



17 July 2008

**CLOSE BROTHERS GROUP PLC ANNOUNCEMENT REGARDING  
WINTERFLOOD SECURITIES LIMITED**

Close Brothers Group plc (“Close Brothers”) announces that its subsidiary Winterflood Securities Limited (“Winterflood”) has today referred to the Financial Services and Markets Tribunal (“FSMT”) a decision made by the Financial Services Authority (“FSA”) to impose a financial penalty of £4 million on Winterflood in respect of dealings which occurred on the AIM market in 2004.

The allegation against Winterflood stems from trading by third parties in 2004 in shares of Fundamental E Investments plc (“FEI”), an AIM listed stock. Winterflood was a market-maker in FEI at the time and executed a majority of the relevant trades. The FSA allege that Winterflood failed to have appropriate regard to warning signs and failed to ask questions about the propriety of the third party trades in FEI executed by Winterflood, and thereby committed market abuse. It is not alleged that Winterflood or its traders deliberately committed market abuse.

With the support of Close Brothers, Winterflood has vigorously contested the FSA’s allegations and, after careful consideration and on legal advice, has today exercised its right to refer the FSA decision to the FSMT.

The amount of the financial penalty together with the costs of the referral have been fully provided by Winterflood. Accordingly, the penalty is not expected to have any negative impact on the financial results of Winterflood or Close Brothers.

As this matter is now subject to a formal referral process, neither Winterflood nor Close Brothers expect to make any further comment on this matter until that process is complete.

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