

February 2008

Charles Taylor Consulting plc

Trading update

Charles Taylor Consulting will announce its preliminary results on Monday 7 April 2008.

FINANCIAL UPDATE

CTC's trading performance for the period ended 31 December 2007 is in line with management expectations, despite the weakness of the US dollar during the course of the year. However, the 2007 tax charge is likely to be higher than expected, principally as a result of lower tax credits arising from the use of Bestpark's tax losses by a third party (over whose results the group has no control). The tax charge is nonetheless expected to be significantly lower than the estimated underlying sustainable tax rate of 15% of adjusted profit before tax.

Trading in 2008 has begun well and the Directors anticipate further progress this year, with growth in the group's management and adjusting businesses. CTC will continue to examine acquisition opportunities for its run-off division and other operations which will further benefit the group.

CTC currently operates from four sets of premises in London. During 2008, we intend to start consolidating these, beginning with a move to 88 Leadenhall Street by all the Charles Taylor Adjusting businesses in the Spring; there are clear benefits of this consolidation and relocation to premises closer to the centre of the London Insurance Market.

BUSINESS UPDATE

Highlights during the period include:

Management Division

Overall the division performed well and the conclusions of the group's review of its mutual management operations were implemented.

Shipping and Workers' Compensation Mutuals

The shipping mutuals all continued to perform well in a competitive environment. The Standard Club's reserves have been maintained around the record high levels reported at mutual's last financial year end and its S&P rating of A was reconfirmed in the second half. Renewals conclude on 20 February 2008.

Signal, the US workers compensation mutual, completed a successful renewal on 1 October. Renewal rates reflected the improving trend in Members' records as a result of the continued focus on safety and loss control. Signal's litmus test for further significant growth will be the ability to attract new members from the self-insured sector and it is pleasing to see this has accounted for one of the two significant new members who have joined Signal since renewal.

Non-Marine Mutuals / ART department

In view of the decision to expand its remit, this department is to be renamed, as the ART (Alternative Risk Transfer) Department. The review referred to above of the profitability and viability of all the groups mutual management contracts resulted in CTC withdrawing from the management of four of its client mutuals. Capricorn Mutual in Australia will be handed over to a self management arrangement with effect from 30 June.

UK Public Sector

- London Authorities Mutual Limited (“LAML”). A management tender process was undertaken by LAML in December. The conclusion was the reappointment of CTC as the managers for the next three years. The Membership continues to expand with Croydon, Camden, Lambeth, Haringey joining in April followed by Islington and Hammersmith & Fulham in July.
- Fire and Rescue Authority Mutual Limited (“FRAML”). As previously announced this mutual commenced underwriting on 1 September 2007 and has made good progress since that time. Cambridgeshire, Bedfordshire/Luton and Essex will join the existing six members in April bringing the total Membership to 10 out of the 47 English and Welsh Fire Authorities.
- Council Alternative Risk Mutual Limited (“CARML”). CTC continues to work towards implementing a new mutual insurance company for Unitary authorities in the UK. The Steering Committee for implementation includes Norfolk, Middlesbrough, Bridgend, Plymouth, Newcastle, Cambridgeshire, Caerphilly and Redcar & Cleveland and it is anticipated the mutual will start up in early 2009.

Charles Taylor Underwriting Agencies

This newly created subsector of the ART department will manage coverholder arrangements for Lloyd’s syndicates and others. Approval was granted by Lloyd’s recently for the start up of a coverholder to underwrite ports and terminals business. In addition on the 4 February 2008 a further coverholder facility was agreed which will permit additional underwriting of property and casualty risks, globally outside the US and Canada.

The group believes that there is both considerable potential to develop coverholder arrangements in other insurance sectors and expand further into the risk retention sector in the US. It intends to build on the significant expertise available through its mutual management operations. It should be emphasised that these new arrangements do not involve the group in bearing underwriting risk.

Adjusting Division

The adjusting business performed well with growth being achieved across all four business areas.

Notable recent developments include:

- Nomination on several major construction projects in Africa and Australia.
- Expansion of the Asian Aviation liability business.

- A strong performance by the group's well established Asian offices in Hong Kong, Shanghai and Taipei was capped by the Hong Kong office's appointment on a further general average claim in November.
- Nomination as adjuster on an innovative Trade Disruption Insurance Cover for a Lloyd's Syndicate.

Run-off Division

Interest in the sector remains high as indicated by the two competitors who recently obtaining stock exchange listings in London. The group continues to explore opportunities to increase its run off book of business.

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Notes

1. Charles Taylor Consulting ("CTC") is a leading global provider of management, adjusting and claims services to the insurance sector.
2. The information in this statement is sourced primarily from management accounts.
3. Statements made in this announcement that look forward in time or that express management's beliefs, expectations or estimates regarding future occurrences are "forward-looking statements" within the meaning of the United States federal securities laws. These forward-looking statements reflect CTC's current expectations concerning future events and actual results may differ materially from current expectations or historical results.
4. The company will be making a presentation to analysts and investors this morning. This will not include any further material update other than that contained herein. A copy of the presentation will be posted on CTC's website by 10.00am London time.