter that, should the Expenses exceed the limit set out in the Costs Letter, revised arrangements will be required in relation to Expenses incurred by Mr Hamish Macgregor Ogston CBE as a result of his continued participation in the discussions and negotiations relating to the Disposal and the possible financial restructuring of CPP.

10. CONSENTS

Greenhill has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they are included.

KPMG Corporate Finance LLC has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they are included.

Deloitte has given and has not withdrawn its written consent to the inclusion of its letter, set out in Part IV of this document, in the form and context in which it is included.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and at the offices of Herbert Smith Freehills LLP from the date of this document up to and including the date of the General Meeting and for the duration of the General Meeting:

(a) this document and the Form of Proxy;

(b) the Articles;

(c) the audited consolidated financial statements of the Group for the financial years ended 31 December 2009, 31 December 2010 and 31 December 2011;

(d) the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2012;

(e) Deloitte's report on the unaudited pro forma financial information;

(f) the Disposal Agreement;

(g) the Transition Services Agreement;

(h) the Amended Facility Agreement;

(i) the written consent letters referred to in section 10 of this Part VII.

12. INCORPORATION BY REFERENCE

The table below sets out the information incorporated by reference into this document, so as to provide the information required pursuant to the Listing Rules. These documents are also available on the Company's website at www.cppgroup.com/investor-relations.shtml.

Information incorporated by reference into this document	Page number in such document	Location of incorporation in this document	Page number in this document
Note 35 of the audited consolidated financial statements of CPP Group Plc for the financial year ended 31 December 2009	50	Part VII (Additional Information), section 9	61
Note 34 of the audited consolidated financial statements of CPP for the financial year ended 31 December 2010	91	Part VII (Additional Information), section 9	61
Note 35 of the audited consolidated financial statements of CPP for the financial year ended 31 December 2011	85	Part VII (Additional Information), section 9	61
Note 14 of the unaudited consolidated interim financial statements of CPP for the six months ended 30 June 2012	34	Part VII (Additional Information), section 9	61

The documents incorporated by reference in this document have been incorporated in compliance with Listing Rule 13.1.6.

Information that is itself incorporated by reference or referred or cross-referred to in these documents is not incorporated by reference into this document. Except as set forth above, no other portions of these documents are incorporated by reference into this document.

Dated 17 April 2013

DEFINITIONS

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

"£", **"pence"** or **"sterling"**	the lawful currency of the UK
"Account Charge"	the charge dated 16 April 2013 granted in favour of the Lenders securing a bank account of CPPL
"Amended Facility"	the £41.5 million multicurrency revolving facility advanced under the Amended Facility Agreement which, following Completion, shall be reduced to a £25 million multicurrency revolving facility
"Amended Facility Agreement"	the extension and amendment agreement to the Existing Bank Facility which was entered into on 16 April 2013 by and among the Company, certain members of the Group and the Lenders and under which, amongst other terms, the maturity of the Existing Bank Facility has been extended until 30 September 2013. Further details on the Amended Facility Agreement are provided in Part VI of this document
"Articles"	the articles of association of the Company
"Board" or **"Directors"**	the directors of the Company
"Business Partners"	those organisations and companies which provide access for the Group to their customer base for the sale of the Group's products and services, in return for commissions payable by the Group and/or other benefits
"Card Protection"	those products and services sold by the Group under the "Card Protection" name
"City Code"	the City Code on Takeovers and Mergers
"Companies Act"	the Companies Act 2006
"Completion"	completion of the Disposal pursuant to the Disposal Agreement
"**Completion Date**"	the date on which Completion occurs
"Continuing Group"	the Company and its subsidiary undertakings (excluding CPPNA) following Completion
"CPP" or **"Company"**	CPPGroup Plc
"CPP Group" or **"Group"**	the Company and its subsidiary undertakings including CPPNA in respect of any time prior to Completion and, in respect of any time following Completion, the Continuing Group
"CPP Shares" or **"Shares"**	ordinary shares of 10 pence each in the capital of the Company
"CPPL"	Card Protection Plan Limited, an indirect wholly owned subsidiary of the Company
"CPPNA"	CPPNA Holdings Inc. and its subsidiary undertakings
"CREST"	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertified form in respect of which Euroclear UK & Ireland is the operator (as defined in the CREST Regulations)
"CREST Manual"	the rules governing the operation of CREST consisting of the CREST Reference Manual, the CREST Instruction Manual, the CREST Central Counterpart Service Manual, the CREST Rules, the CCSS Operations Manual, and the CREST Glossary of Terms (as amended from time to time)

"CREST member" . . . . a person who has been admitted to CREST as a system member (as defined in the CREST Manual)

"CREST Regulations" . . . . the Uncertified Securities Regulations 2001 (SI 2001 No. 3755), as amended

"CREST sponsor" . . . . a CREST participant admitted to CREST as a CREST sponsor

"CREST sponsored member" . . . . . . a CREST member admitted to CREST as a sponsored member

"Deferred Share Bonus Plan" . . . . . . the CPPGroup Deferred Share Bonus Plan 2010

"Directors" . . . . the current directors of the Company whose names are set out in section 2 of Part VII of this document

"Disclosure Rules and Transparency Rules" . . . . the rules made by the UK Listing Authority under Part VI of FSMA

"Disposal" . . . . the proposed disposal of CPPNA pursuant to the terms of the Disposal Agreement

"Disposal Agreement" . . . . the stock purchase agreement dated 16 April 2013 by and among the Seller, CPPNA, the Purchaser and the Company, further details of which are provided in Part V of this document

"EURIBOR" . . . . Euro Interbank Offered Rate

"Euroclear UK & Ireland" . . . . Euroclear UK & Ireland Limited, the operator of CREST

"Executive Directors" . . . . Paul Stobart and Shaun Parker

"Existing Bank Facility" . . . . the £80 million multicurrency revolving facility agreement described in section 6(a)(iii) of Part VII of this document, as extended to 19 April 2013

"FCA" . . . . the Financial Conduct Authority or, as the context may require, the Financial Services Authority as predecessor entity thereto prior to 1 April 2013

"FCA Investigation" . . . . the investigation by the FCA of CPPL in relation to UK sales of its Card Protection and Identity Protection products, which was resolved by agreement between CPPL and the FCA and culminated in the publication of a Final Notice by the FCA on 15 November 2012, and the agreement by CPPL to make a phased payment of a financial penalty of £10.5 million. The FCA Investigation is more fully described in section 4.1 of Part I of this document

"Form of Proxy" . . . . the form of proxy accompanying this document for use by Shareholders in connection with the General Meeting

"FSMA" . . . . the Financial Services and Markets Act 2000, as amended from time to time

"General Meeting" . . . . the extraordinary general meeting of CPP to be held at 10:00 a.m. on 3 May 2013, or any adjournment thereof

"Governmental Authority" . . . . any foreign, UK or US federal, state or local governmental, regulatory or administrative agency or any court

"Governmental Order" . . . . any order, writ, judgment, injunction, decree, stipulation, determination or award by or with any Governmental Authority

"Greenhill" . . . . Greenhill & Co. International LLP

"HIL" . . . . Homecare Insurance Limited

"HMRC" . . . . HM Revenue & Customs

"Identity Protection"	those products and services sold by the Group under the "Identity Protection" name
"Latest Practicable Date"	16 April 2013
"Legacy Plans"	the CPPGroup Plc Executive Share Option Plan 2005 and the CPPGroup Holdings Limited Exit Plan 2008
"Lenders"	each of Alliance & Leicester plc (now Santander UK Plc), Barclays Bank PLC and the Royal Bank of Scotland PLC, and any bank, financial institutions, trust, fund or other entity which has become a party to the Existing Bank Facility in accordance with clause 2.2 (Increase) or clause 27 (Changes to the Lenders) of the Existing Bank Facility, which has in each case not ceased to be a party in accordance with the terms of the Existing Bank Facility
"LIBOR"	London Interbank Offered Rate
"Listing Rules"	the listing rules made by the FCA under Part VI of FSMA (as amended from time to time)
"London Stock Exchange"	London Stock Exchange plc
"Long Term Incentive Plan"	the CPPGroup Long Term Incentive Plan 2010
"member account ID"	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
"Mexican Subsidiaries"	Servicios de Asistencia a Tarjetahabientes CPP Mexico, S.de R.L.de C.V and Profesionales en Proteccion Individual, S.de R.L de C.V
"Mobile Phone Insurance"	contracts of insurance to cover loss, theft, breakdown or accidental damage to mobile phones
"Non-Executive Directors"	Charles Henry Gregson, Hamish Macgregor Ogston CBE, Les Owen and Duncan McIntyre
"Notice of General Meeting"	the notice of General Meeting set out at the end of this document
"Official List"	the Official List of the FCA
"Packaged Account"	products and services sourced from CPP's own product range and from third party providers to create a "package" tailored to customers' requirements
"participant ID"	the identification code or membership number used in CREST to identify a particular CREST member or CREST participant
"Possible Offer"	the possible offer for those CPP Shares not currently owned by Mr Hamish Macgregor Ogston CBE, as announced on 27 March 2013 and more particularly described in section 4.5 of Part I of this document
"Potential Financing Arrangements" .	the potential financing arrangements which may be made available by Mr Hamish Macgregor Ogston CBE alongside the Lenders
"Purchase Price"	an amount equal to $40 million (approximately £26.1 million) and prior to any closing adjustments
"Purchaser"	AMT Warranty Corp., a Delaware corporation
"Registrar" or **"Capita"**	Capita Registrars

"Regulatory Information Service"	a regulatory information service that is approved by the FCA and that is on the list of regulatory information service providers maintained by the FCA
"Relationship Agreement"	the Relationship Agreement between Hamish Macgregor Ogston CBE and the Company, as described in section 6(a)(iv) of Part VII
"Resolution"	the ordinary resolution to approve the Disposal to be proposed at the General Meeting, the full text of which is set out in the Notice of General Meeting
"SAYE Share Option Plan"	the CPPGroup UK Sharesave Plan 2010
"Scheme"	the solvent creditor scheme of arrangement under Part 26 of the Companies Act 2006 currently proposed to be entered into in connection with certain of CPPL's customer redress obligations
"Seller"	CPP International Holdings Limited, an indirect wholly-owned subsidiary of the Company
"Shareholder"	a holder of CPP Shares
"Sponsor"	Greenhill
"Transition Services Agreement"	the transition services agreement by and between CPPL, CPPNA and CPP
"Treasury Shares"	shares held as treasury shares as defined in section 724(5) of the Companies Act 2006
"United Kingdom" or **"UK"**	the United Kingdom of Great Britain and Northern Ireland
"United States" or **"US"**	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
"VVOPs"	the Voluntary Variations of Permission agreed in relation to CPPL and HIL on 15 November 2012

CPPGroup Plc

(the "Company")

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at 10:00 am on 3 May 2013 at Holgate Park, Holgate Road, York, YO26 4GA, to consider and, if thought fit, pass the following Resolution as an ordinary resolution:

ORDINARY RESOLUTION

THAT the proposed disposal by CPP International Holdings Limited of CPPNA pursuant to the Disposal Agreement (as defined in the circular to shareholders dated 17 April 2013, a copy of which has been produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification only (the "**Circular**")), in the manner and on the terms and conditions of the Disposal Agreement, be and is hereby approved for the purposes of Chapter 10 of the Listing Rules of the Financial Conduct Authority and that each and any of the Directors be and are hereby authorised to take all such steps as may be necessary or desirable in relation thereto and to carry the same into effect with such modifications, variations, revisions or amendments (providing such modifications, variations or amendment are not of a material nature) as they shall deem necessary or desirable.

BY ORDER OF THE BOARD

John Titchener
General Counsel and Company Secretary

17 April 2013

Registered Office:

Holgate Park
Holgate Road
York
YO26 4GA

Registered in England and Wales Company No. 7151159

NOTES

Form of meeting

1. The meeting shall be held as an extraordinary general meeting of the Company in accordance with Article 58 of the Company's Articles of Association.

Entitlement to attend and vote

2. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the General Meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 6.00 p.m. on 1 May 2013 or, in the event of any adjournment, at 6.00 p.m. on the date which is two days before the day of the adjourned meeting.

Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Appointment of proxies

3. If you are a member of the Company at the time set out in note 2 above, you are entitled to appoint another person or persons as your proxy or proxies to exercise all or any of your rights to attend, speak and vote at the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you. A proxy form for the meeting is enclosed. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

4. Completion of a proxy form, or other instrument appointing a proxy or any CREST Proxy Instruction (as defined below) will not preclude a member from attending and voting in person at the meeting if he/she wishes to do so.

5. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.

6. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.

7. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, each different proxy appointment form must be received by the Company's Registrar at: Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 48 hours before the time appointed for the meeting.

8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against each resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Appointment of proxy using hard copy proxy form

9. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote.

   To validly appoint a proxy using this form, the form must be:

   - completed and signed by the appointor or their duly authorised attorney;
   - received by post or by hand (during normal business hours only) together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or a copy certified in accordance with the Power of Attorney Act 1971 or in some other manner approved by the directors, by the Company's Registrar at: Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU; and
   - received by Capita Registrars not less than 48 hours before the time appointed for the meeting.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of that company or an attorney for that company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Electronic appointment of proxies

10. As an alternative to completing the hard copy proxy form, you can appoint a proxy electronically by using the share portal service at www.capitashareportal.com. For an electronic proxy to be valid, your appointment must be received by the Company's Registrar no later than 48 hours before the time appointed for holding the meeting.

Appointment of proxies through CREST

11. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures, and to the address, described in the CREST Manual available via www.euroclear.com/CREST subject to the provisions of the Company's Articles of Association. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

    In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a **"CREST Proxy Instruction"**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (**"EUI"**) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID **RA10**) no later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

    CREST members and, where applicable, their CREST sponsors or voting service provider(s) should take note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

    The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

12. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

13. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. The cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

    Where you have appointed a proxy using the hard copy proxy form and you would like to change the instructions using another hard copy proxy form, please contact the Company's Registrar.

    If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

14. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrar. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Registrars no later than 48 hours before the time appointed for holding the meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person then your vote shall count and not that of your proxy.

Issued shares and total voting rights

15. As at 16 April 2013, being the latest practicable date prior to the publication of this notice, the Company's issued share capital comprised 171,511,113 Ordinary Shares of 10 pence each. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 16 April 2013 is 171,511,113.

Nominated persons

16. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a **"Nominated Person"**):

    – You may have a right under an agreement between you and the member of the Company by whom you were nominated to have information rights (the **"Relevant Member"**) to be appointed (or to have someone else appointed) as proxy for the General Meeting.

    – If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right, under an agreement between you and the Relevant Member, to give instructions to the Relevant Member as to the exercise of voting rights.

    – Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, where applicable, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

    The statement of the above rights of the members in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by members of the Company.

Documents on display

17. A copy of this notice, and the other information required by section 311A of the Companies Act 2006, can be found at www.cppgroup.com/investor-relations.shtml.

Communication

18. Except as provided above, members who wish to communicate with the Company in relation to the meeting should contact the Company Secretary, by writing to the registered office of the Company. No other methods of communication will be accepted. Shareholders may not use any electronic address provided either in this notice of general meeting or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.

Corporations which are members

19. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Asking questions at the General Meeting

20. Any member attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.