

## **New Financing Arrangements and Management Changes**

31 JULY 2013

### **New Financing Arrangements**

CPPGroup Plc ("CPP" or the "Group") today announces that it has agreed new banking facilities to refinance the Group for a period of three years with its existing lenders (the "New Facility") and an agreement with certain of its Business Partners to defer payment of commission that would otherwise become due over the twelve months up to 30 June 2014 for a period of up to four years (the "Commission Deferral Agreement"). The New Facility and Commission Deferral Agreement (the "New Financing Arrangements") together represent longer term financing for the Group to the value of £36 million and will be used to pay redress to customers where appropriate through the proposed Scheme of Arrangement and provide working capital for the Group's three year business plan.

CPP will continue to face significant financial challenges, particularly until the redress programme is completed. However, the New Financing Arrangements represent a significant milestone and create a more stable platform to support the repositioning of the Group.

### **New Facility**

The total amount available under the New Facility will be £13 million and amounts borrowed under the New Facility will accrue interest at a rate per annum equal to LIBOR plus a margin of 4 per cent. The New Facility will fall due for repayment on 31 July 2016.

### **Deferred Commissions**

The total amount of commission to be deferred is expected to be approximately £23 million by 30 June 2014 to the relevant Business Partners with repayment due on 31 July 2017 (the "Repayment Date"). Interest will accrue quarterly on the deferred commission at a rate per annum equal to 3.5 per cent. and will be paid out on the Repayment Date.

Additional information to the New Financing Arrangements is outlined below.

### **Management Changes**

As indicated on 16 May 2013, in line with the Group's requirement to reduce costs substantially and following completion of the refinancing Paul Stobart, CEO, and Shaun Parker, CFO have given notice under their contracts of service to step down from their respective roles once an appropriate handover period is completed. The Group is at an advanced stage to appoint successors to lead the Group forward and further announcements will be made in due course.

### **Charles Gregson, Chairman, commented:**

"Securing new financing arrangements supported by our Business Partners and existing lenders represents an important milestone for the Group, providing the business with a much improved and more stable platform from which to move forward. There remains much work to do reflecting the ongoing challenges and uncertainties of the Group's operating environment. We are pleased, nonetheless, with the progress that we are making towards finalising the approach to the redress exercise for those customers who may have been affected by the historical issues in the UK business.

“Following the successful completion of longer term financing, Paul Stobart and Shaun Parker have given notice that they will be leaving the business once an orderly handover is complete. On behalf of the Board and the Company I would like to thank Paul and Shaun for their valued leadership and contribution. During a period of intense challenge they have led the team and built a stronger, customer-led organisation, whilst reshaping our strategy and enhancing governance and controls. Their achievements have undoubtedly changed CPP very much for the better and stabilised the business for the next phase of its development. I wish them both every success for the future.”

**Enquiries:**

**CPPGroup Plc**

Paul Stobart, Chief Executive Officer  
Shaun Parker, Chief Financial Officer  
Tel: +44 (0) 1904 544 372

Helen Spivey, Head of Corporate and Investor Communications  
Tel: +44 (0) 1904 544 387

**Financial Adviser**

Greenhill & Co. International LLP  
Anthony Parsons  
Hugo Grimston  
Tel: +44 (0) 20 7198 7400

**Media**

Tulchan Communications  
Martin Robinson  
David Allchurch  
Tel: +44 (0) 20 7353 4200

**Additional information relating to the New Financing Arrangements**

*New Facility*

The New Facility contains covenants and events of default including an event of default where customer redress response rates leading to a successful claim under the proposed Scheme of Arrangement exceed 25 per cent. In assessing the likely impact of the redress exercise under the Scheme, the Group has, with its advisers, considered a number of assumptions, including the form and structure of redress and likely response rates. Based on consideration of these and certain other assumptions and factors, the Board currently believes that 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. However, there can 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 these covenants, the Group has granted

security in favour of the lenders under the New Facility on substantially similar terms to the security granted under the Group's existing bank facility.

#### *Commission Deferral Agreement*

In compliance with the terms of the voluntary variation of regulatory permission agreed with the Financial Conduct Authority by the Group's regulated UK insurance intermediary business, Card Protection Plan Limited ("CPPL") on 15 November 2012, the deferred commissions under the Commission Deferral Agreement will be retained within CPPL. The sum will be used to fund customer redress payments, the operational costs of the proposed Solvent Scheme of Arrangement and to provide working capital for CPPL. This agreement provides the Business Partners which are party to it with security over CPPL in substantially similar form and terms to the security granted under the New Facility.

#### **Notes to Editors**

CPPGroup Plc (CPP) is an International Assistance business operating in the UK and overseas with more than 200 Business Partners worldwide. Via its Business Partners, CPP provides Life Assistance products to consumers, which includes annually renewed and packaged products that provide assistance and insurance across a wide range of market sectors designed to make everyday life easier to manage.

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

#### **Forward-looking statements**

This statement contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of approval of the statement but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Subject to the requirements of the UK Listing Authority's Disclosure and Transparency Rules and Listing Rules, CPPGroup Plc undertakes no obligation to update these forward-looking statements and it will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this statement.