IMPORTANT NOTICE

THE OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") WITHIN THE MEANING OF RULE 144A ("RULE 144A") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR (2) PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT) AND WHO ARE OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT (AND, IF INVESTORS ARE RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, A QUALIFIED INVESTOR).

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum following this notice, and you are therefore advised to read this carefully before reading, accessing or making any other use of the offering memorandum. In accessing the offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your representation: In order to be eligible to view the offering memorandum or make an investment decision with respect to the securities described therein, investors must be either (1) QIBs or (2) persons who are not U.S. persons (as defined in Regulation S) and who are outside the United States that would invest in the securities in an offshore transaction in reliance on Regulation S; *provided that* investors resident in a member state of the European Economic Area are qualified investors (within the meaning of Article 2(1)(e) of Directive 2003/71/EC and any relevant implementing measure in each member state of the European Economic Area). The offering memorandum is being sent at your request. By accepting the email and accessing the offering memorandum, you shall be deemed to have represented to each of the Initial Purchasers (each as defined in the attached offering memorandum), being the sender or senders of the offering memorandum, that:

(1) you consent to delivery of such offering memorandum by electronic transmission;

(2) either:

  (a) you and any customers you represent are QIBs, or

  (b) the email address that you gave us and to which the email has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia; and

(3) if you are resident in a member state of the European Economic Area, you are a qualified investor.

Prospective purchasers that are QIBs are hereby notified that the seller of the securities will be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act pursuant to Rule 144A.

You are reminded that the offering memorandum has been delivered to you on the basis that you are a person into whose possession the offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the offering memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Issuer (as defined in the attached offering memorandum) in such jurisdiction. Under no circumstances shall the offering

memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Initial Purchasers, nor any person who controls the Initial Purchasers, nor any of their directors, officers, employees or agents, accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

AA Bond Co Limited

£655,000,000 9.50% Class B Secured Notes due 2043

AA Bond Co Limited, a public limited liability company incorporated in Jersey (the "**Issuer**"), is offering (the "**Offering**") £655,000,000 aggregate principal amount of 9.50% Class B Secured Notes due 2043 (the "**Class B Notes**").

The Issuer will pay interest on the Class B Notes semi-annually in arrear on each 31 January and 31 July, commencing 31 January 2014. Interest on the Class B Notes will accrue at a rate of 9.50% per annum from (and including) the Issue Date up to (but excluding) 31 July 2021 (the "**Class B Note Step-Down Date**") and thereafter will accrue at a reduced rate of 5.00% per annum. The Class B Notes are expected to be redeemed in full on 31 July 2019 (the "**Class B Note Expected Maturity Date**"). After the Class B Note Expected Maturity Date, if the Class B Notes are not redeemed in full, interest will continue to accrue on the Class B Notes at the applicable rate, but payment of interest will be deferred and only become payable upon the satisfaction of certain conditions described herein. Unless previously redeemed in full, the Class B Notes will finally mature on 31 July 2043 (the "**Class B Note Final Maturity Date**").

The Issuer will lend the gross proceeds from the Offering of the Class B Notes to AA Senior Co Limited, a private company incorporated in England and Wales with limited liability (the "**Borrower**"), pursuant to a term loan (the "**Class B Loan**") under the Class B Issuer/Borrower Loan Agreement (the "**Class B IBLA**") to be entered into on the Issue Date. The economic terms of the Class B Loan (including, among other things, with respect to interest rates) will generally be the same as the terms of the Class B Notes. The Class B Loan will mature on 31 July 2019 (the "**Class B Loan Maturity Date**"). The Issuer's obligations to pay principal and interest on the Class B Notes are intended to be met from the corresponding payments of principal and interest on the Class B Loan by the Borrower under the Class B IBLA.

The Borrower may prepay the Class B Loan in whole or in part at any time on or after 31 January 2016 at the prepayment prices specified herein. Prior to 31 January 2016, the Borrower may prepay the Class B Loan in whole or in part at a prepayment price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, up to the prepayment date plus the applicable "make-whole" premium, as described herein. In addition, prior to 31 January 2016, the Borrower may use the net proceeds of specified equity offerings to prepay up to 40% of the aggregate principal amount of the Class B Loan at a prepayment price equal to 109.50% of the principal amount of the Class B Loan prepaid, plus accrued and unpaid interest and additional amounts, if any, up to the prepayment date, provided that at least 60% of the original aggregate principal amount of the Class B Loan remains outstanding following the prepayment. Additionally, the Borrower may prepay all, but not less than all, of the Class B Loan at a prepayment price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, up to the prepayment date upon the occurrence of certain changes in applicable tax law. Upon certain events constituting a change of control, the Borrower may be required to make an offer to repurchase all the Class B Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, up to the purchase date. In the event of any prepayment by the Borrower of the Class B Loan, in whole or in part, the Issuer will be required to apply the proceeds received from such prepayment to redeem a corresponding principal amount of Class B Notes, plus accrued and unpaid interest and additional amounts, if any, at a redemption price corresponding to the applicable prepayment price set forth in the Class B IBLA.

The Class B Notes will be contractually subordinated to, among others, the Class A Notes and will not be guaranteed by any person, except that the Class B Notes will benefit indirectly from the Topco Payment Undertaking. The Class B Loan will be contractually subordinated to, among others, the Class A Loans, the Senior Term Facility, the Working Capital Facility, the Liquidity Facility and certain hedging arrangements and pension liabilities, as described further herein. The Class B Loan will be guaranteed by certain subsidiaries (the "**Guarantors**" and, together with the Borrower, the "**Obligors**") of AA Mid Co Limited ("**Topco**"), as further described herein. Pursuant to a deed of undertaking to be entered into on the Issue Date (the "**Topco Payment Undertaking**"), Topco will undertake to pay or procure payment to the Obligor Security Trustee of all principal, interest and other amounts outstanding under the Class B IBLA in the circumstances described herein, including in the event that the Class B Loan is not repaid in full on the Class B Loan Maturity Date.

The Class B Notes will be secured by substantially all the Issuer's property, assets and undertaking (including its rights against each Obligor under the Class B IBLA), which security will also be shared with, among others, the Class A Notes. The Class B Notes will rank junior to the Class A Notes with respect to the application of enforcement proceeds, other than in respect of the Topco Security. The Class B Loan will be secured by, among other things, mortgages or fixed charges in respect of the Obligors' freehold and leasehold interests in all the properties owned thereby and fixed and floating charges over all other property, assets and undertaking of each Obligor, which security will also be shared with, among others, the Class A Loans, the Senior Term Facility, the Working Capital Facility and the Liquidity Facility, together with certain hedging arrangements and pension liabilities, as described further herein. The Class B Loan will rank junior to the foregoing with respect to the application of enforcement proceeds, other than in respect of the Topco Security. The Topco Payment Undertaking will be secured by first-ranking security (the "**Topco Security**") in respect of all the issued and outstanding shares of AA Intermediate Co Limited ("**Holdco**") and certain intercompany receivables, together with a first-ranking floating charge in respect of all Topco's other property, assets and undertaking, as further described herein. The Topco Security will be granted for the sole benefit of certain secured creditors of Topco, including for the indirect benefit of holders of the Class B Notes.

There is currently no public market for the Class B Notes. Application has been made for the Class B Notes to be listed on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof. There is no assurance that the Class B Notes will be, or will remain, admitted to trading on the Global Exchange Market.

Investing in the Class B Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 29.

Issue Price: 100.00% of principal plus accrued interest, if any, from (and including) the Issue Date.

The Class B Notes will be represented on issue by one or more global notes (the "**Global Notes**"), which will be delivered in book-entry form through the facilities of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream**") on or about 2 July 2013 (the "**Issue Date**").

The Class B Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any other jurisdiction. Accordingly, the Class B Notes are being offered and sold inside the United States only to qualified institutional buyers ("QIBs") in accordance with Rule 144A of the U.S. Securities Act ("Rule 144A") and outside the United States to certain persons in offshore transactions in accordance with Regulation S of the U.S. Securities Act ("Regulation S"). Prospective purchasers that are QIBs are hereby notified that the sellers of the Class B Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A thereunder. Outside the United States, sellers may be relying on Regulation S. See "*Notice to Investors*" for additional information about eligible offerees and transfer restrictions.

Joint Global Coordinators and Joint Physical Bookrunners

Deutsche Bank | **The Royal Bank of Scotland**

Joint Bookrunners

Barclays | **Mizuho Securities**

Joint Bookrunners

BofA Merrill Lynch | **HSBC** | **Lloyds Bank** | **Mitsubishi UFJ Securities** | **RBC Capital Markets** | **UBS Investment Bank**

The date of this offering memorandum is 25 June 2013.


AA
AA 999

IMPORTANT INFORMATION ABOUT THE OFFERING

In this Offering Memorandum, the terms "**we**," "**our**," "**us**," the "**Company**," the "**Automobile Association,**" the "**AA**" or the "**AA Group**" with respect to our historical results of operation, including business operations, refer to AA Limited and its subsidiaries as a whole or to any one or more of its subsidiaries, and to AA Mid Co Limited ("**Topco**") and its subsidiaries as a whole or to any one or more of its subsidiaries when discussing future results of operations, including business operations, as the context requires.

We have not authorised any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in this Offering Memorandum. You must not rely on unauthorised information or representations.

This Offering Memorandum does not offer to sell or solicit offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities.

The information in this Offering Memorandum is current only as of the date on the cover page, and the business or financial condition of us, our subsidiaries and the Issuer, along with other information in this Offering Memorandum, may change after that date. For any time after the cover date of this Offering Memorandum, we do not represent that our affairs are the same as described or that the information in this Offering Memorandum is correct, nor do we imply those things by delivering this Offering Memorandum or selling securities to you. Neither the Issuer, nor any of Deutsche Bank AG, London Branch, The Royal Bank of Scotland plc, Barclays Bank PLC, Mizuho International plc, HSBC Bank plc, Lloyds TSB Bank plc, Merrill Lynch International, Mitsubishi UFJ Securities International plc, RBC Europe Limited and UBS Limited (together, the "**Initial Purchasers**"), represents that the information herein is complete.

The Issuer and the Initial Purchasers are offering to sell the Class B Notes only in places where offers and sales are permitted.

IN CONNECTION WITH THE OFFERING OF CLASS B NOTES, DEUTSCHE BANK AG, LONDON BRANCH (THE "STABILISATION MANAGER") OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE CLASS B NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCES THAT THE STABILISATION MANAGER OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER WILL UNDERTAKE ANY SUCH STABILISATION ACTION. SUCH STABILISATION ACTION, IF COMMENCED, MAY BEGIN ON OR AFTER THE DATE OF ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE CLASS B NOTES AND MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE ON WHICH THE APPLICABLE ISSUER RECEIVED THE PROCEEDS OF THE ISSUE AND 60 CALENDAR DAYS AFTER THE DATE OF ALLOTMENT OF THE CLASS B NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

The Issuer is offering the Class B Notes in reliance on exemptions from the registration requirements of the U.S. Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The Class B Notes have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "**SEC**") or any other securities commission or regulatory authority, nor has the SEC or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

This Offering Memorandum is being provided for informational use solely in connection with consideration of a purchase of the Class B Notes to: (i) investors that the Issuer reasonably believes to be qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act; and (ii) to certain persons in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. Its use for any other purpose is not authorised. This Offering Memorandum may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents be disclosed to anyone other than the qualified institutional buyers described in (i) above or to persons considering a purchase of the Class B Notes in offshore transactions described in (ii) above.

This Offering Memorandum is for distribution only to persons who are: (i) investment professionals, as such term is defined in Article 19(5) of the U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**Financial Promotion Order**"); (ii) persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order; (iii) outside the United Kingdom; or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the U.K. Financial

Services and Markets Act 2000 ("**FSMA**")) in connection with the issue or sale of any Class B Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

This Offering Memorandum has been prepared on the basis that all offers of the Class B Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the "**Prospectus Directive**"), as implemented in member states of the European Economic Area (the "**EEA**"), from the requirement to produce a prospectus for offers of the Class B Notes. Accordingly, any person making or intending to make any offer within the EEA of the Class B Notes should do so only in circumstances in which no obligation arises for the Issuer or any of the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorised, nor do we or any of the Initial Purchasers authorise, the making of any offer of the Class B Notes through any financial intermediary, other than offers made by the Initial Purchasers that constitute the final placement of the Class B Notes contemplated in this Offering Memorandum.

In addition, the Class B Notes may not be purchased, transferred to or otherwise held by any Plan (as defined in "*Certain ERISA and Other Considerations*") or any person acting on behalf of any Plan, except in the event that such Plan or person has obtained the written approval of the Issuer to subscribe for and purchase the Class B Notes in the offering directly from the Initial Purchasers. Any Plan that acquires the Class B Notes in accordance with the immediately preceding sentence, and any successor to any such Plan, shall be referred to herein as an "Approved Plan." In the event that a Plan or any person acting on any Plan's behalf purchases, acquires or holds the Class B Notes without meeting these requirements, the purported purchase, transfer or holding will be void and, if such purchase or transfer is not treated as being void for any reason, the Class B Notes will automatically be transferred to a charitable trust for the benefit of a charitable beneficiary and the purported holder will acquire no right in the Class B Notes. These restrictions are described in "*Description of the Class B Notes*" and "*Certain ERISA and Other Considerations*" in this Offering Memorandum.

We have prepared this Offering Memorandum solely for use in connection with the Offering and for applying to the Irish Stock Exchange for the Class B Notes to be listed on its Official List and admitted to trading on its Global Exchange Market. In the United States, you may not distribute this Offering Memorandum or make copies of it without our prior written consent other than to people you have retained to advise you in connection with the Offering.

You are not to construe the contents of this Offering Memorandum as investment, legal or tax advice. You should consult your own legal counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of a purchase of the Class B Notes. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Class B Notes. We are not, and the Initial Purchasers are not, making any representation to you regarding the legality of an investment in the Class B Notes by you.

The information contained in this Offering Memorandum has been furnished by us and other sources we believe to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers or the Class B Note Trustee and the Paying Agents as to the accuracy or completeness of any of the information set out in this Offering Memorandum, and nothing contained in this Offering Memorandum is or shall be relied upon as a promise or representation by the Initial Purchasers, whether as to the past or the future. This Offering Memorandum contains summaries, believed to be accurate, of certain of the terms of specified documents and copies of certain of the summarised documents will be made available by us upon request for the complete information contained in such documents. Copies of such documents and other information relating to the issuance of the Class B Notes will also be available for inspection at the specified offices of the Class B Principal Paying Agent. All summaries of such documents contained herein are qualified in their entirety by this reference.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the Issuer's knowledge and belief, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. No person is authorised in connection with the offering made pursuant to this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum, and, if given or made, any other information or representation must not be relied upon as having been authorised by us or the Initial Purchasers.

By purchasing the Class B Notes, you will be deemed to have acknowledged that:

- you have reviewed this Offering Memorandum;
- this Offering Memorandum relates only to offers and sales with respect to the Class B Notes; and
- the Initial Purchasers have not separately verified the information contained in this Offering Memorandum and are not responsible for, and are not making any representations to you concerning the AA Group's future performance or the accuracy or completeness of this Offering Memorandum.

The Issuer reserves the right to withdraw the Offering at any time, and the Issuer and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Class B Notes in whole or in part and to allot to you less than the full amount of Class B Notes subscribed for by you.

This Offering Memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Class B Notes in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Class B Notes or possess this Offering Memorandum. You must also obtain any consents or approvals that you need in order to purchase any Class B Notes. Neither the Issuer nor the Initial Purchasers are responsible for your compliance with these legal requirements.

The distribution of this Offering Memorandum and the offer and sale of the Class B Notes may be restricted by law in some jurisdictions. Persons into whose possession this Offering Memorandum or any of the Class B Notes come must inform themselves about, and observe any restrictions on the transfer and exchange of, the Class B Notes. The Class B Notes are subject to restrictions on resale and transfer as described under "*Plan of Distribution*" and "*Notice to Investors*." By purchasing any Class B Notes, you will be deemed to have made certain acknowledgments, representations and agreements as described in those sections of this Offering Memorandum. You may be required to bear the financial risks of investing in the Class B Notes for an indefinite period of time.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO U.S. INVESTORS

Each purchaser of Class B Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Memorandum under "*Notice to Investors*." The Class B Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. Outside the United States, sellers may be relying on Regulation S. For a description of certain further restrictions on resale or transfer of the Class B Notes, see "*Notice to Investors*." The Class B Notes may not be offered to the public within any jurisdiction. By accepting delivery of this Offering Memorandum, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any Class B Note to the public.

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area. In relation to each member state of the EEA that has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), it has not made and will not make an offer of Class B Notes which are the subject of the offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than: (a) to any legal entity that is a qualified investor as defined in the Prospectus Directive; (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; *provided that* no such offer of the Class B Notes shall require the publication by the Issuer or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive other than in reliance on Article 3(2)(b).

For the purposes of this provision, the expression "offer of notes to the public" in relation to any Class B Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Class B Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Class B Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in

that Relevant Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC and amendments hereto, including the 2010 PD Amending Directive, and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Each subscriber for or purchaser of the Class B Notes in the offering located within a member state of the EEA will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive. The Issuer, the Initial Purchasers and their affiliates, and others will rely upon the trust and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Class B Notes in the offering.

Austria. This Offering Memorandum has not been or will not be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*), as amended. Neither this Offering Memorandum nor any other document connected therewith constitutes a prospectus according to the Austrian Capital Markets Act and neither this Offering Memorandum nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria. No steps may be taken that would constitute a public offering of the Class B Notes in Austria and the offering of the Class B Notes may not be advertised in Austria. Any offer of the Class B Notes in Austria will be made only in compliance with the provisions of the Austrian Capital Markets Act and all other laws and regulations in Austria applicable to the offer and sale of the Class B Notes in Austria.

Belgium. The offering of Class B Notes in this Offering Memorandum has not been and will not be notified to the Belgian Financial Services and Markets Authority (*Autorité des Services et Marchés Financiers/Autoriteit voor Financiële Diensten en Markten*), nor has this Offering Memorandum been or will it be approved by the Belgian Financial Services and Markets Authority. The Class B Notes shall not, whether directly or indirectly, be offered, sold, transferred or delivered in Belgium, as part of their initial distribution or at any time thereafter, by way of a public offering in Belgium except under the exemptions provided in Article 3 § 2 of the Belgian Law of June 16, 2006 on the public offering of securities and the admission of securities to trading on a regulated market, as amended (the "**Prospectus Law**"): (a) to qualified investors within the meaning of Article 10 of the Prospectus Law and the Royal Decree of September 26, 2006 on the extension of the concept of qualified investor and the concept of institutional or professional investor; or (b) when addressed on the Belgian territory, to less than 150 natural persons or legal entities which are not qualified investors. Each investor who in Belgium acquires Class B Notes shall be taken by so doing to have represented and warranted to the Issuer that it is a qualified investor or that it has complied with any other restrictions applicable in Belgium. For the purposes of this provision, the expression "offer of notes to the public" in relation to any Class B Notes in Belgium means the communication, in any form and by any means, presenting sufficient information on the terms of the offering and the offer of Class B Notes to be offered so as to enable an investor to decide to purchase or subscribe for the offer of Class B Notes.

France. This Offering Memorandum has not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the *Code Monétaire et Financier* and Title I of Book II of the *Règlement Général* of the *Autorité des Marchés Financiers* (the "**AMF**") and therefore has not been submitted for clearance to the AMF. Consequently, the Class B Notes may not be, directly or indirectly, offered or sold to the public in France, and offers and sales of the Class B Notes will only be made in France to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) and/or to a closed circle of investors (*cercle restreint d'investisseurs*) acting for their own accounts, as defined in and in accordance with L.411-2, D.411-1 to D.411-4, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code Monétaire et Financier*. Prospective investors are informed that (a) this Offering Memorandum has not been and will not be submitted for clearance to the AMF, (b) in compliance with Articles L.411-2 and D.411-1 through D.411-4 of the French *Code Monétaire et Financier*, any investors subscribing for the Class B Notes should be acting for their own account and (c) the direct and indirect distribution or sale to the public of the Class B Notes acquired by them may only be made in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code Monétaire et Financier*. Neither this Offering Memorandum nor any other offering material may be distributed to the public in France.

Germany. The Class B Notes may be offered and sold in Germany only in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as amended, the Commission Regulation No. (EC) 809/2004 of April 29, 2004 as amended, or any other laws applicable in Germany governing the issue, offering and sale of securities. This Offering Memorandum has not been approved under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or the Directive 2003/71/EC and, accordingly, the Class B Notes may not be offered publicly in Germany.

Hong Kong. The Class B Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Class B Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be

accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Class B Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Ireland. This Offering Memorandum has been prepared on the basis that any offer of Class B Notes will be made pursuant to the exemptions in Regulation 9(1)(a), (b) or (d) of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "**Irish Prospectus Regulations**") from the requirement to publish a prospectus for offers of notes. Accordingly, any person making or intending to make an offer in Ireland of Class B Notes which are subject of the Offering contemplated in this Offering Memorandum may only do so in circumstances in which no obligation arises for the Issuer, the Obligors or the Initial Purchaser to publish a prospectus pursuant to Regulation 12 of the Irish Prospectus Regulations or supplement a prospectus pursuant to Regulation 51 of the Irish Prospectus Regulations, in each case, in relation to such offer. None of the Issuer, the Obligors or the Initial Purchaser has authorised, nor do they authorise, the making of any offer of Class B Notes in circumstances in which an obligation arises for the Issuer, the Obligors or the Initial Purchaser to publish or supplement a prospectus for such offer.

Italy. No action has been or will be taken that could allow an offering of the Class B Notes to the public in the Republic of Italy. Accordingly, the Class B Notes may not be offered or sold directly or indirectly in the Republic of Italy, and neither this Offering Memorandum nor any other offering circular, prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Class B Notes may be issued, distributed or published in the Republic of Italy, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. The Class B Notes cannot be offered or sold to any natural persons or to entities other than qualified investors (according to the definition provided for by the Prospectus Directive) either on the primary or on the secondary market.

Japan. The Class B Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each Initial Purchaser has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Jersey. The Jersey Financial Services Commission (the "**Jersey Commission**") has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of the Notes by the Issuer. The Jersey Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law. A copy of this document has been delivered to the Jersey registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to its circulation. It must be distinctly understood that, in giving these consents, neither the Jersey registrar of companies nor the Jersey Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it. It should be remembered that the price of securities and the income from them can go down as well as up. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

Grand Duchy of Luxembourg. The terms and conditions relating to this Offering Memorandum have not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of public offering or sale in the Grand Duchy of Luxembourg ("Luxembourg"). Accordingly, the Class B Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in Luxembourg, except for the sole purpose of the admission to trading and listing of the Class B Notes on the Official List of the Luxembourg Stock Exchange and except in circumstances that do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities.

The Netherlands. The Class B Notes (including rights representing an interest in each global note that represents the Class B Notes) may not be offered or sold to individuals or legal entities in The Netherlands unless a prospectus relating to the offer is available to the public which is approved by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) or by a supervisory authority of another member state of the European Union. Article 5:3 of the Financial Supervision Act (the "**FSA**") and article 53, paragraphs 2 and 3 of the Exemption Regulation FSA provide for several exceptions to the obligation to make a prospectus available, such as an offer to qualified investors within the meaning of Article 5:3 of the FSA.

Singapore. This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in

Singapore other than: (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"); (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Class B Notes subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Class B Notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA.

Spain. The Offering has not been registered with the *Comisión Nacional del Mercado de Valores* and therefore the Class B Notes may not be offered in Spain by any means, except in circumstances that do not qualify as a public offer of securities in Spain in accordance with article 30 bis of the Securities Market Act (*Ley 24/1988, de 28 de julio del Mercado de Valores*) as amended and restated, or pursuant to an exemption from registration in accordance with article 41 of the Royal Decree 1310/2005 (*Real Decreto 1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*).

Sweden. This Offering Memorandum is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the Swedish Financial Instruments Trading Act (Sw. *lagen (1991:980) om handel med finansiella instrument*) nor any other Swedish enactment. Neither the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) nor any other Swedish public body has examined, approved or registered this Offering Memorandum or will examine, approve or register this Offering Memorandum. Accordingly, this Offering Memorandum may not be made available, nor may the Class B Notes otherwise be marketed and offered for sale, in Sweden other than in circumstances that are deemed not to be an offer to the public under the Swedish Financial Instruments Trading Act.

Switzerland. The Class B Notes offered hereby are being offered in Switzerland on the basis of a private placement only. This Offering Memorandum does not constitute a prospectus within the meaning of Art. 652A of the Swiss Federal Code of Obligations.

United Kingdom. This Offering Memorandum is directed solely at persons who (i) are investment professionals, as such term is defined in Article 19(5) of the Financial Promotion Order, (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FMSA) in connection with the issue or sale of any Class B Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE CLASS B NOTES.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains various forward-looking statements that reflect management's current views with respect to future events and anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statements as to historical facts or present facts or circumstances. The words "aim," "anticipate," "assume," "believe," "contemplate," "continue," "could," "estimate," "expect," "forecast," "intend," "likely," "may," "might," "plan," "positioned," "potential," "predict," "project," "remain," "should," "will" or "would," or, in each case, their negative, or similar expressions, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements appear in a number of places in this Offering Memorandum, including, without limitation, in the sections entitled "*Summary,*" "*Risk Factors,*" "*Management's Discussion and Analysis of Financial Condition and Results of Operations,*" "*Industry*" and "*Business*" and include, among other things, statements relating to:

- our strategy, outlook and growth prospects, including our plans to increase the sale of our products and services through cross-selling and up-selling to our existing customers;
- our operational and financial targets;
- our results of operations, liquidity, capital resources and capital expenditure;
- our cost-saving programmes;
- our financing plans and requirements;
- the separation of our operations from the Acromas Group and the Saga Group;
- our planned investments;
- future growth in demand for our products and services;
- general economic trends and trends in the markets in which we operate;
- the impact of regulations and laws on us and our operations;
- our retention of personal members, B2B customers and B2B partners;
- the competitive environment in which we operate and pricing pressure we may face;
- our plans to launch new or expand existing products and services; and
- the outcome of legal proceedings or regulatory investigations.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Memorandum. In addition, even if our financial condition, results of operations and cash flows and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that they will materialise or prove to be correct. Because these forward-looking statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of, among others:

- the loss or impairment of our favourable brand recognition;
- the operational failure of our IT and communication systems or the failure to develop our IT and communication systems;
- the loss of key contractual relationships with certain B2B partners;

- increased competition within our business segments;
- existing competition within the insurance broking market;
- changes in the competitive landscape within the insurance industry, and changes relating to our insurance panel members;
- failure to renew existing contracts or enter into new contracts with suppliers;
- litigation (including in connection with roadside injuries or death) or regulatory inquiries or investigations;
- the failure to comply with data protection laws and regulations or failure to secure and protect personal data;
- a lack of price harmonisation across our personal member and B2B customer base or changes in the levels of price discounts or churn;
- our ability to achieve cost savings and control or reduce operating costs;
- severe or unexpected weather, which may increase our operating costs;
- changes in economic conditions in the United Kingdom;
- changes within the vehicle market, including the average age of vehicles on the road, extended manufacturer guarantees and reduced vehicle use;
- failure to protect our brand and other intellectual property rights from infringement;
- our ability to successfully manage risks and liabilities relating to acquisitions and integrate any future acquisitions or consummate disposals in the future;
- our ability to operate as a stand-alone business following the Separation and potential increased operating costs incurred as a stand-alone business;
- our ability to retain or replace senior management and key personnel;
- union relations, strikes, work stoppages or other disruptions in our workforce;
- the interests of our controlling shareholders, Acromas or Saga;
- adverse changes in the laws and regulations governing our business;
- risks relating to our pension schemes;
- risks relating to the Class B Notes;
- factors affecting our leverage, our ability to service our debt and our structure;
- risks relating to security, enforcement and insolvency; and
- risks relating to taxation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*." The factors described above and others described under the caption "*Risk Factors*" should not be construed as exhaustive. Due to such uncertainties and risks, you are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this Offering Memorandum. We urge you to read this Offering Memorandum, including the sections entitled "*Risk Factors,*" "*The Refinancing,*" "*Management's Discussion and Analysis of Financial Condition and Results of Operations,*" "*Business*" and "*Industry Overview*" for a more complete discussion of the factors that could affect our future performance and the industry in which we operate.

These forward-looking statements speak only as of the date of this Offering Memorandum. We expressly undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation. Accordingly, prospective investors are cautioned not to place undue reliance on any of the forward-looking statements herein. In addition, all subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Memorandum, including those set forth under the caption "*Risk Factors*."

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

The Issuer is a special purpose company and was formed on 14 May 2013 for the purpose of issuing the Class A Notes and the Class B Notes offered hereby and lending the proceeds thereof to the Borrower. The Issuer has not engaged in any activities other than those related to its formation and the Refinancing. Separate financial information of the Issuer is not presented in this Offering Memorandum.

Unless otherwise indicated, this Offering Memorandum presents the (i) audited consolidated financial statements of the Company as of and for the years ended 31 January 2011, 2012 and 2013, which have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) ("**UK GAAP**") and audited by the Company's independent auditors, Ernst & Young LLP, as set forth in their audit report included elsewhere herein and (ii) the unaudited interim consolidated financial statements of the Company as of and for the three months ended 30 April 2012 and 2013, which have been prepared in accordance with UK GAAP. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Consolidated Results of Operations for the Three Months Ended 30 April 2012 and 2013*" for further information on our results of operations for the three months ended 30 April 2012 and 2013.

On or prior to the Issue Date, we intend to transfer the entire share capital of Acromas Reinsurance Company Limited ("**ARCL**") from The Automobile Association Limited ("**TAAL**") to the Company. Furthermore, under the terms of the Class B IBLA, we will prepare and present future consolidated financial statements for Holdco and its subsidiaries, rather than for the Company, the Issuer or Topco. See "*Description of the Class B IBLA—Certain Covenants—Reports*." As a result of the above, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations. We have also historically made payments to the group treasury function within the Acromas Group to cover various costs and expenses, including Acromas' obligations under the Existing Senior Facility Agreement and Existing Mezzanine Facility Agreement. Following the Separation, we will no longer remit cash to the Acromas Group treasury and we will retain this cash within the AA Group. In addition, we may incur increased costs from operating as a stand-alone business and other one-off and exceptional costs in connection with the Separation. As a result of the foregoing, our future consolidated financial statements will not be directly comparable to the consolidated financial statements of the Company for any prior periods, including those contained in this Offering Memorandum. See "*The Transactions—The Separation*."

We present our financial statements in pounds sterling. For certain information regarding rates of exchange between sterling and euros and sterling and U.S. dollars, see "*Exchange Rate Information*."

This Offering Memorandum includes unaudited consolidated *pro forma* financial data which has been adjusted to reflect certain effects of the Refinancing (including the issuance of the Class A Notes and the Class B Notes offered hereby and the application of the proceeds therefrom as described under "*Use of Proceeds*") and the Separation, as described under "*The Transactions—The Separation*." However, this Offering Memorandum does not include *pro forma* adjustments for any anticipated "one-off" costs or other adjustments and costs relating to the Separation and there can be no assurance that any such "one-off" costs or other adjustments and costs relating to the Separation will not be material. See "*The Transactions—The Separation*." The unaudited consolidated *pro forma* financial data included in this Offering Memorandum has been prepared for illustrative purposes only and does not purport to represent what the actual consolidated financial position or net financial expenses of the AA Group would have been if the Refinancing and the Separation had occurred (i) on 31 January 2013 for the purposes of the calculation of net financial position and (ii) on 1 February 2012 for the purposes of the calculation of net financial expenses, nor does it purport to project the AA Group's consolidated financial position and net financial expenses at any future date or for any future period. The unaudited *pro forma* adjustments and the unaudited *pro forma* financial data set out in this Offering Memorandum are based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual adjusted amounts.

Non-UK GAAP Financial Measures

We present in this Offering Memorandum various financial measures that are not measures of financial performance or liquidity under UK GAAP, including the following:

- Trading turnover, which we define as turnover from our roadside assistance, insurance services, driving services, AA Ireland and insurance underwriting segments and excluding turnover not allocated to a segment.

- Trading EBITDA, which we define as profit before (i) taxation, (ii) net interest payable and similar charges, (iii) goodwill amortisation, (iv) exceptional items, (v) pension curtailment gain, (vi) items not allocated to a segment and (vii) depreciation. Items not allocated to a segment relate to transactions that do not form part of the ongoing segment performance (including head office costs) and include transactions which are one-off in nature or relate to management charges from the Acromas Group for accessing shared services used by each of the AA Group, Saga Group and Acromas Group. We present Trading EBITDA on both a segmental and a

consolidated basis. However, the presentation of segmental Trading EBITDA as a percentage of total Trading EBITDA excludes head office costs to accurately reflect the proportion of our trading activities from each segment. See "*Note 1—Accounting Policies*" and "*Note 2—Segmental Analysis*" to our audited consolidated financial statements as of and for the years ended 31 January 2011, 2012 and 2013, included elsewhere in this Offering Memorandum.

- Trading EBITDA margin, which we define as Trading EBITDA as a percentage of Trading turnover. See "*Summary Consolidated Financial, Operating and Other Data*."

- Adjusted Trading EBITDA, which we define as Trading EBITDA adjusted to exclude (a) costs relating to (i) headcount reductions incurred in the first three quarters of the year ended 31 January 2013; (ii) discontinued promotional activities incurred during the year ended 31 January 2013; (iii) discontinued property incurred in the first three quarters of the year ended 31 January 2013; (iv) legal matters incurred during the year ended 31 January 2013; (v) a non-recurring bad debt write-off; and (vi) terminated supply contracts incurred during the year ended 31 January 2013, each of which were either exceptional and non-recurring or eliminated as a result of discontinuing the underlying activities in the year ended 31 January 2013 or thereafter and (b) Trading EBITDA attributable to insurance underwriting activities in the year ended 31 January 2013. See "*Summary Consolidated Financial, Operating and Other Data*."

- Available cash inflow from operating activities, which we define as the cash generated from operating activities before returns on investments and servicing of finance, taxation, capital expenditure and financial investments and acquisitions and disposals, which cash is available for investing in the business. See "*Summary Consolidated Financial, Operating and Other Data*."

- Cash conversion, which we define as available cash inflow from operating activities as a percentage of Trading EBITDA. See "*Summary Consolidated Financial, Operating and Other Data*."

- Capital expenditure, which we define as the total amount of tangible fixed assets acquired, including assets acquired under finance lease arrangements. See "*Summary Consolidated Financial, Operating and Other Data*."

In addition, we present certain financial measures for AA Ireland on a "constant currency" basis to eliminate foreign currency exchange rate fluctuations, and such presentation of financial measures on a constant currency basis is not in accordance with UK GAAP.

The non-UK GAAP financial measures presented herein are not recognised measures of financial performance under UK GAAP, but measures used by management to monitor the underlying performance of our business and operations. In particular, the non-UK GAAP financial measures should not be viewed as substitutes for net profit/(loss) for the period, profit/(loss) before taxation, operating income, cash and cash equivalents at period end or other income statement or cash flow items computed in accordance with UK GAAP. The non-UK GAAP financial measures do not necessarily indicate whether cash flow will be sufficient or available to meet our cash requirements and may not be indicative of our historical operating results, nor are such measures meant to be predictive of our future results.

We have presented these non-UK GAAP measures in this Offering Memorandum because we consider them to be important supplemental measures of our performance and believe that they are used by investors comparing performance between companies. Since not all companies compute these or other non-UK GAAP financial measures in the same way, the manner in which our management has chosen to compute the non-UK GAAP financial measures presented herein may not be comparable with similarly defined terms used by other companies. The non-UK GAAP financial measures have certain limitations as analytical tools, and you should not consider these measures in isolation from the other financial information presented herein. Some of these limitations are:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

- they do not reflect changes in, or cash requirements for, our working capital needs;

- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debts;

- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often need to be replaced in the future and operating free cash flow does not reflect any cash requirements that would be required for such replacements; and

- the fact that other companies in our industry may calculate the non-UK GAAP measures differently from the way we do may limit their usefulness as a comparative measure.

Differences between UK GAAP, IFRS and US GAAP

The financial information presented in this Offering Memorandum has not been prepared or audited in accordance with accounting principles generally accepted in the United States ("**US GAAP**") or International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). No opinion or any other assurance with regard to any financial information has been expressed under US GAAP or IFRS.

We prepare our consolidated financial statements in accordance with UK GAAP, which differs in certain significant respects from IFRS and US GAAP. We have not prepared consolidated financial statements in accordance with, nor have we reconciled our consolidated financial statements to, IFRS or US GAAP. We cannot offer any assurance that we will continue to prepare our consolidated financial statements in accordance with UK GAAP. We cannot offer any assurance that the differences described below would, in fact, be the accounting principles creating the greatest differences between our financial statements in the event we were to present our financial statements in accordance with IFRS. Therefore, we are unable to identify or quantify all the differences that may impact our reported profits, financial position or cash flows in the event they were to be reported under IFRS, and the effects of such differences may be material. We have not included in this Offering Memorandum any explanation of the differences between UK GAAP and US GAAP, which also may be material.

We summarise below some of the key differences that may arise in the event we were to present our financial statements in accordance with IFRS. This list is not comprehensive and, except as stated, takes no account of current or future changes to IFRS.

- We would be required to present an analysis of our operating segments under IFRS 8 *Operating Segments*. Such presentation may differ from the presentation of our segmental information in accordance with SSAP 25, *Segmental Reporting* under UK GAAP.

- We would be required to adopt a different presentation, including the format of our primary statements and incorporate additional disclosures, in areas such as employee benefits and leases, into our financial statements under IFRS as compared with UK GAAP.

- We would not amortise our goodwill under IFRS. Instead, goodwill would be stated at cost less impairment and reviewed annually for impairment. Under UK GAAP, our goodwill is being amortised over 20 years.

- We would be required to recognise our defined benefit pension plan under IFRS. There are some differences between defined benefit accounting under IFRS and UK GAAP which would affect the defined benefit cost recognised in profit and loss and may affect the (net of taxation) value of the defined pension liability recognised in the balance sheet. Under IFRS, the defined benefit obligation would be shown in the balance sheet gross of deferred taxation. Under UK GAAP, the defined benefit obligation is shown net of deferred taxation.

The differences between UK GAAP and IFRS described above are not necessarily differences that have existed throughout the periods covered by the consolidated financial statements presented herein. The above discussion is not intended to provide a comprehensive list of all such differences specifically related to us or the industries in which we operate. IFRS is generally more restrictive and comprehensive than UK GAAP regarding recognition and measurement of transactions, account classification and disclosure requirements. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in our consolidated financial statements or the notes thereto.

The International Accounting Standards Board (the "**IASB**") is working on a project to revise accounting for leases. Recent IASB deliberations suggest that there may be two models of lease accounting for lessees and two models of lease accounting for lessors (excluding short-term leases). Depending on the classification of leases into these models of accounting, there may be significant changes in the accounting for property leases compared with current IFRS for both lessees and lessors. Based on the IASB's timeline, a final standard is likely to be issued in late 2013, with an effective date no earlier than annual reporting periods beginning on 1 January 2016. Currently, the IASB is seeking to prepare a new exposure draft for issue in the first quarter of 2013. The implications of any such modification in the treatment of leases is uncertain. However, the IASB could modify the criteria for leases that qualify as either operating leases or finance leases. Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the AA Group, are currently capitalised in the balance sheet and are depreciated over the shorter of (i) the lease term and (ii) the asset's useful life. Any such modification in the treatment of leases could impact our ability to classify certain of our leases as finance leases, meaning they may not be capitalised on our balance sheet and could potentially impact our Trading EBITDA.

In January 2012, the IASB published its revised proposals for the future of financial reporting in the United Kingdom and the Republic of Ireland in the form of three exposure drafts (Draft Financial Reporting Standard 100, Draft Financial Reporting Standard 101 and Draft Financial Reporting Standard FRS 102). Draft Financial Reporting Standard 102 sets out the proposed financial reporting framework. If finalised and adopted in its current form, this new financial reporting

framework would require us in the future to implement changes in the way we account for, present and disclose certain items, a number of which would be consistent with those changes that would arise were we to adopt IFRS, as described above. In relation to future business combinations, we would be required to account for separately identifiable intangible assets and assume a useful economic life of five years for goodwill where the useful economic life cannot be reliably estimated. We would be required to determine deferred tax balances using a different approach from UK GAAP. In addition, the form of our primary statements would be required to be more in line with the current requirements of IFRS.

In making an investment decision with respect to the Class B Notes, you should rely upon your own examination of the terms of this Offering and the financial information contained in this Offering Memorandum. You should consult your own professional advisors for an understanding of the differences between UK GAAP, IFRS and US GAAP and how those differences could affect the financial information contained in this Offering Memorandum.

Adjustments

Certain numerical information and other amounts and percentages presented in this Offering Memorandum may not sum due to rounding. Accordingly, certain figures in this Offering Memorandum have been rounded to the nearest whole number.

Certain Terms Used

For definitions of certain terms used in this Offering Memorandum, as well as a glossary of other terms used in this Offering Memorandum, see "*Definitions and Glossary*."

INDUSTRY AND MARKET DATA

In this Offering Memorandum, we rely on and refer to information regarding our business and the markets in which we operate and compete. Certain economic and industry data, market data and market forecasts set forth in this Offering Memorandum were extracted from market research, governmental and other publicly available information, independent industry publications and reports prepared by international consulting firms. These external sources include the Association of British Insurers ("**ABI**"), Business Monitor International ("**BMI**"), the UK Department for Transport ("**DfT**"), Datamonitor, the Office for National Statistics ("**ONS**"), the Society of Motor Manufacturers and Traders ("**SMMT**") and industry data provided by third parties, some of which was commissioned on our behalf.

While we have accurately reproduced such third-party information, neither we nor the Initial Purchasers have verified the accuracy of such information, market data or other information on which third parties have based their studies. As far as we are aware and are able to ascertain from information published by these third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Market studies are frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward-looking and speculative.

This Offering Memorandum also contains estimates of market data and information derived therefrom that cannot be gathered from publications by market research institutions or any other independent sources. Such information is prepared by us based on third-party sources and our own internal estimates, including studies of the market that we have commissioned. In many cases, there is no publicly available information on such market data, for example, from industry associations, public authorities or other organisations and institutions. We believe that our estimates of market data and information derived therefrom are helpful to give investors a better understanding of the industry in which we operate as well as our position within the industry. Although we believe that our internal market observations are reliable, our own estimates are not reviewed or verified by any external sources. While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the heading "*Risk Factors*."

TRADEMARKS AND TRADE NAMES

We are the registered owner of, or have rights to, certain trademarks or trade names that we use in conjunction with the operation of our business. Each trademark, trade name or service mark of any other company appearing in this Offering Memorandum is the property of its respective holder.

CURRENCY PRESENTATION

In this Offering Memorandum, unless otherwise indicated, all references to "£," "pound," "pounds," "pounds sterling," "sterling" and "GBP" are to the lawful currency of the United Kingdom, all references to "€," "euro," "euros," and "EUR" are to the single currency of the Member States of the European Union participating in the European Monetary Union and all references to "$," "U.S. dollar," "U.S. dollars" and "USD" are to the United States dollar, the lawful currency of the United States of America.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated, certain information concerning the exchange rate for pounds sterling based upon the Bloomberg Composite Rate, expressed in U.S. dollars per £1.00 (rounded to three decimal places). The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Offering Memorandum. "Average" means the average of the exchange rates on the last business day of each month for annual averages and the average of the exchange rates on each business day during the relevant period for monthly averages. These exchange rates are provided only for the convenience of the reader. No representation is made that amounts in pounds sterling have been, could have been, or could be converted into U.S. dollars, or vice versa. As of 25 June 2013, the mid-rate was USD 1.5426 per £1.00.

	U.S. DOLLARS PER £1.00			
	Period End	**Average**	**High**	**Low**
Year				
2008	1.4575	1.8519	2.0296	1.4411
2009	1.6148	1.5659	1.7017	1.3703
2010	1.5591	1.5457	1.6377	1.4324
2011	1.5509	1.6039	1.6694	1.5390
2012	1.6242	1.5851	1.6276	1.5295
2013 (through 25 June 2013)	1.5426	1.5446	1.6254	1.4902
Month				
December 2012	1.6242	1.6144	1.6276	1.6036
January 2013	1.5874	1.5973	1.6254	1.5692
February 2013	1.5184	1.5475	1.5794	1.5136
March 2013	1.5195	1.5082	1.5224	1.4902
April 2013	1.5540	1.5311	1.5540	1.5115
May 2013	1.5174	1.5290	1.5575	1.5051
June 2013 (through 25 June 2013)	1.5426	1.5538	1.5694	1.5295

The following table sets forth, for the periods indicated, certain information concerning the exchange rate for pounds sterling based upon the Bloomberg Composite Rate, expressed in euros per £1.00 (rounded to three decimal places). "Average" means the average of the exchange rates on the last business day of each month for annual averages and the average of the exchange rates on each business day during the relevant period for monthly averages. These exchange rates are provided only for the convenience of the reader. No representation is made that amounts in pounds sterling have been, could have been, or could be converted into euros, or vice versa. As of 25 June 2013, the mid-rate was Euro 1.1778 per £1.00.

	EUROS PER £1.00			
	Period End	**Average**	**High**	**Low**
Year				
2008	1.0442	1.2574	1.3611	1.0209
2009	1.1269	1.1229	1.1851	1.0414
2010	1.1665	1.1663	1.2358	1.0961
2011	1.1967	1.1525	1.2042	1.1071
2012	1.2307	1.2332	1.2863	1.1789
2013 (through 25 June 2013)	1.1778	1.1760	1.2328	1.1445
Month				
December 2012	1.2308	1.2300	1.2423	1.2166
January 2013	1.1682	1.2011	1.2328	1.1637
February 2013	1.1605	1.1592	1.1825	1.1456
March 2013	1.1853	1.1644	1.1853	1.1445
April 2013	1.1809	1.1756	1.1887	1.1651
May 2013	1.1700	1.1779	1.1886	1.1656
June 2013 (through 25 June 2013)	1.1778	1.1744	1.1787	1.1676

The rates in each of the foregoing tables may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Offering Memorandum. We have provided these exchange rates solely for the convenience of potential investors. The rates should not be construed as a representation that pounds sterling amounts could have been, or could be, converted into euro or U.S. dollars at the rates set forth herein or at any other rate. No representation is made that amounts in pounds sterling have been, could have been, or could be converted into euros, or vice versa.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

SUMMARY

This summary highlights selected information about the AA Group and the Offering contained in this Offering Memorandum. This summary is not complete and does not contain all the information you should consider before investing in the Class B Notes. The following summary should be read in conjunction with, and the following summary is qualified in its entirety by, the more detailed information included in this Offering Memorandum, including the consolidated financial statements of the Company and the related notes therein. You should read carefully the entire Offering Memorandum to understand our business, the nature and terms of the Class B Notes and the Class B Loan and the tax and other considerations that are important to your decision to invest in the Class B Notes, including the risks discussed under the heading "Risk Factors." See "Definitions and Glossary" for more information on the technical terms used in this Offering Memorandum.

Overview

We are the largest roadside assistance provider in the United Kingdom, representing over 40% of the market and responding to an average of approximately 10,000 breakdowns every day. With over 100 years of operating history, we have established ourselves as one of the most widely recognised and trusted brands in the United Kingdom. We have successfully leveraged our brand and pursued an affinity-based expansion model into complementary products and services to also become a leading provider of insurance broking services, home emergency assistance services, financial services intermediation and driving services, each of which is offered under the AA brand. As of 31 January 2013, approximately 16 million customers, representing approximately 51% of UK households, subscribed to at least one AA product.

In the year ended 31 January 2013, we generated Trading turnover of £971.0 million and Trading EBITDA (defined as profit before taxation, net interest payable and similar charges, goodwill amortisation, exceptional items, pension curtailment gain, items not allocated to a segment and depreciation) of £394.6 million. Between 2009 and 2013, our Trading turnover grew at a CAGR of 2.1%. Our business generates attractive margins, with a Trading EBITDA margin of 40.6% for the year ended 31 January 2013. We have high cash conversion ratios (defined as available cash inflow from operating activities divided by Trading EBITDA) of 112.9%, 94.8% and 94.3% in the years ended 31 January 2011, 2012 and 2013, respectively, as we have favourable working capital dynamics due to the fact that the majority of our personal members pay for services in advance and the majority of our suppliers are paid after the provision of goods and services. In addition, we estimate that approximately 84% of our turnover and approximately 92% of our profit contribution (turnover less marketing and service and delivery costs) for the year ended 31 January 2013 was derived from repeat business (defined as income from renewing personal members and insurance customers, multi-year B2B roadside assistance and driving services contracts and driving school franchisees that contribute to turnover), which contributes to the relative predictability of our future Trading EBITDA and cash flow.

Our Products and Services

Our business consists of four core segments: roadside assistance, insurance services, driving services and AA Ireland. Revenue for our roadside assistance, insurance services and AA Ireland segments are primarily derived from business-to-customer ("**B2C**") and business-to-business ("**B2B**") relationships. The business-to-customer market is composed of individuals that directly subscribe for or purchase the relevant products and services (the "**B2C market**"), while the business-to-business market is composed of third-party companies and other organisations ("**B2B partners**") that offer the relevant products and services as "add-on" or complementary products and services to their own customers (the "**B2B market**").

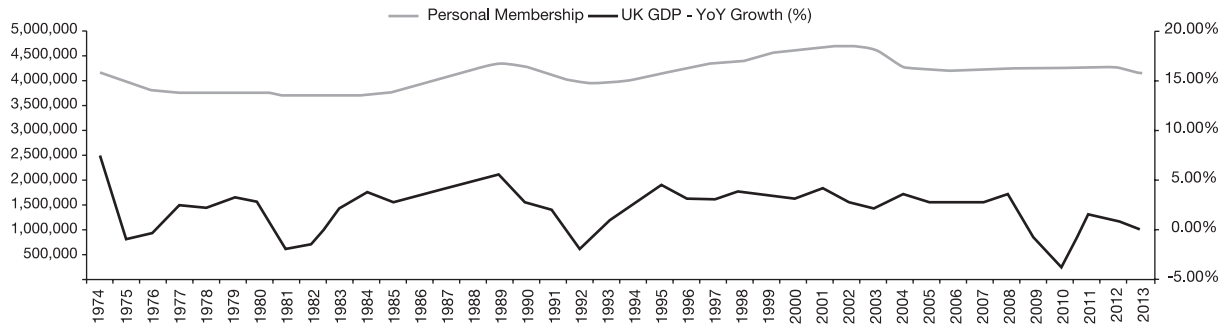
Roadside Assistance

We are the leading provider of roadside assistance across the United Kingdom, with approximately 3,000 dedicated patrols, reaching an average of 10,000 breakdowns each day. In the year ended 31 January 2013, our patrols attended approximately 3.7 million breakdowns, with an average response time of approximately 45 minutes, based on the time elapsed between receiving customer calls and our patrols arriving on scene. Unlike certain other roadside assistance providers that only provide services through third-party garage networks, our patrols are trained to assess and repair a multitude of vehicle malfunctions at the roadside. In 2013, our patrols successfully repaired approximately 76% of breakdowns at the roadside. Our patrols operate through a fleet of approximately 3,000 vehicles, comprising 2,711 service vans, 209 recovery trucks and 48 service motorbikes. The AA service vans and motorbikes are each equipped with advanced tools, diagnostic equipment and technology designed to enable our patrols to achieve a high roadside repair rate. Our operations are supported by leading resource planning, deployment and communication and technology systems in order to maximise both customer service and cost efficiency.

We serve a broad spectrum of roadside assistance clients, who are divided principally between policy holders (typically individuals) who directly subscribe for roadside assistance coverage through membership agreements with us within the B2C market ("**personal members**"), and customers who receive roadside assistance coverage indirectly as an "add-on" or

complementary service to the products they purchase from certain of our B2B partners in the B2B market ("**B2B customers**"). Our roadside assistance B2B partners include car manufacturers (such as Ford and General Motors), fleet and vehicle rental companies (such as Hertz and Enterprise) and banking institutions (specifically, members of the Lloyds Banking Group). As of 31 January 2013, we had a total of approximately 13 million roadside assistance personal members and B2B customers, consisting of approximately four million personal members and approximately nine million B2B customers. We are the market leader of roadside assistance services in both the B2C and B2B markets, with approximately 40% market share in each, which is larger than the two other national competitors, the RAC and Green Flag. In addition, in each of the past five years we have been recognised as the highest rated of the major providers of roadside assistance by participants in the *Which?* magazine annual survey of providers.

Historically, our personal membership base has remained relatively stable, despite cyclicality in the broader economy. The following graph sets forth our membership levels as compared to UK real GDP growth between 1974 and 2013:



Source: Company data and ONS.

Our roadside assistance segment generated turnover of £674.1 million, or 69.6% of our total turnover, and Trading EBITDA of £317.6 million, or 71.5% of our total Trading EBITDA, excluding head office costs, for the year ended 31 January 2013.

Insurance Services

Our insurance services segment consists of insurance broking, home emergency services and financial services intermediation. We are one of the leading insurance brokers in the United Kingdom, with approximately 700,000 motor insurance policies and approximately 900,000 home insurance policies in force at 31 January 2013. According to industry sources, we are the number three insurance broker in the United Kingdom based on total number of policies in force. We offer motor, home, travel and other more specialised insurance policies to both roadside assistance personal members and non-members. A core element of our strategy is to cross-sell our insurance products to our roadside assistance personal members. For example, while approximately 65% of our motor insurance customers are also personal members, only approximately 11% of our personal members have purchased our motor insurance, demonstrating future cross-selling opportunities to our personal members. Pricing for our insurance policies is principally determined by our insurance underwriting panel, although we have the ability to influence motor insurance pricing by providing members of our insurance underwriting panel with certain risk-related information, including proprietary data we collect in connection with our roadside assistance segment and external data such as credit scores. We believe that our proprietary data provides us with a competitive advantage over direct writers of insurance and other insurance brokers in that it provides information that allows our underwriters to assess risk more accurately.

We launched our home emergency service in 2010, which has grown rapidly from approximately 328,000 covered homes as of 31 January 2011 to approximately 1.2 million covered homes as of 31 January 2013 (including B2B customers), representing a CAGR of 91.5%. Our home emergency service responds to various types of home emergencies, including plumbing, power loss and boiler and central heating repair.

We began offering financial services intermediation in 1980, long before many other non-bank brands in the United Kingdom. Our products and services include savings accounts, unsecured loans, credit cards, currency cards and life insurance policies. Our financial intermediation service products are offered under the AA brand through the following B2B partners: Birmingham Midshires (Lloyds Banking Group), The Co-Operative Bank, MBNA (Bank of America) and Friends Life (Resolution).

Our insurance services segment generated turnover of £162.1 million, or 16.7% of our total turnover, and Trading EBITDA of £93.1 million, or 21.0% of our total Trading EBITDA, excluding head office costs, for the year ended 31 January 2013.

Driving Services

According to industry sources, we are the largest driving school in the United Kingdom based on market share and we have approximately 2,900 franchised instructors. As such, we are approximately twice the size of the second largest driving school in the country. We offer driver education services to beginners under the AA brand, as well as through the British School of Motoring ("**BSM**"), which we acquired in 2011 and continue to operate under the BSM brand. We also provide driver education services to more experienced drivers through DriveTech (UK) Limited ("**AA DriveTech**"), our driver training company specifically designed for commercial and professional drivers. In addition, on behalf of certain local police forces, AA DriveTech also provides driver training to individuals who have committed certain driving offences. We have contracts with 14 of the 44 police forces in England, Wales and Northern Ireland and are a leading service provider of driver education programmes for police authorities and local government entities in the United Kingdom.

Our driving services segment includes our ancillary media business, which publishes and sells AA-branded road atlases and provides online route planning, traffic information and maps via the AA Route Planner on our website. Our media business also offers accreditation services for hotels and restaurants.

Our driving services segment generated turnover of £96.5 million, or 10.0% of our total turnover, and Trading EBITDA of £19.6 million, or 4.4% of our total Trading EBITDA, excluding head office costs, for the year ended 31 January 2013.

AA Ireland

In addition to the business segments described above, according to industry sources, we are a leading provider of roadside assistance and insurance broking in Ireland. As of 31 January 2013, we had approximately 111,000 roadside assistance personal members and approximately 160,000 B2B customers, as well as approximately 108,000 motor insurance customers and approximately 65,000 home insurance customers, in Ireland.

Our Irish segment generated turnover of £38.3 million, or 4.0% of our total turnover, and Trading EBITDA of £13.0 million, or 2.9% of our total Trading EBITDA, excluding head office costs, for the year ended 31 January 2013.

Other

In addition to our four core segments, historically we also engaged in reinsurance underwriting, which we conducted through our reinsurance underwriting vehicle, Acromas Reinsurance Company Limited ("**ARCL**"). Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations. Although ARCL did not engage in any reinsurance activities during the year ended 31 January 2013, it has recently begun reinsuring certain policies insured by one of our affiliates, Acromas Insurance Company Limited ("**AICL**"). On or prior to the Issue Date, we intend to transfer the entire share capital of ARCL from TAAL to the Company. Furthermore, under the terms of the Class B IBLA, we will prepare and present future consolidated financial statements for Holdco and its subsidiaries, rather than for the Company, the Issuer or Topco. As a result of the above, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward.

Our Strengths

Widely recognised and trusted consumer brand

The AA brand is one of the most widely recognised consumer brands in the United Kingdom, with over 100 years of operating history and over half of UK households subscribing to at least one AA product. We believe that our excellent customer service has resulted in high levels of customer satisfaction and that, as a result, we have successfully positioned the AA as the UK's "4th Emergency Service." Customer engagement is high, and on average, each of our personal members will use the service once every two years. Our nationwide reputation is evident through our own and independent surveys indicating leading levels of brand favourability and satisfaction among UK consumers. The AA has achieved the highest overall score of the major roadside assistance providers in each of the past five years, as assessed by *Which?*, one of the largest consumer organisations in the United Kingdom.

Our brand is further enhanced through the AA's approximately 3,000 branded "yellow" patrol vehicles, which provide us with a strong market presence and high visibility on the road. Our brand is also highly visible through our road signage, publishing and hotel and restaurant accreditation services. In addition, our AA Routeplanner website served approximately 2.4 million routes per week on average during the year ended 31 January 2013 and our suite of AA branded mobile apps have been downloaded approximately 3.0 million times since launching. Due to the strength of the AA brand, we have successfully implemented an affinity-based expansion model, enabling us to develop complementary products and services beyond traditional roadside assistance services.

Market leader in the UK roadside assistance market

According to industry sources, the total UK vehicle recovery service market generated approximately £1.5 billion as of December 2011, covering approximately 29 million policies. In addition, the market has been resilient throughout the recent economic crisis, as consumers in the United Kingdom have demonstrated a propensity to retain their roadside assistance coverage. This supports the view that the service is one that our personal members may opt to maintain in spite of reductions in household income.

We are the largest roadside assistance provider in the United Kingdom based on market share, with approximately four million personal members and nine million B2B customers, representing approximately 44% and 42% of the B2C and B2B markets, respectively (according to industry sources), significantly larger than the next largest roadside assistance provider, the RAC. At 31 January 2013, approximately 1.5 million personal members had been with the AA for more than 10 years, of which approximately 800,000 had been personal members for more than 20 years. See "*Business—Our Products and Services—Roadside Assistance*."

Significant barriers to entry in a mature and concentrated market

The roadside assistance market in the United Kingdom is a mature and concentrated market. The three primary market participants are the AA, the RAC and Green Flag, which together account for approximately 80% of the combined B2C and B2B roadside assistance markets. The most recent of these to enter the market was Green Flag in 1971 and, according to industry sources, it currently accounts for approximately 12% of the B2C market and approximately 14% of the B2B market. We believe that the substantial resource and scale required to operate an efficient national roadside service, combined with high start-up costs for new market entrants, pose significant barriers to entry. The AA is well positioned within the market as a result of the following brand specific factors:

- the strength of the AA brand established over a 100-year operating history has fostered high levels of trust and loyalty among our customer base and has contributed to our high customer retention rates;
- our national coverage and the economies of scale we achieved through our approximately 3,000 dedicated patrols allow us to reach our customers quickly and to provide high quality service to approximately 3.7 million breakdowns per year at a lower cost per breakdown than competitors with less scale and that employ third-party garage networks;
- our sophisticated deployment processes and delivery systems for addressing breakdowns have been specifically developed by the AA over years of operational experience and would be difficult and expensive to replicate;
- our proprietary database of approximately 20.0 million individuals who have consented to receive communications from the AA provides us with a significant platform to cross-sell our complementary products and services and provides us with critical data for our pricing models; and
- well-established relationships with our B2B partners, whereby we are able to provide high-quality service to their customers, as well as important statistical data such as vehicle faults and performance information to the B2B partners themselves.

We believe these brand specific factors, combined with the significant barriers to entry in the roadside assistance market described above, have allowed us to maintain our leading market position in a mature and concentrated market.

Diversified and substantial customer base with potential for high product and service cross-holding levels

As of 31 January 2013, approximately 16.0 million customers, representing approximately 51% of UK households, subscribed to at least one AA product or service and approximately 55% of our customers had more than one of our products or services. We believe that there is further potential to increase the cross-holding of our products and services, particularly among our roadside assistance personal members. For example, while approximately 65% of our approximately 700,000 motor insurance customers also have a roadside assistance membership, only approximately 11% of our approximately four million roadside assistance personal members are motor insurance customers. We believe this represents a significant opportunity for increased motor insurance sales to our roadside assistance personal members. Our extensive proprietary database provides us with a cost-efficient platform to cross-sell our complementary products and services, including our insurance and home emergency products and services, on a targeted basis to our existing customers, thereby increasing value per customer.

Strong market positions across an attractive portfolio of complementary product offerings

By leveraging the strength of the AA brand, we began successfully expanding into the UK motor and home insurance broking market in 1967, as well as the financial services intermediation market in 1980, the driving services market in 1992 and the home emergency services market in 2010.

We are one of the leading insurance brokers in the United Kingdom and have a long history of distributing motor, home and other insurance products to both personal members and non-members, with approximately 1.8 million policies currently in force. We have achieved a high degree of cross-penetration between our business segments. Of our motor and home insurance customers, approximately 65% and 44%, respectively, are also AA roadside assistance personal members.

We launched our home emergency services in December 2010, largely building on our existing AA sales and operational infrastructure and taking advantage of our significant experience in managing substantial and sophisticated deployment processes. Having rapidly established the AA as a leading player in the home emergency market, we now serve approximately 1.2 million households through our B2C and B2B relationships, with a significant cross-penetration of approximately 62% of home emergency members already subscribing to our roadside assistance services as of 31 January 2013.

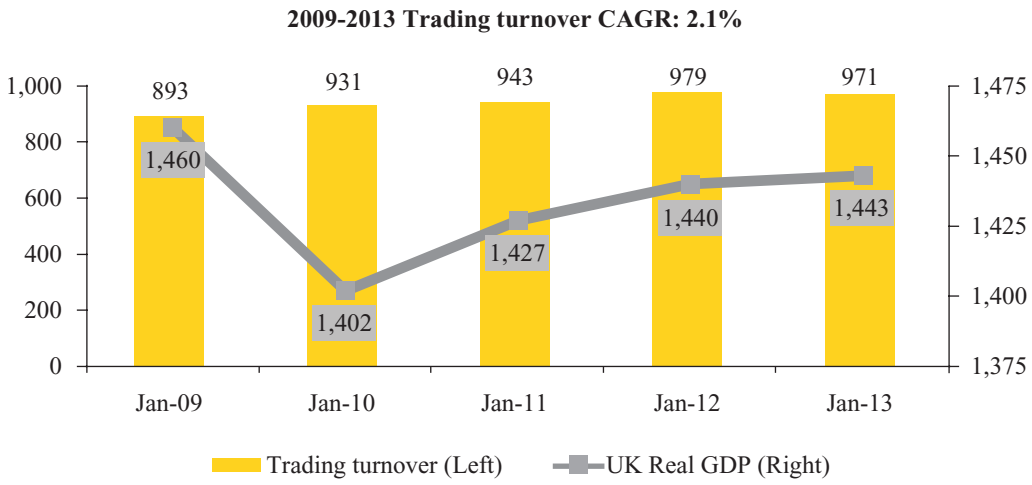
We are the largest driving school in the United Kingdom based on market share according to industry sources, with approximately 2,900 franchised instructors teaching individuals to drive or how to become driving instructors.

Additionally, the AA provides financial services intermediation products such as savings accounts, unsecured loans, credit cards, currency cards and life insurance policies, with a portfolio of approximately 156,000 savings account customers with savings deposits of approximately £3.4 billion through our business partner, Birmingham Midshires (Lloyds Banking Group), as of 31 January 2013.

Resilient business model with high recurring turnover and significant cash flow generation

We have maintained a strong historical performance through the economic cycle, as reflected in the charts below presenting our Trading turnover (defined as turnover excluding turnover not allocated to a segment) and Trading EBITDA for the five years ended 31 January 2013 compared to UK Real GDP for the five years ended 31 December 2012:

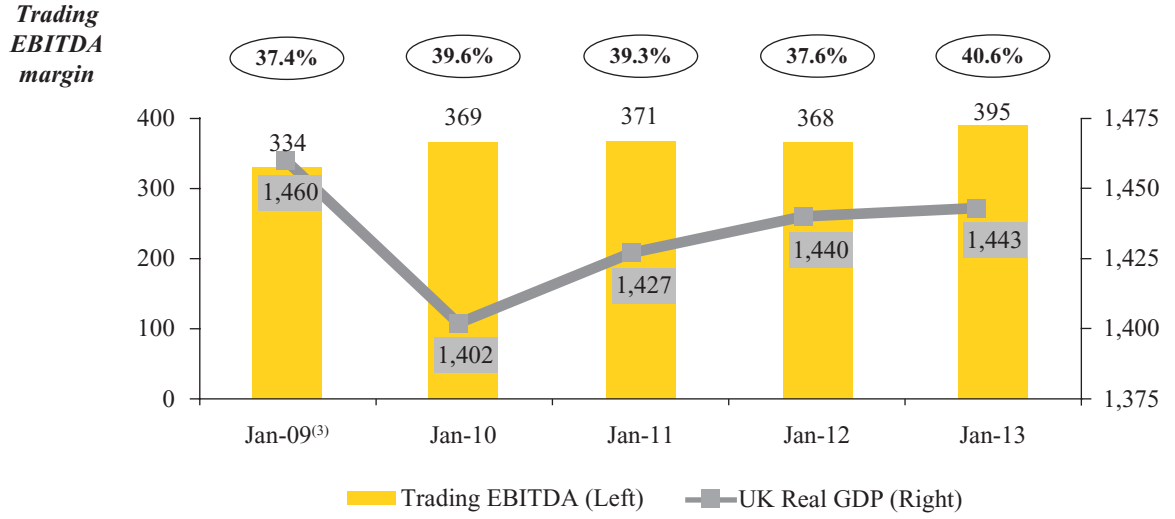
Trading turnover[(1)] (£ in million) and UK Real GDP[(2)] (£ in billions)



(1) Trading turnover includes turnover from insurance underwriting. Trading turnover for the financial years ended 31 January 2009 and 2010 was derived from our management accounts and Trading turnover for the financial years ended 31 January 2011, 2012 and 2013 was derived from our audited consolidated financial statements.

(2) UK Real GDP is presented for the five years ended 31 December 2012 (Source: IMF).

Trading EBITDA[1] (£ in million) and UK Real GDP[2] (£ in billions)



(1) Trading EBITDA for the financial years ended 31 January 2009 and 2010 was derived from our management accounts and Trading EBITDA for the financial years ended 31 January 2011, 2012 and 2013 was derived from our audited consolidated financial statements.

(2) UK Real GDP is presented for the five years ended 31 December 2012 (Source: IMF).

(3) Beginning on 1 February 2009, we have capitalised internal labour costs. We have not restated our results for the year ended 31 January 2009 to reflect this change in our accounting policies. We estimate that this amount would have increased Trading EBITDA by £3.5 million in the year ended 31 January 2009.

We have high member and customer retention rates within each of our major segments as a result of both individual customer brand loyalty and significant multi-year B2B contracts, which provide recurring turnover and significant cash flow generation. We estimate that approximately 84% of our turnover and approximately 92% of our profit contribution (defined as turnover less marketing and service delivery costs) for the year ended 31 January 2013 was derived from repeat business. The average personal member retention rate within our roadside assistance segment was approximately 79% in the year ended 31 January 2013. The average tenure of personal members within our roadside assistance segment is approximately 11 years, with retention rates increasing with membership tenure. The data which we have collected comparing our personal roadside assistance membership to UK GDP for the last 40 years indicates that our personal roadside assistance membership base has remained relatively stable, despite cyclicality in the broader economy. Our insurance services products, principally motor and home insurance and home emergency, have an average retention rate of approximately 71% for the year ended 31 January 2013.

Furthermore, the implementation of new customer administration systems in our roadside assistance and insurance segments over the past three years has increased the volume and quality of data available to us, allowing us to improve our pricing and non-pricing retention capabilities.

We have high cash conversion ratios (defined as available cash inflow from operating activities divided by Trading EBITDA) of 112.9%, 94.8% and 94.3% in the years ended 31 January 2011, 2012 and 2013, respectively, as we have favourable working capital dynamics due to the fact that the majority of our personal members pay for services in advance and the majority of our suppliers are paid after the provision of goods and services.

Experienced and proven management team complemented by a dedicated workforce

Our management team is highly experienced, with an average tenure of approximately seven years with the AA and a strong historical track record of growing our Trading EBITDA. In recent years, for example, our management team has overseen the extension of our cross-sale activities through our expanded range of services, the organic development of our home emergency segment, the replacement of customer administration systems and the development of the driving services segment through both organic development and bolt-on acquisitions. These activities were delivered in addition to the ongoing improvements in profit contribution from both B2C and B2B roadside assistance activities. Furthermore, over the past year, our management team has streamlined our call centre operations, removing management duplication and improving call handling efficiencies.

We also have a highly skilled and experienced workforce with an average roadside assistance patrol tenure of over 10 years. Our hiring process for automotive technicians is selective and once hired, our patrol members receive additional training and support and are subject to ongoing evaluation. We believe that the excellent quality of our workforce contributes to our high roadside repair rates, which in turn contributes to customer retention.

Our Strategy

Continue to enhance and develop our roadside assistance service offerings

We believe that our highly skilled and experienced workforce and our strong track record in the roadside assistance service industry are key factors driving our ability to win new personal members and retain and extend existing contracts. We intend to continue to implement customised technology to enhance our roadside services and other product offerings as opportunities arise. We believe targeted investments in IT and diagnostic equipment will help ensure that our fleet continues to achieve a high roadside repair rate and provide high quality roadside service. For example, we recently equipped our standard service vans with mobile data terminals that display contact details and breakdown history for our personal members and B2B customers. In addition, we are focused on rolling out special services, such as AA Key Assist, which combines professional locksmith skills with advanced diagnostic equipment to quickly replace lost, damaged or stolen vehicle keys. AA Key Assist allows our patrols to provide replacement keys for most vehicle models within one hour of arriving at the scene. We believe that our ability to provide advanced tools, diagnostic equipment and technology at the roadside and to develop distinct value-added services differentiates us from our competitors.

Further increase value per customer through cross-selling and up-selling

One of our key priorities is the continued focus on the promotion of our products and services among our large existing personal member and customer base. In particular, we are actively cross-selling multi-product packages and up-selling existing customers to higher levels of coverage where appropriate. As of 31 January 2013, we maintained a database of approximately four million roadside assistance personal members, of which only approximately 11%, 6% and 7% purchased our motor insurance, home insurance and home emergency services, respectively. Furthermore, we believe that our roadside assistance personal members find our other products and services attractive based on the fact that as of 31 January 2013, approximately 65% of our motor insurance, 44% of our home insurance and 62% of our home emergency customers were also roadside assistance personal members. The relatively low percentage of cross-holding among our roadside assistance personal members represents an opportunity for further sales. We regularly analyse our database to identify opportunities to market products and services to our existing customers at attractive prices.

Focus insurance broking on areas of competitive advantage

We intend to continue to develop our insurance broking business, in particular by focusing primarily on our demonstrated ability to cross-sell and up-sell our extensive insurance product range to our existing customer base, including the approximately four million personal members that currently subscribe to our roadside assistance services. The insurance broking market is highly competitive and price competition is significant. As a result, we are particularly focused on capitalizing on the competitive advantage afforded to us by the size and quality of our proprietary data base to increase our sales. In particular, our substantial customer base, combined with our database management systems, allows us to collect and provide motor insurers with historical risk-related information concerning our personal members, which is only available to the AA. For example, in addition to providing generally available credit scoring information, we are able to provide information regarding our personal members to assist motor insurers in their analysis of insurance risk. We currently have proprietary data which allows preferential pricing for a majority of our personal members. We believe the data we provide to motor insurers will continue to allow us to achieve preferential pricing terms for our existing roadside assistance personal members. In addition, we believe that our regular direct contact with our existing personal members and B2B customers through our call centres will continue to provide us with a cost-efficient platform from which to sell motor, home and a variety of other insurance products on a targeted and customer-specific basis.

Grow home emergency business from a solid base

We are one of the fastest growing home emergency providers in the United Kingdom and we believe that there is significant scope for further growth. The AA covers approximately 1.2 million households out of an estimated total potential market of approximately 21.0 million households. We believe that our home emergency service is attractive to both existing roadside assistance personal members and customers in our other segments, and to prospective customers, due to the strength of our brand and our reputation for quality service. One of the key elements of our growth strategy for our home emergency services is to continue leveraging the AA brand by cross-selling our home emergency service to our existing roadside assistance personal members and home insurance customers. As of 31 January 2013, only approximately 7% of our roadside assistance personal members had purchased our home emergency services, suggesting that there is significant room for future growth within our existing customer base. We also intend to focus on up-selling our existing home emergency customers to higher levels of coverage, such as our boiler and central heating repair policies. Building on the success of our affinity-based expansion model with our B2B partners, such as Lloyds Banking Group, which has enabled us to penetrate the B2B market, we intend to continue to create similar relationships with other banks and financial institutions, utility companies and affinity groups to promote our home emergency service expertise.

Maintain and grow driving services market share

We are a leading provider of private driver education with approximately 20% share of pupils and revenue in a fragmented market, according to industry sources. We also offer commercial driver education programmes in the United Kingdom. We intend to further develop our leading market position by extending our range of driver training and awareness products. For example, primarily through corporate contracts with AA DriveTech, we provide driver education and awareness training specifically designed for commercial and professional drivers. We aim to continue to build on our strong relationships with UK police forces, as a significant proportion of AA DriveTech customers are referred to us as a result of having committed certain driving offences. We are also developing contacts with small businesses that require their employees to enrol in driver education programmes. Although we are currently focused on maximizing enrolment in our existing driving schools and training programmes, we will also consider potential selective acquisitions in this area as attractive opportunities arise.

Principal Shareholders

The shareholders of our ultimate parent are funds controlled by Charterhouse Capital Partners ("**Charterhouse**") (36%), funds controlled by CVC Capital Partners ("**CVC**") (20%), funds controlled by Permira Advisers ("**Permira**") (20%), employees (20%) and others (4%).

Charterhouse is a UK-based private equity firm that specialises in European leveraged buyouts. With a portfolio that includes financial services, industrial and manufacturing businesses, Charterhouse has approximately €8.0 billion of assets under management. CVC is a UK-based private equity firm with offices throughout Europe, Asia and the United States. CVC has completed over 300 investments in a wide range of industries and currently has secured commitments of approximately $50.0 billion. Permira is a UK-based private equity firm that specialises in the consumer, financial services, healthcare, industrials and technology and media sectors. Permira advises funds of approximately €20.0 billion.

Recent Developments

Trading Update

In the three months ended 30 April 2013, we generated Trading turnover of £238.2 million, which represents an increase of £2.4 million, or 1.0%, from £235.8 million in the three months ended 30 April 2012. In addition, our Trading EBITDA increased by £6.2 million, or 6.7%, to £98.9 million in the three months ended 30 April 2013 from £92.7 million in the three months ended 30 April 2012. In the twelve months ended 30 April 2013, we generated Trading turnover of £973.4 million and Trading EBITDA of £400.8 million. Please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Consolidated Results of Operations for the Three Months Ended 30 April 2012 and 2013*" for our results of operations for the three-month periods ended 30 April 2012 and 2013.

Separation

In 2007, the AA joined Saga under common ownership and has since operated as a subsidiary of the parent company, Acromas Holdings Limited, which is owned by funds controlled by Charterhouse (36%), funds controlled by CVC (20%), funds controlled by Permira (20%), employees (20%) and others (4%). However, the AA has largely maintained independent business operations within each of its segments, with the exception of certain shared services and trading relationships among the AA Group, the Acromas Group and the Saga Group, including with respect to information technology, legal services, financial services and treasury administration.

Concurrently with the Offering, the operations of the AA Group will be separated from the Acromas Group and the Saga Group (the "**Separation**"). However, the AA will continue to be owned by Acromas and have certain shared responsibilities and trading relationships with the Acromas Group and the Saga Group. To formalise the Separation and help facilitate a smooth transition, whereby the AA, Saga and Acromas will operate as independent groups with limited dependency, the AA Group will enter into an inter-group services agreement with the Acromas Group that will govern the relationship between certain members of the AA Group, the Saga Group and the Acromas Group and set forth the terms and conditions on which certain services will be provided between such members. See "*The Transactions—The Separation*."

AA Pension Schemes

The AA Group operates two defined benefit pension schemes: (i) the AA UK Pension Scheme (the "**AA UK Pension Scheme**"), which we operate for AA employees in the United Kingdom, including the Channel Islands, and (ii) the AA Ireland Pension Scheme (the "**AA Ireland Pension Scheme**"), which we operate for AA employees in Ireland. The AA UK Pension Scheme is the largest scheme operated by the AA Group and according to the last actuarial valuation, which was carried out as at 31 March 2010, the AA UK Pension Scheme had a funding deficit of approximately £87 million and assets of £1,222 million. The Saga Group operates three defined benefit pension schemes: (i) the Saga Pension Scheme (the "**Saga Pension Scheme**"),

(ii) the Nestor Healthcare Group Retirement Benefits Scheme and (iii) the Healthcall Group Limited Pension Scheme. The Saga Pension Scheme is the largest scheme operated by the Saga Group and as at 31 January 2012, the Saga Pension Scheme had a funding deficit of approximately £37.3 million and assets of £146.0 million. In connection with the AA Group and the Saga Group being brought together under common ownership to form part of the Acromas Group in 2007, an agreement was entered into with the trustee of each of the AA UK Pension Scheme and the Saga Pension Scheme, which provided the trustees thereof with shared super senior security over assets of the Acromas Group. Under this arrangement, the trustee of the AA UK Pension Scheme (the "**AA UK Pension Trustee**") was granted super senior security over assets up to a value of £150 million in respect of certain liabilities relating to the AA UK Pension Scheme, and the trustee of the Saga Pension Scheme (the "**Saga Pension Trustee**") was granted super senior security over assets up to a value of £32.5 million in respect of certain liabilities relating to the Saga Pension Scheme.

An actuarial valuation with an effective date as at 31 March 2013 (the "**2013 Valuation**") is currently being conducted for the AA UK Pension Scheme and we expect to receive the preliminary valuation results later in 2013. In connection with the 2013 Valuation, we have entered into negotiations with the AA UK Pension Trustee in relation to a proposal to enter into an asset-backed funding structure (the "**ABF**"), which will provide the AA UK Pension Scheme with an inflation-linked income stream over 25 years, intended to address, in whole or in part, the funding deficit which is expected to be disclosed by the 2013 Valuation. Typically, funding deficits are addressed over a much shorter period than 25 years and, in order to secure the AA UK Pension Trustee's agreement to this longer 25-year term under the ABF, it is proposed that the AA UK Pension Trustee will release its £150 million super senior security to be granted by the Obligors concurrently with the Offering (as described below) in return for first-ranking security over our brands up to a value of £200 million. While the proposed arrangement remains subject to further negotiation, we expect that the ABF will be put in place during the course of 2013. As described above, the AA UK Pension Trustee currently has the benefit of shared super senior security over assets of the Acromas Group up to a value of £150 million in respect of certain liabilities relating to the AA UK Pension Scheme. Concurrently with the Offering, the AA UK Pension Trustee's existing shared super senior security interest will be released and it will be granted first-ranking super senior security from the Obligors up to a value of £150 million. If the ABF is not finally agreed and implemented, the AA UK Pension Trustee's security will remain at its present value of £150 million. Concurrently with the Offering, the trustee of the AA Ireland Pension Scheme (the "**AA Ireland Pension Trustee**") will also be granted first-ranking super senior security from the Obligors up to a value of £10 million, which will remain in place irrespective of whether the ABF is ultimately agreed and implemented.

A non-binding term sheet setting out the terms of the ABF has been agreed with the AA UK Pension Trustee and will be appended to a pension agreement, which will set out the terms agreed between the AA Group and the AA UK Pension Trustee on various pensions issues, including the guarantees being granted to the Borrower to replace the guarantees previously provided by a member of the Acromas Group, and which will be entered into between the AA UK Pension Trustee and the Borrower on or about the Closing Date (the "**AA UK Pension Agreement**").

No results (preliminary or otherwise) are currently available in relation to the 2013 Valuation. We estimate that the funding deficit with respect to the AA UK Pension Scheme was approximately £180 million as at 31 March 2013. However, the funding deficit for the purposes of the final 2013 Valuation will depend on the assumptions we agree with the AA UK Pension Trustee, which means the funding deficit disclosed by the 2013 Valuation may differ materially from our current estimate. Furthermore, there can be no assurance that the funding deficit with respect to the AA UK Pension Scheme will not increase in the future under the ABF, which may result in materially higher payments to the AA UK Pension Scheme being required to address such increased deficit.

As a result of a recent law change, certain employers in the United Kingdom are now required to automatically enroll eligible employees (who are not already members of a qualifying pension scheme) into a qualifying pension scheme with a minimum level of employer contributions. The AA Group will begin to automatically enroll eligible employees who are not already members of a qualifying pension scheme (such as the AA UK Pension Scheme) into a group personal pension plan commencing on 1 July 2013 (though employees will have the option to opt into the group personal pension plan before 1 July 2013 if they wish).

The Migration

One of our subsidiaries, TAAL, is incorporated in Jersey and is regulated by the Jersey Commission as a registered person under the Financial Services (Jersey) Law 1998 to carry on general insurance mediation business, as more fully described under "*Regulatory Overview — TAAL Jersey Regulatory Overview*." Consequently, TAAL is subject to certain requirements imposed by Jersey law, which, among other things, requires prior approval from the Jersey Commission to transfer direct and indirect ownership in TAAL or appoint a liquidator or an administrator, or to perfect any assignment of title to or enforce any security interest granted in respect of the share capital of TAAL or any parent company of TAAL. Accordingly, in order to facilitate enforcement of the Obligor Security in the future for the indirect benefit of the holders of the Class B Notes, including the appointment of an administrative receiver, concurrently with the Offering, TAAL and Automobile Association Developments Limited ("**AADL**"), an entity incorporated in England, will enter into a business transfer deed (the "**Business Transfer Deed**"), pursuant to which TAAL will agree to sell, and AADL will agree to buy, the

business of TAAL as a going concern and the legal and beneficial title to substantially all the income producing assets of TAAL. In connection with the sale, AADL will assume all the liabilities of TAAL, as well as agree to pay the book value of the assets to be transferred.

Substantially all the income producing assets of TAAL will be transferred in accordance with the terms set out in the Business Transfer Deed. It is expected that the transfers will commence in September 2013, when employees of TAAL will transfer to AADL and AADL will be substituted as the sponsoring employer under the AA UK Pension Scheme in place of TAAL, and subject in the case of certain assets, such as supplier contracts, finance leases and leases of real estate, to the receipt of applicable third party consents. Prior to the transfer of employees, TAAL will agree to service and administer the assets that have already been transferred to AADL to the same standard that it would apply if it had not entered into the Business Transfer Deed. Following the transfer of employees to AADL, TAAL and AADL will enter into a transitional services agreement to ensure TAAL is able to discharge its duties in respect of assets that have yet to be transferred or which do not form part of the assets being sold to the same standard that it has applied prior to the date of the Business Transfer Deed. See "*The Transactions—The Migration*."

The Refinancing

On the Issue Date, we will enter into the financing transactions described below in connection with (i) the partial repayment of outstanding debt under the Acromas Group's Existing Senior Facility Agreement and (ii) the repayment in full of outstanding debt under the Acromas Group's Existing Mezzanine Facility Agreement (together, the "**Refinancing**").

The Issuer will issue:

- £625,000,000 aggregate principal amount of Class A Secured Notes due 2043 (the "**Class A Notes**") and lend the proceeds therefrom to the Borrower pursuant to one or more term loans (the "**Class A Loans**") under the Class A Issuer/Borrower Loan Agreement (the "**Class A IBLA**") to be entered into on the Issue Date; and

- £655,000,000 aggregate principal amount of Class B Notes pursuant to the Offering and lend the proceeds therefrom to the Borrower pursuant to the Class B Loan under the Class B IBLA.

The Class A Notes will be issued pursuant to a multicurrency programme for the issuance of Class A Notes (the "**Programme**"), pursuant to which further Class A Notes may be issued from time to time.

The Borrower will enter into:

- a senior term facility agreement (the "**Senior Term Facility Agreement**"), pursuant to which a senior term facility of up to £1,775 million (the "**Senior Term Facility**") will be made available; and

- a working capital facility agreement (the "**Working Capital Facility Agreement**"), pursuant to which a revolving working capital facility of up to £150 million (the "**Working Capital Facility**") will be made available.

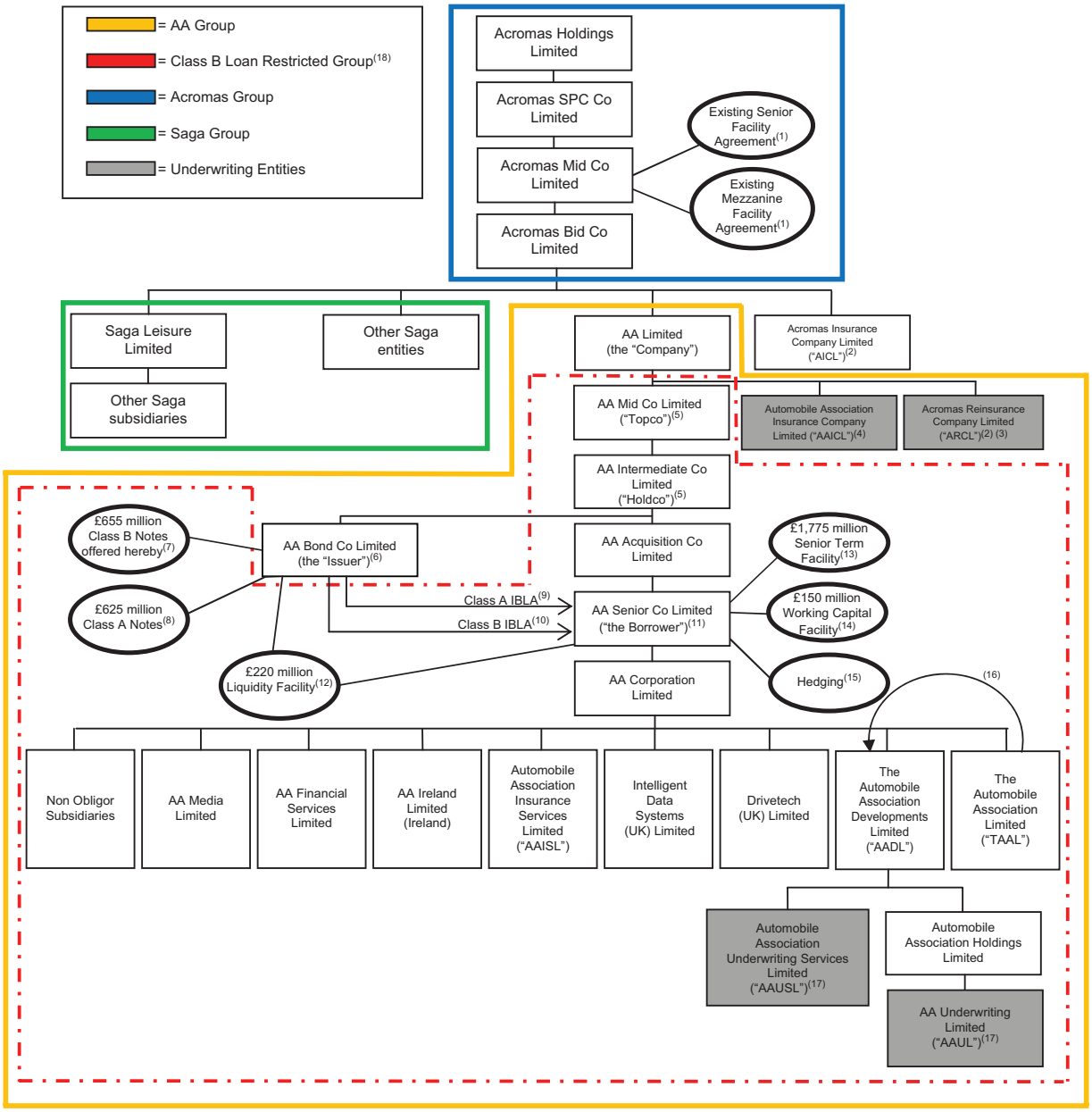
The Issuer and the Borrower will also enter into a liquidity facility agreement (the "**Liquidity Facility Agreement**"), pursuant to which a liquidity facility of up to £220 million (the "**Liquidity Facility**") will be made available.

The gross proceeds from the Class A Loans, the Class B Loan and the Senior Term Facility will be used to partially repay outstanding debt under the Existing Senior Facility Agreement and fully repay outstanding debt under the Existing Mezzanine Facility Agreement, as well as pay fees and expenses associated with the Refinancing. Any amounts drawn under the Working Capital Facility Agreement will be used to meet working capital needs. Any amounts drawn under the Liquidity Facility Agreement will be used to meet certain liquidity shortfalls, including for the purpose of servicing interest payments on the Class A Notes or the Class A Loans, as the case may be.

For further details, see "*Use of Proceeds*," "*Description of the Class B Notes*," "*Description of the Class B IBLA*," "*Description of Certain Financing Arrangements—Class A Notes*," "*Description of Certain Financing Arrangements—Senior Term Facility Agreement*," "*Description of Certain Financing Arrangements—Working Capital Facility Agreement*" and "*Description of Certain Financing Arrangements—Liquidity Facility Agreement*."

Corporate Structure and Certain Financing Arrangements

The following diagram shows a simplified summary of our corporate and principal financing structure, as of 31 January 2013, on a *pro forma* basis, giving effect to the Separation and the Refinancing, including the issuance of the Notes and the application of proceeds of the Offering as described in "*Use of Proceeds*." The diagram does not include all our debt obligations. For a summary of the debt obligations identified in this diagram, see "*Capitalisation*," "*Principal Shareholders*," "*Description of Certain Financing Arrangements*," "*Description of the Class B Notes*" and "*Description of the Class B IBLA*."



(1) Outstanding debt under the senior facility agreement dated 17 September 2007 (as amended or restated from time to time) by and among, *inter alios*, Spring & Alpha MidCo Limited (since renamed as Acromas Mid Co Limited), as the parent, and Barclays Bank PLC, as facility agent, and security trustee (the "**Existing Senior Facility Agreement**") will be partially repaid, and outstanding debt under the mezzanine facility agreement dated 17 September 2007 (as amended or restated from time to time), by and among, *inter alios*, Spring & Alpha MidCo Limited (since renamed as Acromas Mid Co Limited) as the parent and Mizuho Corporate Bank, Ltd, as facility agent, and Barclays Bank PLC, as security trustee (the "**Existing Mezzanine Facility Agreement**") will be repaid in full, in each case with the proceeds from the Senior Term Facility, the Offering and the offering of the Class A Notes (the "**Refinancing**"). Following the Refinancing, the maximum amount that will remain outstanding under the Existing Senior Facility Agreement will be a term loan of £1,580.0 million and a revolving credit facility of £215.0 million. In connection with the Existing Senior Facility Agreement, Acromas Bid Co Limited and the Company granted fixed and floating charges over all or substantially all of their assets (including the entire share capital in AA Limited and Topco). If there is an event of default under the Existing Senior Facility Agreement and enforcement of the share security granted in the Company or Topco, such enforcement would trigger a change of control under the Senior Term Facility Agreement, the Working Capital Facility Agreement and the Class B IBLA.

(2) Acromas Insurance Company Limited ("**AICL**") is wholly owned by Acromas Bid Co Limited, an entity within the Acromas Group. AICL currently underwrites certain insurance policies, which we have recently begun reinsuring through Acromas Reinsurance Company Limited ("**ARCL**").

(3) On or prior to the Issue Date, we intend to transfer the entire share capital of ARCL from TAAL to the Company. Furthermore, under the terms of the Class B IBLA, we will prepare and present future consolidated financial statements for Holdco and its subsidiaries, rather than for the Company, the Issuer or Topco. As a result of the above, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations.

(4) On or after the Issue Date, the Acromas Group will transfer the entire share capital and assets of Automobile Association Insurance Company Limited ("**AAICL**") from Acromas Bid Co Limited to the Company, our parent company that is outside the restricted group. The Company will be able to underwrite its own policies through AAICL and target customer segments where our panel members are less competitive. AAICL has not underwritten any policies to date and requires regulatory approval to do so.

(5) On the Issue Date, Topco will enter into the Topco Payment Undertaking, pursuant to which Topco will undertake to pay to the Obligor Security Trustee all principal, interest and other amounts outstanding under the Class B IBLA and any other Class B Authorised Credit Facility then outstanding, in certain specified circumstances, including in the event that the Class B Loan is not repaid in full on the Class B Loan Maturity Date. The obligations of Topco under the Topco Payment Undertaking will be secured by first-ranking security in respect of all the issued and outstanding shares of Holdco and certain intercompany receivables, together with a floating charge granted in respect of all of Topco's other property, assets and undertaking (the "**Topco Security**"). The Topco Security will be for the sole benefit of certain secured creditors of Topco, including for the indirect benefit of holders of the Class B Notes. As of 30 April 2013, Topco had net total intercompany indebtedness pursuant to intercompany loans in the amount of £121.5 million, consisting of £1,641.5 million and £275.6 million owed by Topco to the Company and to Acromas Bid Co Limited, respectively, which amounts are offset by £1,757.9 million, £20.0 million and £17.7 million owed by Holdco, The Automobile Association Limited and AA Corporation Limited, respectively, to Topco. All intercompany loans relating to the Existing Indebtedness will be repaid on the Issue Date.

(6) The Issuer is a public limited liability company incorporated under the laws of Jersey. The Issuer is a finance subsidiary formed to facilitate the issue of the Class A Notes and the Class B Notes and the transactions ancillary thereto. The Issuer is a wholly owned subsidiary of Holdco with no independent business operations or significant assets. The Issuer will lend the gross proceeds of the Class A Notes and the Class B Notes to the Borrower pursuant to the Class A Loans under the Class A IBLA and the Class B Loan under the Class B IBLA, respectively, to partially repay outstanding debt under the Existing Senior Facility Agreement and fully repay outstanding debt under the Existing Mezzanine Facility Agreement, as well as pay fees and expenses associated with the Refinancing.

(7) The Class B Notes will be contractually subordinated to, among others, the Class A Notes as to payment and will rank junior to the Class A Notes with respect to the application of enforcement proceeds, other than in respect of the Topco Security. The Class B Notes will be obligations of the Issuer only. The Class B Notes will be obligations of the Issuer only and will not be guaranteed by any person, except that the Class B Notes will have the indirect benefit of the Topco Payment Undertaking. See "*Description of Certain Financing Arrangements—Topco Payment Undertaking*," "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed*" and "*Description of the Class B IBLA*." However, the Class B Loan will be guaranteed by the Guarantors. Holders of the Class B Notes will also indirectly benefit from the Obligor Security, which will be granted in favour of the Obligor Security Trustee for the benefit of the Obligor Secured Creditors, including the Issuer. See "*Description of Certain Financing Arrangements—Obligor Security Agreement*."

(8) On the Issue Date, the Issuer will issue the first series of Class A Notes, comprising (i) £300,000,000 aggregate principal amount of 4.7201% Class A1 Secured Notes due 2043 and (ii) £325,000,000 aggregate principal amount of 6.2690% Class A2 Secured Notes due 2043, and on-lend the gross proceeds thereof to the Borrower under the Class A IBLA. Additional Class A Notes may be issued in the future under the Programme, which may comprise one or more Sub-Classes, with each Sub-Class pertaining to, among other things, the currency, interest rate and maturity date of the relevant Sub-Class. Each Sub-Class may be fixed rate or floating rate and may be denominated in sterling, euro or U.S. dollars (or in other currencies subject to compliance with applicable laws). The maximum aggregate nominal amount of all Class A Notes from time to time outstanding will not exceed £5,000 million (or its equivalent in other currencies) unless increased from time to time by the Issuer. For so long as any Class A Notes are outstanding, the Class B Notes will be subordinated to the Class A Notes, among others.

(9) On the Issue Date, the Borrower and the Issuer will enter into the Class A IBLA, whereby the Issuer will on-lend the gross proceeds of the Class A Notes issued on the Issue Date to the Borrower pursuant to the Class A Loans.

(10) On the Issue Date, the Borrower and the Issuer will enter in the Class B IBLA, whereby the Issuer will on-lend the gross proceeds of the Class B Notes issued on the Issue Date to the Borrower pursuant to the Class B Loan. For so long as any Class A Authorised Credit Facility is outstanding, including, among others, under the Class A IBLA, the Senior Term Facility Agreement, the Working Capital Facility Agreement, the Liquidity Facility Agreement and the Borrower Hedging Agreements, the Class B IBLA will be subordinated to any such Class A Authorised Credit Facility.

(11) The Borrower is a company incorporated in England and Wales with limited liability and an indirect subsidiary of Topco. The Borrower will use the gross proceeds from the Class A Loans, the Class B Loan and the Senior Term Facility to partially repay outstanding debt under the Existing Senior Facility Agreement and fully repay outstanding debt under the Existing Mezzanine Facility Agreement, as well as pay fees and expenses associated with the Refinancing.

(12) On the Issue Date, the Issuer and the Borrower will enter into the Liquidity Facility Agreement with, among others, the Liquidity Facility Providers and the Issuer Security Trustee. The £220 million Liquidity Facility will be available to service, among other things, payments of interest and principal (other than principal payable on the expected maturity date or the final maturity date) on the Class A Notes and any Class A Authorised Credit Facility (other than a working capital facility) in the event of insufficient funds to meet the Issuer's and the Borrower's respective obligations thereunder. The Liquidity Facility will be undrawn on the Issue Date.

(13) On the Issue Date, the Borrower will enter into the Senior Term Facility Agreement. The Borrower will use the gross proceeds from the £1,775 million Senior Term Facility, together with the gross proceeds of the Class A Loans and the Class B Loan, to partially repay debt outstanding under the Existing Senior Facility Agreement and fully repay debt outstanding under the Existing Mezzanine Facility Agreement, as well as pay fees and expenses associated with the Refinancing.

(14) On the Issue Date, the Borrower will enter into the Working Capital Facility Agreement with, among others, the WCF Agent, the WCF Lenders and the Obligor Security Trustee. The £150 million Working Capital Facility will be available to meet working capital needs (subject to certain restrictions). The Working Capital Facility will be undrawn on the Issue Date. However, on or around the Issue Date, the Borrower expects to enter into an ancillary facility under the Working Capital Facility, which will allow the Borrower to extend letters of credit in an aggregate amount of £10.0 million at any time. Upon entering into the ancillary facility, the Borrower expects to extend letters of credit in the aggregate amount of £6.9 million to various insurers that provide insurance coverage to the AA Group. Additionally, following the Issue Date, the Borrower may draw funds under the Working Capital Facility and any such drawings will depend on the short-term working capital needs of the AA Group.

(15) Pursuant to the Common Terms Agreement ("**CTA**"), the Issuer and the Borrower, among others, will be subject to a hedging policy such that (unless the hedging policy requires or permits otherwise) at all times the Borrower and the Issuer are hedged as regards (i) interest rates, so that a minimum of 75% of the total outstanding Relevant Debt, including principal amounts under certain indebtedness, including the Senior Term Facility Agreement, the Class A IBLA, any future Class A IBLA and additional Class A Notes related thereto or any debt under any equivalent Class A Authorised Credit Facility (but excluding, among others, the Liquidity Facility Agreement and any Hedging Agreements) that bears interest at a floating rate from time to time, will be hedged pursuant to a Hedging Transaction for not less than three years and, at all times, the aggregate notional amount of Hedging Transactions does not exceed 110% of the Total Relevant Debt and (ii) all currency risk in respect of foreign currency denominated instruments of indebtedness. The Borrower will be required to hedge 100% of any debt under the Senior Term Facility Agreement that bears interest at a floating rate while such debt remains outstanding, unless otherwise permitted. See "*Description of Certain Financing Arrangements—Common Terms Agreement—Hedging Policy*."

(16) TAAL is incorporated in Jersey and is regulated by the Jersey Commission as a registered person under the Financial Services (Jersey) Law 1998 to carry on general insurance mediation business, as more fully described under "*Regulatory Overview — TAAL Jersey Regulatory Overview*." Consequently, TAAL is subject to certain requirements imposed by Jersey law, which, among other things, requires prior approval from the Jersey Commission to transfer direct and indirect ownership in TAAL or appoint a liquidator or an administrator or to perfect or enforce any security interest granted in respect of the share capital of TAAL or any parent company of TAAL. Accordingly, in order to facilitate enforcement of the Obligor Security in the future for the indirect benefit of the holders of the Class B Notes, including the appointment of an administrative receiver, concurrently with the Offering, TAAL and Automobile Association Developments Limited ("**AADL**"), an entity incorporated in England, will enter into a business transfer deed (the "**Business Transfer Deed**"), pursuant to which TAAL will agree to sell, and AADL will agree to buy, the business of TAAL as a going concern and the legal and beneficial title to substantially all the assets of TAAL. See "*The Transactions—The Migration*."

(17) The AA Group contains three authorised insurers, Automobile Association Underwriting Services Limited ("**AAUSL**"), AA Underwriting Limited ("**AAUL**") and ARCL. However, AAUL ceased underwriting insurance policies in 1998 and had no reserves as at 31 January 2013. AAUSL ceased underwriting activities in 2009 and had reserves of £0.4 million as at 31 January 2013. We intend to transfer the entire share capital at ARCL from TAAL to the Company on or prior to the Issue Date. As a result, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations.

(18) The Class B Loan restricted group consists of Topco and certain of its subsidiaries, which are Obligors of the Class B Loan. The Obligors as of the Issue Date are Holdco; AA Acquisition Co Limited; the Borrower; AA Corporation Limited; TAAL; AADL; Automobile Association Insurance Services Limited ("**AAISL**"); Automobile Association Insurance Services Holdings Limited; AA Financial Services Limited; AA Media Limited; DriveTech (UK) Limited; Intelligent Data Systems (UK) Limited; and AA Ireland Limited. The Obligors accounted for substantially all the AA Group's consolidated turnover and Trading EBITDA in the year ended 31 January 2013.

Summary of the Offering

The following is a brief summary of certain terms of the Offering, the Class B Notes and the Class B Loan. It is not intended to be complete and may not contain all the information that is important to you. For additional information regarding the Class B Notes and the Class B Loan, see "*Description of the Class B Notes*" and "*Description of the Class B IBLA*."

Defined terms used in this section may be found in other sections of this Offering Memorandum, unless otherwise stated. A glossary of certain defined terms is set out at the end of this Offering Memorandum.

Issuer	AA Bond Co Limited.
Class B Notes Offered	£655,000,000 9.50% Class B Secured Notes due 2043.
Issue Date	2 July 2013.
Issue Price	100.00% plus accrued interest, if any, from (and including) the Issue Date.
Class B Loan	The Issuer will lend the gross proceeds of the Class B Notes to AA Senior Co Limited (the "**Borrower**") pursuant to a term loan (the "**Class B Loan**") under the Class B Issuer/Borrower Loan Agreement (the "**Class B IBLA**") to be entered into on the Issue Date. The economic terms of the Class B Loan (including, among other things, with respect to interest rates) will be generally the same as the terms of the Class B Notes. However, the final maturity date in respect thereof will fall in 2019, rather than 2043. See "*Description of the Class B IBLA*."
Ranking	The Class B Notes will be constituted by the Class B Note Trust Deed, will rank equally among themselves, will be contractually subordinated to, among others, the Class A Notes as to payment and will rank junior to the Class A Notes with respect to the application of enforcement proceeds, other than in respect of the Topco Security. The Class B Loan will be contractually subordinated to, among others, the Class A Loans, the Senior Term Facility, the Working Capital Facility, the Liquidity Facility and certain hedging arrangements as to payment and will rank junior to the foregoing (as well as certain pension liabilities) with respect to the application of enforcement proceeds, other than in respect of the Topco Security. See *"Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed."*
Guarantees	The Class B Notes will be obligations of the Issuer only. The Class B Notes will not be guaranteed by any person, except that the Class B Notes will have the indirect benefit of the Topco Payment Undertaking. See "*Description of Certain Financing Arrangements—Topco Payment Undertaking*." As of the Issue Date, the Class B Loan will be guaranteed by: • Holdco; • AA Acquisition Co Limited; • AA Corporation Limited; • TAAL; • AADL; • Automobile Association Insurance Services Limited; • Automobile Association Insurance Services Holdings Limited; • AA Financial Services Limited; • AA Media Limited; • DriveTech (UK) Limited; • Intelligent Data Systems (UK) Limited; and • AA Ireland Limited, (collectively, the "**Guarantors**" and, together with the Borrower, the "**Obligors**"). In addition to the Class B Loan, the Guarantors will also guarantee the Class A Loans, the Senior Term Facility and the other Obligor Secured Liabilities.

	Collectively, the Obligors accounted for substantially all the AA Group's consolidated turnover and Trading EBITDA in the year ended 31 January 2013.
Expected Maturity of the Class B Notes	The Class B Notes are expected to be redeemed in full on 31 July 2019 (the "**Class B Note Expected Maturity Date**") using the proceeds received by the Issuer from the repayment by the Borrower of the Class B Loan on the Class B Loan Maturity Date.
Maturity of the Class B Loan	The Class B Loan will mature on 31 July 2019 (the "**Class B Loan Maturity Date**").
	If, on the Class B Loan Maturity Date, the Class B Loan remains outstanding, Topco will be required, under the terms of the Topco Payment Undertaking, to pay or procure payment to the Obligor Security Trustee of all principal, interest and other amounts outstanding under the Class B IBLA and any other Class B Authorised Credit Facility. In the event of any failure by Topco to pay or procure payment of such amounts on the Class B Loan Maturity Date, the Obligor Security Trustee (acting upon the instruction of Topco Secured Creditors representing at least 30% in aggregate principal amount of all outstanding Topco Secured Liabilities, including holders of the Class B Notes) will have the right to enforce the Topco Security. See "*—Topco Payment Undertaking; Topco Security*" below.
Final Maturity of the Class B Notes	Unless previously redeemed in full, the Class B Notes will finally mature on 31 July 2043 (the "**Class B Note Final Maturity Date**").
Interest on the Class B Notes and Class B Loan	The Class B Notes will accrue interest at a rate of 9.50% per annum from (and including) the Issue Date up to (but excluding) 31 July 2021 (the "**Class B Note Step-Down Date**") and thereafter will accrue at a reduced rate of 5.00% per annum (each, as applicable, a "**Class B Note Interest Rate**").
	The Class B Loan will accrue interest at a rate of 9.50% per annum from (and including) the Issue Date up to (but excluding) 31 July 2021 (the "**Class B Loan Step-Down Date**") and thereafter will accrue at a reduced rate of 5.00% per annum (each, as applicable, a "**Class B Loan Interest Rate**," and each Class B Note Interest Rate and Class B Loan Interest Rate, as applicable, an "**Interest Rate**").
	From (and including) the Issue Date to (but excluding) the Class B Note Expected Maturity Date, and from (and including) the Issue Date to (but excluding) the Class B Loan Maturity Date, interest will accrue on any overdue amount of principal or interest (including additional amounts, if any) in respect of the Class B Notes and the Class B Loan, respectively, at the applicable Interest Rate plus 1% per annum.
	From (and including) the Class B Note Expected Maturity Date, if the Class B Notes are not redeemed in full, the Issuer will not make interest payments in respect of the Class B Notes, and from (and including) the Class B Loan Maturity Date, if the Class B Loan is not repaid in full, the Borrower will not make interest payments on the Class B Loan. Instead, interest will continue to accrue on the Class B Notes and the Class B Loan at the applicable Interest Rate (as set out above), but payment thereof will be deferred until the earlier of (a) the date on which the amounts outstanding under any Class A Authorised Credit Facility (including the Class A IBLA) are repaid in full and (b) the Class B Note Final Maturity Date. Interest will accrue on such deferred interest at the rate otherwise payable on unpaid principal of such Class B Notes or Class B Loan, as the case may be, at such time.
Class B Note Interest Payment Dates	Semi-annually in each year on 31 January and 31 July, commencing 31 January 2014.
Class B Loan Interest Payment Dates	Semi-annually in each year on 31 January and 31 July, commencing 31 January 2014.

Cash Lock-Up	If at any time a Trigger Event has occurred (including if the Class A FCF DSCR falls below 1.35x), then no payments (including payments of interest) may be made in respect of the Class B IBLA, and consequently the Class B Notes, subject to certain limited exceptions. See "*Description of Certain Financing Arrangements—Common Terms Agreement—CTA Trigger Events and Lock Up*."
Security for the Class B Notes	As of the Issue Date, the Class B Notes will share security with, among others, the Class A Notes, *provided* that the Class B Notes will rank junior to the Class A Notes with respect to the application of enforcement proceeds, other than in respect of the Topco Security. The shared security package will consist of first-ranking security granted by the Issuer in respect of substantially all its property, assets and undertaking, including its rights against each Obligor under the Class A IBLA, the Class B IBLA, the Liquidity Facility Agreement, the Issuer Cash Management Agreement, the Issuer Corporate Officer Agreement, the Issuer Account Bank Agreement and the Agency Agreement and its rights in respect of its bank accounts and Eligible Investments, each as defined in "*Description of the Class B IBLA*." The Class B Notes will also have the indirect benefit of the Topco Security, as discussed below under "*—Topco Payment Undertaking; Topco Security.*" For a more detailed description of the security created pursuant to the Issuer Deed of Charge and the terms thereof, including the priorities of payments by the Issuer both prior and subsequent to the enforcement of the security thereunder, see "*Description of Certain Financing Arrangements—Issuer Deed of Charge*" and "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed*."
Security for the Class B Loan	As of the Issue Date, the Class B Loan will share security with, among others, the Class A Loans, the Senior Term Facility, the Working Capital Facility, the Liquidity Facility and certain hedging arrangements and pension liabilities; *provided that* the Class B Loan will rank junior to the foregoing with respect to the application of enforcement proceeds, other than in respect of the Topco Security (which will be granted for the sole benefit of certain secured creditors of Topco, including for the indirect benefit of the holders of the Class B Notes). The shared security package will consist of, among other things, first-ranking mortgages or fixed charges in respect of the English Obligors' freehold and leasehold properties and fixed and floating charges over all other property, assets and undertaking of each English Obligor. For a more detailed description of the security created pursuant to the Obligor Security Agreement and the terms thereof, including the priorities of payments by the Borrower both prior and subsequent to the enforcement of the security thereunder, see "*Description of Certain Financing Arrangements—Obligor Security Agreement*" and *"Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed."*
Topco Payment Undertaking; Topco Security	Pursuant to a deed of undertaking to be entered into on the Issue Date between, Topco, the Holdco Group Agent and the Obligor Security Trustee (the "**Topco Payment Undertaking**"), Topco will undertake to pay or procure payment to the Obligor Security Trustee, in the circumstances described therein (including upon occurrence of a Share Enforcement Event or a Class B Loan Event of Default), an amount equal to the aggregate of (a) the then outstanding principal balance on the Class B Loan and any other Class B Authorised Credit Facility then outstanding, (b) accrued but unpaid interest then due and payable thereon and (c) all other amounts due and payable to the Issuer thereunder. Topco's obligations under the Topco Payment Undertaking will be secured by a grant by Topco of first-ranking security in respect of all the issued and outstanding shares of Holdco and certain intercompany receivables, together with a first-ranking floating charge granted in respect of all Topco's other property, assets and undertaking (collectively, the "**Topco Security**"), in each case pursuant to a security

	agreement to be entered into on the Issue Date between Topco and the Obligor Security Trustee (the "**Topco Security Agreement**"). The Topco Security will be granted for the sole benefit of certain secured creditors of Topco, including for the indirect benefit of holders of the Class B Notes. See "*Description of Certain Financing Arrangements—Topco Security Agreement*."
Optional Redemption	At any time on or after 31 January 2016, the Borrower may elect to prepay the Class B Loan, in whole or in part, at the prepayment prices set out in "*Description of the Class B IBLA—Prepayment—Optional prepayment*."
	At any time prior to 31 January 2016, the Borrower may elect to prepay the Class B Loan, in whole or in part, at a prepayment price equal to 100% of the principal amount of the Class B Loan prepaid, plus accrued and unpaid interest and additional amounts, if any, up to the prepayment date and a "make-whole" premium. See "*Description of the Class B IBLA—Prepayment—Optional prepayment*."
	In addition, prior to 31 January 2016, the Borrower may on one or more occasions use the net proceeds of specified equity offerings to prepay up to 40% of the aggregate principal amount of the Class B Loan, at a prepayment price equal to 109.50% of the principal amount of the Class B Loan prepaid, plus accrued and unpaid interest and additional amounts, if any, up to the prepayment date; *provided that* at least 60% of the original aggregate principal amount of the Class B Loan remains outstanding after the occurrence of such prepayment. See "*Description of the Class B IBLA—Prepayment—Optional prepayment*."
	The Class B Notes will be subject to mandatory redemption prior to the Class B Note Final Maturity Date if and to the extent the Borrower makes principal repayments or prepayments to the Issuer in respect of the Class B Loan, either on a voluntary basis or following the enforcement of security. Any such redemption of the Class B Notes will be on the same terms and at the same prices (including any applicable premium) as for the Class B Loan.
Early Redemption for Tax and Other Reasons	The Class B Loan may be prepaid at the option of the Borrower, in whole but not in part, at any time following certain changes in tax laws or other laws at a prepayment price equal to 100% of the principal amount of the Class B Loan prepaid plus accrued and unpaid interest and additional amounts, if any, provided certain conditions are satisfied, including that the Borrower has sufficient funds to make such prepayment. See "*Description of the Class B IBLA—Taxes—Repayment for Taxation Reasons*."
Class B Financial Covenants	Under the Class B IBLA, the Obligors will be required to maintain a ratio (expressed as a percentage) of free cash flow to total debt service charges (the "**Class B FCF DSCR**") of not less than 100% on each Financial Covenant Test Date, subject to certain cure rights in the event that the Class B FCF DSCR is less than 100%. See *"Description of the Class B IBLA—Certain Covenants—Class B Financial Covenant."*
Certain Other Class B Covenants	The Class B IBLA will limit, among other things, Topco and its restricted subsidiaries with respect to: • the incurrence or guarantee of additional indebtedness; • the payment of dividends or other distributions on, and the redemption or repurchase of, its equity; • the making of certain restricted payments and investments; • the creation of certain liens; • the imposition of restrictions on the ability of restricted subsidiaries to pay dividends and other payments to Topco or any Obligor; • the transfer, lease, sale or other disposition of certain assets; • the sale of assets or the merger, consolidation with or into other companies;

	• the entry into certain transactions with affiliates; and • the impairment of the security interest in the collateral granted for the benefit of the holders of the Class B Notes. Each of the covenants is subject to a number of important exceptions and qualifications. See "*Description of the Class B IBLA*."
Mandatory Offers to Purchase, Class B Change of Control and Asset Sales	The terms of the Class B IBLA will require the Borrower to use the proceeds of certain asset sales to either invest in additional assets or repay certain other indebtedness, and if it does not, to use such proceeds on the 366th day following such asset sale to make an offer to repurchase the Class B Notes at a repurchase price equal to 100% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. Following a Class B Change of Control, the Borrower will be required to offer to repurchase all or any part of the Class B Notes at a repurchase price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. See "*Description of the Class B IBLA*."
Events of Default	No Class B Note Event of Default or Class B Loan Event of Default may occur with respect to the Class B Notes or the Class B Loan, as applicable, while the Class A Notes or Class A Loans are outstanding (until after an acceleration of the Class A Notes or the Class A Loans, as applicable).
Share Enforcement Events	Each of the following will constitute a Share Enforcement Event under the Class B IBLA, among others: • any default in the payment of interest or additional amounts, if any, on the Class B Loan (subject to a 30-day grace period); • any amount remaining outstanding under the Class B IBLA as at the close of business on the Class B Loan Maturity Date; • any failure to pay principal or premium on the Class B Loan upon any optional redemption, required repurchase or declaration; • any failure to comply, after written notice, with the covenant described under the heading "*Description of the Class B IBLA—Certain Covenants—Limitation on Holding Company Activities*" (subject to a 15-day grace period); • any failure to comply with certain other covenants under the Class B IBLA (subject to a 60-day grace period); • default under any indebtedness that results from a failure to pay principal when due or results in acceleration of such indebtedness (subject to a £20.0 million threshold); • certain bankruptcy events of default; • certain judgment defaults (subject to a £20.0 million threshold and 60-day grace period); • any impairment of the security interest granted in respect of material collateral (subject to a 20-Business Day grace period); and • any impairment of a guarantee (subject to a 10-day grace period). If a Share Enforcement Event occurs and is continuing, Topco Secured Creditors representing at least 30% of the aggregate principal amount of all outstanding Topco Secured Liabilities, including holders of the Class B Notes, will be able to enforce the Topco Security, subject to certain requirements being met. See "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Enforcement of the Topco Security*." If at any time either (i) no amounts remain outstanding under any Class A Authorised Credit Facility or (ii) an acceleration of the amounts outstanding under any Class A Authorised Credit Facility has occurred, each of the Share Enforcement Events specified above will also constitute a Class B Loan Event of Default.

Withholding Tax on Class B Notes; Early Redemption for Tax or Other Reasons . . .	If any deduction or withholding for, or on account of, any taxes imposed or levied by or on behalf of a relevant tax jurisdiction will at any time be required to be made from any payments made with respect to the Class B Notes, including payments of principal, redemption price, purchase price, interest or premium, the Issuer will, subject to certain exceptions, be obliged to pay additional amounts in respect of any such withholding or deduction, such that the net amount received by the holders of the Class B Notes is not less than the amount they would have received in the absence of such withholding. The Class B Notes may be prepaid at the option of the Issuer, in whole but not in part, at any time following certain changes in tax laws or other laws at a prepayment price equal to 100% of the principal amount of the Class B Notes plus accrued and unpaid interest and additional amounts, if any, provided certain conditions are satisfied. See *"Description of the Class B Notes—Redemption, Purchase and Cancellation—Optional Redemption for taxation or other reasons*."
Use of Proceeds	The Issuer will lend the gross proceeds of the Offering and the offering of Class A Notes to the Borrower pursuant to the Class B Loan under the Class B IBLA and Class A Loans under to the Class A IBLA, respectively. In addition, the Borrower will enter into the Senior Term Facility Agreement on the Issue Date. The Borrower will apply the gross proceeds of the Class B Loan, the Class A Loans and the Senior Term Facility to partially repay outstanding debt under the Existing Senior Facility Agreement and fully repay outstanding debt under the Existing Mezzanine Facility Agreement, as well as pay fees and expenses incurred in connection with the Refinancing.
Governing law	The Class B Notes, the Class B Note Trust Deed, the Class B IBLA, the Issuer Deed of Charge, the Obligor Security Agreement, the Topco Payment Undertaking and the Topco Security Agreement will be governed by English law.
Absence of Public Market for the Class B Notes	The Class B Notes will be new securities for which there is currently no market. Accordingly there can be no assurance as to the development or liquidity of any market for the Class B Notes nor that a liquid market will be maintained.
Listing	Application has been made to list the Class B Notes on the Official List of the Irish Stock Exchange and for the Class B Notes to be admitted to trading on the Global Exchange Market thereof. There can be no assurance that the application will be approved as of the Issue Date or at any time thereafter, and issuance of the Class B Notes is not conditioned on obtaining this listing.
Rule 144A ISIN	XS0946709002
Regulation S ISIN	XS0946708889
Rule 144A Common Code	094670900
Regulation S Common Code	094670888

Summary Consolidated Financial, Operating and other Data

The following tables set forth summary consolidated historical financial and other data of the AA Group as of and for the periods indicated.

The summary consolidated historical financial data of the Company as of and for each of the three financial years ended 31 January 2011, 2012 and 2013 have been derived from the audited consolidated financial statements of the Company as of and for each of the years ended 31 January 2011, 2012 and 2013, as prepared in accordance with UK GAAP and included elsewhere in this Offering Memorandum. The summary consolidated historical financial data of the Company as of and for each of the two financial years ended 31 January 2009 and 2010 have been derived from management accounts of the Company and have been prepared in conformity with UK GAAP and are not included elsewhere in this Offering Memorandum. In addition, this Offering Memorandum includes the unaudited interim consolidated financial statements of the Company as of and for the three months ended 30 April 2012 and 2013, which are not reflected below. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Consolidated Results of Operations for the Three Months Ended 30 April 2012 and 2013" for further information on our results of operations for the three months ended 30 April 2012 and 2013.

On or prior to the Issue Date, we intend to transfer the entire share capital of ARCL from TAAL to the Company. Furthermore, under the terms of the Class B IBLA, we will prepare and present future consolidated financial statements for Holdco and its subsidiaries, rather than for the Company, the Issuer or Topco. As a result of the above, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations. We have also historically made payments to the group treasury function within the Acromas Group to cover various costs and expenses, including Acromas' obligations under the Existing Senior Facility Agreement and Existing Mezzanine Facility Agreement. Following the Separation, we will no longer remit cash to the Acromas Group treasury and we will retain this cash within the AA Group. In addition, we may incur increased costs from operating as a stand-alone business and other one-off and exceptional costs in connection with the Separation. As a result of the foregoing, our future consolidated financial statements will not be directly comparable to the consolidated financial statements of the Company for any prior periods. See "The Transactions—The Separation."

We present below certain non-UK GAAP measures and ratios, including Trading EBITDA, Trading EBITDA margin, Adjusted Trading EBITDA, the ratio of pro forma net debt to Adjusted Trading EBITDA, the ratio of pro forma net senior secured debt to Adjusted Trading EBITDA, as well as the ratio of Adjusted Trading EBITDA to pro forma total interest payable, and other pro forma data that are not required by, or presented in accordance with, UK GAAP. Our management believes that the presentation of these non-UK GAAP measures is helpful to investors because these and other similar measures are used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. However, you should not consider these non-UK GAAP measures as an alternative to net income determined in accordance with UK GAAP or to cash flows from operations, investing activities or financing activities. In addition, Trading EBITDA, Trading EBITDA margin, Adjusted Trading EBITDA, the ratio of pro forma net debt to Adjusted Trading EBITDA, the ratio of pro forma net senior secured debt to Adjusted Trading EBITDA, as well as the ratio of Adjusted Trading EBITDA to pro forma total interest payable, and other pro forma data, may not be comparable to similarly titled measures used by other companies.

We also present below unaudited consolidated pro forma financial data which have been adjusted to reflect certain effects of the Refinancing (including the offering of the Class A Notes and the Class B Notes and the application of the proceeds therefrom as described under "Use of Proceeds") and the Separation as described under "The Transactions—The Separation." The unaudited consolidated pro forma financial data have been prepared for illustrative purposes only and do not purport to represent what the actual consolidated financial position or net financial expenses of the Company would have been if the Refinancing and the Separation had occurred on (i) 31 January 2013 for the purposes of the calculation of net financial position and (ii) 1 February 2012 for the purposes of the calculation of net financial expenses, nor do they purport to project the AA Group's consolidated financial position and net financial expenses at any future date or for any future period. The unaudited pro forma adjustments and the unaudited pro forma financial data set out in this Offering Memorandum are based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual adjusted amounts.

The results of operations for prior periods are not necessarily indicative of the results to be expected for any other period. The summary consolidated data should be read in conjunction with the audited consolidated financial statements and accompanying notes included elsewhere in this Offering Memorandum and discussed in "Presentation of Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Summary Income Statement Data

	For the year ended 31 January		
	2011	2012	2013
		(£ in millions)	
Turnover	944.4	973.9	968.0
Cost of sales	(359.1)	(385.2)	(349.4)
Gross profit	**585.3**	**588.7**	**618.6**
Administrative and marketing expenses	(302.7)[1]	(374.7)	(391.3)
Other operating income	2.8	2.4	1.4
Operating profit before share of profits in associates	**285.4**	**216.4**	**228.7**
Share of profits in associates	0.2	0.4	0.7
Operating profit	**285.6**	**216.8**	**229.4**
Trading EBITDA	370.8	368.1	394.6
Items not allocated to a segment	(2.6)	(5.0)	(4.3)
Depreciation	(30.0)	(36.7)	(37.9)
Goodwill amortisation	(92.6)	(92.9)	(93.0)
Exceptional items[2]	(6.2)	(16.7)	(30.0)
Pension curtailment gain	46.2[1]	—	—
Operating profit	**285.6**	**216.8**	**229.4**
Profit on sale of joint venture	—	0.6	3.1
	285.6	**217.4**	**232.5**
Net interest payable and similar charges	(90.4)	(35.2)	(43.0)
Profit on ordinary activities before taxation	**195.2**	**182.2**	**189.5**
Taxation	(75.6)	(69.1)	(69.0)
Profit for the financial year	**119.6**	**113.1**	**120.5**

(1) Administrative and marketing expenses in the year ended 31 January 2011 were reduced by a non-recurring pension curtailment gain in the amount of £46.2 million relating to certain changes in the method by which previously earned pension benefits increase over time as part of the AA UK Pension Scheme. Excluding this curtailment gain, administrative and marketing expenses would have been £348.9 million.

(2) Exceptional items are reflected in the line item that most closely reflects their nature. We incurred certain exceptional items in cost of sales and administrative and marketing expenses. Cost of sales exceptional items relate to two onerous lease contracts within our driving services segment, which were incurred in 2012. Administrative and marketing expense exceptional items have historically included: (i) restructuring costs primarily relating to redundancy costs, professional fees and the reorganisation of our operations, (ii) exit penalty costs as a result of our termination of a long-term IT outsourcing contract, (iii) IT system replacement project costs and (iv) provisions for future lease costs with respect to vacant properties, net of expected sub-leasing income.

Summary Balance Sheet Data

	For the year ended 31 January		
	2011	2012	2013
		(£ in millions)	
Fixed assets			
Intangible fixed assets	1,280.4	1,191.0	1,100.5
Tangible fixed assets	123.2	132.2	126.0
Investments	3.5	3.9	4.4
	1,407.1	**1,327.1**	**1,230.9**
Current assets			
Stocks	5.8	5.3	5.3
Debtors	1,061.0	1,312.9	1,585.6
Cash at bank and in hand	89.8	60.1	43.6
	1,156.6	**1,378.3**	**1,634.5**
Creditors falling due within one year	(2,284.1)	(2,305.5)	(2,341.9)
Net current liabilities	**(1,127.5)**	**(927.2)**	**(707.4)**
Total assets less current liabilities	**279.6**	**399.9**	**523.5**
Creditors falling due after more than one year	(226.0)	(252.8)	(280.4)
Insurance technical provisions	(49.6)	(39.8)	(3.2)
Provisions for liabilities	(42.0)	(38.8)	(49.8)
Net assets/(liabilities) excluding pensions	**(38.0)**	**68.5**	**190.1**
Defined benefit pension liabilities	(93.1)	(112.6)	(135.9)
Net assets/(liabilities) including pensions	**(131.1)**	**(44.1)**	**54.2**
Capital and reserves			
Called-up share capital	0.2	0.2	0.2
Share premium	0.8	0.8	0.8
Currency equalisation account	0.4	0.3	(0.6)
Profit and loss account	(132.5)	(45.4)	53.8
Total capital employed	**(131.1)**	**(44.1)**	**54.2**

Summary Cash Flow Statement Data

	For the year ended 31 January		
	2011	2012	2013
		(£ in millions)	
Net cash flow from operating activities	415.7[1]	331.3	353.9
Returns on investments and servicing of finance	(64.1)[2]	(3.1)	(3.8)
Taxation	(49.3)	(60.8)	(56.1)
Purchase of tangible fixed assets	(28.0)	(26.6)	(21.9)
Acquisitions and disposals	(4.7)	(3.0)	(6.2)
Net cash inflow before financing	**269.6**	**237.8**	**265.9**
Repayment of capital element of finance lease agreements	(19.3)	(18.2)	(12.0)
Payments to group treasury[3]	(250.0)	(248.9)	(270.9)
	(269.3)	(267.1)	(282.9)
Overall (decrease)/increase in cash	**0.3**	**(29.3)**	**(17.0)**

(1) Net cash flow from operating activities in the year ended 31 January 2011 was higher due to a one-off working capital improvement during the year ended 31 January 2011 recognised in connection with a change in payment terms with the insurance underwriters who support our insurance broking business from the time of inception of a policy, to after customers paid us their relevant monthly premium instalment for their policy.

(2) The higher debt service costs in 2011 relate to payments under an interest rate swap arrangement that ended that same year.

(3) Historically, all surplus cash has been transferred to the Acromas Group treasury. However, following the Separation, we will retain this cash within the AA Group.

Summary Other Financial Data

	For the year ended 31 January		
	2011	2012	2013
	(£ in millions, except percentages)		
Trading EBITDA[(1)]	370.8	368.1	394.6
Trading EBITDA margin (in %)[(2)]	39.3	37.6	40.6
Adjusted Trading EBITDA[(3)]	—	—	407.0
Available cash inflow from operating activities[(4)]	418.5	348.9	372.2
Cash conversion (in %)[(5)]	112.9	94.8	94.3
Capital expenditure[(6)]	51.0	46.3	31.8
Working capital[(7)]	(338.6)	(337.8)	(339.4)

(1) We define Trading EBITDA as profit before (i) taxation, (ii) net interest payable and similar charges, (iii) goodwill amortisation, (iv) exceptional items (as further described below), (v) pension curtailment gain, (vi) items not allocated to a segment and (vii) depreciation. We present Trading EBITDA on both a segmental and a consolidated basis. However, the presentation of segmental Trading EBITDA as a percentage of total Trading EBITDA excludes head office costs to accurately reflect the proportion of our trading activities from each segment. See "*Note 1—Accounting Policies*" and "*Note 2—Segmental Analysis*" to our audited consolidated financial statements as of and for the years ended 31 January 2011, 2012 and 2013, included elsewhere in this Offering Memorandum. See "*Presentation of Financial and Other Information*." Trading EBITDA as presented in this Offering Memorandum differs from the definitions of "EBITDA" and "Maintenance EBITDA" used in "*Description of the Class B IBLA*." The reconciliation of profit to Trading EBITDA is as follows:

	For the year ended 31 January		
	2011	2012	2013
	(£ in millions)		
Profit for the financial year	**119.6**	**113.1**	**120.5**
Taxation	75.6	69.1	69.0
Profit on ordinary activities before taxation	**195.2**	**182.2**	**189.5**
Net interest payable and similar charges	90.4	35.2	43.0
Profit on sale of joint ventures	—	(0.6)	(3.1)
Group operating profit	**285.6**	**216.8**	**229.4**
Goodwill amortisation	92.6	92.9	93.0
Exceptional items[(a)]	6.2	16.7	30.0
Pension curtailment gain[(b)]	(46.2)	—	—
Group operating profit before goodwill amortisation, exceptional items and pension curtailment gain	**338.2**	**326.4**	**352.4**
Items not allocated to a segment[(c)]	2.6	5.0	4.3
Depreciation	30.0	36.7	37.9
Trading EBITDA	**370.8**	**368.1**	**394.6**

(a) Exceptional items are reflected in the line item that most closely reflects their nature. For further information on exceptional items, see "*—Summary Income Statement Data*."

(b) For further information on pension curtailment gain, see "*—Summary Income Statement Data*."

(c) Items not allocated to a segment relate to transactions that do not form part of the ongoing segment performance (including head office costs) and include transactions which are one-off in nature or relate to the element of management charges from the Acromas Group for accessing shared services used by each of the AA Group, Saga Group and Acromas Group.

(2) We define Trading EBITDA margin as Trading EBITDA as a percentage of Trading turnover. See "*Presentation of Financial and Other Information*."

(3) We define Adjusted Trading EBITDA as Trading EBITDA adjusted to exclude (a) costs relating to (i) headcount reductions incurred in the first three quarters of the year ended 31 January 2013; (ii) discontinued promotional activities incurred during the year ended 31 January 2013; (iii) discontinued property incurred in the first three quarters of the year ended 31 January 2013; (iv) legal matters incurred during the year ended 31 January 2013; (v) a non-recurring bad debt write off; and (vi) terminated supply contracts incurred during the year ended 31 January 2013, each of which were either exceptional and non-recurring or eliminated as a result of discontinuing the underlying activities in the year ended 31 January 2013 or thereafter and (b) Trading EBITDA attributable to insurance underwriting activities in the year ended 31 January 2013. The reconciliation of Trading EBITDA to Adjusted Trading EBITDA is as follows:

	For the year ended 31 January
	2013
	(£ in millions)
Trading EBITDA	**394.6**
Headcount reductions[(a)]	7.7
Discontinued promotional activities[(b)]	1.7
Discontinued property costs[(c)]	1.9
Legal costs[(d)]	1.2
Bad debt write off[(e)]	0.4
Terminated supply contracts[(f)]	0.2
Trading EBITDA from insurance underwriting activities[(g)]	(0.6)
Adjusted Trading EBITDA	**407.0**

(a) Headcount reductions relate to personnel costs incurred during the first three quarters of the year that were eliminated in connection with headcount reductions in the fourth quarter of our financial year ended 31 January 2013.

(b) Discontinued promotional activities relate to costs incurred during the year ended 31 January 2013 in connection with marketing and retention activities that subsequently proved ineffective and were therefore discontinued.

(c) Discontinued property costs relate to costs incurred during the first three quarters of the year ended 31 January 2013 in connection with buildings that are no longer used as a result of the headcount reduction in the fourth quarter of our financial year ended 31 January 2013.

(d) Legal costs relate to costs and claims provisions incurred during the year ended 31 January 2013 in relation to potential litigation and aborted acquisitions.

(e) Bad debt write off relates to write off of a non-recurring credit note that was ultimately not recoverable.

(f) Terminated supply contracts relates to costs incurred during the year ended 31 January 2013 in relation to information technology ("**IT**") support contracts which have since been terminated.

(g) Trading EBITDA from insurance underwriting activities for our financial year ended 31 January 2013 is entirely attributable to ARCL. On or prior to the Issue Date, we intend to transfer the entire share capital of ARCL from TAAL to the Company. As a result of the above, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations.

(4) We define available cash inflow from operating activities as the cash generated from operating activities before returns on investments and servicing of finance, taxation, capital expenditure and financial investments and acquisitions and disposals, which cash is available for investing in the business. See "*Presentation of Financial and Other Information*." The reconciliation of operating profit for the year to available cash inflow from operating activities is as follows:

	For the year ended 31 January		
	2011	2012	2013
		(£ in millions)	
Operating profit	285.6	216.8	229.4
Amortisation of goodwill	92.6	92.9	93.0
Depreciation of tangible fixed assets	30.0	36.7	37.9
Pension curtailment gain	(46.2)	—	—
Less other operating income	(2.8)	(2.4)	(1.4)
Less share of profits in associates	(0.2)	(0.4)	(0.7)
Change in working capital	56.7	(12.3)	(4.3)
Net cash inflow from operating activities	**415.7**	**331.3**	**353.9**
Restricted cash flow from operating activities[(a)]	2.8	17.6	18.3
Available cash inflow from operating activities	**418.5**	**348.9**	**372.2**

(a) Restricted cash flow from operating activities relates to the amount of capital required to be held pursuant to contractual or regulatory restrictions in connection with or governing our insurance underwriting business and AA Ireland. Such amounts are a component of operating profit in connection with our insurance underwriting business (but not AA Ireland) and change in working capital (across the business), which are included in our consolidated cash flow statement.

(5) We define cash conversion as available cash inflow from operating activities as a percentage of Trading EBITDA. See "*Presentation of Financial and Other Information*."

(6) Capital expenditure is the total amount of tangible fixed assets acquired, including assets acquired under finance lease arrangements. See "*Presentation of Financial and Other Information.*"

(7) We define Working Capital as stock, plus amounts due from debtors, less amounts due to creditors, deferred income and provisions for future costs, excluding balances relating to corporate income taxation, pensions, finance leases, deferred consideration, non-trading intercompany balances and amounts due from Acromas Group Treasury.

Summary Turnover by Segment Data[1]

	For the year ended 31 January									
	2009		2010		2011		2012		2013	
	(£ in millions)	(in % of turnover)	(£ in millions)	(in % of turnover)	(£ in millions)	(in % of turnover)	(£ in millions)	(in % of turnover)	(£ in millions)	(in % of turnover)
Roadside assistance	574.2	64.4	583.5	62.1	625.8	66.3	645.3	66.3	674.1	69.6
Insurance services	181.3	20.3	173.0	18.4	170.6	18.1	168.4	17.3	162.1	16.7
Driving services	49.5	5.6	52.2	5.6	66.9	7.1	96.9	9.9	96.5	10.0
AA Ireland	38.8	4.4	44.4	4.7	42.5	4.5	42.3	4.3	38.3	4.0
Insurance underwriting[2]	49.3	5.5	78.2	8.3	37.4	4.0	25.8	2.6	—	—
Trading turnover	893.1	100.2	931.3	99.1	943.2	99.9	978.7	100.5	971.0	100.3
Turnover not allocated to a segment	(1.7)	(0.2)	8.4	0.9	1.2	0.1	(4.8)	(0.5)	(3.0)	(0.3)
Turnover	**891.4**	**100.0**	**939.7**	**100.0**	**944.4**	**100.0**	**973.9**	**100.0**	**968.0**	**100.0**

(1) Turnover for the financial years ended 31 January 2009 and 2010 was derived from our management accounts and turnover for the financial years ended 31 January 2011, 2012 and 2013 was derived from our audited consolidated financial statements.

(2) Turnover from insurance underwriting activities for the five years ended 31 January 2013 is entirely attributable to our reinsurance underwriting vehicle, ARCL. While ARCL did not engage in reinsurance activities between 1 February 2012 and 31 January 2013, ARCL has recently begun reinsuring certain policies insured by AICL. On or prior to the Issue Date, we intend to transfer the entire share capital of ARCL from TAAL to the Company. As a result of the above, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations.

Summary Trading EBITDA by Segment Data[1]

	For the year ended 31 January									
	2009		2010		2011		2012		2013	
	(£ in millions)	(in % of Trading EBITDA)	(£ in millions)	(in % of Trading EBITDA)	(£ in millions)	(in % of Trading EBITDA)	(£ in millions)	(in % of Trading EBITDA)	(£ in millions)	(in % of Trading EBITDA)
Roadside assistance	265.8	79.5	291.5	79.0	294.4	79.4	298.9	81.2	317.6	80.5
Insurance services	97.6	29.2	102.2	27.7	92.4	24.9	87.3	23.7	93.1	23.6
Driving services	11.5	3.4	5.0	1.4	14.0	3.8	15.1	4.1	19.6	4.9
AA Ireland	12.2	3.6	15.4	4.2	15.2	4.1	14.2	3.9	13.0	3.3
Insurance underwriting[2]	5.8	1.7	3.4	1.0	2.4	0.6	2.0	0.5	0.6	0.2
Head office costs	(58.5)	(17.5)	(48.5)	(13.1)	(47.6)	(12.8)	(49.4)	(13.4)	(49.3)	(12.5)
Trading EBITDA	**334.4**	**100.0**	**368.9**	**100.0**	**370.8**	**100.0**	**368.1**	**100.0**	**394.6**	**100.0**

(1) Trading EBITDA for the financial years ended 31 January 2009 and 2010 was derived from our management accounts and Trading EBITDA for the financial years ended 31 January 2011, 2012 and 2013 was derived from our audited consolidated financial statements.

(2) Trading EBITDA from insurance underwriting activities for the five years ended 31 January 2013 is entirely attributable to our reinsurance underwriting vehicle, ARCL. While ARCL did not engage in reinsurance activities between 1 February 2012 and 31 January 2013, ARCL has recently begun reinsuring certain policies insured by AICL. On or prior to the Issue Date, we intend to transfer the entire share capital and assets of ARCL from TAAL to the Company. As a result of the above, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations.

Summary Operational Data

We use several key operating measures, including number of roadside assistance personal members, number of roadside assistance business customers, breakdowns attended, average income from personal members and policy numbers in force, to track the financial and operating performance of our business. None of these terms are measures of financial performance under UK GAAP, nor have these measures been audited or reviewed by an auditor, consultant or expert. All these measures are derived from our internal operating and financial systems. As defined by our management, these terms may not be directly comparable to similar terms used by competitors or other companies.

The following table sets forth our key operating measures as of and for the periods indicated.

	For the year ended 31 January		
	2011	2012	2013
	(in thousands, except as otherwise indicated)		
Roadside assistance			
Number of personal members[1]	4,150	4,121	4,093
Number of business customers[2]	7,821	8,507	8,652
Total	**11,971**	**12,628**	**12,745**
Breakdowns attended (millions)	3.6	3.4	3.7
Average income from personal members (£ actual)[3]	111.1	114.1	118.0
Insurance services			
Policy numbers in force[4]	2,691	2,759	2,538

(1) Number of personal members represents the average number of roadside assistance personal members during our financial year.

(2) Number of business customers represents the average number of roadside assistance B2B customers during our financial year. The increased number of business customers in 2012 was due to the Halifax and the Bank of Scotland offerings of AVAs to their customers.

(3) Average income from personal members represents the average income generated from a roadside assistance personal member, which is calculated by dividing (i) turnover generated from the sale of memberships and turnover from the sale of parts and additional services to roadside assistance personal members by (ii) the total number of personal members, during our financial year.

(4) Policy numbers in force represents the total number of insurance policies in force, including motor, home and travel insurance and home emergency policies, at the end of our financial year.

Summary Unaudited Pro Forma Data for Topco and its Subsidiaries

	Unaudited as of 31 January 2013
	(in £ millions, except as otherwise indicated)
Pro forma total debt[1]	3,086.4
Pro forma cash and cash equivalents[2]	10.0
Pro forma net debt[3]	3,076.4
Pro forma net senior secured debt[4]	2,390.0
Pro forma total interest payable[5]	184.9
Pro forma Class A FCF DSCR[6]	2.8x
Pro forma Class B FCF DSCR[7]	1.8x
Ratio of *pro forma* net debt to Adjusted Trading EBITDA	7.6x
Ratio of *pro forma* net senior secured debt to Adjusted Trading EBITDA	5.9x
Ratio of Adjusted Trading EBITDA to *pro forma* total interest payable	2.2x

(1) *Pro forma* total debt represents the principal amounts of the Senior Term Facility, the Class A Notes and the Class B Notes after giving *pro forma* effect to the Refinancing and the application of the proceeds therefrom as if the Refinancing occurred on 31 January 2013, and finance leases as of 31 January 2013.

(2) *Pro forma* cash and cash equivalents represents total cash at bank and in hand as of 31 January 2013, adjusted to give effect to the Refinancing as described in *"Use of Proceeds."*

(3) *Pro forma* net debt represents *pro forma* total debt, less *pro forma* cash and cash equivalents.

(4) *Pro forma* net senior secured debt represents the principal amounts of the Senior Term Facility and the Class A Notes, less *pro forma* cash and cash equivalents.

(5) *Pro forma* total interest payable represents (i) interest payable in relation to (a) the Senior Term Facility based upon an assumed hedged base rate and (b) the Class A Notes and the Class B Notes based upon the interest payable in connection with each of the Class A Notes and Class B Notes, as if the Refinancing occurred on 31 January 2013; (ii) the interest element of finance lease agreements for the year ended 31 January 2013; and (iii) commitment fees on undrawn amounts under the Working Capital Facility and the Liquidity Facility, which will not be drawn on the Issue Date. *Pro forma* total interest payable has been presented for illustrative purposes only and does not purport to represent what our total interest expense would have actually been had the Refinancing occurred on the date assumed, nor does it purport to project our interest expense for any future period or our financial condition at any future date.

(6) *Pro forma* Class A FCF DSCR represents the ratio of (i) net cash inflow from operating activities, adding back exceptional items related to restructuring expenditure costs and pension deficit reduction payments, each for the year ended 31 January 2013, reduced by the Minimum Capital Maintenance Spend Amount and *pro forma* tax payments as if the Refinancing occurred on 31 January 2013, to (ii) *pro forma* total interest payable, but excluding *pro forma* interest payable in relation to the Class B Notes and the interest element of finance lease agreements for the year ended 31 January 2013. *Pro forma* Class A FCF DSCR has been presented for illustrative purposes only and does not purport to represent what our Class A FCF DSCR would have actually been had the Refinancing occurred on the date assumed, nor does it purport to project the Class A FCF DSCR for any future period or our financial condition at any future date.

(7) *Pro forma* Class B FCF DSCR represents the ratio of (i) net cash inflow from operating activities, adding back exceptional items related to restructuring expenditure costs and pension deficit reduction payments, each for the year ended 31 January 2013, reduced by the Minimum Capital Maintenance Spend Amount and *pro forma* tax payments as if the Refinancing occurred on 31 January 2013, to (ii) *pro forma* total interest payable. *Pro forma* Class B FCF DSCR has been presented for illustrative purposes only and does not purport to represent what our Class B FCF DSCR would have actually been had the Refinancing occurred on the date assumed, nor does it purport to project the Class B FCF DSCR for any future period or our financial condition at any future date.

RISK FACTORS

An investment in the Class B Notes involves a high degree of risk. In addition to the other information in this Offering Memorandum, you should carefully consider the following risk factors before purchasing the Class B Notes. The occurrence of any of the events discussed below could materially adversely affect our business, financial condition and results of operations. The risks described below are not the only ones we believe we are exposed to. Additional risks that are not currently known to us, or that we currently, based on our regular risk assessment, consider to be immaterial, could significantly impair our business activities and have a material adverse effect on our business, financial condition and results of operations. If any one of these events occurs, the trading price of the Class B Notes could decline and we may not be able to pay interest or principal on Class B Notes when due, and you could lose all or part of your investment. The order in which these risks are presented is not intended to provide an indication of the likelihood of their occurrence or of their severity or significance.

This Offering Memorandum also contains forward-looking statements that are based on assumptions and estimates and are subject to risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, the risks described below and elsewhere in this Offering Memorandum. See "Forward-Looking Statements."

Risks Relating to Our Business and Industry

Maintaining favourable brand recognition is essential to our success, and failure to do so could materially and adversely affect our business, financial condition and results of operations.

Our brand name, the "Automobile Association" or the "AA," enjoys a high degree of familiarity and awareness in the United Kingdom. We depend on the integrity of our brand and our reputation for quality of service for our business and we believe favourable recognition of our brand is important to maintaining a key position in an industry where trust and confidence with customers are paramount. See "*Business—Our Strengths—Widely recognised and trusted consumer brand*." Nevertheless, factors affecting brand recognition are often outside our control, and our efforts to maintain or enhance favourable brand recognition, such as making significant investments in marketing and advertising campaigns, may not have their desired effects. We are also exposed to possible brand damage from poor performance in terms of customer service, either at the roadside or in dealing with customer emergencies in the home. We are exposed to the risk that litigation, employee misconduct, operational failures, the outcome of regulatory or other investigations or actions, the reputations and actions of our B2B and other business partners, press speculation and negative publicity, among others, whether or not founded, could damage our brand and our reputation. By virtue of the fact that we have such a highly visible and widely recognised brand, we are particularly exposed to mistakes or misconduct, or allegations thereof, by our technicians and other employees, contractors or agents. Furthermore, any decline in perceived favourable recognition of our roadside assistance segment could have an adverse impact on the reputation of our other segments, and vice versa. A decline in favourable recognition of our brand could also impact our ability to attract or retain personal members or B2B customers, which may have a material adverse effect on our business, financial condition and results of operations.

Our operations are highly dependent on the proper functioning of information technology ("IT") and communication systems, and the failure or unavailability of such systems or our inability to keep pace with new technology developments could harm our reputation, result in the loss of personal members and corporate customers and have a material adverse effect on our business, financial condition and results of operations.

We rely heavily on our operational processes and in-house IT and communication systems to conduct our business, including for purposes of maintaining accurate customer service and records, managing our fleet of service vehicles and locating personal members and corporate customers experiencing automobile breakdowns or home emergencies. Our processes and systems may not operate as expected, or may not fulfil their intended purpose, which may result in our operations being inefficient, ineffective or inaccurate and, in turn, adversely affect the overall operational and financial performance of our business. Any IT or related systems inefficiencies could also result in an inability to provide our services in a timely manner, which in turn could cause material damage to our brand and reputation and adversely affect our ability to compete with our competitors. Our call centre operations could be disrupted due to loss of physical infrastructure, insufficient staff or other reasons. If our personal members or corporate customers experience a lack of quality service or reliability, our reputation could be damaged significantly and personal members and corporate customers may be reluctant to employ our services, which could result in the loss of existing personal members and corporate customers and a decline in turnover. As a result, any inability on our part to maintain and improve our IT and communication systems and infrastructure, or any service disruption, reliability or quality issues and their consequences could have a material adverse effect on our business, financial condition and results of operations.

We have put in place business continuity procedures, including security measures to protect against IT and related systems failure or disruption. However, these procedures may not be adequate or effective to ensure that we are able to carry on our business in the ordinary course if our IT systems fail or are disrupted. For example, if sufficient control and security measures are not in place, unauthorised persons could access, change and corrupt data on our servers. Furthermore, insurance coverage may prove inadequate to compensate for losses from a major business interruption.

In addition, to achieve our strategic objectives and remain competitive, we must continue to develop, upgrade and enhance our IT and communications systems and adapt our services, products and infrastructure in order to meet evolving market trends and consumer demands and keep pace with new IT developments, while at the same time maintaining the reliability and integrity of our operations, products and services. We may be required to commit substantial financial, operational and technical resources to the development of new software or other technology, the acquisition of equipment and software or upgrades to our existing systems and infrastructure. We may not be able to anticipate such developments or have the resources to acquire, design, develop, implement or utilise, in a cost-effective manner, IT and communications systems that provide the capabilities necessary for us to compete effectively. Furthermore, any delays or difficulties in implementing new or enhanced systems may keep us from achieving the desired results in a timely manner, to the extent anticipated, or at all, and we may also be unable to devote adequate financial resources to develop or acquire new technologies and systems in the future. Any failure to adapt to technological developments could have a material adverse effect on our business, financial condition and results of operations.

Our business relies on key contractual relationships with certain corporate customers, and the loss of any such corporate customers could have a material adverse effect on our business, financial condition and results of operations.

We have a number of important B2B partner accounts, mainly in our roadside assistance segment. For the year ended 31 January 2013, our 10 largest B2B partners accounted for 13.1% of our total turnover, of which the single largest partner is Lloyds Banking Group. Lloyds Banking Group accounted for 9.3% of our total turnover in the year ended 31 January 2013. The contract with Lloyds Banking Group is due for renewal in March 2014, and we may not be able to renew the contract on satisfactory terms or at all. Birmingham Midshires, an affiliate of Lloyds Banking Group, also distributes our financial intermediation service products. The loss of our contract with Lloyds Banking Group, or other B2B contracts, to a competitor, failure to find a replacement contract at acceptable terms upon termination, or the renewal of those contracts on less advantageous terms, could materially adversely affect our business, financial condition and results of operations. Furthermore, our B2B partners may also face financial difficulties, the consequences of which could also materially adversely affect our business and reputation.

Increased competition may result in downward pressure on our pricing which may materially adversely affect our business, financial condition and results of operations.

Although there has been limited pricing pressure in recent years among our primary competitors in the roadside assistance market, we may face increased competition and price pressure in the markets in which we operate, which may result in downward pressure on our pricing and a loss of market share, which could, in turn, materially adversely affect our business, financial condition and results of operations.

We believe that price is an important competitive factor for all our business segments. Our competitors may seek to compete aggressively on the basis of pricing in order to protect or gain market share. Furthermore, the Internet has increased pricing transparency and price pressure within our markets by enabling customers to more easily obtain and compare prices being offered by companies operating in these markets. This transparency may further increase the prevalence and intensity of price competition in our industry and potentially lead to consumer pressure or regulatory intervention in the insurance services market. To the extent that we match any reduction in pricing by our competitors, our business, financial condition and results of operations could be materially adversely affected. In addition, to the extent that we do not match or remain within a competitive margin of our competitors' pricing, or if we otherwise seek to implement price increases, we may lose market share and experience a decline in turnover, which could materially adversely affect our business, financial condition and results of operations.

Our insurance broking business faces significant competition from competitors who may be larger and have access to greater financial or other resources, including global, national and local insurance companies.

We compete with global, national and local insurance companies, including direct writers of insurance coverage, as well as non-insurance financial services companies, such as banks, many of which offer alternative products or more competitive pricing for segments of the insurance market in which we operate. While we maintain a diversified panel of insurance underwriters, many of our competitors are larger than us and have greater financial, technical and operating resources, as well as the ability to underwrite their own policies. The general insurance industry is highly competitive on the basis of price, service and coverage and many distribution channels within the insurance industry have been undergoing significant changes. If our competitors price their premiums at a lower level than us and we meet their pricing, this may have a material adverse effect on the commissions we receive in connection with our broking activities. If we fail to meet their pricing, we may lose market share and experience a decline in turnover. In addition, if competitors attract current or potential policyholders from us in areas in which we compete or wish to compete, our operating performance may be materially and adversely affected.

In addition, insurance panel members could increase their prices, fail to maintain their competitive positions or withdraw from our panel, which may impact our ability to compete with the rest of the market and negatively impact our sales volumes and profitability or we could be forced to re-broker policies if one of our underwriters were to fail, which could negatively impact our profitability. Additionally, if our underwriting partners fail to resolve insurance claims in a timely or

satisfactory manner, we may be exposed to litigation with respect to any such claims. While we regularly monitor the creditworthiness of our underwriting panel members to limit the potential risk of failure and any adverse impact on our customers, the failure of any one or more of our panel members could harm our reputation, sales and profitability. Any of the events above could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to further changes in the competitive landscape within the insurance industry, including increased competition from other distribution channels (particularly price comparison websites), the long-term implications of which are not yet fully understood.

Competition for general insurance products has intensified in recent years through the development of alternative distribution channels, such as price comparison websites ("**PCWs**"), including Moneysupermarket.com, Gocompare.com, Confused.com and Comparethemarket.com. PCWs are intermediaries that present multiple insurance quotes to a given buyer, allowing the buyer to make a comparison between insurance offerings based on a single set of information provided to the PCW. The long-term implications of the growth in PCWs cannot be predicted. There is potential for PCWs to increase their market penetration, including in other insurance products, such as home insurance. A movement of customers to PCWs and away from our marketing channels could result in greater pricing pressure, as well as a reduction in our share of the insurance brokerage market or reduce the effectiveness of our marketing efforts. In addition, we could experience greater competition in our insurance services segment if PCWs seek to act as insurance brokers themselves by administrating customer policies.

Consumer behaviour and attitudes, technological changes, regulatory and legislative changes and other factors also affect competition. Generally, we could lose market share, incur losses on some of or all our activities and experience lower growth if we are unable to offer competitive, attractive and innovative products and services that are also profitable, do not choose the right marketing approach, product offering or distribution strategy, fail to implement such strategies successfully or fail to anticipate, successfully adapt or adhere to such demands and changes. Competitive pressures from new technologies and distribution channels may require changes to our and our business partners' operations, including IT and communication systems and functionality, and we may not be able to effectively respond to these new developments in a timely or appropriate manner, which could have a material adverse effect on our business, financial condition and results of operations.

We depend on suppliers to provide many of our products and services and we may not be able to renew or extend existing contracts or enter into new contracts with suppliers, which could result in increased customer churn or have other effects that could materially adversely affect our business, financial condition and results of operations.

The successful implementation of our business strategy depends, in part, on our success at renewing or entering into new contracts with suppliers of products and services on favourable terms. Our ability to renew our existing contracts with suppliers of products and services, or enter into new contractual relationships, either on commercially attractive terms, or at all, depends on a range of commercial and operational factors and events which may be beyond our control. In particular, we lease substantially all the vehicles that make up our operational fleet, covering roadside assistance, home emergency and driving services. During the year ended 31 January 2013, for example, our key supplier of vehicles withdrew from the leasing market, forcing us to re-enter the market and obtain new vehicle leasing contracts with higher interest rates. In the event that a supplier of products or services decides to terminate its relationship with us, our personal members and B2B customers may choose to obtain similar service offerings from alternative sources or providers. Our inability to maintain our existing contracts and agreements with suppliers of the various products and services which we rely upon or enter into new contracts on commercially favourable terms could lead to reduced sales, lower margins and a loss of existing personal members and B2B customers and difficulties in attracting new personal members and B2B customers, which could have a material adverse effect on our business, financial condition and results of operations.

Litigation, roadside injuries or death or regulatory inquiries or investigations could materially and adversely affect our business, financial condition and results of operations.

From time to time, we may become involved in litigation, and there is no guarantee that we will be successful in defending against such litigation. We are exposed to potential claims for personal injury and property damage resulting from the provision and use of our roadside assistance and home emergency services. For example, over the past 10 years we have had a number of claims relating to personal injury and property damage from employees, personal members and other third parties, but none have been over £100,000. We may be subject to future claims that could harm our reputation or have a material adverse effect on our business, financial condition and results of operations. We are also exposed to workers' compensations claims and other employment related claims by our employees. The defence of any of these claims may be time consuming and expensive. If the outcome of these claims is unfavourable to us, we could suffer damage to our reputation and our business, financial condition and results of operations may be materially adversely affected. While we currently maintain motor liability coverage for bodily injury (including death) and property damage arising from or in connection with the services provided by our patrols, we do not have specific reserves for potential litigation matters and our current liability coverage may not be sufficient to cover all claims. In addition, there can be no assurance that our insurance premiums will not increase in the future, or that we will be able to renew our motor liability coverage on commercially acceptable terms. Furthermore, although our customer call centre provides roadside assistance personal members with safety instructions in the event of a breakdown, in the past personal members have been accidentally injured or killed by passing vehicles while waiting on the roadside. Accidents such as these could expose us to civil suits, significant damages claims and liabilities and harm our reputation.

We may also be subject to regulatory and governmental inquiries and investigations. The impact of litigation and regulatory inquiries and investigations may be difficult to assess or quantify. Even if a civil litigation claim or regulatory investigation or claim is meritless, does not prevail or is not pursued, any negative publicity arising in connection with any inquiries and litigation or regulatory investigation affecting our business could adversely affect our reputation. Litigation and regulatory investigations may also result in substantial costs and expenses and divert the attention of our management. In addition to pending matters, future litigation and regulatory investigations could lead to increased costs or interruption of our normal business operations, which may have a material adverse effect on our business, financial condition and results of operations.

We collect extensive non-public data from personal members, customers, business contacts and employees, and the failure to adequately maintain and protect such information, or failure to comply with applicable data protection law, could have a material adverse effect on our business, financial condition and results of operations.

We regularly collect, process, store and handle non-public data (including name, address, age, bank and credit card details and other personal data) from our personal members, customers, business contacts and employees as part of the operation of our business, and therefore we must comply with data protection laws in the United Kingdom and the European Union ("**EU**"). Those laws impose certain requirements on us in respect of the collection, use and processing of such personal data. For example, under UK and EU data protection laws and regulations, when collecting personal data, certain information must be provided to the individual whose data is being collected. This information includes the identity of the data controller, the purpose for which the data is being collected and other relevant information relating to the processing. There is a risk that data collected by us may not be processed in accordance with notifications made to both data subjects and regulators. In some cases, the consent of those data subjects may also be required to protect the personal data for the purposes notified to them. Failure to comply with data protection laws could potentially lead to regulatory censure, fines, civil and criminal liability, reputational and financial costs. In addition, the laws that would be applicable to such a failure are rapidly evolving and may become more burdensome and costly to our operations. The scope of the notification made to, and consents obtained from, data subjects may limit our ability to deal freely with the personal data in our databases. It may not be possible for us to lawfully use that data for purposes other than those notified to data subjects, or for which they have provided consent.

We are also exposed to the risk that the personal data we control could be wrongfully accessed or used, whether by employees or third parties, or otherwise lost or disclosed or processed in breach of applicable data protection law, and we have experienced losses of personal data in the past. If we, or any of the third-party service providers on which we rely, fail to process, store or protect such personal data in a secure manner or if any such theft or loss of personal data were otherwise to occur, we could face liability under data protection laws. This could also result in damage to our brand and reputation, as well as the loss of new or existing personal members or customers, any of which could have a material adverse effect on our business, financial condition and results of operations.

Forthcoming changes to the wider EU data protection regime may also impact our operations. These changes may be implemented through a new European General Data Protection Regulation ("**GDPR**"), which may ultimately replace the current European Data Protection Directive. The GDPR will be directly applicable in each European jurisdiction in which we operate, and, in its current draft form, will increase both the number of and the restrictive nature of the obligations binding on us for the collection and processing of personal data. In particular, the draft GDPR contains more onerous consent requirements, rights for individuals to object to direct marketing, an individual "right to be forgotten" which would require us to permanently delete a user's personal data in certain circumstances, and other requirements to implement internal processes and controls and compulsory data breach notification (which would require us to promptly notify both the national regulator and any individuals affected by a data breach). The draft GDPR also includes new requirements for the engagement of data processors, which will impact contractual relationships with our customers and put additional risk and liabilities on us. Such requirements will also impact our use of third party service providers. Finally, additional limitations on third country data transfers (transfers from within to outside of the European Economic Area) may affect the way we conduct our business. The GDPR is currently in first draft form and is likely to undergo various changes during the legislative process, which may take years to complete. However, if the provisions of the current draft become binding law, we may be required to make significant changes to the way we collect, process and store personal data, which could be costly.

We offer different prices to different types of clients, and the lack of price harmonisation across our personal member and B2B customer base may adversely affect our business, financial condition and results of operations.

As part of our efforts to achieve a high degree of cross-penetration between our business segments, we may offer discounts to certain clients in respect of our roadside assistance, insurance, home emergency or financial service products. There is a risk that market pressure from our clients who do not subscribe to products and services across our segments (and therefore do not receive discount rates) may force us to amend our pricing plans. In addition, we regularly offer lower introductory prices to attract new personal members and subsequently receive requests from existing personal members to lower their membership fees accordingly. A significant change in the number of existing personal members requesting price reductions or a significant number of personal members declining to renew their memberships upon the expiration of their introductory offer rates could materially adversely impact our financial performance.

In addition, our business model distinguishes between personal members, who subscribe for roadside assistance coverage directly through a membership agreement with us, and B2B customers, who receive roadside assistance coverage

indirectly as an "add-on" or complementary service to the products they purchase from our B2B partners. If the availability of roadside assistance coverage becomes more prevalent as an add-on to premium bank accounts or other B2B products, we could potentially see a migration of our personal members to the lower-margin B2B customer book or to a third-party provider, which would also have a material adverse effect on our business, financial condition and results of operations.

We seek to control and reduce our operating costs and we may not be successful in such efforts, which could have material adverse consequences for our business, financial condition and results of operations.

We have implemented and intend to continue to implement initiatives to reduce our operating expenses. Cost control initiatives include headcount reductions, business process re-engineering and internal reorganisation, as well as other expense controls. For example, in December 2012, we closed our Basildon and Cardiff contact centres, the operations from which we redeployed within our existing Newcastle and Cheadle contact centres. While we aim to implement and maintain these cost savings and to pursue additional cost efficiencies, we may be unable to effectively control or reduce costs. Even if we are successful in these initiatives, we may face other risks associated with our plans, including declines in employee morale, the level of customer service we provide, the efficiency of our operations and the effectiveness of our internal controls. In addition, our ability to implement operating cost reductions could be hampered by the Independent Democratic Union (the "**IDU**") through industrial action. Any of these risks could have a material adverse impact on our business, financial condition and results of operations.

Severe or unexpected weather conditions could materially adversely affect our business, financial condition and results of operations.

Severe or unexpected weather conditions, including extremes in temperature, heavy rain, snowfall, hail or high winds, tend to increase the volume of calls to our roadside assistance and home emergency centres. Although we receive a certain amount of payment-for-use income with regards to our B2B contracts, the majority of our contracts are for a fixed annual fee, which means the increase in our costs will be greater than the increase in revenue received as a result of increased call-outs during times of severe weather. Repercussions of severe or unexpected weather conditions may also include an inability to respond quickly and efficiently to calls from our personal members and B2B customers, loss of productivity and even necessary curtailment of services. Any delay in our performance or disruption of our operations due to severe weather conditions could have an adverse effect on our reputation and decrease the demand for our services, which would have a material adverse effect on our business, financial condition and results of operations.

We operate almost exclusively in the United Kingdom and difficult conditions in the UK economy may have a material adverse effect on our business, financial condition and results of operations.

In the year ended 31 January 2013, we generated 96.7% of our total Trading EBITDA in the United Kingdom. As we operate almost exclusively in the United Kingdom and will be required to do so in the future in accordance with the terms governing certain of our indebtedness, our success is closely tied to general economic developments in the United Kingdom and cannot be offset by developments in other markets. Negative developments in, or the general weakness of, the UK economy and, in particular, higher unemployment, lower household income and lower consumer spending may have a direct negative impact on the spending patterns of personal members and B2B customers, both in terms of the services they subscribe for and the amount of insurance and other products they purchase. Furthermore, Moody's Investor Services and Fitch Ratings Ltd. downgraded the UK's domestic and foreign currency governmental bond ratings in February and April, respectively, as a result of a weaker economic and fiscal outlook. The UK government is undertaking a substantial austerity programme, with significant reductions in public service spending, among others. The implications of the recent downgrade and the governmental austerity programme on consumer spending patterns is unknown. However, this or any other negative economic developments in the United Kingdom could reduce consumer confidence, and thereby could negatively affect earnings and have a material adverse effect on our results.

In addition, any deterioration in the UK economic and financial market conditions, including the recent credit downgrade of the UK's bond ratings and the UK government's austerity programme, may:

- cause financial difficulties for our suppliers and B2B partners, which may result in their failure to perform as planned and, consequently, create delays in the delivery of our products and services;
- result in inefficiencies due to our deteriorated ability to forecast developments in the markets in which we operate and failure to adjust our costs appropriately;
- cause reductions in the future valuations of our investments and assets and result in impairment charges related to goodwill or other assets due to any significant underperformance relative to our historical or projected future results or any significant changes in our use of assets or our business strategy;
- result in increased or more volatile taxes, which could negatively impact our effective tax rate, including the possibility of new tax regulations, interpretations of regulations that are stricter or increased effort by governmental bodies seeking to collect taxes more aggressively;
- result in increased customer requests for reduced pricing and reduced renewal rates.

Although the recent economic downturn in the United Kingdom has not materially affected our personal membership base or B2B customer base, a delayed recovery or a worsening of economic conditions may lead to a decrease in subscribers to our roadside assistance services, our insurance products and generally result in personal members and B2B customers terminating their relationship with us. Therefore, a weak economy or negative economic development could have a material adverse effect on our business, financial condition and results of operations.

Our membership numbers could decline or our business mix could change if there is a decrease in the average age of vehicles used in the United Kingdom, if service intervals or manufacturer guarantees are extended or if vehicles are used to a lesser extent.

As vehicles get older, the likelihood of breaking down generally increases. Therefore, a decrease in the average age of vehicles in the United Kingdom could lead to a decline in demand for our B2C roadside assistance products and services. In addition, technological and qualitative improvements of some motor vehicle components can reduce the likelihood of motor vehicles breaking down, which can also lead to a decrease in demand for our roadside assistance services by both our personal members and B2B customers. A decrease in demand for our roadside assistance services may lead to certain of our B2B partners declining to renew their contracts with us. In addition, in the event automobile manufacturers continue to expand the scope of their warranties and roadside assistance coverage beyond current limits (for example, as a result of changes in the legal environment), engage in greater promotion of roadside assistance at the point of service in their dealerships, or improve vehicle technologies so as to identify potential breakdowns before they occur, demand for our B2C roadside assistance products and services may be negatively impacted.

There could also be a decline in demand for our roadside assistance services because of reduced vehicle use or reduced vehicle ownership, which can result from rising costs (for example, higher petrol prices, higher petrol taxes and higher insurance prices), a significant deterioration in economic conditions, any future new vehicle incentives, changes in travelling or commuting behaviour or growing environmental concerns. According to the Society of Motor Manufacturers and Traders ("**SMMT**"), for example, the numbers of new car registrations has declined almost every year between 2005 and 2011 (Source: *www.smmt.co.uk*). This decline may continue in the future and the effects of any such decline may not be offset by any positive effects we may experience from an increase in the size and age of the UK car parc (which has increased between 2005 and 2011), thus resulting in an overall decrease in revenues. See "*Industry*." In addition, a decline in demand for our roadside assistance services could impact or alter the mix of our product and services offerings. Any such decline in demand could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to protect our brand and related intellectual property rights from infringement or other misuse by others and we may face claims that we have infringed the trademarks or other intellectual property rights of others.

Our brand constitutes a significant part of our value proposition. We rely primarily on trademarks and similar intellectual property rights to protect our brand. The success of our business depends on our continued ability to use our existing trademarks in order to increase brand awareness and, in particular, to develop our presence and activity in those markets where we are new entrants. Policing unauthorised use of our proprietary intellectual property rights can be difficult and expensive, and we cannot be sure that the steps we have taken to protect our trademarks and other intellectual property rights will preserve our ability to enforce those rights or prevent unauthorised use, infringement or misappropriation by third parties. Additionally, legal remedies available to us may not adequately compensate us for any damages we suffer as a result of such unauthorised use. Accordingly, any material infringement or misuse of our intellectual property could have a material adverse effect on our business, financial condition and results of operations.

Moreover, we may face claims that we have infringed the trademarks or other intellectual property rights of others, including in those markets where we have not historically been active. Intellectual property litigation may be expensive and time consuming, and may divert managerial attention and resources from our business objectives. Successful infringement claims against us could result in significant monetary liability. Such claims could also delay or prohibit the use of existing, or the release of new, products, services or processes, and the development of new intellectual property. We could be required to obtain licenses to the intellectual property that is the subject of the infringement claims, and resolution of these matters may not be available on acceptable terms within a reasonable timeframe or at all. Generally, intellectual property claims against us and any inability to use our trademarks could have a material adverse effect on our business, financial condition and results of operations, and such claims may result in a loss of intellectual property protections relating to our business.

We may make acquisitions or disposals in the future, which transactions may not achieve the expected results or may expose us to contingent or other liabilities and materially adversely affect our business, financial condition and results of operations.

We intend to continue to consider opportunistic strategic transactions, which could involve acquisitions or dispositions of businesses or assets and could result in shifts in the current mix of our product and services offerings. For any acquisitions which we identify that we are permitted by the terms of the Transaction Documents to make, we will need to conduct appropriate due diligence, including, as appropriate, an assessment of the adequacy of claims reserves, an assessment of the recoverability of reinsurance and other balances, enquiries with regard to outstanding litigation and consideration of local regulatory and taxation matters. Consideration will also need to be given to potential costs, risks and issues in relation to

the integration of any proposed acquisitions with our existing operations. However, the due diligence undertaken may not be accurate or complete, and such due diligence may not identify or mitigate all material risks to which the entity being acquired is exposed, including contingent or unanticipated liabilities. In addition, the integration of any proposed acquisition may not be successful or in line with our expectations and may pose a disruption to our ongoing business. We also may not obtain appropriate or adequate contractual representations, warranties and indemnities in connection with any acquisition. We may also provide representations, warranties and indemnities to counterparties on any disposal, which may result in claims being asserted against us by the applicable counterparties. Any acquisitions or dispositions of businesses or assets and shifts in the current mix of our product and services offerings, may divert managerial attention and resources from our business objectives.

If we enter into strategic transactions in the future, related accounting charges may affect our business, financial condition and results of operations, particularly in the case of any acquisitions. Any acquisition or disposal may result in changes to our capital structure, including the incurrence of additional indebtedness or the refinancing of our outstanding indebtedness, as applicable. Even if we identify an attractive opportunity, we may not be able to complete the acquisition or disposal successfully based on limited financial resources or onerous regulatory requirements. Losses resulting from acquisitions or disposals could damage our brand and reputation and could have a material adverse effect on our business, financial condition and results of operations.

We face a number of risks in connection with the separation from the Acromas Group and the Saga Group, which may adversely affect our business, financial condition and results of operation.

Acromas and Saga entities currently provide us with certain services, including services related to IT, treasury, legal, tax and risk management, internal audit and corporate insurance. In connection with and following the Separation, certain of these services will continue to be provided to us in accordance with the Umbrella Services Agreement. Accordingly we will continue to be reliant on certain Acromas and Saga entities to provide these services. There can be no assurance that these entities will be able to provide these services in the manner and to the standard required by the Umbrella Services Agreement or that the scope of the services and service standards specified in the Umbrella Services Agreement will be suitable for our future business needs. In the event of any failure by these entities to provide us with all or any of these services or any conflict of interest or disagreement between us and these entities that disrupts the provision of any of these services, we may be required to procure their delivery from one or more third party suppliers in the market or we may be left with an unsecured claim against the relevant Acromas entity which has failed to perform its obligations under the Umbrella Services Agreement. There can be no assurance that we will be able to transition the provision of these services to a new provider without disrupting the operation of our business. In addition, if the Acromas Group or Saga Group no longer required the provision of these services and were to terminate the Umbrella Services Agreement, we may be required to bear the increased cost of procuring these services on a stand-alone basis. There can be no assurance that we will be able to procure the provision of these services externally or internally at the same cost or better and without some disruption to the operation of our business and diversion of management's attention from the ongoing operations of the business or otherwise requiring management to expend significant energy and resources, which could materially adversely affect our business, financial condition and results of operations. Many of the terms of the Umbrella Services Agreement, including the scope and standard of services and the charges, are described by reference to general principles, and there is a risk that we might have disputes with Acromas or Saga about those terms. Except in situations where an administrator or administrative receiver has been appointed in relation to us, all disputes arising between us and the Acromas or Saga will be finally resolved by the Chief Executive Officer of the Acromas group, rather than an independent third party, and there is a risk that any determination might not be in our interests.

In addition, the Acromas Group is highly leveraged and will continue to be highly leveraged following the Refinancing. We have historically made payments to the group treasury function within the Acromas Group to cover various costs and expenses, including Acromas' obligations under the Existing Senior Facility Agreement and Existing Mezzanine Facility Agreement and costs and expenses relating to each of the Acromas Group and the Saga Group. Following the Separation, we will no longer remit cash to the Acromas Group treasury function. If the Acromas Group or the Saga Group are unable to repay their existing indebtedness as it becomes due or fund their ongoing liquidity needs, their creditors may attempt to seek recourse against the AA Group. While the likelihood of any such claim or action against the AA Group by creditors of the Acromas Group or Saga Group are remote, any such claim or action may disrupt our operations, result in negative publicity, damage our brand and our reputation and may have a material adverse effect on our business, financial condition and results of operations.

We have only undertaken a preliminary assessment of other potential costs from operating as a stand-alone business and one-off and exceptional costs in connection with the Separation. While we do not believe the associated costs will be material, the actual costs could be higher and the period over which they are incurred could be longer than our expectation, which could disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

Our operations are dependent on our ability to retain the services of the members of our senior management team and to retain and attract qualified and reliable personnel.

We rely on a number of key employees, both in our management and our operations, with specialised skills and extensive experience in their respective fields. Our senior management team has extensive industry experience, and our

success depends upon the continued contributions of that team. We also believe that the growth and success of our business will depend on our ability to attract highly skilled, qualified and reliable personnel with specialised know-how in automotive and home repair services, as well as those with IT and other specialist skills. Although we place emphasis on retaining and attracting talented personnel and invest in extensive training and development of our employees, we may not be able to retain or hire such personnel in the future. In particular, the automobile market is characterised by frequent technical advances and increases in the complexity of existing components. Certain models of vehicles and automotive components may have technical equipment so complex or innovative that they can be maintained only by persons with special training relating to those particular model vehicles. The expense of this specialisation could result in higher costs for us or in decreased demand for our roadside assistance services if it becomes no longer economically feasible for us to offer repair services for particular models or components, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, the Prudential Regulation Authority ("**PRA**") and the Financial Conduct Authority ("**FCA**"), the successor to the Financial Services Authority ("**FSA**"), have the power to approve and regulate individuals in the insurance and financial intermediation businesses, respectively who have significant influence over the key functions of an insurance business or financial intermediation business, such as governance, finance, audit and management functions. The FCA also has the power to regulate individuals in the financial intermediation business who deal with customers, such as those providing advice to customers on certain insurance and financial products. The PRA or FCA (as applicable) may not approve individuals for such functions unless the respective regulator is satisfied that they have appropriate qualifications and experience and are fit and proper to perform those functions, and may withdraw approval for individuals whom it deems no longer fit and proper to perform those functions. The majority of our regulated business is subject to FCA regulation and our inability to attract and retain, or obtain FCA approval for, directors and highly skilled personnel in our businesses subject to the authority of the FCA could adversely affect our competitive position, which could in turn have a material adverse effect on our business, financial condition and results of operations.

Our business requires the work of many employees and any disruption in our workforce could materially adversely affect our business, financial condition and results of operations.

As of 4 December 2012, approximately 63% of our employees were covered by a collective bargaining agreement with the IDU, a union historically dedicated to AA employees, but more recently representing non-AA employees as well. In addition, we are required to consult with our employee representatives, such as works councils, on various matters, including restructurings, acquisitions and divestitures. Although we strive to maintain good relationships with our employees and the IDU, such relationships may not continue to be cooperative and we may be affected by strikes or other types of conflict with labour unions and employees in the future, which could impair our ability to deliver the services we provide and result in a substantial loss of turnover. The terms of existing or renewed collective bargaining agreements could also significantly increase our costs (for example, through increased wages) or negatively affect our ability to increase operational efficiency, which may in turn have a material adverse effect on our business, financial condition and results of operations.

The interests of our controlling shareholders may be inconsistent with the interests of holders of the Class B Notes.

The interests of our principal shareholders may conflict with your interests as holders of the Class B Notes. As of the date of this Offering Memorandum, funds controlled by Charterhouse, CVC and Permira (the "**Principal Shareholders**") indirectly owned 36%, 20% and 20%, respectively, of the AA's shares. See "*Principal Shareholders*." As a result, the Principal Shareholders have, and will continue to have, directly or indirectly, the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change the AA's management and board of directors, a majority of which are currently the Principal Shareholders' representatives, and to approve any other changes to our operations. For example, the Principal Shareholders could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividend payments, in each case, so long as the Class A IBLA, Class B IBLA, the Common Terms Agreement (the "**CTA**"), the STID and the other Senior Finance Documents so permit. The interests of the Principal Shareholders could conflict with the interests of the holders of the Class B Notes, particularly if our Principal Shareholders encounter financial difficulties or are unable to pay their debts when due. The incurrence of additional indebtedness would increase our debt service obligations and the sale of certain assets could reduce our ability to generate revenue, each of which could adversely affect holders of the Class B Notes. The Principal Shareholders could also have an interest in pursuing acquisitions, divestitures, financings, dividend distributions or other transactions that, in their judgment, could enhance their equity investments although such transactions might involve risks to the holders of the Class B Notes. In addition, our Principal Shareholders own Acromas and Saga and thus they have, directly or indirectly, the power, among other things, to offer competitive products and services and they may come to own businesses that directly compete with our business. We will also be dependent on Acromas and Saga to provide services and maintain trading relationships with us following the Separation, and such relationships may result in additional conflicts of interest with our Principal Shareholders.

Risks Relating to Regulatory and Legislative Matters

We are subject to complex laws and regulations that could materially and adversely affect the cost, manner and feasibility of doing business.

The industries in which we operate are materially affected by government regulation in the form of national and local laws and regulations in relation to health and safety, the conduct of operations and taxation. We are subject to prudential and consumer protection measures imposed by a number of insurance and financial services regulators, including the European Commission, the Office of Fair Trading ("**OFT**"), HM Treasury, the UK Competition Commission and the European Competition Commission. In the United Kingdom, the PRA is the primary regulatory authority of the insurance sector and the FCA of the insurance intermediation sector. Each have prescribed certain rules, principles and guidance with which we and others in the insurance and financial services industries must comply. Such rules require, among other things, high level standards on the establishment and maintenance of proper systems and controls and minimum "threshold conditions" that must be satisfied for a firm to remain authorised, as well as rules on the conduct of business and treating customers fairly. The PRA or FCA may find that we have failed to comply with applicable regulations, have not sufficiently responded to regulatory inquiries or have not undertaken corrective action as required. Our roadside assistance business is currently operated under an exemption from requiring insurance business authorisation. Any change in law, regulation or in interpretation of law or regulation could result in this business needing to be carried out by a regulated insurer which could significantly increase the costs of the business. In each case, regulatory proceedings could result in a public reprimand, substantial monetary fines or other sanctions which could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, the use of continuous payment methods in both our roadside assistance and insurance services segments contributes to our high levels of retention. Although continuous payment methods are a common market and banking practice, regulation of their use by the FCA, the OFT or another comparable regulatory authority, or the regulation of how and when we communicate with current and potential personal members and customers, could have a negative effect on our business, financial condition and results of operations.

In September 2012, the Office of Fair Trading referred the private motor insurance market to the UK Competition Commission for investigation and there is currently an investigation into whether there are any features of the overall market that prevent, restrict or distort competition. The UK Competition Commission has distributed questionnaires to a large number of entities within the private motor insurance market, including insurance underwriters, insurance brokers, PCWs, vehicle repair companies and claims handling companies. Although the timing and outcome of the UK Competition Commission's investigation remains uncertain, any new or more stringent regulation that directly or indirectly impacts the private motor insurance market could materially and adversely affect our business, financial condition and results of operations.

Our operations are also subject to various laws and regulations relating to health and safety, employment, environmental and other matters. If we fail to comply with any such laws or regulations, we could be subject to sanctions such as mandatory shut-downs, damages, criminal prosecutions and injunctive action. Changes in governmental regulations, as well as maintaining compliance with required standards, may also significantly increase our costs, the price of membership and access to our services, which in turn could materially and adversely affect our business, financial condition and results of operations.

Risks Relating to our Pension Schemes and Post-Retirement Medical Plan

We are exposed to various risks in connection with the funding of our pension commitments under the AA UK Pension Scheme, our principal defined benefit plan, which could have a material adverse effect on our business, financial condition and results of operations.

The AA Group operates two defined benefit pension schemes: (i) the AA UK Pension Scheme; and (ii) the AA Ireland Pension Scheme. Valuations of all UK defined benefit plans are required to be conducted on at least a triennial basis in accordance with legislative requirements, and the trustees and employers of the applicable plan will be required to agree a recovery plan which seeks to pay off any funding deficit disclosed in the context of such valuations over an agreed period of time. The "funding deficit" will be the estimated shortfall in the amount required, on an actuarial calculation based on assumptions agreed between the employer and trustees in the context of the relevant valuation, to make provision for the scheme's liabilities. Accordingly, we are exposed to the risk that our pension funding commitments may increase over time in the context of subsequent valuations of the AA UK Pension Scheme, which could have a material adverse effect on our business, financial condition and results of operations.

The latest triennial actuarial valuation carried out in relation to the AA UK Pension Scheme as at 31 March 2010 disclosed assets of £1,222 million and a funding deficit of approximately £87 million (although the actuary allowed for a reduction of approximately £71 million in the deficit as a result of switching to the Consumer Prices Index, rather than the Retail Prices Index, as the basis for calculating increases to pensions in payment and revaluation of pensions in deferment, such that the remaining funding deficit to be addressed by way of deficit contributions is approximately £16 million). Under the current schedule of contributions agreed in the context of that valuation, deficit contributions of £2.8 million are due in

May 2014 (£5 million was paid in May 2013), in addition to ongoing contributions required to meet the costs of ongoing benefit accrual. At the time of the 2010 triennial valuation, we also entered into an escrow agreement in which we agreed to place £5.0 million per annum for three years (from and including 2011) into an escrow account, the proceeds which will be used to meet any shortfalls determined by the AA UK Pension Trustee during the 2013 Valuation. Regular employer contributions to the AA UK Pension Scheme in the year to 31 January 2014 are estimated to be £26.1 million. Further additional employer contributions will be required if there are any redundancies or benefit augmentations during the year.

The 2013 Valuation is currently being undertaken and, in accordance with applicable pensions legislation, will be required to be agreed between the AA UK Pension Trustee and the AA Group within 15 months following the effective date. No results (preliminary or otherwise) are yet available in relation to the 2013 Valuation. The regulator of occupational pension schemes in the United Kingdom, which was established pursuant to the Pensions Act 2004 (the "**Pensions Regulator**"), has certain powers to act where this deadline is not met (although typically if agreement is not reached by that date, the Pensions Regulator will encourage the parties to continue their discussions, rather than immediately intervene itself). We estimate that the funding deficit with respect to the AA UK Pension Scheme was approximately £180 million as at 31 March 2013. However, the funding deficit for the purposes of the finalised valuation will depend on the assumptions we agree with the AA UK Pension Trustee, which means the funding deficit disclosed by the 2013 Valuation may differ materially from our current estimate. We expect that our funding commitments will increase significantly in the context of the 2013 Valuation, which could have a material adverse effect on our business, financial condition and results of operations.

The AA UK Pension Trustee currently has the benefit of shared super senior security over assets of the Acromas Group up to a value of £150 million in respect of certain liabilities relating to the AA UK Pension Scheme. Concurrently with the Offering, the AA UK Pension Trustee's existing shared super senior security interest will be released and it and the AA Ireland Pension Trustee will be granted super senior security from the Obligors up to a value of £150 million and £10 million, respectively. On enforcement of the security and in certain other circumstances, the secured claim of each of the AA UK Pension Trustee and the AA Ireland Pension Trustee up to the relevant limit will rank in priority to the claims of the Issuer and the other Authorised Credit Providers against the Borrower.

It is intended that the £150 million of super senior security to be granted by the Obligors concurrently with the Offering will be granted for an interim period only. This is because, in anticipation of an increased funding deficit being disclosed at the 2013 Valuation, we have proposed that the AA UK Pension Trustee enter into an asset-backed funding structure (the "**ABF**"). The ABF is intended to provide the AA UK Pension Trustee with an income stream over a 25 year term through an interest held in a new Scottish limited partnership, which will hold a loan note issued by a newly incorporated company to which the AA Group's brands will be transferred ("**IP Co**"). The royalties payable by the AA Group to IP Co for the use of the brands will fund the loan note payments from IP Co to the partnership, and such payments will be secured by a first ranking charge over the AA Group's brands, up to a value of £200 million, with the Obligor Secured Creditors holding a second lien interest over the AA Group's brands through IP Co. Although the AA UK Pension Trustee's income stream may change depending on the funding deficit which is expected to be disclosed in the context of the 2013 Valuation, the maximum amount of security is intended to be fixed at £200 million, regardless of that outcome. An increased amount of security protection (£200 million rather than £150 million) has been agreed with the AA UK Pension Trustee on the basis that the security is over the AA Group's brands, rather than the assets of the AA Group more generally, and that income payments to the AA UK Pension Trustee under the ABF are intended to address the funding deficit expected to be disclosed at the 2013 Valuation (in whole or in part) over a 25 year term, which is much longer than the period over which funding deficits are typically sought to be addressed. A non-binding term sheet setting out the terms of the ABF has already been agreed with the AA UK Pension Trustee and will be appended to an otherwise binding agreement, which will set out the terms agreed between the AA Group and the AA UK Pension Trustee on various pensions issues and which will be entered into between the AA UK Pension Trustee and the Borrower concurrently with the Offering (the "**AA UK Pension Agreement**"). While subject to final agreement in conjunction with, and dependent on the timing and outcome of, the 2013 Valuation, we expect that the ABF will be put in place during the course of 2013. Upon entering into the ABF, the AA UK Pension Trustee will automatically cease to have any interest in the Obligor Security. If the ABF is not agreed and implemented, (i) the AA UK Pension Trustee's first ranking super senior security from the Obligors up to a value of £150 million will remain in place; and (ii) the AA UK Pension Trustee may require higher deficit payments to be paid to the AA UK Pension Scheme over a shorter period than a 25 year term, which could adversely impact our business, financial condition and results of operations. Furthermore, there can be no assurance that the funding deficit with respect to the AA UK Pension Scheme will not increase in the future under the ABF, which may result in materially higher payments to the AA UK Pension Scheme being required to address such increased deficit.

If the ABF is implemented, the AA UK Pension Trustee, through its partnership interest, will have a first ranking claim against IP Co of £200 million in respect of our brands. If the loan note payments are not made to the Scottish limited partnership and the security is enforced, the AA UK Pension Trustee's indirect claim against IP Co for £200 million will rank ahead of other claims, including the Class B Notes, and the Scottish limited partnership will have the right to enforce the £200 million first ranking security interest against IP Co at the instruction of the AA UK Pension Trustee in these circumstances. The AA Group's use of its brands, if the ABF is implemented, will be subject to a licence from IP Co. That licence may provide that it is terminable for material breach or upon enforcement of the first-ranking security.

The assets of the AA UK Pension Scheme and the AA Ireland Pension Scheme are invested in various investment vehicles which are susceptible to market volatility, interest rate risk and other market risks, any of which could result in decreased asset value and a significant increase in our net pension obligations.

The assets of the AA UK Pension Scheme and the AA Ireland Pension Scheme are invested predominantly via externally managed funds and insurance companies. The AA UK Pension Trustee and the AA Ireland Pension Trustee, in consultation with us, prescribe the investment strategy in relation to the assets of the AA UK Pension Scheme, and thus we do not determine individual investment alternatives. The assets may be invested in different asset classes including equities, fixed-income securities, real estate and other investment vehicles. The values attributable to the externally invested pension plan assets are subject to fluctuations in the capital markets that are beyond our influence. Unfavourable developments in the capital markets could result in a substantial coverage shortfall for these pension obligations, resulting in a significant increase in our net pension obligations. In addition, deterioration in our financial condition could lead to an increased funding commitment to the trustees, which could further exacerbate any financial difficulties we could face at such time. Any such increases in our net pension obligations could adversely affect our financial condition due to increased additional outflow of funds to finance the pension obligations. We are also exposed to risks associated with longevity, interest rate and inflation rate changes in connection with our pension commitments, as a decrease in interest rates, increase in longevity or in inflation could have an adverse effect on our contribution requirements in respect of the AA UK Pension Scheme.

In certain circumstances we may be required to fully fund the AA UK Pension Scheme on a "buy-out" basis, which could have a material adverse effect on our business, financial condition and results of operations.

The sponsoring employer of the AA UK Pension Scheme is currently TAAL. However in accordance with the Business Transfer Deed, it is intended that TAAL will be substituted as sponsoring employer with AA Developments Limited at the point in time at which TAAL's employees are transferred to AA Developments Limited as part of the wider Business Transfer Deed in respect of the roadside assistance business following the Separation. See "*The Transactions—The Migration*."

In the event the AA UK Pension Scheme is wound up or certain insolvency events occur in relation to the sponsoring employer of the AA UK Pension Scheme (the "**Employer**") it will be liable to pay a so-called "section 75 debt" into the AA UK Pension Scheme. The AA UK Pension Trustee can trigger a wind-up of the AA UK Pension Scheme if the Employer terminates its liability to contribute to the AA UK Pension Scheme or ceases to carry on its undertaking and a successor has not assumed the role of sponsoring employer, which is subject to AA UK Pension Trustee consent. The Pensions Regulator has powers to trigger a wind-up in relation to the AA UK Pension Scheme in certain circumstances. Insolvency events which trigger a section 75 debt include the appointment of an administrative receiver and the entry by a company into administration. Whereas the ongoing funding basis is agreed between the AA UK Pension Trustee and the Employer (subject to the Pensions Regulator's powers to intervene and determine such basis), the section 75 debt is calculated by reference to the deficit on a "buy-out" basis, broadly the cost of purchasing annuities and deferred annuities with an insurer. The deficit on a buy-out basis is often significantly in excess of the funding deficit, and the deficit of the AA UK Pension Scheme on a buy-out basis was £724 million as at 31 March 2010 (though this number will be volatile over time). In connection with the Separation and concurrently with the Offering, the Borrower will provide a guarantee under the AA UK Pension Agreement in relation to, broadly, the difference between the section 75 debt and the Trustee's security interest, effective on enforcement of the security, to replace the guarantee currently provided by a member of the Acromas Group. Accordingly, if a section 75 debt is triggered, it could have a material adverse effect on our business, financial condition and results of operations.

Where a section 75 debt is triggered as a result of an insolvency event, the debt is contingent on the pension scheme being transferred to the Pension Protection Fund (the "**PPF**"). Entry into the PPF is subject to certain conditions, including an assessment as to whether the pension scheme's assets are sufficient to provide benefits of at least the level of compensation which would be provided by the PPF and is determined during the course of a PPF assessment period (if so, the scheme will not transfer). The PPF will assume responsibility for an eligible scheme where the assets of the scheme are not sufficient to provide PPF level benefits, unless the relevant insolvency practitioner issues a "scheme rescue" notice (for example, because the relevant company is rescued and the business continues with the pension scheme in place or because another entity agrees to assume responsibility for the pension liabilities). Where a scheme rescue notice is issued, no section 75 debt in relation to the scheme will be payable as a result of the insolvency. In the absence of a scheme rescue notice, the section 75 debt would become payable and, as this is likely to be significant, this means a substantial unsecured claim would arise in relation to the Employer and the Borrower pursuant to the AA UK Pension Agreement.

A section 75 debt is an unsecured debt. However, the AA UK Pension Trustee will, with effect from the Issue Date, have the benefit of a super senior security up to the value of £150 million, which will remain in place if the ABF is not implemented and which will rank ahead of the Class B Notes. Alternatively, if the ABF is finally agreed and implemented, the existing £150 million first ranking super senior security to be granted by the Obligors concurrently with the Offering will be released and the ABF will provide first-ranking security from IP Co of up to £200 million, which will be enforceable by the Scottish limited partnership in certain circumstances, including in the event of a section 75 debt being triggered (where, as a result of insolvency, the debt becomes payable because there is no scheme rescue). In each case, the security secures obligations owed to the AA UK Pension Trustee in relation to the AA UK Pension Scheme, including in the event of a

section 75 debt arising. Accordingly. if the security is enforced, the AA UK Pension Trustee's claim for £150 million (or the AA UK Pension Trustee's indirect claim through its partnership interest for £200 million against IP Co if the ABF is implemented) will rank ahead of other claims, including the Class B Notes.

The Pensions Regulator in the United Kingdom has power in certain circumstances to issue contribution notices or financial support directions which, if issued, could result in us incurring significant liabilities.

Under the Pensions Act 2004, the Pensions Regulator may issue a contribution notice requiring contributions to be paid into the relevant scheme by an employer in a UK defined benefit pension scheme or any person who is "connected with" or is an "associate of" an employer in a UK defined benefit pension scheme. A contribution notice may be issued if the Pensions Regulator is of the opinion that (i) the relevant person has been a party to an act, or a deliberate failure to act, which had as its main purpose (or one of its main purposes) the avoidance of pension liabilities or (ii) the relevant person has been a party to an act, or a deliberate failure to act, which has a materially detrimental effect on a pension plan without sufficient mitigation having been provided. Directors of the participating employer are also potentially subject to the Pensions Regulator's power to issue a contribution notice.

If the Pensions Regulator considers that the employer participating in a UK defined benefit pension scheme is "insufficiently resourced" or a "service company," it may impose a financial support direction requiring any person associated or connected with that employer, to put in place financial support in relation to the relevant pension scheme. An employer is insufficiently resourced if, broadly, the employer has insufficient assets to meet 50% of the deficit on a buy-out basis and any person or persons who is or are "connected with" or an "associate of" the employer has (or together have) sufficient assets to meet the shortfall between the employer's assets and 50% of the deficit on a buy-out basis.

The terms "associate" and "connected person," which are taken from the Insolvency Act 1986, are widely defined and could cover our significant shareholders and others deemed to be shadow directors. Entities within the AA Group and the Saga Group are associated and connected with each other and the Acromas Group, which means that entities in the AA Group are associated and connected with the employers in the AA UK Pension Scheme and the defined benefit pension schemes operated by the Saga Group. Entities in the AA Group may also be associated and connected with employers in other UK defined benefit pension schemes operated in groups in which our significant shareholders have a prescribed shareholding. Consequently, the AA Group could be responsible in certain circumstances for the pension liabilities of the Saga Group. As of 31 January 2012, the Saga Pension Scheme had an estimated funding deficit of £37.3 million.

The Pensions Regulator may only issue contribution notices or financial support directions where it believes it is reasonable to do so. In relation to financial support directions, the Pensions Regulator determines reasonableness by having regard to a number of factors, a non-exhaustive list of which is set out in legislation (and includes the relationship which the person has or has had with the employer, the value of any benefits received directly or indirectly by that person from the employer, any connection or involvement which the person has or has had with the scheme and the financial circumstances of the person). To date, all reported instances of the exercise of these powers relate to groups of companies in some form of insolvency process or where the employer is insolvent.

If the AA Group becomes insolvent, it is possible that any contribution notices or financial support directions issued after the insolvency by the Pensions Regulator against any member of the Group would rank ahead of certain other creditors.

In the event that the AA Group is subject to insolvency proceedings, recent court decisions (Bloom and others v. The Pensions Regulator and others [2011] EWCA Civ 1124) indicate that any contribution notices or financial support directions issued by the Pensions Regulator after the commencement of insolvency proceedings would rank as expenses of the administration or liquidation (as the case may be) and therefore ahead of the floating charge over the Group's assets held by the holders of the Class B Notes as well as other floating charges and the claims of unsecured creditors. Accordingly, if the Pensions Regulator uses its powers against a member of the AA Group while the AA Group is subject to insolvency proceedings, the claims of the Pension Regulator would rank ahead of the floating charge over the Group's assets held by the Obligor Security Trustee on behalf of the Obligor Secured Creditors and therefore indirectly, holders of the Class B Notes as well as other floating charges and the claims of unsecured creditors.

Strengthening of the regulatory funding regime in the UK or Ireland could impose increased pension funding requirements.

Strengthening of the regulatory funding regime for pensions in the United Kingdom or Ireland (whether imposed by local law or European Union law and which, in the case of Ireland could include the introduction of statutory debts for the recovery of a shortfall in funding, equivalent to the concept of section 75 debts under UK law or the introduction of regulatory powers, equivalent to the UK regulator's powers to impose liability for underfunded defined benefit schemes on third parties) could increase requirements for cash funding of pensions, demanding more financial resources to meet governmentally mandated pension requirements. The realisation of any of the foregoing risks could require us to make significant additional payments to meet our pension commitments, which could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to the risk that our liability for our post-retirement medical plan could materially increase which could have a material adverse effect on our business, financial condition and results of operations.

We operate an unfunded post-retirement medical scheme (the "**AAPMP**") to provide private healthcare cover to retired AA pensioners and their dependents. The scheme is unfunded and as of 31 January 2013 showed a liability of £47.5 million (before related deferred tax assets). This liability could materially increase depending on, among other factors, the longevity of scheme participants, material changes in claims behaviour and the rate of inflation in the costs of providing these healthcare benefits, which could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to the Class B Notes

The Class B Notes will be contractually subordinated to the Class A Notes as to payment and will rank junior to the Class A Notes with respect to the application of enforcement proceeds, other than in respect of the Topco Security. As a result, the Issuer may be unable to make payments on the Class B Notes when due.

Pursuant to the applicable payment waterfall set forth in the Issuer Cash Management Agreement and the Issuer Deed of Charge, payments to be made to the holders of the Class B Notes in respect of principal and interest thereon will be contractually subordinated to corresponding payments to be made to holders of the Class A Notes. Likewise, under the STID, principal and interest payments to be made on the Class B Loan will be contractually subordinated to payments to be made on or under the Class A Loans, the Senior Term Facility, the Working Capital Facility, the Liquidity Facility and certain hedging arrangements, among other things. Furthermore, subject to certain limited exceptions, the Obligors will not be permitted to make any payments, including interest payments, under the Class B IBLA, and consequently the Issuer will not be able to make corresponding interest payments on the Class B Notes, if a Trigger Event has occurred, including if the Class A FCF DSCR falls below 1.35x.

Furthermore, the Class B Notes will rank junior to the Class A Notes, and debt outstanding under the Class B IBLA will rank junior to debt outstanding under the Class A IBLA, the Senior Term Facility, the Working Capital Facility and the Liquidity Facility, among others, in each case in respect of the application of any amounts realised through the enforcement of the security granted under the Issuer Deed of Charge and the Obligor Security Agreement, respectively. In certain circumstances, the terms of our indebtedness, including under the CTA and the Class B IBLA, will permit us to incur additional secured debt in the future, which secured debt may be substantial and rank senior to the Class B Loan and the Class B Notes as to payment and security. Accordingly, the proceeds of any enforcement of such security may not be sufficient to meet the Obligors' payment obligations under the Class B IBLA or the Issuer's payment obligations with respect to the Class B Notes following the application of such proceeds towards the full repayment of our prior ranking debt described above. Furthermore, in certain circumstances, the Class B Loan may be extinguished without the approval of the holders of the Class B Notes. See "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed*." However, the Class B Notes will indirectly benefit from the Topco Payment Undertaking and the Topco Security, which security will not be shared with the Class A Notes. See "*Description of Certain Financing Arrangements—Topco Payment Undertaking*" and "*Description of Certain Financing Arrangements—Topco Security Agreement*."

In addition, for so long as the Class A Notes and the Class A Loans are outstanding, the holders of the Class B Notes will have limited ability to declare a Class B Note Event of Default and a Class B Loan Event of Default.

As noted above, amounts payable to certain other secured creditors will rank senior to payments of interest and principal on the Class B Loan and Class B Notes. In particular, unless and until implementation of the ABF occurs, the liabilities of certain members of the Holdco Group owing to the AA UK Pension Trustee and the AA Ireland Pension Trustee will be secured by the Obligor Security and rank in priority to any other claims of the Obligor Senior Secured Creditors (excluding the Obligor Security Trustee and any Receiver) up to an amount not exceeding £150 million, in the case of the AA UK Pension Trustee, and up to an amount not exceeding £10 million, in the case of the AA Ireland Pension Trustee. Furthermore, if the ABF is implemented, the AA UK Pension Trustee, through its partnership interest, will have a first ranking claim against IP Co of £200 million in respect of our brands. There is therefore a risk that if the loan note payments are not made to the Scottish limited partnership and the security is enforced, the AA UK Pension Trustee's claim against IP Co for £200 million will rank ahead of other secured claims, including the Class B Notes.

See "*—Risks Relating to Security, Enforcement and Insolvency*," "*Description of Certain Financing Arrangements—Class A Issuer / Borrower Loan Agreements*" and "*Description of the Class B IBLA*" for further details.

The Issuer is a finance subsidiary with no independent business operations or significant assets and will depend on payments from the Borrower in respect of the Class B Loan to be able to make payments on the Class B Notes.

The Class B Notes will be limited recourse obligations of the Issuer. The Issuer is a finance subsidiary with no independent business operations or significant assets other than in connection with the issuance of the Class A Notes and the Class B Notes and the transactions ancillary thereto. The Class B Notes will not be obligations or responsibilities of, and will not be guaranteed by, any other person, except that the Class B Notes will indirectly benefit from the Topco Payment Undertaking and the Topco Security. See "*Description of Certain Financing Arrangements—Topco Payment Undertaking*"

for further details. The ability of the Issuer to meet its obligations under the Class B Notes will depend on the receipt by the Issuer of funds from the Obligors under the Class B IBLA and funds from Topco under the Topco Payment Undertaking. If the Obligors do not fulfil their obligations under the Class B IBLA and make payments on the Class B Loan when due, or if Topco does not fulfil its obligations under the Topco Payment Undertaking, the Issuer will have no other source of funds that would allow it to make payments to the holders of the Class B Notes. The amounts available to the Obligors to make payments to the Issuer on the Class B Loan will depend on their cash flows and profitability, which may be insufficient to enable them to meet their payment obligations. Furthermore, the Obligors may not be able to, or may not be permitted under applicable law to, make distributions or advance upstream loans to the Borrower or Topco to enable them to make payments in respect of the Class B Loan and consequently the Class B Notes. Any failure by the Obligors to make payments on the Class B Loan, and any failure by Topco to make payments under the Topco Payment Undertaking, may result in a corresponding failure by the Issuer to make payments on the Class B Notes, and there can be no assurance that the Class B Notes will be repaid in full on the Class B Note Expected Maturity Date or the Class B Note Final Maturity Date.

Topco is a holding company and will depend upon cash flow from subsidiaries to meet its obligations under the Topco Payment Undertaking.

Topco is a holding company with no independent business operations or significant assets other than investments in its subsidiaries. Topco will depend upon the receipt of sufficient funds from its subsidiaries to meet its obligations under the Topco Payment Undertaking, pursuant to which Topco has undertaken to pay to the Obligor Security Trustee all principal, interest and other amounts outstanding under the Class B IBLA and any other Class B Authorised Credit Facility then outstanding in certain circumstances, including in the event that the Class B Loan is not repaid in full on the Class B Loan Maturity Date. If Topco's subsidiaries do not, or are unable to, distribute cash to Topco in an amount sufficient to enable Topco to meet its obligations under the Topco Payment Undertaking, Topco will not have any other source of funds that would allow it to make the necessary payments to the Obligor Security Trustee. Our various debt instruments, including the Issuer Transaction Documents and the Class B IBLA, will also restrict and, in some cases actually prohibit, the ability of our subsidiaries to move cash within the AA Group. Applicable tax laws may also subject such payments to further taxation. Applicable law may also limit the amounts that some of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. Any such inability to transfer cash within the AA Group may mean that even though the relevant entities, in aggregate, may have sufficient resources to enable Topco to meet its obligations under the Topco Payment Undertaking, they may not be permitted to make the necessary transfers from one entity to another in order to make payments, directly or indirectly, to Topco. Accordingly, we can provide no assurances that Topco will be able meet its obligations under the Topco Payment Undertaking should the need arise. In addition, the Topco Payment Undertaking is limited recourse to the Topco Secured Property and after enforcement of the Topco Security Agreement, Topco's obligations under the Topco Payment Undertaking will be deemed to be discharged in full.

The Class B Notes will not be entitled to vote in respect of certain matters for so long as the Class A Notes are outstanding and conflicts of interest may exist between the holders of the Class A Notes and the Class B Notes. As a result, holders of the Class A Notes may approve certain actions that may not be in the best interests of holders of the Class B Notes.

Pursuant to the terms of the STID, for so long as certain senior secured debt remains outstanding, including under the Class A IBLA and the Senior Term Facility Agreement, holders of the Class B Notes will not be entitled to vote in respect of certain matters (other than with respect to Entrenched Rights), including in respect of making any amendment, giving any consent or granting any waiver under or in respect of the STID, the Obligor Security Documents, the CTA, the Tax Deed of Covenant and certain other documents. Furthermore, at any time prior to the repayment in full of amounts outstanding under the Class A IBLA, the Senior Term Facility, the Working Capital Facility, the Liquidity Facility and certain hedging arrangements and pension liabilities, among other things, the holders of the Class B Notes will be unable to make any amendment, give any consent or grant any waiver under or in respect of the Class B IBLA which, among other things, would have the effect of (i) increasing the frequency of payments due thereunder, (ii) increasing the amount of principal and interest payable thereunder or (iii) changing the definition of any applicable maturity date or termination event thereunder, unless the requirements for raising Additional Financial Indebtedness have been complied with, including, among other things, the Class A FCF DSCR calculated on a *pro forma* basis for the most recent test period is not less than 1.35x and certain ratings confirmations are obtained. See "*Description of Certain Financing Arrangements—Common Terms Agreement—Additional Financial Indebtedness*." The Class A Note Trustee will be required to have regard only to the interests of the holders of Class A Notes as if they formed a single class when exercising its powers, trusts, authorities, duties and discretions (except in certain circumstances as set out in the Class A Note Trust Deed). Accordingly, subject to certain Entrenched Rights of holders of the Class B Notes, the holders of the Class A Notes may approve amendments, grant consents, waive breaches or take certain other actions under or in respect of the STID, the Obligor Security Documents, the CTA, the Tax Deed of Covenant and other relevant documents which may not be in the best interests of, or otherwise adversely affect, the holders of the Class B Notes. Furthermore, it will be possible for holders of the Class A Notes to waive breaches of covenants specific to the covenants given under the Class A IBLA without the consent of the holders of the Class B Notes, without regard to any adverse consequences for the holders of the Class B Notes.

The Issuer Common Documents may be amended without the consent of the holders of the Class B Notes and, until the Class A Notes have been accelerated, the ability of the holders of the Class B Notes to agree any Class B Conditions Relevant Matter is subject to certain conditions.

A number of the Issuer Class B Transaction Documents constitute Issuer Common Documents, including the Issuer Deed of Charge and the Issuer Cash Management Agreement. For so long as the Class A Notes are outstanding, subject to the Issuer Secured Creditor Entrenched Rights, the Issuer Security Trustee will be entitled to approve any modifications to the Issuer Common Documents and/or authorise or waive any breach or proposed breach of the Issuer Common Documents without first obtaining the consent of the holders of the Class B Notes. In addition, the Class B Note Trustee is entitled, at its own discretion, to determine whether the circumstances exist to allow it to agree to give its consent to certain modifications or waivers of the Issuer Class B Transaction Documents (other than any amendment or waiver that constitutes a Class B Basic Terms Modification) without requiring the consent of the holders of the Class B Notes. Furthermore and subject to the foregoing, while the holders of the Class B Notes are generally able to agree to amendments and waivers of the Class B Conditions, if an amendment or waiver constitutes a Class B Conditions Relevant Matter then, unless the Class A Notes have been accelerated, such amendment or waiver will only be permitted if there is no Class A Note Event of Default outstanding or continuing (and no Class A Note Event of Default would occur as a result of the Class B Conditions Relevant Matter) and the Rating Agency has confirmed that the Class A Notes will continue to be rated at least the Initial Rating. As a result of the foregoing, your ability to amend the Class B Conditions is restricted and you may be unable to amend the Class B Conditions in a manner that is satisfactory to you. Furthermore, the holders of the Class A Notes, the Class A Note Trustee, the Issuer Security Trustee and the Class B Note Trustee may consent to amendments or waivers of the Issuer Class B Transaction Documents that may not be in your best interests as a holder of Class B Notes and your rights may be adversely affected.

We may not be able to redeem the Class B Notes in full on the Class B Note Expected Maturity Date, which falls 24 years earlier than the Class B Note Final Maturity Date, and thereafter, interest will be deferred. Following the Class B Note Step-Down Date, which falls in 2021, interest will accrue on the Class B Notes at a reduced rate.

Our ability to redeem the Class B Notes in full on the Class B Note Expected Maturity Date will depend on the repayment in full of the Class B Loan by the Borrower on the Class B Loan Maturity Date. This, in turn, will depend on many factors beyond our control, including general economic conditions and financial, competitive, legislative, regulatory and other factors, together with the other risks described in this Offering Memorandum. As a result, there can be no guarantee that we will have sufficient funds available to repay the Class B Loan on the Class B Loan Maturity Date and consequently redeem the Class B Notes in full on the Class B Note Expected Maturity Date. The Class B Note Expected Maturity Date is on 31 July 2019, while the Class B Note Final Maturity Date is on 31 July 2043. Furthermore, after the Class B Note Expected Maturity Date, interest payments on the Class B Notes will be deferred and will not be payable until the earlier of (a) the date on which the amounts outstanding under any Class A Authorised Credit Facility (including the Class A IBLA) are repaid in full and (b) the Class B Note Final Maturity Date. The Class B Notes will accrue interest at a fixed rate of 9.50% per annum until the Class B Note Step-Down Date, which is on 31 July 2021, after which the interest rate will continue to accrue at a reduced rate of 5.00% per annum.

Furthermore, the yield to maturity of the Class B Notes will depend on, among other things, the amount and timing of repayment and prepayment of principal on the Class B Loan and the price paid by the holders of the Class B Notes. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayment on the Class B Loan. Timing for prepayment of the Class B Loan cannot be predicted and will be influenced by a wide variety of factors, as described above. Accordingly, we can provide no assurance with respect to timing of prepayments on the Class B Loan or as to amounts to be prepaid and consequently the yield to maturity of the Class B Notes.

We may be unable to obtain funds required to finance an offer to repurchase the Class B Notes upon the occurrence of certain events constituting a change of control as required by the Class B IBLA.

The Class B IBLA will contain provisions relating to certain events constituting a "change of control" of Topco. Upon the occurrence of a change of control, we will be required to make an offer to repurchase all the outstanding Class B Notes at a price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest and additional amounts, if any, to the date of repurchase. If a change of control were to occur, we cannot assure you that we would have sufficient funds available at such time to enable us to repurchase all the Class B Notes. In addition, we may be prohibited from repurchasing the Class B Notes upon a change of control under the terms of our other indebtedness, including under the Issuer Class A Transaction Documents. If a change of control occurs at a time when we are prohibited by the terms of our indebtedness from repurchasing the Class B Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Class B Notes or we may attempt to refinance the indebtedness containing such prohibition. If we are unable to obtain such consent or refinance such indebtedness, we will remain prohibited from repurchasing the Class B Notes and we may experience a disruption to our business and operations. Any failure to repurchase the Class B Notes following a change of control may result in a Share Enforcement Event, in the case of the Class B Loan, or an event of default under our other indebtedness, which could in turn result in an acceleration of our indebtedness and enforcement of the collateral securing such indebtedness, all or any of which could have a material adverse effect on our business, financial condition and results of operations.

For purposes of the Class B IBLA, a "change of control" will include a disposition of all or substantially all the assets of Topco and its restricted subsidiaries, taken as a whole, to certain third parties. Although there is a limited body of

case law interpreting the phrase "all or substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction in fact involves a disposition of "all or substantially all" the assets of Topco and its restricted subsidiaries, taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether we will be required to make an offer to repurchase all the Class B Notes at the price described above.

We depend on third parties for the provision of certain services in relation to the Class B Notes, and any failure by such third parties to provide those services in accordance with the terms of the relevant contract may adversely affect your interests as a holder of the Class B Notes.

We are a party to various contracts with a number of third parties who have agreed to perform certain services in relation to, among other things, the Class B Notes. For example, the Issuer Corporate Officer Provider and the Issuer Jersey Corporate Services Provider have agreed to provide various corporate services to the Issuer, and the Issuer Cash Manager, the Issuer Account Bank and the Paying Agents have agreed to provide, among other things, payment, administration and calculation services in connection with the Class B Notes. In the event that any relevant third party fails to perform its obligations in accordance with the terms of the relevant contract, holders of the Class B Notes, as well as the Issuer, may have limited or no recourse against them and your interests may be adversely affected.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time and rating agency assessments and downgrades, as well as changes to rating agency criteria, may result in pricing and trading volatility in respect of the Class B Notes.

The Class B Notes will be assigned a credit rating by Standard & Poor's Rating Services ("**S&P**") as of the Issue Date, which rating addresses the likelihood of full and timely payment to the holders of the Class B Notes of all payments of interest due on each interest payment date and the full repayment of principal of the Class B Notes on or before the Class B Note Final Maturity Date. There can be no assurance that any such ratings will continue for any period of time or that such ratings will not be reviewed, revised, suspended or withdrawn entirely by S&P as a result of changes in or unavailability of information or if, in S&P's judgement, circumstances so warrant. Furthermore, the credit rating assigned by S&P may not reflect the potential impact of all risks relating to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Class B Notes. Rating agencies other than S&P could also seek to rate the Class B Notes in the future and, if such "unsolicited ratings" are lower than the comparable rating assigned to the Class B Notes by S&P, such "shadow ratings" could have an adverse effect on the price at which the Class B Notes will trade. In addition, future events, including events affecting our business and the industries in which we operate, could have an adverse impact on the rating assigned to the Class B Notes.

Where a particular matter (including the determination of material prejudice by the Class B Note Trustee) involves S&P being requested to confirm that a proposed action would not result in a downgrade or the Class B Notes being placed on watch, such confirmation will be given at the sole discretion of S&P. Depending on the timing of delivery of the request and any relevant information, there is a risk that S&P will not be able to provide its confirmation in the time available or at all. S&P will not be responsible for the consequences of any failure to deliver a ratings assessment or confirmation in respect of the Class B Notes on any particular timescale. Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the Class B Notes form part since the Issue Date. A confirmation of ratings represents only a restatement of the opinions given at the Issue Date, and cannot be construed as advice for the benefit of any parties to the relevant transaction or as confirmation that an event or amendment is in the best interests of, or not materially prejudicial to the interests of, the holders of the Class B Notes. No assurance can be given that a requirement to seek a ratings confirmation will not have a subsequent impact upon our business.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Class B Notes by one or more rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Class B Notes.

The Class B Notes will be new securities for which there is no established trading market. Accordingly, your ability to sell the Class B Notes may be limited.

The Class B Notes are a new issue of securities for which there is currently no trading market. Although an application has been made for the Class B Notes to be listed on the Official List of the Irish Stock Exchange and to be admitted to trading on the Global Exchange Market thereof, we cannot assure you that the Class B Notes will be, or will remain, listed thereon. The Initial Purchasers may make a market in the Class B Notes as permitted by applicable laws and regulations. However, the Initial Purchasers are not obligated to make a market in the Class B Notes and they may discontinue their market-making activities at any time without notice. Accordingly, we cannot assure you as to the development or liquidity of any trading market for the Class B Notes, your ability to sell your Class B Notes or the prices at which you will be able to sell your Class B Notes. The liquidity of any market for the Class B Notes will depend on a number of factors, including:

- the number of holders of the Class B Notes;

- our operating performance and financial condition;
- the market for securities that are similar to the Class B Notes;
- the interest of securities dealers in making a market in the Class B Notes; and
- prevailing market interest rates.

Historically, the market for non-investment grade debt in the debt capital markets has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Class B Notes. We cannot assure you that the market, if any, for the Class B Notes will be free from similar disruptions in the future or that any such disruptions will not adversely affect the prices at which you will be able to sell your Class B Notes. Accordingly, we cannot assure you that you will be able to sell your Class B Notes at a particular time or that your Class B Notes will be sold at a favourable price, regardless of our prospects and financial performance. Consequently, it is possible that you may have to hold your Class B Notes until maturity.

In addition, the market value of the Class B Notes may fluctuate with changes in prevailing interest rates, market perceptions of the risks associated with the Class B Notes, supply and other market conditions. Consequently, any sale of Class B Notes by holders thereof in any secondary market which may develop may be at a discount to the original purchase price of such Class B Notes.

Definitive Class B Notes not having denominations in integral multiples of the minimum authorised denomination may have difficulty in trading in the secondary market.

The Class B Notes have a denomination consisting of a minimum authorised denomination of £100,000 plus higher integral multiples of £1,000. Accordingly, it is possible that the Class B Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if Definitive Class B Notes are required to be issued, a holder of Class B Notes who holds a principal amount less than the minimum authorised denomination at the relevant time may not receive a Definitive Class B Note in respect of such holding and may need to purchase a principal amount of Class B Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount). If Definitive Class B Notes are issued, you should be aware that Definitive Class B Notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

The transfer of the Class B Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Class B Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable laws. These restrictions may limit the ability of investors to resell the Class B Notes. It is your responsibility to ensure that all offers and sales of the Class B Notes within the United States and other jurisdictions comply with applicable securities and other laws. See "*Notice to Investors*." We have not agreed to or otherwise undertaken to register the Class B Notes, and do not have any intention to do so in the future.

The Class B Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies with respect to the Class B Notes.

The Class B Notes will initially be issued in global form and deposited with a common depositary for Euroclear and Clearstream. Interests in the global notes will trade in book-entry form only. Unless and until Class B Notes in definitive registered form or definitive registered notes are issued in exchange for book-entry interests (which may occur only in very limited circumstances), owners of book-entry interests will not be considered owners or holders of Class B Notes. The common depositary (or its nominee) for Euroclear and Clearstream will be the sole registered holder of the global notes. Payments of principal, interest and other amounts owing on or in respect of the relevant global notes representing the Class B Notes will be made to Deutsche Bank AG, London Branch, as Class B Principal Paying Agent (the "**Class B Principal Paying Agent**"), which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Class B Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest in the Class B Notes, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear or Clearstream, you must rely on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Class B Notes under the Class B Note Trust Deed.

Unlike the holders of the Class B Notes themselves, owners of book-entry interests will not have any direct rights to act upon any solicitations for consents, requests for waivers or other actions from holders of the Class B Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. There can be no assurances that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters or on a timely basis.

Similarly, upon the occurrence of an event of default under the Class B Notes, unless and until the relevant definitive registered Class B Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. We cannot assure you that the procedures to be implemented through Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Class B Notes.

You may face foreign exchange risks by investing in the Class B Notes denominated in foreign currencies.

The Class B Notes will be denominated and payable in pounds sterling. An investment in Class B Notes denominated in a currency other than the currency by reference to which you measure the return on your investments will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of pounds sterling relative to other relevant currencies because of economic, political or other factors over which we have no control. Depreciation of pounds sterling against other relevant currencies could cause a decrease in the effective yield of the Class B Notes below their stated coupon rates and could result in a loss to you when the return on the Class B Notes is translated into the currency by reference to which you measure the return on your investments.

Corporate benefit and financial assistance laws and other limitations on the obligations under the guarantees of the Class B Loan may adversely affect the validity and enforceability of those guarantees.

The guarantees of the Class B Loan and the amounts recoverable thereunder will be limited to the maximum amount that can be guaranteed by a particular Guarantor without rendering the guarantee, as it relates to that Guarantor, voidable or otherwise ineffective under applicable law. Enforcement of the obligations under the relevant guarantee against a Guarantor will be subject to certain defences available to the relevant Guarantor. These laws and defences may include those that relate to fraudulent conveyance, financial assistance, corporate benefit and regulations or defences affecting the rights of creditors generally. If one or more of these laws and defences are applicable, the relevant Guarantor may have no liability or decreased liability under the Class B Loan or its guarantee of the Class B Loan may be unenforceable. Please see "*Limitation on Validity and Enforceability of the Security Interests*."

You may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer is organised under the laws of Jersey and our business is conducted entirely outside the United States. The directors and executive officers of the Issuer are non-residents of the United States. Accordingly, you may be unable to effect service of process within the United States on those directors and executive officers. In addition, as all the assets of the Issuer and those of its directors and executive officers are located outside of the United States, you may be unable to enforce judgments obtained in the U.S. courts against them. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer may not be subject to the civil liability provisions of the federal securities laws of the United States. For further information see "*Service of Process and Enforcement of Foreign Judgments*."

The audit reports of Ernst & Young LLP included in this Offering Memorandum include statements purporting to limit the persons that may rely on such reports and the opinions contained therein.

The audit reports of Ernst & Young LLP for the years ended 31 January 2011, 2012 and 2013, which are included in this Offering Memorandum, include a statement to the effect that Ernst & Young LLP does not assume responsibility to anyone (including holders of Class B Notes) other than the Company for its audit reports or the opinions it has formed. Ernst & Young LLP has undertaken its audit work to state to the Company those matters that it is required to state to them in an auditor's report and for no other purpose.

The U.S. Securities and Exchange Commission would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the U.S. Securities Act, or in a report filed under the U.S. Securities Exchange Act of 1934. If a U.S. court (or any other court) were to give effect to the language quoted above, the recourse that investors in the Class B Notes may have against the independent auditors based on their reports or the consolidated financial statements to which they relate could be limited. The extent to which auditors have responsibility or liability to third parties is unclear under the laws of many jurisdictions, including the UK. The inclusion of the language referred to above, however, may limit the ability of holders of the Class B Notes to bring any action against our auditors for damages arising out of an investment in the Class B Notes.

The insolvency laws of Jersey, England and Wales and Ireland and other applicable jurisdictions may not be as favourable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar. Other limitations on the Topco Security, including fraudulent conveyance statutes, may adversely affect its validity and enforceability.

Topco and the Obligors, including Holdco, are organised or incorporated under the laws of England and Wales, Jersey and Ireland, as the case may be. The Topco Security, which has been granted for the indirect benefit of the Class B Notes, includes a pledge over the shares of Holdco.

The insolvency laws of foreign jurisdictions may not be as favourable to your interests as the laws of the United States or other jurisdictions with which you are familiar. In the event that any one or more of the Obligors or any of their respective subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceeding would be commenced or the outcome of such proceedings.

Although laws differ among the jurisdictions, in general, applicable fraudulent transfer and conveyance and equitable principles, insolvency laws and limitations on the enforceability of judgments obtained in courts in such jurisdictions could limit the enforceability of the Topco Security or guarantees provided by the Obligors in connection with the Class B IBLA. The court may also in certain circumstances void the Topco Security or guarantees provided by the Obligors where Topco, Holdco or the Obligors, as the case may be, is close to or near insolvency. The following discussion of fraudulent transfer, conveyance and insolvency law, although an overview, describes generally applicable terms and principles, which are defined under the relevant jurisdiction's fraudulent transfer and insolvency statutes.

In an insolvency proceeding, it is possible that creditors of Topco or the Obligors or the appointed insolvency administrator may challenge the Topco Security or guarantees provided by the Obligors, and intercompany obligations generally, as fraudulent transfers or conveyances or on other grounds. If so, such laws may permit a court, if it makes certain findings, to:

- void or invalidate all or a portion of Topco's, Holdco's or the other Obligors' respective obligations under the Topco Security or guarantees provided by the Obligors; and

- take other action that is detrimental to you.

If the Issuer cannot satisfy its obligations under the Class B Notes, the Class A Notes or the Liquidity Facility or security interest are found to be a fraudulent transfer or conveyance or is otherwise set aside, the Issuer may not be able to repay in full any amounts outstanding under the Class B Notes. In addition, the liability of Topco and the Obligors in connection with the Class B Notes and the Class B IBLA will be limited to the amount that will result in such Class B Notes and Class B IBLA not constituting a fraudulent conveyance or improper corporate distribution or otherwise being set aside. The amount recoverable from Topco or the Obligors under the Topco Security Agreement and the guarantees under the Class B IBLA will also be limited. However, there can be no assurance as to what standard a court would apply in making a determination of the maximum liability of each. There is also the possibility that the entire Topco Security or guarantees under the Class B IBLA may be set aside, in which case the entire liability may be extinguished.

In order to initiate any of these actions under fraudulent transfer or other applicable principles, courts would, for example, need to find that, at the time the Topco Security or guarantees under the Class B IBLA were issued or the security interests in the Topco Security and or guarantees under the Class B IBLA were created, Topco or the Obligors, as the case may be:

- issued such guarantee or created such security interest with the intent of hindering, delaying or defrauding current or future creditors or with a desire to prefer some creditors over others, or created such security after its insolvency;

- issued such guarantee or created such security interest in a situation where a prudent businessman as a shareholder of Topco or such Obligor, as applicable, would have contributed equity to Topco or such Obligor, as applicable, or where the relevant beneficiary of the guarantee or security interest knew or should have known that Topco or such Obligor, as applicable, was insolvent or a filing for insolvency had been made; or

- received less than reasonably equivalent value for incurring the debt represented by the guarantee or security interest on the basis that the guarantee or security interest were incurred for our benefit, and only indirectly Topco's benefit or such Obligor's benefit, as the case may be, or some other basis and (i) was insolvent or rendered insolvent by reason of the issuance of the guarantee or the creation of the security interest or subsequently became insolvent for other reasons; (ii) was engaged, or was about to engage, in a business transaction for which Topco's or such Obligor's respective assets, as applicable, were unreasonably small; or (ii) intended to incur, or believed it would incur, debts beyond its ability to make required payments as and when they would become due.

Different jurisdictions evaluate insolvency on various criteria, but Topco or an Obligor generally may, in different jurisdictions, be considered insolvent at the time it issued a guarantee or created any security interest if:

- its liabilities exceed the fair market value of its assets;
- it cannot pay its debts as and when they become due; or
- the present saleable value of its assets is less than the amount required to pay its total existing debts and liabilities, including contingent and prospective liabilities, as they mature or become absolute.

Although we believe that we are solvent, and will be so after giving effect to the Offering, there can be no assurance which standard a court would apply in determining whether Topco or an Obligor was "insolvent" as of the date the guarantees were issued or the security interests were created or that, regardless of the method of valuation, a court would not determine that Topco or an Obligor was insolvent on that date, or that a court would not determine, regardless of whether or not Topco or an Obligor was insolvent on the date its guarantee was issued or the security interests were created, that payments to holders of the Class B Notes constituted fraudulent transfers on other grounds.

For an overview of certain insolvency laws and enforceability issues as they relate to the Topco Security and guarantees in connection with the Class B IBLA, see "*Limitation on Validity and Enforceability of the Security Interests*."

We may change the reporting standard for our accounts from UK GAAP to IFRS, which may adversely affect our reported results.

We prepare our financial statements on the basis of UK GAAP, which differs in certain significant respects from IFRS and US GAAP. While following the Issue Date there is no requirement for us to do so, it is possible that we may in the future be required to, or elect to, prepare our financial statements in accordance with IFRS. Based on our preliminary analysis, we believe if we were to have to change the reporting standards for our financial statements from UK GAAP to IFRS:

- We would be required to present an analysis of our operating segments under IFRS 8, Operating Segments, and such presentation may differ from the presentation of our segmental information in accordance with SSAP 25, Segmental Reporting, under UK GAAP;
- We would be required to adopt a different presentation, including the format of our primary statements and incorporate additional disclosures, in areas such as employee benefits and leases, into our financial statements under IFRS as compared with UK GAAP;
- We would not amortise our goodwill under IFRS and instead, goodwill would be stated at cost less impairment and reviewed annually for impairment, whereas under UK GAAP, our goodwill is being amortised over 20 years; and
- We would be required to recognise our defined benefit pension plan under IFRS. There are some differences between defined benefit accounting under IFRS and UK GAAP which will affect the defined benefit cost recognised in profit and loss and may affect the value of the defined pension liability recognised in the balance sheet. Under IFRS, the defined benefit obligation is shown in the balance sheet gross of deferred taxation. Under UK GAAP, the defined benefit obligation is shown net of deferred taxation.

In addition, the preparation of our financial statements may require a more detailed analysis and we may be required to reclassify certain cash flow items. While we have conducted some preliminary analysis of how any change from our current financial reporting system to IFRS would affect our reported results, including the effect on the AA UK Pension Scheme, it is not possible to quantify the full impact of the proposed change and such impact could only be properly assessed if and when a change to IFRS were made. There may be substantial differences in our results of operations, cash flows and financial condition in the event that we prepare our financial statements in accordance with IFRS in the future, and there can be no assurance that any change to IFRS would not adversely affect our reported results.

In the event that the United Kingdom becomes a participating member state in the European Economic and Monetary Union, holders of the Class B Notes may be repaid in euro and be subject to foreign exchange risks.

It is possible that, prior to the maturity of the Class B Notes, the United Kingdom may become a participating member state in the European Economic and Monetary Union and the euro may become the lawful currency of the United Kingdom. In that event: (a) all amounts payable in respect of any Class B Notes denominated in sterling may become payable in euro; (b) applicable provisions of law may allow or require the Issuer to re-denominate such Class B Notes into euro and take additional measures in respect of such Class B Notes; and (c) the introduction of the euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in sterling used to determine the rates of interest on such Class B Notes or changes in the way those rates are calculated, quoted and published or displayed. It cannot be said with certainty what effect, if any, adoption of the euro by the United Kingdom would have on investors in the Class B Notes. However, holders of the Class B Notes may be subject to foreign exchange risks in connection with principal and interest payments in respect of the Class B Notes which are made in euro.

Certain secured creditors may challenge the validity or enforceability of one or more features of the financing structure in connection with the Offering and any challenge may adversely affect the rights of other secured creditors, including the holders of the Class B Notes.

The financing transactions described in this Offering Memorandum have been structured based on English law and practice as in effect on the date of this Offering Memorandum. It is possible that a secured creditor that is subject to laws other than the laws of England and Wales may seek to challenge the validity or enforceability of one or more features of the financing structure under the local laws of such creditor's jurisdiction. Potential investors should be aware that the outcome of any such challenge may depend on a number of factors, including the application of the laws of a jurisdiction other than England and Wales. There can be no assurance that any challenge would not adversely affect, directly or indirectly, the rights of the other secured creditors, including the holders of the Class B Notes, the market value of the Class B Notes or the ability of the Issuer to make payments of principal and interest on the Class B Notes.

Regulatory initiatives may result in increased regulatory capital requirements which could limit available capital that otherwise could be used to make payments of principal and interest on the Class B Notes.

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in numerous measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in certain securitisation exposures and the incentives for certain investors to invest in securities issued under such structures,which may, in turn, adversely affect the liquidity of such securities.

In particular, Directive 2006/48/EC and Directive 2006/49/EU, in each case as amended (together, the "**CRD**") have been amended by Directive 2009/111/EC (the "**CRD2**") which, among other things, inserts a new Article 122a into the CRD.

Article 122a provides that an EU credit institution shall only be exposed to the credit risk of a securitisation position if (a) the originator, sponsor or original lender has represented that it will retain, on an ongoing basis, a material net economic interest in the securitisation of not less than 5% and (b) it is able to demonstrate to its regulator on an ongoing basis that it has a comprehensive and thorough understanding of the key terms, risks and performance of each securitisation position in which it is invested. Failure by an EU credit institution investor to comply with the requirements of Article 122a in relation to any applicable investment will result in an increased capital charge to or increased risk-weighting applying to such investor in respect of that investment.

No retention representation of the sort referred to in the preceding paragraph has been made in relation to this transaction.

The Issuer has considered, and obtained legal advice as to, the applicability of Article 122a to this transaction and is of the opinion that the Class B Notes do not constitute an exposure to a "securitisation position" for the purposes of Article 122a. The Issuer is therefore of the opinion that the requirements of Article 122a should not apply to investments in the Class B Notes.

However, investors should be aware that the regulatory capital treatment of any investment in the Class B Notes will be determined by the interpretation which an investor's regulator places on the provisions of CRD (as amended by CRD2) and the provisions of national law which implement it. Prospective investors should therefore be aware that should the relevant investor's regulator interpret the regulations such that Article 122a does apply to an investment in the Class B Notes, significantly higher capital charges may be applied to that investor's holding. Although market participants have, in consultations relating to these regulatory reforms, requested guidance on the structures captured by the definitions, no definitive guidance has been forthcoming. Therefore some uncertainty remains as to which transactions are subject to Article 122a.

Similar requirements to those set out in Article 122a are expected to be implemented for other EU-regulated investors, including investment firms, insurance or reinsurance undertakings, UCITS and certain hedge fund managers.

Investors in the Class B Notes are responsible for analysing their own regulatory position and independently assessing and determining whether or not Article 122a will be applied to their exposure to the Class B Notes and therefore prospective investors should not rely on the Issuer's interpretation set out above. Further, the Initial Purchasers do not make any representation in respect of the application of Article 122a to any investment in the Class B Notes. Investors should consult their regulator should they require guidance in relation to the regulatory capital treatment that their regulator would apply to an investment in the Class B Notes.

Article 122a or any further changes to the regulation or regulatory treatment of the Class B Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Class B Notes in the secondary market.

In addition, implementation of or changes to the Basel II framework may affect the capital requirements and the liquidity of the Class B Notes.

The Basel II framework has not been fully implemented in all participating countries. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Class B Notes for investors who are, or may become, subject to capital adequacy requirements under the framework.

It should also be noted that the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as "**Basel III**"), including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and minimum leverage ratio for credit institutions. In particular, the changes refer to among other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the "**Liquidity Coverage Ratio**" and the "**Net Stable Funding Ratio**"). Member countries will be required to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general, and, on 20 July 2011, the European Commission adopted a legislative package of proposals (known as CRD IV) to implement the changes through the replacement of the existing Capital Requirements Directive with a new Directive and Regulation. It is intended that member countries will implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measure will not apply in full until January 2019) and the Net Stable Funding Ratio from January 2018. Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation.

Investors in the Class B Notes are responsible for analysing their own regulatory position and should not rely on the Issuer's opinion set out above. Investors should consult their own advisors as to the regulatory capital requirements in respect of the Class B Notes and as to the consequences to and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise, however any such regulatory initiatives could impact our ability to make payments of principal or interest on the Class B Notes.

Risks Relating to our Financial Profile

Our substantial leverage could materially and adversely affect our business, financial condition and results of operations and prevent us from servicing our payment obligations under our indebtedness.

After the Refinancing, we will continue to be highly leveraged and have significant debt service obligations. As of 30 April 2013, after giving *pro forma* effect to the Separation and the Refinancing, including the issuance of the Class A Notes and the Class B Notes and the application of the proceeds thereof, the Company's total outstanding indebtedness would have been £3,080.4 million. We expect that our substantial leverage will continue for the foreseeable future. See "*Summary Consolidated Financial, Operating and Other Data—Summary Unaudited Pro Forma Data for Topco and its Subsidiaries*."

We may also be able to incur substantial additional indebtedness in the future. Although the terms of our indebtedness, including under the CTA and the Class B IBLA, will provide for restrictions on the incurrence of additional indebtedness, such restrictions will be subject to a number of significant qualifications and exceptions and, in certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial.

The degree to which we will continue to be leveraged following the Separation and the Refinancing, as well as any further increase in our borrowings, could have important consequences for our business and holders of the Class B Notes, including:

- making it more difficult for us to satisfy our obligations with respect to the Class B Loan and, consequently, the Class B Notes;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions, including rises in interest rates;
- restricting our ability to make strategic acquisitions or pursue other business opportunities;
- together with the financial and other restrictive covenants under our indebtedness, limiting our ability to obtain additional financing, dispose of assets or pay cash dividends other than as permitted by the terms of our indebtedness;
- requiring us to dedicate a substantial portion of our cash flow from operations to service our indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditure, other general corporate requirements and dividend payments;
- requiring us to sell or otherwise dispose of assets used in our business in order to fund our substantial debt service obligations;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

- placing us at a competitive disadvantage compared to our competitors that have less debt; and
- increasing our cost of borrowing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our significant debt obligations, including under the Senior Term Facility, the Working Capital Facility, the Class A IBLA, the Class B IBLA, the Topco Payment Undertaking, the Class A Notes and the Class B Notes. Any failure to make payments on our indebtedness when due could give rise to an event of default under the applicable debt instruments or, in the case of the Class B Loan, a Share Enforcement Event. In such circumstances, the Obligor Security Trustee or Issuer Security Trustee, as the case may be, may declare all amounts outstanding under the applicable debt instruments to be immediately due and payable and initiate enforcement proceedings against the collateral we have provided to secure our obligations under such debt instruments, all or any of which actions could have a material adverse effect on our business, financial condition and results of operations.

We will require a significant amount of cash to meet our obligations under our indebtedness and sustain our business operations, and our ability to do so will depend on many factors beyond our control.

Our ability to meet our obligations under our indebtedness, including making principal, interest and other payments when due under the Senior Term Facility, the Working Capital Facility, the Class A IBLA, the Class B IBLA, the Topco Payment Undertaking, the Class A Notes and the Class B Notes, as well as our ability to fund our ongoing business operations, will depend upon our future operating performance and our ability to generate cash, which, in turn, will be affected to some extent by general economic conditions and by financial, competitive, legislative, regulatory and other factors, including those factors discussed in these "*Risk Factors*" and elsewhere in this Offering Memorandum, many of which are beyond our control.

The future performance of our business and results of operations may not be similar to our historic performance or results of operations described in this Offering Memorandum. Accordingly, we cannot provide any assurance that our business will generate sufficient cash flows from operations, that currently anticipated cost savings, revenue growth and operating improvements will be realised or that future sources of debt or equity financing will be available on favourable terms, or at all, in an amount sufficient to enable us to service our indebtedness or to fund our other liquidity needs. If, on the Class B Loan Maturity Date or on the Class B Note Expected Maturity Date, or at the maturity of any of our indebtedness, we do not have sufficient cash flows from operations and other capital resources to repay the Class B Loan and redeem the Class B Notes in full or pay our other debt obligations, as the case may be, or if we are otherwise unable to fund our other ongoing liquidity needs, we may be required to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or raising additional debt or equity financing in amounts that could be substantial or on unfavourable terms.

Our access to debt, equity and other financing as a source of funding for our operations and for refinancing maturing debt will also be subject to many factors, many of which are beyond our control. The type, timing and terms of any future financing will depend on our cash needs and the then prevailing conditions in the financial markets, including in the corporate bond, term loan and equity markets. We cannot assure you that these conditions will be favourable at the time any refinancing is required to be undertaken or that we will be able to complete any such refinancing in a timely manner or on favourable terms, if at all. For example, interest rate fluctuations, an economic downturn, changes in the UK regulatory environment or other industry developments which weaken the strength of our competitive position or prospects could increase our cost of borrowing or restrict our ability to obtain debt, equity and other financing. The creditworthiness of many financial institutions may be closely interrelated as a result of credit, derivative, trading, clearing or other relationships among the institutions. As a result, concerns about, or a default or threatened defaults by, one or more financial institutions could also lead to significant market-wide liquidity and credit problems, including losses or defaults by other institutions. This may adversely affect the financial institutions, such as banks and insurance providers, with which we interact on a regular basis, as well as cause disruptions in the capital or credit markets (similar to the global credit crisis that began in the second half of 2008), and therefore could adversely affect our ability to raise needed funds or access liquidity.

In particular, we intend to refinance the Senior Term Facility through future issuances of Class A Notes under the Programme or otherwise in the capital markets, given the financial maintenance covenants and periodic margin step-ups contained in the Senior Term Facility. See "*Description of Certain Financing Arrangements—Senior Term Facility Agreement*." Our interest expense will increase if, when we refinance the Senior Term Facility, interest rates have increased above their currently low levels. There can be no assurance that we will be able to offset such increased costs by increasing our Trading EBITDA as we implement our business strategies or otherwise.

If we are unable to refinance all or a portion of our indebtedness or obtain such refinancing on terms which are acceptable to us, we may be forced to sell assets. If assets are sold, the timing of the sales and the amount of proceeds that may be realised from those sales cannot be guaranteed and the terms of our indebtedness, including pursuant to the CTA and the Class B IBLA, will limit our ability to pursue these and other measures. See "*Description of Certain Financing Arrangements—Common Terms Agreement*" and "*Description of the Class B IBLA*."

Our inability to generate sufficient cash flows to satisfy our debt obligations or to refinance our indebtedness on acceptable terms, or at all, would materially and adversely affect our business, financial condition and results of operations, as well as our ability to pay the principal and interest on our indebtedness, including the Class B Notes. Any failure to refinance our indebtedness, including under the Senior Term Facility, the Working Capital Facility, the Class A IBLA, the Class B IBLA, the Class A Notes and the Class B Notes, on or prior to the applicable maturity date or, in the case of the Class B Loan, the Class B Loan Maturity Date may result in us defaulting on such indebtedness or, in the case of the Class B Loan, a Share Enforcement Event. The occurrence of any such default or Share Enforcement Event could result in the enforcement of the collateral granted to secure the applicable indebtedness, including under the Class B Loan and the Class B Notes, and, as a result of such enforcement, you may receive an amount that is less than your original investment in the Class B Notes. See "*—Risks Relating to Security, Enforcement and Insolvency*."

We are subject to restrictive covenants that will significantly limit our financial and operating flexibility, which could materially and adversely affect our business, financial condition and results of operations.

The terms of the Class B IBLA will significantly limit our ability to, among other things:

- incur or guarantee additional indebtedness;
- pay dividends or other distributions on, and redeem or repurchase, our equity;
- make certain restricted payments and investments;
- create certain liens;
- impose restrictions on the ability of our subsidiaries to pay dividends and make other payments to Topco or any Obligor;
- transfer, lease, sell or otherwise dispose of certain assets;
- sell assets or consolidate or merge with or into other companies;
- engage in certain transactions with affiliates; and
- impair the security interests in the collateral securing the Class B Loan and the Topco Payment Undertaking.

Furthermore, the terms of the CTA and the Class B IBLA will require us to maintain certain financial ratios and satisfy certain financial condition tests, as well as restrict our ability to prepay certain indebtedness, including our indebtedness under the Class B IBLA and the Class B Notes, while indebtedness under the Senior Term Facility, the Working Capital Facility, the Class A IBLA and the Class A Notes, among others, remains outstanding. All these restrictions and limitations will be subject to significant exceptions and qualifications. See "*Description of Certain Financing Arrangements—Common Terms Agreement*" and "*Description of the Class B IBLA—Certain Covenants*." It is also possible that our compliance with such financial ratio maintenance covenants may not necessarily be indicative of our actual cash position, due to the fact that certain metrics thereof are based on non-cash items.

The covenants to which we are subject could limit our ability to plan for, or react to, market conditions, as well as adversely affect our ability to finance our operations, strategic acquisitions, investments or other capital needs, implement our business plans, pursue business opportunities and engage in other business activities that may be in our best interests.

Our ability to comply with the applicable covenants, financial ratios and tests under our debt instruments may be adversely affected by events beyond our control and we cannot assure you that we will be able to comply with their requirements. A breach of any of the covenants, financial ratios or tests to which we are subject could result in adverse consequences for us under the Issuer Transaction Documents and the Class B IBLA. For example, under the terms of the CTA, during certain specified periods of time we will be required to credit a portion of (and in certain periods, all) available funds into a designated account to be held pending application by the Obligors to repay the Class A Loans on the applicable maturity date. Our ability to make interest payments in respect of the Class B Loan and the Class B Notes will not be affected by this cash sweep so long as the Class A FCF DSCR is not less than 1.35:1.00 and no other Trigger Event under the CTA has occurred (including an event of default thereunder). However, if a Trigger Event has occurred, including if the Class A FCF DSCR falls below 1.35x, we will not be permitted to make any payments (including interest payments) in respect of the Class B IBLA, subject to certain limited exceptions. Any such inability to make principal, interest or other payments under the Class B IBLA as a result of such lock-up would, in turn, adversely affect our ability to make the corresponding payments on the Class B Notes when due. See "*Description of the Class B IBLA*." Furthermore, following the occurrence of any CTA Event of Default, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the applicable facilities and elect to declare all outstanding amounts, together with accrued interest, immediately due and payable. In addition, any CTA Event of Default or Share Enforcement Event could lead

to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions. If our creditors, including the creditors under the Senior Term Facility, the Working Capital Facility and the Class A IBLA, accelerate the payment of outstanding amounts, we cannot assure you that our assets or the proceeds thereof would be sufficient to repay in full those outstanding amounts, satisfy all our other liabilities which would be due and payable and make payments to enable us to repay the Class B Loan and, consequently, the Class B Notes, in whole or in part. In addition, if we are unable to repay those outstanding amounts, our creditors could proceed to enforce against any collateral granted to them to secure repayment of those outstanding amounts, which could materially and adversely affect our business, financial condition and results of operations.

Our use of hedging instruments may not adequately mitigate our exposure to fluctuations in interest rates or may expose us to additional risks, which could materially and adversely affect our business, financial condition and results of operations.

We will seek to mitigate our exposure to interest rate fluctuations in respect of our indebtedness under the Senior Term Facility, which bears interest at a variable rate, the Class A IBLA, any future Class A IBLA and additional Class A Notes related thereto, through the use of various types of hedging instruments, including forward contracts, as well as other derivatives transactions, such as interest rate swaps. We intend to hedge all our floating rate debt for a period of five years in connection with the Refinancing. Under the terms of the CTA, we will be required to hedge interest payments on at least 75% of the outstanding balance of our floating rate debt for a period of five years. See "*Description of Certain Financing Arrangements—Common Terms Agreement—Hedging Policy*." There can be no assurance that we will, or will be able to, correctly anticipate our full exposure to interest rate fluctuations. Furthermore, there can be no assurance that we will, or will be able to, hedge our full exposure or that our hedging transactions will be effective. The use of derivatives is a highly specialised activity that involves investment techniques and risks different from those associated with our ordinary business. Depending on market conditions and movements in interest rates, our use of hedging transactions could enhance or harm our overall performance compared to our competitors. In addition, we will be subject to the creditworthiness of the counterparties under our hedging transactions, and we will be exposed to the risk of insolvency or default on the part of our hedge counterparties. Our business, financial condition and results of operations could be materially and adversely affected in the event that one or more of these risks materialise.

Events of default may occur without the knowledge of the Obligor Security Trustee if we fail to notify the Obligor Security Trustee of such event, which could have a material adverse effect on our business, financial condition and results of operations.

The STID will provide that the Obligor Security Trustee will be entitled to assume, unless it is otherwise disclosed in any investor report or compliance certificate or the Obligor Security Trustee is expressly informed otherwise, that no CTA Event of Default, Trigger Event or Share Enforcement Event has occurred and is continuing. The Obligor Security Trustee will not be required to monitor whether any such event has occurred. It will fall to the Obligors to make these determinations, as well as the determinations of the financial and operational positions underlying them, which may be subjective. The Obligor Security Trustee shall not be obliged to make any such determinations and shall be able to conclusively rely on any investor report or compliance certificate provided to it without being obliged to enquire as to the accuracy or validity of any such investor report or compliance certificate. If we fail to notify the Obligor Security Trustee of the occurrence of a CTA Event of Default, a Trigger Event or a Share Enforcement Event, it is likely that neither the Obligor Security Trustee, any Obligor Secured Creditor nor any Issuer Secured Creditor (including the holders of the Class B Notes) would know that a CTA Event of Default, a Trigger Event or a Share Enforcement Event has occurred, the occurrence of which may indicate that an individual Obligor or the Holdco Group as a whole is experiencing financial or other difficulties. The absence of such notice may result in the Obligor Security Trustee, any Obligor Secured Creditor, any Issuer Secured Creditor and any Topco Secured Creditor being unable to enforce their rights in a timely manner, potentially resulting in greater losses on their investment that would have been the case had such notice of default been given by the Obligors when such notice might have first been delivered.

An enforcement of the share security granted to secure the debt obligations under the Existing Senior Facility Agreement of the Acromas Group could trigger a change of control under the Senior Term Facility Agreement, the Working Capital Facility Agreement and the Class B IBLA, which may require a mandatory prepayment of our indebtedness.

Certain members of the AA Group are obligors under the Existing Senior Facility Agreement of the Acromas Group and have granted guarantees and security in favour of the creditors thereunder. The obligors under the Existing Senior Facility Agreement include Acromas Mid Co Limited, Acromas Bid Co Limited and the Company, each of which have granted fixed and floating charges over all or substantially all their assets from time to time (including their shares in their respective subsidiaries) pursuant to English law debenture security documents. If there is an event of default under the Existing Senior Facility Agreement, the creditors thereunder may direct the security trustee under the Existing Senior Facility Agreement to enforce the security granted by the obligors thereunder, including by way of enforcing the fixed charge security granted by (x) Acromas Mid Co Limited over the entire issued share capital of Acromas Bid Co Limited, (y) Acromas Bid Co Limited over the entire issued share capital of the Company or (z) the Company over the entire issued share capital of Topco (together, the "**Existing Senior Facility Security**"). Any such enforcement of the Existing Senior Facility Security would trigger a change of control under any Class A Authorised Credit Facility to the extent it contains such a clause. As of the Issue Date, each of

the Senior Term Facility Agreement, the Working Capital Facility Agreement and the Class B IBLA will contain a change of control mandatory prepayment provision, which would be triggered upon enforcement of the Existing Senior Facility Security.

In addition, in the future we may incur further financial indebtedness under Authorised Credit Facilities which may contain similar change of control provisions.

Furthermore, the ultimate shareholders of the Holdco Group may decide to sell the Holdco Group, which may also trigger a mandatory prepayment obligation pursuant to any Class A Authorised Credit Facility which contains such a change of control provision.

If we are unable to generate sufficient cash flow to satisfy our obligation to make a mandatory prepayment of indebtedness following a change of control, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. Any refinancing by us is subject to certain conditions (including the then prevailing market conditions for that type of transaction and in particular the availability or absence of liquidity in the corporate bond or the term loan markets). No assurance can be given that these conditions will be favourable at the time any refinancing is required. Any such refinancing may not be possible, and assets may need to be sold to cover any shortfall. If assets are sold, the timing of the sales and the amount of proceeds that may be realised from those sales cannot be guaranteed. Therefore we may not have sufficient funds to make any mandatory prepayment of our indebtedness upon a change of control and, ultimately, the Issuer may be unable to satisfy its obligations with respect to the Class B Notes.

The Class B Loan will be structurally subordinated to the liabilities of subsidiaries of Topco which are not Guarantors.

The obligation of the Borrower to make payments under the Class B Loan will be guaranteed by certain subsidiaries of Topco, but not all. Unless a subsidiary of Topco is a Guarantor, such subsidiary will not have any obligation to pay amounts due under the Class B IBLA or to make funds available for that purpose. Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such companies before these assets are made available for distribution to any Guarantor, as a direct or indirect shareholder.

Accordingly, in the event that any non-Guarantor subsidiary becomes insolvent, is liquidated, reorganised or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Borrower (including the Issuer) and the Guarantors will have no right to proceed against the assets of such subsidiary; and

- creditors of such non-Guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such company before any Guarantor, as a direct or indirect shareholder, will be entitled to receive any distribution from such subsidiary.

As such, the Class B Loan and each guarantee thereof will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of any non-Guarantor subsidiaries of Topco, which could limit the ability of holders of the Class A Notes to recover as the ability of the Issuer to meet its obligations under the Class B Notes will depend on the receipt by the Issuer of funds under the Class B IBLA.

Risks Relating to Security, Enforcement and Insolvency

Holders of the Class B Notes will not control any decisions regarding enforcement of collateral so long as the Class A Notes are outstanding, other than with respect to the Topco Security.

The Class B Notes will be secured by the same collateral securing, among other things, the obligations under the Class A Notes, and the Class B Notes will rank junior to the Class A Notes with respect to the application of any amounts realised through the enforcement of the applicable security, other than in respect of the Topco Security. Likewise, the Class B Loan will be secured by the same collateral securing, among other things, the obligations under the Class A Loans, the Senior Term Facility, the Working Capital Facility and the Liquidity Facility, together with certain hedging arrangements, pension liabilities and other indebtedness, and the Class B Loan will rank junior to the foregoing with respect to the application of any amounts realised through the enforcement of the applicable security, other than in respect of the Topco Security. See "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed*." Furthermore, to the extent permitted by the terms of our indebtedness, including under the Issuer Transaction Documents and the Class B IBLA, we will be permitted to incur additional indebtedness in the future and other obligations that may be secured by the same collateral on a first-priority basis.

Pursuant to the terms of the STID, for so long as certain senior secured debt remains outstanding, including under the Class A IBLAs and the Senior Term Facility Agreement, the holders of the Class B Notes will not be permitted to take,

direct or control any enforcement action with respect to the applicable collateral, other than in connection with enforcement of the Topco Security. As a result, the holders of the Class B Notes will not be able to force a sale of such collateral or otherwise independently pursue the remedies of a secured creditor under the relevant security documents until all such applicable outstanding senior secured debt, including under the Class A IBLA and the Senior Term Facility Agreement, has been paid in full and discharged. Furthermore, neither the Class A Note Trustee nor the Issuer Security Trustee will be obliged to take into consideration the interests of the holders of the Class B Notes when acting in connection with any enforcement of security (including in relation to the type, method and timing of enforcement) or the management or realisation of any secured assets. Accordingly, the holders of the Class A Notes may direct the Class A Note Trustee and the Issuer Security Trustee to pursue remedies at a time or in a manner that may be disadvantageous to holders of the Class B Notes. This may affect the ability of holders of the Class B Notes to recover under the collateral if the proceeds from the disposal of the collateral, after having satisfied all prior-ranking obligations in respect of applicable outstanding senior secured debt in accordance with the priorities of payments set forth in the STID, are less than the aggregate amount outstanding under the Class B Notes.

In addition, the holders of the Class B Notes and the Class B Note Trustee will be required to take any action that the holders of the Class A Notes, the Class A Note Trustee or the Issuer Security Trustee (as the case may be) may require of them in order to enforce the collateral, including with respect to the release of guarantees and security granted in respect of the Class B Loan and the extinguishment of all amounts due under the Class B IBLA. Since the holders of the Class A Notes may have interests that conflict with the interests of the holders of the Class B Notes, there is a risk that the Class B Note Trustee, acting on behalf of the holders of the Class B Notes, will be required to act in a manner that is adverse to the interests of the holders of the Class B Notes and without their consent for so long as the Class A Notes remain outstanding. See "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed*."

For so long as there are any Class B Notes outstanding, the Obligor Security Trustee may only dispose of collateral having a value above £10.0 million if a fairness opinion from a financial advisor is first commissioned, subject to certain exceptions described below. Although the commissioning of a fairness opinion will be primarily for the benefit of the holders of the Class B Notes, the holders of the Class B Notes will have no ability to provide directions in connection with the appointment of the financial advisor or otherwise in connection with the fairness opinion. In general, the Obligor Security Trustee will only be directed by, and will only seek direction from, the holders of the Class A Notes and certain other senior secured creditors in relation to matters concerning the commissioning of the fairness opinion. Furthermore, the holders of the Class B Notes will not be entitled to raise any objection to any fairness opinion that gets produced. In the event that the Obligor Security Trustee is unable to obtain a fairness opinion or intends to dispose of assets for a value that is less than the proposed consideration specified in respect of such assets in the fairness opinion, then the disposal may be undertaken by way of a competitive marketing and sales process typical for such type of assets. Accordingly, any disposal pursuant to such a sales process could be at a value that is less than that stated in the fairness opinion. See "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Quorum and voting requirements—Obligor Junior Secured Creditors—Enforcement action if Obligor Junior Secured Liabilities Outstanding*."

Enforcement of the Topco Security is subject to the satisfaction of certain conditions, which if not met, could materially and adversely affect the ability of the holders of the Class B Notes to realise the value of the security.

If, on the Class B Loan Maturity Date, the Class B Loan remains outstanding, Topco will be required, under the terms of the Topco Payment Undertaking, to pay or procure payment to the Obligor Security Trustee of all principal, interest and other amounts outstanding under the Class B IBLA and any other outstanding Class B Authorised Credit Facilities, thereby enabling the Issuer to use any such proceeds to redeem the Class B Notes and such other outstanding Class B Authorised Credit Facilities in full. Topco's payment obligations pursuant to the Topco Payment Undertaking will be secured for the sole benefit of the Topco Secured Creditors, including for the indirect benefit of holders of the Class B Notes, by among other things a grant by Topco of first-ranking security in respect of all the issued and outstanding shares of Holdco pursuant to the Topco Security Agreement. Enforcement of the Topco Security will be conditional on the Obligor Security Trustee having received a tax opinion confirming that there will not be any actual or contingent tax liability arising in the Holdco Group as a result of such enforcement in an amount exceeding £10.0 million. If the actual or contingent tax liability is anticipated to be more than £10.0 million, the Obligor Security Trustee will need to be provided with either (i) funds in an amount equal to the excess over £10.0 million or (ii) such other collateral or support arrangements to mitigate any such actual or contingent tax liability which is reasonably satisfactory to the Obligor Security Trustee in respect of the excess over £10.0 million. As at the Issue Date, we do not expect that any such enforcement will give rise to any tax liability. However, such a liability may arise in the future due to (among other things) changes in tax law or practice. Accordingly, we cannot provide any assurance that the necessary tax opinion will be able to be provided to the Obligor Security Trustee, or that the alternative mitigating arrangements described above will be able to be put in place, in each case at the time of enforcement of the Topco Security. As a result, the amounts realised by the holders of the Class B Notes through enforcement may be significantly reduced or delayed.

Enforcement of the Topco Security will result in a change of control under the Senior Term Facility and the Working Capital Facility and could trigger a mandatory prepayment of all amounts outstanding thereunder.

Following the occurrence of a Share Enforcement Event, the Obligor Security Trustee may (at the direction of Topco Secured Creditors representing at least 30% in aggregate principal amount of all outstanding Topco Secured Liabilities,

including holders of the Class B Notes) enforce the Topco Security. Enforcement of the Topco Security will result in a "change of control" under the terms of the Senior Term Facility and the Working Capital Facility, which will trigger the right of each lender thereunder to declare its participation in all outstanding loans, together with all interest and other amounts that have accrued thereunder, immediately due and payable. In such circumstances, we cannot assure you that we will have sufficient funds available to enable us to repay in full all amounts owing under the Senior Term Facility and the Working Capital Facility and we may be unable to refinance such indebtedness on commercially acceptable terms, or at all. Furthermore, enforcement of the Topco Security may also constitute a change of control under any additional indebtedness we may incur in the future. Any failure to prepay or otherwise refinance our indebtedness under the Senior Term Facility, the Working Capital Facility or such other indebtedness could result in an event of default thereunder, which could in turn trigger an enforcement of the collateral securing such indebtedness, all or any of which could have a material adverse effect on our business, financial condition and results of operations. Accordingly, your right to enforce the Topco Security may be limited as a practical matter.

The collateral may not be sufficient to secure the obligations under the Class B Loan and the Class B Notes and, in the event of any enforcement of security, you may recover an amount that is less than your original investment in the Class B Notes.

The Class B Loan will be secured by security interests in the collateral described in this Offering Memorandum under the heading "*Description of Certain Financing Arrangements—Obligor Security Agreement*," which collateral will also secure, among other things, obligations under the Class A Loans, the Senior Term Facility, the Working Capital Facility and the Liquidity Facility, together with certain hedging arrangements and pension liabilities. The Class B Notes will be secured by security interests in the collateral described in this Offering Memorandum under the heading "*Description of Class B Notes—Topco Security Agreement*," which collateral will also secure, among other things, obligations under the Class A Notes. The Class B Notes will also have the indirect benefit of the Topco Security, which will not be shared with the Class A Notes. The Class B Loan will rank junior to the Class A Loans, the Senior Term Facility, the Working Capital Facility, the Liquidity Facility and certain hedging arrangements and pension liabilities, among other things, in each case with respect to the application of any proceeds realised through the enforcement of the relevant security, other than the Topco Security. The Class B Notes will rank junior to the Class A Notes, among other things, in each case with respect to the application of any proceeds realised through the enforcement of the relevant security, other than the Topco Security. Furthermore, the relevant shared collateral securing the Class B Loan, on the one hand, and the Class B Notes, on the other hand, may be extended so as to also secure any additional debt that we may be permitted to incur in the future under the terms of our indebtedness, including under the Issuer Class A Transaction Documents and the Class B IBLA, which additional secured debt may rank ahead of the Class B Loan and the Class B Notes as to the application of enforcement proceeds. Accordingly, any proceeds received from the enforcement of the relevant collateral may not be sufficient to repay in full amounts outstanding under the Class B Loan, and consequently the Class B Notes, once all prior-ranking debt has been repaid. Furthermore, your rights and benefits in respect of the applicable collateral may also be diluted by any increase in the first-priority debt secured by such collateral or a reduction of the collateral securing the Class B Loan or the Class B Notes.

The value of any collateral and the amount to be received upon any enforcement of such collateral will depend upon many factors, including the ability to sell the collateral in an orderly sale, economic and market conditions and the availability of buyers. The book value of the collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the collateral, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, the share pledges of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding. Furthermore, the multijurisdictional nature of any foreclosure on the collateral may limit the realizable value of the collateral. For example, the bankruptcy, insolvency, administrative and other laws of various jurisdictions may be materially different from, or conflict with each other, including in the areas of rights of creditors, priority of government and other creditors, ability to obtain post-petition interest and duration of the proceedings. Accordingly, we can provide no assurance that the proceeds realised as a result of an enforcement of any collateral, including the Topco Security, will be sufficient to discharge in full the amounts due on the Class B Loan, and consequently the Class B Notes, nor can we provide any assurance that holders of the Class B Notes will not be adversely affected by such realisation or enforcement.

Furthermore, following the occurrence of a Share Enforcement Event, it may be difficult to find a buyer and realise full value in connection with any enforcement of the Topco Security to the extent the circumstances underlying the Share Enforcement Event have also triggered an event of default under the Issuer Class A Transaction Documents. The existence of an event of default under the Issuer Class A Transaction Documents will adversely affect the value of the Topco Security, namely the Holdco shares, meaning any amounts that are ultimately recovered through an enforcement of the Topco Security may not be sufficient to repay in full the Class B Loan, and consequently repay the Class B Notes in full. In the event that the ABF is implemented, the value that may be realised in connection with any enforcement of the Topco Security may be further adversely impacted to the extent there is any funding deficit existing in respect of the AA UK Pension Scheme at the time of sale in excess of £200 million, since the Holdco shares will be sold subject to an unsecured claim of the AA UK Pension Trustee in an amount equal to such excess.

It may be difficult to realise the value of the collateral.

The collateral securing, among other things, the Class B Loan, the Class A Loans, the Class A Notes and the Class B Notes, as the case may be, will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under Issuer Class A Transaction Documents, the Class B IBLA or the STID and accepted by other creditors that have the benefit of first-priority security interests in the collateral securing the Class B Notes or Class B Loan from time to time, whether on or after the date the Class B Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the collateral securing the Class B Notes and Class B Loan, as well as the ability of the Obligor Security Trustee to realise or foreclose on such collateral. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including the timely satisfaction of perfection requirements, statutory liens or recharacterisation under the laws of certain jurisdictions.

The security interests of the Obligor Security Trustee will be subject to practical problems generally associated with the realisation of security interests in collateral. For example, the Obligor Security Trustee may need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the Obligor Security Trustee will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Obligor Security Trustee may not have the ability to foreclose upon those assets and the value of the collateral may significantly decrease.

In addition, our business requires a variety of permits and licenses. The continued operation of properties that comprise part of the collateral and which depend on the maintenance of such permits and licenses may be prohibited or restricted. Our business is subject to regulations and permitting requirements and may be adversely affected if we are unable to comply with existing regulations or requirements or if changes in applicable regulations or requirements occur. In the event of foreclosure, the grant of permits and licenses may be revoked, the transfer of such permits and licenses may be prohibited or may require us to incur significant cost and expense. Furthermore, we cannot assure you that the applicable governmental authorities will consent to the transfer of all such permits. If the regulatory approvals required for such transfers are not obtained, are delayed or are uneconomical to obtain, the foreclosure may be delayed, a temporary or lasting shutdown of operations may result and the value of the collateral may be significantly decreased.

The security interests in the collateral will be granted to the Obligor Security Trustee or the Issuer Security Trustee, as the case may be, rather than directly to the creditors in respect of the applicable indebtedness. The ability of the Obligor Security Trustee and the Issuer Security Trustee to enforce certain of the collateral may be restricted by local law.

The security interests in the collateral that will secure our obligations under, among other things, the Topco Payment Undertaking, the Class B Loan, the Class A Loans, the Class A Notes and the Class B Notes will not be granted directly to the creditors in respect of such indebtedness, but will be granted only in favour of the Obligor Security Trustee and the Issuer Security Trustee, as the case may be. Accordingly, only the Obligor Security Trustee and the Issuer Security Trustee, as the case may be, will have the right to enforce the applicable security. As a consequence, the creditors in respect of such indebtedness, including the holders of the Class A Notes and the holders of the Class B Notes, will not have direct security interests and will not be entitled to take enforcement action in respect of the collateral securing such indebtedness, except, in the case of the holders of the Class A Notes and the holders of the Class B Notes, through the Class A Note Trustee or the Class B Note Trustee, as applicable, who will (subject to the provisions of the STID and, as applicable, the Issuer Deed of Charge) provide instructions to the Obligor Security Trustee or the Issuer Security Trustee, as the case may be, in respect of the applicable collateral.

The ability of the Obligor Security Trustee and the Issuer Security Trustee, as the case may be, to enforce the applicable security will be subject to mandatory provisions of the laws of England and Wales, Jersey and Ireland, as applicable, the jurisdictions in which security over the collateral is taken. See "*Limitation on Validity and Enforceability of the Security Interests*."

Guarantees, payment undertakings and security may constitute a transaction at an undervalue or preference.

A liquidator or administrator of a provider of a guarantee, a payment undertaking and/or security incorporated in England could apply to the court to unwind the issuance thereof; *provided that* it was granted during the two years before the onset of insolvency, if such liquidator or administrator believed that issuance of such constituted a transaction at an undervalue. Topco and the Holdco Group believe that such guarantee, payment undertaking and security will not be a transaction at an undervalue and that such guarantee, payment undertaking and security will be provided in good faith for the purposes of carrying on the business of each provider incorporated in England and its subsidiaries and that there are reasonable grounds for believing that the transactions will benefit each such provider. However, there can be no assurance that the provision thereof will not be challenged by a liquidator or administrator or that a court would support Topco's and the Holdco Group's analysis. If the provisions of such guarantee, payment undertaking and security were determined to be transactions at an undervalue, the court may make such order as it thinks fit for restoring the position to what it would have been if such guarantee, payment undertaking and security had not been given or made.

If the liquidator or administrator can show that Topco or any one of the Obligors has given a "preference" to any person within six months of the onset of liquidation or administration (or two years if the preference is to a "connected person") and, at the time of the preference, Topco or the relevant Obligor, as the case may be, was technically insolvent or became so as a result of the preferential transaction, a court has the power, among other things, to void the preferential transaction. For these purposes, a company gives preference to a person if that person is one of the company's creditors (or a surety or guarantor for any of the company's debts or liabilities) and the company takes an action which has the effect of putting that person into a position which, in the event of the company going into insolvent liquidation, will be better than the position that person would have been in if that thing had not been done. The court may not make an order in respect of a preferential transaction unless it is satisfied that the company was influenced by a desire to put that person in a better position. This provision of English insolvency law may affect transactions entered into or payments made by Topco or any of the Obligors during the relevant period prior to the liquidation or administration of Topco or such Obligor.

In addition, if it can be shown that a transaction entered into by an English company was made for less than fair value and was made to shield assets from creditors, then the transaction may be set aside as a transaction defrauding creditors. Any person who is a "victim" of the transaction, and not just liquidators or administrators, may assert such a claim. There is no statutory time limit within which a claim must be made and the company need not be insolvent at the time of the transaction. Topco and the Obligors do not believe that they have entered into any transactions which may be regarded as being for less than fair value or to shield assets from their creditors.

The enforcement of security granted in respect of the assets of any Irish Obligor will be subject to Irish insolvency law, which may result in the appointment of an examiner and restrict the ability of the Obligor Security Trustee to enforce security in respect of the assets of any Irish Obligor.

The enforcement of the Obligor level security over the assets of any Irish Obligor will be subject to Irish insolvency law. Examinership is a court moratorium/protection procedure available under Irish company law. An examiner may be appointed to a company which is likely to be insolvent if the court is satisfied that there is a reasonable prospect of the survival of the company and all or part of its undertaking as a going concern. During the examinership period (70 days, or longer in certain circumstances) the company is protected from most forms of enforcement procedure and the rights of its secured creditors are largely suspended.

The appointment of an examiner to a company cannot be blocked by the holder of a floating charge in respect of the assets of that company, although no examiner may be appointed to a company where a receiver stands appointed in respect of the assets of that company for a period of at least three days prior to the examinership application.

The primary risks to the Obligor Secured Creditors if an examiner were to be appointed to any Irish Obligor are as follows:

(a) during the period of protection, no action could be taken by creditors to enforce their rights to payment of amounts due by the Irish Obligor in examinership or any guarantor or (in the case of the Obligor Secured Creditors) to enforce or realise any security granted by that Irish Obligor;

(b) the potential for a scheme of arrangement being approved in respect of the Irish Obligor, which may result in a write down of that Irish Obligor's liabilities;

(c) the potential for the examiner to set aside any negative pledge in the Finance Documents prohibiting the creation of security or the incurring of borrowings by the Irish Obligor to enable the examiner to borrow to fund that company during the protection period; and

(d) if a scheme of arrangement is not approved and the Irish Obligor goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Irish company and approved by the Irish High Court) will take priority over the monies and liabilities which from time to time are or may become due, owing or payable by the Irish company to secured creditors.

As a result, the appointment of an examiner to any Irish Obligor may restrict the ability of the Obligor Security Trustee to enforce the security over the assets of any Irish Obligor.

Security granted by an Irish Obligor and any Guarantees given by an Irish Obligor may be challenged under Irish Insolvency Law.

Security granted, or any guarantee given, by an Irish Obligor may be challenged and voidable for any number of reason, including, but not limited to:

Improper transfer: If it can be shown, on the application of a liquidator, creditor or contributory of an Irish Obligor which is being wound up, to the satisfaction of the High Court in Ireland that any property of such company was disposed of (which would include by way of charge, security assignment or mortgage) and the effect of such a disposal was to

"perpetrate a fraud" on the company, its creditors or members, the High Court may, if it deems it just and equitable, order any person who appears to have "use, control or possession" of such property or the proceeds of the sale or development thereof to deliver it or pay a sum in respect of it to the liquidator on such terms as the High Court sees fit.

Fraudulent preference: Under Irish law, any conveyance, mortgage, delivery of goods, payment, execution or other act relating to property made or done by or against an Irish Obligor, which is unable to pay its debts as they become due to any creditor, within six months (or two years where the creditor is a "connected person") of the commencement of the winding up of that company with a view to giving such creditor (or any surety or guarantor of the debt due to such creditor) a preference over the other creditors, shall be deemed to be a fraudulent preference of its creditors and be invalid accordingly.

Invalidity of floating charges in certain circumstances: Under Irish law, a floating charge created by an Irish Obligor will be invalid if created in the period of 12 months (or two years if created in favour of a "connected person") ending with the presentation of a petition for the winding up of that company, and unless it can be proven that the Irish Obligor immediately after the creation of the charge was solvent, except to the extent of the aggregate of (among other consideration) the value of so much of the consideration for the creation of the charge as consists of money paid, or goods or services supplied, to the Irish Obligor at the same time or after the creation of the charge and the amount of interest (if any) payable thereon.

Fraudulent disposition: Under Irish law, any conveyance (which includes an assignment, charge or mortgage) of property made with the intention of defrauding a creditor or other person is voidable by any person thereby prejudiced.

Other: Under Irish law, security granted or guarantees given by an Irish Obligor are voidable in circumstances where no corporate benefit accrued to the Irish Obligor granting the security or giving the guarantee or where such security was granted or guarantee was given in breach of laws prohibiting financial assistance.

If security granted or guarantee given by an Irish Obligor is challenged and voidable, creditors may be unable to enforce or realise any such security granted, or guarantee given, by that Irish Obligor.

Fixed security interests created by an Irish Obligor may be recharacterised as floating security interests.

There is a possibility that an Irish court could find that the fixed security interests expressed to be created by the security documents governed by Irish or English law should, instead, take effect as floating charges, on the basis that the description given to them as fixed charges is not determinative.

Whether the fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the Obligor Security Trustee or, as the case may be, the Issuer Security Trustee has the requisite degree of control over the relevant assets and exercises that control in practice.

A floating charge is more vulnerable than a fixed charge both to being set aside in a winding-up and to losing its priority to other rights and interests. A floating charge will take effect subject to:

(a) third-party rights or interests (including rights of set-off) unless the third-party concerned had express notice that a term in the relevant security document prohibited the type of transaction which the mortgagor, chargor or assignor thereunder entered into with such third-party or that the floating charge had crystallised;

(b) any execution or attachment completed before crystallisation; and

(c) any distress, whether levied on or after crystallisation.

Moreover, amounts received in a winding-up or receivership by realising assets subject to a floating charge must first be used to pay certain preferential debts, for example, money owed to the Irish Revenue Commissioners for tax deducted at source, value added tax and remuneration of employees.

The enforcement of security interests over certain regulated Irish entities is subject to regulatory consent, which may not be granted.

AA Ireland is authorised by the Central Bank of Ireland (the "**Central Bank**") as an insurance intermediary under the Investment Intermediaries Act 1995, as amended. As a result, any direct or indirect acquisition by a person of 10% or more of the share capital or the voting rights of AA Ireland (an "**Acquiring Transaction**") requires the advance approval of the Central Bank. Before an Acquiring Transaction may proceed, it must be notified to the Central Bank and cannot proceed unless it is approved by the Central Bank (or three months have elapsed without the Central Bank having refused such approval). As a result of the foregoing, any enforcement of the security interest over the shares of AA Ireland may be delayed and or prohibited should the Central Bank refuse to grant the requisite approval.

A delay in regulatory consent for the enforcement of security could materially and adversely affect the interests of the holders of the Class B Notes.

On an enforcement of the security granted under the Obligor Security Documents, the Obligor Security Trustee may elect to effect the enforcement by way of a sale of the shares in an Obligor or a sale of the shares in a Holding Company within the Holdco Group which owns an Obligor. Where such Obligor is engaged in either insurance or insurance intermediary business, such a sale will be subject to the consent of the Prudential Regulation Authority (the "**PRA**") or the Financial Conduct Authority (the "**FCA**"). Any purchaser of such Obligor or such Holding Company which owns such Obligor would be required to meet, among other things, a fit and proper person test. In such case, the consent of the PRA or the FCA, as applicable, will typically be granted within 60 business days within receipt of the relevant application, depending on the complexity of the request. The withholding or delay of the consent of the PRA or the FCA could adversely affect the interests of the holders of the Class B Notes in an enforcement scenario.

As TAAL is regulated by the Jersey Commission, it is subject to restrictions in relation to changes of, direct and indirect, ownership and control. The creation and enforcement of security over the shares in TAAL and any parent company of TAAL and the appointment of an administrator or liquidator of TAAL will be subject to the prior approval of the Jersey Commission. See "*Limitations on Validity and Enforceability of the Security Interests—Jersey—Enforcement of Security and Security in Insolvency*."

Certain Obligors and the Issuer are incorporated in jurisdictions other than England and Wales and therefore may be subject to overseas insolvency law on the security enforcement process.

While the Issuer and TAAL are incorporated in Jersey, they will be a tax resident in the United Kingdom (from where it will be controlled and all management functions will be operated). The security interest agreements in respect of the shares in the Issuer and TAAL will be governed by the laws of Jersey.

Under the EC Regulation No 1346/2000 on Insolvency Proceedings (the "**EUIR**"), "main" insolvency proceedings in respect of a debtor should be opened in the member state in which its centre of main interest ("**COMI**") is located. There is a rebuttable presumption in the EUIR that a company or legal person's COMI is in the member state in which its registered office is located. Although, following a recent decision in the European Court of Justice, it is difficult to rebut this presumption (and noting for the avoidance of doubt that Jersey is not a member state for the purposes of EUIR), it is nevertheless likely that given the fact that the Issuer and TAAL are managed and operated from England, and this is ascertainable to a third party creditor (such that the creditor would assume the Issuer's and TAAL's COMI was in England), the Issuer's and TAAL's COMI is in England as opposed to Jersey. If this is the case, the Issuer and TAAL may be subject to English administration, company voluntary arrangement, or certain liquidation proceedings. Alternatively, English insolvency law may also be applicable to the Issuer and TAAL if a request for assistance is made by the Jersey court to the English court under section 426 of the Insolvency Act.

Even if the Issuer's and TAAL's COMI were in England, or section 426 of the Insolvency Act applied, it is unlikely that it will be possible to appoint an administrative receiver in respect of the Issuer or TAAL in England (so as to prevent the appointment of an English administrator) using the capital market exemption described in more detail above. This is because notwithstanding the fact that their COMI may be in England, the Issuer and TAAL are unlikely to each be considered a "company" for the purposes of section 29 of the Insolvency Act since they are not formed under one of the UK Companies Acts. However, the Obligor Security Trustee will, as the holder of a qualifying floating charge from TAAL, be entitled to appoint an administrative receiver over TAAL in the circumstances where it would otherwise be required to appoint an administrative receiver over an English Obligor pursuant to the terms of the STID. On the Issue Date, TAAL will enter into an arrangement to transfer, on arms' length terms, substantially all, by value, of the assets, business and undertaking of TAAL to an existing Holdco Group company established under the laws of England, being AADL. As AADL is an English Obligor and will grant a qualifying floating charge to the Obligor Security Trustee, in the event of AADL seeking or being put into administration it is expected that the Obligor Security Trustee will be able to block such appointment by appointing an administrative receiver over the assets and undertaking of AADL (which would include the assets and undertaking that are subject to the transfer from TAAL). Any delay in the transfer of the assets from TAAL to AADL could adversely affect the interests of the holders of the Class B Notes in the event of the Obligor Security becoming enforceable.

In respect of any companies in the Holdco Group that are Obligors and that are incorporated in jurisdictions other than England and Wales (or any other jurisdiction to which the EUIR applies) and do not have their centre of main interest in England and Wales (or any other jurisdiction to which the EUIR applies), the UNCITRAL Implementing Regulations may apply. This may inhibit the ability of the relevant trustee to appoint a receiver in respect of such Obligors. or may impose a mandatory stay on insolvency proceedings in the English courts which ultimately could lead to a delay in the realisation of security and/or a reduction in the amounts received from such realisation.

The UNCITRAL Model Law on Cross-Border Insolvency was implemented in Great Britain and Northern Ireland on 4 April 2006 by The Cross-Border Insolvency Regulations 2006, SI 2006/1030 (the "**UNCITRAL Implementing Regulations**"). Under the UNCITRAL Implementing Regulations, if foreign insolvency proceedings are commenced in respect of a company, then, upon application by the foreign insolvency officeholder, and *provided that* certain requirements

are met, the English courts are required to recognise such proceedings. Any such recognition may in effect impact upon the availability of certain types of creditor action in England and Wales or, provided certain further requirements are met, result in the application of English avoidance (including claw-back) provisions.

In addition, if the relevant foreign insolvency proceedings are recognised as "foreign main proceedings" (and there is no conflict with the Regulation), then an automatic mandatory stay on certain types of creditor action (including the commencement of certain legal proceedings) and the disposal by the company of its assets will apply in England and Wales. In general, this stay will not restrict rights relating to the enforcement of security or set-off (so long as these rights could be exercised in an English winding up). However, the foreign officeholder may also make an application to an English court to exercise its discretion to provide further relief, including the imposition of a wider stay (which may extend to restrictions on the rights referred to above), particularly if the foreign proceedings in question are reorganisation proceedings which, under the foreign insolvency law, give rise to a stay on security enforcement.

Fixed security interests may be recharacterised as floating security interests due to the degree of control exercised over certain underlying assets, including over bank accounts and the shares in Holdco granted by Topco under the Topco Security Agreement, and as a result the full proceeds of enforcement may not be available to repay the Class B Notes.

There is a possibility that a court could find that the fixed security interests expressed to be created by the security documents governed by English law could take effect as floating charges as the description given to them as fixed charges is not determinative.

Whether the fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the Obligor Security Trustee or, as the case may be, the Issuer Security Trustee has the requisite degree of control over the relevant assets and exercises that control in practice.

The Borrower has, in accordance with the terms of the relevant Transaction Documents, established a number of bank accounts into which certain cash must be paid. The Borrower has, pursuant to the terms of the Obligor Security Agreement, granted security over all of its interests in its relevant accounts, which security is, other than in the case of certain operating accounts, expressed to be a first fixed charge. Furthermore, under the Issuer Deed of Charge, the Issuer will grant security over all of its bank accounts, which security will also be expressed to be fixed security. In addition, Topco has granted fixed security interests over the entire share capital of Holdco and any loans from Topco to any of its subsidiaries.

Although the various bank accounts are stated to be subject to various degrees of control, there is a risk that, if the Issuer Security Trustee or the Obligor Security Trustee (as applicable) does not exercise the requisite degree of control over the relevant accounts in practice, a court could determine that the security interests granted in respect of those accounts take effect as floating security interests only and that the security interests granted over the assets from which the monies paid into the accounts are derived also take effect as floating security interests only, notwithstanding that the security interests are expressed to be fixed. In such circumstances, monies paid into accounts or derived from those assets could be diverted to pay preferential creditors and certain other liabilities were a receiver, liquidator or administrator to be appointed in respect of the relevant company in whose name the account is held.

In addition to security over bank accounts, the Borrower and the other Obligors party to the Obligor Security Agreement have, pursuant to the Obligor Security Agreement, granted security, expressed to be way of fixed security, over other assets including certain real property and intellectual property. Topco will grant security expressed by way of a fixed charge over its shares in Holdco and intercompany loans made by Topco to its subsidiaries. Further, pursuant to the Issuer Deed of Charge, the Issuer will grant security, expressed to be by way of a fixed charge, over certain other of its assets including Cash Equivalent Investments. There is a risk, as highlighted by the case of Ashborder BV & Ors v Green Gas Power Ltd & Ors [2004] EHWC 1517 (ch), that a court could determine that the nature of the rights and obligations which the parties intended to grant in respect of such assets, as evidenced by the Transaction Documents, is inconsistent with the grant of a fixed security interest and that such security takes effect as floating charge security interests only, notwithstanding that the security interests are expressed to be fixed.

If the fixed security interests are recharacterised as floating security interests, the claims of (i) the unsecured creditors of the relevant Obligor incorporated in England and Wales (or otherwise subject to insolvency proceedings in England and Wales) or, as the case may be, Topco or the Issuer in respect of that part of the English Obligor's net property which is ring-fenced as a result of the Enterprise Act 2002 (the "**Enterprise Act**") and (ii) certain statutorily defined preferential creditors of the relevant English Obligor or Topco, may have priority over the rights of the Obligor Security Trustee or the Issuer Security Trustee, as the case may be, to the proceeds of enforcement of such security in accordance with s176A of the Insolvency Act 1986. To the extent that the assets of the Issuer, Topco or any Obligor are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of section 176A of the Insolvency Act 1986, certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Issuer Deed of Charge, the Obligor Security Agreement or the Topco Security Agreement may be first used to satisfy any claims of unsecured creditors, up to an amount equal to £600,000 (or an increased amount which may be provided for by statutory instrument) in respect of each relevant Obligor or Topco, as set out in the Insolvency Act 186 (Prescribed Part) Order 2003. As a result, the full amount of the proceeds of enforcement of the security may not be available to repay Class B Notes.

On 6 April 2008, section 115 of Insolvency Act 1986 came into force which effectively reversed by statute the House of Lords' decision in the case of Buchler & Another v Talbot & Ors [2004] UKHL 9. Accordingly, it is now the case that the costs and expenses of an administration or liquidation (including corporation tax on capital gains) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. As a result of the changes described above, upon the enforcement of the floating charge security granted by an English Obligor Topco or the Issuer, floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Issuer Deed of Charge, the Obligor Security Agreement or the Topco Security Agreement will be reduced by at least a significant proportion of any administration or liquidation expenses.

Floating charges given by the English Obligors or Topco may be deemed invalid for lack of consideration which would hinder the appointment of an administrative receiver.

Section 245 of the Insolvency Act 1986 provides that, in certain circumstances, a floating charge granted by a company may be invalid in whole or in part. If a floating charge is held to be wholly invalid, then it will not be possible to appoint an administrative receiver of such company and, therefore, it will not be possible to prevent the appointment of an administrator of such company. The risk is, if a liquidator or administrator is appointed to the Issuer or the relevant Obligor or Topco within a period of two years (the "**relevant time**") commencing upon the date on which the Issuer or that Obligor or Topco, as the case may be, grants a floating charge, the floating charge granted by the Issuer or that Obligor or Topco, as the case may be, will be invalid pursuant to Section 245 of the Insolvency Act 1986 except to the extent of the consideration received by the relevant chargor at the time of or after the creation of the floating charge. The Issuer will have received consideration (namely, the Issuer will issue Class A Notes and Class B Notes on the Issue Date and will receive the subscription monies therefor) and the Borrower will have received such consideration (namely, the Borrower will (on or about the Issue Date) draw under, among other things, the IBLAs. As such, during the relevant time the floating charge granted by the Issuer will be valid to the extent of the amount of Class A Notes and Class B Notes issued by the Issuer and the floating charges granted by the Borrower will be valid to the extent of the amount drawn by the Borrower under, among other things, the IBLAs. The floating charge granted by each of the other Obligors will be valid to the extent of the £1,000 fee paid by the Borrower to the other Obligors and any other qualifying consideration received by them, but may not be valid for the full amount of the property charged. However, such limitation on the validity of the floating charges will not of itself affect the ability of the Obligor Security Trustee to appoint an administrative receiver in respect of the English Obligors. The Topco floating charge will be only valid to the extent that it receives any qualifying consideration in connection with the grant of such floating charge. After the relevant time it will not be possible for the floating charges granted by each of the Issuer, the Borrower or the English Obligors or Topco to be invalidated under Section 245 of the Insolvency Act 1986.

The ability to appoint an administrative receiver may be hindered by the application of the Enterprise Act in respect of floating charges.

The provisions of the Enterprise Act restrict the right of the holder of a floating charge to appoint an administrative receiver (unless the security was created prior to 15 September 2003 or an exception applies) and instead give primacy to collective insolvency procedures (in particular, administration).

The Insolvency Act 1986 contains provisions that continue to allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. The relevant exception provides that the appointment of an administrative receiver is not prohibited if it is made in pursuance of an agreement which is or forms part of a capital market arrangement (as defined in the Insolvency Act 1986) under which a party incurs or, when such agreement was entered into was expected to incur, a debt of at least £50 million and if the arrangement involves the issue of a capital market investment (also defined in the Insolvency Act 1986, but generally a rated, listed or traded debt instrument). While there is no reported case law, as yet, on how these provisions will be interpreted, it should be applicable to floating charges created by the English Obligors and assigned by way of security to the Obligor Security Trustee. However, as this issue is partly a question of fact, were it not possible to appoint an administrative receiver in respect of one or more of the English Obligors, they could be subject to administration if they were to become insolvent.

The UK Secretary of State may, by secondary legislation, modify the exceptions to the prohibition on appointing an administrative receiver or provide that the exception shall cease to have effect. No assurance can be given that any such modification or provision in respect of the capital market exception, or its ceasing to be applicable to the transactions described in this Offering Memorandum, will not be detrimental to the interests of the holders of the Class B Notes.

Topco and certain of its subsidiaries may fall within the 'small companies' threshold allowing them the right to seek a moratorium which could restrict creditors' ability to enforce security.

Certain small companies, as part of the company voluntary arrangement procedure in England, may seek court protection from their creditors by way of a moratorium (which will, among other things, restrict a creditor's ability to enforce security, prevent the appointment of an administrator or liquidator and restrict proceedings being commenced or continued against the company) for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the UK Secretary of State for Business, Enterprise and Regulatory Reform may, by order, extend or reduce the duration of either period).

A "small company" is defined for these purposes by reference to whether the company meets certain tests contained in Section 382(3) of the Companies Act 2006, relating to a company's balance sheet, total turnover and average number of employees in a particular period. The position as to whether or not a company is a small company may change from period to period, depending on its financial position and average number of employees during that particular period. The UK Secretary of State for Business, Enterprise and Regulatory Reform may by regulations also modify the qualifications for eligibility of a company for a moratorium and may also modify the present definition of a small company. Accordingly, Topco or any of the Obligors may, at any given time, come within the ambit of the small companies provisions, such that Topco or any such Obligor may (subject to the exemptions referred to below) be eligible to seek a moratorium, in advance of a company voluntary arrangement.

Certain companies which qualify as small companies for the purposes of these provisions may, nonetheless, be excluded from being so eligible for a moratorium under the provisions of the Insolvency Act 1986 (Amendment No. 3) Regulations 2002, SI 2002/1990. Companies excluded from eligibility for a moratorium include those which are party to a capital market arrangement, under which a debt of at least £10 million is incurred and which involves the issue of a capital market investment. The definitions of capital market arrangement and capital market investment are broad and are such that, in general terms, any company which is a party to an arrangement which involves at least £10 million of debt, the granting of security to a note trustee, and the issue of a rated, listed or traded debt instrument, is excluded from being eligible for a moratorium. The UK Secretary of State for Business, Enterprise and Regulatory Reform may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible.

Accordingly, the provisions described above will serve to limit the Obligor Security Trustee's ability to enforce the Topco Security and Obligor Security to the extent that, first, any of Topco or the Obligors fall within the criteria for eligibility for a moratorium at the time a moratorium is sought; second, if the directors of Topco or any such Obligor seeks a moratorium in advance of a company voluntary arrangement; and, third, if Topco or any such Obligor is considered not to fall within the capital market exception (as expressed or modified at the relevant time) or any other applicable exception at the relevant time; in those circumstances, the enforcement of any security by the Obligor Security Trustee will be for a period prohibited by the imposition of the moratorium. In addition, the other effects resulting from the imposition of a moratorium described above may impact the transaction in a manner detrimental to the holders of the Class B Notes.

Risks Relating to Taxation

Change of tax law and practice might have an adverse effect on the financial position of the Issuer or the Obligors.

The structure of the transaction, the issue of the Class B Notes, the ratings that are to be assigned to them and the statements in relation to taxation set out in this Offering Memorandum are based on current law and the published practice of the relevant authorities in force or applied as at the date of this Offering Memorandum. Any changes in such law or practice might have an adverse effect on the financial position of the Issuer or the Obligors and no assurance can be given as to the effect of any possible judicial decision or change of law or the administrative practice of any jurisdiction after the date of this Offering Memorandum.

Changes in taxation laws may negatively impact us and the decisions of current or potential customers of our insurance products.

Changes in corporate and other tax rules could have both a prospective and retrospective impact on our business, financial condition and results of operations. In general, changes to, or in the interpretation of, existing tax laws, or amendments to existing tax rates (corporate or personal), or the introduction of new tax legislation may adversely affect us, either directly or as a result of changes in the insurance purchasing decisions of customers. Changes to legislation that specifically governs the taxation of insurance companies might adversely affect our business, financial condition and results of operations. While changes in taxation laws would affect the insurance sector as a whole, such changes may be more detrimental to particular operators than others. The relative impact on us will depend on the areas impacted by the changes and other relevant circumstances at the time of the change.

We may be liable for certain secondary and joint and several tax liabilities, which could have a material adverse effect on our business, financial condition and results of operations.

Where a company fails to discharge certain tax liabilities due and payable by it within a specified time period, UK tax law imposes, in certain circumstances (including where that company has been sold so that it becomes controlled by another person), secondary liability for those overdue taxes on other companies that are or have members of the same group of companies, or are or have been under common control, for tax purposes with the company that has not discharged its tax liabilities.

Under the Tax Deed of Covenant, the Tax Covenantors (on behalf of themselves and each other company which any of them controls) represent that no steps have been taken, and convenant that no steps will be taken, by any person which would directly, or might reasonably be expected to, upon the occurrence of any subsequent events or the subsequent non-payment of any Tax liability, give rise to any secondary tax liability in any member of the Restricted Group. In addition and

pursuant to the Tax Deed of Covenant, the Company will agree to compensate or to procure compensation of Restricted Group companies in respect of any secondary tax liabilities caused by any person that is not a Restricted Group company and Acromas Holdings will guarantee the obligations of the Company under the Tax Deed of Covenant. If, however, any secondary tax liabilities do arise in the Issuer or the Borrower (whether in respect of a primary tax liability of another Restricted Group company or of another company with which the Issuer or the Borrower is or has been grouped or under common control for UK tax purposes), and those secondary tax liabilities are not discharged by the Tax Covenantors or any other person, and are of significant amounts, the financial condition of the Issuer or the Borrower could be adversely affected.

The Issuer, the Borrower and the other members of the Restricted Group are members of a VAT Group that also includes members of the Acromas Group and the Saga Group, of which Saga Group Limited is the representative member. As a general matter, where companies are treated as members of a VAT Group, any supply of goods or services made by or to any member of the group (other than any such supply which is made by or to another member of the group) is treated as made by or to the representative member of that group. Saga Group Limited (in its capacity as the representative member of the VAT Group) is, therefore, the person required to account to HM Revenue & Customs ("**HMRC**") for any VAT chargeable on any supply made by or to any members of the VAT Group (to or by any person other than another member of the VAT Group).

Nevertheless, the members of a VAT Group are jointly and severally liable for any VAT due from the representative member of the group and remain so liable (in respect of liabilities arising during their period of membership) after ceasing to be members of that VAT Group. The Tax Covenantors covenant in the Tax Deed of Covenant to procure that (a) each member of the Acromas VAT Group will fully comply with all obligations in respect of VAT imposed upon it and (b) upon the breach of certain thresholds in relation to the net VAT liability attributable to supplies made and received by members of the VAT Group that are not Restricted Group companies, application will be made to HMRC to split up the VAT Group such that no company that is not a Restricted Group company is in the same VAT Group as a Restricted Group company. However, members of the Restricted Group will continue to have exposure to VAT liabilities of members of the Acromas Group and the Saga Group that arose prior to any such split. Consequently, if payments in respect of the Acromas Group or the Saga Group VAT liabilities that arose prior to the VAT Group being split are not made and are of significant amounts, this could adversely affect the Borrower's ability to make payments of interest and principal under the Class B Loan and consequently the Issuer's ability to make payments of interest and principal under the Class B Notes.

We may, under certain circumstances, incur future latent tax charges on any disposal of certain members of the AA Group.

Based on intra-group transactions undertaken to date, we do not believe any material de-grouping charges should arise in any member of the Restricted Group upon a sale of the shares in the Company, Topco, Holdco or AA Acquisition Co Limited, including in the event that the security granted as part of the Transactions is enforced through a sale of the shares in Holdco or AA Acquisition Co Limited (provided both TAAL and AADL remain (indirect) subsidiaries of the Company, Topco, Holdco or AA Acquisition Co Limited, as relevant, at the time of the sale). Going forward, the Tax Covenantors undertake, in the Tax Deed of Covenant, that they will, so far as they are able, procure that no steps are taken by any person (in each case whether by any act, omission or otherwise), which would directly cause, and no transfer of any asset will be made by any member of the Acromas Group or the Saga Group to any Restricted Group company which could in consequence of the enforcement of security over the shares in that Restricted Group company (or the shares in a company of which that Restricted Group company is a direct or indirect subsidiary), cause any Restricted Group company to become subject to de-grouping charges in respect of chargeable gains, stamp duty land tax, loan relationships, derivative contracts or intangible fixed assets. Pursuant to the Tax Deed of Covenant, the Company will agree to compensate or to procure the compensation of the Restricted Group companies in respect of any such de-grouping charges and Acromas Holdings will guarantee the obligations of the Company. However, should any of the Tax Covenantors fail to comply with the terms of the Tax Deed of Covenant, our tax position could be adversely affected, which could have a material adverse effect on our business, financial condition and results or operations. In addition, there are certain tax considerations with respect to enforcement of the Topco Security, which may prevent holders of the Class B Notes from realizing the value of the Topco Security. See "*—Risks Relating to Security, Enforcement and Insolvency—Enforcement of the Topco Security is subject to the satisfaction of certain conditions, which if not met, could materially and adversely affect the ability of the holders of the Class B Notes to realise the value of the security.*"

If certain Saga entities fail to comply with shared tax payment arrangements, we could face interest and penalties, which could adversely affect our business.

Saga Services Limited pays sums on account of corporation tax to HMRC on behalf of various companies, including members of the Restricted Group, pursuant to a group payment arrangement. The Tax Deed of Covenant requires any Restricted Group company that is covered by such group payment arrangement to make payment on account of its corporation tax liability to Saga Services Limited on the terms that it may solely be used for the purpose of making a payment of corporation tax on behalf of the relevant Restricted Group company. The Tax Deed of Covenant further requires procurement of payment by Saga Services Limited to a Restricted Group company of amounts equal to any credit against, relief from or repayment of any corporation tax that it receives from HMRC on behalf of that Restricted Group company. However, if Saga Services Limited does not discharge its liability to pay sums on account of corporation tax to HMRC on

behalf of any Restricted Group company or does not pay a Restricted Group company amounts equal to any credit, relief or repayment of any corporation tax that it receives from HMRC on behalf of that Restricted Group company, the Restricted Group companies could be adversely affected, be subject to interest and penalties for late tax payments.

If we are not adequately compensated or credited for any future tax losses shared with the Acromas Group or the Saga Group in accordance with the terms of the Tax Deed of Covenant, our business could be adversely affected.

The Tax Deed of Covenant allows members of the Restricted Group to surrender tax losses to members of the Acromas Group and the Saga Group, and for members of the Acromas Group and the Saga Group to surrender tax losses to members of the Restricted Group, for payment of an amount equal to the tax value of the losses surrendered and requires the procurement of reimbursement of any such payment if the surrender proves to be to any extent invalid or ineffective or is reversed. In addition and pursuant to the Tax Deed of Covenant, the Company will agree to compensate or to procure compensation of the Restricted Group companies in respect of any tax liabilities caused if such a surrender proves to be to any extent invalid or ineffective or is reversed and Acromas Holdings will guarantee the obligations of the Company. If, however, Restricted Group companies make payments for surrenders made to them and any surrenders prove to be to any extent invalid or ineffective or are reversed and the Restricted Group companies are not repaid or indemnified in accordance with the Tax Deed of Covenant, the Restricted Group companies could be adversely affected.

As a condition to certain actions being taken in connection with the Class B Notes, holders of the Class B Notes may be required to obtain an opinion as to the tax consequences of those actions. There can be no assurance that the necessary tax opinions will be obtained in the relevant circumstances. Accordingly, the ability of holders of the Class B Notes to exercise certain rights and take certain actions may be limited as a practical matter.

Prior to taking certain actions in connection with the Class B Notes, it may be necessary for holders of the Class B Notes to obtain a tax opinion as to the consequences of such action being taken. For example, enforcement of the Topco Security following the occurrence of a Share Enforcement Event will be conditional upon holders of the Class B Notes having obtained a tax opinion confirming that there will not be any actual or contingent tax liability arising in the Holdco Group as a result of such enforcement in an amount exceeding £10 million. If the actual or contingent tax liability is anticipated to be more than £10 million, the Obligor Security Trustee will need to be provided with either (i) funds in an amount equal to the excess over £10 million or (ii) such other collateral or support arrangements to mitigate any such actual or contingent tax liability which is reasonably satisfactory to the Obligor Security Trustee in respect of the excess over £10 million. See "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Obligor Priorities of Payment—Obligor Post-Acceleration Priority of Payments—Topco Security Enforcement Condition.*" Furthermore, if any one or more of the holders of the Class B Notes have exercised the Class B Call Option, the relevant holders of the Class B Notes can elect for the purchased Class A Notes (and a corresponding amount of the Advances under the relevant Class A IBLA) and the purchased Class A Authorised Credit Facility to be surrendered and cancelled (or, in each case, enter into an alternative arrangement which achieves the same commercial objective); *provided that* the relevant holders of the Class B Notes obtain a tax opinion confirming that any such steps will not result in any adverse tax consequences for the Issuer or the Borrower. See "*Description of the Class B Notes—Class B Call Option.*" We cannot assure you that it will be possible to enforce the Topco Security or effect any surrender and cancellation of the purchased Class A Notes and Class A Authorised Credit Facilities without tax liabilities arising in the Holdco Group or triggering adverse tax consequences for the Issuer or the Borrower, as the case may be, or that the necessary tax opinions will be able to be obtained from tax counsel. As a result, holders of the Class B Notes may be unable to exercise such rights and take such actions as a practical matter.

The Borrower's UK tax position may change which may adversely affect the ability of the Borrower to repay the Class B Loan and, as a result, the ability of the Issuer to repay the Class B Notes.

There can be no assurance that UK tax law and practice will not change in a manner (including, for example, an increase in the rate of corporation tax) that would adversely affect the ability of the Borrower to repay amounts of principal and interest under the Class B Loan. Similarly, UK tax law and practice can be subject to differing interpretations, and the Borrower's interpretation of the relevant tax law as applied to their transactions and activities may not coincide with that of HMRC. As a result, transactions of the Borrower may be challenged by HMRC and any profits of the Borrower from its activities in the UK may be assessed to additional tax, which may adversely affect the ability of the Borrower to repay amounts of principal and interest under the Class B Loan. If, in turn, the Issuer does not receive all amounts due from the Borrower under the Class B Loan, the Issuer may not have sufficient funds to meet its payment obligations under the Class B Notes or any other payment obligations ranking in priority to, or equally with, the Class B Notes.

The Issuer may redeem the Class B Notes upon the occurrence of certain changes in tax law.

All payments made under the Class B Notes can be made without deduction or withholding for or on account of any UK income tax; *provided that* they are and continue to be officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA States and are admitted to trading on the Global Exchange Market of the Irish Stock Exchange.

In respect of the Class B Notes, in the event that any withholding or deduction is required to be made for or on account of tax imposed by a relevant tax jurisdiction from payments due under the Class B Notes, the Issuer will, subject to certain exceptions, pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Class B Notes after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Class B Notes in the absence of the withholding or deduction.

If, as a result of certain changes in tax law in any relevant tax jurisdiction, the Issuer would become obligated to pay additional amounts in respect of the Class B Notes, the Issuer will have the option (but not the obligation) of redeeming all (but not some) of the outstanding Class B Notes in full at 100% of their principal amount together with accrued but unpaid interest. For the avoidance of doubt, none of the Class B Note Trustee or the holders of the Class B Notes will have the right to require the Issuer to redeem the Class B Notes in these circumstances.

See "*Taxation—Certain UK Taxation Considerations*" for further discussion of withholding tax in respect of the Class B Notes.

The payments on the Class B Loan may be subject to withholding tax, which may result in a prepayment of the Class B Loan, and, as a result, an early redemption of the Class B Notes, or may also impact the Borrower's ability to repay the Class B Loan in full, and, as a result, the Issuer's ability to repay the Class B Notes in full.

The Borrower will be entitled to make payments of interest to the Issuer under the Class B Loan without deduction or withholding for or on account of UK income tax if and for so long as the Issuer is and continues to be a person who is entitled to receive such payments gross of such a deduction or withholding. The Issuer has been advised that it will be such a person as at the Issue Date.

In the event that any withholding or deduction for or on account of tax is required to be made from any payment due to the Issuer under the Class B Loan, the amount of that payment will be increased so that, after such withholding or deduction has been made, the Issuer will receive a cash amount equal to the amount that it would have received had no such withholding or deduction been required to be made.

If, as a result of a change in tax law, the Borrower is obliged to increase any sum payable by it to the Issuer as a result of the Borrower being required to make a withholding or deduction from that payment under the Class B Loan, the Borrower will have the option (but not the obligation) to prepay all relevant outstanding advances made under the Class B Loan in full. If the Borrower chooses to prepay the advances made under the Class B Loan, the Issuer will then be required to redeem the Class B Notes. Such a redemption would be for a redemption price calculated in accordance with Class B Condition 5 (Redemption, Purchase and Cancellation). If the Borrower does not have sufficient funds to enable it to either repay the Class B Loan or to make increased payments to the Issuer, the Issuer's ability to make timely payments of interest and principal under the Class B Notes could be adversely affected.

Withholding tax in respect of the Hedging Agreements and the OCB Secured Hedging Agreement may result in the termination of the Hedging Agreements.

The Issuer and the members of the Holdco Group believe that all payments made under the Hedging Agreements or the OCB Secured Hedging Agreements can be made without deduction or withholding for or on account of any UK tax.

In the event that any such withholding or deduction is required to be made from any payment due under a Hedging Agreement by a Hedge Counterparty or an OCB Secured Hedge Counterparty (as applicable), the amount to be paid will be increased to the extent necessary to ensure that, after any such withholding or deduction has been made, the amount received by the Holdco Group or the Issuer (as applicable) is equal to the amount that that party would have received had such withholding or deduction not been required to be made. In the event that any such withholding or deduction is required to be made from any payment due under a Hedging Agreement or an OCB Secured Hedging Agreement by the Issuer or by a member of the Holdco Group, as applicable, the Issuer or such member of the Holdco Group will make payment subject to that withholding or deduction but will not be required to pay any additional amount to any Hedge Counterparty or an OCB Secured Hedge Counterparty (as applicable) in respect thereof. If a Hedge Counterparty is obliged to pay an increased amount as a result of its being obliged to make such a withholding or deduction or if the Issuer or a member of the Holdco Group makes a payment to it subject to such a withholding or deduction, the Hedge Counterparty or OCB Secured Hedge Counterparty (as applicable) may terminate the transactions under the relevant Hedging Agreement, subject to the Hedge Counterparty's or OCB Secured Hedge Counterparty's obligation to use its reasonable efforts to transfer its rights and obligations under that Hedging Agreement to another of its offices or affiliates such that payments made by and to that other office or affiliate under that Hedging Agreement or OCB Secured Hedging Agreement can be made without any withholding or deduction for or on account of tax.

If the Issuer were to cease to qualify as a securitisation company, this may have an adverse effect on the Issuer's UK tax position, which could adversely affect the Issuer's ability to make timely payment of interest and principal under the Class B Notes.

The Issuer will be incorporated in Jersey and resident for tax purposes in the UK and has been advised that it should be a "securitisation company" for the purposes of the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296). Accordingly, the Issuer should be subject to corporation tax in the UK on its "retained profit" only, in accordance with the special regime for securitisation companies as provided for by those regulations.

If the Issuer were to cease to qualify as a securitisation company for the purposes of those regulations, its profits or losses for tax purposes might be different from its cash position and there might be a risk of the Issuer incurring unfunded tax liabilities. In addition, interest paid on the Class B Notes could be disallowed for United Kingdom corporation tax purposes which could cause a significant divergence between the cash profits and the taxable profits in the Issuer. Any unforeseen taxable profits in the Issuer could adversely affect the Issuer's ability to make timely payment of interest and principal under the Class B Notes. If the Issuer ceases to be a "securitisation company" as a result of a change in tax law, the Issuer will have an option (but not the obligation) of redeeming all of the outstanding Class B Notes in full.

Certain jurisdictions may apply a withholding tax system in which an amount of, or in respect of tax may be withheld in connection with payments of interest on the Class B Notes.

Under EC Council Directive 2003/48/EC (the "**EU Savings Directive**") on the taxation of savings income, member states of the European Union (each a "**Member State**") are required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the end of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

A number of non-EU countries and territories have adopted similar measures (a withholding system in the case of Switzerland). The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. At a meeting on 22 May 2013, the European Council called for the adoption of a revised EU Savings Directive by the end of 2013.

If a payment were to be made or collected through a Member State which has opted for a withholding tax system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Class B Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Class B Notes as a result of the imposition of such withholding tax. However, the Issuer is required to maintain a Class B Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Payments on the Class B Notes may be subject to U.S. withholding tax under FATCA.

Whilst the Class B Notes are in global form and held within the Clearing Systems it is not expected that Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "**FATCA**") will affect the amount of any payment received by the Clearing Systems. See "*Taxation*." However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Class B Notes are discharged once it has paid the common depositary or common safekeeper for the Clearing Systems (as the holder of the Class B Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the Clearing Systems and custodians or intermediaries.

THE ISSUER

General

The Issuer was incorporated and registered in Jersey on 14 May 2013 (with registered number 112992) as a public company of unlimited duration and with limited liability under the Companies (Jersey) Law 1991. The registered office of the Issuer is 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands and its telephone number is +44 1534 676000. The Issuer is resident for United Kingdom tax purposes in the United Kingdom. The memorandum and articles of association of the Issuer may be inspected at the registered office of the Issuer.

Principal Activities

The Issuer is organised as a special purpose company and its principal activities will be the acquiring, holding and managing of its rights and assets under each of the Class B IBLA and the Class A IBLA following the issue of the Class A Notes and the Class B Notes, respectively, along with borrowing under the Liquidity Facility and entering into the Issuer Hedging Agreements.

On or around the Issue Date, the Issuer will enter into the Issuer Transaction Documents for the purpose of making a profit. The Issuer has no subsidiaries or employees.

Directors and Company Secretary

The directors of the Issuer and their respective business addresses and principal activities are set out below.

Name	Business Address	Principal Activities
Andrew Strong	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, United Kingdom	Director
Andy Boland	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, United Kingdom	Director
Jonathan Keighley	35 Great St Helens, London, EC3A GAP, United Kingdom	Executive Chairman of Structured Finance Management Limited

The directors receive no remuneration from the Issuer for their services. The directors of the Issuer may engage in other activities and have other directorships. As a matter of Jersey law, each director is under a duty to act honestly and in good faith with a view to the best interest of the Issuer, regardless of any other directorship he or she may hold.

None of the directors of the Issuer has any actual or potential conflict between their duties to the Issuer and their private interest or other duties as listed above.

The Company Secretary of the Issuer is Mourant Ozannes Secretaries (Jersey) Limited whose registered office is at 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands.

The Issuer Jersey Corporate Services Provider has agreed, pursuant to the terms of the Issuer Jersey Corporate Services Agreement, to provide administration services to the Issuer including providing a registered office and company secretary.

Management and Control

The Issuer is managed and controlled in the United Kingdom.

Share Capital

The Issuer is a wholly owned subsidiary of Holdco and its authorised share capital is £10,000, divided into 10,000 ordinary shares of £1.00 each, two of which are issued and fully paid. Since the date of incorporation, no option to acquire shares have been issued or authorised. Since its incorporation up to the date of this Offering Memorandum, the Issuer has not paid any dividends. There are measures in place in the Transaction Documents, including certain negative covenants, which ensure that the control of the Issuer by Holdco is not abused.

Auditors

The auditors of the Issuer are Ernst & Young LLP with a registered office at 1 More London Place, London, SE1 2AF.

Ernst & Young LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

THE BORROWER

General

The Borrower was incorporated under the Companies Act 2006 and registered in England and Wales on 29 December 2005 as a private limited company with number 05663655. The Borrower's registered office is at Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA and its telephone number is +44 8705448866. The memorandum and articles of association of the Borrower may be inspected at the registered office of the Borrower.

Principal Activities

The Borrower was established as a private limited company and its principal activities are acting as, and in connection with being, a holding company.

The Borrower does not own or operate any of the operating assets of the AA Group and, therefore, the ability of the Borrower to meet its financial obligations is dependent on the receipt of dividends from its sole subsidiary, AA Corporation Limited, and receiving payments from certain other members of the AA Group under intercompany loans.

For each of the years ending 31 January 2011, 31 January 2012 and 31 January 2013, on an unaudited basis, the EBITDA of the Borrower and its consolidated subsidiaries accounted for approximately 100% of the total EBITDA of the AA Group, and its consolidated net assets accounted for approximately 95% of the total net assets of the AA Group.

Directors and Company Secretary

The directors and company secretary of the Borrower and their respective business addresses and principal activities are set out below.

Name	Business Address	Principal Activities
Andrew Strong	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, UK	Director
Andy Boland	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, UK	Director
Stuart Howard	2 Enbrook Park, Folkestone, Kent, CT20 3SE, UK	Director
Taguma Ngondonga	Fanum House, Basing View, Basingstoke, Hampshire, England, RG21 4EA	Secretary

None of the directors of the Borrower has any actual or potential conflict between their duties to the company and their private interests or other duties.

Management and Control

The Borrower is managed and controlled in the United Kingdom.

Share Capital

The Borrower is a wholly owned subsidiary of AA Acquisition Co Limited and its issued share capital is £1, divided into 1 £1 share. There are measures in place in the Transaction Documents, including certain negative covenants, which ensure that the control of the Borrower by AA Acquisition Co Limited is not abused.

Auditors

The auditors of the Borrower are Ernst & Young LLP, with a registered office at 1 More London Place, London SE1 2AF.

Ernst & Young LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales. Ernst & Young LLP have audited the Borrower's accounts, without qualification, in accordance with generally accepted auditing standards in the UK for the financial year ended on 31 January 2013.

THE TRANSACTIONS

The Separation

In 2007, the AA Group joined the Saga Group under common ownership and has since operated as a subsidiary of the parent company Acromas Holdings Limited, which is owned by funds controlled by Charterhouse (36%), funds controlled by CVC (20%), funds controlled by Permira (20%), employees (20%) and others (4%). However, the AA Group has largely maintained independent business operations within each of its segments, with the exception of certain shared services and trading relationships among the AA Group, the Acromas Group and the Saga Group, including with respect to information technology, legal services, financial services and treasury administration. In addition, the AA Group, the Acromas Group and the Saga Group have taken out joint insurance policies covering each of the respective businesses and the entities in the Acromas Group have provided guarantees in connection with the Saga Pension Scheme and the AA UK Pension Scheme. The AA Group has also historically made payments to the group treasury function within the Acromas Group to cover various costs and expenses, including the Acromas Group's obligations under the Existing Senior Facility Agreement and the Existing Mezzanine Facility Agreement.

The Offering and the Separation will occur concurrently. However, the AA Group will continue to be owned by Acromas and have certain shared responsibilities and trading relationships with the Acromas Group and the Saga Group, as described below. To formalise the Separation and help facilitate a smooth transition, whereby the AA Group, the Saga Group and the Acromas Group will operate as independent groups with limited dependency, the AA Group will enter into an inter-group services agreement with the Acromas Group (the "**Umbrella Services Agreement**") that will govern the relationship between certain members of the AA Group, the Saga Group and the Acromas Group and set forth the terms and conditions on which certain services will be provided between such members. Specifically, it will determine (i) the services to be provided by each party (including group-wide services such as legal, information technology, pension administration and project and procurement management); (ii) the standard of service; (iii) the apportionment of liability as between the parties in the provision of such services; (iv) the procedure for varying the nature and duration of the services; and (v) the charges to be apportioned as between the AA Group, the Saga Group and the Acromas Group for the provision of the relevant services to each group. In addition, the Umbrella Services Agreement will specify and govern the basis on which certain senior AA-dedicated employees who are contractually employed by the Acromas Group or the Saga Group (but whose costs have historically been recharged to the AA Group) will be transferred across to the AA Group. The Umbrella Services Agreement will continue for an indefinite term. Certain of the services provided under the Umbrella Services Agreement may be (1) terminated for convenience by either party on six months' notice or (2) terminated immediately by either party in the event that (i) any member of the AA Group, the Saga Group or the Acromas Group becomes subject to an administration order, winding up, or appointment of a receiver, (ii) a material breach by either party of the Umbrella Services Agreement, (iii) any member of the AA Group or the Acromas Group fails to pay for any of the services provided under the Umbrella Services Agreement or (iv) Acromas Holdings Limited ceases to indirectly wholly own the shares of (a) Topco, (b) Holdco, (c) AA Acquisition Co Limited or (d) the Borrower. Costs in respect of the inter-group trading relationships covered by the Umbrella Services Agreement will be charged to each of the AA Group and the Saga Group, on the basis of the proportionate allocation of resources.

The Umbrella Services Agreement will also list a number of commercial arrangements that exist between the AA Group, the Saga Group and the Acromas Group for the provision of services, including the following: underwriting of AA products by Acromas, fulfilment of roadside assistance and AA home emergency services for the Saga Group by the AA Group and mailing, printing services, credit hire and claims management services provided by the Saga Group. However, the Umbrella Services Agreement will not apply to these existing relationships, as the parties thereto have entered into separate contracts for the provision of these services on a continuing basis following the Separation.

Other Relationships

On or prior to the Issue Date, we intend to transfer the entire share capital of ARCL from TAAL to the Company. Furthermore, under the terms of the Class B IBLA, we will prepare and present future consolidated financial statements for Holdco and its subsidiaries, rather than for the Company, the Issuer or Topco. As a result of the above, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations.

Certain senior AA Group employees, including Andrew Strong, Andy Boland, Michael Cutbill, Simon Douglas, Rob Scott, Tom Stringer, Jim Kirkwood and David Unsworth are currently employed by a Saga Group company and the cost of their employment is currently charged back to the AA Group. Following Separation, these AA senior individuals will be employed by an AA Group company. In addition, those of the senior AA Group employees who were previously members of the Saga Pension Scheme prior to the Separation will be offered membership in the AA UK Pension Scheme with effect from the date they become employed by an AA Group company.

In addition, separate insurance policies will be put in place for each of the AA Group and the Acromas Group. The cross guarantees and security from the AA Group in connection with Acromas' Existing Senior Facility Agreement and the Existing Mezzanine Facility Agreement and payments by the AA to the group treasury function within the Acromas Group will terminate. Concurrently with the Offering, the Acromas guarantee in favour of the AA UK Pension Scheme will be replaced with a guarantee from the Borrower.

Taxes

Following the Separation, members of the AA Group will still be able to surrender available tax losses to and accept surrenders of available tax losses from members of the Acromas Group and the Saga Group, and to enter into other tax transactions with members of the Acromas Group and the Saga Group. In the case of those members of the AA Group that form part of the Restricted Group, such transactions are regulated under the Tax Deed of Covenant. The surrender of available tax losses from Restricted Group companies to the Acromas Group or the Saga Group companies or vice versa must be for consideration equal to the tax value of the losses surrendered and any other tax transactions entered into between Restricted Group companies and Acromas Group and Saga Group companies may only be entered into if any such tax transaction leaves each member of the Restricted Group, taken together, and each member of the Acromas Group and the Saga Group, taken together, in no worse net economic position than they would have been in had such tax transaction not taken place.

In addition, the group payment arrangement whereby Saga Services Limited pays sums on account of corporation tax to HMRC on behalf of group companies, including members of the AA Group, will continue and the members of the AA Group will remain members of a VAT Group that also contains members of the Acromas Group and the Saga Group, the representative member of which is Saga Group Limited. Each of these arrangements will necessitate members of the AA Group making payments on account of their corporation tax liability and/or net VAT liability to Saga Services Limited and Saga Group Limited, respectively. The AA Group will therefore be in the same corporation tax and VAT cash flow position as if it were a stand-alone business, albeit that instead of making direct payments to HMRC, it will be putting Saga Services Limited and Saga Group Limited in funds for their payments to HMRC, receiving funds from those companies and making payments for group relief. In relation to those members of the AA Group that form part of the Restricted Group, such payments will be regulated under the Tax Deed of Covenant.

AA Pension Schemes

The AA Group operates two defined benefit pension schemes: (i) the AA UK Pension Scheme, which we operate for AA employees in the United Kingdom, including the Channel Islands, and (ii) the AA Ireland Pension Scheme, which we operate for AA employees in Ireland. The AA UK Pension Scheme is the largest scheme operated by the AA Group and according to the last actuarial valuation, which was carried out as at 31 March 2010, the AA UK Pension Scheme had a funding deficit of approximately £87 million and assets of £1,222 million. The Saga Group operates three defined benefit pension schemes: (i) the Saga Pension Scheme, (ii) the Nestor Healthcare Group Retirement Benefits Scheme and (iii) the Healthcall Group Limited Pension Scheme. The Saga Pension Scheme is the largest scheme operated by the Saga Group and as at 31 January 2012, the Saga Pension Scheme had a funding deficit of approximately £37.3 million and assets of £146.0 million. In connection with the AA Group and the Saga Group being brought together under common ownership to form part of the Acromas Group in 2007, an agreement was entered into with the AA UK Pension Trustee and the Saga Pension Trustee, which provided such trustees with shared super senior security over assets of the Acromas Group, whereby the AA UK Pension Trustee was granted super senior security over assets up to a value of £150.0 million in respect of certain liabilities relating to the AA UK Pension Scheme, and the Saga Pension Trustee was granted super senior security over assets up to a value of £32.5 million in respect of certain liabilities relating to the Saga Pension Scheme.

The 2013 Valuation is currently being conducted for the AA UK Pension Scheme and, in accordance with applicable pensions legislation, will be required to be agreed between the AA UK Pension Trustee and the AA Group by no later than 15 months following the effective date of the valuation. In connection with the 2013 Valuation, we have entered into negotiations with the AA UK Pension Trustee in relation to a proposal to enter into the ABF, which will provide the AA UK Pension Scheme with an inflation-linked income stream over a 25 year term through an interest held in a new Scottish limited partnership, which will hold a loan note issued by IP Co. The royalties payable by the AA Group to IP Co for the use of the AA Group's brands will fund the loan note payments from IP Co to the partnership, and such payments shall be secured by a first ranking charge over the AA Group's brands, up to a value of £200.0 million. Although the AA UK Pension Trustee's income stream may change depending on the funding deficit which is expected to be disclosed by the 2013 Valuation, the maximum amount of security is intended to be fixed at £200.0 million, regardless of that outcome. An increased amount of security protection (£200.0 million rather than £150.0 million) has been agreed with AA UK Pension Trustee on the basis that the security is over the AA Group's brands, rather than the assets of the AA Group more generally, and that income payments to the AA UK Pension Trustee under the ABF are intended to address the funding deficit expected to be disclosed by the 2013 Valuation (in whole or in part, over a 25 year term), which is much longer than the period over which funding deficits are typically sought to be addressed.

While the proposed arrangement remains subject to further negotiation and depends on the timing and outcome of the 2013 Valuation, we expect that the ABF will be put in place during the course of 2013. In the interim, concurrently with the Offering, the AA UK Pension Trustee's existing shared super senior security interest will be released and it will be granted first ranking super senior security from the Obligors up to a value of £150.0 million. Upon entering into the ABF, the AA UK Pension Trustee will automatically cease to have any interest in the Obligor Security. If the ABF is not finally agreed and implemented, (i) the AA UK Pension Trustee's first ranking super senior security from the Obligors up to a value of £150.0 million will remain in place and (ii) the AA UK Pension Trustee may require higher deficit payments to be paid to the AA UK Pension Scheme over a shorter period than a 25 year term. Concurrently with the Offering, the AA Ireland Pension Trustee will also be granted first ranking super senior security from the Obligors (*pari passu* with the AA UK Pension Trustee) up to a value of £10.0 million, which we expect to remain in place irrespective of whether the ABF is ultimately agreed and implemented.

A non-binding term sheet setting out the terms of the ABF has already been agreed with the AA UK Pension Trustee and will be appended to the AA UK Pension Agreement, which will be entered into between the AA UK Pension Trustee and the Borrower on or about the Issue Date. The AA UK Pension Agreement will set out the terms agreed between the AA Group and the AA UK Pension Trustee on various pensions issues, including the guarantees being granted by the Borrower to replace the guarantees previously provided by a member of the Acromas Group.

No results (preliminary or otherwise) are currently available in relation to the 2013 Valuation. We estimate that the funding deficit with respect to the AA UK Pension Scheme was approximately £180 million as at 31 March 2013. However, the funding deficit for the purposes of the final 2013 Valuation will depend on the assumptions we agree with the AA UK Pension Trustee, which means the funding deficit ultimately disclosed by the 2013 Valuation may differ materially from our current estimate. Furthermore, there can be no assurance that the funding deficit with respect to the AA UK Pension Scheme will not increase in the future under the ABF, which may result in materially higher payments being required to be made to address such increased deficit.

As a result of a recent law change, certain employers in the United Kingdom are now required to automatically enrol eligible employees (who are not already members of a qualifying pension scheme) into a qualifying pension scheme with a minimum level of employer contributions. The AA Group will begin to automatically enrol eligible employees who are not already members of a qualifying pension scheme (such as the AA UK Pension Scheme) into a group personal pension plan commencing on 1 July 2013 (though employees will have the option to opt into the group personal pension plan before 1 July 2013 if they wish).

The Migration

TAAL is incorporated in Jersey and is regulated by the Jersey Commission as a regulated person under the Financial Services (Jersey) Law 1998 to carry on general insurance mediation business, as more fully described under "*Regulatory Overview — TAAL Jersey Regulatory Overview*." Consequently, TAAL is subject to certain requirements imposed by Jersey law, which, among other things, requires prior approval from the Jersey Commission to transfer direct and indirect ownership in TAAL or appoint a liquidator or an administrator or to perfect any assignment of title to or enforce any security interest granted in respect of the share capital of TAAL or any parent company of TAAL. Accordingly, in order to facilitate enforcement of the Obligor Security in the future for the indirect benefit of the holders of the Class B Notes, including the appointment of an administrative receiver, concurrently with the Offering, TAAL and AADL, an entity incorporated in England, will enter into the Business Transfer Deed, pursuant to which TAAL will agree to sell, and AADL will agree to buy, the business of TAAL as a going concern and the legal and beneficial title to substantially all the assets of TAAL. In connection with the sale, AADL will assume all the liabilities of TAAL, as well as agree to pay the book value of the assets to be transferred.

Substantially all the income producing assets of TAAL will be transferred in accordance with the terms set out in the Business Transfer Deed. It is expected that the transfers will commence in September 2013, when employees of TAAL will transfer to AADL and AADL will be substituted as the sponsoring employer under the AA UK Pension Scheme in place of TAAL, and subject in the case of certain assets, such as supplier contracts, finance leases and leases of real estate, to the receipt of applicable third party consents. Prior to the transfer of employees, TAAL will agree to service and administer the assets that have already been transferred to AADL to the same standard that it would apply if it had not entered into the Business Transfer Deed. Following the transfer of employees to AADL, TAAL and AADL will enter into a transitional services agreement to ensure TAAL is able to discharge its duties in respect of assets that have yet to be transferred or which do not form part of the assets being sold to the same standard that it has applied prior to the date of the Business Transfer Deed. See "*The Transactions—The Migration*." In accordance with the CTA, TAAL and AADL have agreed to use their best efforts to complete the transfers from TAAL to AADL as soon as reasonably practicable following the Issue Date. The CTA also provides that if the annual financial statements delivered with respect to the test period ending on 31 January 2015 show that TAAL has generated more than 10% of EBITDA, the Borrower shall apply 100% of the Excess Cashflow for the financial year ended 31 January 2015 *pro rata* to the Obligor Senior Secured Liabilities (other than under a Liquidity Facility or in respect of the Secured Pensions Liabilities).

Pending the occurrence of the transfer of income producing assets from TAAL to AADL, the Business Transfer Deed provides that TAAL shall hold such income producing assets on trust for AADL absolutely. Accordingly, TAAL will hold all such monies, goods, services or other benefits thereunder as trustee for AADL and do each act and thing reasonably requested of it by AADL and provide for AADL the benefits of the assets. TAAL will additionally appoint AADL (or any receiver of AADL) and/or their respective delegates as its attorney for the purposes of perfecting the transfers contemplated by the Business Transfer Deed exercisable in the case of TAAL's default under the Business Transfer Deed or its insolvency. The risk and reward in relation to the assets shall pass to AADL on the Issue Date notwithstanding that title to the relevant assets shall only pass on completion of the transfer of the relevant asset.

USE OF PROCEEDS

The gross proceeds from the Offering will be £655.0 million. The Issuer will use the gross proceeds from the Offering and the offering of the Class A Notes to advance funds to the Borrower pursuant to the Class B Loan under the Class B IBLA and the Class A Loans under the Class A IBLA, respectively. The Borrower will apply the gross proceeds of the Class B Loan and the Class A Loans, together with the Senior Term Facility, to (i) partially repay debt outstanding under the Acromas Group's Existing Senior Facility Agreement, (ii) fully repay debt outstanding under the Acromas Group's Existing Mezzanine Facility Agreement and (iii) pay fees and expenses incurred in connection with the Refinancing.

Sources of Funds	**(£ in millions)**	**Uses of Funds**	**(£ in millions)**
Senior Term Facility[1]	1,775.0	Partially repay debt under Acromas' Existing Senior Facility Agreement[5]	2,038.3
Class A Notes[2]	625.0	Fully repay debt under Acromas' Existing Mezzanine Facility Agreement[6]	934.4
Class B Notes offered hereby[3]	655.0		
Cash at bank and in hand from balance sheet[4]	7.7	Estimated fees and expenses of the Refinancing	90.0
Total sources	**3,062.7**	**Total uses**	**3,062.7**

(1) Concurrently with the issuance of the Class A Notes and the Class B Notes, the Borrower will enter into the £1,775 million Senior Term Facility, the gross proceeds of which, together with the gross proceeds from the Class A Loans and the Class B Loan, will be used to partially repay debt outstanding under the Existing Senior Facility Agreement and fully repay debt outstanding under the Existing Mezzanine Facility Agreement, as well as pay fees and expenses incurred in connection with the Refinancing.

(2) Concurrently with the issuance of the Class B Notes, the Issuer will issue £625,000,000 in aggregate principal amount of Class A Notes. The Class A Notes will be issued pursuant to the Programme, pursuant to which further Class A Notes may be issued from time to time. The Issuer will lend the gross proceeds therefrom to the Borrower pursuant to the Class A Loans under the Class A IBLA, the gross proceeds of which, together with the gross proceeds from the Senior Term Facility and the Class B Loan, will be used to partially repay debt outstanding under the Existing Senior Facility Agreement and fully repay debt outstanding under the Existing Mezzanine Facility Agreement, as well as pay fees and expenses incurred in connection with the Refinancing.

(3) The Issuer will lend the gross proceeds from the Offering to the Borrower pursuant to the Class B Loan under the Class B IBLA, the gross proceeds of which, together with the gross proceeds from the Senior Term Facility and the Class A Loans, will be used to partially repay debt outstanding under the Existing Senior Facility Agreement and fully repay debt outstanding under the Existing Mezzanine Facility Agreement, as well as pay fees and expenses incurred in connection with the Refinancing.

(4) The £7.7 million cash at bank and in hand represents the amount of cash we intend to use, together with the gross proceeds of the Class A Loans, the Class B Loan and the Senior Term Facility, to partially repay debt outstanding under the Existing Senior Facility Agreement and to fully repay debt outstanding under the Existing Mezzanine Facility Agreement. We intend to retain £10.0 million of cash at bank and in hand following the Refinancing and any amount in excess of £10.0 million will be used to repay additional debt outstanding under the Existing Senior Facility Agreement. The £7.7 million cash at bank and in hand reflected above represents the amount that would be used if the Refinancing occurred on 30 April 2013.

(5) The gross proceeds of the Class A Loans, the Class B Loan and the Senior Term Facility, together with cash at bank and in hand, will be used, among other things, to partially repay debt outstanding under the Existing Senior Facility Agreement. The Existing Senior Facility Agreement, dated 17 September 2007, as amended from time to time, will mature on 30 September 2017. The Existing Senior Facility Agreement bears interest at a rate of LIBOR plus a margin of 4.75% per annum, with the margin increasing over time. Following the Refinancing, the maximum amount that will remain outstanding under the Existing Senior Facility Agreement will be a term loan of £1,580.0 million and a revolving credit facility of £215.0 million.

(6) The gross proceeds of the Class A Loans, the Class B Loan and the Senior Term Facility, together with cash at bank and in hand, will be used, among other things, to fully repay debt outstanding under the Existing Mezzanine Facility Agreement.

CAPITALISATION

The following table sets forth the consolidated cash and cash equivalents and the capitalisation of the AA Group, on a historical basis, derived from AA Limited's unaudited consolidated interim financial statements as of 30 April 2013, which were prepared in accordance with UK GAAP and are included elsewhere in this Offering Memorandum, as adjusted to give *pro forma* effect to the Refinancing and Separation as described in "*Use of Proceeds*" and "*The Transactions—The Separation*."

You should read this table in conjunction with "*The Transactions*," "*Use of Proceeds*," "*Selected Consolidated Historical Financial Information*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Financing Arrangements*," "*Description of the Class B Notes*," "*Description of the Class B IBLA*" and the consolidated financial statements and the accompanying notes of the Company appearing elsewhere in this Offering Memorandum. Except as set forth below, there have been no other material changes to the capitalisation of the Company since 30 April 2013.

Capitalisation

	At 30 April 2013		
	AA Limited Actual (£ in millions)	Adjustments (£ in millions)	As Adjusted (£ in millions)
Cash at bank and in hand[1]	**17.7**	**(7.7)**	**10.0**
Financial debt			
Existing Senior Facility[2]	—	—	—
Existing Mezzanine Facility[3]	—	—	—
Senior Term Facility[4]	—	1,775.0	1,775.0
Working Capital Facility[5]	—	—	—
Liquidity Facility[6]	—	—	—
Class A Notes[7]	—	625.0	625.0
Class B Notes offered hereby[8]	—	655.0	655.0
Finance lease creditor[9]	25.4	—	25.4
Intercompany loans[10]	704.1	(704.1)	—
Estimated fees and expenses of the Refinancing[12]	—	(90.0)	(90.0)
Total debt[11]	**729.5**	**2,260.9**	**2,990.4**
Capital and reserves			
Called up share capital	0.2	—	0.2
Share premium	0.8	—	0.8
Currency translation reserve	(0.6)	—	(0.6)
Profit and loss account[13]	20.5	(2,268.6)	(2,248.1)
Total capital employed	**20.9**	**(2,268.6)**	**(2,247.7)**
Total capitalisation	**750.4**	**(7.7)**	**742.7**

(1) Cash at bank and in hand excludes restricted cash required to be held pursuant to contractual or regulatory restrictions in connection with or governing our insurance underwriting business and AA Ireland.

(2) The Existing Senior Facility sits within the Acromas Group and thus amounts due thereunder have been excluded from this table; however, the gross proceeds from the Offering, the offering of the Class A Notes and the Senior Term Facility will be used to partially repay debt outstanding under the Existing Senior Facility.

(3) The Existing Mezzanine Facility sits within the Acromas Group and thus amounts due thereunder have been excluded from this table; however, the gross proceeds from the Offering, the offering of the Class A Notes and the Senior Term Facility will be used to fully repay debt outstanding under the Existing Mezzanine Facility.

(4) Concurrently with the issuance of the Class A Notes and the Class B Notes, the Borrower will enter into the £1,775 million Senior Term Facility, the gross proceeds of which, together with the gross proceeds of the Class A Loans and the Class B Loan, will be used to partially repay debt outstanding under the Existing Senior Facility Agreement and fully repay debt outstanding under the Existing Mezzanine Facility Agreement, as well as pay fees and expenses incurred in connection with the Refinancing. To the extent additional Class A Notes are issued, the amount borrowed under the Senior Term Facility will decrease.

(5) Concurrently with the issuance of the Class A Notes and the Class B Notes, the Borrower will enter into the £150 million Working Capital Facility. The Borrower does not expect to draw funds under the Working Capital Facility on the Issue Date. However, on or around the Issue Date, the Borrower expects to enter into an ancillary facility under the Working Capital Facility, which will allow the Borrower to extend letters of credit in an aggregate amount of £10.0 million at any time. Upon entering into the ancillary facility, the Borrower expects to extend letters of credit in the aggregate amount of £6.9 million to various insurers that provide insurance coverage to the AA Group. Additionally, following the Issue Date, the Borrower may draw funds under the Working Capital Facility and any such drawings will depend on the short-term working capital needs of the AA Group.

(6) Concurrently with the issuance of the Class A Notes and the Class B Notes, the Issuer and the Borrower will enter into the £220 million Liquidity Facility. The Issuer and Borrower do not expect to draw funds under the Liquidity Facility on the Issue Date.

(7) Concurrently with the issuance of the Class B Notes, the Issuer will issue £625 million in aggregate principal amount of Class A Notes. The gross proceeds of the issuance of the Class A Notes will be on-lent by the Issuer to the Borrower pursuant to the Class A Loans under the Class A IBLA. To the extent additional Class A Notes are issued, the amounts borrowed under the Senior Term Facility will decrease.

(8) Represents £655 million aggregate principal amount of Class B Notes offered hereby. The gross proceeds of the issuance of the Class B Notes will be on-lent by the Issuer to the Borrower pursuant to the Class B Loan under the Class B IBLA.

(9) Represents the total amounts outstanding under finance leases as at 30 April 2013, which includes £23.5 million due in connection with commercial vehicles and £1.9 million due in connection with plant and machinery.

(10) Represents the net amounts due to unrestricted group companies in connection with intercompany loans as at 30 April 2013. Of the £704.1 million of intercompany loans, £0.2 million will be forgiven by Acromas Bid Co Limited prior to the Issue Date and the remaining balance of £703.9 million will be repaid in full on the Issue Date with the gross proceeds from the Offering, the offering of the Class A Notes and the Senior Term Facility. The £704.1 million of intercompany loans excludes £36.1 million of balances due in connection with ongoing intercompany trading agreements.

(11) These amounts exclude £5,144.5 million due under our cross guarantees in connection with the Existing Senior Facility Agreement and the Existing Mezzanine Facility Agreement, as such guarantees will be released on the Issue Date.

(12) Represents estimated fees and expenses in incurred connection with the Refinancing, which are amortised over the duration of the respective indebtedness to which such fees relate.

(13) Following the settlement in full of intercompany loans in the amount of £704.1 million, the remaining proceeds of the Offering, the offering of the Class A Notes and the Senior Term Facility, will be distributed to Acromas Bid Co Limited in the amount of £2,261.1 million, plus an additional £7.7 million of cash at bank and in hand, which amount is offset by the forgiveness of £0.2 million in intercompany loans by Acromas Bid Co Limited.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The selected consolidated historical financial data of the Company as of and for each of the three financial years ended 31 January 2011, 2012 and 2013 have been derived from the audited consolidated financial statements of the Company as of and for each of the years ended 31 January 2011, 2012 and 2013, as prepared in accordance with UK GAAP and included elsewhere in this Offering Memorandum. The selected consolidated historical financial data of the Company as of and for each of the two financial years ended 31 January 2009 and 2010 have been derived from management accounts of the Company and have been prepared in conformity with UK GAAP and are not included elsewhere in this Offering Memorandum. In addition, this Offering Memorandum includes the unaudited interim consolidated financial statements of the Company as of and for the three months ended 30 April 2012 and 2013, which are not reflected below. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Consolidated Results of Operations for the Three Months Ended 30 April 2012 and 2013" for further information on our results of operations for the three months ended 30 April 2012 and 2013.

On or prior to the Issue Date, we intend to transfer the entire share capital of ARCL from TAAL to the Company. Furthermore, under the terms of the Class B IBLA, we will prepare and present future consolidated financial statements for Holdco and its subsidiaries, rather than for the Company, the Issuer or Topco. As a result of the above, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations. We have also historically made payments to the group treasury function within the Acromas Group to cover various costs and expenses, including Acromas' obligations under the Existing Senior Facility Agreement and Existing Mezzanine Facility Agreement. Following the Separation, we will no longer remit cash to the Acromas Group treasury and we will retain this cash within the AA Group. In addition, we may incur increased costs from operating as a stand-alone business and other one-off and exceptional costs in connection with the Separation. As a result of the foregoing, our future consolidated financial statements will not be directly comparable to the consolidated financial statements of the Company for any prior periods. See "The Transactions—The Separation."

We present below certain non-UK GAAP measures, including Trading EBITDA and Trading EBITDA margin, as well as Adjusted Trading EBITDA and other non-UK GAAP measures that are not required by, or presented in accordance with, UK GAAP. Our management believes that the presentation of these non-UK GAAP measures is helpful to investors because these and other similar measures are used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. However, you should not consider these non-UK GAAP measures as an alternative to net income determined in accordance with UK GAAP or to cash flows from operations, investing activities or financing activities. In addition, Trading EBITDA and Trading EBITDA margin, as well as Adjusted Trading EBITDA and other non-UK GAAP measures, may not be comparable to similarly titled measures used by other companies.

The results of operations for prior periods are not necessarily indicative of the results to be expected for any other period. The selected consolidated data should be read in conjunction with the audited consolidated financial statements and accompanying notes included elsewhere in this Offering Memorandum and discussed in "Presentation of Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Selected Income Statement Data

	For the year ended 31 January		
	2011	2012	2013
		(£ in millions)	
Turnover	944.4	973.9	968.0
Cost of sales	(359.1)	(385.2)	(349.4)
Gross profit	**585.3**	**588.7**	**618.6**
Administrative and marketing expenses	(302.7)[1]	(374.7)	(391.3)
Other operating income	2.8	2.4	1.4
Operating profit before share of profits in associates	**285.4**	**216.4**	**228.7**
Share of profits in associates	0.2	0.4	0.7
Operating profit	**285.6**	**216.8**	**229.4**
Trading EBITDA	370.8	368.1	394.6
Items not allocated to a segment	(2.6)	(5.0)	(4.3)
Depreciation	(30.0)	(36.7)	(37.9)
Goodwill amortisation	(92.6)	(92.9)	(93.0)
Exceptional items[2]	(6.2)	(16.7)	(30.0)
Pension curtailment gain	46.2[1]	—	—
Operating profit	**285.6**	**216.8**	**229.4**
Profit on sale of joint venture	—	0.6	3.1
	285.6	**217.4**	**232.5**
Net interest payable and similar charges	(90.4)	(35.2)	(43.0)
Profit on ordinary activities before taxation	**195.2**	**182.2**	**189.5**
Taxation	(75.6)	(69.1)	(69.0)
Profit for the financial year	**119.6**	**113.1**	**120.5**

(1) Administrative and marketing expenses in the year ended 31 January 2011 were reduced by a non-recurring pension curtailment gain in the amount of £46.2 million relating to certain changes in the method by which previously earned pension benefits increase over time as part of the AA UK Pension Scheme. Excluding this curtailment gain, administrative and marketing expenses would have been £348.9 million.

(2) Exceptional items are reflected in the line item that most closely reflects their nature. We incurred certain exceptional items in cost of sales and administrative and marketing expenses. Cost of sales exceptional items relate to two onerous lease contracts within our driving services segment, which were incurred in 2012. Administrative and marketing expense exceptional items have historically included: (i) restructuring costs primarily relating to redundancy costs, professional fees and the reorganisation of our operations, (ii) exit penalty costs as a result of our termination of a long-term IT outsourcing contract, (iii) IT system replacement project costs and (iv) provisions for future lease costs with respect to vacant properties, net of expected sub-leasing income.

Selected Balance Sheet Data

	For the year ended 31 January		
	2011	2012	2013
		(£ in millions)	
Fixed assets			
Intangible fixed assets	1,280.4	1,191.0	1,100.5
Tangible fixed assets	123.2	132.2	126.0
Investments	3.5	3.9	4.4
	1,407.1	**1,327.1**	**1,230.9**
Current assets			
Stocks	5.8	5.3	5.3
Debtors	1,061.0	1,312.9	1,585.6
Cash at bank and in hand	89.8	60.1	43.6
	1,156.6	**1,378.3**	**1,634.5**
Creditors falling due within one year	(2,284.1)	(2,305.5)	(2,341.9)
Net current liabilities	**(1,127.5)**	**(927.2)**	**(707.4)**
Total assets less current liabilities	**279.6**	**399.9**	**523.5**
Creditors falling due after more than one year	(226.0)	(252.8)	(280.4)
Insurance technical provisions	(49.6)	(39.8)	(3.2)
Provisions for liabilities	(42.0)	(38.8)	(49.8)
Net assets/(liabilities) excluding pensions	**(38.0)**	**68.5**	**190.1**
Defined benefit pension liabilities	(93.1)	(112.6)	(135.9)
Net assets/(liabilities) including pensions	**(131.1)**	**(44.1)**	**54.2**
Capital and reserves			
Called-up share capital	0.2	0.2	0.2
Share premium	0.8	0.8	0.8
Currency equalisation account	0.4	0.3	(0.6)
Profit and loss account	(132.5)	(45.4)	53.8
Total capital employed	**(131.1)**	**(44.1)**	**54.2**

Selected Cash Flow Statement Data

	For the year ended 31 January		
	2011	2012	2013
		(£ in millions)	
Net cash flow from operating activities	415.7[1]	331.3	353.9
Returns on investments and servicing of finance	(64.1)[2]	(3.1)	(3.8)
Taxation	(49.3)	(60.8)	(56.1)
Purchase of tangible fixed assets	(28.0)	(26.6)	(21.9)
Acquisitions and disposals	(4.7)	(3.0)	(6.2)
Net cash inflow before financing	**269.6**	**237.8**	**265.9**
Repayment of capital element of finance lease agreements	(19.3)	(18.2)	(12.0)
Payments to group treasury[3]	(250.0)	(248.9)	(270.9)
	(269.3)	(267.1)	(282.9)
Overall (decrease)/increase in cash	**0.3**	**(29.3)**	**(17.0)**

(1) Net cash flow from operating activities in the year ended 31 January 2011 was higher due to a one-off working capital improvement during the year ended 31 January 2011 recognised in connection with a change in payment terms with the insurance underwriters who support our insurance broking business from the time of inception of a policy, to after customers paid us their relevant monthly premium instalment for their policy.

(2) The higher debt service costs in 2011 relate to payments under an interest rate swap arrangement that ended that same year.

(3) Historically, all surplus cash has been transferred to the Acromas Group treasury. However, following the Separation, we will retain this cash within the AA Group.

Selected Other Financial Data

	For the year ended 31 January		
	2011	2012	2013
	(£ in millions, except percentages)		
Trading EBITDA[(1)]	370.8	368.1	394.6
Trading EBITDA margin (in %)[(2)]	39.3	37.6	40.6
Adjusted Trading EBITDA[(3)]	—	—	407.0
Available cash inflow from operating activities[(4)]	418.5	348.9	372.2
Cash conversion (in %)[(5)]	112.9	94.8	94.3
Capital expenditure[(6)]	51.0	46.3	31.8
Working capital[(7)]	(338.6)	(337.8)	(339.4)

(1) We define Trading EBITDA as profit before (i) taxation, (ii) net interest payable and similar charges, (iii) goodwill amortisation, (iv) exceptional items (as further described below), (v) pension curtailment gain, (vi) items not allocated to a segment and (vii) depreciation. We present Trading EBITDA on both a segmental and a consolidated basis. However, the presentation of segmental Trading EBITDA as a percentage of total Trading EBITDA excludes head office costs to accurately reflect the proportion of our trading activities from each segment. See "*Note 1—Accounting Policies*" and "*Note 2—Segmental Analysis*" to our audited consolidated financial statements as of and for the years ended 31 January 2011, 2012 and 2013, included elsewhere in this Offering Memorandum. See "*Presentation of Financial and Other Information*." Trading EBITDA as presented in this Offering Memorandum differs from the definitions of "EBITDA" and "Maintenance EBITDA" used in "*Description of the Class B IBLA*." The reconciliation of profit to Trading EBITDA is as follows:

	For the year ended 31 January		
	2011	2012	2013
		(£ in millions)	
Profit for the financial year	**119.6**	**113.1**	**120.5**
Taxation	75.6	69.1	69.0
Profit on ordinary activities before taxation	**195.2**	**182.2**	**189.5**
Net interest payable and similar charges	90.4	35.2	43.0
Profit on sale of joint ventures	—	(0.6)	(3.1)
Group operating profit	**285.6**	**216.8**	**229.4**
Goodwill amortisation	92.6	92.9	93.0
Exceptional items[(a)]	6.2	16.7	30.0
Pension curtailment gain[(b)]	(46.2)	—	—
Group operating profit before goodwill amortisation, exceptional items and pension curtailment gain	**338.2**	**326.4**	**352.4**
Items not allocated to a segment[(c)]	2.6	5.0	4.3
Depreciation	30.0	36.7	37.9
Trading EBITDA	**370.8**	**368.1**	**394.6**

(a) Exceptional items are reflected in the line item that most closely reflects their nature. For further information on exceptional items, see "*—Selected Income Statement Data*."

(b) For further information on pension curtailment gain, see "*—Selected Income Statement Data*."

(c) Items not allocated to a segment relate to transactions that do not form part of the ongoing segment performance (including head office costs) and include transactions which are one-off in nature or relate to the element of management charges from the Acromas Group for accessing shared services used by each of the AA Group, Saga Group and Acromas Group.

(2) We define Trading EBITDA margin as Trading EBITDA as a percentage of Trading turnover. See "*Presentation of Financial and Other Information*."

(3) We define Adjusted Trading EBITDA as Trading EBITDA adjusted to exclude (a) costs relating to (i) headcount reductions incurred in the first three quarters of the year ended 31 January 2013; (ii) discontinued promotional activities incurred during the year ended 31 January 2013; (iii) discontinued property incurred in the first three quarters of the year ended 31 January 2013; (iv) legal matters incurred during the year ended 31 January 2013; (v) a non-recurring bad debt write off; and (vi) terminated supply contracts incurred during the year ended 31 January 2013, each of which were either exceptional and non-recurring or eliminated as a result of discontinuing the underlying activities in the year ended 31 January 2013 or thereafter and (b) Trading EBITDA attributable to insurance underwriting activities in the year ended 31 January 2013. The reconciliation of Trading EBITDA to Adjusted Trading EBITDA is as follows:

	For the year ended 31 January
	2013
	(£ in millions)
Trading EBITDA	**394.6**
Headcount reductions[(a)]	7.7
Discontinued promotional activities[(b)]	1.7
Discontinued property costs[(c)]	1.9
Legal costs[(d)]	1.2
Bad debt write off[(e)]	0.4
Terminated supply contracts[(f)]	0.2
Trading EBITDA from insurance underwriting activities[(g)]	(0.6)
Adjusted Trading EBITDA	**407.0**

(a) Headcount reductions relate to personnel costs incurred during the first three quarters of the year that were eliminated in connection with headcount reductions in the fourth quarter of our financial year ended 31 January 2013.

(b) Discontinued promotional activities relate to costs incurred during the year ended 31 January 2013 in connection with marketing and retention activities that subsequently proved ineffective and were therefore discontinued.

(c) Discontinued property costs relate to costs incurred during the first three quarters of the year ended 31 January 2013 in connection with buildings that are no longer used as a result of the headcount reduction in the fourth quarter of our financial year ended 31 January 2013.

(d) Legal costs relate to costs and claims provisions incurred during the year ended 31 January 2013 in relation to potential litigation and aborted acquisitions.

(e) Bad debt write off relates to write off of a non-recurring credit note that was ultimately not recoverable.

(f) Terminated supply contracts relates to costs incurred during the year ended 31 January 2013 in relation to IT support contracts which have since been terminated.

(g) Trading EBITDA from insurance underwriting activities for our financial year ended 31 January 2013 is entirely attributable to ARCL. On or prior to the Issue Date, we intend to transfer the entire share capital of ARCL from TAAL to the Company. As a result of the above, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations.

(4) We define available cash inflow from operating activities as the cash generated from operating activities before returns on investments and servicing of finance, taxation, capital expenditure and financial investments and acquisitions and disposals, which cash is available for investing in the business. See "*Presentation of Financial and Other Information*." The reconciliation of operating profit for the year to available cash inflow from operating activities is as follows:

	For the year ended 31 January		
	2011	2012	2013
		(£ in millions)	
Operating profit	285.6	216.8	229.4
Amortisation of goodwill	92.6	92.9	93.0
Depreciation of tangible fixed assets	30.0	36.7	37.9
Pension curtailment gain	(46.2)	—	—
Less other operating income	(2.8)	(2.4)	(1.4)
Less share of profits in associates	(0.2)	(0.4)	(0.7)
Change in working capital	56.7	(12.3)	(4.3)
Net cash inflow from operating activities	**415.7**	**331.3**	**353.9**
Restricted cash flow from operating activities[(a)]	2.8	17.6	18.3
Available cash inflow from operating activities	**418.5**	**348.9**	**372.2**

(a) Restricted cash flow from operating activities relates to the amount of capital required to be held pursuant to contractual or regulatory restrictions in connection with or governing our insurance underwriting business and AA Ireland. Such amounts are a component of operating profit in connection with our insurance underwriting business (but not AA Ireland) and change in working capital (across the business), which are included in our consolidated cash flow statement.

(5) We define cash conversion as available cash inflow from operating activities as a percentage of Trading EBITDA. See "*Presentation of Financial and Other Information*."

(6) Capital expenditure is the total amount of tangible fixed assets acquired, including assets acquired under finance lease arrangements. See "*Presentation of Financial and Other Information.*"

(7) We define Working Capital as stock, plus amounts due from debtors, less amounts due to creditors, deferred income and provisions for future costs, excluding balances relating to corporate income taxation, pensions, finance leases, deferred consideration, non-trading intercompany balances and amounts due from Acromas Group Treasury.

Selected Turnover by Segment Data[1]

	For the year ended 31 January									
	2009		2010		2011		2012		2013	
	(£ in millions)	(in % of turnover)	(£ in millions)	(in % of turnover)	(£ in millions)	(in % of turnover)	(£ in millions)	(in % of turnover)	(£ in millions)	(in % of turnover)
Roadside assistance	574.2	64.4	583.5	62.1	625.8	66.3	645.3	66.3	674.1	69.6
Insurance services	181.3	20.3	173.0	18.4	170.6	18.1	168.4	17.3	162.1	16.7
Driving services	49.5	5.6	52.2	5.6	66.9	7.1	96.9	9.9	96.5	10.0
AA Ireland	38.8	4.4	44.4	4.7	42.5	4.5	42.3	4.3	38.3	4.0
Insurance underwriting[2]	49.3	5.5	78.2	8.3	37.4	4.0	25.8	2.6	—	—
Trading turnover	893.1	100.2	931.3	99.1	943.2	99.9	978.7	100.5	971.0	100.3
Turnover not allocated to a segment	(1.7)	(0.2)	8.4	0.9	1.2	0.1	(4.8)	(0.5)	(3.0)	(0.3)
Turnover	**891.4**	**100.0**	**939.7**	**100.0**	**944.4**	**100.0**	**973.9**	**100.0**	**968.0**	**100.0**

(1) Turnover for the financial years ended 31 January 2009 and 2010 was derived from our management accounts and turnover for the financial years ended 31 January 2011, 2012 and 2013 was derived from our audited consolidated financial statements.

(2) Turnover from insurance underwriting activities for the five years ended 31 January 2013 is entirely attributable to our reinsurance underwriting vehicle, ARCL. While ARCL did not engage in reinsurance activities between 1 February 2012 and 31 January 2013, ARCL has recently begun reinsuring certain policies insured by AICL. On or prior to the Issue Date, we intend to transfer the entire share capital of ARCL from TAAL to the Company. As a result of the above, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations.

Selected Trading EBITDA by Segment Data[1]

	For the year ended 31 January									
	2009		2010		2011		2012		2013	
	(£ in millions)	(in % of Trading EBITDA)	(£ in millions)	(in % of Trading EBITDA)	(£ in millions)	(in % of Trading EBITDA)	(£ in millions)	(in % of Trading EBITDA)	(£ in millions)	(in % of Trading EBITDA)
Roadside assistance	265.8	79.5	291.5	79.0	294.4	79.4	298.9	81.2	317.6	80.5
Insurance services	97.6	29.2	102.2	27.7	92.4	24.9	87.3	23.7	93.1	23.6
Driving services	11.5	3.4	5.0	1.4	14.0	3.8	15.1	4.1	19.6	4.9
AA Ireland	12.2	3.6	15.4	4.2	15.2	4.1	14.2	3.9	13.0	3.3
Insurance underwriting[2]	5.8	1.7	3.4	1.0	2.4	0.6	2.0	0.5	0.6	0.2
Head office costs	(58.5)	(17.5)	(48.5)	(13.1)	(47.6)	(12.8)	(49.4)	(13.4)	(49.3)	(12.5)
Trading EBITDA	**334.4**	**100.0**	**368.9**	**100.0**	**370.8**	**100.0**	**368.1**	**100.0**	**394.6**	**100.0**

(1) Trading EBITDA for the financial years ended 31 January 2009 and 2010 was derived from our management accounts and Trading EBITDA for the financial years ended 31 January 2011, 2012 and 2013 was derived from our audited consolidated financial statements.

(2) Trading EBITDA from insurance underwriting activities for the five years ended 31 January 2013 is entirely attributable to our reinsurance underwriting vehicle, ARCL. While ARCL did not engage in reinsurance activities between 1 February 2012 and 31 January 2013, ARCL has recently begun reinsuring certain policies insured by AICL. On or prior to the Issue Date, we intend to transfer the entire share capital and assets of ARCL from TAAL to the Company. As a result of the above, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations.

Selected Operational Data

We use several key operating measures, including number of roadside assistance personal members, number of roadside assistance business customers, breakdowns attended, average income from personal members and policy numbers in force, to track the financial and operating performance of our business. None of these terms are measures of financial performance under UK GAAP, nor have these measures been audited or reviewed by an auditor, consultant or expert. All these measures are derived from our internal operating and financial systems. As defined by our management, these terms may not be directly comparable to similar terms used by competitors or other companies.

The following table sets forth our key operating measures as of and for the periods indicated.

	For the year ended 31 January		
	2011	2012	2013
	(in thousands, except as otherwise indicated)		
Roadside assistance			
Number of personal members[1]	4,150	4,121	4,093
Number of business customers[2]	7,821	8,507	8,652
Total	**11,971**	**12,628**	**12,745**
Breakdowns attended (millions)	3.6	3.4	3.7
Average income from personal members (£ actual)[3]	111.1	114.1	118.0
Insurance services			
Policy numbers in force[4]	2,691	2,759	2,538

(1) Number of personal members represents the average number of roadside assistance personal members during our financial year.

(2) Number of business customers represents the average number of roadside assistance B2B customers during our financial year. The increased number of business customers in 2012 was due to the Halifax and the Bank of Scotland offerings of AVAs to their customers.

(3) Average income from personal members represents the average income generated from a roadside assistance personal member, which is calculated by dividing (i) turnover generated from the sale of memberships and turnover from the sale of parts and additional services to roadside assistance personal members by (ii) the total number of personal members, during our financial year.

(4) Policy numbers in force represents the total number of insurance policies in force, including motor, home and travel insurance and home emergency policies, at the end of our financial year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read this discussion in conjunction with the consolidated financial statements and the accompanying notes included elsewhere in the Offering Memorandum. A summary of the critical accounting estimates that have been applied to the Company's consolidated financial statements is set forth below under the heading "—Critical Accounting Policies." You should also review the information in the section "Presentation of Financial and Other Information." This discussion also includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of risks and uncertainties facing us as a result of various factors, see "Forward-looking Statements" and "Risk Factors."

Some of the measures used in this Offering Memorandum are not measurements of financial performance under UK GAAP, and should not be considered as an alternative to cash flow from operating activities as a measure of liquidity or an alternative to gross profit or operating profit for the period as indicators of our operating performance or any other measure of performance derived in accordance with UK GAAP.

This Offering Memorandum presents the audited consolidated financial statements of the Company and its subsidiaries as of and for the years ended 31 January 2011, 2012 and 2013 and the unaudited interim consolidated financial statements of the Company as of and for the three months ended 30 April 2012 and 2013, as prepared in accordance with UK GAAP. On or prior to the Issue Date, we intend to transfer the entire share capital of ARCL from TAAL to the Company. Furthermore, under the terms of the Class B IBLA, we will prepare and present future consolidated financial statements for Holdco and its subsidiaries, rather than for the Company, the Issuer or Topco. As a result of the above, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations. In addition, we have also historically made payments to the group treasury function within the Acromas Group to cover various costs and expenses, including Acromas' obligations under the Existing Senior Facility Agreement and Existing Mezzanine Facility Agreement. Following the Separation, we will no longer remit cash to the Acromas Group treasury and we will retain this cash within the AA Group. In addition, we may incur increased costs from operating as a stand-alone business and other one-off and exceptional costs in connection with the Separation. As a result of the foregoing, our future consolidated financial statements will not be directly comparable to the consolidated financial statements of the Company for any prior periods. See "The Transactions—The Separation."

The consolidated financial statements of the Company have been presented in accordance with UK GAAP, which differs in certain significant respects from IFRS and US GAAP. We have not prepared consolidated financial statements in accordance with, nor have we reconciled our consolidated financial statements to, IFRS or US GAAP, and, accordingly, we cannot offer any assurance that the differences between UK GAAP and IFRS and US GAAP would not be material. Therefore, we have not identified or quantified the differences that may impact our reported profits, financial position or cash flows in the event our consolidated financial statements were to be reported under IFRS or US GAAP, and the effect of such differences may be material.

Except as the context otherwise indicates, when discussing historical results of operations in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," "the Company," "we," "our," the "AA" and other similar terms are generally used to refer to the business of the Company and its subsidiaries. When discussing future or pro forma results of operations, such terms are generally used to refer to the business of Topco and its subsidiaries.

Overview

We are the largest roadside assistance provider in the United Kingdom, representing over 40% of the market and responding to an average of approximately 10,000 breakdowns every day. With over 100 years of operating history, we have established ourselves as one of the most widely recognised and trusted brands in the United Kingdom. We have successfully leveraged our brand and pursued an affinity-based expansion model into complementary products and services to also become a leading provider of insurance broking services, home emergency assistance services, financial services intermediation and driving services, each of which is offered under the AA brand. As of 31 January 2013, approximately 16 million customers, representing approximately 51% of UK households, subscribed to at least one AA product.

In the year ended 31 January 2013, we generated Trading turnover of £971.0 million and Trading EBITDA (defined as profit before taxation, net interest payable and similar charges, goodwill amortisation, exceptional items, pension curtailment gain, items not allocated to a segment and depreciation) of £394.6 million. Between 2009 and 2013, our Trading turnover grew at a CAGR of 2.1%. Our business generates attractive margins, with a Trading EBITDA margin of 40.6% for the year ended 31 January 2013. We have high cash conversion ratios (defined as available cash inflow from operating activities divided by Trading EBITDA) of 112.9%, 94.8% and 94.3% in the years ended 31 January 2011, 2012 and 2013, respectively, as we have favourable working capital dynamics due to the fact that the majority of our personal members pay for services in advance and the majority of our suppliers are paid after the provision of goods and services. In addition, we

estimate that approximately 84% of our turnover and approximately 92% of our profit contribution (turnover less marketing and service and delivery costs) for the year ended 31 January 2013 was derived from repeat business (defined as income from renewing personal members and insurance customers, multi-year B2B roadside assistance and driving services contracts and driving school franchisees that contribute to turnover), which contributes to the relative predictability of our future Trading EBITDA and cash flow.

Key Factors Affecting Our Results of Operations

Set forth below is a description of certain of the key factors that have historically affected our business and which may impact our business in the future.

Member Loyalty and Retention Rates

Our results are impacted by the levels at which we are able to successfully retain customers across our various business segments. We depend on maintaining a high degree of customer loyalty in order to help sustain our high customer retention rates. High retention rate levels, in turn, provide us with insight into future profit and cash flow performance and, when combined with our multi-year B2B contracts, are a source of stability and strong profit margins. An estimated 84% of our turnover and 92% of our profit contribution (which we define as turnover less marketing and service delivery costs) for the year ended 31 January 2013 was derived from repeat business. As the cost to retain a personal member is typically lower than the cost of attracting a new personal member, our operations depend on our managing and monitoring factors that affect customer retention rates, including the price of our products and services and the level of benefits offered. We believe that our ability to sustain high levels of customer service and the integrity of the AA brand is fundamental to our ability to control customer churn.

Pricing and Competition

The level of our turnover depends on our ability to correctly price our products and services. We aim to manage the pricing of our products and services for both new and existing customers across our various business segments in order to provide customers with quality products and services at an attractive price, while seeking to maximise the long-term value of our customer base. We must also price our products correctly in light of the specific competitive environment.

Within our roadside assistance segment, we offer a range of products and services at different price points for new and existing personal members and B2B customers. As price competition in the market for roadside assistance services has historically been fairly limited relative to the broader insurance market, we have had a greater degree of control with respect to our pricing policies and product packages as compared to the insurance market, where the level of price competition is high and PCWs have intensified price pressure. Within the roadside services segment, we set our personal member renewal pricing policies and services levels based on information obtained from our analysis of our extensive customer database and by our customer services teams. We offer discounts to attract new personal members and we offer a combination of discounts and enhanced service packages to existing personal members in order to foster long-term memberships. Our ability to effectively implement personal member discounts and enhanced service packages at the time of renewal, in particular, while implementing sustainable long term pricing and price increases, where appropriate, is an important factor in limiting customer churn which impacts our results of operations. The level and duration of our customer retention programs may increase our costs. Although pricing within the B2B market tends to be more competitive than in the B2C market (as contracts are regularly tendered by B2B partners), the scale of our roadside assistance segment tends to limit loss of B2B partners to competitors.

Pricing within our insurance segment is principally determined by the members of our insurance underwriting panel. We then add our brokerage commission, as appropriate, to the premiums provided by underwriters. The levels of brokerage commissions and policy volumes we are able to achieve will depend on the premiums that we receive from underwriters on our panel. Underwriter premiums will vary for a number of reasons, including underwriters' experience in managing past claims or prospective claim estimates, changes in their underwriting strategy and policies and targeted underwriting returns. In terms of new business activities, our sales conversion depends on the relative competitiveness of our underwriting premiums compared to other participants in the motor and home insurance market. This is particularly the case for sales volumes generated via PCWs. Our income from motor and home insurance customers is also dependent on the level of commission we are able to sustain from our renewing customers. If underwriters' prices increase year-on-year, customers are more likely to cancel their existing insurance policies, seek insurance from other providers and consequently, we may experience lower customer retention rates and brokerage commissions. Conversely, if underwriters' prices decrease year-on-year, we may experience higher customer retention rates and higher levels of income from brokerage commissions.

We have the ability to influence insurance pricing by providing members of our insurance underwriting panel with certain risk-related information, including proprietary data we collect in connection with our roadside assistance segment and external data such as credit scores. This information in turn allows motor insurers to more accurately tailor policies to address individual risks. Over the long-term, the provision of proprietary data to our insurance underwriting panel may offer us a competitive advantage with regards to certain customers. However, the provision of proprietary information to panel members

can also result in reductions in commissions, personal injury referral fees and finance income from the motor insurance customers if our insurance underwriting panel declines to offer competitive rates to individuals that typically attract higher premiums.

Attracting New Customers, Cross-selling and Up-selling

Our business depends on our ability to attract new customers, as well as to cross-sell and up-sell our range of products and services among our existing customer base. We rely on our customer database, online presence and call centres to attract new customers through a range of marketing activities. Changes in customer responsiveness to our marketing activities, or in our ability to convert customer leads into actual sales, impact the size of our customer base and our financial results.

We rely on cross-selling insurance services products to our roadside assistance personal members and similarly on cross-selling roadside assistance memberships to our insurance customers. In addition, we cross-sell products within our insurance services segment (for example, the sale of home insurance to a motor insurance customer) and up-sell products to our existing customers (for example, the sale of additional levels of roadside assistance cover to personal members). Cross-selling and up-selling has been the key factor supporting growth in the home emergency portion of our insurance services segment. Our ability to successfully cross-sell and up-sell supports cost-effective growth in income per customer and per policy and impacts our results of operations.

Roadside Assistance Breakdown Volume

One of our key factors affecting results of operations in our roadside assistance segment is the volume of breakdown calls that we service. Although call volume is relatively stable over time and we have developed sophisticated planning tools to match our resources to expected workload volumes, demand for our services may fluctuate from period to period based on certain factors, including the following:

Weather

We experience increased demand for roadside assistance during periods of adverse weather conditions. While both our personal member and B2B customer pricing models assume a reasonable number of bad weather days, extended periods of adverse weather conditions or extreme heat, cold or flooding have a negative impact on our operating margins as, in such circumstances, our operating costs increase. The increased costs are, however, offset in part by the associated increased revenue from B2B partners who pay for our roadside assistance services based on usage by B2B customers. We estimate that approximately 80% of our B2B partner revenue is derived from pay-for-use contracts. Breakdowns resulting from adverse weather conditions in geographically remote areas may be incrementally more expensive to service, but are less likely to occur in high volumes. In circumstances where we are required to rely on a contracted third-party garage network during peaks in demand, we incur additional incremental costs due to charges paid to these garages, which are partially offset by a corresponding increase in income from pay-for-use B2B customers. The impact of adverse weather conditions on our results of operation is mitigated by the economies of scale we have achieved across our roadside assistance segment which help to make our incremental cost per breakdown relatively predictable, despite the occasional weather-related increase in our cost base.

Customer Usage and Change in Product Mix

Changes in driving preferences may affect our results of operations. In 2011, our roadside business experienced lower call volume during periods where fuel prices remained relatively high, which we believe was the result of personal members and B2B customers driving less frequently in order to use less fuel. In contrast, in periods of economic austerity, drivers may retain older vehicles for longer periods of time, potentially leading to increased breakdown call volumes since older vehicles tend to break down more frequently than new vehicles. We may also experience shifts in revenues depending on the services offered by our B2B partners. For example, our call volumes from B2B customers increased when Lloyds Banking Group introduced our “Homestart” service to their customers in 2011.

Cost Structure

Cost of sales

Operational costs are predominately attributable to “front line” costs (such as staff costs, vehicle, fuel, tooling and equipment costs), third-party garaging and parts costs. The majority of our operational costs are either variable or semi-variable in nature, given that they are largely based on the size of the patrol force required to service breakdown volumes. We can adjust resources to respond to increases in demand in the short-term through the use of third-party garages and in the medium-term through increases or decreases in patrol headcount. Fuel costs account for approximately 2.0% of our turnover. We hedge fuel costs annually in advance of each upcoming financial year based on our 12-month usage forecast to mitigate the impact of diesel price volatility.

In addition, we incur staff and other costs in connection with the operation of service delivery call centres that answer roadside assistance calls and dispatch our patrols. Cost of sales also includes the direct costs of delivering our range of other services to personal members and B2B customers, including our automotive glass business within our roadside assistance segment and franchisee and training delivery costs and publishing costs within our driving services segment.

Administrative and marketing expenses

We incur costs through the operation of our sales and customer service call centres for both our roadside assistance and insurance segments. Our primary costs are staff costs, with a proportion of staff costs relating to incentive payments made for achieving customer service benchmarks and sales and retention targets in compliance with regulatory requirements. The bulk of our other non-operational costs relate to staff costs incurred in connection with the management of our business segments or the provision of centralised functions, including technology systems, human resources, head office and other support functions.

Headcount costs also include ongoing pension contributions, the levels of which are set as part of a triennial scheme valuation process. In the year ended 31 January 2013, pension contributions amounted to £10.4 million, of which the Company contributed 9.2% of pensionable salary across all members, but there can be no assurances that future contribution rates will remain at this rate. The 2013 Valuation is currently underway and, in accordance with applicable pensions legislation, will be required to be agreed between the AA UK Pension Trustee and the AA Group by 30 June 2014 (*i.e.,* within 15 months of the effective date of the 2013 Valuation). In anticipation that the 2013 Valuation will result in an increased funding deficit compared to the valuation in 2010, we intend to enter into the ABF with the AA UK Pension Trustee whereby the funding deficit ultimately disclosed in the 2013 Valuation will be addressed, in whole or in part, with an income stream over a 25 year term.

Our marketing costs are relatively consistent year-to-year, and we use a variety of marketing techniques, including Internet search engine advertising, direct mailings, press advertising campaigns and payments to PCWs. However, in 2010 and 2011, we employed a television campaign designed to promote our then newly launched home emergency service offering. Marketing costs per customer acquired are carefully monitored by our sales channel to help ensure that appropriate returns are achieved, as compared against our internal measures of customer value.

Separation

We do not anticipate that the Separation will have a significant effect on our overall results of operations and we do not expect our cost base to increase as a result of the Separation.

As a consequence of the Separation, we will no longer be required to remit cash to the Acromas Group treasury and we will retain this cash within the AA Group. In addition, the historical consolidated financial statements of the Company include the results of operations for ARCL, the entire share capital of which will be transferred from TAAL to the Company. As a result of the above, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations.

Saga Services Limited pays sums on account of corporation tax to HMRC on behalf of various group companies, including members of the AA Group, pursuant to a group payment arrangement and Saga Group Limited pays sums on account of VAT to HMRC as the representative member of a VAT Group that includes members of the AA Group, the Acromas Group and the Saga Group. Each of these arrangements will necessitate members of the AA Group making payments on account of their corporation tax liability and/or net VAT liability to Saga Services Limited and Saga Group Limited respectively. In relation to those members of the AA Group that form part of the Restricted Group, such payments will be regulated under the Tax Deed of Covenant.

Members of the AA Group will be able to surrender available tax losses to and accept surrenders of available tax losses from members of the Acromas Group and the Saga Group, and to enter into other tax transactions with members of the Acromas Group and the Saga Group. In the case of those members of the AA Group that form part of the Restricted Group, such transactions are regulated under the Tax Deed of Covenant. The surrender of available tax losses from Restricted Group companies to Acromas Group or Saga Group companies or vice versa must be for consideration equal to the tax value of the losses surrendered and any other tax transactions entered into between Restricted Group companies and Acromas Group or Saga Group companies may only be entered into *provided that* any such tax transaction leaves each member of the Restricted Group, taken together, and each member of the Acromas Group and Saga Group, taken together, in no worse net economic position than they would have been in had such tax transaction not taken place. See "*The Transactions—The Separation—Taxes*" for a description of our business following the Refinancing.

Costs in respect of the inter-group trading relationships covered by the Umbrella Services Agreement will be charged to each of the AA Group and the Saga Group, on the basis of the proportionate allocation of resources.

The Refinancing

As a result of the Refinancing, we will continue to be highly leveraged and our debt and interest expense will increase significantly as compared to our historical results. The principal benefits of the Refinancing are a significant increase in the tenure of the capital structure that supports the business and the ability to issue further Class A Notes in support of the long-term capital structure of the AA Group. We expect to incur finance costs of approximately £90.0 million in connection with the Refinancing, which will in part be capitalised and amortised over the duration of our respective debt instruments. The remaining costs associated with the Refinancing will be treated as exceptional operating costs in the period. On a *pro forma* basis, assuming the Refinancing had occurred on 31 January 2013, cash interest expense on the Class A Notes, the Class B Notes, the Senior Term Facility and existing finance leases (and assuming our Working Capital Facility and Liquidity Facility remain undrawn) would have been £184.9 million for the year ending 31 January 2014. To mitigate our exposure to, *inter alia*, interest rate risk deriving from the incurrence of any Relevant Debt, we will enter into derivatives transactions. We intend to hedge all our Senior Term Facility floating rate debt for a period of five years in connection with the Refinancing. As a result of the Refinancing, our financial condition and results of operations for future periods will differ from our financial condition and results of operations for the historical periods presented in this discussion. See *"—Quantitative and Qualitative Disclosures about Financial Risk—Interest Rate Risks*."

Recent Developments

Trading Update

In the three months ended 30 April 2013, we generated Trading turnover of £238.2 million, which represents an increase of £2.4 million, or 1.0%, from £235.8 million in the three months ended 30 April 2012. In addition, our Trading EBITDA increased by £6.2 million, or 6.7%, to £98.9 million in the three months ended 30 April 2013 from £92.7 million in the three months ended 30 April 2012. In the twelve months ended 30 April 2013, we generated Trading turnover of £973.4 million and Trading EBITDA of £400.8 million. Please see "*—Consolidated Results of Operations for the Three Months Ended 30 April 2012 and 2013*" for our results of operations for the three-month periods ended 30 April 2012 and 2013.

Separation

In 2007, the AA joined Saga under common ownership and has since operated as a subsidiary of the parent company, Acromas Holdings Limited, which is owned by funds controlled by Charterhouse (36%), funds controlled by CVC (20%), funds controlled by Permira (20%), employees (20%) and others (4%). However, the AA has largely maintained independent business operations within each of its segments, with the exception of certain shared services and trading relationships among the AA Group, the Acromas Group and the Saga Group, including with respect to information technology, legal services, financial services and treasury administration.

Concurrently with the Offering, the operations of the AA Group will be separated from the Acromas Group and the Saga Group (the "**Separation**"). However, the AA will continue to be owned by Acromas and have certain shared responsibilities and trading relationships with the Acromas Group and the Saga Group. To formalise the Separation and help facilitate a smooth transition, whereby the AA, Saga and Acromas will operate as independent groups with limited dependency, the AA Group will enter into an inter-group services agreement with the Acromas Group that will govern the relationship between certain members of the AA Group, the Saga Group and the Acromas Group and set forth the terms and conditions on which certain services will be provided between such members. See "*The Transactions—The Separation*."

AA Pension Schemes

The AA Group operates two defined benefit pension schemes: (i) the AA UK Pension Scheme and (ii) the AA Ireland Pension Scheme. The AA UK Pension Scheme is the largest scheme operated by the AA Group and according to the last actuarial valuation, which was carried out as at 31 March 2010, the AA UK Pension Scheme had a funding deficit of approximately £87 million and assets of £1,222 million. The Saga Group operates three defined benefit pension schemes: (i) the Saga Pension Scheme, (ii) the Nestor Healthcare Group Retirement Benefits Scheme and (iii) the Healthcall Group Limited Pension Scheme. The Saga Pension Scheme is the largest scheme operated by the Saga Group and as at 31 January 2012, the Saga Pension Scheme had a funding deficit of approximately £37.3 million and assets of £146.0 million. In connection with the AA Group and the Saga Group being brought together under common ownership to form part of the Acromas Group in 2007, an agreement was entered into with the trustee of each of the AA UK Pension Scheme and the Saga Pension Scheme, which provided the trustees thereof with shared super senior security over assets of the Acromas Group. Under this arrangement, the AA UK Pension Trustee was granted super senior security over assets up to a value of £150 million in respect of certain liabilities relating to the AA UK Pension Scheme, and the Saga Pension Trustee was granted super senior security over assets up to a value of £32.5 million in respect of certain liabilities relating to the Saga Pension Scheme.

The 2013 Valuation is currently being conducted for the AA UK Pension Scheme and we expect to receive the preliminary valuation results later in 2013. In connection with the 2013 Valuation, we have entered into negotiations with the AA UK Pension Trustee in relation to a proposal to enter into an ABF, which will provide the AA UK Pension Scheme with an inflation-linked income stream over 25 years, intended to address, in whole or in part, the funding deficit which is expected to be disclosed by the 2013 Valuation. Typically, funding deficits are addressed over a much shorter period than 25 years and, in order to secure the AA UK Pension Trustee's agreement to this longer 25-year term under the ABF, it is proposed that the AA UK Pension Trustee will release its £150 million super senior security to be granted by the Obligors concurrently with the Offering (as described below) in return for first-ranking security over our brands up to a value of £200 million. While the proposed arrangement remains subject to further negotiation, we expect that the ABF will be put in place during the course of 2013. As described above, the AA UK Pension Trustee currently has the benefit of shared super senior security over assets of the Acromas Group up to a value of £150 million in respect of certain liabilities relating to the AA UK Pension Scheme. Concurrently with the Offering, the AA UK Pension Trustee's existing shared super senior security interest will be released and it will be granted first-ranking super senior security from the Obligors up to a value of £150 million. If the ABF is not finally agreed and implemented, the AA UK Pension Trustee's security will remain at its present value of £150 million. Concurrently with the Offering, the AA Ireland Pension Trustee will also be granted first-ranking super senior security from the Obligors up to a value of £10 million, which will remain in place irrespective of whether the ABF is ultimately agreed and implemented.

A non-binding term sheet setting out the terms of the ABF has been agreed with the AA UK Pension Trustee and will be appended to a pension agreement, which will set out the terms agreed between the AA Group and the AA UK Pension Trustee on various pensions issues, including the guarantees being granted to the Borrower to replace the guarantees previously provided by a member of the Acromas Group, and which will be entered into between the AA UK Pension Trustee and the Borrower on or about the Closing Date (the "**AA UK Pension Agreement**").

No results (preliminary or otherwise) are currently available in relation to the 2013 Valuation. We estimate that the funding deficit with respect to the AA UK Pension Scheme was approximately £180 million as at 31 March 2013. However, the funding deficit for the purposes of the final 2013 Valuation will depend on the assumptions we agree with the AA UK Pension Trustee, which means the funding deficit disclosed by the 2013 Valuation may differ materially from our current estimate. Furthermore, there can be no assurance that the funding deficit with respect to the AA UK Pension Scheme will not increase in the future under the ABF, which may result in materially higher payments to the AA UK Pension Trustee being required.

As a result of a recent law change, certain employers in the United Kingdom are now required to automatically enroll eligible employees (who are not already members of a qualifying pension scheme) into a qualifying pension scheme with a minimum level of employer contributions. The AA Group will begin to automatically enroll eligible employees who are not already members of a qualifying pension scheme (such as the AA UK Pension Scheme) into a group personal pension plan commencing on 1 July 2013 (though employees will have the option to opt into the group personal pension plan before 1 July 2013 if they wish).

The Migration

One of our subsidiaries, TAAL, is incorporated in Jersey and is regulated by the Jersey Commission as a registered person under the Financial Services (Jersey) Law 1998 to carry on general insurance mediation business, as more fully described under "*Regulatory Overview — TAAL Jersey Regulatory Overview*." Consequently, TAAL is subject to certain requirements imposed by Jersey law, which, among other things, requires prior approval from the Jersey Commission to transfer direct and indirect ownership in TAAL or appoint a liquidator or an administrator, or to perfect any assignment of title to or enforce any security interest granted in respect of the share capital of TAAL or any parent company of TAAL. Accordingly, in order to facilitate enforcement of the Obligor Security in the future for the indirect benefit of the holders of the Class B Notes, including the appointment of an administrative receiver, concurrently with the Offering, TAAL and AADL, an entity incorporated in England, will enter into the Business Transfer Deed, pursuant to which TAAL will agree to sell, and AADL will agree to buy, the business of TAAL as a going concern and the legal and beneficial title to substantially all the income producing assets of TAAL. In connection with the sale, AADL will assume all the liabilities of TAAL, as well as agree to pay the book value of the assets to be transferred.

Substantially all the income producing assets of TAAL will be transferred in accordance with the terms set out in the Business Transfer Deed. It is expected that the transfers will commence in September 2013, when employees of TAAL will transfer to AADL and AADL will be substituted as the sponsoring employer under the AA UK Pension Scheme in place of TAAL, and subject in the case of certain assets, such as supplier contracts, finance leases and leases of real estate, to the receipt of applicable third party consents. Prior to the transfer of employees, TAAL will agree to service and administer the assets that have already been transferred to AADL to the same standard that it would apply if it had not entered into the Business Transfer Deed. Following the transfer of employees to AADL, TAAL and AADL will enter into a transitional services agreement to ensure TAAL is able to discharge its duties in respect of assets that have yet to be transferred or which do not form part of the assets being sold to the same standard that it has applied prior to the date of the Business Transfer Deed. See "*The Transactions—The Migration*."

Key Operating Measures

We use several key operating measures, including number of roadside assistance personal members, number of roadside assistance business customers, breakdowns attended, average income from personal members and policy numbers in force, to track the financial and operating performance of our business. None of these terms are measures of financial performance under UK GAAP, nor have these measures been audited or reviewed by an auditor, consultant or expert. All these measures are derived from our internal operating and financial systems. As defined by our management, these terms may not be directly comparable to similar terms used by competitors or other companies.

The following table sets forth our key operating measures as of and for the periods indicated.

	For the year ended 31 January			For the twelve months ended 30 April	
	2011	2012	2013	2012	2013
	(in thousands, except as otherwise indicated)				
Roadside assistance					
Number of personal members[(1)]	4,150	4,121	4,093	4,124	4,066
Number of business customers[(2)]	7,821	8,507	8,652	8,563	8,618
Total	**11,971**	**12,628**	**12,745**	**12,682**	**12,684**
Breakdowns attended (millions)	3.6	3.4	3.7	3.5	3.7
Average income from personal members (£ actual)[(3)]	111.1	114.1	118.0	114.4	119.4
Insurance services					
Policy numbers in force[(4)]	2,691	2,759	2,538	2,775	2,480

(1) Number of personal members represents the average number of roadside assistance personal members during the period.

(2) Number of business customers represents the average number of roadside assistance B2B customers during the period. The increased number of business customers in 2012 was due to the Halifax and the Bank of Scotland offerings of AVAs to their customers.

(3) Average income from personal members represents the average income generated from a roadside assistance personal member, which is calculated by dividing (i) turnover generated from the sale of memberships and turnover from the sale of parts and additional services to roadside assistance personal members by (ii) the total number of personal members, during the period.

(4) Policy numbers in force represents the total number of insurance policies in force, including motor, home and travel insurance and home emergency policies, at the end of the period.

Presentation of Financial Information

The following is a discussion of our key profit and loss account items. For additional information, see "*Note 1*" to our audited consolidated financial statements as of and for the year ended 31 January 2013 included elsewhere in this Offering Memorandum.

Turnover

Turnover consists of income generated primarily from four core segments, roadside assistance, insurance services, driving services and AA Ireland. Roadside assistance turnover is primarily generated through the sale of annual roadside assistance memberships and related products to personal members and through payments for usage of our roadside service by B2B customers under multi-year contracts. Insurance services turnover is primarily generated through commissions earned on the sale and administration of motor insurance and home insurance policies and ancillary add-on products, as well as from the sale of home emergency services and services and commissions paid by financial institutions for the sale of savings accounts, credit cards and loan products. Driving services turnover is primarily derived from franchise fees paid to us by driving instructors, lesson fees from motorists, corporate fleet training services and the sale of AA publications. AA Ireland income consists of turnover earned in connection with our Ireland-based roadside assistance and insurance services sectors.

In addition to the turnover from our four core segments, we have historically received low levels of insurance underwriting revenue as a result of reinsurance premiums from insurance companies within the Acromas Group. Furthermore, there are certain management fees payable to other Acromas companies that offset the above turnover streams, which are not allocated to a segment as they do not reflect the segmental trading performance. Following the Refinancing and the Separation, we will no longer pay these management fees to the Acromas Group. See "*The Transactions—The Separation*."

Cost of Sales

Cost of sales includes the operational costs of our roadside assistance segment, which includes patrol salaries, vehicle costs (including depreciation), garaging fees, petrol, parts costs, costs of answering and responding to roadside service related calls and the management of service delivery activities. Furthermore, cost of sales includes costs relating to our home emergency business, our driving school vehicle fleet, driving school course instructor fees, preparing and providing our

driving courses to corporate fleet customers and publishing. Reinsurance claims costs are also reported within our costs of sales. We also include certain exceptional costs within cost of sales, including onerous lease contracts in connection with our driving services segment, which were incurred in 2012.

Administrative and marketing expenses

Administrative and marketing expenses includes our personnel costs relating to sales and service call centres, as well as back-office staff. Administrative and marketing expenses also include marketing costs such as Internet search fees, mailshots, direct response television campaigns and press advertising, along with head office costs. Other administrative and marketing expenses include the amortisation of goodwill, pension curtailment costs and credits and exceptional items such as redundancy payments resulting from significant restructuring activities. Depreciation of IT systems, property rental and facilities costs, the cost of the corporate insurance programme and other office costs such as stationery are also included in our administrative and marketing expenses.

Our head office costs do not relate to any revenue generating operations. The costs cover administrative expenses relating to head office and back-office functions, including finance, human resources and IT support and development.

Other operating income

Other operating income consists of investment return on cash held within our insurance underwriting and AA Ireland segments, which is treated as restricted cash, as it is not available for general corporate use due to regulatory restrictions imposed upon those businesses.

Share of profits in associates

Share of profits in associates consists of revenue generated by our investment in ACTA Assistance ("**ACTA**"), a company which provides roadside assistance to certain of our personal members and B2B customers while traveling in certain European countries. In turn, we provide reciprocal roadside assistance services to ACTA customers while they are travelling within the United Kingdom.

Net interest payable and similar charges

Net interest payable and similar charges consist primarily of interest on shareholder loans and interest incurred on finance lease agreements. In addition, the unwinding of discounts on provisions (including pension provisions) and bank overdraft interest are included within net interest payable and similar charges.

Taxation

Taxation is the corporate tax charge for the year after taking any deferred tax into consideration. Our effective tax rate for the year ended 31 January 2013 was 24.33%. Our effective tax rate in the future will be generally in line with historical rates. However, we expect that our payable tax will decrease due to the interest expense incurred in connection with the Refinancing.

Exceptional items

In assessing whether a cost is exceptional in nature, we consider, among other factors, its size, likelihood of recurrence and whether it is closely linked to our ongoing trading activities. Exceptional items are reflected in the line item that most closely reflects their nature. We incurred certain exceptional items in cost of sales and administrative and marketing expenses. Cost of sales exceptional items relate to two onerous lease contracts within our driving services segment, which were incurred in 2012. Administrative and marketing expense exceptional items have historically included: (i) restructuring costs primarily relating to redundancy costs, professional fees and the reorganisation of our operations, (ii) exit penalty costs as a result of our termination of a long-term IT outsourcing contract, (iii) IT system replacement project costs and (iv) provisions for future lease costs with respect to vacant properties, net of expected sub-leasing income.

Trading EBITDA

Trading EBITDA is used as a key measure of underlying performance and is defined as profit before (i) taxation, (ii) net interest payable and similar charges, (iii) goodwill amortisation, (iv) exceptional items, (v) pension curtailment gain, (vi) items not allocated to a segment and (vii) depreciation. Items not allocated to a segment relate to transactions that do not form part of the ongoing segment performance (including head office costs) and include transactions which are one-off in nature or relate to the element of management charges from the Acromas Group for accessing shared services used by each of the AA Group, Saga Group and Acromas Group. See "*Presentation of Financial and Other Information*." The table below sets forth the reconciliation of profit to Trading EBITDA for the periods indicated.

	For the year ended 31 January			For the three months ended 30 April	
	2011	2012	2013	2012	2013
			(£ in millions)		
Profit for the financial year	**119.6**	**113.1**	**120.5**	**33.4**	**34.0**
Taxation	75.6	69.1	69.0	16.7	17.5
Profit on ordinary activities before taxation	**195.2**	**182.2**	**189.5**	**50.1**	**51.5**
Net interest payable and similar charges	90.4	35.2	43.0	9.7	10.1
Profit on sale of joint ventures	—	(0.6)	(3.1)	3.1	—
Group operating profit	**285.6**	**216.8**	**229.4**	**56.7**	**61.6**
Goodwill amortisation	92.6	92.9	93.0	23.2	23.2
Exceptional items[(a)]	6.2	16.7	30.0	—	1.2
Pension curtailment gain[(b)]	(46.2)	—	—	—	—
Items not allocated to a segment[(c)]	2.6	5.0	4.3	3.3	3.3
Depreciation	30.0	36.7	37.9	9.5	9.6
Trading EBITDA	**370.8**	**368.1**	**394.6**	**92.7**	**98.9**

(a) Exceptional items are reflected in the line item that most closely reflects their nature. For further information on exceptional items, see "*—Consolidated Results of Operations for the Three Months Ended 30 April 2012 and 2013*," "*—Consolidated Results of Operations for the Years Ended 31 January 2012 and 2013*" and "*—Consolidated Results of Operations for the Years Ended 31 January 2011 and 2012.*"

(b) For further information on pension curtailment gain, see "*—Consolidated Results of Operations for the Years Ended 31 January 2011 and 2012.*"

(c) Items not allocated to a segment relate to transactions that do not form part of the ongoing segment performance (including head office costs) and include transactions which are one-off in nature or relate to the element of management charges from the Acromas Group for accessing shared services used by each of the AA Group, Saga Group and Acromas Group.

Consolidated Results of Operations for the Three Months Ended 30 April 2012 and 2013

The table below sets forth our results of operations for the periods under review.

	For the three months ended 30 April	
	2012	2013
	(£ in millions)	(£ in millions)
Turnover	**234.3**	**238.2**
Cost of sales	(85.9)	(85.3)
Gross profit	**148.4**	**152.9**
Administrative and marketing expenses	(92.2)	(91.3)
Other operating income	0.5	—
Operating profit before share of profits in associates	**56.7**	**61.6**
Share of profits in associates	—	—
Operating profit	**56.7**	**61.6**
Trading EBITDA	92.7	98.9
Items not allocated to a segment	(3.3)	(3.3)
Depreciation	(9.5)	(9.6)
Goodwill amortisation	(23.2)	(23.2)
Exceptional items[1]	—	(1.2)
Pension curtailment gain	—	—
Operating profit	**56.7**	**61.6**
Profit on sale of joint venture	3.1	—
Net interest payable and similar charges	(9.7)	(10.1)
Profit on ordinary activities before taxation	**50.1**	**51.5**
Taxation	(16.7)	(17.5)
Profit for the financial year	**33.4**	**34.0**

(1) Exceptional items are reflected in the line item that most closely reflects their nature. We incurred certain exceptional items in administrative and marketing expense, primarily relating to redundancy costs.

Turnover

Our turnover increased by £3.9 million, or 1.7%, from £234.3 million in the three months ended 30 April 2012 to £238.2 million in the three months ended 30 April 2013. The increase in turnover was primarily driven by growth in the roadside assistance segment, as described below.

The table below sets forth, for each of the periods indicated, our turnover by segment, both in pounds sterling and as a percentage of consolidated turnover.

	For the three months ended 30 April			
	2012		2013	
	(£ in millions)	(in % of turnover)	(£ in millions)	(in % of turnover)
Roadside assistance	165.3	70.6	170.5	71.6
Insurance services	39.3	16.7	37.5	15.7
Driving services	21.6	9.2	20.5	8.6
AA Ireland	9.6	4.1	9.7	4.1
Insurance underwriting	—	—	—	—
Trading turnover	235.8	100.6	238.2	100.0
Turnover not allocated to a segment	(1.5)	(0.6)	—	—
Turnover	**234.3**	**100.0**	**238.2**	**100.0**

An analysis of our turnover by segment is set forth below:

Roadside assistance: Our turnover from roadside assistance increased by £5.2 million, or 3.1%, from £165.3 million in the three months ended 30 April 2012 to £170.5 million in the three months ended 30 April 2013. The increase in turnover was driven primarily by stable personal member retention rates and increased income per personal member, as well as increased usage of the service by our B2B customers. Average income from personal members increased as a result of improved pricing and fewer discounts implemented during the year ended 31 January 2013, the benefits of which were recognised in the three months ended 30 April 2013. In addition, the increase in B2B turnover was partially due to higher usage, primarily driven by adverse weather conditions experienced in the three months ended 30 April 2013.

Insurance services: Our turnover from insurance services decreased by £1.8 million, or 4.6%, from £39.3 million in the three months ended 30 April 2012 to £37.5 million in the three months ended 30 April 2013. The decrease in turnover in the three months ended 30 April 2013 was primarily due to our underwriting panel applying a more competitive motor insurance pricing strategy with respect to personal members and customers who have strong credit histories, resulting in lower income per policy. However, the decrease in turnover from insurance services was partially mitigated as a result of strong retention rates for both motor and home insurance customers. The decline in turnover from motor insurance services was also partially offset by growth in turnover from our home emergency products, as a result of growth in income from both personal members and B2B customers.

Driving services: Our turnover from driving services decreased by £1.1 million, or 5.1%, from £21.6 million in the three months ended 30 April 2012 to £20.5 million in the three months ended 30 April 2013. The decrease in turnover was primarily due to our decision to remove less profitable titles from our media business in the year ended 31 January 2012 and the beginning of the year ended 31 January 2013. We also experienced a small decline in the number of driving school pupils as a result of a decline in the number of provisional driving license applications during the quarter.

AA Ireland: Our turnover from AA Ireland increased by £0.1 million, or 1.0%, from £9.6 million in the three months ended 30 April 2012 to £9.7 million in the three months ended 30 April 2013. On a constant currency basis (calculated by applying a sterling to euro exchange rate of 1.2070, determined by averaging the month end rates for each month in the three months ended 30 April 2012, as published by the Financial Times, to AA Ireland euro denominated turnover for the three months ended 30 April 2013), our turnover from AA Ireland was £9.4 million in the three months ended 30 April 2013.

Cost of Sales

Our cost of sales decreased by £0.6 million, or 0.7%, from £85.9 million in the three months ended 30 April 2012 to £85.3 million in the three months ended 30 April 2013. The decrease in cost of sales was partially due to headcount reductions conducted in the year ended 31 January 2013 and reduced driving school vehicle costs in connection with reduced pricing for driving school vehicles, which were negotiated in the year ended 31 January 2013. However, this decrease was partially offset by additional costs for the use of third-party garages within the roadside assistance segment due to adverse weather conditions experienced during the three months ended 30 April 2013.

Administrative and marketing expenses

Our administrative and marketing expenses decreased by £0.9 million, or 1.0%, from £92.2 million in the three months ended 30 April 2012 to £91.3 million in the three months ended 30 April 2013. The decrease in administrative and marketing expenses was driven by savings realised in connection with the closure of two call centres in the year ended 31 January 2013 and further savings realised in connection with the restructuring of certain head office functions in the year ended 31 January 2013. These savings were partially offset by £1.2 million of costs incurred in connection with exceptional items relating to redundancy costs, which were incurred during the three months ended 30 April 2013. There were no equivalent exceptional items and related costs in the three months ended 30 April 2012.

Other operating income

Our other operating income decreased by £0.5 million, or 100.0%, from £0.5 million in the three months ended 30 April 2012 to nil in the three months ended 30 April 2013. The decrease in other operating income was due to reduced insurance underwriting activities. Other operating income will largely cease to exist following the Separation. See "*The Transactions—The Separation*."

Net interest payable and similar charges

Our net interest payable and similar charges increased by £0.4 million, or 4.1%, from £9.7 million in the three months ended 30 April 2012 to £10.1 million in the three months ended 30 April 2013. The increase in net interest payable and similar charges was primarily due to interest on our shareholder loans, which is added each quarter to the principal amount outstanding, and therefore generates a corresponding increase in interest. These loans will be fully repaid in connection with the Refinancing. In addition, we had increased interest charges paid as part of the extension of certain finance lease contracts, which were partially offset by a decrease in finance lease interest due to a reduction in the size of our recovery vehicle fleet during the year ended 31 January 2013.

Taxation

Our taxation increased by £0.8 million, or 4.8%, from £16.7 million in the three months ended 30 April 2012 to £17.5 million in the three months ended 30 April 2013. This difference is primarily attributable to a timing difference between the recognition of tax charges and taxable profit.

Trading EBITDA

Trading EBITDA is a non-UK GAAP measure and is not a substitute for any UK GAAP measure. We use this measure for many purposes in managing and directing our company. For a reconciliation of Trading EBITDA to profit for the financial quarter, see "*Summary Consolidated Financial, Operating and Other Data.*"

Our Trading EBITDA increased by £6.2 million, or 6.7%, from £92.7 million in the three months ended 30 April 2012 to £98.9 million in the three months ended 30 April 2013. As a percentage of Trading turnover, Trading EBITDA margin increased from 39.3% in the three months ended 30 April 2012 to 41.5% in the three months ended 30 April 2013. The increase in both Trading EBITDA and Trading EBITDA margin primarily related to growth in our roadside assistance and insurance services segments, as described below.

The table below sets forth, for each of the periods indicated, our Trading EBITDA by segment, both in pounds sterling and as a percentage of consolidated Trading EBITDA.

	For the three months ended 30 April			
	2012		2013	
	(£ in millions)	(in % of Trading EBITDA)	(£ in millions)	(in % of Trading EBITDA)
Roadside assistance	78.3	84.5	83.0	83.9
Insurance services	19.1	20.6	21.1	21.3
Driving services	3.7	4.0	3.7	3.7
AA Ireland	2.8	3.0	3.1	3.1
Insurance underwriting	0.5	0.5	0.0	0.0
Head office costs	(11.7)	(12.6)	(12.0)	(12.0)
Trading EBITDA	**92.7**	**100.0**	**98.9**	**100.0**

An analysis of our Trading EBITDA by segment is set forth below:

Roadside assistance: Our Trading EBITDA from roadside assistance increased by £4.7 million, or 6.0%, from £78.3 million in the three months ended 30 April 2012 to £83.0 million in the three months ended 30 April 2013. As a percentage of roadside assistance turnover, Trading EBITDA increased from 47.4% in the three months ended 30 April 2012 to 48.7% in the three months ended 30 April 2013. The increase in both Trading EBITDA and Trading EBITDA margin was driven primarily by stable personal member retention rates and increased income per personal member, as well as increased usage of roadside service by our B2B customers, who pay for the service based on the number of callouts, as a result of adverse weather conditions during the three months ended 30 April 2013.

Insurance services: Our Trading EBITDA from insurance services increased by £2.0 million, or 10.5%, from £19.1 million in the three months ended 30 April 2012 to £21.1 million in the three months ended 30 April 2013. As a percentage of insurance services turnover, Trading EBITDA increased from 48.6% in the three months ended 30 April 2012 to 56.3% in the three months ended 30 April 2013. The increase in both Trading EBITDA and Trading EBITDA margin was driven by our home emergency services becoming profitable after investment in marketing and operational resources in the three months ended 30 April 2012, as well as cost saving initiatives that led to the consolidation of call centre operations and the withdrawal from a number of inefficient marketing channels. The increase in Trading EBITDA within our insurance services segment was partially offset by reduced income per policy in connection with our motor insurance products and services, as described above.

Driving services: Our Trading EBITDA from driving services was unchanged at £3.7 million both in the three months ended 30 April 2012 and the three months ended 30 April 2013. As a percentage of driving services turnover, Trading EBITDA increased from 17.1% in the three months ended 30 April 2012 to 18.0% in the three months ended 30 April 2013. The increase in Trading EBITDA margin was primarily due to reduced costs resulting from the restructuring of certain head office functions, partially offset by the impact of the lower number of driving school pupils during the three months ended 30 April 2013.

AA Ireland: Our Trading EBITDA from AA Ireland increased by £0.3 million, or 10.7%, from £2.8 million in the three months ended 30 April 2012 to £3.1 million in the three months ended 30 April 2013, which was primarily due to headcount reductions achieved in the year ended 31 January 2013 across management, patrols and contact centres, as well as a reduction in printing and postage costs through process redesign. This was partially offset by the additional costs for third-party garages, which were incurred due to adverse weather conditions experienced during the three months ended 30 April 2013. On a constant currency basis (calculated by applying a sterling to euro exchange rate of 1.2070, determined by averaging the month end rates for each month in the three months ended 30 April 2012 as published by the Financial Times, to AA Ireland euro denominated Trading EBITDA for the three months ended 30 April 2013) our Trading EBITDA from AA Ireland was £3.1 million in the three months ended 30 April 2013. As a percentage of AA Ireland turnover, Trading EBITDA increased from 29.2% in the three months ended 30 April 2012 to 32.0% in the three months ended 30 April 2013.

Head office costs: Our head office costs increased by £0.3 million, or 2.6%, from £11.7 million in the three months ended 30 April 2012 to £12.0 million in the three months ended 30 April 2013.

Liquidity and Capital Resources

Historically, we have transferred all surplus cash to the Acromas Group treasury and funded the day-to-day requirements of our business by drawing on these cash reserves as necessary. To date, we have relied solely on operating cash flows to provide funds required for operations and have not needed to rely on intergroup or external borrowings.

Following the Refinancing, we will no longer remit cash to the Acromas Group treasury and will retain this cash within the AA Group. Our primary sources of liquidity going forward will be cash from operations and borrowings under our £150.0 million Working Capital Facility and £220.0 million Liquidity Facility and other borrowings. See "*Description of Certain Financing Arrangements*." Although we believe that our expected cash flows from operations and available credit facilities will be adequate to meet our liquidity needs and debt service obligations, our ability to generate cash from our operations and availability of our current credit facilities will depend on our future operating performance, which is, in turn, dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control.

Historically, we have been required to hold segregated funds as "restricted cash" in order to satisfy regulatory requirements governing our insurance underwriting business and Irish subsidiaries. In particular, the AA Group contains three authorised insurers, Automobile Association Underwriting Services Limited ("**AAUSL**"), AA Underwriting Limited ("**AAUL**") and ARCL. However, AAUL ceased underwriting insurance policies in 1998 and has no reserves. AAUSL ceased underwriting activities in 2009 and had reserves of £0.4 million as at 31 January 2013. We intend to transfer the entire share capital of ARCL from TAAL to the Company on or prior to the Issue Date. As a result, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations.

Cash Flows

The following table sets forth the principal components of our cash flows for the three months ended 30 April 2012 and 2013.

	For the three months ended 30 April,	
	2012	2013
	(£ in millions)	
Operating profit	56.7	61.6
Amortisation of goodwill	23.2	23.2
Depreciation of tangible fixed assets	9.5	9.5
Pension curtailment gain	—	—
Less other operating income	(0.5)	—
Less share of profits in associates	—	—
Change in working capital	(8.0)	11.3
Net cash inflow from operating activities	**80.9**	**105.6**
Returns on investments and servicing of finance	**(1.0)**	**(0.7)**
Taxation	**—**	**(7.0)**
Capital expenditure and financial investment		
Purchase of tangible assets	(5.2)	(5.5)
Acquisitions and disposals	**2.5**	**—**
Net cash inflow before financing	**77.2**	**92.4**
Repayment of capital element of finance lease agreements	(3.4)	(6.0)
Payments to Group Treasury	(69.2)	(79.0)
Financing	**(72.6)**	**(85.0)**
Overall (decrease)/increase in cash	**4.6**	**7.4**

Change in Working Capital

Our change in working capital was negative £8.0 million in the three months ended 30 April 2012 compared to positive £11.3 million in the three months ended 30 April 2013. This change in working capital in the three months ended 30 April 2013 was primarily due to timing differences relating to the receipt of payments from B2B debtors.

Net Cash Flow from Operating Activities

Net cash flow from operating activities increased by £24.7 million from a cash inflow of £80.9 million in the three months ended 30 April 2012 to a cash inflow of £105.6 million in the three months ended 30 April 2013. The increase in net cash flow from operating activities was primarily due to the improvement in working capital described above, combined with the underlying increase in business profitability in connection with our roadside assistance segment.

Returns on Investments and Servicing of Finance

Our cash outflow from returns on investments and servicing of finance was £1.0 million in the three months ended 30 April 2012 compared to £0.7 million in the three months ended 30 April 2013. The decrease in cash outflow from investments and servicing of finance was primarily due to higher interest payments on finance leases in the three months ended 30 April 2012 due to the extension of certain contracts combined with a reduction in the recovery vehicle fleet during the year ended 31 January 2013.

Taxation

Our cash outflow from taxation was nil in the three months ended 30 April 2012 compared to £7.0 million in the three months ended 30 April 2013. The increase in cash outflow from taxation was primarily due to a payment made for corporation tax due in connection with the year ended 31 January 2013 via certain inter group arrangements between the AA Group, the Acromas Group and the Saga Group, which will be modified following the Separation. See "*The Transactions—The Separation*."

Capital Expenditure and Financial Investment

Our cash outflow from capital expenditure and financial investment was £5.2 million in the three months ended 30 April 2012 compared to £5.5 million in the three months ended 30 April 2013. The increase in cash outflow from capital expenditure and financial investment was primarily due to the increased investment in our IT systems, particularly focused on increasing the level of system automation to permit further efficiency savings to be realised.

Acquisitions and Disposals

Our net cash inflow from acquisitions and disposals was £2.5 million in the three months ended 30 April 2012 compared to nil in the three months ended 30 April 2013. The cash inflow in the three months ended 30 April 2012 was primarily due to the receipt of deferred proceeds from the disposal of the Group's joint venture (AA Personal Finance) in the year ended 31 January 2010.

Repayment of Capital Element of Finance Lease Agreements

Our cash outflow from repayment of capital element of finance lease agreements was £3.4 million in the three months ended 30 April 2012 compared to £6.0 million in the three months ended 30 April 2013. The increase in cash outflow was primarily due to certain finance lease payments being delayed from the final months of the year ended 31 January 2013 into the three months ended 31 April 2013.

Payments to Group Treasury

Our cash outflow from payments to the Acromas Group treasury was £69.2 million in the three months ended 30 April 2012 compared to £79.0 million in the three months ended 30 April 2013. The increase in cash outflow from payments to Acromas Group treasury was primarily due to increased levels of cash generated within the business.

Other Financial Obligations for the Three Months Ended 30 April 2012 and 2013

Pension Obligations

As at 30 April 2013 our defined benefit pension liabilities totalled £204.3 million, compared to £135.9 million as at 31 January 2013 and £96.9 million as at 30 April 2012. This increase in liabilities is due primarily to a reduction in the corporate bond yield used as the discount factor in determining the present value of our future pension liabilities. For additional information on our pension liabilities, see "*—Other Financial Obligations—Pension Obligations*" below.

Consolidated Results of Operations for the Years Ended 31 January 2012 and 2013

The table below sets forth our results of operations for the periods under review.

	For the year ended 31 January	
	2012	2013
	(£ in millions)	(£ in millions)
Turnover	**973.9**	**968.0**
Cost of sales	(385.2)	(349.4)
Gross profit	**588.7**	**618.6**
Administrative and marketing expenses	(374.7)	(391.3)
Other operating income	2.4	1.4
Operating profit before share of profits in associates	**216.4**	**228.7**
Share of profits in associates	0.4	0.7
Operating profit	**216.8**	**229.4**
Trading EBITDA	368.1	394.6
Items not allocated to a segment	(5.0)	(4.3)
Depreciation	(36.7)	(37.9)
Goodwill amortisation	(92.9)	(93.0)
Exceptional items[1]	(16.7)	(30.0)
Pension curtailment gain	—	—
Operating profit	**216.8**	**229.4**
Profit on sale of joint venture	0.6	3.1
Net interest payable and similar charges	(35.2)	(43.0)
Profit on ordinary activities before taxation	**182.2**	**189.5**
Taxation	(69.1)	(69.0)
Profit for the financial year	**113.1**	**120.5**

(1) We incurred certain exceptional items in cost of sales and administrative and marketing expenses. Cost of sales exceptional items relate to two onerous lease contracts within our driving services segment, which were incurred in 2012. Administrative and marketing expense exceptional items have historically included: (i) restructuring costs primarily relating to redundancy costs, professional fees and the reorganisation of our operations, (ii) exit penalty costs as a result of our termination of a long-term IT outsourcing contract, (iii) IT system replacement project costs and (iv) provisions for future lease costs with respect to vacant properties, net of expected sub-leasing income.

Turnover

Our turnover decreased by £5.9 million, or 0.6%, from £973.9 million in the year ended 31 January 2012 to £968.0 million in the year ended 31 January 2013. The decrease in turnover was primarily driven by our decision to cease writing reinsurance business in our insurance underwriting segment, as further described below. Excluding the insurance underwriting segment, turnover increased by £19.9 million, or 2.1%, from £948.1 million in the year ended 31 January 2012 to £968.0 million in the year ended 31 January 2013. This increase was primarily driven by growth in the roadside assistance segment, as described below.

The table below sets forth, for each of the periods indicated, our turnover by segment, both in pounds sterling and as a percentage of consolidated turnover.

	For the year ended 31 January			
	2012		2013	
	(£ in millions)	(in % of turnover)	(£ in millions)	(in % of turnover)
Roadside assistance	645.3	66.3	674.1	69.6
Insurance services	168.4	17.3	162.1	16.7
Driving services	96.9	9.9	96.5	10.0
AA Ireland	42.3	4.3	38.3	4.0
Insurance underwriting	25.8	2.7	—	—
Trading turnover	978.7	100.5	971.0	100.3
Turnover not allocated to a segment	(4.8)	(0.5)	(3.0)	(0.3)
Turnover	**973.9**	**100.0**	**968.0**	**100.0**

An analysis of our turnover by segment is set forth below:

Roadside assistance: Our turnover from roadside assistance increased by £28.8 million, or 4.5%, from £645.3 million in the year ended 31 January 2012 to £674.1 million in the year ended 31 January 2013. The increase in turnover was driven primarily by increased personal member retention rates and income per personal member, as well as

increased usage by B2B customers, who pay for the service based on the number of callouts, as a result of adverse weather conditions during the year ended 31 January 2013. We believe that personal member retention rates increased as a result of improvements in our retention processes during the course of the year, as well as the introduction of tiered product enhancements provided to personal members based on membership tenure and proactive discounts offered to certain low tenure personal members. Average income from personal members increased as a result of improved price and discounting effectiveness, facilitated by the implementation of our proprietary data collection systems and increased cross-sell and up-sell efforts within our personal membership base.

Insurance services: Our turnover from insurance services decreased by £6.3 million, or 3.7%, from £168.4 million in the year ended 31 January 2012 to £162.1 million in the year ended 31 January 2013. The decrease in turnover in the year ended 31 January 2013 was primarily due to our underwriting panel focusing on personal members with strong credit histories, where it was able to apply a more competitive pricing strategy, and declining to offer competitive prices to higher risk customer groups. This was partially offset by an increase in renewal rates among motor insurance customers as the provision of our proprietary risk information to our panel of underwriters has led to competitive renewal premiums for roadside personal members, resulting in increased renewal rates. The decline in turnover from motor insurance services was also partially offset by growth in turnover from our home insurance and home emergency products. Turnover from these products grew as a result of our increased efforts to promote cross-holding among our database of roadside assistance personal members and, in the case of home emergency, our continued marketing efforts to promote new service offerings.

Driving services: Our turnover from driving services decreased by £0.4 million, or 0.4%, from £96.9 million in the year ended 31 January 2012 to £96.5 million in the year ended 31 January 2013. The decrease in turnover was primarily due to our decision to remove less profitable titles from our media business. We also experienced a small decline in the number of driving instructor franchisees as a result of lower provisional driving license applications during the year.

AA Ireland: Our turnover from AA Ireland decreased by £4.0 million, or 9.5% from £42.3 million in the year ended 31 January 2012 to £38.3 million in the year ended 31 January 2013. On a constant currency basis (calculated by applying a sterling to Euro exchange rate of 1.1538, determined by averaging the month end rates for each month in the year ended 31 January 2012, as published by the Financial Times, to AA Ireland euro denominated turnover for the year ended 31 January 2013), our turnover from AA Ireland was £40.9 million in the year ended 31 January 2013.

Insurance underwriting: Our turnover from insurance underwriting decreased by £25.8 million, or 100.0%, from £25.8 million in the year ended 31 January 2012 to nil million in the year ended 31 January 2013. The decrease in turnover was primarily due to our decision to cease writing new reinsurance business in our insurance underwriting segment as of 1 February 2012.

Cost of Sales

Our cost of sales decreased by £35.8 million, or 9.3%, from £385.2 million in the year ended 31 January 2012 to £349.4 million in the year ended 31 January 2013. The decrease in cost of sales was primarily driven by our decision to cease writing reinsurance business in our insurance underwriting segment. Excluding insurance underwriting and exceptional items, cost of sales increased by £0.5 million, or 0.1%, from £351.8 million in the year ended 31 January 2012 to £352.3 million in the year ended 31 January 2013. The increase in cost of sales, excluding insurance underwriting and exceptional items, was driven by increased operational costs due to adverse weather conditions during the year ended 31 January 2013. However, this was largely offset by increased operational efficiency with respect to our patrols, as well as lower publishing costs in connection with our media business in our driving services segment. Exceptional costs within cost of sales were £7.4 million in the year ended 31 January 2012, which were related to onerous lease contract costs within the Group's Driving Services operations. We did not incur exceptional costs within cost of sales in the year ended 31 January 2013.

Administrative and marketing expenses

Our administrative and marketing expenses increased by £16.6 million, or 0.4%, from £374.7 million in the year ended 31 January 2012 to £391.3 million in the year ended 31 January 2013. The increase in administrative and marketing expenses was driven by exceptional costs.

Excluding exceptional costs, our administrative and marketing expense decreased from £365.4 million in the year ended 31 January 2012 to £361.3 million in the year ended 31 January 2013. Exceptional costs within administrative and marketing costs were £9.3 million in the year ended 31 January 2012, as compared to £30.0 million in the year ended 31 January 2013. The increase in exceptional costs for the year ended 31 January 2013 was related to the closure of two call centres, head office redundancies and onerous property lease costs.

Other operating income

Our other operating income decreased by £1.0 million, or 41.7%, from £2.4 million in the year ended 31 January 2012 to £1.4 million in the year ended 31 January 2013. The decrease in other operating income was primarily due to reduced underwriting activities. Other operating income will largely cease to exist following the Separation. See "*The Transactions—The Separation*."

Share of profits in associates

Our share of profits in associates increased by £0.3 million, or 75.0%, from £0.4 million in the year ended 31 January 2012 to £0.7 million in the year ended 31 January 2013.

Net interest payable and similar charges

Our net interest payable and similar charges increased by £7.8 million, or 22.2%, from £35.2 million in the year ended 31 January 2012 to £43.0 million in the year ended 31 January 2013. The increase in net interest payable and similar charges was primarily due to increased interest in connection with the interest on our shareholder loans, which is added each year to the principal amount outstanding and therefore generates a corresponding increase in interest thereon. These loans will be repaid as part of the Refinancing.

Taxation

Our taxation remained largely unchanged from £69.1 million in the year ended 31 January 2012 to £69.0 million in the year ended 31 January 2013.

Trading EBITDA

Trading EBITDA is a non-UK GAAP measure and is not a substitute for any UK GAAP measure. We use this measure for many purposes in managing and directing our company. For a reconciliation of Trading EBITDA to profit for the financial year see "*Summary Consolidated Financial, Operating and Other Data*."

Our Trading EBITDA increased by £26.5 million, or 7.2%, from £368.1 million in the year ended 31 January 2012 to £394.6 million in the year ended 31 January 2013. As a percentage of turnover, Trading EBITDA increased from 37.6% in the year ended 31 January 2012 to 40.6% in the year ended 31 January 2013. The increase in both Trading EBITDA and Trading EBITDA margin primarily related to growth in our roadside assistance and insurance services segments, as described below.

The table below sets forth, for each of the periods indicated, our Trading EBITDA by segment, both in pounds sterling and as a percentage of consolidated Trading EBITDA.

	For the year ended 31 January			
	2012		2013	
	(£ in millions)	(in % of Trading EBITDA)	(£ in millions)	(in % of Trading EBITDA)
Roadside assistance	298.9	81.2	317.6	80.5
Insurance services	87.3	23.7	93.1	23.6
Driving services	15.1	4.1	19.6	5.0
AA Ireland	14.2	3.9	13.0	3.3
Insurance underwriting	2.0	0.5	0.6	0.2
Head office costs	(49.4)	(13.4)	(49.3)	(12.5)
Trading EBITDA	**368.1**	**100.0**	**394.6**	**100.0**

An analysis of our Trading EBITDA by segment is set forth below:

Roadside assistance: Our Trading EBITDA from roadside assistance increased by £18.7 million, or 6.3%, from £298.9 million in the year ended 31 January 2012 to £317.6 million in the year ended 31 January 2013. As a percentage of roadside assistance turnover, Trading EBITDA increased from 46.3% in the year ended 31 January 2012 to 47.1% in the year ended 31 January 2013. The increase in both Trading EBITDA and Trading EBITDA margin was driven by increased personal member retention rates, average income from personal members and increased usage of the roadside service by our B2B customers. Trading EBITDA and Trading EBITDA margin were also influenced by increased operational efficiency with respect to our patrols, as a result of higher levels of utilisation and patrol hours deployed on the road in connection with changes in our deployment and resource planning systems and our investment in equipment and technology to maximise efficiency at the roadside. Also we did not repeat our investments in marketing and member retention activities which were carried out during the year ended 31 January 2012, which reduced the Trading EBITDA and Trading EBITDA margin in that year.

Insurance services: Our Trading EBITDA from insurance services increased by £5.8 million, or 6.6%, from £87.3 million in the year ended 31 January 2012 to £93.1 million in the year ended 31 January 2013. As a percentage of insurance services turnover, Trading EBITDA increased from 51.8% in the year ended 31 January 2012 to 57.4% in the year ended 31 January 2013. The increase in both Trading EBITDA and Trading EBITDA margin was driven by our home

emergency services becoming profitable after investment in marketing and operational resources in the year ended 31 January 2012, as well as cost saving initiatives that led to the consolidation of call centre operations. These areas of Trading EBITDA growth within our insurance services segment were partly offset by lower levels of Trading EBITDA in connection with our motor insurance products and services. Trading EBITDA for motor insurance was lower primarily as a result of our underwriting panel adopting a more competitive approach for customers who had strong credit scores by offering insurance cover at lower premiums (and consequently lower commissions), while underwriting fewer policies to higher risk individuals who typically attract a higher level of commission.

Driving services: Our Trading EBITDA from driving services increased by £4.5 million, or 29.8%, from £15.1 million in the year ended 31 January 2012 to £19.6 million in the year ended 31 January 2013. As a percentage of driving services turnover, Trading EBITDA increased from 15.6% in the year ended 31 January 2012 to 20.3% in the year ended 31 January 2013. The increase in both Trading EBITDA and Trading EBITDA margin was primarily due to continued growth in our driver training business in connection with increased demand for services offered by AA DriveTech, as well as the restructuring of our publishing activities, which involved streamlining the number of AA-branded items published and focusing on more profitable titles during the year ended 31 January 2012.

AA Ireland: Our Trading EBITDA from AA Ireland decreased by £1.2 million, or 8.5%, from £14.2 million in the year ended 31 January 2012 to £13.0 million in the year ended 31 January 2013, which was primarily due to the strengthening of the euro against the pound sterling in the year ended 31 January 2013. However, on a constant currency basis (calculated by applying a sterling to Euro exchange rate of 1.1538, determined by averaging the month end rates for each month in the year ended 31 January 2012 as published by the Financial Times, to AA Ireland euro denominated Trading EBITDA for the year ended 31 January 2013) our Trading EBITDA from AA Ireland was £13.9 million in the year ended 31 January 2013. As a percentage of AA Ireland turnover, Trading EBITDA increased from 33.6% in the year ended 31 January 2012 to 33.9% in the year ended 31 January 2013.

Insurance underwriting: Our Trading EBITDA from insurance underwriting decreased by £1.4 million, or 70.0%, from £2.0 million in the year ended 31 January 2012 to £0.6 million in the year ended 31 January 2013. As a percentage of insurance underwriting turnover, Trading EBITDA decreased from 7.8% in the year ended 31 January 2012 to 0.0% in the year ended 31 January 2013. The decrease in both Trading EBITDA and Trading EBITDA margin was due to our decision to cease writing new reinsurance business in our insurance underwriting segment from 1 February 2012.

Head office costs: Our head office costs remained largely unchanged from £49.4 million in the year ended 31 January 2012 to £49.3 million in the year ended 31 January 2013.

Consolidated Results of Operations for the Years Ended 31 January 2011 and 2012

The table below sets forth our results of operations and the period on period percentage of change for the periods under review.

	For the year ended 31 January	
	2011	2012
	(£ in millions)	(£ in millions)
Turnover	**944.4**	**973.9**
Cost of sales	(359.1)	(385.2)
Gross profit	**585.3**	**588.7**
Administrative and marketing expenses	(302.7)[1]	(374.7)
Other operating income	2.8	2.4
Operating profit before share of profits in associates	**285.4**	**216.4**
Share of profits in associates	0.2	0.4
Operating profit	**285.6**	**216.8**
Trading EBITDA	370.8	368.1
Items not allocated to a segment	(2.6)	(5.0)
Depreciation	(30.0)	(36.7)
Goodwill amortisation	(92.6)	(92.9)
Exceptional items[2]	(6.2)	(16.7)
Pension curtailment gain	46.2	—
Operating profit	**285.6**	**216.8**
Profit on sale of joint venture	—	0.6
Net interest payable and similar charges	(90.4)	(35.2)
Profit on ordinary activities before taxation	**195.2**	**182.2**
Taxation	(75.6)	(69.1)
Profit for the financial year	**119.6**	**113.1**

(1) Administrative and marketing expenses in the year ended 31 January 2011 were reduced by a non-recurring pension curtailment gain in the amount of £46.2 million relating to certain changes in the method by which previously earned pension benefits increase over time as part of the AA UK Pension Scheme. Excluding this curtailment gain, administrative and marketing expenses in 2011 would have been £348.9 million.

(2) We incurred certain exceptional items in cost of sales and administrative and marketing expenses. Cost of sales exceptional items relate to two onerous lease contracts within our driving services segment, which were incurred in 2012. Administrative and marketing expense exceptional items have historically included: (i) restructuring costs primarily relating to redundancy costs, professional fees and the reorganisation of our operations, (ii) exit penalty costs as a result of our termination of a long-term IT outsourcing contract, (iii) IT system replacement project costs and (iv) provisions for future lease costs with respect to vacant properties, net of expected sub-leasing income.

Turnover

Our turnover increased by £29.5 million, or 3.1%, from £944.4 million in the year ended 31 January 2011 to £973.9 million in the year ended 31 January 2012. The increase in turnover was driven by growth in roadside assistance and driving services, the latter supported by the acquisition of BSM in January 2011, both as described below.

The table below sets forth, for each of the periods indicated, our turnover by segment, both in pounds sterling and as a percentage of consolidated turnover.

	For the year ended 31 January			
	2011		2012	
	(£ in millions)	(in % of turnover)	(£ in millions)	(in % of turnover)
Roadside assistance	625.8	66.3	645.3	66.3
Insurance services	170.6	18.1	168.4	17.3
Driving services	66.9	7.1	96.9	9.9
AA Ireland	42.5	4.5	42.3	4.3
Insurance underwriting	37.4	4.0	25.8	2.6
Trading turnover	943.2	99.9	978.7	100.5
Turnover not allocated to a segment	1.2	0.1	(4.8)	(0.5)
Turnover	**944.4**	**100.0**	**973.9**	**100.0**

An analysis of our turnover by segment is set forth below:

Roadside assistance: Our turnover from roadside assistance increased by £19.5 million, or 3.1%, from £625.8 million in the year ended 31 January 2011 to £645.3 million in the year ended 31 January 2012. The increase in turnover was largely attributable to increased turnover from personal members as a result of higher income per holding driven by price increases and higher product holdings. Increased turnover was also due to severe winter weather conditions in the year ended 31 January 2011, which led to increased usage of roadside assistance services by B2B customers and a corresponding increase in income received from those B2B partners who pay based on the usage by B2B customers.

Insurance services: Our turnover from insurance services decreased by £2.2 million, or 1.3%, from £170.6 million in the year ended 31 January 2011 to £168.4 million in the year ended 31 January 2012. The decrease in turnover was primarily due to lower commissions, personal injury referral fees and finance income from the motor insurance book as a result of our insurance panel reducing their exposure to higher risk customer groups. The decline in turnover from insurance services was partially off-set by growth in turnover from our home insurance and home emergency services.

Driving services: Our turnover from driving services increased by £30.0 million, or 44.8%, from £66.9 million in the year ended 31 January 2011 to £96.9 million in the year ended 31 January 2012. The increase in turnover was partly driven by the acquisition of BSM in January 2011, and from growth in turnover in our driver training business in connection with increased demand for services offered by AA DriveTech.

AA Ireland: Our turnover from AA Ireland decreased by £0.2 million, or 0.5%, from £42.5 million in the year ended 31 January 2011 to £42.3 million in the year ended 31 January 2012. The modest decrease in turnover was primarily due to a small reduction in the number of roadside assistance personal members. On a constant currency basis (calculated by applying a sterling to Euro exchange rate of 1.1691, determined by averaging the month end rates for each month in the year ended 31 January 2011, as published by the Financial Times, to AA Ireland euro denominated turnover for the year ended 31 January 2012), our AA Ireland turnover was £41.7 million in the year ended 31 January 2012.

Insurance underwriting: Our turnover from insurance underwriting decreased by £11.6 million, or 31.0%, from £37.4 million in the year ended 31 January 2011 to £25.8 million in the year ended 31 January 2012. The decrease in turnover was primarily due to our decision to cease writing new reinsurance business in our insurance underwriting segment.

Cost of Sales

Our cost of sales increased by £26.1 million, or 6.8%, from £359.1 million in the year ended 31 January 2011 to £385.2 million in the year ended 31 January 2012. The increase in cost of sales was primarily due to hiring activities which resulted in an increase in employee headcount within our roadside assistance segment, which was consistent with turnover growth. In addition, cost of sales increased as a result of the acquisition of BSM in January 2011 and increased customer volumes within our driver training business. We did not incur exceptional costs within cost of sales in the year ended 31 January 2011. However, we incurred £7.4 million of exceptional costs within cost of sales in the year ended 31 January 2012, which were primarily related to a restructuring of our patrol force to improve overall efficiency.

Administrative and marketing expenses

Our administrative and marketing expenses increased by £71.4 million, or 19.1%, from £302.7 million in the year ended 31 January 2011 to £374.7 million in the year ended 31 January 2012. The increase in administrative and marketing expenses was primarily due to a one-off pension curtailment credit received in the year ended 31 January 2011 of £46.2 million, when we restructured the benefits accruing within the AA Pension Scheme. For a discussion of our pension schemes, see "*Business—Employees and Pension Obligations*." Excluding pension curtailment gain, administrative and marketing expenses increased by £25.2 million, or 6.9% in the year ended 31 January 2012, primarily as a result of investments made in connection with customer retention marketing activities, the acquisition of BSM in January 2011, as well as the expansion of direct sales activities for our roadside assistance segment. We also incurred increased administrative and marketing expenses as a result of a television marketing campaign in connection with the launch of our home emergency services. Exceptional costs within administrative and marketing costs were £9.3 million in the year ended 31 January 2012, as compared to £6.2 million in the year ended 31 January 2011. The exceptional costs incurred in the year ended 31 January 2012 primarily related to redundancy costs with respect to our patrols and back office operations.

Other operating income

Our other operating income decreased by £0.4 million, or 14.3%, from £2.8 million in the year ended 31 January 2011 to £2.4 million in the year ended 31 January 2012. The decrease in other operating income was primarily due to reduced underwriting activities.

Share of profits in associates

Our share of profits in associates increased by £0.2 million, or 100%, from £0.2 million in the year ended 31 January 2011 to £0.4 million in the year ended 31 January 2012.

Net interest payable and similar charges

Our net interest payable and similar charges decreased by £55.2 million, or 61.1%, from £90.4 million in the year ended 31 January 2011 to £35.2 million in the year ended 31 January 2012. The decrease in net interest payable and similar charges was primarily due to the expiry of an interest rate swap contract in September 2010, which generated a significant payment in the year ended 31 January 2011 as a result of a decline in the London Interbank Offered Rate ("**LIBOR**"), which was the basis for establishing payments under that contract.

Taxation

Our taxation decreased by £6.5 million, or 8.6%, from £75.6 million in the year ended 31 January 2011 to £69.1 million in the year ended 31 January 2012. The decrease in taxation was primarily due to a reduction in the deferred tax charge for the year.

Trading EBITDA

Trading EBITDA is a non-UK GAAP measure and is not a substitute for any UK GAAP measure. We use this measure for many purposes in managing and directing our company. For a reconciliation of Trading EBITDA to profit for the financial year, see "*Summary Consolidated Financial, Operating and Other Data.*"

Our Trading EBITDA decreased by £2.7 million, or 0.7%, from £370.8 million in the year ended 31 January 2011 to £368.1 million in the year ended 31 January 2012. As a percentage of turnover, Trading EBITDA decreased from 39.3% in the year ended 31 January 2011 to 37.6% in the year ended 31 January 2012. The decrease was primarily driven by our insurance services and head office costs segments, as described below.

The table below sets forth, for each of the periods indicated, our Trading EBITDA by segment, both in pounds sterling and as a percentage of consolidated Trading EBITDA.

	For the year ended 31 January			
	2011		2012	
	(£ in millions)	(in % of Trading EBITDA)	(£ in millions)	(in % of Trading EBITDA)
Roadside assistance	294.4	79.4	298.9	81.2
Insurance services	92.4	24.9	87.3	23.7
Driving services	14.0	3.8	15.1	4.1
AA Ireland	15.2	4.1	14.2	3.9
Insurance underwriting	2.4	0.6	2.0	0.5
Head office costs	(47.6)	(12.8)	(49.4)	(13.4)
Trading EBITDA	**370.8**	**100.0**	**368.1**	**100.0**

An analysis of our Trading EBITDA by segment is set forth below:

Roadside assistance: Our Trading EBITDA from roadside assistance increased by £4.5 million, or 1.5%, from £294.4 million in the year ended 31 January 2011 to £298.9 million in the year ended 31 January 2012. The increase in Trading EBITDA was driven by an increase in average income from personal members and from increased turnover from B2B customers, particularly from increased usage of roadside assistance services by our banking sector customers. These increases were partly offset by additional sales and marketing costs to support personal member retention and the expansion of direct sales activities. As a percentage of roadside assistance turnover, Trading EBITDA decreased from 47.0% in the year ended 31 January 2011 to 46.3% in the year ended 31 January 2012. The decrease in Trading EBITDA margin was primarily due to additional sales and marketing costs to support personal member retention.

Insurance services: Our Trading EBITDA from insurance services decreased by £5.1 million, or 5.5%, from £92.4 million in the year ended 31 January 2011 to £87.3 million in the year ended 31 January 2012. As a percentage of insurance services turnover, Trading EBITDA decreased from 54.2% in the year ended 31 January 2011 to 51.8% in the year ended 31 January 2012. The decrease in both Trading EBITDA and Trading EBITDA margin was primarily due to a decline in turnover in connection with motor insurance services as a result of increased competition for higher premium customers by our insurance underwriting panel and from ongoing investments in the development of our home emergency services.

Driving services: Our Trading EBITDA from driving services increased by £1.1 million, or 7.9%, from £14.0 million in the year ended 31 January 2011 to £15.1 million in the year ended 31 January 2012. As a percentage of driving services turnover, Trading EBITDA decreased from 20.9% in the year ended 31 January 2011 to 15.6% in the year ended 31 January 2012. The increase in Trading EBITDA and the decrease in Trading EBITDA margin were primarily due to the acquisition of BSM in January 2011, which was less profitable than the other businesses within this segment. We also restructured our publishing activities in our media business and removed less profitable titles from our media business offerings during the year ended 31 January 2012, which had a positive impact on our profitability.

AA Ireland: Our Trading EBITDA from AA Ireland decreased by £1.0 million, or 6.6%, from £15.2 million in the year ended 31 January 2011 to £14.2 million in the year ended 31 January 2012. On a constant currency basis (calculated by applying a sterling to Euro exchange rate of 1.1691, determined by averaging the month end rates for each month in the year ended 31 January 2011 as published by the Financial Times, to AA Ireland euro denominated Trading EBITDA for the year ended 31 January 2012), our AA Ireland Trading EBITDA was £14.0 million in the year ended 31 January 2012. As a percentage of AA Ireland turnover, Trading EBITDA decreased from 35.8% in the year ended 31 January 2011 to 33.6% in the year ended 31 January 2012.

Insurance underwriting: Our Trading EBITDA from insurance underwriting decreased by £0.4 million, or 16.6%, from £2.4 million in the year ended 31 January 2011 to £2.0 million in the year ended 31 January 2012. The decrease in Trading EBITDA was primarily due to our decision to cease writing new reinsurance business in our insurance underwriting segment. As a percentage of insurance underwriting turnover, Trading EBITDA increased from 6.4% in the year ended 31 January 2011 to 7.8% in the year ended 31 January 2012. The increase in Trading EBITDA margin was driven by actual claims costs being lower than originally expected.

Head office costs: Our head office costs increased by £1.8 million, or 3.8%, from a total cost of £47.6 million in the year ended 31 January 2011 to a total cost of £49.4 million in the year ended 31 January 2012. The increase in head office costs was primarily due to wage inflation across the back-office functions.

Liquidity and Capital Resources

Historically, we have transferred all surplus cash to the Acromas Group treasury and funded the day-to-day requirements of our business by drawing on these cash reserves as necessary. To date, we have relied solely on operating cash flows to provide funds required for operations and have not needed to rely on intergroup or external borrowings.

Following the Refinancing, we will no longer remit cash to the Acromas Group treasury and will retain this cash within the AA Group. Our primary sources of liquidity going forward will be cash from operations and borrowings under our £150.0 million Working Capital Facility and £220.0 million Liquidity Facility and other borrowings. See "*Description of Certain Financing Arrangements*." Although we believe that our expected cash flows from operations and available credit facilities will be adequate to meet our liquidity needs and debt service obligations, our ability to generate cash from our operations and availability of our current credit facilities will depend on our future operating performance, which is, in turn, dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control.

Historically, we have been required to hold segregated funds as "restricted cash" in order to satisfy regulatory requirements governing our insurance underwriting business and Irish subsidiaries. In particular, the AA Group contains three authorised insurers, AAUSL, AAUL and ARCL. However, AAUL ceased underwriting insurance policies in 1998 and has no reserves. AAUSL ceased underwriting activities in 2009 and had reserves of £0.4 million as at 31 January 2013. We intend to transfer the entire share capital of ARCL from TAAL to the Company on or prior to the Issue Date. As a result, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations.

Cash Flows

The following table sets forth the principal components of our cash flows for the years ended 31 January 2011, 2012 and 2013.

	For the year ended 31 January		
	2011	**2012**	**2013**
		(£ in millions)	
Operating profit	285.6	216.8	229.4
Amortisation of goodwill	92.6	92.9	93.0
Depreciation of tangible fixed assets	30.0	36.7	37.9
Pension curtailment gain	(46.2)	—	—
Less other operating income	(2.8)	(2.4)	(1.4)
Less share of profits in associates	(0.2)	(0.4)	(0.7)
Change in working capital	56.7	(12.3)	(4.3)
Net cash inflow from operating activities	**415.7**	**331.3**	**353.9**
Returns on investments and servicing of finance	**(64.1)**[1]	**(3.1)**	**(3.8)**
Taxation	**(49.3)**	**(60.8)**	**(56.1)**
Capital expenditure and financial investment			
Purchase of tangible assets	(28.0)	(26.6)	(21.9)
Acquisitions and disposals	**(4.7)**	**(3.0)**	**(6.2)**
Net cash inflow before financing	**269.6**	**237.8**	**265.9**
Repayment of capital element of finance lease agreements	(19.3)	(18.2)	(12.0)
Payments to Group Treasury	(250.0)	(248.9)	(270.9)
Financing	**(269.3)**	**(267.1)**	**(282.9)**
Overall (decrease)/increase in cash	**0.3**	**(29.3)**	**(17.0)**

(1) The higher debt service costs in 2011 relate to payments under an interest rate swap arrangement that ended that same year.

Change in Working Capital

Our change in working capital was negative £12.3 million in the year ended 31 January 2012 compared to negative £4.3 million in the year ended 31 January 2013. These adverse movements were driven by the differences between the provision for pension related charges and cash contributions made to the AA UK Pension Scheme and AA Ireland Pension Scheme, including planned deficit reduction payments. Excluding these amounts, the change in working capital was positive £0.2 million in the year ended 31 January 2012 compared to positive £2.3 million in the year ended 31 January 2013. This favourable change in working capital was primarily due to the growth in Roadside Assistance turnover from members, partly offset by the increased working capital requirements of our Home Emergency business.

Our change in working capital was positive £56.7 million in the year ended 31 January 2011 compared to negative £12.3 million in the year ended 31 January 2012. During the year ended 31 January 2011 we experienced a one-off working capital improvement recognised in connection with a change in payment terms with the underwriters who support our insurance broking business from the time of inception of a policy, to after customers paid us ("**pay-as-paid**") their relevant monthly premium instalment for their policy. This shift in payment terms allowed us to retain cash from operating activities and only make payment to underwriters upon receipt of a corresponding payment from customers.

Net Cash Flow from Operating Activities

Net cash flow from operating activities increased by £22.6 million from a cash inflow of £331.3 million in the year ended 31 January 2012 compared to a cash inflow of £353.9 million in the year ended 31 January 2013. The increase in net cash flow from operating activities was primarily due to the underlying increase in business profitability in connection with our roadside assistance segment.

Net cash flow from operating activities decreased by £84.4 million from a cash inflow of £415.7 million in the year ended 31 January 2011 to a cash inflow of £331.3 million in the year ended 31 January 2012. The decrease in net cash flow from operating activities in the year ended 31 January 2012, was primarily due to the one-off working capital improvement during the year ended 31 January 2011.

Returns on Investments and Servicing of Finance

Our cash outflow from returns on investments and servicing of finance was £3.1 million in the year ended 31 January 2012 compared to £3.8 million in the year ended 31 January 2013. The increase in cash outflow from investments and servicing of finance was primarily due to higher interest rates on finance leases in the year ended 31 January 2013.

Our cash outflow from returns on investments and servicing of finance was £64.1 million in the year ended 31 January 2011 compared to a cash outflow of £3.1 million in the year ended 31 January 2012. The decrease in cash outflow from returns on investments and servicing of finance was primarily due to the expiry of an old interest rate swap contract in September 2010, which generated a significant payment in the year ended 31 January 2011 as a result of a decline in LIBOR, which was the basis for establishing payments under that contract.

Taxation

Our cash outflow from taxation was £60.8 million in the year ended 31 January 2012 compared to £56.1 million in the year ended 31 January 2013. The decrease in cash outflow from taxation was primarily due to a payment made for corporation tax in the year ended 31 January 2012 via certain inter group arrangements between the AA Group, the Acromas Group and the Saga Group, which will be modified following the Separation. See "*The Transactions—The Separation*."

Our cash outflow from taxation was £49.3 million in the year ended 31 January 2011 compared to £60.8 million in the year ended 31 January 2012. The increase in cash outflow from taxation was primarily due to an increase in taxable profits for the year ended 31 January 2011 paid via certain intergroup arrangements between the AA Group, the Acromas Group and the Saga Group, which will be modified following the Separation. See "*The Transactions—The Separation*."

Capital Expenditure and Financial Investment

Our cash outflow from capital expenditure and financial investment was £26.6 million in the year ended 31 January 2012 compared to £21.9 million in the year ended 31 January 2013. The decrease in cash outflow from capital expenditure and financial investment was primarily due to the completion of our investment in our policy administration systems during the year ended 31 January 2012, as well as the partial deferral of the replacement of patrol vehicles.

Our cash outflow from capital expenditure and financial investment was £28.0 million in the year ended 31 January 2011 compared to £26.6 million in the year ended 31 January 2012. The decrease in cash outflow from capital expenditure and financial investment was primarily due to an increased investment in our policy administration systems during the year ended 31 January 2011.

The cash flows related to capital investment in our fleet of vehicles, which are funded by finance leases, are described below under the heading "*Description of Certain Financing Arrangements*."

Acquisitions and Disposals

Our cash outflows from acquisitions and disposals was £3.0 million in the year ended 31 January 2012 compared to £6.2 million in the year ended 31 January 2013. The increased cash outflow from acquisitions and disposals was primarily due to deferred consideration for the purchase of AA DriveTech in June 2009 and Intelligent Data Systems (UK) Limited ("**IDS**") in August 2011 (both part of our driving services segment), coming due in September 2012.

Our cash outflows from acquisitions and disposals was £4.7 million in the year ended 31 January 2011 compared to £3.0 million in the year ended 31 January 2012. The decreased cash outflow from acquisitions and disposals was primarily due to the deferred consideration for the acquisition of AA Autowindshields in December 2009, which came due in December 2010.

Repayment of Capital Element of Finance Lease Agreements

Our cash outflow from repayment of capital element of finance lease agreements was £18.2 million in the year ended 31 January 2012 compared to £12.0 million in the year ended 31 January 2013. The decrease in cash outflow from financing was primarily due to the partial deferral of the replacement of patrol vehicles into the following year due to our key supplier's withdrawal from the leasing market during the year ended 31 January 2013. We paid a fee to our previous vehicle provider to extend the vehicle lease term until we could find an alternative provider.

Our cash outflow from repayment of capital element of finance lease agreements was £19.3 million in the year ended 31 January 2011 compared to £18.2 million in the year ended 31 January 2012. The decrease in cash outflow from financing was primarily attributable to finance lease agreements to finance our fleet of patrol vehicles, which are replaced on a four year cycle, with fewer vehicles being replaced every fourth year.

Payments to Group Treasury

Our cash outflow from payments to the Acromas Group treasury was £248.9 million in the year ended 31 January 2012 compared to £270.9 million in the year ended 31 January 2013. The increase in cash outflow from payments to Acromas Group treasury was primarily due to increased levels of cash generated within the business.

Our cash outflow from payments to the Acromas Group treasury was £250.0 million in the year ended 31 January 2011 compared to £248.9 million in the year ended 31 January 2012.

Capital Expenditure

The majority of our non-financed capital expenditure is attributable to the development and upgrade of our IT and communications systems. The other significant element of our capital expenditure is attributable to finance lease agreements to finance our fleet of patrol vehicles. Substantially all our vehicles are leased and we currently replace both purchased and leased vehicles on a four year cycle. During each four year cycle, the number of vehicles purchased or leased in the first three years tends to remain relatively consistent, with a lower replacement requirement occurring in the fourth year. The next lower replacement year will occur between 2013 and 2014.

We classify our capital expenditure in the following categories:

- *IT Development*: Investment in IT infrastructure such as servers, storage equipment and other physical assets that support delivery of our IT requirements, systems development and enhancement for customer administration systems, deployment and claims systems, e-commerce and website development activities;

- *Operational Vehicles*: Vans for patrols, flat-bed trucks for our vehicle recovery operations, home emergency and glass engineer vehicles and dedicated vehicles for specialist services such as fuel assist, key assist, battery assist, motorbikes and special operations vehicles;

- *Other*: Investments in other corporate and other operational development projects, including moving and refurbishing offices, tooling and equipment as well as certain other investments.

During the periods under review, we funded certain of our capital expenditure requirements though finance leases. Capital expenditure in tangible and intangible assets has fluctuated on a quarterly basis during the periods under review. This fluctuation is due largely to the timing of the replacement cycle of our patrol vehicles and IT development release dates. The table below sets forth our capital expenditure for the years ended 31 January 2011, 2012 and 2013. We have budgeted approximately £34.0 million for capital expenditure in the year ending 31 January 2014, of which approximately £10.0 million we expect to be funded through our finance lease arrangements. Capital expenditure for the year ending 31 January 2015 will be higher as we will be due to replace more vehicles in that year.

	For the year ended 31 January		
	2011	**2012**	**2013**
	(£ in millions)		
IT Development	23.0	22.4	20.4
Operational Vehicles	25.4	19.3	10.6
Other	2.6	4.6	0.8
Total capital expenditure	**51.0**	**46.3**	**31.8**
of which funded by finance leasing	*(23.0)*	*(19.7)*	*(9.9)*
Capital expenditure (after finance lease funding)	**28.0**	**26.6**	**21.9**

Year Ended 31 January 2012 Compared to the Year Ended 31 January 2013

In the year ended 31 January 2013, total capital expenditure decreased by £14.5 million, or 31.3%, from £46.3 million to £31.8 million, of which £9.9 million was financed with funds available under our leasing facility compared to £19.7 million in the year ended 31 January 2012. The decrease in total capital expenditure was mainly due to the completion of our investment in new transactional systems across the roadside assistance and insurance segments, combined with a delay in replacing certain patrol vehicles. Total capital expenditure also decreased due to a reduction in our recovery vehicle fleet, as a result of efficiency improvements in our roadside operations.

Year Ended 31 January 2011 Compared to the Year Ended 31 January 2012

In the year ended 31 January 2012, total capital expenditure decreased by £4.7 million, or 9.2%, from £51.0 million to £46.3 million, of which £19.7 million was financed with funds available under our leasing facility compared to £23.0 million in the year ended 31 January 2011. The decrease in total capital expenditure was attributable to finance lease agreements to finance our fleet of patrol vehicles, which are replaced on a four year cycle. We experienced a decrease in total capital expenditure as the number of vehicles due to be replaced in 2011 was higher than the number of vehicles due to be replaced in 2012.

Working Capital

We have favourable working capital dynamics and high cash conversion ratios as the majority of our personal members pay for services in advance and the majority of our suppliers are paid after the provision of goods and services. Our cash growth rate and rate of cash conversion (defined as available cash inflow from operating activities as a percentage of Trading EBITDA) depend on our ability to maintain this low working capital balance.

Cash generated in connection with our insurance underwriting business must be segregated from the AA Group's accounts for regulatory reasons and it is therefore disclosed separately, although the amounts involved are small in relation to the rest of the AA Group.

Historically, we were required to remit all surplus cash to the Acromas Group treasury on a daily basis. This has generated a large debtor balance of £1,372.7 million as of 31 January 2013, which is disclosed as amounts owed by group undertakings on our balance sheet and will be novated on the Issue Date in connection with the Refinancing. Following the Refinancing and Separation, we will cease to remit surplus cash to the Acromas Group.

Long-Term Indebtedness After Giving Effect to the Refinancing

Our primary sources of liquidity going forward will be cash from operations and future borrowings under our £150.0 million Working Capital Facility and £220.0 million Liquidity Facility, neither of which will have been drawn as of the Issue Date. On a *pro forma* basis after giving effect to the issuance of the Class A Notes, the Class B Notes and drawings under the Senior Term Facility, and the application of proceeds thereof as described in "*Use of Proceeds*," our total financial indebtedness, excluding finance leases would have been £3,055.0 million and as of 30 April 2013, the principal payments on our material long-term financing arrangements would have been as follows:

	Payment on Material Long-Term Indebtedness Due by Period		
	2018	2019	2025
	(£ in millions)		
Senior Term Facility[1]	1,775.0	—	—
Working Capital[2]	—	—	—
Liquidity Facility[3]	—	—	—
Class A1 Notes[1]	300.0	—	—
Class A2 Notes[4]	—	—	325.0
Class B Notes[5]	—	655.0	—
Total	**2,075.0**	**655.0**	**325.0**

(1) The maturity date of the Senior Term Facility is 31 July 2018 and the expected maturity date of the Class A1 Notes is 31 July 2018, although the final maturity date is 2 July 2043.

(2) The maturity date of the Working Capital Facility is 31 July 2018. The table above does not include the £150 million available under the Working Capital Facility, as it will be undrawn as of the Issue Date.

(3) The maturity of the Liquidity Facility is 364 days from the date of execution.

(4) The expected maturity date of the Class A2 Notes is 31 July 2025, although the final maturity date is 2 July 2043.

(5) The expected maturity date of the Class B Notes is 31 July 2019, although the final maturity date is 31 July 2043.

For a description of the material terms of our existing long-term financing arrangements and our anticipated long-term financing arrangements, see "*Description of Certain Financing Arrangements*," "*Description of the Class B Notes*" and "*Description of the Class B IBLA*."

Finance Leases

Our finance lease liabilities include lease agreements for commercial vehicles, as well as for plant and machinery. Substantially all of our commercial vehicles, including patrol vehicles, are leased pursuant to Commercial Vehicle Master Contract Hire Agreements ("**Vehicle Master Contracts**") between the Company and our contractual counterparties. Each patrol vehicle is individually leased for a four year term pursuant to a separate form contract, attached to the relevant Vehicle Master Contracts, in which we pay a certain fee for each vehicle per annum during the duration of each contract. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities on the balance sheet. In addition, we have certain additional ordinary course of business contracts and commitments for supply goods, such as fuel contracts, which are not included in the discussion below. The table below sets forth the financial payments that we will be obligated to make under our finance leases as of 31 January 2013.

	As of 31 January 2013		
	Total	Due within 1 year	Due between 1 and 5 years
		(£ in millions)	
Commercial vehicles	27.6	15.7	11.9
Plant and machinery	3.8	2.1	1.7
Total	**31.4**	**17.8**	**13.6**

Lease Arrangements

We lease our office space and certain facilities (including call centres) pursuant to non-cancellable operating leases. We also lease approximately 90 vacant properties, including former service centre sites under non-cancellable operating leases. To offset costs incurred in connection with vacant property leases, we sublet properties where possible. In addition, we lease all driving school vehicles in connection with our AA Driving School and BSM driving school under operating leases. Pursuant to the terms of our vehicle operating leases, we receive new vehicles approximately every eight months and used vehicles are returned to the respective lessor dealer network.

The following table sets forth the annual irrevocable operating lease payments we are obligated to make as of 31 January 2013.

	As of 31 January 2013			
	Total	Due within 1 year	Due between 1 and 5 years	Due after 5 years
		(£ in millions)		
Annual operating lease payments (offices)	3.4	0.4	0.4	2.6
Vacant property leases	8.9	2.2	5.2	1.5
Driving school vehicle leases	3.0	3.0	—	—
Company car leases	1.1	0.3	0.8	—
Total	**16.4**	**5.9**	**6.4**	**4.1**

Other than the items disclosed in the table above, we are not party to any other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition or results of operations.

Other Financial Obligations

Pension Obligations

The AA Group operates two defined benefit pension schemes: (i) the AA UK Pension Scheme and (ii) the AA Ireland Pension Scheme. The AA UK Pension Scheme is the largest scheme operated by the AA Group and according to the last actuarial valuation, which was carried out as at 31 March 2010, the AA UK Pension Scheme had a funding deficit of approximately £87 million.

In addition, we operate the AAPMP to provide private healthcare cover to retired AA pensioners and their dependents. This scheme is unfunded and as of 31 January 2013 showed a liability of £47.5 million (before related deferred tax assets). This liability could materially increase depending on, among other factors, the longevity of scheme participants, material changes in claims behaviour and the rate of inflation in the costs of providing these healthcare benefits.

The following table sets forth pension costs and other post-retirement benefits under each of the AA UK Pension Scheme, AA Ireland Pension Scheme and the AAPMP as of 31 January 2013 under UK GAAP.

	As of 31 January 2013			
	AA UK Pension Scheme	AA Ireland Pension Scheme	AAPMP	Total
		(£ in millions)		
Fair value of scheme assets	1,501.7	33.7	—	**1,535.4**
Present value of defined benefit obligation	(1,598.5)	(55.1)	(47.5)	**(1,701.1)**
Defined benefit scheme liability	(96.8)	(21.4)	(47.5)	**(165.7)**
Related deferred tax asset	22.3	2.8	4.7	**29.8**
Liability recognised in balance sheet	**(74.5)**	**(18.6)**	**(42.8)**	**(135.9)**

The 2013 Valuation is currently being conducted for the AA UK Pension Scheme and we expect to receive the preliminary valuation results in September 2013. See "*Business—Employees and Pension Obligations*." We estimate that the funding deficit with respect to the AA UK Pension Scheme was approximately £180 million as at 31 March 2013. However, the funding deficit for the purposes of the final 2013 Valuation will depend on the assumptions we agree with the AA UK Pension Trustee, which means the funding deficit disclosed by the 2013 Valuation may differ materially from our current estimate. For further information see "*The Transactions—AA Pension Schemes*."

As at 30 April 2013 our defined benefit pension liabilities totalled £204.3 million compared to £135.9 million as at 31 January 2013 and £96.9 million as at 30 April 2012. This increase in liabilities is due to a reduction in the corporate bond yield used as the discount factor in determining the present value of our future pension liabilities. There can be no assurance that the funding deficit will not increase significantly in the future as a result of further reductions in the corporate bond yield used in connection with determining the present value of our future pension liabilities.

Deferred Liabilities

We consider opportunistic strategic transactions from time to time, which could involve acquisitions or dispositions of business or assets and deferred consideration. In connection with our driving services segment, we acquired AA DriveTech in June 2009, IDS in August 2011, Nationwide 4x4 Ltd. ("**Nationwide**") in January 2011 and Peak Performance Management Limited ("**Peak Performance**") in October 2012. As of 31 January 2013, £0.4 million, £3.1 million and £1.0 million in deferred consideration remained outstanding with respect to Peak Performance, IDS and AA DriveTech, respectively, which amounts are due in full by October 2013, October 2014 and September 2015, respectively. We have made all payments due in connection with our acquisition of Nationwide.

The following table sets forth the estimated deferred consideration payments we are obligated to make as of 31 January 2013.

	As of 31 January 2013			
	Total	Due within 1 year	Due between 1 and 2 years	Due after 2 years
		(£ in millions)		
Peak Performance	0.4	0.4	—	—
IDS	3.1	1.2	1.8	—
AA Drive Tech	1.0	—	—	1.0
Total	**4.5**	**1.6**	**1.8**	**1.0**

Quantitative and Qualitative Disclosures about Financial Risk

Market risk represents the risk of loss that may result from the potential change in exchange rates, interest levels, refinancing and credit risks. To the extent we believe these risks are material, they are discussed below.

Liquidity Risk

Our liquidity risk primarily concerns our ability to meet our obligations to pay our employees and suppliers and to service our debts. The Acromas Group treasury policy stipulates the maximum levels of illiquid assets that we may invest in to ensure funding of our operating activities. We prepare both monthly cash flow forecasts and a rolling three month weekly cash flow forecast, which are subject to regular review to ensure that we have sufficient headroom at all times. Our low working capital dynamics have a positive effect on our liquidity.

We will no longer remit cash to the Acromas Group treasury and will retain this cash within the AA Group following the Refinancing and the Separation. See "*The Transactions—The Separation*." Our primary sources of liquidity

going forward will be cash from operations and future borrowings under our £150.0 million Working Capital Facility and £220.0 million Liquidity Facility and potential other borrowings. See "*Description of Certain Financing Arrangements*."

Interest Rate Risks

Our interest rate risk is mainly affected by our overall financing arrangements, which include both fixed and floating interest rates. Interest fixing periods are a significant factor influencing interest risk. Longer interest fixing periods primarily affect price risk, while shorter interest fixing periods affect cash flow risk.

To mitigate our exposure to interest rate risk from the incurrence of Relevant Debt, we will enter into derivative transactions. We intend to hedge all our floating rate debt (excluding the Working Capital Facility and the Liquidity Facility) for a period of five years in connection with the Refinancing. We intend to refinance our Senior Term Facility in the capital markets, as our Senior Term Facility contains financial maintenance covenants and periodic margin step-ups. See "*Description of Certain Financing Arrangements—Senior Term Facility Agreement*." Our interest expense will increase if, at the time when we refinance our Senior Term Facility, interest rates have increased above their current levels, although for the first five years interest costs with respect to the Senior Team Facility will be wholly or partly mitigated by the interest rate swaps we intend to put in place. We expect such increased costs to be offset by increases in our Trading EBITDA as we implement our business strategies.

The table below provides information about our long-term fixed and floating rate debt (excluding capital leases) as of 30 April 2013, based on the outstanding principal amounts as of that date and giving pro forma effect to the Refinancing and the application of proceeds thereof as described in "*Use of Proceeds*."

	As of 30 April 2013
	(£ in millions)
Fixed rate debt[(1)]	1,280.0
Floating rate debt[(2)]	1,775.0
Total outstanding principal amount	**3,055.0**

(1) The amount shown reflects the aggregate principal amount of Class A Notes and Class B Notes.

(2) The amount shown reflects the Senior Term Facility, but excludes the Working Capital Facility and Liquidity Facility, as they will be undrawn as of the Issue Date.

Pension Risks

Pension risk is the risk that our cash flow is negatively affected by additional cash contributions required to fund shortfalls in the funding arrangements for our pension schemes. We operate two defined benefit pension schemes: (i) the AA UK Pension Scheme and (ii) the AA Ireland Pension Scheme. In addition, we operate the AAPMP, which is not open to new entrants. The 2013 Valuation is currently being conducted for the AA UK Pension Scheme and we expect to receive the preliminary valuation results in September 2013. We estimate that the funding deficit with respect to the AA UK Pension Scheme was approximately £180 million as at 31 March 2013. However, the funding deficit for the purposes of the final 2013 Valuation will depend on the assumptions we agree with the AA UK Pension Trustee, which means the funding deficit disclosed by the 2013 Valuation may differ materially from our current estimate. Furthermore, there can be no assurance that the funding deficit with respect to the AA UK Pension Scheme will not increase in the future under the ABF, which may result in materially higher payments being required to address such increased deficit.

Gilt yields and investment returns are significant factors impacting pension risk. Our pension liabilities are discounted based on gilt yields over the duration of the liabilities. If gilt yields reduce by more than the market expected at the previous scheme valuation, the liabilities, the deficit and annual payments thereunder may materially increase. We are required to fund any deficit over a number of years. If gilt yields increase then the pension scheme liabilities reduce and the likelihood of a scheme surplus emerging increases. This surplus will only be released to us over a number of years. We estimate that if gilt yields increase by 1% in excess of current market expectations over the next five years, our funding deficit would decrease by approximately £160 million. Conversely, if gilt yields were to decrease by the same amount, our funding deficit would increase by approximately £215 million.

Our pension schemes invest contributions in a number of different asset classes, the returns from which are used to reduce our contribution rates. If these investments do not perform as expected the required funding rate may change significantly.

Currency Risks

Currency risk is the risk that our income statement, cash flow statement and balance sheet are negatively affected by fluctuations in exchange rates.

Transaction Exposure-Operational Flows

For the year ended 31 January 2013, approximately 96% of our turnover was denominated in pounds sterling, as were the majority of our expenses. However, a portion of both our income and expenses are denominated in EUR due to our operations in Ireland and Lyon for European roadside assistance coverage. As the overall EUR expenses are exceeded by the EUR income, we do not consider it necessary to enter into any additional hedging to reduce currency risk, due to the natural hedge between EUR denominated income and expenses.

EUR denominated transactions are translated into pounds sterling at the exchange rate ruling at the date of the transaction. A 5% depreciation of pound sterling against the EUR would have resulted in a reduction of approximately £0.6 million in Trading EBITDA for the year ended 31 January 2013.

Commodity Risk

Our principal risk with respect to commodity prices is with respect to the cost of vehicle fuel. Total fuel costs are approximately £21 million per annum, of which approximately £8 million relates to the underlying fuel costs before duty, VAT and distribution costs. Our policy is to hedge approximately 70% of the underlying exposure to fuel costs one year in advance by entering into diesel swaps. We currently have swaps for 11.6 million litres of diesel, with an average diesel swap price of 52.95 pence per litre maturing over the year ending 31 January 2014.

Credit Risk

Our exposure to credit risk is limited because the substantial majority of our income is generated from individual personal members paying small amounts in advance of receiving services. As such, if a personal member does not pay, we do not provide services. Credit risk associated with customers is managed through our professional team of debt collectors, who target recovering all significant balances, in line with our credit terms.

Insurance Underwriting Risk

This Offering Memorandum presents the audited consolidated financial statements of the Company and its subsidiaries as of and for the years ended 31 January 2011, 2012 and 2013, which include the results of operations for our principal insurance underwriting entity, ARCL. However, our exposure to insurance underwriting risk will be limited in the future because on or prior to the Issue Date, we intend to transfer the entire share capital in ARCL from TAAL to the Company. As a result of the above, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. In addition, the AA Group contains two other authorised insurers, AAUSL and AAUL. However, AAUL ceased underwriting insurance policies in 1998 and has no reserves. AAUSL ceased underwriting activities in 2009 and had reserves of £0.4 million as at 31 January 2013.

Critical Accounting Policies

Our financial statements have been prepared in accordance with UK GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Management continually evaluates its estimates and assumptions and bases its estimates and assumptions on historical experience and other factors, including expectations of future events that it believes are reasonable under the circumstances. Actual results may differ from these estimates, and such differences may be material. See "Note 1c" to our audited consolidated financial statements as of and for the period 1 February 2012 to 31 January 2013 included elsewhere in this Offering Memorandum. See "*—Turnover Recognition*."

Turnover Recognition

Turnover in connection with roadside membership subscriptions is apportioned on a time basis over the period where the Group is liable for risk cover. The unrecognised element of subscriptions relating to future periods is held within creditors as deferred income. Within insurance services, commission income from insurers external to the AA Group, either third-party insurers or insurers that are also part of the Acromas Holdings Limited group, is recognised at the commencement of the period of risk.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that we determine that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Pension benefits

For defined benefit schemes, including the AA UK Pension Scheme, the amounts charged to operating profit are the current costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised on a straight line basis over the period until vesting occurs. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in interest payable. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes (with the exception of the AAPMP) are funded, with assets of the schemes held separately from those of the AA Group, in separate trustee administered funds. Defined benefit pension scheme assets are measured using market values. Defined benefit pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Full actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of related deferred tax, is presented separately after other net assets and liabilities on the face of the balance sheet. The value of a net pension benefit asset is restricted to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme. Determination of value and all other calculations referred to above are based on management estimates and are subject to change.

For defined contribution schemes, the amounts charged to the profit and loss account are the contributions payable in the year.

Goodwill

Goodwill is the difference between the fair value of the consideration paid for an acquired entity and the aggregate of the fair values of that entity's separately identifiable assets and liabilities. Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life through the profit and loss account. The useful economic life of goodwill has been estimated to be 20 years. We review the appropriateness of the useful economic life of goodwill with respect to acquired entities at the end of each year and revise the useful economic life of goodwill if necessary based on their estimates.

Additionally, we review goodwill for impairment at the end of the first full financial year following the acquisition and at other times should events indicate that the carrying values may not be recoverable.

Provisions for liabilities

A provision for liabilities is recognised when the AA Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision for liabilities is made on a discounted basis where the time value of money is expected to be material. Such determinations require estimates to be made by management and are subject to change.

Leased assets and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the AA Group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful life. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding. Rentals payable and receivable under operating leases are charged, or credited, to the profit and loss account on a straight line basis over the lease term. Incentives received in connection with entering into operating leases are recognised on a straight line basis over the period of the lease. Determining an asset's useful life, the interest elements and other aspects of leased assets and hire purchase commitments require management to make various estimates and assumptions.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended. The cost of fixed assets less their expected residual value is depreciated by equal instalments over their useful economic lives. The useful economic lives of certain tangible fixed assets are as follows:

	Useful economic life
	(years)
Buildings, properties and related fixtures	
Buildings	50
Related Fittings	3-20
Leasehold properties	—(1)
IT Systems	3-5
Plant, vehicles and other equipment	3-10

(1) The useful economic life of leasehold properties is determined by the period of the respective lease.

The carrying value of tangible fixed assets is reviewed for impairment when management determines what events or changes in circumstances indicate the carrying value may not be recoverable.

Changes to Accounting Policies

Our accounting policies are subject to change from time to time. However, we have not changed our accounting policies in recent years and we are not aware of any pending changes except as described above.

INDUSTRY

UK Roadside Assistance Market

Overview

The majority of roadside assistance service in the United Kingdom is provided through two principle channels: the B2C model, whereby customers subscribe for roadside assistance cover directly through a membership agreement with the applicable roadside assistance provider, and the B2B model, whereby customers receive roadside assistance cover indirectly as an "add-on" or complementary service to the products they purchase from another business. According to industry sources, the total UK vehicle recovery service market generated approximately £1.5 billion as of December 2011, covering approximately 29 million policies. The number of policies in force has remained broadly stable since 2006, as customers have demonstrated a propensity to retain their roadside membership even through the economic downturn. The market for ad-hoc, pay-as-you-use customers is much smaller and covered by independent garages, which are contracted at the point of breakdown.

Operating Model

The three largest roadside assistance providers in the United Kingdom, based on market share, are the AA, the RAC and Green Flag. Together, these companies accounted for approximately 82% and 79% of the B2C and B2B market, respectively, as of June 2012. The AA and the RAC primarily operate a nationwide branded patrol network or "branded model," typically restricting use of third-party garage networks to peak times and in remote areas. This model differs from that of smaller providers, including Green Flag, which employ a contractor-based model. In contrast to the contractor-based model, the branded model provides for direct interaction with the customer through roadside assistance mechanics, who act as the 'face of the brand', which creates the opportunity to reinforce a perception of the brand based on quality, speed of service, responsiveness and reliability.

Types of Policies and Coverage Levels

Roadside assistance policies can either cover vehicles or individuals. Vehicle policies cover a single vehicle or, in some cases, multiple vehicles, while personal policies cover one or more individuals, including families, regardless of the vehicle they are driving. Typically, entry level roadside service includes roadside assistance for repair or for towing broken-down vehicles to a local garage if roadside repair is not possible. This service can be complemented by any of the following additional services:

- *Recovery service*: Recovery service provides members with the ability to transport a broken-down vehicle to a destination of the members' choice.

- *Home service*: Home service provides members with a call-out service for breakdowns while their vehicle is either parked at or within a certain distance of their home.

- *Replacement vehicle/transfer/accommodation service*: Replacement vehicle/transfer/accommodation service provides members with a temporary replacement vehicle or transfer services to a destination of their choice or overnight accommodation if their vehicle cannot be repaired.

Competition

We believe that the competitive landscape in the roadside assistance market is relatively stable with competition based on quality as well as price. According to industry sources, the AA, the RAC and Green Flag are the only sizeable roadside assistance providers in the United Kingdom, accounting for approximately 44%, 26% and 12% of B2C memberships and 42%, 23% and 14% of B2B customers, respectively, as of June 2012. The remaining share is covered by smaller roadside assistance providers, a number of which are subsidiaries of larger insurance groups, including Britannia Rescue, Europe Assistance United Kingdom, Mondial Assistance and AXA Assistance. Market shares have historically been relatively stable, and the investment required to build a trusted, nationwide brand and the cost of building a nationwide branded fleet of qualified patrols with competitive technical ability, along with the sophisticated deployment processes required, has represented significant barrier to entry for new entrants. Green Flag entered the market in 1971 and, according to industry sources, currently accounts for approximately 12% and approximately 14% market share in the B2C and B2B markets, respectively, is the only other participant to have gained any scale in the market in the past 40 years.

B2C Market

In the B2C market, individuals subscribe for a personal membership with the applicable roadside assistance provider, such as the AA, the RAC or Green Flag. In addition to generating fees for the provision of breakdown coverage, these policies also provide roadside assistance providers with revenue opportunities with respect to cross-selling and up-selling additional products and services, including cover for repair following a breakdown, European coverage and other

insurance products. Revenue generated in the B2C market is driven by membership numbers, type of coverage and price. According to industry sources, for the year ended 31 December 2011, the B2C market covered approximately 9 million policies, representing approximately one-third of the overall roadside assistance market.

Distribution Channels

B2C roadside assistance coverage can be acquired through a number of channels. The majority of initial customer contacts are made directly through the Internet or by telephone, typically in response to marketing activity. Face-to-face sales channels, and the sale of roadside assistance cover alongside motor insurance products are also important channels.

Competition

According to industry sources, as of June 2012, the AA was the market leader in the B2C market with a market share of approximately 44%, followed by the RAC and Green Flag with market shares of approximately 26% and 12%, respectively. The competitive landscape within the B2C market has been relatively stable with limited fluctuations in market share.

Market Volume

B2C market volume in the United Kingdom is primarily driven by the number of vehicles on the road. Despite a decline in new car registrations from 2005 to 2011 (Source: *www.smmt.co.uk* and the Department for Transport (the "**DfT**")), the number of privately owned vehicles on the road remained generally stable, with slight growth over this period at a CAGR of approximately 0.6% due to an aging car parc. B2C market volume is also influenced by the number of license holders. According to the DfT, the number of license holders in Great Britain has grown steadily from approximately 25.1 million in 2001 to 28.5 million in 2011, representing a CAGR of 1.3%.

In addition to B2C memberships, some personal members may have coverage through one or more B2B channels ("**double cover**"). While some personal members may be unaware that they have double cover, other personal members choose to maintain their double cover in order to take advantage of the typically higher levels of cover benefits available from their B2C membership.

Pricing

The B2C market consists of two pricing models. Under the "membership pricing model," typically all new members are charged a flat annual fee for roadside assistance coverage, plus additional flat fees for additional services. Upon renewal, membership pricing is reassessed on a case-by-case basis and individual risks, including the number of past breakdown calls and propensity to renew, are taken into consideration. Alternatively, under the "risk-based pricing model," members are charged a variable price based on the likelihood of their vehicle breaking down at both the time they initially obtain coverage and upon renewal. The AA and the RAC apply the membership pricing model, whereas Green Flag and smaller participants predominantly rely upon the risk-based pricing model.

B2B market

In the B2B market, roadside assistance providers, such as the AA, the RAC and Green Flag, engage with partners, who in turn offer roadside assistance as an add-on or complementary service to the products they offer to their customers. Usage rates are typically lower for B2B customers, partly because B2B customers tend to own newer, more reliable vehicles. To the extent that roadside assistance coverage is bundled with other products, B2B customers are also less likely to call for service. According to industry sources, for the year ended 31 December 2011, the B2B market covered approximately 20 million policies, representing approximately two-thirds of the overall roadside assistance membership market by volume.

Distribution Channels

B2B roadside assistance coverage can be acquired through four primary channels:

- *Added value accounts*: Added value accounts ("**AVAs**") are bank accounts which provide their holders with roadside assistance coverage, among other offerings, in connection with their account. Lloyds Banking Group, Barclays, RBS, HSBC and Santander each offer AVAs that provide third-party roadside assistance coverage.

- *Car manufacturers*: Certain car manufacturers, including Ford, Vauxhall, Volkswagen, BMW and Peugeot, offer third-party roadside assistance coverage (typically for one year) to purchasers of new or used vehicles through a franchised or approved dealer.

- *Fleet and leasing companies*: Several fleet and leasing companies provide indirect coverage to customers who rent their vehicles. Rental car companies (such as Europcar, Avis and Hertz), commercial fleet rental companies (such as Hitachi, BT and Centrica) and fleet managers (such as LeasePlan and Lex Autolease) utilise third-party roadside assistance providers for their vehicles.

- *Insurance*: Insurance companies, including Direct Line, Aviva, Admiral and Tesco, offer third-party roadside assistance coverage as part of their motor insurance policy offerings, either sold separately or bundled with other products.

According to industry sources, as of December 2011, the AVA channel covered approximately 8 million policies (40% of the B2B market), the car manufacturers channel covered approximately 6 million policies (30% of the B2B market), the fleet channel covered three million policies (15% of the B2B market) and the insurance channel covered three million policies (15% of the B2B market).

Competition

According to industry sources, as of June 2012, the AA was the market leader in the B2B market, with approximately 42% market share based on number of B2B customers, followed by the RAC and Green Flag, with approximately 23% and 14% market share, respectively. The competitive environment for B2B customers varies significantly by distribution channel. In the AVA coverage market, the AA and Green Flag have exclusive relationships with Lloyds Banking Group and RBS, respectively, with the RAC serving a number of market participants including Barclays and the Co-operative Bank. The AA and the RAC hold a significant majority of the fleet coverage market and both compete with Mondial in the car manufacturer coverage market. A significant proportion of the insurance market is served by Green Flag (which is part of Direct Line Group) and other smaller roadside assistance providers owned by the same group as the insurer.

Market Volume

According to industry sources, despite AVA penetration remaining generally flat at approximately 17% of current bank accounts, the AVA coverage market has slowly grown since 2009, as a result of the increasing number of accounts.

The car manufacturer coverage market is driven by the number of new and used vehicles sold to consumers through franchised or approved dealers. According to the DfT, the number of privately owned cars grew at a CAGR of approximately 0.6% between 2005 and 2011. Despite an average decline of 4% per year in new car registrations over the same period, new car registrations returned to higher levels of growth in 2012 (Source: *www.smmt.co.uk*). The fleet coverage market is driven by the development of the number of commercial vehicles in the United Kingdom that are less than five years old.

Pricing

Prices in the B2B market are typically set on either a per breakdown basis or on a per vehicle insured basis. Pricing within the B2B market tends to be more competitive than in the B2C market, where contracts are regularly tendered by B2B partners. The largest breakdown providers tend to hold an advantage over smaller providers, due to their economies of scale.

UK Insurance Broker Market

Insurance Broker Model

An insurance broker acts as an intermediary between individuals seeking an insurance policy and insurance underwriters, who underwrite insurance policies and provide coverage for losses claimed under those policies. Insurance brokers administer policies and earn commissions based on a percentage of the premium paid by policy holders, without assuming any underwriting risk. Brokers typically generate increased customer value through the sale of ancillary products, including legal coverage, accident plans, car hire, excess coverage and breakdown and key coverage. More sophisticated brokers will also add value to their underwriters' policy offerings by enhancing the risk data available at the point of quote. The insurance brokerage sector is led by a small number of large brokers who design policies and maintain a panel of underwriters who quote competitively for individuals risks. Most insurance brokers in the United Kingdom offer a range of insurance products, including motor, home and travel insurance.

Motor Insurance

Motor insurance is a legal requirement in the United Kingdom and therefore a non-discretionary product. As a consequence, the motor insurance market tracks the number of vehicles on the road and the number of licensed drivers. According to the Association of British Insurers ("**ABI**"), in 2011 23.8 million private vehicles were insured. ABI data also shows that the personal motor insurance market in the United Kingdom generated approximately £10.1 billion in gross written premiums ("**GWP**") in 2011 and has grown at a CAGR rate of 2.8% since 2001. GWPs have increased by approximately 6.3% and 10.1% in 2010 and 2011 compared to the previous year, respectively, primarily as a result of growth in personal injury claims in recent years. The cost of claims is expected to fall with legislation designed to curb the activities of claims management companies who represent and assist policy holders in pursuing their claims, resulting in increased claim settlements. The motor insurance market is relatively fragmented with a large number of participants.

Insurance brokers, including the AA, Budget Group and Swinton Insurance, compete against other brokers and direct insurers through a range of channels, of which PCWs have become the largest, accounting for over 50% of the market. PCWs, including Moneysupermarket.com, Gocompare.com, Confused.com and Comparethemarket.com, have enabled comparison of multiple prices on the same website, leading to price competition and margin pressure. The market penetration of PCWs is reaching maturity and penetration has been relatively stable since 2010 (Source: Datamonitor, November 2012).

In addition to PCWs, brokers solicit new business customers through online and offline marketing activities and seek to upsell and cross-sell products through more customer interaction.

Home Insurance

The development of the home insurance market is largely driven by residential property transactions as home insurance is typically taken out when purchasing property. In order to increase customer value, home insurance providers typically also offer a range of related products, including home emergency as well as maintenance and repair coverage for boiler breakdown, blocked pipes, roof damage, nest removal and other property related matters, such as home legal expenses cover. According to ABI, the home insurance market generated approximately £6.9 billion in GWPs in 2011, having grown at a CAGR rate of 3.5% since 2001. The underwriting performance of the United Kingdom home insurance market has remained more consistent than the motor insurance market in recent years, because of relatively stable underlying claims experience for underwriters. The home insurance market is also relatively fragmented, albeit with greater participation from retail banks and mortgage providers.

Home insurance is distributed across a broader range of channels. Similar to motor insurance, the number of PCWs has increased in the home insurance market; however, their presence is less prevalent compared to motor insurance, in part, due to the relative prominence of banks and building societies, which are an important sales channel as home insurance is often required when purchasing a home with mortgage financing. Lower average premiums and higher retention rates compared to the motor insurance market, combined with individual property specifications (flood locations, home size and building materials), which are used in the underwriting process, have restricted PCW market penetration, which is now at around 30% (Source: Datamonitor, November 2012).

UK Home Emergency Market

Home emergency policies are designed to protect customers against specific types of home-related issues. Emergency response policies typically cover central heating and plumbing systems, boiler failure, leaks and blocked drains. Certain policies also cover selected other emergencies, including roof damage, electrical faults and failures, security, pest control and water and gas supply issues.

Distribution Channels and Models

Home emergency services providers can be categorised by their marketing channel and types of services and products:

- *Utilities*: Home emergency coverage, particularly boiler and central heating coverage, is often offered to existing utility customers by utility providers. British Gas is estimated to be the largest provider of boiler and heating coverage, providing installation and maintenance of domestic central heating and gas appliances to approximately 8.0 million customers in the United Kingdom. Other utilities, including E.ON, operate mixed models of their own and sub-contracted networks.

- *Affinity model*: Home emergency services may be offered by companies with utility and water affinity partners. The company HomeServe is the second largest provider of home emergency coverage in the United Kingdom. According to HomeServe's Annual Report & Accounts for 2012, HomeServe had access to 24 million households through utility and water affinity partners, where it covered 2.7 million customers as of March 2012.

- *Insurance providers*: Home emergency services are offered as a separate add-on to home, car or breakdown coverage of existing customers. Certain providers, including the AA and AXA Assistance, offer repair and claim settling mainly through their own engineers and networks. Other providers, including Direct Line, typically operate third-party contractor networks, as the cost for an independent network can be substantial.

- *AVA*: Banks, including RBS and Lloyds Banking Group, bundle home emergency products with AVAs and AVA customers utilise the associated third-party roadside assistance provider to service their vehicle repair needs.

The home emergency market is generally only applicable for those who own homes. There are approximately 21.0 million households in the United Kingdom within the home emergency market. In addition, according to estimates by HomeServe as of June 2010, approximately 32% of all applicable households hold some form of home emergency coverage, making increasing penetration the most important driver of future market growth.

UK Driving Services Market

The driving services market comprises driving schools as well as training for drivers who have committed certain driving offences and training for occupational drivers. According to industry sources, the market for driving services is estimated to be in the range of £700 million to £860 million as of 31 January 2013. In terms of share of pupils and revenue, the AA/BSM is the market leader with an approximate 20% market share, while the remaining market shares are covered by RED, LDC, Bill Plant and smaller, independent providers, according to industry sources.

The market for driver re-education following traffic offences is currently split among three main competitors and smaller local authorities. The AA (through AA DriveTech) is a leading provider with 14 contracts with local government and police forces. We estimate that AA DriveTech's largest competitor is TTC. AA DriveTech also operates in the fleet training market, providing driver training for corporation and other organisations. According to industry sources, AA DriveTech is one of the two largest operators in this market.

BUSINESS

Overview

We are the largest roadside assistance provider in the United Kingdom, representing over 40% of the market and responding to an average of approximately 10,000 breakdowns every day. With over 100 years of operating history, we have established ourselves as one of the most widely recognised and trusted brands in the United Kingdom. We have successfully leveraged our brand and pursued an affinity-based expansion model into complementary products and services to also become a leading provider of insurance broking services, home emergency assistance services, financial services intermediation and driving services, each of which is offered under the AA brand. As of 31 January 2013, approximately 16 million customers, representing approximately 51% of UK households, subscribed to at least one AA product.

In the year ended 31 January 2013, we generated Trading turnover of £971.0 million and Trading EBITDA (defined as profit before taxation, net interest payable and similar charges, goodwill amortisation, exceptional items, pension curtailment gain, items not allocated to a segment and depreciation) of £394.6 million. Between 2009 and 2013, our Trading turnover grew at a CAGR of 2.1%. Our business generates attractive margins, with a Trading EBITDA margin of 40.6% for the year ended 31 January 2013. We have high cash conversion ratios (defined as available cash inflow from operating activities divided by Trading EBITDA) of 112.9%, 94.8% and 94.3% in the years ended 31 January 2011, 2012 and 2013, respectively, as we have favourable working capital dynamics due to the fact that the majority of our personal members pay for services in advance and the majority of our suppliers are paid after the provision of goods and services. In addition, we estimate that approximately 84% of our turnover and approximately 92% of our profit contribution (turnover less marketing and service and delivery costs) for the year ended 31 January 2013 was derived from repeat business (defined as income from renewing personal members and insurance customers, multi-year B2B roadside assistance and driving services contracts and driving school franchisees that contribute to turnover), which contributes to the relative predictability of our future Trading EBITDA and cash flow.

Our Strengths

Widely recognised and trusted consumer brand

The AA brand is one of the most widely recognised consumer brands in the United Kingdom, with over 100 years of operating history and over half of UK households subscribing to at least one AA product. We believe that our excellent customer service has resulted in high levels of customer satisfaction and that, as a result, we have successfully positioned the AA as the UK's "4th Emergency Service." Customer engagement is high, and on average, each of our personal members will use the service once every two years. Our nationwide reputation is evident through our own and independent surveys indicating leading levels of brand favourability and satisfaction among UK consumers. The AA has achieved the highest overall score of the major roadside assistance providers in each of the past five years, as assessed by *Which?*, one of the largest consumer organisations in the United Kingdom.

Our brand is further enhanced through the AA's approximately 3,000 branded "yellow" patrol vehicles, which provide us with a strong market presence and high visibility on the road. Our brand is also highly visible through our road signage, publishing and hotel and restaurant accreditation services. In addition, our AA Routeplanner website served approximately 2.4 million routes per week on average during the year ended 31 January 2013 and our suite of AA branded mobile apps have been downloaded approximately 3.0 million times since launching. Due to the strength of the AA brand, we have successfully implemented an affinity-based expansion model, enabling us to develop complementary products and services beyond traditional roadside assistance services.

Market leader in the UK roadside assistance market

According to industry sources, the total UK vehicle recovery service market generated approximately £1.5 billion as of December 2011, covering approximately 29 million policies. In addition, the market has been resilient throughout the recent economic crisis, as consumers in the United Kingdom have demonstrated a propensity to retain their roadside assistance coverage. This supports the view that the service is one that our personal members may opt to maintain in spite of reductions in household income.

We are the largest roadside assistance provider in the United Kingdom based on market share, with approximately four million personal members and nine million B2B customers, representing approximately 44% and 42% of the B2C and B2B markets, respectively (according to industry sources), significantly larger than the next largest roadside assistance provider, the RAC. At 31 January 2013, approximately 1.5 million personal members had been with the AA for more than 10 years, of which approximately 800,000 had been personal members for more than 20 years. See "*Business—Our Products and Services—Roadside Assistance*."

Significant barriers to entry in a mature and concentrated market

The roadside assistance market in the United Kingdom is a mature and concentrated market. The three primary market participants are the AA, the RAC and Green Flag, which together account for approximately 80% of the combined B2C and B2B roadside assistance markets. The most recent of these to enter the market was Green Flag in 1971 and, according to industry sources, it currently accounts for approximately 12% of the B2C market and approximately 14% of the B2B market. We believe that the substantial resource and scale required to operate an efficient national roadside service, combined with high start-up costs for new market entrants, pose significant barriers to entry. The AA is well positioned within the market as a result of the following brand specific factors:

- the strength of the AA brand established over a 100-year operating history has fostered high levels of trust and loyalty among our customer base and has contributed to our high customer retention rates;
- our national coverage and the economies of scale we achieved through our approximately 3,000 dedicated patrols allow us to reach our customers quickly and to provide high quality service to approximately 3.7 million breakdowns per year at a lower cost per breakdown than competitors with less scale and that employ third-party garage networks;
- our sophisticated deployment processes and delivery systems for addressing breakdowns have been specifically developed by the AA over years of operational experience and would be difficult and expensive to replicate;
- our proprietary database of approximately 20.0 million individuals who have consented to receive communications from the AA provides us with a significant platform to cross-sell our complementary products and services and provides us with critical data for our pricing models; and
- well-established relationships with our B2B partners, whereby we are able to provide high-quality service to their customers, as well as important statistical data such as vehicle faults and performance information to the B2B partners themselves.

We believe these brand specific factors, combined with the significant barriers to entry in the roadside assistance market described above, have allowed us to maintain our leading market position in a mature and concentrated market.

Diversified and substantial customer base with potential for high product and service cross-holding levels

As of 31 January 2013, approximately 16.0 million customers, representing approximately 51% of UK households, subscribed to at least one AA product or service and approximately 55% of our customers had more than one of our products or services. We believe that there is further potential to increase the cross-holding of our products and services, particularly among our roadside assistance personal members. For example, while approximately 65% of our approximately 700,000 motor insurance customers also have a roadside assistance membership, only approximately 11% of our approximately four million roadside assistance personal members are motor insurance customers. We believe this represents a significant opportunity for increased motor insurance sales to our roadside assistance personal members. Our extensive proprietary database provides us with a cost-efficient platform to cross-sell our complementary products and services, including our insurance and home emergency products and services, on a targeted basis to our existing customers, thereby increasing value per customer.

Strong market positions across an attractive portfolio of complementary product offerings

By leveraging the strength of the AA brand, we began successfully expanding into the UK motor and home insurance broking market in 1967, as well as the financial services intermediation market in 1980, the driving services market in 1992 and the home emergency services market in 2010.

We are one of the leading insurance brokers in the United Kingdom and have a long history of distributing motor, home and other insurance products to both personal members and non-members, with approximately 1.8 million policies currently in force. We have achieved a high degree of cross-penetration between our business segments. Of our motor and home insurance customers, approximately 65% and 44%, respectively, are also AA roadside assistance personal members.

We launched our home emergency services in December 2010, largely building on our existing AA sales and operational infrastructure and taking advantage of our significant experience in managing substantial and sophisticated deployment processes. Having rapidly established the AA as a leading player in the home emergency market, we now serve approximately 1.2 million households through our B2C and B2B relationships, with a significant cross-penetration of approximately 62% of home emergency members already subscribing to our roadside assistance services as of 31 January 2013.

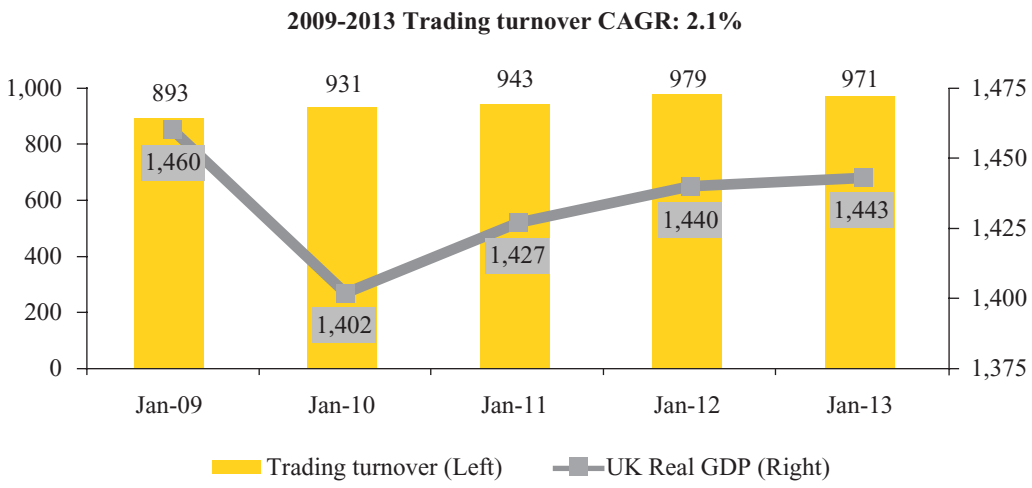
We are the largest driving school in the United Kingdom based on market share according to industry sources, with approximately 2,900 franchised instructors teaching individuals to drive or how to become driving instructors.

Additionally, the AA provides financial services intermediation products such as savings accounts, unsecured loans, credit cards, currency cards and life insurance policies, with a portfolio of approximately 156,000 savings account customers with savings deposits of approximately £3.4 billion through our business partner, Birmingham Midshires (Lloyds Banking Group), as of 31 January 2013.

Resilient business model with high recurring turnover and significant cash flow generation

We have maintained a strong historical performance through the economic cycle, as reflected in the charts below presenting our Trading turnover (defined as turnover excluding turnover not allocated to a segment) and Trading EBITDA for the five years ended 31 January 2013 compared to UK Real GDP for the five years ended 31 December 2012:

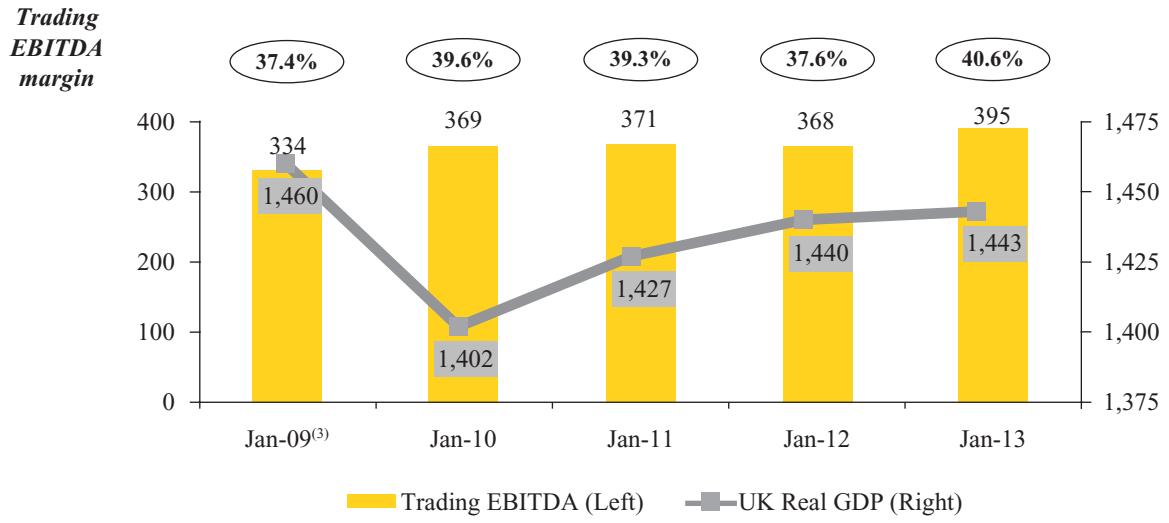
Trading turnover[(1)] (£ in million) and UK Real GDP[(2)] (£ in billions)



(1) Trading turnover includes turnover from insurance underwriting. Trading turnover for the financial years ended 31 January 2009 and 2010 was derived from our management accounts and Trading turnover for the financial years ended 31 January 2011, 2012 and 2013 was derived from our audited consolidated financial statements.

(2) UK Real GDP is presented for the five years ended 31 December 2012 (Source: IMF).

Trading EBITDA[(1)] (£ in million) and UK Real GDP[(2)] (£ in billions)



(1) Trading EBITDA for the financial years ended 31 January 2009 and 2010 was derived from our management accounts and Trading EBITDA for the financial years ended 31 January 2011, 2012 and 2013 was derived from our audited consolidated financial statements.

(2) UK Real GDP is presented for the five years ended 31 December 2012 (Source: IMF).

(3) Beginning on 1 February 2009, we have capitalised internal labour costs. We have not restated our results for the year ended 31 January 2009 to reflect this change in our accounting policies. We estimate that this amount would have increased Trading EBITDA by £3.5 million in the year ended 31 January 2009.

We have high member and customer retention rates within each of our major segments as a result of both individual customer brand loyalty and significant multi-year B2B contracts, which provide recurring turnover and significant cash flow generation. We estimate that approximately 84% of our turnover and approximately 92% of our profit contribution (defined as turnover less marketing and service delivery costs) for the year ended 31 January 2013 was derived from repeat business. The average personal member retention rate within our roadside assistance segment was approximately 79% in the year ended 31 January 2013. The average tenure of personal members within our roadside assistance segment is approximately 11 years, with retention rates increasing with membership tenure. The data which we have collected comparing our personal roadside assistance membership to UK GDP for the last 40 years indicates that our personal roadside assistance membership base has remained relatively stable, despite cyclicality in the broader economy. Our insurance services products, principally motor and home insurance and home emergency, have an average retention rate of approximately 71% for the year ended 31 January 2013.

Furthermore, the implementation of new customer administration systems in our roadside assistance and insurance segments over the past three years has increased the volume and quality of data available to us, allowing us to improve our pricing and non-pricing retention capabilities.

We have high cash conversion ratios (defined as available cash inflow from operating activities divided by Trading EBITDA) of 112.9%, 94.8% and 94.3% in the years ended 31 January 2011, 2012 and 2013, respectively, as we have favourable working capital dynamics due to the fact that the majority of our personal members pay for services in advance and the majority of our suppliers are paid after the provision of goods and services.

Experienced and proven management team complemented by a dedicated workforce

Our management team is highly experienced, with an average tenure of approximately seven years with the AA and a strong historical track record of growing our Trading EBITDA. In recent years, for example, our management team has overseen the extension of our cross-sale activities through our expanded range of services, the organic development of our home emergency segment, the replacement of customer administration systems and the development of the driving services segment through both organic development and bolt-on acquisitions. These activities were delivered in addition to the ongoing improvements in profit contribution from both B2C and B2B roadside assistance activities. Furthermore, over the past year, our management team has streamlined our call centre operations, removing management duplication and improving call handling efficiencies.

We also have a highly skilled and experienced workforce with an average roadside assistance patrol tenure of over 10 years. Our hiring process for automotive technicians is selective and once hired, our patrol members receive additional training and support and are subject to ongoing evaluation. We believe that the excellent quality of our workforce contributes to our high roadside repair rates, which in turn contributes to customer retention.

Our Strategy

Continue to enhance and develop our roadside assistance service offerings

We believe that our highly skilled and experienced workforce and our strong track record in the roadside assistance service industry are key factors driving our ability to win new personal members and retain and extend existing contracts. We intend to continue to implement customised technology to enhance our roadside services and other product offerings as opportunities arise. We believe targeted investments in IT and diagnostic equipment will help ensure that our fleet continues to achieve a high roadside repair rate and provide high quality roadside service. For example, we recently equipped our standard service vans with mobile data terminals that display contact details and breakdown history for our personal members and B2B customers. In addition, we are focused on rolling out special services, such as AA Key Assist, which combines professional locksmith skills with advanced diagnostic equipment to quickly replace lost, damaged or stolen vehicle keys. AA Key Assist allows our patrols to provide replacement keys for most vehicle models within one hour of arriving at the scene. We believe that our ability to provide advanced tools, diagnostic equipment and technology at the roadside and to develop distinct value-added services differentiates us from our competitors.

Further increase value per customer through cross-selling and up-selling

One of our key priorities is the continued focus on the promotion of our products and services among our large existing personal member and customer base. In particular, we are actively cross-selling multi-product packages and up-selling existing customers to higher levels of coverage where appropriate. As of 31 January 2013, we maintained a database of approximately four million roadside assistance personal members, of which only approximately 11%, 6% and 7% purchased our motor insurance, home insurance and home emergency services, respectively. Furthermore, we believe that our roadside assistance personal members find our other products and services attractive based on the fact that as of 31 January 2013, approximately 65% of our motor insurance, 44% of our home insurance and 62% of our home emergency customers were also roadside assistance personal members. The relatively low percentage of cross-holding among our roadside assistance personal members represents an opportunity for further sales. We regularly analyse our database to identify opportunities to market products and services to our existing customers at attractive prices.

Focus insurance broking on areas of competitive advantage

We intend to continue to develop our insurance broking business, in particular by focusing primarily on our demonstrated ability to cross-sell and up-sell our extensive insurance product range to our existing customer base, including the approximately four million personal members that currently subscribe to our roadside assistance services. The insurance broking market is highly competitive and price competition is significant. As a result, we are particularly focused on capitalizing on the competitive advantage afforded to us by the size and quality of our proprietary data base to increase our sales. In particular, our substantial customer base, combined with our database management systems, allows us to collect and provide motor insurers with historical risk-related information concerning our personal members, which is only available to the AA. For example, in addition to providing generally available credit scoring information, we are able to provide information regarding our personal members to assist motor insurers in their analysis of insurance risk. We currently have proprietary data which allows preferential pricing for a majority of our personal members. We believe the data we provide to motor insurers will continue to allow us to achieve preferential pricing terms for our existing roadside assistance personal members. In addition, we believe that our regular direct contact with our existing personal members and B2B customers through our call centres will continue to provide us with a cost-efficient platform from which to sell motor, home and a variety of other insurance products on a targeted and customer-specific basis.

Grow home emergency business from a solid base

We are one of the fastest growing home emergency providers in the United Kingdom and we believe that there is significant scope for further growth. The AA covers approximately 1.2 million households out of an estimated total potential market of approximately 21.0 million households. We believe that our home emergency service is attractive to both existing roadside assistance personal members and customers in our other segments, and to prospective customers, due to the strength of our brand and our reputation for quality service. One of the key elements of our growth strategy for our home emergency services is to continue leveraging the AA brand by cross-selling our home emergency service to our existing roadside assistance personal members and home insurance customers. As of 31 January 2013, only approximately 7% of our roadside assistance personal members had purchased our home emergency services, suggesting that there is significant room for future growth within our existing customer base. We also intend to focus on up-selling our existing home emergency customers to higher levels of coverage, such as our boiler and central heating repair policies. Building on the success of our affinity-based expansion model with our B2B partners, such as Lloyds Banking Group, which has enabled us to penetrate the B2B market, we intend to continue to create similar relationships with other banks and financial institutions, utility companies and affinity groups to promote our home emergency service expertise.

Maintain and grow driving services market share

We are a leading provider of private driver education with approximately 20% share of pupils and revenue in a fragmented market, according to industry sources. We also offer commercial driver education programmes in the United Kingdom. We intend to further develop our leading market position by extending our range of driver training and awareness products. For example, primarily through corporate contracts with AA DriveTech, we provide driver education and awareness training specifically designed for commercial and professional drivers. We aim to continue to build on our strong relationships with UK police forces, as a significant proportion of AA DriveTech customers are referred to us as a result of having committed certain driving offences. We are also developing contacts with small businesses that require their employees to enrol in driver education programmes. Although we are currently focused on maximizing enrolment in our existing driving schools and training programmes, we will also consider potential selective acquisitions in this area as attractive opportunities arise.

Principal Shareholders

The shareholders of our ultimate parent are funds controlled by Charterhouse (36%), funds controlled by CVC (20%), funds controlled by Permira (20%), employees (20%) and others (4%).

Charterhouse is a UK-based private equity firm that specialises in European leveraged buyouts. With a portfolio that includes financial services, industrial and manufacturing businesses, Charterhouse has approximately €8.0 billion of assets under management. CVC is a UK-based private equity firm with offices throughout Europe, Asia and the United States. CVC has completed over 300 investments in a wide range of industries and currently has secured commitments of approximately $50.0 billion. Permira is a UK-based private equity firm that specialises in the consumer, financial services, healthcare, industrials and technology and media sectors. Permira advises funds of approximately €20.0 billion.

Recent Developments

Trading Update

In the three months ended 30 April 2013, we generated Trading turnover of £238.2 million, which represents an increase of £2.4 million, or 1.0%, from £235.8 million in the three months ended 30 April 2012. In addition, our Trading EBITDA increased by £6.2 million, or 6.7%, to £98.9 million in the three months ended 30 April 2013 from £92.7 million in

the three months ended 30 April 2012. In the twelve months ended 30 April 2013, we generated Trading turnover of £973.4 million and Trading EBITDA of £400.8 million. Please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Consolidated Results of Operations for the Three Months Ended 30 April 2012 and 2013*" for our results of operations for the three-month periods ended 30 April 2012 and 2013.

Separation

In 2007, the AA joined Saga under common ownership and has since operated as a subsidiary of the parent company, Acromas Holdings Limited, which is owned by funds controlled by Charterhouse (36%), funds controlled by CVC (20%), funds controlled by Permira (20%), employees (20%) and others (4%). However, the AA has largely maintained independent business operations within each of its segments, with the exception of certain shared services and trading relationships among the AA Group, the Acromas Group and the Saga Group, including with respect to information technology, legal services, financial services and treasury administration.

Concurrently with the Offering, the operations of the AA Group will be separated from the Acromas Group and the Saga Group. However, the AA will continue to be owned by Acromas and have certain shared responsibilities and trading relationships with the Acromas Group and the Saga Group. To formalise the Separation and help facilitate a smooth transition, whereby the AA, Saga and Acromas will operate as independent groups with limited dependency, the AA Group will enter into an inter-group services agreement with the Acromas Group that will govern the relationship between certain members of the AA Group, the Saga Group and the Acromas Group and set forth the terms and conditions on which certain services will be provided between such members. See "*The Transactions—The Separation*."

AA Pension Schemes

The AA Group operates two defined benefit pension schemes: (i) the AA UK Pension Scheme, which we operate for AA employees in the United Kingdom, including the Channel Islands, and (ii) the AA Ireland Pension Scheme, which we operate for AA employees in Ireland. The AA UK Pension Scheme is the largest scheme operated by the AA Group and according to the last actuarial valuation, which was carried out as at 31 March 2010, the AA UK Pension Scheme had a funding deficit of approximately £87 million and assets of £1,222 million. The Saga Group operates three defined benefit pension schemes: (i) the Saga Pension Scheme, (ii) the Nestor Healthcare Group Retirement Benefits Scheme and (iii) the Healthcall Group Limited Pension Scheme. The Saga Pension Scheme is the largest scheme operated by the Saga Group and as at 31 January 2012, the Saga Pension Scheme had a funding deficit of approximately £37.3 million and assets of £146.0 million. In connection with the AA Group and the Saga Group being brought together under common ownership to form part of the Acromas Group in 2007, an agreement was entered into with the trustee of each of the AA UK Pension Scheme and the Saga Pension Scheme, which provided the trustees thereof with shared super senior security over assets of the Acromas Group. Under this arrangement, the AA UK Pension Trustee was granted super senior security over assets up to a value of £150 million in respect of certain liabilities relating to the AA UK Pension Scheme, and the Saga Pension Trustee was granted super senior security over assets up to a value of £32.5 million in respect of certain liabilities relating to the Saga Pension Scheme.

The 2013 Valuation is currently being conducted for the AA UK Pension Scheme and we expect to receive the preliminary valuation results later in 2013. In connection with the 2013 Valuation, we have entered into negotiations with the AA UK Pension Trustee in relation to a proposal to enter into the ABF , which will provide the AA UK Pension Scheme with an inflation-linked income stream over 25 years, intended to address, in whole or in part, the funding deficit which is expected to be disclosed by the 2013 Valuation. Typically, funding deficits are addressed over a much shorter period than 25 years and, in order to secure the AA UK Pension Trustee's agreement to this longer 25-year term under the ABF, it is proposed that the AA UK Pension Trustee will release its £150 million super senior security to be granted by the Obligors concurrently with the Offering (as described below) in return for first-ranking security over our brands up to a value of £200 million. While the proposed arrangement remains subject to further negotiation, we expect that the ABF will be put in place during the course of 2013. As described above, the AA UK Pension Trustee currently has the benefit of shared super senior security over assets of the Acromas Group up to a value of £150 million in respect of certain liabilities relating to the AA UK Pension Scheme. Concurrently with the Offering, the AA UK Pension Trustee's existing shared super senior security interest will be released and it will be granted first-ranking super senior security from the Obligors up to a value of £150 million. If the ABF is not finally agreed and implemented, the AA UK Pension Trustee's security will remain at its present value of £150 million. Concurrently with the Offering, the AA Ireland Pension Trustee will also be granted first-ranking super senior security from the Obligors up to a value of £10 million, which will remain in place irrespective of whether the ABF is ultimately agreed and implemented.

A non-binding term sheet setting out the terms of the ABF has been agreed with the AA UK Pension Trustee and will be appended to a pension agreement, which will set out the terms agreed between the AA Group and the AA UK Pension Trustee on various pensions issues, including the guarantees being granted to the Borrower to replace the guarantees previously provided by a member of the Acromas Group, and which will be entered into between the AA UK Pension Trustee and the Borrower on or about the Closing Date (the "**AA UK Pension Agreement**").

No results (preliminary or otherwise) are currently available in relation to the 2013 Valuation. We estimate that the funding deficit with respect to the AA UK Pension Scheme was approximately £180 million as at 31 March 2013. However, the funding deficit for the purposes of the final 2013 Valuation will depend on the assumptions we finally agree with the AA UK Pension Trustee, which means the funding deficit ultimately disclosed by the 2013 Valuation may differ materially from our current estimate. Furthermore, there can be no assurance that the funding deficit with respect to the AA UK Pension Scheme will not increase in the future under the ABF, which may result in materially higher payments to the AA UK Pension Scheme being required to address such increased deficit.

As a result of a recent law change, certain employers in the United Kingdom are now required to automatically enroll eligible employees (who are not already members of a qualifying pension scheme) into a qualifying pension scheme with a minimum level of employer contributions. The AA Group will begin to automatically enroll eligible employees who are not already members of a qualifying pension scheme (such as the AA UK Pension Scheme) into a group personal pension plan commencing on 1 July 2013 (though employees will have the option to opt into the group personal pension plan before 1 July 2013 if they wish).

The Migration

One of our subsidiaries, TAAL, is incorporated in Jersey and is regulated by the Jersey Commission as a registered person under the Financial Services (Jersey) Law 1998 to carry on general insurance mediation business, as more fully described under "*Regulatory Overview—TAAL Jersey Regulatory Overview*." Consequently, TAAL is subject to certain requirements imposed by Jersey law, which, among other things, requires prior approval from the Jersey Commission to transfer direct and indirect ownership in TAAL or appoint a liquidator or an administrator, or to perfect any assignment of title to or enforce any security interest granted in respect of the share capital of TAAL or any parent company of TAAL. Accordingly, in order to facilitate enforcement of the Obligor Security in the future for the indirect benefit of the holders of the Class B Notes, including the appointment of an administrative receiver, concurrently with the Offering, TAAL and AADL, an entity incorporated in England, will enter into the Business Transfer Deed, pursuant to which TAAL will agree to sell, and AADL will agree to buy, the business of TAAL as a going concern and the legal and beneficial title to substantially all the income producing assets of TAAL. In connection with the sale, AADL will assume all the liabilities of TAAL, as well as agree to pay the book value of the assets to be transferred.

Substantially all the income producing assets of TAAL will be transferred in accordance with the terms set out in the Business Transfer Deed. It is expected that the transfers will commence in September 2013, when employees of TAAL will transfer to AADL and AADL will be substituted as the sponsoring employer under the AA UK Pension Scheme in place of TAAL, and subject in the case of certain assets, such as supplier contracts, finance leases and leases of real estate, to the receipt of applicable third party consents. Prior to the transfer of employees, TAAL will agree to service and administer the assets that have already been transferred to AADL to the same standard that it would apply if it had not entered into the Business Transfer Deed. Following the transfer of employees to AADL, TAAL and AADL will enter into a transitional services agreement to ensure TAAL is able to discharge its duties in respect of assets that have yet to be transferred or which do not form part of the assets being sold to the same standard that it has applied prior to the date of the Business Transfer Deed. See "*The Transactions—The Migration*."

Our History

The AA was formed in 1905 by a group of motoring enthusiasts in London. The official duties of the first AA patrols were to indicate dangers on the road and help motorists who had broken down. By 1909 the patrols wore uniforms and were recognised across England and Scotland. In the early years of our business, the AA appointed agents and repairers, assisted drivers in identifying journey routes and began inspecting and classifying hotels. Following the First World War, the patrol service began to employ motorcycles equipped with tools, spare parts and fuel in making roadside repairs. By 1939, the AA had 725,000 personal members, equivalent to 35% of the two million cars then on the road. By 1950, the AA had reached the milestone of one million personal members.

The AA launched its insurance services segment in 1967. Motorists wanted insurance cover from an organisation with which they were familiar and could trust and, as such, turned to the AA. Over the course of the 1970s and 1980s, the AA introduced four-wheeled patrol vehicles, launched a programme to guarantee transport of seriously broken-down vehicles and their drivers to final destinations and implemented the first AA computer system. In response to market changes, the AA also began to develop B2B relationships, whereby its roadside assistance service would be offered to the customers of car manufacturers, fleet and leasing companies and financial service providers as an "add-on" or complementary service to the products purchased from such businesses. The AA began offering its own non-insurance, financial services products in 1980, and has since expanded to include savings accounts, unsecured loans, credit cards and life insurance policies. The AA also launched its driving school in 1992 and its home emergency services operations line in 2010.

In 1999, AA members voted to demutualise the AA and join the Centrica group. In October 2004, the AA was acquired from Centrica by the private equity groups CVC and Permira, and in 2007 it was combined with Saga (which was

owned by private equity group Charterhouse) to form part of the Acromas Group. Since 2007, the AA has operated as a subsidiary of the parent company Acromas, which is owned by funds controlled by Charterhouse (36%), funds controlled by CVC (20%), funds controlled by Permira (20%), employees (20%) and others (4%).

Our Products and Services

We have a strong UK consumer franchise built upon our market-leading roadside assistance business. We offer a wide variety of products and services across four primary segments: roadside assistance, insurance services, driving services and AA Ireland.

Roadside Assistance

We are the leading provider of roadside assistance across the United Kingdom, with approximately 3,000 dedicated patrols reaching an average of 10,000 breakdowns each day. Unlike certain other roadside assistance providers that only provide customers with access to towing services or a third-party garage network, our patrols are trained to assess and repair a multitude of vehicle malfunctions at the roadside. The AA service vans and motorbikes are each equipped with highly advanced tools, equipment and technology designed to enable our patrols to achieve a high roadside repair rate, and in the year ended 31 January 2013 our patrols successfully repaired approximately 76% of breakdowns at the roadside.

We serve a broad spectrum of roadside assistance clients, who are divided principally between personal members, who subscribe for roadside assistance coverage directly through membership agreements with us within the B2C market, and B2B customers, who receive our roadside assistance coverage indirectly as an "add-on" or complementary service to the products they purchase from our B2B partners in the B2B market. As of 31 January 2013, we had approximately 13 million roadside assistance clients, consisting of approximately four million B2C personal members and approximately nine million B2B customers. Our personal membership base has historically remained relatively stable, despite cyclicality in the economy.

Our roadside assistance service offers 24-hour a day cover for cars, motorbikes, caravans, and vans that breakdown over a quarter of a mile from the home. This includes a tow to a nearby garage if the vehicle cannot be fixed at the roadside. The most common reasons for a call-out are problems with a vehicle's battery, tyres, engine, starter motor, clutch or lights. Calls from both personal members and B2B customers are taken at one of our two dedicated UK call centres. Our call centre in Oldbury focuses on service delivery and deploying patrols; our call centre in Cheadle focuses on roadside assistance sales, customer service and retention activities, and together with home-based teleworkers, offers excess capacity for emergency breakdown calls during busy periods. Approximately 90% of breakdowns are attended to by our national network of AA branded patrols and approximately 10% are served by a network of third-party garages, which provides flexibility during peak periods or in geographic areas with low demand.

In addition to our primary roadside assistance service, we offer three additional levels of cover for B2C personal members, consisting of Home Start, Relay and Stay Mobile, which are available for either vehicles or individuals (single, joint or family coverage), or for sale to the B2B market as part of product offerings:

Home Start: Provides our core roadside assistance service to breakdowns that occur within one-quarter of a mile from the home. This service is predominantly used to provide assistance when a vehicle is parked at home and experiences problems such as a flat battery in cold weather.

Relay: Provides recovery and transport of vehicles and up to seven passengers to anywhere in the United Kingdom. While our core roadside assistance service includes a tow to a nearby garage if the vehicle cannot be fixed on the roadside, this offering allows customers to either complete their planned journey or cancel their journey and have their car delivered to their home or garage of choice (often their local service provider).

Stay Mobile: Provides car rentals for up to three days, overnight accommodation or return public transport after a vehicle is transported to a garage for repair.

Cover levels provided to our B2B customers vary according to their requirements and, on average, represent lower levels of cover than that purchased by our personal members.

In addition to our primary roadside assistance service and our three additional levels of cover, we also have a number of complementary roadside products. Our additional product options include European Breakdown Cover ("**EBC**"), for personal members travelling in mainland Europe, and Breakdown Repair Cover ("**BRC**"), which works together with our primary roadside assistance service to help reduce repair costs following a breakdown.

With respect to our B2C personal member business, we employ a membership-based pricing model in which personal members are charged a fixed annual fee for our primary roadside assistance service. We regularly make introductory offers to attract new personal members, which may include offering enhanced levels of cover or vouchers for other AA products. When our personal members renew or upgrade their roadside service cover, we amend membership fees to implement price differentiation among our personal members based on individual customer data and pricing optimisation models, which are proprietary to the AA. All memberships are offered on an insured basis (i.e., personal members pay a periodic fee rather than pay based on usage). Approximately 89% of our personal members pay their annual membership fee in advance, while the remaining 11% pay monthly. Non-members who request roadside assistance are required to sign up to an insured contract (at a level of cover that is appropriate).

Our personal membership base has historically featured relatively high renewal rates, which typically increase with the tenure of the membership. The current average tenure of our personal members base is approximately 11 years and approximately 1.5 million of our personal members have maintained their roadside assistance cover for over 10 years and of these 800,000 have been personal members for over 20 years, respectively. On average, our personal members require assistance for a vehicle breakdown once every two years and, as a result, our personal members benefit from their membership on a regular basis. To encourage customer loyalty and increase retention, we also offer a tiered membership scheme whereby our personal members are offered free membership upgrades that provide access to a range of product enhancements. There are currently two tiers of loyalty membership, Silver and Gold:

Silver: Offered to personal members of over one year and includes accident assistance, 24-hour a day EBC, family associates cover for those under the age of 17 years and free expert advice on legal and motoring matters.

Gold: Offered to personal members of over five years and includes accident assistance, 48-hour EBC, family associates cover for those under the age of 17 years, free expert advice on legal and motoring matters and £500 worth of key insurance cover.

Our B2B customer base consists of approximately nine million customers, which are split across four categories:

Added value current accounts: The AA provides breakdown cover to Lloyds Banking Group customers as part of their package of benefits associated with AVAs. We have an exclusive relationship with the Lloyds Banking Group, which is one of the largest UK-based banking groups, covering Lloyds TSB, Halifax and the Bank of Scotland. According to industry sources, we currently have a share of approximately 50% of the AVA market by cover.

Car manufacturers: Car manufacturers provide breakdown cover to their customers as part of new or used car warranties sold by franchised dealers. We have relationships with over 20 of the leading car manufacturers operating in the UK market, seven of which have been in place for over 10 years and 13 of which have been in place for over five years. Our well-established relationships with these car manufacturers are partly due to our ability to provide them with important statistical data such as vehicle faults and performance information. We currently have contracts, among others, with Ford and General Motors, two of the top car manufacturers in the United Kingdom. According to industry sources, we currently have a share of approximately 42% of the car manufacturer breakdown market by cover.

Fleet and leasing companies: Commercial fleet companies (such as Hertz) and lease companies (such as LeasePlan) offer breakdown cover to their customers for an additional fee. Cover is also provided for companies with large fleets of vehicles (such as British Telecom). According to industry sources, we have a share of approximately 56% of the fleet market by cover and relationships with approximately 21 fleet and lease companies.

Insurance: Insurance companies provide breakdown cover either as part of their offer of insurance to customers (with or without premium increase) or as a stand-alone product. According to industry sources, we have a share of approximately 11% of the insurance market by cover. We purposefully limit our exposure to this market.

Our B2B partners typically enter into contracts with us for a duration of three to five years, and most opt to extend the term of the contract. Over the last five years, one major B2B partner has not opted to renew its contract with us, and it is common for contracts to renew prior to their expiration. We have limited concentration among our B2B partners, the top 10 customers accounting for 13.1% of our total turnover and Lloyds Banking Group, being our largest B2B partner accounts for 9.3% of our total turnover for the year ended 31 January 2013.

The following table highlights some of our current B2B partner relationships:

B2B Partners	Type of Company
Lloyds TSB	Added Value Accounts
Chevrolet	Car Manufacturer
Ford	Car Manufacturer
General Motors	Car Manufacturer
Honda	Car Manufacturer
Jaguar/Land Rover	Car Manufacturer
Toyota	Car Manufacturer
BT Fleet	Fleet/Leasing Company
Enterprise	Fleet/Leasing Company
GE Capital	Fleet/Leasing Company
Hertz	Fleet/Leasing Company

While our B2B contracts include a number of contracts priced on a fixed annual price-per-vehicle-covered basis, the majority of our B2B contracts are priced on a pay-for-use ("**PFU**") basis. In addition to the profit and scale efficiencies derived from our B2B contracts, these relationships can provide the opportunity to gain new personal members when the initial period of manufacturer cover provided by our B2B partner ends. Following the expiration of this initial period of manufacturer cover, certain of our B2B partners provide us with the contact information of those customers that will no longer be eligible to receive AA roadside assistance service as part of their initial package of benefits. As such, we are able to increase our personal member base by offering former B2B customers the opportunity to join the AA at introductory prices.

Within our roadside assistance segment, we also generate revenue through products and services delivered through our own patrol force, including the sale of parts for repair at the roadside ("Parts"), of which battery sales is the largest, removal of the wrong fuel from a vehicle ("Fuel Assist"), provision of specialised locksmith skills ("Key Assist") and delivery of a rental car when local repair cannot be arranged ("Relay Plus"). We also provide automotive glass repair and replacements services through AA Autowindshields. This business principally operates business services contracts on a PFU basis for insurance underwriters (including Acromas Insurance Company Limited) and fleet and leasing companies.

Roadside Operational Systems and Deployment Model

We have developed and implemented the following sophisticated operational systems and deployment models that we use to maximise cost efficiency and customer service requirements based on experience.

Patrol Contribution Model: To further strengthen the operational efficiency of our highly experienced roadside assistance patrols, we implemented a patrol contribution model in April 2011, which we use to measure each patrol's performance with reference to customer service, operational efficiency and sales performance. The patrol contribution model enables us to track each patrol's performance and provide additional training and support to our patrols as necessary, which has resulted in increased repair rates, improved job times and higher breakdown attendance rates per patrol shift.

Resource Deployment Models: To match our patrol resources to seasonal, daily and weekly customer demands and to provide additional flexibility to address short-term workload fluctuations, we have developed resource deployment models that maximise our operational and costs efficiencies. For example, we rely upon separate "patrol rostering models" for the summer and winter months to calculate the optimal number of patrols required on the road to service workload forecasts generated from historical experience. Consequently, approximately 90% of breakdowns are attended to by our national network of AA branded patrols.

Deployment Systems: We have developed a sophisticated in-house deployment and service delivery system that automates deployment decisions and tracks both customer location and status, as well as the availability of our resources in order to maximise customer service and cost efficiency.

Flexible Patrol Employment Contracts: To manage patrol costs in connection with seasonal and short-term fluctuations in workload, our patrol contracts provide for flexible hours, including contractual and non-contractual overtime, standby hours and pay-per-job arrangements, which enables us to ensure our AA branded patrols are available during busy periods, resulting in higher patrol attendance and lower costs than using third-party garage networks.

Integrated Communication Systems: To further increase operational efficiency and repair rates, we have equipped our vans with mobile data terminals that display contact details and breakdown history for our personal members and B2B customers. In addition, the data terminals allow our patrols to receive breakdown information, communicate with our call centres, locate customers and access technical data to diagnose vehicle faults. Our communications systems allow us to track operational performance and job status in order to maximise the effectiveness of our deployment systems.

Insurance Services

Our insurance services segment consists of insurance broking, home emergency and financial services. In addition, we are considering the provision of AA-branded legal services through our insurance services segment.

Insurance Broking

We offer motor, home, travel and other specialist insurance policies to both roadside assistance personal members and non-members.

Motor Insurance: Motor is the largest insurance product for the AA by revenue and has approximately 700,000 policies currently in force. We offer a number of motor insurance packages, including comprehensive cover, third-party fire and theft cover and telematic insurance for new drivers which uses data collected from an in-car device to assess a driver's specific driving characteristics. Our comprehensive motor insurance cover includes liability to others for injury or damage to property, travel abroad (up to 90 days across EU countries), damage to vehicle when in the custody of garage staff or valet service, damage caused by accident, fire or theft, replacement locks and keys, personal belongings inside the vehicle and a variety of other items. For an additional charge, we offer optional extras, such as motor legal assistance, excess protection, car hire and a car accident plan. As of 31 January 2013, approximately 65% of our motor insurance customers were also personal members, but only 11% of our personal members had purchased our motor insurance cover.

Home Insurance: Home is the second largest insurance product for the AA by revenue and has approximately 900,000 policies currently in force. We offer two home insurance packages: AA Buildings Insurance and AA Contents Insurance. Our AA Buildings Insurance cover includes the structure of the home, loss or damage caused by fire, smoke and other elements, a 24-hour a day home emergency helpline, alternative accommodation costs, accidental damage and a variety of other items. Our AA Contents Insurance cover includes household goods and valuables and personal belongings. For an additional charge, we offer optional extras such as legal expenses cover, home emergency cover, home emergency response and buildings insurance. As of 31 January 2013, approximately 44% of our home insurance customers were also personal members, but only 6% of our personal members had purchased our home insurance cover.

Travel and Other Insurance: We offer a number of other smaller lines of insurance, including travel, caravan, motorcycle, commercial vehicle and pet. Collectively, these accounted for less than 2% of our total turnover for the year ended 31 January 2013.

We operate an insurance underwriting panel business model. The underwriting panel, which is made up of third party underwriters and Acromas entities outside the AA Group, provides premiums for each customer enquiry against the insurance product specified by the AA. Insurers place their pricing models for each of their underwriting schemes on our systems, which allow us to compare individual panel member prices to find the lowest prices for our customers. We regularly monitor the creditworthiness of our underwriting panel members to limit the potential risk of credit failure and any adverse impact on our customers.

We use diverse panels for both our motor and home insurance offerings, which include many of the UK's major motor and home insurance underwriters, respectively. In the year ended 31 January 2013, the motor panel consisted of 29 underwriter schemes and the home panel consisted of 20 underwriter schemes. Prospective insurance customers come to us for a competitive insurance quote through one of our distribution channels (e.g., phone, direct through our Internet website or via PCWs). The panel members provide us with an insurance premium to which we add our commission (derived from our actuarial models that are designed to maximise customer value over a three-year period), the combination of which results in the price offered to the customer. According to our view of customer value, we may discount these insurance premiums to attract new customers or to retain existing customers. Any insurance underwriting or reinsurance activity of the AA will not be carried out by Topco or its subsidiaries.

We actively engage with our panel insurers to ensure that we offer competitive prices, which includes regular review by us and optimisation of rates by the underwriters themselves. Significant management resources are dedicated to monitoring and improving the performance of the panel and we regularly monitor panel share and underwriting performance for each panel participant.

In March 2013, we entered into a joint agreement with the law firm of Lyons Davidson Limited to begin providing consumer focused legal services to our roadside assistance personal members. Pending approval of this arrangement by the Solicitors Regulation Authority, we will be able to offer AA-branded legal services to personal members at the point of breakdown.

Home Emergency

We launched our home emergency service in 2010 and according to industry sources, we are currently one of the top three branded home emergency service providers in the United Kingdom based on number of customers. Our home emergency service currently include the following:

Home Emergency Response: provides 24-hour a day assistance from skilled tradesmen for home emergency events, such as plumbing leaks, blocked drains and power loss;

Emergency Boiler Cover: provides cover for boiler breakdown repairs and an annual boiler service; and

Boiler and Central Heating Cover: provides complete boiler and central heating cover (emergency and non-emergency claims) and an annual boiler service.

We market our home emergency services largely through cross-sales to our roadside assistance personal members and insurance customers, as well as through introductory offers to new customers both on-line and through our call centres. As of 31 January 2013, approximately 62% of our home emergency customers were also personal members, but only 7% of our personal members had purchased our home emergency cover. B2B relationships are also a source of home emergency turnover and, as of October 2012, we began supplying home emergency cover to Lloyds TSB's Premier Account holders. In addition to the products described above, we also offer basic home emergency cover to home insurance customers through an "add-on" product marketed as "Home Emergency Cover." Our business has grown from approximately 328,000 covered homes as of 31 January 2011 to approximately 1.2 million covered homes as of 31 January 2013, including B2B customers.

Home emergency services are provided by an in-house team of approximately 110 dedicated engineers in yellow AA-branded vans, who are targeted to respond to approximately 80% of plumbing, boiler and central heating emergencies. The remaining workload is supported by third-party contractors who are also equipped to respond to specialist home emergencies (e.g., glazing, home security and pest infestation). This operational model is based on our roadside assistance operational model, where third-party contractors are used to support our in-house resources and to provide services in geographic areas with low demand. Our home emergency service engineers also rely on our roadside assistance deployment and resource planning systems.

Financial Services

Our financial services intermediation products include a variety of banking products and life insurance policies, which we distribute through white-label, commission-only partnerships with our banking and life insurance partners. Our banking products include fixed-term savings accounts, personal loans and credit cards and are sold under the AA brand through our B2B partners Birmingham Midshires (Lloyds Banking Group), The Co-Operative Bank and MBNA (Bank of America). The primary route to market for our banking products is through best-buy tables in newspapers and online marketing. Our life insurance policies are provided by Friends Life (Resolution) and are typically marketed directly to our roadside assistance personal member base. As of 31 January 2013, our financial services intermediation customers accounted for approximately £3.4 billion in savings deposits with our business partner, Lloyds Banking Group. Furthermore, as of the same date, we had approximately 156,000 savings account customers, approximately 64,000 credit card customers and approximately 17,000 life insurance customers.

Driving Services

Our driving services segment consists of our driving schools, AA DriveTech and our media business.

Driving Schools

The AA Driving School is the largest driving school in the United Kingdom. We acquired BSM in 2011, which is the oldest driving school in the country and continues to operate under its own brand. The AA and BSM are market leaders, with a combined share of pupils estimated at approximately 20% of the market according to industry sources. In the year ended 31 January 2013, the AA and BSM provided driving lessons to approximately 149,000 pupils via approximately 2,900 franchised instructors. Both the AA and BSM offer driving lessons and instructor training through a franchise model. The majority of turnover from the driving schools comes from weekly franchise fees paid by instructors, who receive in return a car and support from the brand. In addition, instructors pay a fee for each pupil introduction referred by our call centres or our website.

AA DriveTech

AA DriveTech was formed in 1990 and became part of the AA Group in 2009. AA DriveTech is one of two market leaders providing driver education courses, with a business model specifically designed for commercial and professional drivers, principally through corporate contracts. AA DriveTech has the following four divisions:

DriverAware: Delivers educational driver awareness schemes to members of the public as an alternative to getting points on their license. The main scheme in which we participate is the National Driver Offender Retraining Scheme ("**NDORS**"). We currently have contracts with 14 of the 44 police forces in England and Wales. During the year ended 31 January 2013, DriverAware accounted for 73% of AA DriveTech revenues.

FleetSafe: Provides training on fleet management best practices. Fleet operators include Sainsbury's, Royal Mail and Johnson & Johnson.

Commercial and Passenger Vehicle: Provides the required training to coach and lorry drivers to receive the new Certificate of Professional Competence, which becomes a legal requirement for coaches and lorries in 2013 and 2014, respectively.

Other: Includes a license checking service (mainly to our fleet clients) and our academy for instructor training.

Media

We offer a number of driving related media products and services, as well as publishing titles, which are reported under the driving services business segment. These include the AA Routeplanner website, which served an average of approximately 2.4 million routes a week during the year ended 31 January 2013, a suite of AA branded mobile apps, which have been downloaded approximately three million times to date, the sale of AA-branded road traffic signs for use at events, other "car essentials"(including high visibility vests, jump leads and AA-branded maps) and the hotel and restaurant inspection and rating service.

AA Ireland

We offer four key products in Ireland for vehicles and homes, which broadly mirror our product offerings in the United Kingdom: (i) road membership, with 24-hour a day roadside assistance for vehicles; (ii) motor insurance, with policies underwritten by a panel of underwriters; (iii) home insurance, with AA branded home insurance policies underwritten by a third-party insurer and (iv) home emergency response, with call-out home rescue teams to address home emergencies. As of 31 January 2013, we had approximately 111,000 roadside assistance personal members and approximately 160,000 B2B customers, as well as approximately 108,000 motor insurance customers and approximately 65,000 home insurance customers in Ireland.

As with our UK operations, our roadside assistance service represents the largest source of turnover for our AA Ireland segment. Approximately 77% of our received call-outs in Ireland are attended by our own branded patrol force of 108 vehicles. AA Ireland roadside assistance membership includes such additional benefits as the Ask AA helpline for expert motoring advice and an AA Car Service. We also offer breakdown cover through car manufacturers and fleet and leasing companies. We also have a specific contract with a leading Irish bank to provide marketing material on breakdown cover to holders of a premium credit card product.

Cross sales and direct mail between home and motor insurance customers represent a significant source of new business in Ireland. Other acquisition channels include the Internet, telesales and distributor conversions. Despite the challenging economic climate in Ireland, turnover (in constant currency terms) generated in connection with our Irish segment has remained relatively stable between 2011 and 2013.

Other

In addition to our four core segments, historically we also engaged in reinsurance underwriting, which we conducted through our reinsurance underwriting vehicle, ARCL. Historically, ARCL made up the entirety of our insurance underwriting segment in our results of operations. Although ARCL did not engage in any reinsurance activities during the year ended 31 January 2013, it has recently begun reinsuring certain policies insured by one of our affiliates, AICL. On or prior to the Issue Date, we intend to transfer the entire share capital of ARCL from TAAL to the Company. Furthermore, under the terms of the Class B IBLA, we will prepare and present future consolidated financial statements for Holdco and its subsidiaries, rather than for the Company, the Issuer or Topco. As a result of the above, ARCL will not form part of the restricted group for purposes of the Class B IBLA and the results of operations thereof will not be reflected in our results of operations or reported on going forward. In addition, the Acromas Group will transfer all share capital and assets of AAICL to the Company, our parent company that is outside the restricted group. The Company will be able to underwrite its own policies through AAICL and target customer segments where our panel members are less competitive. AAICL has not written any policies to date and requires regulatory approval to do so. The AA Group also includes two insurers that have not written any new business for a number of years and are in run off, with AAUL not having had any transactions since 2000 and AAUSL ceasing to write personal lines business in 2009.

Operations and Departments

Our employees work in the following teams and departments:

Road operations

Our award-winning road operations team is responsible for the delivery of high quality roadside assistance to our customers 24-hours a day, 365 days a year. In addition to being recognised as the highest rated of the major providers of

roadside assistance by *Which?* in each of the past five years, we were chosen as the "FIA European Patrol of the Year" in 2011. As well as deploying and managing our approximately 3,000 strong patrol force in the United Kingdom, the team also engages with our contracted garages to ensure that our customers receive the same level of service they would expect from the AA. Our road operations team is based in our Oldbury and Basingstoke offices and employed an average of 4,437 employees during the year ended 31 January 2013.

Call centres

Our sales and administration call centres are based in Cheadle for the roadside assistance segment and Newcastle for the insurance services segment. These centres are responsible for selling our roadside assistance and insurance services products over the telephone, responding to service and product questions from the public, as well as our important retention activities. The roadside assistance call centre employed an average of 927 employees during the year ended 31 January 2013 and the insurance services call centre employed an average of 932 employees for the same period.

Group database, management information and pricing

The database, management information and pricing teams analyse the significant volume of data produced by the business, which we in turn use to enhance our marketing campaigns, target potential and existing customers and better personalise our product pricing, thereby improving our recruitment and retention rates overall. The database, management information and pricing teams employed an average of 48 employees during the year ended 31 January 2013.

Marketing

Our marketing team has responsibility for all roadside assistance, insurance services and driving services marketing activities across our range of on-line and off-line marketing channels. We market all of our services under the AA brand and the marketing team is responsible for monitoring the effectiveness of each campaign and developing improved ways of communicating with our customers. The marketing team employed an average of 243 employees during the year ended 31 January 2013.

Driving Services

The driving services team provides management and administration of our leading driving schools, AA DriveTech and our media related activities. The team is also responsible for our driving services call centre operations, which engage with potential and existing pupils and course attendees. The driving services team employed an average of 490 employees during the year ended 31 January 2013.

Ireland

Our business in Ireland follows the overall structure of our business in the United Kingdom with regards to its roadside assistance, call centre and sales and service operations. The Irish segment employed an average of 439 employees during the year ended 31 January 2013.

Head Office

Our head office provides a number of support functions and consists of the following teams:

Human Resources: ensures that all staff related processes (e.g., recruitment, payroll functions, disciplinary procedures) are carried out in line with company policy and comply with relevant legislation.

Information Technology: focuses on the maintenance of our existing IT infrastructure, including monitoring servers and system maintenance and development across the business.

Commercial Finance: supports the business through financial analysis and decision support activities across all commercial areas and is responsible for non-transactional financial control procedures.

Finance Shared Services: processes all finance transactions, including paying all invoices, collecting all outstanding debts and banking all monies received, and ensuring that financial processes are carried out in line with company policy and comply with relevant legislation.

Compliance, Risk and Internal Audit: monitors all company processes to ensure that they are carried out in line with company policies and comply with relevant legislation.

Complaints and Special Investigation Unit: ensures that any customer complaints or investigations into customer service are dealt with promptly and properly to ensure effective customer outcomes.

The head office division employed an average of 533 employees during the year ended 31 January 2013.

Competition

Roadside Assistance

The market for UK roadside assistance is concentrated, with a small number of players maintaining strong market positions. Our main competitors in the roadside assistance market are the RAC and Green Flag. According to industry sources, together the AA, the RAC and Green Flag cover over 80% of the market. The remaining share is covered by smaller providers which are typically subsidiaries of larger insurance groups, including Britannia Rescue, Europe Assistance, Mondial Assistance and AXA Assistance.

We believe there are significant barriers to entry for potential competitors in the roadside assistance market. No competitor has entered the market and achieved a level of scale comparable to the AA since the 1970s. Green Flag entered the UK market in 1971 and operates an independent contractor-based model at a slightly lower price point to the AA. We primarily face competition from the RAC, Green Flag and other smaller providers (e.g., Mondial) in the B2B market, particularly as major contracts come up for renewal. However, since B2B contracts are generally longer than B2C contracts, there is a relatively low level of churn in contracts in any year.

For additional information on the roadside assistance industry in the United Kingdom, see "*Industry*."

Insurance Services

The UK motor and home insurance markets are highly competitive and we face ongoing competition from both established and new competitors. The large number of companies active in these markets and the increasingly wide availability of distribution platforms also contribute to the competitive nature of this market. We have historically faced competition from other insurance brokers (whether store-based, telephone-based or online), including Swinton, Budget, Tesco, Hastings, RIAS, Kwik Fit, Endsleigh and A-Plan. In addition, a number of insurance brokers have developed or are developing their own in-house underwriting capabilities.

We also increasingly face competition from direct insurers, which include Direct Line Group, Admiral, Aviva, LV, AXA, RSA, Ageas, Co-op and eSure. A number of these businesses have been preparing for sale or initial public offerings over the past 18 months, resulting we believe in an increased level of competition as competitors build their insurance books through aggressive pricing behaviour. See "*Risk Factors—Risks relating to our Business and Industry—Our insurance broking business faces significant competition from competitors who may be larger and have access to greater financial or other resources, including global, national and local insurance companies*."

The development of PCWs in recent years has increased the level of competition for our business, as they provided customers with quick and easy access to different policies from a range of different insurers. Moneysupermarket.com, Gocompare.com, Confused.com and Comparethemarket.com are the main participants in this market. See "*Risk Factors—Risks relating to our Business and Industry—We are exposed to further changes in the competitive landscape within the insurance industry, including increased competition from other distribution channels (particularly price comparison websites), the long-term implications of which are not yet fully understood*." As the market penetration of PCWs has matured and we have adapted our distribution model accordingly, these websites have become an important distribution channel for our motor and home insurance business.

We are one of the leading branded participants in the home emergency market, together with British Gas and HomeServe. According to industry sources, British Gas is the market leader in boiler and central heating cover, while HomeServe has focused on developing affinity relationships with utility and water companies. Given the less mature nature of the home emergency market, and the fact that approximately 70% of UK households are currently uncovered, the impact of competition on our home emergency business has been limited to date. In addition, we believe that a substantial proportion of British households do not have any form of home emergency cover and thus there is substantial room for growth.

The non-insurance financial services products that we offer through our B2B partners include savings accounts, unsecured loans, credit cards, currency cards and life insurance. We face significant competition in all these product lines from both major UK banks and international banks active in the United Kingdom (e.g., Lloyds Banking Group, RBS, Barclays, HSBC, Santander), insurance companies (*e.g.*, RSA, AXA, Aviva) and non-bank financial services companies (*e.g.*, Nationwide, Tesco Bank, Sainsbury's Bank, Virgin Money, M&S Money, Post Office).

For additional information on the insurance services industry in the United Kingdom, see "Industry."

Driving Services

The UK driving schools market is highly fragmented. According to industry sources, the AA and BSM are, together, the largest driving school in the country with approximately 2,900 franchised instructors and a combined share of pupils estimated at approximately 20% of the market. The next largest national competitor is RED Driving School, with

approximately 1,500 instructors. Given the fragmented market we also face competition from local participants and a large number of independent, non-affiliated driving instructors. During economic downturns we increasingly face competition from non-professional instructors (i.e., parents and friends), as it is not a legal requirement to have lessons from a fully qualified driving instructor ahead of a UK driving license test.

The market for driver training schemes through contracts with police forces is significantly less fragmented, with two participants (including AA DriveTech) accounting for approximately 92% of the market, (based on number of contracts) that has been outsourced to date. We have contracts with 14 of the 44 police forces in England and Wales and according to industry sources, our only competitor approaching this scale is TTC Group.

AA Ireland

We are the market leader in both the B2C and B2B segments of roadside assistance in Ireland according to industry sources and we differentiate ourselves through our branded network of approximately 80 patrols, as opposed to relying on networks of independent garages. RAC left the roadside assistance market in 2007 and its operations were taken over by our now primary competitor, Hibernian (Aviva). Green Flag is not present in the Irish roadside assistance market. We face competition from insurance companies, including AXA, Aviva, Mapfre and Allianz, as well as from a number of smaller online competitors, including Breakdowncover.ie and Car Protect.

The motor and home insurance markets are competitive and we face competition from both other insurance brokers and from direct insurers, including AXA, Aviva, Liberty, FBD, Zurich, RSA and Allianz. There is no meaningful presence of PCWs in the Irish motor and home insurance market. Home emergency response is a nascent market in Ireland, with no Irish equivalents to traditional UK providers like British Gas and HomeServe.

Intellectual Property

We have registered the domain name "*www.theaa.com*." We are also the registered owner of numerous community trademarks and national trademarks in several Member States including the United Kingdom and Ireland including "AA," "The Fourth Emergency Service," "BSM" and "DriveTech." We have also entered co-existence agreements with certain counterparties to regulate the use of the AA" trademark and colour scheme within the United Kingdom and elsewhere. See "*Risk Factors—Risks Relating to Our Business and Industry—We may not be able to protect our brand and related intellectual property rights from infringement or other misuse by others and we may face claims that we have infringed the trademarks or other intellectual property rights of others*."

Real Property

The following table sets forth certain information with respect to the facilities that we currently operate and which we believe are of importance to our operations. All the following properties are located in the United Kingdom.

LOCATION	USE OF FACILITY
Fanum House, Basingstoke, Hampshire	Head Office
Centrica House, Swallowfield One, Birchley Playing Fields, Wolverhampton Road, Oldbury, West Midlands	Emergency Breakdown Call Centre
Lambert House, Stockport Road, Cheadle SK8 2DY	Sales and Administration Call Centre
Carr Ellison House, William Armstrong Drive, Newcastle Business Park, Newcastle Upon Tyne NE4 7YA	Sales and Administration Call Centre
Unit 1, Fleming House, Fulwood Court, Pittman Way, Preston, Lancashire,	Glass Business Offices
St. Patrick's House, Penarth Road Cardiff	Driving School Call Centre

Employees and Pension Obligations

As of 31 January 2013, approximately 60% of AA Group employees were members of the IDU, which is the only formal trade union recognised by the AA Group. General terms of employment are regulated by a perpetual Union Recognition Agreement. We also have a legacy collective agreement in place, the terms of which apply to certain employees hired prior to 1 January 1996. We have not had any strike activities among our patrols or administrative and call centres in recent years and we believe that we have a positive relationship with our work force.

	Year ending 31 January		
	2011	2012	2013
Operational	6,558	7,156	7,154
Management and Administration	1,302	1,422	1,548
Total number of employees	**7,860**	**8,578**	**8,702**

The AA Group operates two defined benefit pension schemes: (i) the AA UK Pension Scheme and (ii) the AA Ireland Pension Scheme. The AA UK Pension Scheme is the largest scheme operated by the AA Group and according to the last actuarial valuation, which was carried out as at 31 March 2010, the AA UK Pension Scheme had a funding deficit of approximately £87 million. The Saga Group operates three defined benefit pension schemes: (i) the Saga Pension Scheme; (ii) the Nestor Healthcare Group Retirement Benefits Scheme; and (iii) the Healthcall Group Limited Pension Scheme. The Saga Pension Scheme is the largest scheme operated by the Saga Group and according to the last actuarial valuation, which was carried out as at 31 January 2012, the Saga Pension Scheme had an estimated funding deficit of £37.3 million and assets of £146.0 million. Pursuant to the combination of the AA Group and the Saga Group in 2007 to form part of the Acromas Group, an agreement was entered into with the trustee of each of the AA UK Pension Scheme and the Saga Pension Scheme, which provided the trustees with shared super senior security over assets of the Acromas Group, whereby the AA UK Pension Trustee was granted super senior security over assets up to a value of £150 million in respect of certain liabilities relating to the AA UK Pension Scheme and the Saga Pension Scheme trustee was granted super senior security over assets up to a value of £32.5 million in respect of certain liabilities relating to the Saga Pension Scheme.

The 2013 Valuation is currently being undertaken and, in accordance with applicable pensions legislation, will be required to be agreed between the AA UK Pension Trustee and the AA Group by no later than 15 months following the effective date of the valuation. In connection with the ongoing valuation, we have entered into negotiations with the AA UK Pension Trustee in relation to a proposal to enter into the ABF which will provide the AA UK Pension Scheme with an inflation-linked income stream over a 25-year term through an interest held in a new Scottish limited partnership, which will hold a loan note issued by IP Co. The royalties payable by the AA Group to IP Co for the use of the intellectual property will fund the loan note payments from IP Co to the partnership, and such payments shall be secured by a first-ranking charge over the AA Group's brands, up to a value of £200 million. Although the AA UK Pension Trustee's income stream may change depending on the funding deficit which is expected to be disclosed by the 2013 Valuation, the maximum amount of security is intended to be fixed at £200 million, regardless of that outcome. An increased amount of security protection (£200 million rather than £150 million) has been agreed with AA UK Pension Trustee on the basis that the security is over the AA Group's brands, rather than the assets of the AA Group more generally, and that income payments to the AA UK Pension Trustee under the ABF are intended to address the funding deficit expected to be disclosed by the 2013 Valuation (in whole or in part), over a 25-year term, which is much longer than the period over which funding deficits are typically sought to be addressed. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Financial Obligations—Pension Obligations" and "—Quantitative and Qualitative Disclosures about Financial Risk—Pension Risks*."

Training and Recruitment

In addition to our existing apprentice and training schemes, we are planning to launch an apprentice academy in the near future. The apprentice academy will enable us to train and develop skilled staff, including patrol technicians, electricians, plumbers and call centre operators.

Environmental Matters

We are subject to a variety of laws and regulations relating to petrol/diesel disposal and environmental protection. We believe that we are in substantial compliance with applicable requirements of such laws and regulations. However, we could incur costs, such as fines and third-party claims for property damage or personal injury, as a result of violations of or liabilities under environmental laws and regulations.

Insurance

We have insurance coverage under various insurance policies for, among other things, property damage, our technical and office equipment and stock, our patrol vehicles, as well as coverage for business interruption, terrorism and directors and officers. We do not have insurance coverage for all interruption of operations risks because in our view, these risks cannot be insured or can only be insured at unreasonable terms. For example, cyber-attacks on our website could come from anywhere in the world and would therefore not be covered by the business interruption insurance. There is also no insurance coverage against the risk of failure by personal members to pay. We also have insurance policies covering employer and public liability, as well as for errors and omissions that may occur when broking insurance (professional indemnity, which is required under the FCA regulatory regime).

In our view, the existing insurance coverage, including the amounts of coverage and the conditions, provides reasonable protection, taking into account the costs for the insurance coverage and the potential risks to business operations. However, we can provide no assurances that losses will not be incurred or that claims will not be filed against us which go beyond the type and scope of the existing insurance coverage.

Legal Proceedings

We are involved in a number of legal proceedings that have arisen in the ordinary course of our business. We do not expect the legal proceedings in which we are involved or with which we have been threatened, either individually or in the aggregate, to have a material adverse effect on our business, financial condition and results of operations. The outcome of legal proceedings, however, can be extremely difficult to predict with certainty, and we can offer no assurances in this regard.

Regulatory Environment

Under the Financial Services Act 2012, the FSMA was amended with effect from 1 April 2013 to affect a new regulatory regime in the United Kingdom. Under the new regime, firms previously regulated by the FSA were allocated to one of the two new regulators, the PRA (broadly for banks and insurers) and the FCA (for insurance intermediaries and investment firms), for their prudential supervision.

The AA Group contains two insurance intermediary companies in the United Kingdom, AAISL and Drakefield Insurance Services Limited ("**DISL**"), which are both authorised and regulated by the FCA. These intermediaries are currently subject to limited minimum capital requirements (the higher of £5,000 and 2.5% of annual income from the regulated activities of each intermediary). Both AAISL and DISL have capital resources in excess of their minimum capital requirements.

The AA Group also has two authorised insurance underwriting companies in the United Kingdom, AAUL and AAUSL. However, AAUL ceased underwriting insurance policies in 1998 and has no reserves. AAUSL ceased underwriting activities in 2009 and had reserves of £0.4 million as at 31 January 2013.

TAAL currently carries on and AA Developments Limited, to whom the roadside assistance business of TAAL will be transferred after the Separation, will carry on, the roadside assistance business of the AA Group under an exemption for breakdown assistance providers from needing authorisation as regulated insurers provided certain conditions are met. See "*Regulatory Overview—Breakdown Insurance Exemption*."

For further details on the regulatory regime affecting the AA Group, see "*Regulatory Overview*."

TAAL is currently authorised as a general insurance intermediary in Jersey (as more fully described under "*Regulatory Overview—TAAL Jersey Regulatory Overview*") and the AA Group also has a licensed insurance intermediary in Ireland.

TAAL is incorporated in Jersey and is regulated by the Jersey Commission as a registered person under the Financial Services (Jersey) Law 1998 to carry on general insurance mediation business, as more fully described under "*Regulatory Overview — TAAL Jersey Regulatory Overview*." Consequently, TAAL is subject to certain requirements imposed by Jersey law, which, among other things, requires prior approval from the Jersey Commission to transfer direct and indirect ownership in TAAL or appoint a liquidator or an administrator or to perfect any assignment of title to or enforce any security interest granted in respect of the share capital of TAAL or any parent company of TAAL.

Material Contracts

For the year ended 31 January 2013, our 10 largest B2B partners accounted for 13.1% of our total turnover, of which the single largest partner is Lloyds Banking Group. Lloyds Banking Group accounted for 9.3% of our total turnover in the year ended 31 January 2013. The contract with Lloyds Banking Group is due for renewal in March 2014, and we are currently in negotiations to renew this contract. Birmingham Midshires, an affiliate of Lloyds Banking Group, also distributes our financial services intermediation products. See "*Risk Factors—Risks Relating our Business and Industry—Our business relies on key contractual relationships with certain corporate customers, and the loss of any such corporate customers could have a material adverse effect on our business, financial condition and results of operations*."

REGULATORY OVERVIEW

Introduction

The majority of the regulated business of the AA Group is UK insurance intermediation business carried on through AAISL and, to a lesser extent, DISL. There is also a small amount of regulated insurance business written by AAUL and AAUSL, although both of these companies are now in run-off. TAAL also writes insurance business which would otherwise be regulated, however, as it writes breakdown assistance only it is exempt from the general requirement that firms carrying out insurance business in the UK be regulated. In addition, TAAL conducts certain insurance intermediation activities, predominantly in the UK, as an appointed representative of AAISL and as a registered person in Jersey under the Financial Services (Jersey) Law 1998.

General

Regulation of the financial services industry in the United Kingdom is set out in the Financial Services and Markets Act 2000 ("**FSMA**") which requires providers of financial services in the UK to be authorised and regulated by the relevant regulatory authority. In December 2012, under the Financial Services Act 2012 (the "**Act**"), FSMA was amended with effect from 1 April 2013 to effect a new regulatory regime in the United Kingdom. Under the new regime, firms previously regulated by the Financial Services Authority were allocated to one of the two new regulators created by the new regime, the PRA and the Financial Conduct Authority ("**FCA**") for their prudential supervision. The PRA is responsible for the prudential regulation of all banks, insurers and some designated investment firms. Although the PRA is responsible for the prudential regulation of these firms, they are in fact dual-regulated as the FCA regulates their conduct of business and consumer protection. For other financial services firms, including insurance intermediaries, fund managers and investment firms, the FCA is the sole regulator in both prudential and conduct matters.

An authorised firm must comply with the requirements of FSMA as well as the supplementary rules made by the PRA and FCA, as the case may be, under powers granted by FSMA. There are a number of regulatory handbooks, but some important sources of the rules, and accompanying guidance, relevant to the insurance and insurance intermediary businesses undertaken within the AA Group include the General Prudential Sourcebook ("**GENPRU**"), the Prudential Sourcebook for Insurers ("**INSPRU**"), the Prudential Sourcebook for Mortgage and Home Finance Firms and Insurance Intermediaries ("**MIPRU**") and the Insurance Conduct of Business Sourcebook ("**ICOBS**"), as well as the PRA and FCA's principles for businesses.

Insurers

Subject to certain exemptions, no person may carry on insurance business in the United Kingdom unless authorised to do so by the PRA (acting with the consent of the FCA). The PRA and FCA, in deciding whether to grant permission, are required to determine whether the applicant satisfies the threshold conditions set out in Schedule 6 of FSMA to be engaged in insurance business and, in particular, whether the applicant has and will continue to have appropriate resources, and that it is and will continue to be a fit and proper person having regard to the objectives of the PRA and the FCA (including in both cases whether those who manage the applicant's affairs have adequate skills and experience and are conducted soundly and with probity). A permission to carry on insurance business may also be subject to such requirements as the PRA (with consent to the FCA) considers appropriate.

In specific circumstances, the PRA and/or FCA may vary or cancel an insurer's FSMA permission to carry on a particular class or classes of business or insurance business generally. The circumstances in which the PRA and/or FCA can vary or cancel a FSMA permission include a failure to meet the threshold conditions or where such action is desirable in order to protect the interests of consumers or potential consumers.

The AA Group has two authorised insurance underwriting companies in the United Kingdom, AAUL and AAUSL. These companies are, however, closed to new business and are now in run-off, AAUL having ceased underwriting in 1998 and AAUSL in 2009. Both these companies are regulated by the PRA as insurers, however, the PRA and FCA have agreed that the lead regulator for the group is the FCA on the basis that it is responsible for the larger and ongoing regulated business of the insurance intermediaries, in particular, AAISL.

Insurance Intermediaries

Insurance intermediaries are authorised and regulated by the FCA and, similarly to insurers, must comply with certain conditions relating to capital and liquidity, corporate governance and risk management and controls, among others. These requirements are set out in Schedule 6 FSMA and further supported by the provisions of the FCA Handbook. The PRA Handbook does not, however, apply to insurance intermediaries. Due to the nature of intermediation business generally lower prudential requirements apply than those for insurers. The FCA has the power to cancel or vary a firm's permission, or to withdraw a firm's authorisation, under the same regime applicable to authorised insurers.

The AA Group contains two insurance intermediary companies, AAISL and DISL, which are both authorised and regulated by the FCA. Both of the AA Group's UK insurance intermediaries are subject to relatively limited minimum capital requirements (the higher of £5,000 and 2.5% of annual income from the regulated activities of the intermediary). Both AAISL and DISL have capital resources in excess of their minimum capital requirements.

Supervision and Enforcement

The PRA and FCA have extensive powers to supervise and intervene in the affairs of an authorised person under FSMA. For example, they can require firms to provide information or documents or prepare a "skilled persons" report (a power which has recently increased in scope under FSMA and is likely to be increasingly used). They can also formally investigate a firm. The PRA and FCA have the power to take a range of disciplinary enforcement actions, including public censure, restitution, fines or sanctions and the award of compensation. From recent publications of the PRA and FCA, the method of supervision will shift to a key risks approach by each regulator and the "ARROW" supervisory process will change to a form of continuous supervision. Such ongoing supervision is intended to become more intrusive, for example, in the FCA's remit, by analysis of an insurer's product development and a new business model assessment procedure.

Breakdown Insurance Exemption

TAAL, a subsidiary of the Company incorporated in Jersey, is the entity responsible for the provision of our roadside assistance business. The Financial Services and Markets Act (2000) (Regulated Activities) Order 2001, which sets out activities which are regulated in the United Kingdom under FSMA, contains an exemption under Article 12 for breakdown insurance providers from the general requirement of persons carrying on insurance business to be authorised by the PRA under Section 19 of FSMA. TAAL currently benefits from this exemption and is not therefore required to be, nor is it, an authorised insurer for the purposes of FSMA. It is intended that the roadside assistance business of TAAL will be transferred to a UK company, AA Developments Limited, and that the UK company will also operate the AA Group's roadside assistance business under the same Article 12 exemption.

The relevant conditions that must be satisfied in order to qualify for the exemption are that:

(i) the provider does not otherwise carry on any insurance business;

(ii) the cover is exclusively or primarily for the provision of benefits in kind in the event of accident or breakdown of a vehicle; and

(iii) the policy provides that the assistance:

  (A) takes the form of repairs to or removal of the relevant vehicle;

  (B) is not available outside the United Kingdom and the Republic of Ireland, except where it is provided without the payment of additional premium by a person in the country concerned with whom the provider has entered into a reciprocal agreement; and

  (C) is provided in the United Kingdom or Republic of Ireland, in most circumstances, by the provider's own work force under its direction rather than through an outsourcing arrangement.

Approved Persons

FSMA (as amended by the Act) gives the FCA and the PRA powers and responsibilities over individuals carrying on certain roles within the UK financial services industry. These roles are described as 'controlled functions' and the individuals performing them are described as 'approved persons'. Approved persons are typically individuals. However, a body corporate can be an approved person, for example, if the body corporate is a director of an authorised firm.

The controlled functions which an approved person performs are functions which have been identified by the FCA and PRA as being key to the operations of the approved persons regime in accordance with the provisions of Part V of FSMA. They are divided between 'significant influence functions' and 'the customer dealing function'. Significant influence functions include governance functions, required functions, systems and controls or any significant management function. They are typically relevant to a firm's directors, non-executive directors, chief executive officer, compliance officer, chief risk officer and heads of significant departments, among others. The customer dealing function covers persons dealing with an authorised firm's customers or property. However, it does not apply to general insurance business and therefore is not relevant to the authorised entities in the AA Group. A person must have regulatory approval before they can perform any of these controlled functions.

All relevant persons in AAUSL, AAUL, DISL and AAISL (being the authorised firms in the AA Group) are approved persons. As such, they are subject to certain ongoing obligations for which they are personally accountable to the FCA and/or the PRA. They are expected to be fit and proper persons, they must satisfy standards of conduct that are appropriate to the role they perform and, in particular, they must comply with the Statements of Principle and Codes of Practice issued by the FCA and the PRA and contained in APER in both the FCA and PRA Handbooks. As a result of the Act, the scope of the Statements of Principle in APER now extends to conduct expected of approved persons not just in relation to the controlled functions that they perform, but also in relation to other functions they perform in connection with their firms' regulated activities. The FCA and PRA have wide-ranging powers under FSMA to act against any person who fails to satisfy these standards of conduct or who ceases to be fit and proper, including withdrawal of their approved status, granting a prohibition order, disciplinary action and/or fines.

Solvency II

The Solvency II Directive (2009/138/EC), an insurance industry directive adopted by the EU in November 2009 ("**Solvency II**") and subsequently amended in September 2012 (2012/23/EU), will provide a new prudential framework for insurance companies. The new approach will be based on the concept of three pillars—minimum capital requirements, supervisory review of firms' assessment of risk, and enhanced disclosure requirements—and will cover valuations, the treatment of insurance groups, the definition of capital and the overall level of capital requirements. A key aspect of Solvency II is that the assessment of risks and capital requirements will be aligned more closely with economic capital methodologies, and will allow insurers to make use of internal capital models, if approved by the PRA. There remains considerable uncertainty surrounding the interpretation of the provisions of Solvency II with more detailed level 2 implementing measures, binding technical standards and non-binding standards, guidance at level 3 and/or delegated acts yet to be finalised. The "Omnibus II Directive" is expected to be adopted by the EU during 2013 (the European Parliament have scheduled the plenary vote on the Omnibus II Directive for 22 October 2013) which will, among other things, amend Solvency II in respect of the powers of the European Insurance and Occupational Pensions Authority ("**EIOPA**"), the new European Supervisory Authority, responsible for insurance.

Full implementation of Solvency II has been delayed until at least 2016. EIOPA are currently consulting on the phased introduction of specific aspects of the Solvency II requirements into national supervision from 1 January 2014, in advance of the full implementation of the Solvency II regime. One particular aspect of the PRA's supervision of insurance is its current expectation that all capital instruments meet Solvency II criteria regarding the definition of capital, and that, until Solvency II criteria are fully implemented, insurers should anticipate the enhanced quality of capital that will be needed, when issuing or amending capital instruments. The insurance business of AAUSL and AAUL is, however, in run-off with relatively few remaining liabilities and the FSA had previously agreed to limit the minimum capital requirements for AAUL. Therefore the impact of Solvency II on the AA Group's capital solvency requirements after the Separation should be minimal.

TAAL Jersey Regulatory Overview

TAAL is incorporated in Jersey and holds a consent (the "**COBO Consent**") issued by the Jersey Commission pursuant to the Control of Borrowing (Jersey) Order 1958 to issue up to 50,000 shares of a nominal value of £1.00 each. As such, TAAL must comply with statutory requirements under the Companies (Jersey) Law 1991 and the conditions of its COBO Consent. The Jersey Insurance Law sets out the insurance business, which, if carried out in or from within Jersey, would require the person carrying on the business to be an authorised person regulated in Jersey by the Jersey Commission. The Insurance Business (General Provisions) (Jersey) Order 1996 contains an exemption under Article 2 for accident or breakdown insurance from the requirement to be authorised by the Jersey Commission under the Jersey Insurance Law. TAAL currently benefits from this exemption and is not therefore required to be, nor is it, an authorised insurer for the purposes of the Jersey Insurance Law.

TAAL is regulated by the Jersey Commission as a registered person under the Financial Services (Jersey) Law 1998 to carry on general insurance mediation business (including incidental general insurance mediation business) (a) in addition to carrying on (i) any class of financial service business other than general insurance mediation business, or (ii) any other business authorised under the Banking Business (Jersey) Law 1991, the Collective Investment Funds (Jersey) Law 1988 or the Insurance Business (Jersey) Law 1996; or (b) as a company that is part of a group, where another part of the group carries on (i) any class of financial service business other than general insurance mediation business, or (ii) any other authorised under the Banking Business (Jersey) Law 1991, the Collective Investment Funds (Jersey) Law 1988 or the Insurance Business (Jersey) Law 1996. As such, TAAL is required to comply with the Codes of Practice for General Insurance Mediation Business issued by the Jersey Commission (the "**Codes of Practice**"). The Codes of Practice set out the principles for the conduct of business and TAAL is responsible for following the principles and implementing such practices as it considers necessary for the proper management and control of its business. Broadly, the Codes of Practice require TAAL to: (1) conduct its business with integrity; (2) have due regard to the interests of its customers; (3) organise and control its affairs effectively for the proper performance and management of its business and be able to demonstrate the existence of adequate risk management systems; (4) be transparent in its business arrangements; (5) maintain and be able to demonstrate the existence of adequate capital resources to enable it to meet its liabilities; (6) deal with the Jersey Commission and other authorities in Jersey in an open and co-operative manner; and (7) not make statements that are misleading, false or deceptive. The Codes of Practice set out further regulatory requirements respect of each of these principles.

TAAL has been granted an exemption by the Jersey Commission from the requirement to comply with the Financial Services (General Insurance Mediation Business (Accounts, Audits, Reports and Solvency)) (Jersey) Order 2005 and the Financial Services (General Insurance Mediation Business (Client Assets)) (Jersey) Order 2005 on grounds that it is an appointed representative of an insurance intermediary that is authorised under FSMA.

The Insurance Business (Jersey) Law 1996 (the "**Jersey Insurance Law**") sets out the insurance business, which, if carried out in or from within Jersey, would require the person carrying on the business to be an authorised person regulated in Jersey by the Jersey Commission. The Insurance Business (General Provisions) (Jersey) Order 1996 contains an exemption under Article 2 for accident or breakdown insurance from the requirement to be authorised by the Jersey Commission under the Jersey Insurance Law. TAAL currently benefits from this exemption and is not therefore required to be, nor is it, an authorised insurer for the purposes of the Jersey Insurance Law.

The relevant conditions that must be satisfied in order to qualify for the exemption are that the general business must consist of the effecting and carrying out, by an insurance company that carries on no other insurance business, of contracts under which the benefits provided by the insurer are exclusively or primarily benefits in kind in the event of accident to or breakdown of a vehicle and which contains the following terms:

(i) that, subject to such restrictions as may be set out in the contract, the assistance shall normally be available on demand;

(ii) that the assistance shall normally be provided by the insurer's servants or exceptionally by garages acting as the insurer's agents or appointed by the insurer;

(iii) that the assistance may take any one or more of the following forms:

(A) repairs to the relevant vehicle at the roadside;

(B) removal of the relevant vehicle to another place;

(C) conveyance of the relevant vehicle's occupants to another place;

(D) delivery of parts, fuel, oil, water or keys to the relevant vehicle; and

(E) reimbursement of the policy holder for all or part of any sums paid by the policy holder in respect of the assistance either because the policy holder failed to identify himself or herself as the policy holder or because the policy holder was unable to get in touch with the insurer in order to claim the assistance.

MANAGEMENT

The Issuer

The Issuer is a public limited liability company incorporated under the laws of Jersey on 14 May 2013, with registered number 112992. The Issuer was formed to facilitate the Refinancing. The Issuer is a wholly owned subsidiary of Holdco. The registered office of the Issuer is 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands. The business address for all members of the board of directors of the Issuer is Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, United Kingdom.

The table below sets forth the name, age and current position of each member of the board of directors of the Issuer as of 31 May 2013.

Name	Age	Position
Mr. Andrew Strong	48	Director
Mr. Andy Boland	43	Director
Mr. Jonathan Keighley	62	Director

The following is a summary of the business experience of the current board of directors of the Issuer.

Mr. Andrew Strong. Mr. Strong has served as Chief Executive Officer of the AA since September 2007. Prior to joining the Company, Mr. Strong was Chief Operating Officer at Saga Services, having joined that business in 2001. Saga Services is an insurance intermediary focusing on the UK over 50s market. During his time at Saga Services, Mr. Strong oversaw the establishment of the Group's in-house underwriting business, as well as major income, IT and operational change projects.

Mr. Andy Boland. Mr. Boland has served as Chief Financial Officer of the AA since October 2008. Prior to joining the Company, Mr. Boland was Group Finance Director at Taylor Nelson Sofres plc, a FTSE 250 market research company, which he joined in 2004. During his time at Taylor Nelson Sofres, Mr. Boland helped integrate acquisitions, strengthened the financial control environment, particularly around working capital and cash management, and was responsible for all external reporting and investor relations activities. Mr. Boland qualified as a Chartered Accountant in 1995 and qualified as an Associate Corporate Treasurer in 1998.

Mr. Jonathan Keighley. Mr. Keighley is the independent director on the board of directors of the Issuer. He is the co-founder and current Executive Chairman of Structured Finance Management Limited and is responsible for group strategy, corporate finance and group marketing. Mr. Keighley is a graduate of Trinity College, Cambridge University and has an MBA from the Institut Européen d'Administration des Affaires.

The Company

The Company is a private limited liability company incorporated and existing under the laws of England and Wales with registered number 05149111. The address for all members of the board of directors of the Company is Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, United Kingdom.

The table below sets forth the name, age and current position of each member of the board of directors of the Company as of 31 May 2013.

Name	Age	Position
Mr. Andrew Goodsell	54	Chairman of the Board
Mr. Andrew Strong	48	Chief Executive Officer
Mr. Andy Boland	43	Chief Financial Officer
Mr. James Arnell	43	Director
Mr. Pev Hooper	39	Director
Mr. Stuart Howard	51	Director
Mr. Philip Muelder	38	Director

In the future, our principal shareholders may decide to appoint an independent non-executive chairman of the Board, non-executive directors or other directors, each of which may not have had a prior affiliation with the Company.

The following is a summary of the business experience of the current board of directors of the Company, other than those directors listed above under "*—The Issuer*."

Mr. Andrew Goodsell. In 2007, Mr. Goodsell became Chief Executive of Acromas Holdings and Executive Chairman of the AA and Saga. Prior to becoming Chief Executive of Acromas Holdings, Mr. Goodsell joined Saga Services

as Business Development Manager in 1992, became Saga Group Business Development Director in 1995, Chief Executive of Saga Services and Saga Investment Direct in 1999, Deputy Group Chief Executive in 2001, and Chief Executive in 2004.

Mr. James Arnell. Mr. Arnell joined Charterhouse in 1997 from Bain & Company. At Charterhouse, he has worked extensively in the United Kingdom and France on a number of transactions, including Cegelec, PHS, TDF, Saga, Acromas, Elior, TSL, Lucite and Fives. He is a non-executive director on the boards of TSL, Acromas, PHS and Elior. Mr. Arnell is an honours graduate in Law from Downing College, Cambridge University and is a qualified barrister.

Mr. Pev Hooper. Mr. Hooper is a Partner at CVC Capital Partners. In addition to the AA, Mr. Hooper is responsible for CVC's investments in Merlin Entertainments, Acromas and Virgin Active. Prior to joining CVC in 2003, he worked in mergers and acquisitions at Citigroup and Schroders. Mr. Hooper holds an MA degree from Oxford University.

Mr. Stuart Howard. In 2007, Mr. Howard became Chief Financial Officer of Acromas Holdings. Prior to becoming Chief Financial Officer of Acromas Holdings, Mr. Howard joined Saga in 2000 as Group Chief Financial Officer. Prior to joining Acromas, he worked for two years at the advertising group Cordiant Communications plc as Deputy Chief Financial Officer and for 10 years prior to that at the advertising group WPP Group plc in various positions. Mr. Howard qualified as a Chartered Accountant at KPMG in London.

Mr. Philip Muelder. Mr. Muelder is a Partner at Permira focused on the Financial Services sector, a new investment area that he helped establish for Permira in 2008. In addition to the AA and Acromas, Mr. Muelder has also worked on Permira's investment in Just Retirement, the UK's leading enhanced annuities retirement specialist. Prior to joining Permira in 2004, Philip worked at Bain & Co and Goldman Sachs. Mr. Muelder has an MBA from Harvard Business School and a Master in Accounting and Finance from the London School of Economics.

Senior Management

Set forth below is information concerning the senior management of the AA Group as of the date of this Offering Memorandum.

Name	Age	Position
Mr. Andrew Strong	48	Chief Executive Officer
Mr. Andy Boland	43	Chief Financial Officer
Mr. Steve Dewey	51	Operations Director
Mr. Michael Cutbill	51	Marketing Director
Mr. Simon Douglas	48	Pricing and Panel Director
Mr. Brendan Nevin	49	Chief Operating Officer
Mr. Rob Scott	39	Financial Controller

The following is a summary of the business experience of our senior management, other than those senior managers listed above under "—*The Issuer*."

Mr. Steve Dewey. Mr. Dewey has served as Operations Director since 2004, having joined the AA in 1984 as a roadside patrolman. Mr. Dewey is also a Director of ACTA, an organisation that provides European Breakdown Assistance and is involved with a number of organisations concerned with road safety. Mr. Dewey holds an MBA in International Business.

Mr. Michael Cutbill. Mr. Cutbill has served as Marketing Director since 2007. Mr. Cutbill has over 15 years marketing experience. Prior to joining the company, Mr. Cutbill was Marketing Director at Saga Services, having joined that business in 1999. Saga Services is an insurance intermediary focusing on the UK over 50s market. Mr. Cutbill holds degrees from Oxford University and the INSEAD business school in France.

Mr. Simon Douglas. Mr. Douglas has served as Pricing and Panel Director since 2007. Mr. Douglas has over 25 years' experience in life assurance, pensions, healthcare and general insurance. Prior to joining the company, Mr. Douglas was employed by Munich Re as an actuary, having joined that business in 2006. Munich Re is a global reinsurance company. Before joining Munich Re, Mr. Douglas was employed by Standard Life (a major UK life assurance company) since 1986. Mr. Douglas is a fellow of the Faculty of Actuaries, having qualified in 1990.

Mr. Brendan Nevin. Mr. Nevin has recently been appointed Chief Operating Officer for the AA, having joined the group as Chief Executive Officer of the AA Ireland business in 2011. Mr. Nevin has over 25 years' international management experience. Prior to joining the company, Mr. Nevin was Director of Consumer Banking at Bank of Ireland, having joined that business in 2002. Mr. Nevin holds an MA from Trinity College, Dublin and a DipFM from the Association of Chartered Certified Accountants.

Mr. Rob Scott. Mr. Scott has served as Financial Controller since 2012. Prior to joining the Company, Mr. Scott held a number of senior positions within the Acromas and Saga Group, including Finance Director at Titan Travel, Acromas Holdings Group Chief Accountant, Acromas Holdings Head of Risk and Saga Head of Internal Audit. Mr. Scott joined the Saga Group in 2003. Mr. Scott qualified as a Chartered Accountant in 1998.

Committees

Our financial performance is subject to oversight by the following committees established at the level of the Company for the purposes of monitoring our activities.

Audit Committee

The Company expects to implement an audit committee that will be responsible for: monitoring and reviewing our internal financial controls, risk management systems and audit function; external auditor's independence and objectivity and the effectiveness of the audit process; and to develop and implement a policy on the engagement of, and to make recommendations to the board of directors in relation to the appointment of, external auditors. The members of the audit committee are expected to be James Arnell, Pev Hooper, Stuart Howard and Philip Muelder.

AA Remuneration Committee

The Company expects to implement a remuneration committee following the Issue Date, which will be responsible for determining all matters concerning salary, other remuneration and benefits, employee share-based remuneration schemes, terms and conditions of employment, appointment or dismissal of a manager and amending the terms of employment agreements or share-based remuneration schemes. It is expected that the members of the remuneration committee will consist of all board members of the Company with the exception of Mr. Strong and Mr. Boland.

Compensation of Senior Management

The compensation of the members of our senior management has historically been determined by the Acromas remuneration committee. Annual bonuses have historically formed a part of our total compensation strategy and we will continue to consider providing bonuses on an annual basis for certain members of management in connection with our new long-term incentive plan. See "*—Long-Term Incentive Arrangements*." In addition, we currently have a customary directors and officers insurance policy. There is no contractual entitlement to any increase in our employees' basic salary and we reserve the right to revise salaries in line with performance or business needs. Other employment benefits include a car allowance or the use of a company car, private medical insurance, permanent health insurance, life insurance, and a contributory group personal pension plan. Until January 2013, annual bonuses for AA senior management were determined by the Acromas remuneration committee to ensure that the compensation for senior management was consistent with market rates and to reflect management's contribution to the long-term success of the AA Group. In the future, compensation decisions relating to AA senior management will be made by the AA Remuneration Committee as discussed above. See "*—AA Remuneration Committee*."

Long-Term Incentive Arrangements

Certain members of management and employees of the AA Group have invested in the ordinary shares of Acromas Holdings Limited. Our principal shareholders, Charterhouse Capital Partners, CVC Capital Partners and Permira Advisers and our senior management, intend to create a new long-term incentive plan within the AA Group for senior management. It is expected that the new long-term incentive plan will replace the ordinary shares of Acromas Holdings Limited that were granted to certain members of AA management in 2007 and thereafter, while management will retain their holdings in the ordinary shares of Acromas Holdings Limited that were acquired with reinvested proceeds from the sale of the Saga Group and AA Group to the Acromas Group. The terms of such plan are currently under negotiation and have not yet been agreed.

Share Ownership

For information on the share ownership of our directors and other members of senior management, please see "*Principal Shareholders*" and "*Certain Relationships and Related Party Transactions*."

PRINCIPAL SHAREHOLDERS

The Company is a wholly owned subsidiary of Acromas Bid Co Limited, a company registered in England and Wales. The ultimate parent of the Company is Acromas Holdings Limited whose registered office is at Enbrook Park, Folkestone, Kent CT20 3SE. The shareholders of our ultimate parent include funds controlled by Charterhouse (36%), funds controlled by CVC (20%) and funds controlled by Permira (20%).

Charterhouse Capital Partners. Charterhouse is a UK-based private equity firm that specialises in European leveraged buyouts. With a portfolio that includes financial services, industrial and manufacturing businesses, Charterhouse has approximately €8 billion of assets under management.

CVC Capital Partners. CVC is a UK-based private equity firm with offices throughout Europe, Asia and the United States. CVC has completed over 300 investments in a wide range of industries and currently has secured commitments of approximately $50 billion.

Permira Advisers. Permira is a UK-based private equity firm that specialises in the consumer, financial services, healthcare, industrials and technology and media sectors. Permira advises funds of approximately €20 billion.

The following table presents information about the ownership of the shares of the Issuer as of 31 January 2013.

	Number of Shares	% of Total Shares
	Ownership of Shares in the Issuer	
Charterhouse Capital Partners	35,849,131	36%
CVC Capital Partners	19,930,450	20%
Permira Advisers	19,933,273	20%
Employees	20,120,415	20%
Others	4,166,731	4%
Total	**100,000,000**	**100.0%**

Shareholders' Agreement

In September 2007, Acromas Holdings Limited and funds controlled by each of Charterhouse, CVC and Permira, among others, entered into an investment agreement (the "**Shareholders' Agreement**"), which sets forth, among other things: (i) the rights of shareholders to appoint and remove persons to and from the board of directors of Acromas Holdings Limited and each of its subsidiaries; (ii) agreements among the shareholders relating to the governance of the Acromas Group, the Saga Group and the AA Group; (iii) transfer restrictions in respect of shares held by each shareholder; and (iv) rights of each shareholder to initiate an initial public offering process.

Other

Except as disclosed in the table above, we are not aware of any person who, directly or indirectly, has an interest as beneficial owner in our ordinary shares which represents 5.0% or more of our issued and outstanding ordinary shares. Our principal shareholders have the same voting rights.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

From time to time, we may enter into transactions with related parties in the ordinary course of business. The following summarises all such agreements that are material.

Shareholders' Agreement

In September 2007, Acromas Holdings Limited and funds controlled by each of Charterhouse, CVC and Permira, among others, entered into the Shareholders' Agreement, which sets forth, among other things: (i) the rights of the shareholders to appoint and remove persons to and from the board of directors of Acromas Holdings Limited and each of its subsidiaries; (ii) agreements among the shareholders relating to the governance of the Acromas Group, the Saga Group and the AA Group; (iii) transfer restrictions in respect of shares held by each shareholder and (iv) rights of each shareholder to initiate an initial public offering process. See "*Principal Shareholders—Shareholders' Agreement*."

Separation and Transfer Services Agreement

Concurrently with the Offering, the operations of the AA Group will be separated from the Acromas Group and the Saga Group. However, the AA will continue to be owned by Acromas and have certain shared responsibilities and trading relationships with the Acromas Group and the Saga Group. To formalise the Separation and help facilitate a smooth transition, the AA Group will enter into the Umbrella Services Agreement. See "*The Transactions—The Separation*" and "*—Umbrella Services Agreement*." In addition, on or prior to the Issue Date, we intend to enter into a separation and transfer services agreement to provide for the transfer the entire share capital in ARCL from TAAL to the Company, the transfer of certain senior AA Group employees, including Andrew Strong, Andy Boland, Michael Cutbill, Simon Douglas and Rob Scott from a Saga Group company to an AA Group company, the implementation of separate insurance policies for each of the AA Group and the Acromas Group, the termination of the cross guarantees from the AA Group in connection with Acromas' Existing Senior Facility Agreement and the Existing Mezzanine Facility Agreement and payments by the AA to the group treasury function within the Acromas Group and the replacement of the Acromas guarantee in favour of the AA UK Pension Scheme with a guarantee from the Borrower. See "*The Transactions—The Separation*."

Umbrella Services Agreement

General

On or prior to the Issue Date, Holdco and Acromas Bid Co Limited will enter into the Umbrella Services Agreement that will govern the relationship between certain members of the AA Group, the Saga Group and the Acromas Group and set forth the terms and conditions on which certain services will be provided between such members. Specifically, the Umbrella Services Agreement will determine (i) the services to be provided by each party, (ii) the standard of service, (iii) the apportionment of liability as between the parties in the provision of such services, (iv) the procedure for varying the nature and duration of the services and (v) the charges to be apportioned as between the AA Group, the Saga Group and the Acromas Group for the provision of the relevant services to each group.

Services and Standards

The services governed by the Umbrella Services Agreement will include group-wide services such as legal, information technology, treasury, tax, pension, payroll and other administrative services, project and procurement management, property management services, compliance and risk management functions and fleet management services, among others. In providing a service under the Umbrella Services Agreement, each party will be required to provide at least the same standard, scope and quality as those provided in the immediately preceeding 12-month period in all material respects.

Transfer of Employees

The Umbrella Services Agreement will specify and govern the basis on which certain senior AA-dedicated employees who are contractually employed by the Acromas Group or the Saga Group (but whose costs have historically been recharged to the AA Group) will be transferred to the AA Group.

Termination and Cost

The Umbrella Services Agreement will continue for an indefinite term. Certain of the services provided under the Umbrella Services Agreement may be (1) terminated for convenience by either party on six months' notice or (2) terminated immediately by either party in the event that (i) any member of the AA Group, the Saga Group or the Acromas Group becomes subject to an administration order, winding up, or appointment of a receiver, (ii) a material breach by either party of the Umbrella Services Agreement, (iii) any member of the AA Group, the Saga Group or the Acromas Group fails to pay for any of the services provided under the Umbrella Services Agreement or (iv) Acromas Holdings Limited ceases to indirectly

wholly own the shares of (a) Topco, (b) Holdco, (c) AA Acquisition Co Limited or (d) the Borrower. Costs in respect of the inter-group trading relationships covered by the Umbrella Services Agreement will be charged to each of the AA Group and the Saga Group, on the basis of the proportionate allocation of resources. Additionally, Holdco and Acromas Bid Co Limited may not assign any of the rights or subcontract the performance of any of the services or obligations without the prior written consent of the other party.

Pre-existing Contracts

The Umbrella Services Agreement will also list a number of commercial arrangements that exist between the AA Group, the Saga Group and the Acromas Group for the provision of services, including underwriting of AA products by Acromas, fulfilment of roadside assistance and AA home emergency services for the Saga Group by the AA Group and mailing, printing services, credit hire and claims management services provided by the Saga Group. However, the Umbrella Services Agreement will not apply to these existing relationships, as the parties thereto have entered into separate contracts for the provision of these services on a continuing basis following the Separation.

Governing Law

The Umbrella Services Agreement will be governed by English Law.

Business Transfer Deed

On the Issue Date, TAAL and AADL will enter into the Business Transfer Deed, pursuant to which TAAL will agree to sell, and AADL will agree to buy, the business of TAAL as a going concern and the legal and beneficial title to substantially all the income producing assets of TAAL. In connection with the sale, AADL will assume all the liabilities of TAAL, as well as agree to pay the book value of the assets to be transferred. In accordance with the CTA, TAAL and AADL have agreed to use their best efforts to complete the transfers from TAAL to AADL as soon as reasonably practicable following the Issue Date. It is expected that the transfers will begin from September 2013. Pending the occurrence of the transfer of each asset from TAAL to AADL, the Business Transfer Deed provides that TAAL shall hold such income producing assets on trust for AADL absolutely. See "*The Transactions—The Migration*."

Tax

Saga Services Limited pays sums on account of corporation tax to HMRC on behalf of various group companies, including members of the AA Group, pursuant to a group payment arrangement and Saga Group Limited pays sums on account of VAT to HMRC as the representative member of a VAT Group that includes members of the AA Group, the Acromas Group and the Saga Group. Each of these arrangements will necessitate members of the AA Group making payments on account of their corporation tax liability and/or net VAT liability to Saga Services Limited and Saga Group Limited respectively. In relation to those members of the AA Group that form part of the Restricted Group, such payments will be regulated under the Tax Deed of Covenant.

Members of the AA Group will be able to surrender available tax losses to and accept surrenders of available tax losses from members of the Acromas Group and the Saga Group, and to enter into other tax transactions with members of the Acromas Group and the Saga Group. In the case of those members of the AA Group that form part of the Restricted Group, such transactions are regulated under the Tax Deed of Covenant. The surrender of available tax losses from Restricted Group companies to Acromas Group or Saga Group companies or vice versa must be for consideration equal to the tax value of the losses surrendered and any other tax transactions entered into between Restricted Group companies and Acromas Group or Saga Group companies may only be entered into *provided that* any such tax transaction leaves each member of the Restricted Group, taken together, and each member of the Acromas Group and Saga Group, taken together, in no worse net economic position than they would have been in had such tax transaction not taken place. See "*The Transactions—The Separation—Taxes*" for a description of our business following the Refinancing.

Long-Term Incentive Arrangements

Certain members of management and employees of the AA Group have invested in the ordinary shares of Acromas Holdings Limited. However, our principal shareholders and senior management intend to create a new long-term incentive plan within the AA Group, which will replace certain ordinary shares held by members of AA management. For more information on our long-term incentive arrangements, see "*Management—Compensation—Long–Term Incentive Arrangements*."

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of the expected material terms of certain financing arrangements to which we and certain of our subsidiaries intend to become a party does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

Capitalised terms that are not defined below are either defined within the respective actual agreements or the glossary included elsewhere in this Offering Memorandum. See "Definitions and Glossary."

Senior Term Facility Agreement

General

The Borrower and the STF Arrangers, amongst others, will enter into the Senior Term Facility Agreement on the Closing Date, pursuant to which a senior term facility of up to £1,775.0 million (the "**Senior Term Facility**") will be made available to the Borrower by the STF Lenders to fund the partial refinancing of the Existing Senior Facility Agreement and repay in full all amounts outstanding under the Existing Mezzanine Facility Agreement, together with the payment of fees, costs, expenses, stamp, registration and other taxes incurred in connection with that refinancing. Subject to satisfaction of certain conditions, the Senior Term Facility will be available on the Closing Date.

Maturity

The Senior Term Facility will mature on 31 July 2018 (the "**STF Final Maturity Date**").

Interest and interest periods

The Borrower may select interest periods of three or six months for the Senior Term Loan. Where the Borrower provides notice to the STF Agent that it reasonably believes Class A Notes and/or Class B Notes will be issued or primary syndication of the Senior Term Facility will close within three months of that notice, it may, in addition, select periods of one or two months or such other period as the Borrower and the STF Agent (acting on the instructions of all of the STF Lenders) may agree. The Borrower shall ensure that an interest period in respect of the Senior Term Facility ends on each Loan Interest Payment Date that falls on 31 July of each calendar year.

Conditions

The Obligors will make representations and warranties, covenants and undertakings to (among others) the STF Arrangers, the STF Lenders and the STF Agent on the terms set out in the CTA. In addition to the satisfaction of certain other conditions, utilisation of the Senior Term Facility on the Closing Date will be subject to:

(a) all representations and warranties in the CTA being true in all material respects; and

(b) there being no CTA Default then continuing or which would result from that utilisation.

Mandatory prepayments

Unless a Qualifying Public Offering has occurred, there will be a mandatory prepayment of the Senior Term Facility from Disposal Proceeds resulting from permitted disposals of Permitted Businesses during any Financial Year (i) to the extent the aggregate of such proceeds for that Financial Year exceeds £25.0 million or (ii) if such proceeds are equal to or less than £25.0 million and are not applied in reinvestment in a Permitted Business during specified time periods or (iii) where a Trigger Event is continuing at the relevant time (in which case such proceeds shall be applied on a *pro rata* basis to all Class A Authorised Credit Facilities as provided for in the CTA).

There will be a mandatory prepayment of the Senior Term Facility from Insurance Proceeds. Where a Trigger Event is continuing at the relevant time, such proceeds shall be applied on a *pro rata* basis to all Class A Authorised Credit Facilities as provided for in the CTA.

There will be a mandatory prepayment of the Senior Term Facility by the Borrower in an amount equal to the proceeds of any Investor Funding Loans or New Shareholder Injections and the net proceeds of any other offering or issue of shares by Holdco or any Holding Company of Holdco other than any such Holding Company that is also a Holding Company of the Saga Group, *provided that*:

(a) if a Trigger Event is continuing at the relevant time, the obligation to prepay shall not apply to any Investor Funding Loans or New Shareholder Injections provided to Holdco in order to enable the Borrower to pay interest under any Class B Authorised Credit Facility;

(b) the obligation to prepay shall not apply in respect of the proceeds of any offering or issue of shares by Holdco or any Holding Company of Holdco pursuant to a Qualifying Public Offering that are applied by the Borrower to permanently prepay amounts outstanding under Class B Authorised Credit Facilities in order for the ratio of Total Net Debt to EBITDA to be below the ratio specified in paragraph (a) of the definition of "Qualifying Public Offering";

(c) the obligation to prepay shall not apply in respect of the proceeds of any Investor Funding Loans or New Shareholder Injections that are made available to Holdco for the purposes of funding a Permitted Acquisition pursuant to paragraph (d) of the definition of that term or a Permitted Joint Venture Investment; and

(d) if a Trigger Event is continuing at the relevant time, any equity cure amount shall be applied as provided for in the CTA (see "—*Common Terms Agreement*").

Unless a Qualifying Public Offering has occurred, each of:

(a) the period from the beginning of the first month commencing after the Closing Date until the end of the Financial Year of which that month forms part; and

(b) each of the subsequent Financial Years until (and including) the Financial Year ending 31 January 2017,

will be a Bank Debt Sweep Period, and the Required Sweep Percentage in respect of each such Bank Debt Sweep Period shall be 50%. Unless a Qualifying Public Offering has occurred, the Borrower shall prepay the STF Loan in an amount equal to the relevant amount of Excess Cashflow in respect of each such Bank Debt Sweep Period provided for in the STID.

Unless a Qualifying Public Offering has occurred, the 12-month period ending on the STF Final Maturity Date will be a Cash Accumulation Period and the Required Accumulation Percentage will be 100%.

Change of Control

Upon the occurrence of a change of control or the sale of all or substantially all of the assets of the Holdco Group whether in a single transaction or a series of related transactions:

(a) the Borrower shall immediately notify the STF Agent upon becoming aware of that event and the STF Agent shall immediately thereafter notify the STF Lenders;

(b) each STF Lender shall have a period (the "**STF Change of Control Notification Period**") from the date on which such change of control or sale occurs until the date falling 30 days after the STF Agent notifies the STF Lenders in accordance with paragraph (a) above, during which time the STF Lender may notify the STF Agent that it wishes to cancel its commitment in respect of the Senior Term Facility and declare its participation in the STF Loan, together with accrued interest, and all other amounts accrued under the STF Finance Documents immediately due and payable, and the STF Agent shall immediately thereafter notify the Borrower of each such notification by an STF Lender;

(c) from the first day of any STF Change of Control Notification Period that occurs prior to the making of the STF Loan until, and including, the date falling 10 Business Days after the end of the STF Change of Control Notification Period, an STF Lender shall not be obliged to fund the STF Loan; and

(d) in respect of each STF Lender which notifies the STF Agent pursuant to paragraph (b) above, the commitment of that STF Lender in respect of the Senior Term Facility will be cancelled and the outstanding STF Loan, together with accrued interest, and all other amounts accrued under the STF Finance Documents, will become immediately due and payable 10 Business Days after the end of the STF Change of Control Notification Period.

Margin

The margin of the Senior Term Facility will be 2.75% per annum from the Closing Date until and including the date six months from the Closing Date, at which point (and at the start of each subsequent six month period until the date 24 months from the Closing Date) the margin of the Senior Term Facility will increase by 0.25% per annum. From but excluding the date 24 months from the Closing Date until the date 36 months from the Closing Date, the margin of the Senior Term Facility will be 3.75% per annum. From but excluding the date 36 months from the Closing Date until the date 48 months from the Closing Date the margin of the Senior Term Facility will be 4.00% per annum. From but excluding the date 48 months from the Closing Date, the margin of the Senior Term Facility will be 4.25% per annum (provided that the interest rate per annum will be reduced by 0.25% from such time as the credit rating of the Class A Notes is higher than BBB-). The margin of the Senior Term Facility will be subject to customary syndication amendment rights.

Fees

On each of the dates falling 24, 36 and 48 months after the date of the Senior Term Facility Agreement the Borrower shall pay a fee (*pro rata* for the account of each STF Lender on that date) in an amount equal to 0.25% of the total commitments under the Senior Term Facility Agreement on each such date.

Default interest

Prior to the STF Final Maturity Date, if the Borrower fails to pay any amount payable by it under an STF Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which is 1.00% higher than the rate which would have been payable if that amount had been a loan under the Senior Term Facility.

With effect from the STF Final Maturity Date, interest shall accrue on each unpaid sum at rate per annum which is equal to the rate per annum specified on the Closing Date to be payable on the Relevant Class A Notes with effect from their Expected Maturity Date (and for this purpose, "Relevant Class A Notes" means Class A Notes issued on the Closing Date and having an Expected Maturity Date that is the same as the STF Final Maturity Date).

Events of default

The CTA Events of Default will apply in respect of the Senior Term Facility Agreement. See "*—Common Terms Agreement—CTA Events of Default*").

The ability of the STF Lenders to accelerate any sums owing to them under the Senior Term Facility Agreement upon or following the occurrence of a CTA Event of Default is subject to the STID.

Voluntary prepayments

The Borrower may, by giving not fewer than three Business Days' prior notice to the STF Agent, prepay amounts outstanding under the Senior Term Facility in a minimum amount of £2.0 million (or such lesser amount as may be outstanding or as may be agreed by the STF Agent (acting on the instructions of the STF Lenders holding, in aggregate, commitments under the Senior Term Facility of more than 66⅔ of the total commitments under the Senior Term Facility)).

Governing Law

The Senior Term Facility Agreement will be governed by English law.

Working Capital Facility Agreement

General

The Borrower and the WCF Arrangers, amongst others, will enter into the Working Capital Facility Agreement on the Closing Date. A credit facility will be made available to the Borrower by the WCF Lenders under the Working Capital Facility Agreement which will comprise a revolving working capital facility of up to £150.0 million (the "**Working Capital Facility**") (capable of being reborrowed as contemplated by the Working Capital Facility Agreement) to fund working capital purposes. Up to £50.0 million of the Working Capital Facility may be provided by way of ancillary facilities.

Maturity

The Working Capital Facility will mature on 31 July 2018 (the "**WCF Final Maturity Date**"). The Working Capital Facility will be available from the Closing Date until the date falling one month before the WCF Final Maturity Date.

Margin

The margin for the Working Capital Facility is initially 3.25% per annum. The margin will increase to 4.00% per annum with effect from the date falling 36 months after the Closing Date and will increase to 4.25% per annum with effect from the date falling 48 months after the Closing Date, in each case unless the Working Capital Facility is repaid or prepaid and cancelled in full by that date (provided that the interest rate per annum will be reduced by 0.25% from such time as the credit rating of the Class A Notes is higher than BBB-). The margin of the Working Capital Facility will be subject to customary syndication amendment rights.

Fees

The Borrower shall pay a commitment fee computed at the rate of 40% of the margin per annum on the undrawn commitments in respect of the Working Capital Facility. The accrued commitment fee is payable quarterly in arrear and at certain other times.

Interest periods

The Borrower may select interest periods of one, two, three or six months. Where the Borrower provides notice to the WCF Agent that it reasonably believes Class A Notes and/or Class B Notes will be issued or primary syndication of the Working Capital Facility will close within three months of that notice, it may, in addition, select periods of one or two months or such other periods as the Borrower and the WCF Agent (acting on the instructions of all the WCF Lenders) may agree. The Borrower shall ensure that an interest period in respect of the Working Capital Facility ends on each Loan Interest Period that falls on 31 July in each calendar year.

Conditions

The Obligors will make representations and warranties, covenants and undertakings to (among others) the WCF Arrangers, the WCF Lenders and the WCF Agent on the terms set out in the CTA. All utilisations of the Working Capital Facility on the Closing Date will be subject to:

(a) all representations and warranties in the CTA being true in all material respects; and

(b) there being no CTA Default then continuing or which would result from that utilisation.

The Working Capital Facility cannot be utilised unless the Senior Term Facility has been (or will simultaneously be) utilised.

All utilisations of the Working Capital Facility after the Closing Date will be subject to:

(a) the Repeated Representations being true in all material respects; and

(b) there being no CTA Default or which would result from that utilisation,

provided that the conditions in paragraph (a) and (b) above shall not apply to any rollover loan unless a Loan Acceleration notice has been served in accordance with the STID.

Events of default

The CTA Events of Default will apply under the Working Capital Facility Agreement. See "*—Common Terms Agreement—General*".

The ability of the WCF Lenders to accelerate any sums owing to them under the Working Capital Facility Agreement upon or following the occurrence of a CTA Event of Default will be subject to the STID.

Voluntary prepayments

The Borrower may, by giving not fewer than three Business Days' prior notice to the WCF Agent, prepay the Working Capital Facility in whole or in part, subject to a minimum amount of £2.0 million (or such lesser amount as may be outstanding or as may be agreed by the WCF Agent (acting on the instructions of the WCF Lenders holding, in aggregate, commitments under the Working Capital Facility of more than 66⅔ of the total commitments under the Working Capital Facility)).

Mandatory Prepayment

The Working Capital Facility is subject to mandatory prepayment with respect to Disposal Proceeds, Insurance Proceeds, Excess Cashflow and equity cure amounts in accordance with the provisions of the CTA and STID. See "*—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*" and "*—Security Trust and Intercreditor Deed—Obligor Pre-Acceleration Priority of Payments*."

Any amount of Excess Cashflow, equity cure amount, Disposal Proceeds or Insurance Proceeds and any amount referred to in "*—Common Terms Agreement—Voluntary Prepayment*" that is required to be applied to permanent repayment of the Working Capital Facility pursuant to the CTA shall be applied:

(a) *first*, in prepayment of WCF Loans on a *pro rata* basis (and cancellation of corresponding commitments under the Working Capital Facility);

(b) *second*, in prepayment of the outstanding amounts due under any ancillary facility (and cancellation of corresponding commitments under that ancillary facility) on a *pro rata* basis (and cancellation of corresponding commitments under the Working Capital Facility); and

(c) to the extent that the amount to be prepaid exceeds the WCF Loans and outstanding amounts due under ancillary facilities at that time, the prepayment shall be effected by cancelling unutilised commitments under the Working Capital Facility by an amount equal to the amount to be prepaid.

Change of Control

Upon the occurrence of a change of control or the sale of all or substantially all the assets of the Holdco Group, whether in a single transaction or a series of related transactions:

(a) the Borrower shall promptly notify the WCF Agent upon becoming aware of that event and the WCF Agent shall immediately thereafter notify the WCF Lenders;

(b) each WCF Lender shall have a period (the "**WCF Change of Control Notification Period**") from the date on which such change of control or sale occurs until the date falling 30 days after the WCF Agent notifies the WCF Lenders in accordance with paragraph (a) above, during which time the WCF Lender may notify the WCF Agent that it wishes to cancel its commitment in respect of the Working Capital Facility and declare its participation in all outstanding WCF Loans, together with accrued interest, and all other amounts accrued under the WCF Finance Documents immediately due and payable, and the WCF Agent shall immediately thereafter notify the Borrower of each such notification by a WCF Lender;

(c) from the first day of any WCF Change of Control Notification Period until, and including, the date falling 10 Business Days after the end of the WCF Change of Control Notification Period no WCF Loan may be requested other than a rollover loan; and

(d) in respect of each WCF Lender which notifies the WCF Agent pursuant to paragraph (b) above, the commitment of that WCF Lender will be cancelled and all outstanding WCF Loans, together with accrued interest, and all other amounts accrued under the WCF Finance Documents, will become immediately due and payable 10 Business Days after the end of the WCF Change of Control Notification Period.

Clean down

The Borrower will be required to ensure that the aggregate amount of all the WCF Loans, any overdraft or cash loan element outstanding in respect of the ancillary facilities and any cash loans covered by a letter of credit or guarantee issued under an ancillary facility less any amount of Cash or Cash Equivalent Investments of the Holdco Group (other than any amount standing to the credit of a Designated Account) that is freely available to the Borrower for the purpose of discharging such indebtedness shall be reduced to zero for a period of not less than three successive Business Days in the period between the Closing Date and the financial year ending 31 January 2014 and in each subsequent financial year ending after the Closing Date. Not fewer than three months from the preceding clean down shall elapse between the end of one such clean down period and the beginning of the next.

Governing law

The Working Capital Facility Agreement will be governed by English law.

Liquidity Facility Agreement

General

On the Closing Date, the Issuer and the Borrower will enter into the Liquidity Facility Agreement with, among others, the Liquidity Facility Providers, the Liquidity Facility Agent, the Issuer Cash Manager, the Issuer Security Trustee and the Obligor Security Trustee, pursuant to which the Liquidity Facility Providers will agree to make the Liquidity Facility available to meet certain liquidity shortfalls.

Term

Under the terms of the Liquidity Facility Agreement, the Liquidity Facility Providers will provide a 364-day commitment in an aggregate amount equal to £220.0 million to permit drawings to be made (i) by the Issuer to enable the Issuer to service scheduled instalments of payments of principal (if any amortising debt exists), interest and fees (but excluding any final payment on any Final Maturity Date and certain other amounts) payable in respect of the Class A Notes and certain payments under the Issuer Hedging Agreements (excluding any termination payments and all other unscheduled amounts payable to any Issuer Hedge Counterparty), together with other senior expenses of the Issuer, in the event of there being insufficient cash flow received from the Borrower under the Class A IBLA and (ii) by the Borrower to enable it to service scheduled instalments of payments of principal (if any amortising debt exists), interest and fees payable in respect of the Senior Term Facility and certain payments under the Borrower Hedging Agreements (excluding any termination payments and all other unscheduled amounts payable) to the Borrower Hedge Counterparty and any Class A Authorised Credit Facility (other than any final payment on any Final Maturity Date, any Class A IBLA and any principal amounts outstanding under the Working Capital Facility), together with certain other senior expenses of the Borrower.

The Liquidity Facility Agreement provides that not more than 60 or fewer than 30 days before the end of the term (as extended from time to time), the Issuer or the Borrower may request each Liquidity Facility Provider to extend the term for a further 364 days. If not renewed or replaced by any Liquidity Facility Provider, the Borrower and the Issuer will have the

right to term out on a standby basis for the remaining term of the Class A Notes in respect of each Liquidity Facility Provider who does not renew or is not replaced. There will not be an obligation on the Liquidity Facility Provider to extend the Liquidity Facility.

Redrawing

The Liquidity Facility Agreement provides that the amounts drawn by the Issuer and the Borrower (as applicable) and repaid to the Liquidity Facility Providers may be redrawn.

Ratings requirement and standby drawings

Each Liquidity Facility Provider must be a bank or financial institution having a credit rating of at least BBB- from S&P or a lower rating; *provided that* such lower rating does not negatively affect the then current rating of the Class A Notes (the "**Requisite Rating**").

The Liquidity Facility Agreement provides that if either (a) at any time the rating of the long term, unsecured debt obligations of any Liquidity Facility Provider falls below the Requisite Rating; or (b) any Liquidity Facility Provider refuses to grant an extension of the term, then the Issuer or the Borrower shall use reasonable endeavours to replace any Liquidity Facility Provider or enter into a new liquidity facility agreement on terms substantially similar to the Liquidity Facility Agreement through a commitment to be provided by a new third party bank which has a rating for its long-term unsecured and non-credit enhanced debt obligations of BBB or higher and, failing this, the Issuer or the Borrower shall serve a drawdown notice on the relevant Liquidity Facility Provider to make a drawing of all commitments then available for drawing under the Liquidity Facility from such Liquidity Facility Provider, the proceeds of which will be placed in the Liquidity Facility Standby Account and such account shall be used to fund liquidity payments if and when required. The aggregate of the proceeds of the Standby Drawings and the commitments under the new liquidity facility must at all times be equal to the Liquidity Required Amount.

Interest

Interest will accrue on any drawing made under the Liquidity Facility (including any Standby Drawing) at a rate equal to 2.75% per annum, subject to a step up of 0.50% every six months on drawn amounts (provided that the interest rate per annum will be reduced by 0.25% from such time as the credit rating of the Class A Notes is higher than BBB-). Step up amounts are subordinated and a failure to pay the step up amount will not amount to an event of default under the Liquidity Facility Agreement unless and until the Issuer or the Borrower (as the case may be) has sufficient amounts available to it to pay the unpaid step-up amounts on any scheduled interest payment date and the Issuer or the Borrower (as the case may be) does not make such payment. The margin under the Liquidity Facility will be subject to customary syndication rights.

In the event that there are four consecutive annual renewals of the Liquidity Facility by a Liquidity Facility Provider, unless the Liquidity Facility Provider has agreed to renew its commitment for a further period, there will be a Standby Drawing of the entire available commitment of the relevant Liquidity Facility Provider.

Governing Law

The Liquidity Facility Agreement will be governed by English law.

Borrower Hedging Agreements

The Obligors may enter into various interest rate and currency swap transactions with the Borrower Hedge Counterparties in conformity with the Hedging Policy. See "*—Common Terms Agreement—Hedging Policy*".

Issuer Hedging Agreements

The Issuer may enter into various interest rate and currency swap transactions with the Issuer Hedge Counterparties in conformity with the Hedging Policy. See "*—Common Terms Agreement—Hedging Policy*". The Issuer will not enter into any Issuer Hedging Agreements on or before the Closing Date.

Class A Notes

General

On or around the Closing Date, the Issuer will establish a multicurrency programme for the issuance of Class A Notes (the "**Programme**"). Class A Notes issued under the Programme will be constituted under a trust deed (the "**Class A Note Trust Deed**") between the Issuer and Deutsche Trustee Company Limited, in its capacity as note trustee for the holders of the Class A Notes (the "**Class A Note Trustee**"). The terms and conditions of the Class A Notes issued under the Programme will be set out in the Class A Note Trust Deed, as completed by the Final Terms applicable to each Sub-Class of Class A Notes.

The Issuer will use the proceeds of each issue of Class A Notes under the Programme to fund advances to the Borrower under the relevant Class A IBLA. See *"—Class A Issuer/Borrower Loan Agreements"*.

Class A Notes issued under the Programme will form a single class and be issued in tranches on each issue date. Each Sub-Class may comprise one or more tranches issued on different issue dates. The Class A Notes will rank *pari passu* without preference or priority in point of security amongst themselves.

Currencies

Class A Notes may be issued in sterling and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.

Maturities

Subject to any applicable law or regulation, the Class A Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, as set out in the relevant Final Terms.

Interest

Class A Notes will be interest-bearing and interest will be calculated on the Principal Amount Outstanding of such Class A Notes. Interest will accrue at a fixed or floating rate and will be payable in arrear, as specified in the relevant Final Terms.

Expected Maturity

Unless previously redeemed or cancelled, each Sub-Class of Class A Notes will be redeemed on the expected maturity date for such Sub-Class of Class A Notes. However, if a Sub-Class of Class A Notes is not redeemed on the expected maturity date, no event of default will occur and such Sub-Class of Class A Notes may thereafter accrue interest at a different rate as set out in the Final Terms applicable to such Class A Notes.

Final Redemption

If a Sub-Class of Class A Notes has not previously been redeemed in full, such Sub-Class shall be finally redeemed at its Principal Amount Outstanding plus accrued interest on the final maturity date as specified in the applicable Final Terms. If a Sub-Class of Class A Notes is not redeemed in full by their final maturity date there will be Class A Note Event of Default.

Optional Redemption

The Issuer may (prior to the expected maturity date) redeem any Sub-Class of Class A Notes in whole or in part. An optional redemption of any Class A Notes which accrue interest at a fixed rate will be subject to the payment of a make-whole to the relevant Class A Noteholders.

Early Redemption on Prepayment of Class A IBLA

If (i) the Borrower gives notice to the Issuer under a Class A IBLA that it intends to prepay all or part of any advance thereunder or (ii) the Borrower is required to prepay all or part of any advance thereunder, the Issuer shall redeem all of the relevant Sub-Class of Class A Notes or (where part only of such advance is being prepaid) the proportion of the relevant Sub-Class of Class A Notes that the proposed prepayment amount bears to the amount of the relevant advance, subject to the payment of a make-whole to the relevant Class A Noteholders in certain circumstances.

Redemption for Taxation Reasons or Illegality

If the Issuer satisfies the Class A Note Trustee of the existence of certain specified circumstances, including in relation to withholding tax or a change in law resulting in the issue of any Sub-Class of Class A Notes or the advance under the related Class A IBLA being unlawful, the relevant Sub-Class of Class A Notes may be redeemed by the Issuer.

Taxation

All payments in respect of Class A Notes will be made without withholding or deduction for, or on account of, any present or future Taxes unless and save to the extent that the withholding or deduction of such Taxes is required by law. In that event, the Issuer will not be obliged to pay additional amounts in respect of any such withholding or deduction.

Issuer Security

The obligations of the Issuer under the Class A Notes will be secured pursuant to the Issuer Deed of Charge. The Issuer will grant first ranking security (the "**Issuer Security**") in respect of substantially all the Issuer's property, assets and undertakings, including (i) assignments by way of security of its rights under the Class A IBLAs and the other Transaction

Documents to which it is a party (including the CTA and the STID), (ii) a fixed charge over certain specified bank accounts and over investments and (iii) a floating charge over all its assets to the extent not effectively charged or assigned by way of fixed security, in each case in favour of the Issuer Security Trustee to be held on trust for the benefit of the Issuer Secured Creditors, including the Class A Noteholders. The proceeds of the enforcement of the Issuer Security will be used to discharge the Issuer's indebtedness under the Class A Notes in accordance with the Issuer Deed of Charge.

Covenants

The Class A Note Trust Deed will contain customary covenants for the type of issuance, which are subject to caveats and limitations, including covenants (a) to notify the Class A Note Trustee in the event of a Class A Note Event of Default, (b) in relation to the provision of audited financial statements, (c) to ensure that there is at all times an independent director of the Issuer not affiliated with the Holdco Group or the Sponsors, (d) not to engage in any activity which is not incidental to, or necessary in connection with the activities envisaged by the Transaction Documents and (e) not to incur any financial indebtedness unless permitted under the Transaction Documents.

Class A Note Events of Default

The Class A Conditions provide for customary events of default for the type of issuance, which are subject to grace periods, including (a) a failure to pay any interest or principal on any Sub-Class of the Class A Notes when due (subject to a five business day grace period), (b) a default is made by the Issuer in the performance or observance of any other obligation, condition, provision, representation or warranty binding upon or made by it under the Class A Notes or the Issuer Class A Transaction Documents and, if such default is capable of being remedied, such default continues for a period of 30 business days (subject to the Class A Note Trustee determining that such event is materially prejudicial to the Class A Noteholders), (c) an insolvency event occurs with respect to the Issuer or (d) it is, or will become, unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Class A Notes or the Issuer Class A Transaction Documents.

Governing Law

The Class A Notes will be governed by English law.

Initial Issue Date Class A Notes

The Issuer expects to issue two Sub-Classes of Class A Notes under the Programme on the Closing Date: Sub-Class A1 £300,000,000 Fixed Rate Secured Notes due 2043 and Sub-Class A2 £325,000,000 Fixed Rate Secured Notes due 2043. The Expected Maturity Date of the Sub-Class A1 Notes is expected to be 31 July 2018 and the Expected Maturity Date of the Sub-Class A2 Notes is expected to be 31 July 2025.

Class A Issuer/Borrower Loan Agreements

General

The proceeds of any issue of Class A Notes under the Programme will be applied by the Issuer to make one or more Class A Loans to the Borrower pursuant to the terms of a Class A Issuer/Borrower Loan Agreement (each, a "**Class A IBLA**"). Each Class A Loan will be in an amount equal to the principal amount of the corresponding Sub-Class of Class A Notes and any related hedging. The maturity date, redemption premium, interest rates and payment dates with respect to each Class A Loan under a Class A IBLA will correspond to the terms of the corresponding Sub-Class of Class A Notes and any related hedging. The Issuer's obligations to repay principal of, and pay interest, on the Class A Notes are intended to be met primarily from the payments of principal and interest received from the Borrower under each Class A IBLA and payments received under any related hedging agreement.

The final maturity date of each Class A Loan will correspond to the expected maturity date of the relevant Sub-Class of Class A Notes. Subject to a grace period, if the Borrower fails to repay a Class A Loan on its final maturity date, it will be a CTA Event of Default.

Prepayments

Subject to the CTA and the STID, the Class A IBLAs, will contain certain voluntary and mandatory prepayment rights or obligations, subject in certain cases, to the payment of a make-whole. The Borrower may also elect to defease Class A Loans instead of effecting a prepayment.

Fees

The Borrower will agree to pay to the Issuer the ongoing facility fees to enable the Issuer to meet ongoing costs and expenses in respect of amounts owed to, *inter alios*, the Class A Note Trustee, the security trustee appointed under the Issuer Deed of Charge and the Issuer's advisers and accountants and to cover the Issuer's profit (out of which the Issuer will pay its tax).

Security

The obligations of the Borrower under each Class A IBLA will be secured pursuant to the Obligor Security Agreement and such obligations will be guaranteed by the other Obligors in favour of the Obligor Security Trustee, who will hold the benefit of such security and guarantee on trust for the Obligor Secured Creditors, including the Issuer.

CTA Event of Default

The Issuer's obligations to repay principal and pay interest on the Class A Notes are intended to be met primarily from the payments of principal and interest received from the Borrower under the corresponding Class A Loans and payments received under any related Issuer Hedging Agreements. Failure of the Borrower to repay a Class A Loan under a Class A IBLA on the Final Maturity Date in respect of such Class A Loan will be a CTA Event of Default, although it will not, of itself, constitute a Class A Note Event of Default. The Final Maturity Date under the Class A Notes corresponding to the relevant Class A Loan may fall a number of years after the Final Maturity Date of the corresponding Class A Loan. In the event that a Class A Loan is not repaid in full on the Final Maturity Date of such Class A Loan (and the corresponding Sub-Class of Class A Notes) will accrue interest at a different rate. If the Class A Notes are not redeemed in full by their Final Maturity Date, there will be a Class A Note Event of Default.

Governing Law

Each Class A IBLA will be governed by English law.

Class B Agency Agreement

Pursuant to the Class B Agency Agreement to be entered into between the Issuer, the Class B Principal Paying Agent, the Class B Agent Bank, the Class B Paying Agent, the Class B Transfer Agent, the Class B Exchange Agent, the Class B Registrar and the Class B Note Trustee, provision will be made for, amongst other things, payment of principal and interest in respect of the Class B Notes.

The Issuer may revoke the appointment of the Class B Principal Paying Agent upon not less than 45 days' prior written notice to the Class B Principal Paying Agent and the Class B Note Trustee. The appointment of the Class B Principal Paying Agent will terminate immediately if the Class B Principal Paying Agent becomes incapable of performing its obligations or upon the occurrence of certain insolvency-related events. In addition, the Class B Principal Paying Agent may resign from its role under the Class B Agency Agreement upon not less than 90 days' prior written notice to the Issuer and the Class B Note Trustee. The termination of the appointment of the Class B Principal Paying Agent (whether by the Issuer or by resignation) shall not be effective unless upon the expiry of the relevant notice there is a successor in place.

The Class B Agency Agreement will be governed by and will be construed in accordance with English law.

Topco Payment Undertaking

Pursuant to the Topco Payment Undertaking to be entered into on the Closing Date, Topco will undertake to pay to the Obligor Security Trustee an amount equal to the aggregate of:

(a) the then principal balance outstanding under each Class B Authorised Credit Facility, including the Class B IBLA;

(b) any accrued but unpaid interest outstanding in respect of each Class B Authorised Credit Facility, including the Class B IBLA;

(c) any Additional Amounts; and

(d) all other amounts (including, without limitation, any premium and interest on overdue amounts) outstanding under that Class B Authorised Credit Facility and any "Finance Documents" referred to in it,

(such aggregate amount, the "**Class B Payment Amount**"), on the date on which the Obligor Security Trustee serves a Demand Notice on Topco following the occurrence of a Share Enforcement Event or a Class B Event of Default, provided that if a Share Enforcement Event relating to the failure to pay outstanding amounts under the Class B IBLA by the close of business on the Class B Loan Maturity Date or outstanding amounts under any other Class B Authorised Credit Facility at maturity occurs, then the obligation to make such payment will arise without any requirement for the service of a Demand Notice.

For these purposes:

"**Demand Notice**" means a notice from the Obligor Security Trustee (on instruction from the Topco Secured Creditors in accordance with the STID) to Topco demanding the payment of the aggregate Class B Payment Amounts to a specified account in accordance with and subject to the terms of the Topco Payment Undertaking.

Failure by Topco to pay the aggregate Class B Payment Amount will give the right to the Obligor Security Trustee (on instruction from the Topco Secured Creditors in accordance with the STID) to enforce the Topco Security, subject to the satisfaction of certain conditions set forth in the STID. The proceeds from the enforcement of the Topco Security must be applied in the most tax efficient manner at the relevant time, currently expected to be as a subscription of shares in Holdco, Intermediate Holdco and the Borrower who would then use the funds to prepay the Class B Authorised Credit Facilities. Topco is required to procure that the Borrower will then apply such amounts in payment and/or prepayment of amounts outstanding under the Class B Authorised Credit Facilities.

See "*Description of Certain Financing Arrangements—Security Trust Deed and Intercreditor Deed—Enforcement of the Topco Security*" for a description of the conditions to enforcement and the voting regime.

The Obligor Security Trustee will apply all amounts received by it from the Borrower or, as the case may be, Topco, in accordance with the terms of the STID. Topco will agree not to exercise any right of set-off or counterclaim which it might have under the Topco Payment Undertaking.

Topco's obligations under the Topco Payment Undertaking will be limited recourse to the Topco Security (as defined below) and if there is no Topco Security remaining which is capable of being realised or otherwise converted into cash and all amounts available from the Topco Security have been applied to meet Topco's obligations thereunder, then Topco's obligations under the Topco Payment Undertaking will be deemed to be discharged in full.

The Topco Payment Undertaking will be governed by English law.

Topco Security Agreement

Under the Topco Security Agreement to be entered into between Topco and the Obligor Security Trustee, Topco will grant first-ranking fixed security by way of legal mortgage (to take effect in equity pending delivery of a Topco Enforcement Instruction over the entire issued share capital of Holdco and by way of a fixed charge and/or assignment in respect of any loans from Topco to any of its subsidiaries (the "**Topco Fixed Security** ")). In addition, Topco will grant a first floating charge over the whole of its undertaking and all of its property and assets whatsoever and wheresoever situate, present and future, other than any property or assets effectively charged pursuant to the Topco Fixed Security (together with the Topco Fixed Security, the "**Topco Security**"). The Topco Security is continuing security for the payment discharge and performance of all of Topco's present and future obligations and liabilities (whether actual or contingent) to any Topco Secured Creditor, including holders of the Class B Notes, under the Topco Payment Undertaking and each other Topco Transaction Document. The Issuer will grant (in the Issuer Deed of Charge) security over its whole right, title, interest and benefit under the Topco Payment Undertaking and the Topco Security Agreement to the Obligor Security Trustee for the benefit of the Topco Secured Creditors.

The proceeds of enforcement are to be applied by the Obligor Security Trustee pursuant to the terms of the Topco Security Agreement in accordance with the terms of the STID and, in respect of amounts received by the Issuer pursuant to the STID, by the Issuer Security Trustee in accordance with the terms of the Issuer Deed of Charge.

The Topco Security Agreement will be governed by English law.

Issuer Deed of Charge

General

On the Closing Date, the Issuer will enter into the Issuer Deed of Charge with the Issuer Security Trustee, the Class A Note Trustee for itself and on behalf of the Class A Noteholders, the Class B Note Trustee for itself and on behalf of the Class B Noteholders, the Liquidity Facility Providers, the Liquidity Facility Agent, the Issuer Account Bank, the Class A Registrar, the Class A Principal Paying Agent, the Class A Agent Bank, the Issuer Cash Manager, the Issuer Corporate Officer Provider, the Issuer Jersey Corporate Services Provider, the Class A Transfer Agent, the Class A Paying Agent, the Class A Exchange Agent, any receiver and any other creditor of the Issuer which accedes to the Issuer Deed of Charge (together, the "**Issuer Secured Creditors**").

Issuer Security

Pursuant to the Issuer Deed of Charge, the Issuer will on and from the Issue Date secure its obligations to the Issuer Secured Creditors by granting the following security (the "**Issuer Security**"):

(a) an assignment by the issuer by way of first fixed security of its right, title, interest and benefit, present and future, to and under the Issuer Charged Documents;

(b) a first fixed charge over the Issuer Accounts and all interest paid or payable in relation to those amounts and all debts represented by those amounts;

(c) a first fixed charge of all its rights in respect of each Cash Equivalent Investment of the Issuer; and

(d) a first floating charge over the whole of the Issuer's assets (other than its rights in respect of the Issuer Jersey Corporate Services Agreement) (including, without limitation, its uncalled capital), other than any assets at any time otherwise effectively charged or assigned by way of fixed charge or assignment under the Issuer Deed of Charge.

The Issuer Security will be held on trust by the Issuer Security Trustee for itself and on behalf of the Issuer Secured Creditors in accordance with, and subject to the Issuer Deed of Charge.

Restrictions on the exercise of rights

The Issuer Deed of Charge contains certain restrictions on the Issuer Secured Creditors on the exercise of their rights. These include that each of the Issuer Secured Creditors (other than, in the case of item (c) below, each Note Trustee and the Issuer Security Trustee) agrees with the Issuer and the Issuer Security Trustee that (a) only the Issuer Security Trustee may enforce the Issuer Security in accordance with the terms of the Issuer Deed of Charge, (b) it will not take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer and (c) it will not take any other steps or action against the Issuer or in relation to the Issuer Secured Property for the purpose of recovering any of the secured liabilities or enforcing any rights arising out of the Issuer Transaction Documents against the Issuer or take any other proceedings in respect of or concerning the Issuer or the Issuer Secured Property.

Furthermore, each of the Issuer Secured Creditors agrees that all obligations of the Issuer to each Issuer Secured Creditor are limited in recourse to the property, assets, rights and undertakings of the Issuer that are subject to the Security Interests created in or pursuant to the Issuer Deed of Charge (the "**Issuer Secured Property**"). If on the Class B Note Final Maturity Date (a) there is no Issuer Secured Property remaining which is capable of being realised or otherwise converted into cash; (b) all amounts available from the Issuer Secured Property have been applied to meet or provide for the relevant obligations in accordance with the provisions of the Issuer Deed of Charge and (c) there are insufficient amounts available from the Issuer Secured Property to pay in full the secured liabilities, then the Issuer Secured Creditors shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

Priority of payments upon acceleration

Except in certain specified circumstances, the Issuer Cash Manager (or any substitute cash manager appointed by the Issuer Security Trustee to act on its behalf) shall (to the extent that such funds are available) apply all moneys received by the Issuer Security Trustee (or any Receiver appointed hereunder) following the service of a Note Acceleration Notice, other than amounts standing to the credit of the Issuer Liquidity Facility Standby Account (which are to be paid directly and only to the Liquidity Facility Provider in accordance with the relevant Liquidity Facility Agreement), in accordance with the following Issuer Priority of Payments (the "**Issuer Post-Acceleration Priority of Payments**"), including in each case any amount of or in respect of VAT payable thereon:

(a) *first*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts due and payable in respect of:

(i) the fees and other remuneration and indemnity payments (if any) payable to the Issuer Security Trustee, Class A Note Trustee and Class B Note Trustee and other appointees (if any), other than a Receiver appointed under paragraph (a)(ii) below, appointed by any of them under the Issuer Deed of Charge, the Class A Note Trust Deed and the Class B Note Trust Deed, respectively, and any costs, charges, liabilities and expenses incurred by any of the Issuer Security Trustee, Class A Note Trustee and Class B Note Trustee under the Issuer Deed of Charge, the Class A Note Trust Deed and the Class B Note Trust Deed, respectively, and any other amounts payable (other than amounts payable under the Class A Notes or the Class B Notes) to the Issuer Security Trustee, Class A Note Trustee and Class B Note Trustee under the Issuer Deed of Charge, the Class A Note Trust Deed and the Class B Note Trust Deed, respectively, together with interest thereon as provided for therein; and

(ii) the fees and other remuneration and indemnity payments (if any) payable to the Receiver and any costs, charges, liabilities and expenses incurred by the Receiver under the Issuer Deed of Charge, together with interest thereon as provided for therein;

(b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts due and payable by the Issuer in respect of:

(i) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Corporate Officer Provider incurred under the Issuer Corporate Officer Agreement;

(ii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Jersey Corporate Services Provider under the Issuer Jersey Corporate Services Agreement;

(iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Paying Agents incurred under the Agency Agreements;

(iv) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement; and

(v) the fees, other remuneration, costs, charges and expenses of the Issuer Cash Manager incurred under the Issuer Cash Management Agreement;

(c) *third*, in or towards satisfaction of payment of all amounts of interest, principal, fees, other remuneration, indemnity payments, costs, charges and expenses of each Liquidity Facility Provider and the Liquidity Facility Agent due and payable by the Issuer to each such Liquidity Facility Provider and the Liquidity Facility Agent under the Liquidity Facility Agreement (other than any Subordinated Liquidity Amounts payable by the Issuer);

(d) *fourth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable under the Class A Notes;

(e) *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(i) all amounts of principal and any Additional Class A Note Amounts due and payable under the Class A Notes; and

(ii) all termination payments (excluding Subordinated Hedge Amounts), any payments subject to rights of "Optional Early Termination" or "Mandatory Early Termination" (as defined in the 2006 ISDA Definitions or any replacement thereof), principal exchange amounts, final payments on cross-currency swaps or other unscheduled sums due and payable to each Issuer Hedge Counterparty under any Issuer Hedging Agreement;

(f) *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest, principal and any Additional Class B Note Amounts due and payable under the Class B Notes;

(g) *seventh*, in or towards satisfaction, *pari passu* and *pro rata* of:

(i) all Subordinated Liquidity Amounts due and payable by the Issuer under the Liquidity Facility Agreement; and

(ii) Issuer Subordinated Hedge Amounts due and payable under any Issuer Hedging Agreement; and

(h) *eighth*, after retaining the Issuer Profit Amount, any remaining amount to the Borrower by way of rebate of the Facility Fees pursuant to the terms of the IBLAs or to any other party entitled thereto.

Enforcement of the Issuer Security

Prior to the Issuer Senior Discharge Date

Prior to the Issuer Senior Discharge Date the Issuer Security Trustee will be bound to enforce the Issuer Security by delivering an Issuer Security Enforcement Notice to the Issuer if directed to do so by Qualifying Issuer Senior Creditors holding at least 25 per cent. of the aggregate Qualifying Issuer Senior Debt then outstanding (including, in the case of the Class A Notes, the Class A Note Trustee acting on the directions of the holders of the Class A Notes) subject to the Issuer Security Trustee being indemnified and/or secured and/or prefunded to its satisfaction in relation to any liability.

Prior to the Issuer Senior Discharge Date, the Class B Noteholders will not be entitled (except as provided below), to direct the Class B Note Trustee to give a Class B Note Acceleration Notice to the Issuer or to direct the Class B Note Trustee to direct the Issuer Security Trustee to give an Issuer Security Enforcement Notice to the Issuer and take enforcement steps in relation to the Issuer Security. Similarly, the Class B Note Trustee will not be entitled to exercise its discretion (except as provided below), to give a Class B Note Acceleration Notice to the Issuer or to direct the Issuer Security Trustee to give an Issuer Security Enforcement Notice to the Issuer and take enforcement steps in relation to the Issuer Security.

If the Class A Note Trustee gives a Class A Note Acceleration Notice to the Issuer pursuant to the Class A Conditions, the Class B Noteholders will not be prohibited from directing the Class B Note Trustee to, and the Class B Note Trustee will not be prohibited from exercising its discretion to, serve a Class B Note Acceleration Notice on the Issuer, if the Class B Noteholders are entitled to do so under the Class B Conditions.

With immediate effect from the time when the Issuer Security Trustee gives an Issuer Security Enforcement Notice to the Issuer, the whole of the Issuer Security shall become enforceable.

Following the Issuer Senior Discharge Date

Following the Issuer Senior Discharge Date, the Issuer Security Trustee will be bound to enforce the Issuer Security by delivering an Issuer Security Enforcement Notice to the Issuer if it is instructed to do so by the Class B Note Trustee (i) acting in its absolute discretion, (ii) acting on the directions of the holders at least 50 per cent. of the aggregate principal amount outstanding of the Class B Notes then outstanding or (iii) acting on the direction of any Class B Extraordinary Resolution of the Class B Noteholders subject, in each case, to the Issuer Security Trustee being indemnified and/or secured and/or prefunded to its satisfaction in relation to any Liability.

With immediate effect from the time when the Issuer Security Trustee gives an Issuer Security Enforcement Notice to the Issuer, the whole of the Issuer Security shall become enforceable.

Modification, Authorisation, Waiver and Consent—Issuer Common Documents

Subject to the Issuer Secured Creditor Entrenched Rights, the Issuer Security Trustee shall concur with the Issuer or any other person in making any modification to any Issuer Common Document or giving any authorisation, waiver or consent to breach of, or matter or thing related to, any Issuer Common Document only if so directed in writing by:

(a) if there are Class A Notes outstanding, the Class A Note Trustee in accordance with the Class A Note Trust Deed or on the direction of a Class A Extraordinary Resolution; or

(b) if there are no Class A Notes outstanding, the Class B Note Trustee in accordance with the Class B Note Trust Deed or on the direction of a Class B Extraordinary Resolution.

Any modification, authorisation, waiver, consent or approval provided by the Issuer Security Trustee in accordance with the paragraph above will be binding on all of the Issuer Secured Creditors (including, for the avoidance of doubt, the holders of the Class B Notes).

Modification, Waiver and Consent—Class B Conditions

The Issuer may agree to any modification to, give its consent under or grant any waiver in respect of any breaches or proposed breaches under, the Class B Conditions (a "**Class B Conditions Relevant Matter**") without the consent of the holders of the Class A Notes; *provided that* if such modification, consent or waiver:

(a) would have the effect of increasing:

  (i) the frequency of payments due (including in relation to any repayment or prepayment (mandatory or otherwise));

  (ii) the amount or rate of interest or fees payable; or

  (iii) the amount of principal due or payable,

  (except in the case of (ii) and (iii) above, if the Class B Conditions Relevant Matter is required as a consequence of the issue of further Class B Notes or new Class B Notes by the Issuer in accordance with the Class B Conditions) under the Class B Notes;

(b) would have the effect of changing the definition of Class B Expected Maturity Date or Class B Final Maturity Date;

(c) would have the effect of changing any provision concerning the payment of interest in kind;

(d) changes the currency of any payment obligation under the Class B Notes (excluding any change occasioned as a consequence of the euro being adopted as the lawful currency of the UK);

(e) involves amending Condition 9 (*Class B Note Events of Default*) of the Class B Conditions (or the definitions used therein) the effect of which would:

  (i) allow the declaration of a Class B Note Event of Default thereunder; or

  (ii) make the Class B Notes immediately due and payable,

  in each case, at any time before the repayment in full or any acceleration of the Class A Notes, then that Class B Conditions Relevant Matter will only be permitted if it satisfies the following requirements:

    (A) there is no Class A Note Event of Default outstanding or continuing and no Class A Note Event of Default would occur as a result of the implementation of the Class B Conditions Relevant Matter;

(B) the Rating Agency has confirmed that any Class A Notes then outstanding would immediately following (and taking into account) such Class B Conditions Relevant Matter be rated at least the initial rating of the first tranche of Class A Notes from the Rating Agency; and

(C) the consent of the Class B Note Trustee and, if required, the Class B Noteholders has been obtained in accordance with Class B Note Trust Deed.

Class B Call Option

If a Class B Call Option Trigger Event set out in paragraph (a) of the definition thereof occurs:

(a) any one or more of the holders of the Class B Notes shall be entitled, pursuant to the Class B Call Option, to purchase all (but not some only) of (x) the Sub-Class of Class A Notes which have not been paid on their Expected Maturity Date at a price equal to the aggregate Principal Amount Outstanding of such Sub-Class of Class A Notes together with accrued but unpaid interest thereon and (y) any other Class A Authorised Credit Facility (other than a Class A IBLA) which is due to mature on such Expected Maturity Date at a price equal to the Outstanding Principal Amount of such Class A Authorised Credit Facility together with accrued but unpaid interest thereon, in each case, within the Class B Call Option Period, subject to the terms set out below; *provided that*, in the case of (y) above, each Class B Noteholder that wishes to exercise its right to purchase any Class A Authorised Credit Facility certifies to the Borrower and the Obligor Security Trustee at the time of the exercise of the Class B Call Option that it is not, and, following exercise of the Class B Call Option, will not be, connected with the Borrower for the purposes of section 363 of the Corporation Tax Act 2009; and

(b) the relevant holders of the Class B Notes may:

(i) surrender such Class A Notes to the Issuer for cancellation (and a corresponding amount of the Class A Advances made under the relevant Class A IBLA attributable to the relevant Sub-Class of Class A Note will be treated as prepaid) (or enter into an alternative arrangement which achieves the same commercial objective) and surrender and cancel any amount outstanding under any purchased Class A Authorised Credit Facility (or enter into an alternative arrangement which achieves the same commercial objective); *provided that* in each case, the relevant Class B Noteholder(s) shall provide a tax opinion from reputable tax counsel addressed to (x) the Issuer, the Class A Note Trustee, the Issuer Security Trustee, the Borrower and the Obligor Security Trustee in the case of the surrender of the Class A Notes and the deemed prepayment of the corresponding Class A IBLA and (y) the Borrower and the Obligor Security Trustee, in the case of any cancellation of amounts outstanding under any Class A Authorised Credit Facility, to confirm that the surrender and cancellation of the Class A Notes, the Class A IBLA or the relevant Class A Authorised Credit Facility or the entry into any alternative arrangements to achieve the same commercial objective, as the case may be, will not result in any adverse tax consequences for the Issuer or the Borrower, as applicable; or

(ii) purchase all (but not some only) of any other Sub-Class of Class A Notes then outstanding within the Class B Call Option Period and at a price equal to:

(A) if the relevant Sub-Class of Class A Notes is specified in the Final Terms as a Fixed Rate Class A Note denominated in sterling, an amount equal to the price (as reported in writing to the Issuer and the Class A Note Trustee by a financial advisor appointed by the Issuer and approved in writing by the Class A Note Trustee) expressed as a percentage (and rounded, if necessary, to the third decimal place (0.0005 being rounded upwards)) at which the Gross Redemption Yield on the relevant class of Class A Notes on the Relevant Date is equal to the Gross Redemption Yield at 3.00 p.m. (London time) plus 50 basis points on that date of the Relevant Treasury Stock on the basis of the arithmetic mean (rounded, if necessary, as aforesaid) of the offered prices of the Relevant Treasury Stock quoted by the Reference Market Makers (on a dealing basis for settlement on the next following dealing day in London) at or about 3.00 p.m. (London time) on the Relevant Date and so that for purposes of this sub-paragraph (A): "**Gross Redemption Yield**" means a yield calculated on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields" page 5, Section One: Price/Yield Formulae "Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (third edition published 16/03/2005); "**Reference Market Makers**" means three brokers and/or London gilt-edged market makers selected by the Issuer and approved in writing by the Class A Note Trustee; "**Relevant Date**" means the date which is the

fifth business day in London prior to the date of purchase and "**Relevant Treasury Stock**" means such United Kingdom government stock as selected by the Issuer and as the Class A Note Trustee may approve, with the advice of three brokers and/or gilt-edged market makers or such other three persons operating in the gilt-edged market to be a benchmark gilt the maturity of which most closely matches the Expected Maturity Date of the relevant Sub-Class of Class A Notes as calculated by a financial advisor selected by the Issuer and approved in writing by the Class A Note Trustee;

(B) if the relevant Sub-Class of Class A Notes is specified in the Final Terms as a Fixed Rate Class A Note denominated in Euro, U.S. dollar or any other currency (other than sterling), at a price equal to the Redemption Amount of such Class A Notes as determined in accordance with the optional redemption provisions applicable to such Sub-Class of Class A Notes as set out in the terms and conditions of the Class A Conditions or as otherwise specified in the relevant Final Terms or drawdown prospectus, as the case may be; and

(C) if the relevant Sub-Class of Class A Notes is specified in the Final Terms as a Floating Rate Class A Note, at a price equal to the Principal Amount Outstanding of such Sub-Class of Class A Notes together with any accrued but unpaid interest thereon and any premium or make-whole amount applicable to such Sub-Class of Class A Notes as specified in the relevant Final Terms or relevant drawdown prospectus, as the case may be.

If a Class B Call Option Trigger Event set out in paragraph (b) of the definition thereof occurs, any one or more of the holders of the Class B Notes shall be entitled, pursuant to the Class B Call Option, to purchase all (but not some only) of (x) the Class A Notes then outstanding at a price equal to the aggregate Principal Amount Outstanding of the Class A Notes together with accrued but unpaid interest thereon and (y) each Class A Authorised Credit Facility (other than a Class A IBLA) which is then outstanding, in each case, within the Class B Call Option Period and at a price equal to the Outstanding Principal Amount of such Class A Authorised Credit Facility together with accrued but unpaid interest thereon, subject to the terms set out below; *provided that*, in the case of (y) above, each Class B Noteholder that wishes to exercise its right to purchase any Class A Authorised Credit Facility certifies to the Borrower and the Obligor Security Trustee at the time of the exercise of the Class B Call Option that it is not, and following exercise of the Class B Call Option, will not be, connected with the Borrower for the purposes of section 363 of the Corporation Tax Act 2009.

Within one Business Day of the occurrence of a Class B Call Option Trigger Event, the Issuer must publish (or cause the Class B Principal Paying Agent to publish) a notice (a "**Class B Call Option Notice**") to the Class B Noteholders in accordance with the Class B Conditions and on a regulatory information service (with a copy to the Class A Note Trustee and the Class B Note Trustee) detailing (A) the occurrence of the relevant Class B Call Option Trigger Event; (B) the right of the holders of the Class B Notes to exercise the Class B Call Option in accordance with the terms of the Class A Conditions, the Class B Conditions, the STID and the Issuer Deed of Charge and (C) contact information for the Issuer and information as to the procedures for how the holders of the Class B Notes can, if they wish to exercise the Class B Call Option, do so (including procedures which must be complied with for the valid exercise of such option and appropriate instructions to be given to the Clearing Systems or otherwise as regards settlement).

Within one Business Day of the end of the Class B Call Option Period, the Issuer shall notify (or cause to be notified) the Class A Note Trustee, the Class A Noteholders, the Class B Note Trustee, the Obligor Security Trustee, the holders of the Class B Notes and each Principal Paying Agent whether or not any holder of the Class B Notes has exercised its right to purchase the Class A Notes and any Class A Authorised Credit Facility. If any such holder of the Class B Notes has or have elected to purchase the Class A Notes and any Class A Authorised Credit Facility then such notice must specify (A) the date of settlement (which must be not earlier than five Business Days and not later than 10 Business Days after the notice has been given) and (B) the amount of the Class B Call Option Purchase Price to be paid on the settlement date.

Where more than one holder of the Class B Notes notifies the Issuer that it wishes to exercise the Class B Call Option, then each holder of the Class B Notes shall:

(a) have the right to buy a proportionate principal amount of the Sub-Class of Class A Notes and a proportionate principal amount of the Class A Authorised Credit Facility relative to the principal amount of Class B Notes held by it when compared to the aggregate principal amount of Class B Notes held by holders of the Class B Notes providing such notification; and

(b) be obliged to pay the relevant proportion of the relevant purchase price to, or for the account of, the Class A Noteholder or the Class A Authorised Credit Provider, as the case may be.

Payment must be made (i) in respect of any purchase of Class A Notes, to the Class A Noteholders in freely transferable funds to their account maintained with the Clearing Systems unless otherwise agreed by the Class A Noteholders

and (ii) in respect of any purchase of a Class A Authorised Credit Facility, to the Facility Agent in respect of such Class A Authorised Credit Facility in freely transferable funds unless otherwise agreed with the relevant Class A Authorised Credit Provider. Payment of the purchase price by all relevant Class B Noteholders will be a condition precedent to the obligation of any Class A Noteholders and Class A Authorised Credit Providers to transfer, or consent to the transfer, of the Class A Notes or the Class A Authorised Credit Facility held by them. For the avoidance of doubt, payment by the Class B Noteholders to the Class A Noteholders or the Facility Agent in respect of any Class A Authorised Credit Facility will not be made through the Class A Principal Paying Agent.

"**Class B Call Option Period**" means the period commencing on the date of delivery of a Class B Call Option Notice (as further described above) and ending on the date expiring 30 days following such delivery.

"**Class B Call Option Trigger Event**" means any of the following events:

(a) prior to the delivery of a Class A Note Acceleration Notice or a Loan Acceleration Notice, either (i) the occurrence of an Expected Maturity Date with respect to any Sub-Class of Class A Notes outstanding at any time and such Sub-Class of Class A Notes is not redeemed in full on its Expected Maturity Date or (ii) the occurrence of the Final Maturity Date with respect to any Class A Authorised Credit Facility and such Class Authorised Credit Facility is not repaid in full on its Final Maturity Date; or

(b) the delivery of a Class A Note Acceleration Notice to the Issuer.

Directions, Duties and Liabilities

The Issuer Security Trustee will not be liable or responsible for any liabilities or inconvenience which may result from anything done or omitted to be done by it in accordance with the provisions of the Issuer Deed of Charge, except where the Issuer Security Trustee has failed to show the degree of care and due diligence.

The Issuer Deed of Charge will be governed by English Law.

Issuer Corporate Officer Agreement

Structured Finance Management Limited, which will be appointed, on or prior to the Closing Date (in such capacity, the "**Issuer Corporate Officer Provider**"), as corporate officer provider to the Issuer pursuant to a corporate officer agreement (the "**Issuer Corporate Officer Agreement**"), is a limited liability company incorporated in England and Wales (acting through its office at 35 Great St. Helen's, London EC3A 6AP, United Kingdom) and will provide an independent director to the Issuer subject to and in accordance with the Issuer Corporate Officer Agreement.

The Issuer Corporate Officer Agreement will be governed by English law.

Issuer Cash Management Agreement

General

The Issuer will appoint Automobile Association Developments Limited as the Issuer Cash Manager pursuant to the Issuer Cash Management Agreement to be entered into on or before the Closing Date. Pursuant to the Issuer Cash Management Agreement, the Issuer Cash Manager will undertake certain cash administration functions on behalf of the Issuer.

Cash management functions

As part of its duties under the Issuer Cash Management Agreement, the Issuer Cash Manager will, *inter alia*, (a) operate the Issuer Accounts and effect payments to and from the Issuer Accounts in accordance with the provisions of the relevant Issuer Transaction Documents; *provided that* such moneys are at the relevant time available to the Issuer, (b) invest funds not immediately required by the Issuer in Cash Equivalent Investments in accordance with the provisions of the Issuer Cash Management Agreement, (c) make determinations and perform certain obligations on behalf of the Issuer as set out in, and in accordance with, the provisions of the Liquidity Facility Agreement, including directing the Issuer to make drawings (or making drawings on behalf of the Issuer) under the Liquidity Facility Agreement, and (d) carry out treasury management functions including the arrangement of Treasury Transactions in line with the Hedging Policy.

Liquidity facility

Allowing sufficient time to deliver any relevant drawdown notice under the Liquidity Facility Agreement, the Issuer Cash Manager shall determine the amount of any anticipated Issuer Liquidity Shortfall on the relevant Class A Note Interest Payment Date after taking into account the balance standing to the credit of the Issuer Debt Service Reserve Account which will be available to the Issuer on the next Class A Note Interest Payment Date. Any amounts standing to the credit of the

Issuer Debt Service Reserve Account (if any) will be applied to decrease the amount which would otherwise constitute an Issuer Liquidity Shortfall by applying such amount towards payment of items (a) to (f) (inclusive) of the Issuer Pre-Acceleration Priority of Payments (excluding any final payment on any Final Maturity Date and certain additional amounts payable under the Class A Notes and any termination payments and all other unscheduled amounts payable to any Issuer Hedge Counterparty). The Issuer, or the Issuer Cash Manager on its behalf, will issue a notice of drawing to the facility agent under the Liquidity Facility Agreement to cover any such liquidity shortfall.

Pre-Acceleration Priority of Payments

Prior to the delivery of a Note Acceleration Notice by a Note Trustee in accordance with the Class A Conditions or the Class B Conditions ("*Description of the Class B Notes—Class B Note Events of Default*"), amounts standing to the credit of the Issuer Transaction Accounts (subject to certain exceptions), will be applied by the Issuer Cash Manager (on behalf of the Issuer) in accordance with the following Issuer Priority of Payments (the "**Issuer Pre-Acceleration Priority of Payments**"):

(a) *first*, in or towards satisfaction, *pari passu* and *pro rata*, of the amounts due and payable by the Issuer in respect of the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Security Trustee and each Note Trustee under any Issuer Transaction Document.

(b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, of the amounts due and payable by the Issuer in respect of:

  (i) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Jersey Corporate Services Provider and the Issuer Corporate Officer Provider incurred under the Issuer Jersey Corporate Services Agreement and the Issuer Corporate Services Agreement respectively;

  (ii) the fees, other remuneration, indemnity, payments, costs, charges and expenses of the Agents incurred under any Agency Agreement;

  (iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement;

  (iv) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Cash Manager (for so long as the Issuer Cash Manager is not a member of the Holdco Group); and

  (v) the fees, other remuneration, costs, charges and expenses of the Rating Agency.

(c) *third*, in or towards satisfaction, *pari passu* and *pro rata* of:

  (i) the amounts due and payable by the Issuer to any third-party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments), or to become due and payable to any third-party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments) prior to the next Note Interest Payment Date, which amounts have been incurred without breach by the Issuer of the Issuer Transaction Documents to which it is a party (and for which payment has not been provided elsewhere in this priority of payments);

  (ii) the amounts due and payable by the Issuer in respect of the fees, other remuneration, indemnity payments, costs, charges and expenses of the stock exchange where the Class A Notes are listed (or any other listing authority) and the listing agent;

  (iii) an amount equal to the Issuer Profit Amount; and

  (iv) the amounts due and payable in respect of tax for which the Issuer is liable under the laws of any jurisdiction (other than corporation tax due and payable to HM Revenue & Customs in respect of the Issuer Profit Amount, which shall be met out of the Issuer Profit Amount).

(d) *fourth*, in or towards the satisfaction, pari passu and pro rata, of the amounts due and payable by the Issuer in respect of all amounts of interest, principal, fees, other remuneration, indemnity payments, costs, charges and expenses of each Liquidity Facility Provider and the Liquidity Facility Agent due and payable by the Issuer to each such Liquidity Facility Provider and the Liquidity Facility Agent under any Liquidity Facility Agreement (other than any Subordinated Liquidity Amounts payable by the Issuer).

(e) *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

  (i) all amounts of interest due and payable under the Class A Notes; and

(ii) all scheduled amounts (other than principal exchange amounts, termination payments and final payments on cross-currency swaps) due and payable to each Issuer Hedge Counterparty under any Issuer Hedging Agreement.

(f) *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(i) all termination payments (excluding Subordinated Hedge Amounts), any payments subject to rights of "Optional Early Termination" or "Mandatory Early Termination" (as defined in the 2006 ISDA Definitions or any replacement thereof), principal exchange amounts, final payments on cross-currency swaps, or other unscheduled sums due and payable to each Issuer Hedge Counterparty under any Issuer Hedging Agreement; and

(ii) all amounts of principal under the Class A Notes and all Additional Class A Note Amounts.

(g) *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable under the Class B Notes.

(h) *eighth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and all other amounts due and payable under the Class B Notes.

(i) *ninth*, to the extent received from the Borrower under the Obligor Pre-Acceleration Priority of Payments in or towards satisfaction, *pari passu* and *pro rata*, of:

(a) all Subordinated Liquidity Amounts due and payable by the Issuer under the Liquidity Facility Agreement; and

(b) all Subordinated Hedge Amounts payable to the Issuer Hedge Counterparties under any Issuer Hedging Agreement.

(j) *tenth*, any remaining amount *pari passu* by way of rebate of the ongoing Facility Fees under the terms of the IBLAs.

Termination

The Issuer may terminate the appointment of the Issuer Cash Manager (a) at any time with at least 30 days' prior written notice and the consent of the Issuer Security Trustee, (b) if default is made by the Issuer Cash Manager in the performance or observance of any of its material covenants and material obligations under the Issuer Cash Management Agreement subject to the applicable grace period, (c) if any Insolvency Event occurs in relation to the Issuer Cash Manager and (d) if an Issuer Security Enforcement Acceleration Notice is given and the Issuer Security Trustee is of the opinion that the continuation of the appointment of the Issuer Cash Manager is materially prejudicial to the interests of the Issuer Secured Creditors.

Subject to certain conditions (including that a suitable successor Issuer Cash Manager has been appointed), the Issuer Cash Manager is entitled to resign upon giving 30 days' prior written notice of termination to the Issuer and the Issuer Security Trustee.

Issuer Account Bank Agreement

Pursuant to the Issuer Account Bank Agreement to be entered into on the Closing Date between the Issuer, the Issuer Security Trustee, the Issuer Cash Manager and the Issuer Account Bank, the Issuer Account Bank will maintain the Issuer Transaction Account and any Issuer Liquidity Facility Standby Account or the Issuer Debt Service Reserve Account opened with the Issuer Account Bank pursuant to the terms of the Liquidity Facility Agreement (together, the "**Issuer Accounts**"), all such accounts in the name of the Issuer, but subject to the control of the Issuer Security Trustee.

If the Issuer Account Bank ceases to be an Acceptable Bank then the Issuer will be required to arrange for the transfer of such accounts to an Acceptable Bank on terms acceptable to the Issuer Security Trustee.

The Issuer Account Bank Agreement will be governed by English law.

Borrower Account Bank Agreement

Pursuant to the Borrower Account Bank Agreement to be entered into on the Closing Date between the Borrower, the Obligor Security Trustee, the Issuer Cash Manager and the Borrower Account Bank, the Borrower Account Bank will maintain the "**Designated Accounts**", all such accounts in the name of the Borrower, but subject to the control of the Obligor Security Trustee.

If the Borrower Account Bank ceases to be an Acceptable Bank then the Borrower will be required to arrange for the transfer of such accounts to an Acceptable Bank on terms acceptable to the Obligor Security Trustee.

The Borrower Account Bank Agreement will be governed by English law.

Security Trust and Intercreditor Deed

General

The intercreditor arrangements in respect of the Holdco Group, the Obligor Secured Creditors (including the Issuer), Topco and the Topco Secured Creditors (the "**Intercreditor Arrangements**") will be contained in the STID to be entered into on the Closing Date. The Intercreditor Arrangements will bind each of the Obligor Secured Creditors (including the Issuer), each of the Obligors, Topco and the Topco Secured Creditors.

The Obligor Secured Creditors will include all providers of Obligor Secured Liabilities that enter into or accede to the STID. Any new Authorised Credit Provider will be required to accede to the STID and, if the Authorised Credit Provider will be an Obligor Secured Creditor under a Class A Authorised Credit Facility, the CTA. The STID also contains provisions restricting the rights of Subordinated Intragroup Creditors and Subordinated Investors. No member of the Holdco Group (which is not an Obligor) may provide Financial Indebtedness in an amount exceeding £5 million (determined on a net basis after taking into account any Permitted Loans made by the relevant Obligor to the relevant member of the Holdco Group) to any Obligor unless such person has first acceded to the STID as a Subordinated Intragroup Creditor. No Investor may provide Financial Indebtedness to any member of the Holdco Group except Holdco; *provided that* Holdco is permitted to incur such Financial Indebtedness in accordance with the terms of the Transaction Documents and such Investor has first acceded to the STID as a Subordinated Investor.

The purpose of the Intercreditor Arrangements is to regulate, among other things: (a) the claims of the Obligor Secured Creditors against the Obligors; (b) the exercise of rights by the Obligor Secured Creditors, including in relation to any enforcement and acceleration of the Obligor Secured Liabilities and the Obligor Security; (c) the rights of the Obligor Secured Creditors to instruct the Obligor Security Trustee; (d) the exercise and enforcement of rights by the Topco Secured Creditors in relation to the Topco Security; (e) the Entrenched Rights and the Reserved Matters of the Obligor Secured Creditors; and (f) the giving of consents and waivers and the making of modifications to the Common Documents, the Senior Finance Documents (other than the Common Documents), the Junior Finance Documents (other than the Common Documents) and the Topco Transaction Documents (other than the Common Documents).

The Intercreditor Arrangements also provide for the ranking in point of payment of the claims of the Obligor Secured Creditors, both before and after the delivery of a Loan Acceleration Notice and for the subordination of all claims of Subordinated Intragroup Creditors and Subordinated Investors to the claims of the Obligor Secured Creditors in respect of the Obligor Secured Liabilities. Each Obligor Secured Creditor, each Obligor, each Subordinated Intragroup Creditor and each Subordinated Investor give certain undertakings in the STID, which serve to maintain the integrity of these arrangements. The STID also provides for the application of proceeds of the enforcement of the Topco Security. For further information on the ranking in point of payment of the claims of the Issuer Secured Creditors and the Topco Secured Creditors, see "*—Issuer Deed of Charge*" and "*—Enforcement of the Topco Security—Topco Security Enforcement Condition*".

Guarantee

Pursuant to the terms of the STID, each Obligor irrevocably and unconditionally:

(a) guarantees to the Obligor Security Trustee (for itself and on behalf of the other Obligor Secured Creditors) the punctual performance and observation by each other Obligor of the Obligor Secured Liabilities;

(b) undertakes with the Obligor Security Trustee (for itself and on behalf of the other Obligor Secured Creditors) that whenever an Obligor does not pay any Obligor Secured Liabilities when due under or in connection with any Finance Document, the Obligor shall immediately on demand by the Obligor Security Trustee pay that amount as if it was the principal obligor; and

(c) agrees with the Obligor Security Trustee (for itself and on behalf of the other Obligor Secured Creditors) that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Obligor Secured Creditors immediately on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by the Obligor under this indemnity will not exceed the amount it would have had to pay under the guarantee if the amount claimed had been recoverable on the basis of a guarantee.

If the shares in an Obligor are disposed of pursuant to a Permitted Disposal which is not otherwise restricted by the Finance Documents or pursuant to a Distressed Disposal or otherwise in accordance with the STID, the Obligor Security Trustee is authorised to release the guarantee granted by that Obligor being sold. In addition, following the TAAL Business Transfer Implementation Date, if the Holdco Group Agent certifies to the Obligor Security Trustee that TAAL (a) has ceased to be a Material Company and (b) is in a position to effect a solvent liquidation, the Obligor Security Trustee is irrevocably authorised and instructed to release TAAL from its obligations in respect of the Obligor Secured Liabilities (including the guarantee) and to release the Obligor Security provided by TAAL in respect thereof, whereupon TAAL shall cease to be an Obligor and bound by the Finance Documents to which it is a party.

Following the Obligor Senior Discharge Date:

(a) the release of an Obligor from its obligations under the Guarantee and the release of any Obligor Security granted by that Obligor will be governed by the terms and conditions of the Class B Authorised Credit Facilities outstanding at such time and the STID; and

(b) to the extent that an Obligor is permitted to be released from the Guarantee and the Obligor Security in accordance with the Class B Authorised Credit Facilities, the Obligor Security Trustee is irrevocably authorised and instructed to release the relevant Obligor from the Guarantee and any Obligor Security granted by it.

Modifications, Consents and Waivers—Common Documents

In relation to the Common Documents, the STID contains detailed provisions setting out the voting and instruction mechanics in respect of (a) Ordinary Voting Matters; (b) Extraordinary Voting Matters; and (c) Entrenched Rights and Reserved Matters (as further described below in "*—Types of Voting Categories—Common Documents*"). Subject to Entrenched Rights and Reserved Matters (which will always require the consent of the relevant Obligor Secured Creditors who are affected by the proposed modification or request for consent or waiver, as applicable) and Extraordinary Voting Matters and, save as described below in "*—Discretion Matters*" and "*—Class B STID Proposal*," the Obligor Security Trustee will only agree to any modification of or grant any consent or waiver under any Common Document with the consent of or if so instructed by the relevant majority of Participating Qualifying Obligor Secured Creditors; *provided that* the relevant Quorum Requirement has been met.

The Holdco Group Agent is entitled to provide the Obligor Security Trustee with written notice requesting any modification, consent or waiver it requires under or in respect of any Common Document (a "**STID Proposal**"). The notice will certify whether such STID Proposal is a Discretion Matter, an Ordinary Voting Matter, an Extraordinary Voting Matter or whether it gives rise to an Entrenched Right (as further described in "*—Types of Voting Categories—Common Documents*" below) and stating the Decision Period (as further described in "*—Types of Voting Categories—Common Documents—Decision Periods*" below). If the STID Proposal is in relation to a Discretion Matter, the Holdco Group Agent must also provide a certificate evidencing this status. If the STID Proposal is in relation to an Entrenched Right, the Holdco Group Agent must include information as to the Obligor Secured Creditors and/or the Issuer Secured Creditors, as the case may be, who are affected by such Entrenched Right.

The Obligor Security Trustee will, within five Business Days of receipt of a STID Proposal, send a request (the "**STID Voting Request**") in respect of any Ordinary Voting Matter, Extraordinary Voting Matter or Entrenched Right to the Secured Creditor Representative of each Obligor Secured Creditor and to each of the Secured Creditor Representatives of the Issuer (on behalf of the Issuer Secured Creditors). If the STID Proposal gives rise to an Entrenched Right, the STID Voting Request will contain a request that each relevant Affected Obligor Secured Creditor (including where the Issuer is an Affected Obligor Secured Creditor, each Issuer Secured Creditor who is affected), in each case, through its Secured Creditor Representatives) confirm on or before the last day of the Decision Period whether or not it wishes to consent to the relevant STID Proposals that would affect the Entrenched Right.

The Qualifying Obligor Secured Creditors (acting through their Secured Creditor Representatives) representing at least 10% of the Qualifying Obligor Secured Liabilities are able to challenge the Holdco Group Agent's determination of the voting category of a STID Proposal. In addition, any Obligor Secured Creditor (acting through its Secured Creditor Representative, including where the Issuer is an Affected Obligor Secured Creditor, the Secured Creditor Representative on behalf of the relevant Issuer Secured Creditors) is able to challenge the Holdco Group Agent's determination as to whether there is an Entrenched Right. Such dissenting creditors must provide supporting evidence or substantiation for their disagreement with such determination. Challenging creditors that comply with the foregoing requirements (the "**Dissenting Creditors**") may instruct the Obligor Security Trustee to inform the Holdco Group Agent in writing within six Business Days of receipt of the relevant STID Proposal that they disagree with the Holdco Group Agent's determination and specifying, as applicable, the voting category they propose should apply or whose Entrenched Right is affected along with the required supporting evidence. The Holdco Group Agent and the relevant Qualifying Obligor Secured Creditors or relevant Obligor Secured Creditors will agree the voting category or whether there is an Entrenched Right within five Business Days from receipt by the Holdco Group Agent of the relevant notice from the Obligor Security Trustee. If they are unable to agree within this time, or if no agreement can be reached, then an appropriate expert will make a decision as to the voting category or whether there is an Entrenched Right, whose decision will be final and binding on each of the parties.

Types of Voting Categories—Common Documents

Ordinary Voting Matters

Ordinary Voting Matters include all matters which are not designated as Extraordinary Voting Matters or Discretion Matters (see "*—Extraordinary Voting Matters*" and "*—Discretion Matters*" below). If the Quorum Requirement is met (see "*—Quorum Requirements*" below), a resolution in respect of an Ordinary Voting Matter may be passed by a simple majority of the Voted Qualifying Obligor Secured Liabilities in accordance with "*—Qualifying Obligor Secured Liabilities*" below.

Extraordinary Voting Matters

The STID also prescribes the treatment of Extraordinary Voting Matters. If the Quorum Requirement for an Extraordinary Voting Matter is met (see "*—Quorum Requirements*" below), the majority required to pass a resolution in respect of an Extraordinary Voting Matter will be at least 66.67% of the Voted Qualifying Obligor Secured Liabilities in accordance with "*—Qualifying Obligor Secured Liabilities*" below.

Entrenched Rights

Entrenched Rights are rights that cannot be modified or waived in accordance with the STID without the consent of the Affected Obligor Secured Creditors. When the Affected Obligor Secured Creditor is the Issuer, consent must be obtained from the Class B Noteholders affected by the Entrenched Right by way of a Class B Extraordinary Resolution. If Class A Noteholders are also affected, consent must also be obtained from such Class A Noteholders in accordance with the Class A Note Trust Deed.

Reserved Matters

"**Reserved Matters**" are matters which, subject to the STID and the CTA, an Obligor Secured Creditor is free to exercise in accordance with its own debt instrument, including:

(a) to receive any sums owing to it for its own account in respect of premia, fees, costs, charges, liabilities, damages, proceedings, claims and demands in relation to any Finance Document to which it is a party as permitted pursuant to the terms of the CTA and the Finance Documents;

(b) to make determinations of and require the making of payments due and payable to it under the provisions of the Authorised Credit Facilities to which it is a party as permitted by the terms of the CTA, the STID and the Finance Documents to the extent that the provisions of such Finance Documents are consistent with the relevant provisions of the STID;

(c) to exercise the rights vested in it or permitted to be exercised by it under and pursuant to the terms of the CTA, the STID and the other Finance Documents to the extent that the provisions of such Finance Documents are consistent with the relevant provisions of the STID;

(d) to receive notices, certificates, communications or other documents or information under the Finance Documents or otherwise;

(e) to assign its rights or transfer any of its rights and obligations under any PP Notes or any other Authorised Credit Facility to which it is a party subject to the provisions of the STID;

(f) in the case of each Hedge Counterparty and each OCB Secured Hedge Counterparty, (i) to terminate the relevant Hedging Agreement or, as applicable, the OCB Secured Hedging Agreement or any transaction thereunder provided such termination is a Permitted Hedge Termination or to terminate the relevant Hedging Agreement or, as applicable, OCB Secured Hedging Agreement or any transaction thereunder in part and amend the terms of the Hedging Agreement or, as applicable, the OCB Secured Hedging Agreement to reflect such partial termination or (ii) to exercise rights permitted to be exercised by it under a Hedging Agreement or, as applicable, an OCB Secured Hedging Agreement;

(g) in the case of the AA UK Pension Trustee, to receive any sums owing to it or for its own account or to enjoy the benefits of or exercise any rights that it may have in each case in relation to the AA UK Pension Scheme other than any rights which are expressly restricted under the STID; and

(h) in the case of the AA Ireland Pension Trustee, to receive any sums owing to it or for its own account or to enjoy the benefits of or exercise any rights that it may have in each case in relation to the AA Ireland Pension Scheme other than any rights which are expressly restricted by the STID.

Discretion Matters

The Obligor Security Trustee may (but is not obliged to) make modifications to the Common Documents without the consent of any other Obligor Secured Creditor where such modifications, consents or waivers:

(a) in the opinion of the Obligor Security Trustee, are:

(i) to correct manifest errors or an error in respect of which an English court could reasonably be expected to make a rectification order; or

(ii) of a formal, minor, administrative or technical nature; or

(b) would not, in the opinion of the Obligor Security Trustee, be materially prejudicial to the interests of any of the Qualifying Obligor Secured Creditors (where "materially prejudicial" means that such modification, consent or waiver would have a material adverse effect on the ability of the Obligors to pay any amounts of principal or interest or other amounts in respect of the Qualifying Obligor Secured Liabilities owed to the relevant Qualifying Obligor Secured Creditors on the relevant due date for payment therefor).

Quorum Requirements

Pursuant to the terms of the STID, the "**Quorum Requirement**" is, in respect of an Ordinary Voting Matter or an Extraordinary Voting Matter, one or more Participating Qualifying Obligor Secured Creditors representing in aggregate at least 20% of the entire Outstanding Principal Amount of all Qualifying Obligor Secured Liabilities; *provided that* if the Quorum Requirement has not been met within the Decision Period (as described further in "*—Decision Periods*" below), the Quorum Requirement shall be reduced to one or more Participating Qualifying Obligor Secured Creditors representing, in aggregate, 10% of the aggregate Outstanding Principal Amount of all Qualifying Obligor Secured Liabilities and the Decision Period will be extended for a period of a further ten Business Days from the expiry of the initial Decision Period.

Decision Periods

The STID includes provisions specifying the relevant decision periods within which votes must be cast (each, a "**Decision Period**") which period must not be less than:

(a) five Business Days from the date of delivery of the STID Proposal for any Discretion Matter;

(b) fifteen Business Days from the Decision Commencement Date for any Ordinary Voting Matter (which may be extended for a further period of ten Business Days if the quorum requirement for the relevant Ordinary Voting Matter has not been met within the initial Decision Period);

(c) fifteen Business Days from the Decision Commencement Date for any Extraordinary Voting Matter (which may be extended for a further period of ten Business Days if the quorum requirement for the relevant Extraordinary Voting Matter has not been met within the initial Decision Period); and

(d) fifteen Business Days from the Decision Commencement Date for an Entrenched Right. However, the Decision Period for an Entrenched Right for which the Issuer is the Affected Obligor Secured Creditor will not be less than 45 days.

"Decision Commencement Date" means the earlier of:

(a) if the Qualifying Obligor Secured Creditors, or, as the case may be, the Obligor Secured Creditors (including, in the case of the Issuer, the Issuer Secured Creditors) are deemed to have agreed to the voting category proposed in the STID Proposal or, as applicable, as to whether the STID Proposal gives rise to any Entrenched Right affecting an Obligor Secured Creditor and/or, as applicable, Issuer Secured Creditor pursuant to the STID, the date which is five Business Days from the receipt of the relevant STID Proposal;

(b) the date on which the Dissenting Creditors and the Holdco Group Agent reach agreement on the applicable voting category; or

(c) if the agreement or determination is such that the existing STID Proposal is incorrect, the date of receipt by each Obligor Secured Creditor (through its Secured Creditor Representative) and each of the Secured Creditor Representatives of the Issuer (on behalf of the Issuer Secured Creditors) of an appropriately amended STID Proposal from the Obligor Security Trustee.

Modifications, consents and waivers will be passed by the requisite number of creditors as further described in "*—Types of Voting Categories—Common Documents*" above.

Class B STID Proposal

Notwithstanding the foregoing, the Holdco Group Agent may request (a "**Class B STID Proposal**") the Obligor Security Trustee to concur with the Holdco Group Agent in making any modification, giving any consent or granting any waiver under or in respect of any Common Document, without the consent or approval of any Obligor Senior Secured Creditor, where such modification, granting of consent or waiver:

(a) only relates to the Class B Authorised Credit Facilities and/or the Class B Notes (and the Issuer Transaction Documents related thereto);

(b) does not give rise to an Entrenched Right which affects an Obligor Senior Secured Creditor; and

(c) will not otherwise have an adverse effect on any Obligor Senior Secured Creditor.

The Obligor Security Trustee will be entitled to rely on a certificate from the Holdco Group Agent signed by a director or two authorised signatories of the Holdco Group Agent for the purpose of determining whether the Class B STID Proposal will satisfy the conditions in paragraphs (a) to (c) above.

Subject to the conditions in paragraphs (a) to (c) above being satisfied and save where the Class B STID Proposal gives right to any Entrenched Right which affects an Obligor Junior Secured Creditor, the Obligor Security Trustee may, as requested by the Holdco Group Agent by way of a Class B STID Proposal designated by the Holdco Group Agent as being in respect of a discretion matter ("**Class B Discretion Matter**"), in its sole discretion concur with the Holdco Group Agent in making any modification to, giving any consent under, or granting any waiver in respect of any breach or proposed breach of any Common Document to which the Obligor Security Trustee is a party or over which it has the benefit of the Obligor Security under the Obligor Security Documents if:

(a) in its opinion, it is required to correct a manifest error, or an error in respect of which an English court could reasonably be expected to make a rectification order, or it is of a formal, minor, administrative or technical nature; or

(b) such modification, consent or waiver is not, in the opinion of the Obligor Security Trustee, materially prejudicial to the interests of any of the Obligor Secured Creditors (where "materially prejudicial" means that such modification, consent or waiver would have a material adverse effect on the ability of the Obligors to pay any amounts of principal or interest or any other amounts in respect of the Obligor Secured Liabilities owed to the relevant Obligor Secured Creditors on the relevant due date for payment thereof).

The Obligor Security Trustee shall be under no obligation to exercise its discretion in respect of any Class B STID Proposal designated by the Holdco Group Agent as a Class B Discretion Matter.

In respect of any Class B STID Proposal that is not a Class B Discretion Matter, the Obligor Security Trustee must, subject to the conditions to a Class B STID Proposal set out in this section, agree with the Holdco Group Agent to implement the proposed modification to be made, consent to be given or waiver to be granted as set out in the Class B STID Proposal if directed to do so by the Secured Creditor Representative of each of the Class B Authorised Credit Providers (including the Issuer).

Qualifying Obligor Secured Liabilities

General

Subject to Entrenched Rights and Reserved Matters, only the relevant Qualifying Obligor Secured Creditors that are owed, or deemed to be owed, Qualifying Obligor Secured Liabilities may vote (through their Secured Creditor Representatives) in respect of a STID Proposal.

Prior to the repayment in full of the Qualifying Obligor Senior Secured Liabilities (excluding any Qualifying Obligor Senior Secured Liabilities that are Subordinated Hedge Amounts), only the Qualifying Obligor Senior Creditors may vote (through their Secured Creditor Representatives) in respect of the Qualifying Obligor Senior Secured Liabilities they represent in relation to any STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice (other than in respect of an Entrenched Right) to the extent the relevant Obligor Secured Creditors (including the Qualifying Obligor Junior Creditors) and/or the relevant Issuer Secured Creditors in each case, through their Secured Creditor Representative, are entitled to vote).

Upon repayment in full of the Qualifying Obligor Senior Secured Liabilities (excluding any Qualifying Obligor Senior Secured Liabilities that are Subordinated Hedge Amounts), only the Qualifying Obligor Junior Creditors may vote (through their Secured Creditor Representatives) in respect of the Qualifying Obligor Junior Secured Liabilities they represent in relation to any STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice (other than in respect of an Entrenched Right to the extent the relevant Obligor Secured Creditors and/or the relevant Issuer Secured Creditors, in each case, through their Secured Creditor Representative, are entitled to vote).

References to "**Qualifying Obligor Secured Liabilities**" or "**Qualifying Obligor Secured Creditors**" are references to:

(a) Qualifying Obligor Senior Secured Liabilities or Qualifying Obligor Senior Creditors, respectively, prior to the repayment in full of the Obligor Senior Secured Liabilities (excluding the Secured Pensions Liabilities and Obligor Senior Secured Liabilities owing under any OCB Secured Hedging Transactions or constituting Subordinated Liquidity Amounts or Subordinated Hedge Amounts); and

(b) Qualifying Obligor Junior Secured Liabilities or Qualifying Obligor Junior Creditors, respectively, only following the repayment in full of the Obligor Senior Secured Liabilities (excluding the Secured Pensions Liabilities and Obligor Senior Secured Liabilities owing under any OCB Secured Hedging Transactions or constituting Subordinated Liquidity Amounts or Subordinated Hedge Amounts),

in each case, subject to:

(i) the rights of the Qualifying Obligor Junior Creditors and the relevant Issuer Secured Creditors in respect of Entrenched Rights; and

(ii) the rights of the Liquidity Facility Providers, the Borrower Hedge Counterparties under the Borrower Hedging Agreements, any OCB Secured Hedge Counterparty under an OCB Secured Hedging Agreement, the AA Pension Trustees and the Borrower Account Bank in respect of their Entrenched Rights where they are an Affected Obligor Secured Creditor.

"**Qualifying Obligor Senior Secured Liabilities**" are comprised of:

(a) the Outstanding Principal Amount under any Class A IBLA at such time;

(b) the Outstanding Principal Amount under each other Class A Authorised Credit Facility (including any PP Note Purchase Agreement where the Borrower is the PP Note Issuer or PPN IBLA constituting a Class A Authorised Credit Facility but excluding any Liquidity Facility Agreement and the Borrower Hedging Agreements) at such time;

(c) subject to Entrenched Rights which apply at all times, in respect of each Issuer Hedge Counterparty and its voting entitlements as described under "*—Tranching of Qualifying Obligor Secured Liabilities and Determination of Voted Qualifying Obligor Secured Liabilities for which the Issuer is a Creditor*" below, the Outstanding Principal Amount under the Issuer Hedging Transactions of that Issuer Hedge Counterparty at such time;

(d) subject to Entrenched Rights which apply at all times, in respect of each Borrower Hedge Counterparty and its voting entitlements as described under "*—Voting in respect of Borrower Hedging Transactions by Borrower Hedge Counterparties*" below, the Outstanding Principal Amount under the Borrower Hedging Transactions of that Borrower Hedge Counterparty at such time; and

(e) prior to the Obligor Senior Discharge Date, subject to Entrenched Rights which apply at all times, in respect of each OCB Secured Hedge Counterparty and its voting entitlements as described under "*—Voting in respect of OCB Secured Hedging Transactions by OCB Secured Hedge Counterparties*" below, the Outstanding Principal Amount under the OCB Secured Hedging Transactions of that OCB Secured Hedge Counterparty at such time.

"Qualifying Obligor Junior Secured Liabilities" are comprised of:

(a) the Outstanding Principal Amount under any Class B IBLA at such time;

(b) the Outstanding Principal Amount under any other Class B Authorised Credit Facility at such time; and

(c) following the Obligor Senior Discharge Date, subject to Entrenched Rights which apply at all times, in respect of each OCB Secured Hedge Counterparty and its voting entitlements as described under "*—Voting in respect of OCB Secured Hedging Transactions by OCB Secured Hedge Counterparties*" below, the Outstanding Principal Amount under the OCB Secured Hedging Transactions of that OCB Secured Hedge Counterparty at such time.

Certification of amounts of Qualifying Obligor Secured Liabilities

Each Qualifying Obligor Secured Creditor (acting through its Secured Creditor Representative) must certify to the Obligor Security Trustee the relevant amount of the Qualifying Obligor Secured Liabilities that it is permitted to vote within five Business Days of the date on which either (a) the Qualifying Obligor Secured Creditors have been notified of a STID Proposal, an Enforcement Instruction Notice, a Further Enforcement Instruction Notice, a Qualifying Obligor Secured Creditor Instruction Notice or a Direction Notice or (b) the Obligor Security Trustee requests such certification, the Outstanding Principal Amount of any Qualifying Obligor Secured Liabilities held by such Qualifying Obligor Secured Creditor. If any Qualifying Obligor Secured Creditor fails to provide such certification through its Secured Creditor Representative within the time required, then the Obligor Security Trustee will notify the Holdco Group Agent of such failure. The Holdco Group Agent must promptly inform the Obligor Security Trustee of the Outstanding Principal Amount of Qualifying Obligor Secured Liabilities of such Qualifying Obligor Secured Creditor and such notification will be binding on the relevant Qualifying Obligor Secured Creditors except in the case of manifest error and without liability to the Holdco Group Agent.

Tranching of Qualifying Obligor Secured Liabilities and Determination of Voted Qualifying Obligor Secured Liabilities for which the Issuer is a Creditor

As described in "*—Qualifying Obligor Secured Liabilities*" above, amounts owed to the Issuer by the Borrower under the Class A IBLA and the Class B IBLA are included in the Qualifying Obligor Senior Secured Liabilities and Qualifying Obligor Junior Secured Liabilities respectively. However, the Issuer Secured Creditors, as opposed to the Issuer itself, are entitled to vote in respect of such amounts. When the Class A Note Trustee (as the Issuer's Secured Creditor Representative) casts its votes on the Issuer's behalf in respect of the Class A IBLA, it will do as instructed by the relevant Issuer Secured Creditors (being the holders of the Class A Notes).

In the case of (a) and (c) of the summary of Qualifying Obligor Senior Secured Liabilities as set out under "*—Qualifying Obligor Senior Secured Liabilities*" above, the Issuer will be divided into separate voting tranches comprising, respectively:

(a) a tranche for the holders of each Sub-Class of Class A Notes equal to the aggregate Principal Amount Outstanding of each Sub-Class of Class A Notes; and

(b) subject to Entrenched Rights which apply at all times, only in relation to:

(i) forming part of the quorum and voting in relation to any resolution as described under "*—Quorum and voting requirements in respect of a Loan Enforcement Notice etc—Obligor Senior Secured Creditors*" and "*—Quorum and voting requirements in respect of a Loan Acceleration Notice etc—Obligor Senior Secured Creditors*" below on whether to instruct the Obligor Security Trustee to take any of the actions described under "*—Qualifying Obligor Secured Creditor Instructions*"; and

(ii) having its Qualifying Obligor Secured Liabilities taken into account for the purposes of, and giving, a Qualifying Obligor Secured Creditor Instruction Notice only to instruct the Obligor Security Trustee to send a Further Enforcement Instruction Notice,

a tranche for each Issuer Hedge Counterparty equal to:

(i) in relation to all Issuer Hedging Transactions arising under an Issuer Hedging Agreement in respect of which an Early Termination Date (as defined in the relevant Issuer Hedging Agreement) has been designated, the net amount payable to (in which case such amount shall be a positive number) or payable by (in which case such amount shall be a negative number) the relevant Issuer Hedge Counterparty as of the date such amount becomes payable under the relevant Issuer Hedging Agreement (and before taking into account any interest accrued on that amount since the date of termination or close-out) to the extent that amount is unpaid; plus

(ii) in relation to any other Issuer Hedging Transaction to which the Issuer Hedge Counterparty is a party, the amount, if any, which would be payable to (in which case such amount shall be a positive number) or payable by (in which case such amount shall be a negative number) such

Issuer Hedge Counterparty if the date on which the calculation is made were deemed to be an Early Termination Date (as defined in the relevant Issuer Hedging Agreement) on which that amount, if any, in respect of that termination or close-out has become due and payable in respect of which the Issuer is the "Defaulting Party" (as defined in the relevant Issuer Hedging Agreement).

In respect of each Issuer Hedge Counterparty, the net value (if greater than zero) of all Issuer Hedging Transactions arising under the Issuer Hedging Agreements of such Issuer Hedge Counterparty will be counted towards (a) any quorum requirement and a single vote by reference to such net value will be counted for or against any resolution described under "*—Quorum and voting requirements in respect of a Loan Enforcement Notice etc—Obligor Senior Secured Creditors*" or, as applicable, "*—Quorum and voting requirements in respect of a Loan Acceleration Notice etc—Obligor Senior Secured Creditors*" where that Issuer Hedge Counterparty is participating in such resolution or (b) the requisite aggregate Outstanding Principal Amount of Qualifying Obligor Secured Liabilities required to give a Qualifying Obligor Secured Creditor Instruction Notice.

Voting of Class A Notes and Class B Notes by Noteholders

The votes of the Class B Noteholders or the Class A Noteholders of each Class or Sub-Class of Class A Notes in respect of any STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice (other than a STID Proposal which relates to an Entrenched Right as to which the Issuer is an Affected Obligor Secured Creditor) will be cast by the Noteholders of such Class or Sub-Class (through the relevant Secured Creditor Representative) subject to and as required by the STID and the Class A Note Trust Deed or the Class B Note Trust Deed, as applicable, in respect of a Class or Sub-Class of Class A Notes and Class B Notes and such STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice as follows:

(a) in an amount equal to the aggregate of the Principal Amount Outstanding of each Class A Note or Class B Note which voted in favour of the relevant STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice, in favour of such STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice both in respect of Quorum Requirements and the requisite majority; and

(b) in an amount equal to the aggregate of the Principal Amount Outstanding of each Class A Note or Class B Note which voted against the relevant STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice, against such STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice both in respect of Quorum Requirements and the requisite majority,

and such votes shall be treated as votes cast in the same amounts in respect of the corresponding outstanding principal amount under any Class A IBLA or, as applicable, any Class B IBLA.

Voting in respect of Borrower Hedging Transactions by Borrower Hedge Counterparties

In respect of any matter to be determined by the Qualifying Obligor Secured Creditors pursuant to the STID, subject to Entrenched Rights which apply at all times, each Borrower Hedge Counterparty is only entitled to:

(a) form part of the quorum and vote in relation to any resolution described under "*—Quorum and voting requirements in respect of a Loan Enforcement Notice etc—Obligor Senior Secured Creditors*" and "*—Quorum and voting requirements in respect of a Loan Acceleration Notice etc—Obligor Senior Secured Creditors*" below, on whether to instruct the Obligor Security Trustee to take any of the actions set out under "*—Qualifying Obligor Secured Creditor Instructions*"; and

(b) have its Qualifying Obligor Secured Liabilities taken into account for the purposes of, and give, a Qualifying Obligor Secured Creditor Instruction Notice to instruct the Obligor Security Trustee to send a Further Enforcement Instruction Notice as described under "*—Qualifying Obligor Secured Creditor Instructions*" below.

In relation to any vote by the Qualifying Obligor Secured Creditors on whether to instruct the Obligor Security Trustee to take any of the actions set out under "*—Qualifying Obligor Secured Creditor Instructions*" below or send a Further Enforcement Instruction Notice, voting in respect of the Borrower Hedging Transactions will be made by each Borrower Hedge Counterparty in respect of:

(a) in relation to all Borrower Hedging Transactions arising under a Borrower Hedging Agreement in respect of which an Early Termination Date (as defined in the relevant Borrower Hedging Agreement) has been designated, the net amount payable to (in which case such amount shall be a positive number) or payable by (in which case such amount shall be a negative number) the relevant Borrower Hedge Counterparty as of the date such amount becomes payable under the relevant Borrower Hedging Agreement (and before taking into account any interest accrued on that amount since the date of termination or close-out) to the extent that amount is unpaid; plus

(b) in relation to any other Borrower Hedging Transaction to which the Borrower Hedge Counterparty is a party, the amount, if any, which would be payable to (in which case such amount shall be a positive number) or payable by (in which case such amount shall be a negative number) such Borrower Hedge Counterparty if the date on which the calculation is made were deemed to be an Early Termination Date (as defined in the relevant Borrower Hedging Agreement) on which that amount, if any, in respect of that termination or close-out has become due and payable in respect of which the Borrower is the "Defaulting Party" (as defined in the relevant Borrower Hedging Agreement).

In respect of each Borrower Hedge Counterparty, the net value (if greater than zero) of all Borrower Hedging Transactions arising under the Borrower Hedging Agreements of such Borrower Hedge Counterparty will be counted towards (a) any quorum requirement and a single vote by reference to such net value will be counted for or against any resolution described under "*—Quorum and voting requirements in respect of a Loan Enforcement Notice etc—Obligor Senior Secured Creditors*" or, as applicable, "*—Quorum and voting requirements in respect of a Loan Acceleration Notice etc—Obligor Senior Secured Creditor*" where that Borrower Hedge Counterparty is participating in such resolution or (b) the requisite aggregate Outstanding Principal Amount of Qualifying Obligor Secured Liabilities required to give a Qualifying Obligor Secured Creditor Instruction Notice.

Voting in respect of OCB Secured Hedging Transactions by OCB Secured Hedge Counterparties

In respect of any matter to be determined by the Qualifying Obligor Secured Creditors pursuant to the STID, subject to Entrenched Rights which apply at all times, each OCB Secured Hedge Counterparty is only entitled to:

(a) form part of the quorum and vote in relation to any resolution described under "*—Quorum and voting requirements in respect of a Loan Enforcement Notice etc—Obligor Senior Secured Creditors*" and "*—Quorum and voting requirements in respect of a Loan Acceleration Notice etc—Obligor Senior Secured Creditors*" below, on whether to instruct the Obligor Security Trustee to take any of the actions set out under "*—Qualifying Obligor Secured Creditor Instructions*"; and

(b) have its Qualifying Obligor Secured Liabilities taken into account for the purposes of, and give, a Qualifying Obligor Secured Creditor Instruction Notice to instruct the Obligor Security Trustee to send a Further Enforcement Instruction Notice as described under "*—Qualifying Obligor Secured Creditor Instructions*" below.

In relation to any vote by the Qualifying Obligor Secured Creditors on whether to instruct the Obligor Security Trustee to take any of the actions set out under "*—Qualifying Obligor Secured Creditor Instructions*" below or send a Further Enforcement Instruction Notice, voting in respect of the Borrower Hedging Transactions will be made by each OCB Secured Hedge Counterparty in respect of:

(a) in relation to all OCB Secured Hedging Transactions arising under a OCB Secured Hedging Agreement in respect of which an Early Termination Date (as defined in the relevant OCB Secured Hedging Agreement) has been designated, the net amount payable to (in which case such amount shall be a positive number) or payable by (in which case such amount shall be a negative number) the relevant OCB Secured Hedge Counterparty as of the date such amount becomes payable under the relevant OCB Secured Hedging Agreement (and before taking into account any interest accrued on that amount since the date of termination or close-out) to the extent that amount is unpaid; plus

(b) in relation to any other OCB Secured Hedging Transaction to which the OCB Secured Hedge Counterparty is a party, the amount, if any, which would be payable to (in which case such amount shall be a positive number) or payable by (in which case such amount shall be a negative number) such OCB Secured Hedge Counterparty if the date on which the calculation is made were deemed to be an Early Termination Date (as defined in the relevant OCB Secured Hedging Agreement) on which that amount, if

any, in respect of that termination or close-out has become due and payable in respect of which the relevant Obligor party to the is the "Defaulting Party" (as defined in the relevant OCB Secured Hedging Agreement).

In respect of each OCB Hedge Counterparty, the net value (if greater than zero) of all Borrower Hedging Transactions arising under the OCB Hedging Agreements of such OCB Hedge Counterparty will be counted towards (a) any quorum requirement and a single vote by reference to such net value will be counted for or against any resolution described under "*—Quorum and voting requirements in respect of a Loan Enforcement Notice etc—Obligor Senior Secured Creditors*" or, as applicable, "*—Quorum and voting requirements in respect of a Loan Acceleration Notice etc—Obligor Senior Secured Creditors*" where that OCB Hedge Counterparty is participating in such resolution or (b) the requisite aggregate Outstanding Principal Amount of Qualifying Obligor Secured Liabilities required to give a Qualifying Obligor Secured Creditor Instruction Notice.

Voting of Authorised Credit Facilities (other than PP Notes)

If, in respect of any Authorised Credit Facility (other than the PP Notes) provided other than on a bilateral basis, the minimum quorum and voting majorities specified in the relevant Authorised Credit Facility:

(a) are met, then all votes in respect of the relevant Authorised Credit Facility and any STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice (other than a STID Proposal which relates to an Entrenched Right) will be cast either in favour or against such STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice (both in respect of Quorum Requirements and the requisite majority) in accordance with the voting provisions contained in that Authorised Credit Facility; or

(b) are not met, then votes in respect of the relevant Authorised Credit Facility and any STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice (other than a STID Proposal which relates to an Entrenched Right) will be divided between votes cast in favour and votes cast against, on a pound for pound basis in respect of the Qualifying Obligor Secured Liabilities then owed to Participating Qualifying Obligor Secured Creditors that vote on such STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice (both in respect of Quorum Requirements and the requisite majority) within any applicable Decision Period. Votes cast in favour and votes cast against will then be aggregated by the Obligor Security Trustee with the votes cast for and against by the other Qualifying Obligor Secured Creditors.

Voting of PP Notes

Each PP Note Secured Creditor Representative appointed in connection with the issuance of any PP Notes must notify the Obligor Security Trustee at the time of its appointment whether:

(a) the minimum quorum and voting majorities specified in the relevant PP Note SCR Agreement; or

(b) the regime set out in paragraph (b) under "*—Voting of Authorised Credit Facilities (other than PP Notes)*" above,

will apply when determining the quorum requirements or votes cast in respect of the relevant PP Notes for any STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice (other than a STID Proposal which relates to an Entrenched Right) has been satisfied.

If the relevant PP Note Secured Creditor Representative does not notify the Obligor Security Trustee at the time of its appointment whether paragraph (a) or (b) under this section applies, it shall be deemed to have elected that paragraph (b) applies.

Qualifying Obligor Secured Creditor Instructions

In respect of any matter which is not the subject of a STID Proposal or an Enforcement Instruction Notice or a Further Enforcement Instruction Notice, and except where expressly provided for otherwise in the STID, Qualifying Obligor Secured Creditors with at least 20% of the aggregate Outstanding Principal Amount of all Qualifying Obligor Secured Liabilities may instruct the Obligor Security Trustee (subject to providing the required indemnity pursuant to the STID) to exercise any of the rights granted to the Obligor Security Trustee under the Common Documents (save in respect of the taking of Enforcement Action or the delivery of a Loan Enforcement Notice or a Loan Acceleration Notice) including:

(a) to challenge a statement(s), calculation(s) or ratio(s) in a Compliance Certificate and to call for other substantiating evidence of such statement(s), calculation(s) or ratio(s) and to approve the appointment of

an independent expert specified by such Qualifying Obligor Secured Creditors to investigate the statement(s), calculation(s) or ratio(s) that is/are the subject of the challenge in the Compliance Certificate;

(b) to request further information pursuant to and subject to the terms of the CTA in respect of, *inter alia*, AA Group covenants and Trigger Events; and

(c) to instruct the Obligor Security Trustee to send a Further Enforcement Instruction Notice.

Modifications, Consents and Waivers—Finance Documents

Senior Finance Documents

Subject to the undertakings given by the Obligor Secured Creditors and the Obligors pursuant to the STID, each party to any Senior Finance Document (which is not a Common Document) (each a "**Relevant Senior Finance Document**") may agree to any modification to, give its consent under or grant any waiver in respect of any breaches or proposed breaches under, any Relevant Senior Finance Document to which it is a party without the consent of the parties to the STID, provided that (except in respect of any modification provided for in the Mandate and Syndication Letter):

(a) if such modification, consent or waiver is inconsistent with any provisions of the Common Terms Agreement or the STID, the provision of the Common Terms Agreement or the STID shall prevail; and

(b) if such modification, consent or waiver:

(i) would have the effect of:

(A) increasing the frequency of payments due (including in relation to any repayment or prepayment (mandatory or otherwise)) or change the circumstances in which interest and/or principal becomes due and payable;

(B) increasing the amount or rate of interest or fees payable; or

(C) increasing the amount of principal due or payable,

under such Relevant Senior Finance Document; or

(ii) would have the effect of changing the definition of Final Maturity Date (or maturity date, however defined) or any termination event applicable to that Relevant Senior Finance Document; or

(iii) changes the currency of any payment obligation under that Relevant Senior Finance Document (excluding any change occasioned as a consequence of the euro being adopted as the lawful currency of the United Kingdom),

then that modification, consent or waiver (a "**Class A Relevant Matter**") will only be permitted if the requirements set out in paragraph (a) of the definition of "Additional Financial Indebtedness" in the Master Definitions Agreement (applied *mutatis mutandis* to the Class A Relevant Matter) are satisfied; *provided that* if the effect of the Class A Relevant Matter results in incremental Financial Indebtedness or commitments in respect of Financial Indebtedness being incurred (in each case in excess of such amounts at that time), it will only be permitted if the requirements set out in paragraph (b) of the definition of "Additional Financial Indebtedness" in the Master Definitions Agreement (applied *mutatis mutandis* to the Class A Relevant Matter) are satisfied.

Junior Finance Documents

Subject to the undertakings given by the Obligor Secured Creditors and the Obligors pursuant to the STID, each party to any Junior Finance Document (which is not a Common Document) (each a "**Relevant Junior Finance Document**") may agree to any modification to, give its consent under or grant any waiver in respect of any breaches or proposed breaches under, any Relevant Junior Finance Document to which it is a party without the consent of the parties to the STID; *provided that*:

(a) if such modification, consent or waiver is inconsistent with any provisions of the Common Terms Agreement or the STID, the provision of the CTA or the STID, shall prevail; and

(b) if such modification, consent or waiver:

(i) would have the effect of:

(A) increasing the frequency of payments due (including in relation to any repayment or prepayment (mandatory or otherwise)) or change the circumstances in which interest and/or principal becomes due and payable;

(B) increasing the amount or rate of interest or fees payable; or

(C) increasing the amount of principal due or payable,

under such Relevant Junior Finance Document; or

(ii) would have the effect of changing the definition of Final Maturity Date (or maturity date, however defined) or any termination event applicable to that Relevant Junior Finance Document; or

(iii) changes the currency of any payment obligation under that Relevant Junior Finance Document (excluding any change occasioned as a consequence of the euro being adopted as the lawful currency of the United Kingdom),

in each case, at any time before the repayment in full or any acceleration of the Obligor Senior Secured Liabilities, then that modification, consent or waiver (a "**Class B Relevant Matter**") will only be permitted if the requirements set out in paragraph (a) of the definition of "Additional Financial Indebtedness" in the Master Definitions Agreement (applied *mutatis mutandis* to the Class B Relevant Matter) are satisfied; *provided that* if the effect of the Class B Relevant Matter results in incremental Financial Indebtedness or commitments in respect of Financial Indebtedness being incurred (in each case in excess of such amounts at that time), it will only be permitted if the requirements set out in paragraph (b) of the definition of "Additional Financial Indebtedness" in the Master Definitions Agreement (applied *mutatis mutandis* to the Class B Relevant Matter) are satisfied.

Modifications, consents and waivers—Topco Transaction Documents

If requested by Topco, the Obligor Security Trustee in its sole discretion may concur with Topco, in making any amendment to, give any consent under, or grant any waiver in respect of any breach or proposed breach of any Topco Transaction Document (which is not a Common Document) to which it is a party, if in the opinion of the Obligor Security Trustee it is required to correct any manifest error, or an error in respect of which an English court could reasonably be expected to make a rectification order, or it is of a formal, minor or administrative or technical nature or not materially prejudicial to the interests of the Topco Secured Creditors.

Save as described above, no proposed modification to be made, consent to be given or waiver to be granted in respect of any breach of any Topco Transaction Document (which is not a Common Document) shall be made, given, or granted unless and until (a) the Secured Creditor Representative of each Topco Secured Creditor has provided its consent to such amendment, consent or waiver, as applicable, and (b) if such amendment, consent or waiver relates to a covenant, undertaking or provision contained in the applicable Topco Transaction Document (which is not a Common Document) given for the benefit of the Obligor Secured Creditors, the Qualifying Obligor Secured Creditors (acting through their Secured Creditor Representatives) have provided their consent to such amendment, consent or waiver, as applicable (pursuant to a resolution in respect of which the quorum requirement and requisite majority for passing such resolution shall be determined as if such resolution was an Ordinary Voting Matter and an Ordinary STID Resolution and the Decision Period shall be not less than 15 Business Days from the date of delivery of the request, as specified by Topco).

Enforcement and Acceleration

Notification of CTA Events of Default or, following the Obligor Senior Discharge Date, Class B Loan Event of Default

If any Obligor or any Obligor Secured Creditor (other than the Obligor Security Trustee) becomes aware of the occurrence of a CTA Event of Default or, following the Obligor Senior Discharge Date, a Class B Loan Event of Default, it must forthwith notify the Obligor Security Trustee and the Holdco Group Agent in writing and the Obligor Security Trustee must promptly thereafter notify the Secured Creditor Representatives on behalf of the Obligor Secured Creditors.

Qualifying Obligor Secured Creditor Instructions

At any time the Obligor Security Trustee has actual notice of the occurrence of a CTA Event of Default, the Obligor Security Trustee shall promptly request by notice ("**Enforcement Instruction Notice**") an instruction in the form of a

resolution from the Qualifying Obligor Secured Creditors through their Secured Creditor Representatives, as to whether the Obligor Security Trustee should:

(a) deliver a Loan Enforcement Notice to enforce all or any part of the Obligor Security and take any Enforcement Action (excluding those actions described in paragraphs (a), (b) and (f) of the definition of Enforcement Action, which relate to accelerating the Obligor Secured Liabilities and initiating certain proceedings, for example, to liquidate an Obligor); or

(b) consent to or approve any Distressed Disposal; and/or

(c) deliver a Loan Acceleration Notice to accelerate all of the Obligor Secured Liabilities and take any Enforcement Action (including those actions described in paragraphs (a), (b) and (f) of the definition of "Enforcement Action").

At any time following the delivery of a Loan Enforcement Notice, the Obligor Security Trustee will be entitled to request (and, if requested to do so pursuant to a Qualifying Obligor Secured Creditor Instruction Notice, shall promptly request) by notice (a "**Further Enforcement Instruction Notice**") an instruction in the form of a resolution from the Qualifying Obligor Secured Creditors (through their Secured Creditor Representatives) as to whether the Obligor Security Trustee should, to the extent not already instructed to do so, take any of the actions described in sub-paragraphs (a) to (c) of the paragraph above.

There are separate quorum and voting regimes, depending on the type of action described in sub-paragraphs (a) to (c) directly above, as described in more detail below.

If the Qualifying Obligor Secured Creditors are the Qualifying Obligor Senior Creditors at the time an Enforcement Instruction Notice or Further Enforcement Instruction Notice is delivered by the Obligor Security Trustee, then the quorum and voting requirements in respect of any enforcement action will be as described below under "*—Quorum and voting requirements in respect of a Loan Enforcement Notice etc—Obligor Senior Secured Creditors*" and "*—Quorum and voting requirements in respect of a Loan Acceleration Notice etc—Obligor Senior Secured Creditors*."

Quorum and voting requirements in respect of a Loan Enforcement Notice etc—Obligor Senior Secured Creditors

The quorum and voting requirements described below will apply in respect of a resolution to instruct the Obligor Security Trustee as to whether it should:

(a) consent to or approve any Distressed Disposal (excluding the disposal of a Permitted Business or any shares in any member of the Holdco Group); and/or

(b) deliver a Loan Enforcement Notice and take any Enforcement Action (excluding those actions described in paragraphs (a), (b) and (f) of the definition of Enforcement Action).

When voting on such a resolution following the request from the Obligor Security Trustee by way of an Enforcement Instruction Notice or a Further Enforcement Instruction Notice:

(a) the quorum requirement shall be one or more Qualifying Obligor Senior Creditors representing, in aggregate, at least the Relevant Percentage of the aggregate Outstanding Principal Amount of all Qualifying Obligor Senior Secured Liabilities, where "**Relevant Percentage**" for the purposes of this paragraph (a) means (i) 40% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered up to and including the date falling six months after the occurrence of the CTA Event of Default; (ii) 33.33% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered during the period following the date falling six months after the occurrence of the CTA Event of Default up to and including the date falling twelve months after the occurrence of the CTA Event of Default; or (iii) 10% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered at any time following the date falling twelve months after the occurrence of the CTA Event of Default;

(b) the Decision Period will be 45 days from the date of delivery of the Enforcement Instruction Notice or Further Enforcement Instruction Notice; and

(c) the majority required to pass the resolution shall be the Qualifying Obligor Senior Creditors participating in the resolution on a pound for pound basis representing at least the "Relevant Percentage" of the Outstanding Principal Amount of all Qualifying Obligor Senior Liabilities actually voted, where "**Relevant Percentage**" for purposes of this paragraph (c) means (i) 66.67% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered up to and including

the date falling six months after the occurrence of the CTA Event of Default; (ii) 50% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered during the period following the date falling six months after the occurrence of the CTA Event of Default up to and including the date falling twelve months after the occurrence of the CTA Event of Default; or (iii) 20% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered at any time following the date falling twelve months after the occurrence of the CTA Event of Default.

Quorum and voting requirements in respect of a Loan Acceleration Notice etc—Obligor Senior Secured Creditors

The quorum and voting requirements described below under "*—Quorum and voting requirements in respect of a Loan Acceleration Notice etc—Obligor Senior Secured Creditors*" will apply in respect of an instruction to the Obligor Security Trustee as to whether it should:

(a) consent to or approve any Distressed Disposal of a Permitted Business and any shares in any member of the Holdco Group; and/or

(b) deliver a Loan Acceleration Notice to accelerate all of the Obligor Secured Liabilities and take any Enforcement Action (including those actions described in paragraphs (a), (b) and (f) of the definition of Enforcement Action).

When voting on such a resolution following the request from the Obligor Security Trustee by way of an Enforcement Instruction Notice or a Further Enforcement Instruction Notice:

(a) the Decision Period will be 45 days from the date of delivery of the Enforcement Instruction Notice or Further Enforcement Instruction Notice; and

(c) the resolution must be approved by each applicable Instructing Group, as described below.

The applicable voting regime under the STID in respect of the enforcement actions described under this heading "*—Quorum and voting requirements in respect of a Loan Acceleration Notice etc—Obligor Senior Secured Creditors*" will depend on the aggregate Outstanding Principal Amount under all Class A IBLAs at the relevant time, which in turn depends on the Principal Amount Outstanding of Class A Notes at such time. However, regardless of which voting regime applies, at all times any such enforcement action must be approved by Class A Noteholders representing more than 50% of the aggregate Principal Amount Outstanding of all Class A Notes, as described below.

Outstanding Principal Amount under all Class A IBLAs is less than or equal to £1,250.0 million

If at the time of delivery (the "**Relevant Time**") by the Obligor Security Trustee of an Enforcement Instruction Notice or, as applicable, a Further Enforcement Instruction Notice the aggregate Outstanding Principal Amount under all Class A IBLAs is greater than zero but less than or equal to £1,250.0 million (or the Equivalent Amount), then any resolution to instruct the Obligor Security Trustee to carry out the enforcement actions described in this section must be approved by each of the Bank Instructing Group and the Note Instructing Group, where:

(a) in respect of the Bank Instructing Group:

(i) there shall be no quorum requirement in respect of any vote cast for or against the resolution by the Bank Instructing Group; and

(ii) the majority required to pass the resolution will be the Qualifying Obligor Senior Creditors forming part of the Bank Instructing Group representing, in aggregate, at least 66.67% of the Outstanding Principal Amount of Qualifying Obligor Senior Secured Liabilities as at the Relevant Time owing to the Bank Instructing Group; and

(b) in respect of the Note Instructing Group, the resolution must be approved in accordance with the Class A Note Trust Deed which will result in the Secured Creditor Representative of the Issuer under any Class A IBLA having been itself instructed by the Class A Noteholders in the form of a resolution passed in accordance with the Class A Note Trust Deed ("**Noteholder Instruction Resolution**"), where:

(i) the quorum requirement in respect of the Noteholder Instruction Resolution will be one or more Class A Noteholders representing, in aggregate, at least the Relevant Note Instructing Percentage of the aggregate Principal Amount Outstanding of all Class A Notes; and

(ii) the majority required to pass the Noteholder Instruction Resolution will be the Class A Noteholders participating in the Noteholder Instruction Resolution on a pound for pound basis representing at least the Relevant Note Instructing Percentage of the Principal Amount Outstanding of Class A Notes actually voted by the Class A Noteholders; *provided that* such Class A Noteholders also represent more than 50% of the aggregate Principal Amount Outstanding of all Class A Notes,

where "**Relevant Note Instructing Percentage**" means, if the aggregate Outstanding Principal Amount under all Class A IBLAs at the Relevant Time:

(A) is greater than zero but less than or equal to £750.0 million (or the Equivalent Amount): 75%; or

(B) is greater than £750.0 million (or the Equivalent Amount) but less than or equal to £1,250.0 million (or the Equivalent Amount):

(1) in relation to paragraph (b)(i) directly above, any percentage in excess of 50%; and

(2) in relation to paragraph (b)(ii) directly above, 75%.

Alternatively, a Noteholder Instruction Resolution may be passed in writing signed by or on behalf of Class A Noteholders representing not less than 75% of the aggregate Principal Amount Outstanding of all Class A Notes.

Outstanding Principal Amount under all Class A IBLAs is greater than £1,250.0 million

If at the Relevant Time the aggregate Outstanding Principal Amount under all Class A IBLAs is greater than £1,250.0 million (or the Equivalent Amount), then any resolution to instruct the Obligor Security Trustee to carry out the enforcement actions described in this section must be approved by the Class A Instructing Group, where:

(a) the quorum requirement shall be one or more Qualifying Obligor Senior Creditors representing, in aggregate, at least the Relevant Class A Percentage of the aggregate Outstanding Principal Amount of all Qualifying Obligor Senior Secured Liabilities; and

(b) the majority required to pass the resolution shall be the Qualifying Obligor Senior Creditors participating in the resolution on a pound for pound basis representing at least the Relevant Class A Percentage of the Outstanding Principal Amount of Qualifying Obligor Senior Secured Liabilities actually voted by the Qualifying Obligor Senior Creditors; *provided that* the Qualifying Obligor Senior Creditors voting in favour of the resolution must include the Issuer acting through its Secured Creditor Representative under each Class A IBLA having been itself instructed by the Class A Noteholders pursuant to a Noteholder Instructing Resolution, where (i) the quorum, voting majority and participation requirements (including that Class A Noteholders voting in favour of the Noteholder Instructing Resolution represent more than 50% of the aggregate Principal Amount Outstanding of all Class A Notes) are determined in accordance with the Noteholder Instructing Resolution requirements described under "*—Outstanding Principal Amount under all Class A IBLAs is less than or equal to £1,250.0 million*" above, and the Relevant Note Instructing Percentage is determined in accordance with paragraphs (B)(1) and (2) of that definition above) or (ii) the Noteholder Instruction Resolution is passed in writing and signed by or on behalf of Class A Noteholders representing not less than 75% of the aggregate Principal Amount Outstanding of all Class A Notes,

where "**Relevant Class A Percentage**" means, if the aggregate Outstanding Principal Amount under all Class A IBLAs at the Relevant Time:

(i) is greater than £1,250.0 million (or the Equivalent Amount) but less than or equal to £1,750.0 million, 75%; or

(ii) is greater than £1,750.0 million (or the Equivalent Amount), 50%.

Loan Enforcement Notice

After delivery to the Holdco Group Agent on behalf of the Obligors of a Loan Enforcement Notice, the whole of the Obligor Security will become enforceable and the Obligor Security Trustee will if directed to do so in accordance with a

resolution as described above under "*—Quorum and voting requirements in respect of a Loan Enforcement Notice etc—Obligor Secured Creditors*" or "*—Quorum voting requirements in respect of a Loan Acceleration Notice etc—Obligor Secured Creditors*" take any Enforcement Action as it is so directed, which may include:

(a) enforcing all or any part of the Obligor Security (at the times, in the manner and on the terms as it is so directed) and taking possession of and holding or disposing of all or any part of the Obligor Secured Property;

(b) instituting such proceedings against any Obligor and taking such action as it is so directed to enforce all or any part of the Obligor Security;

(c) appointing or removing any Receiver; and/or

(d) whether or not it has appointed a Receiver, exercising all or any of the powers, authorities and discretions conferred by the Law of Property Act 1925 (as varied or extended by the STID or any Obligor Security Document) on mortgagees and by the STID and the Obligor Security Documents on any Receiver or otherwise conferred by law on mortgagees or Receivers.

Quorum and voting requirements—Obligor Junior Secured Creditors

If the Qualifying Obligor Secured Creditors are the Qualifying Obligor Junior Creditors at the time an Enforcement Instruction Notice or Further Enforcement Instruction Notice is delivered by the Obligor Security Trustee, then the quorum and voting requirements described below will apply in respect of any instruction to the Obligor Security Trustee as requested pursuant to the applicable Enforcement Instruction Notice or Further Enforcement Instruction Notice to take any of the actions described above under "*—Qualifying Obligor Secured Creditor Instructions*."

When voting on an Enforcement Instruction Notice or a Further Enforcement Instruction Notice:

(a) there shall be no quorum requirement in respect of any vote for or against the resolution with respect to the Enforcement Instruction Notice or Further Enforcement Instruction Notice;

(b) the Decision Period shall be 45 days from the date of delivery of the Enforcement Instruction Notice or Further Enforcement Instruction Notice, as applicable; and

(c) the Obligor Security Trustee shall act on the directions of one or more Qualifying Obligor Junior Creditors representing, in aggregate, at least 30% of the aggregate Outstanding Principal Amount of all Qualifying Obligor Junior Secured Liabilities as at the date of delivery of the Enforcement Instruction Notice or Further Enforcement Instruction Notice, as applicable.

Obligor Priority of Payments following the delivery of a Loan Enforcement Notice

Subject to certain matters and to certain exceptions, following the delivery of a Loan Enforcement Notice but prior to the delivery of a Loan Acceleration Notice, any Available Enforcement Proceeds or other monies held by the Obligor Security Trustee under the STID will be applied by the Obligor Security Trustee (or the Cash Manager acting on the instructions of the Obligor Security Trustee) in accordance with the Obligor Pre-Acceleration Priority of Payments. See "*—Obligor Priorities of Payment—Obligor Pre-Acceleration Priority of Payments*".

Obligor Priority of Payments following the delivery of an Acceleration Notice

Upon the delivery of a Loan Acceleration Notice, all Obligor Secured Liabilities shall be accelerated in full. For the avoidance of doubt, no Obligor Secured Liabilities (other than as a result of a Permitted Hedge Termination) may be accelerated other than by delivery of a Loan Acceleration Notice.

Subject to certain matters and to certain exceptions, following the delivery of a Loan Acceleration Notice, any Available Enforcement Proceeds or other monies held by the Obligor Security Trustee under the STID will be applied by the Obligor Security Trustee in accordance with the Obligor Post-Acceleration Priority of Payments waterfall. See "*—Obligor Priorities of Payment—Obligor Post-Acceleration Priority of Payments*".

General Provisions applicable to Obligor Priority of Payments following the delivery of a Loan Acceleration Notice

Each party to the STID agrees that, following the delivery of a Loan Acceleration Notice:

(a) if an amount referred to in the Obligor Post-Acceleration Priority of Payments constitutes Obligor Secured Liabilities, the amount so referred to shall be deemed to include any amount payable by any other Obligor under the guarantees in respect of such amount; and

(b) if there are insufficient funds to discharge in full amounts due and payable in respect of an item and any other item(s) ranking *pari passu* with such item in the Obligor Post-Acceleration Priority of Payments, all items which rank *pari passu* with each other shall be discharged to the extent there are sufficient funds to do so and on a *pro rata* basis, according to the respective amounts thereof.

Distressed Disposals

If a Distressed Disposal is being effected pursuant to an instruction contained in a resolution (a "**Distressed Disposal Resolution**") passed as described under "*—Enforcement and Acceleration—Qualifying Obligor Secured Creditor Instructions*" and "*—Quorum and voting requirements in respect of a Loan Enforcement Notice etc—Obligor Senior Secured Creditors*" or "*—Quorum and voting requirements in respect of a Loan Acceleration Notice etc—Obligor Senior Secured Creditors*" or "*—Quorum and voting requirements—Obligor Junior Secured Creditors*," as applicable, or pursuant to the exercise of any discretion of a Receiver (or any administrator in respect of any Obligor incorporated in a jurisdiction other than England and Wales) as described under this section "*—Distressed Disposals*," subject to "*—Enforcement action if Obligor Junior Secured Liabilities outstanding*" below, the Obligor Security Trustee is irrevocably authorised and instructed subject, if applicable, as provided in the relevant Distressed Disposal Resolution, without any additional consent from any Obligor Secured Creditor, to, among other things, release any Obligor Security and dispose of all or any part of the Obligor Secured Liabilities as is required to effect the disposal in accordance with the STID.

The net proceeds of each Distressed Disposal must be paid to the Obligor Security Trustee for application:

(a) if the Distressed Disposal was approved pursuant to a Distressed Disposal Resolution passed in the manner described under "*Quorum and voting requirements in respect of a Loan Acceleration Notice etc—Obligor Senior Secured Creditors*," in accordance with the Obligor Post-Acceleration Priority of Payments (notwithstanding that a Loan Acceleration Notice may not have been served, in which case the relevant Obligor Secured Liabilities shall be deemed to be accelerated to the extent of such net proceeds to be applied in accordance with the Obligor Post-Acceleration Priority of Payments); or

(b) in each other case, in accordance with the applicable Obligor Priorities of Payments and the STID,

and, to the extent that any transfer of Obligor Secured Liabilities owed by an Obligor has occurred as described in this section "*—Distressed Disposals*," as if that transfer of Obligor Secured Liabilities owed by an Obligor had not occurred.

Regardless of whether a Distressed Disposal Resolution has been passed, any Receiver appointed to an Obligor (or any administrator appointed to an Obligor incorporated in a jurisdiction other than England and Wales) will, subject to the paragraph "*—Enforcement action if Obligor Junior Secured Liabilities outstanding*" below, have the full right, power and discretion to undertake any Distressed Disposal of a Permitted Business and any shares in any member of the Holdco Group at any time; *provided that* the net proceeds realised from such Distressed Disposal and any associated transactions undertaken pursuant to the Distressed Disposal would be an aggregate amount equal to or in excess of the Obligor Senior Secured Liabilities then outstanding together with any make-whole amount or prepayment fees payable as a result of a prepayment or repayment of such Obligor Senior Secured Liabilities, with such amounts to be applied in accordance with the Obligor Post-Acceleration Priority of Payments (notwithstanding that a Loan Acceleration Notice may not have been served, in which case the Obligor Post-Acceleration Priority of Payments shall be construed as if the Obligor Senior Secured Liabilities had been accelerated in full) for the benefit Obligor Senior Secured Creditors and, to the extent that any disposal of Obligor Senior Secured Liabilities has occurred as described in this section "*—Distressed Disposals*," as if that disposal had not occurred.

Enforcement action if Obligor Junior Secured Liabilities outstanding

If the Obligor Security Trustee has delivered either a Loan Enforcement Notice or a Loan Acceleration Notice to the Holdco Group Agent or if a Distressed Disposal is being effected (including prior to the delivery of a Loan Enforcement Notice or a Loan Acceleration Notice) and, in each case, at such time there are both Obligor Senior Secured Liabilities and Obligor Junior Secured Liabilities outstanding, then, subject to the paragraph "*—Obligor Security Trustee may dispose under a Sales Process*" below, the Obligor Security Trustee shall (or shall procure that any agent, receiver or delegate appointed to act on behalf of the Obligor Security Trustee pursuant to the STID will) comply with the following conditions:

(a) before any disposal or series of disposals of any Obligor Secured Property of an aggregate value more than £10.0 million, the Obligor Security Trustee shall procure the provision to the Class B Note Trustee (for the benefit of itself and the holders of the Class B Notes) and any Class B Authorised Credit Provider (other than the Issuer under any Class B IBLA) of a Fairness Opinion (having asked at least three potential Financial Advisers for a quote in respect of the costs for the provision thereof);

(b) such Fairness Opinion must be delivered to each Secured Creditor Representative in respect of any Class B Authorised Credit Facility at least two weeks before the proposed disposal;

(c) subject to and in accordance with the paragraph "*—Obligor Security Trustee may dispose under a Sales Process*" below, the Obligor Security Trustee shall be responsible for commissioning any Fairness Opinion;

(d) no Secured Creditor Representative in respect of any Class B Authorised Credit Facility or Class B Authorised Credit Provider shall be entitled to raise any objections to any Fairness Opinion delivered by the Obligor Security Trustee in accordance with paragraph (b) above; and

(e) the cost of commissioning any Fairness Opinion shall be for the account of the Obligor Security Trustee and such cost shall be paid as an expense of the Obligor Security Trustee in accordance with the applicable Obligor Priorities of Payments, except that if the cost is more than £500,000 (excluding VAT), then:

(i) the excess cost shall be for the account of the holders of the Class B Notes and any Class B Authorised Credit Provider other than the Issuer under any Class B IBLA (on a *pro rata* basis by reference to the Obligor Junior Secured Liabilities owing to such persons or, in the case of the holders of the Class B Notes, owing to the Issuer under any Class B IBLA); *provided that*:

(A) where one of the potential Financial Advisers offered to produce a Fairness Opinion for less than £500,000 (excluding VAT) but Participating Qualifying Obligor Secured Creditors (acting through their respective Secured Creditor Representatives) representing more than 10% of the aggregate Outstanding Principal Amount of all Qualifying Obligor Secured Liabilities direct the Obligor Security Trustee to select another Financial Advisor whose fees for providing the opinion are in excess of £500,000, all such fees shall be paid as an expense of the Obligor Security Trustee in accordance with the applicable Obligor Priorities of Payments (and not specifically for the account of the Class B Noteholders and the Class B Authorised Credit Providers); and

(B) if more than one potential Financial Adviser provides a quote and all the quotes provided are in excess of £500,000 (excluding VAT), the holders of the Class B Notes and any Class B Authorised Credit Provider (other than the Issuer under any Class B IBLA) will be required to pay for all fees in excess of £500,000 (on a *pro rata* basis by reference to the Obligor Junior Secured Liabilities owing to such persons or, in the case of the holders of the Class B Notes, owing to the Issuer under any Class B IBLA) save where Participating Qualifying Obligor Secured Creditors (acting through their respective Secured Creditor Representatives) representing more than 10% of the aggregate Outstanding Principal Amount of all Qualifying Obligor Secured Liabilities direct the Obligor Security Trustee to select a Financial Adviser which has provided a quote which is higher than another quote provided, in which case the excess of such fees over the lowest quote shall be paid as an expense of the Obligor Security Trustee in accordance with the applicable Obligor Priorities of Payments (and not specifically for the account of the Class B Noteholders and the Class B Authorised Credit Providers); and

(ii) the Obligor Security Trustee shall not be obliged to commission any Fairness Opinion unless it is indemnified or secured or prefunded to its satisfaction in respect of any Liabilities incurred by it in connection with commissioning such Fairness Opinion.

(f) The Obligor Security Trustee shall be entitled to seek any direction from Participating Qualifying Obligor Secured Creditors (acting through their respective Secured Creditor Representatives) representing more than 10% of the aggregate Outstanding Principal Amount of all Qualifying Obligor Secured Liabilities in relation to any matter concerning the commissioning of a Fairness Opinion.

Obligor Security Trustee may dispose under a Sales Process

If the Obligor Security Trustee:

(a) is unable to appoint a Financial Adviser when requested or unable to obtain a Fairness Opinion within 20 Business Days of attempting to do so (including due to the Obligor Security Trustee not being indemnified or secured or prefunded to its satisfaction); or

(b) is notified in writing by each Secured Creditor Representative in respect of each Class B Authorised Credit Facility that it does not require the procurement of a Fairness Opinion; or

(c) intends to dispose of the assets for a value that is less than the proposed consideration specified in respect of such assets in a Fairness Opinion,

then:

(i) subject to applicable law, the Obligor Security Trustee or any Receiver will take reasonable care to dispose of the relevant assets through a competitive marketing and sales process typical for such type of assets with a view to obtaining a fair market price in the prevailing market conditions (though the Obligor Security Trustee shall have no obligation to postpone any such disposal) ("**Sales Process**") and will be entitled to appoint any investment bank, accounting firm or any other third-party professional organisation of international standing engaged in the marketing and sale of businesses and assets, to advise the Obligor Security Trustee or the Receiver in relation to such disposal; and

(ii) the Obligor Security Trustee or any Receiver will be entitled to dispose of the assets under and in accordance with the Sales Process (including, at a value less than that stated in any Fairness Opinion); *provided that* if there is more than one party willing to acquire the assets, then the Obligor Security Trustee or the Receiver will be required to accept the highest executable offer.

The Obligor Security Trustee will not be liable to any person if it is unable to appoint a Financial Advisor when requested or unable to obtain a Fairness Opinion.

Obligor Priorities of Payment

Obligor Pre-Acceleration Priority of Payments

Subject to the paragraphs below entitled "*—Voluntary and mandatory permitted prepayments*" to "*—Deemed Available Enforcement Proceeds*" (inclusive) and except where expressly provided elsewhere in the STID:

(a) each Obligor Secured Creditor agrees and each of the Obligors and the Obligor Security Trustee acknowledges that each Obligor Secured Creditor's claims in respect of any Obligor Secured Liabilities owing to it will, prior to the delivery of a Loan Acceleration Notice, rank in right and priority of payment according to the Obligor Pre-Acceleration Priority of Payments; and

(b) on each Loan Interest Payment Date prior to the delivery of a Loan Acceleration Notice, the Cash Manager shall instruct:

(i) the Borrower Account Bank to withdraw amounts from:

(A) the Debt Service Payment Account; and

(B) if Excess Cashflow or Projected Excess Cashflow is required to be applied in accordance with Part B of the Obligor Pre-Acceleration Priority of Payments, the Excess Cashflow Account; and

(ii) following the delivery of a Loan Enforcement Notice, the account banks at which any Obligor Operating Accounts and any Designated Accounts (excluding the Defeasance Account, the Mandatory Prepayment Account and the Borrower Liquidity Facility Standby Account) are maintained to withdraw amounts from such accounts,

in each case, to be applied by the Cash Manager in accordance with the Obligor Pre-Acceleration Priority of Payments.

Voluntary and mandatory permitted prepayments

The Borrower will be permitted to make voluntary prepayments under any Authorised Credit Facility in accordance with the terms thereof irrespective of the Obligor Pre-Acceleration Priority of Payments; *provided that*:

(a) the Borrower is not otherwise prohibited from making such voluntary prepayments at that time pursuant to the terms of the Finance Documents, the CTA and/or the STID and/or the Finance Documents to the extent that the provisions of such Finance Documents are consistent with the relevant provisions of the CTA and/or the STID;

(b) no CTA Event of Default or, in relation to any voluntary prepayment under any Class B Authorised Credit Facility, Trigger Event has occurred and is continuing; *provided that* this paragraph (b) will not apply to the extent the Borrower is prepaying a Class B Authorised Credit Facility with the proceeds of an Investor Funding Loan made by any Subordinated Investor to Holdco; and

(c) the Cash Manager (acting reasonably) is satisfied that there will be sufficient available amounts in the Debt Service Payment Account, the Obligor Operating Accounts or, as the case may be, the Excess Cashflow Account to be withdrawn and applied on the immediately succeeding Loan Interest Payment Date in order to satisfy all payments scheduled to be due and payable on that date in accordance with the Obligor Pre-Acceleration Priority of Payments.

The Borrower will be permitted to make mandatory prepayments under any Authorised Credit Facility in accordance with the terms thereof irrespective of the Obligor Pre-Acceleration Priority of Payments (a) in the event that it becomes unlawful for an Authorised Credit Provider to perform any of its obligations as contemplated by the relevant Authorised Credit Facility or to fund or maintain the relevant Authorised Credit Facility; or (b) if such mandatory prepayment is not otherwise expressly prohibited by the STID, the CTA or the applicable Finance Documents.

Working Capital Facility Agreement, Senior Term Facility Agreement and Liquidity Facility Agreement permitted payments

Prior to the occurrence of a Trigger Event, if an interest payment date ("**Facility Interest Payment Date**") under any Working Capital Facility Agreement, the Senior Term Facility Agreement (or any Additional Financial Indebtedness incurred by the Borrower to refinance the Senior Term Facility Agreement) or any Liquidity Facility Agreement (each, a "**Relevant Facility**") does not fall on the same day as a Loan Interest Payment Date the payment of any amounts due on that Facility Interest Payment Date in accordance with the Relevant Facility will be permitted irrespective of whether it coincides with a Loan Interest Payment Date.

If a Trigger Event has occurred and is continuing as at the last day of an interest period under any Relevant Facility, the Borrower must ensure that the immediately succeeding interest period and each interest period thereafter under any Relevant Facility (for so long as a Trigger Event is continuing) shall end on a day that is a Loan Interest Payment Date and any interest under each Relevant Facility will be payable in accordance with and subject to the Obligor Pre-Acceleration Priority of Payments.

OCB Secured Hedging Transactions

Prior to the delivery of a Loan Enforcement Notice, each relevant Obligor which is party to an OCB Secured Hedging Transaction may make payments when due on the applicable payment date (each such payment date, a "**OCB Secured Hedge Payment Date**") in accordance with the terms of that OCB Secured Hedging Transaction irrespective of whether the OCB Secured Hedge Payment Date coincides with a Loan Interest Payment Date.

Upon the delivery of a Loan Enforcement Notice:

(a) the parties to each OCB Secured Hedging Transaction agree in the STID that the terms of each OCB Secured Hedging Transaction to which they are a party will be deemed to be amended so that each OCB Secured Hedge Payment Date thereunder coincides with each Loan Interest Payment Date thereafter; and

(b) any amounts payable by the relevant Obligor under each OCB Secured Hedging Transaction will be payable in accordance with and subject to the Obligor Pre-Acceleration Priority of Payments or, if a Loan Acceleration Notice has been served, the Obligor Post-Acceleration Priority of Payments.

Prepayment of the Class B Authorised Credit Facilities—Topco Transaction Documents

If and to the extent the Borrower receives funds from any person or persons that have acquired (or intend to acquire) the Topco Secured Property pursuant to the Topco Payment Undertaking or any other Topco Transaction Document (including, as a result of the enforcement of the Topco Security following the occurrence of a Share Enforcement Event or otherwise) and the Borrower receives such funds for the express purpose of enabling the Borrower to prepay amounts outstanding under each Class B Authorised Credit Facility, then such specified funds will be applied by the Borrower to prepay *pro rata* and *pari passu* each Class B Authorised Credit Facility in accordance with the terms thereof (after all costs, fees and expenses of the Obligor Security Trustee and any Receiver in relation to the enforcement of the Topco Security have been discharged in full) and such funds will not be applied in accordance with the Obligor Pre-Acceleration Priority of Payments or the Obligor Post-Acceleration Priority of Payments.

Deemed Available Enforcement Proceeds

Following the occurrence of a CTA Event of Default which is continuing but prior to the delivery of a Loan Acceleration Notice, irrespective of whether a Loan Enforcement Notice has been delivered by the Obligor Security Trustee,

if any Obligor, at the request, instruction, or with the agreement, of the Obligor Security Trustee disposes of any of its assets subject to the Obligor Security where such disposal is made as an alternative to the Obligor Security Trustee taking Enforcement Action pursuant to the STID and the Obligor Security Documents, the proceeds of that disposal received by the relevant Obligor ("**Deemed Available Enforcement Proceeds**") will be immediately applied by the Cash Manager in accordance with Part A of the Obligor Pre-Acceleration Priority of Payments but on the basis that paragraph 4 of the Obligor Post-Acceleration Priority of Payments (which relates to the Secured Pensions Liabilities) is deemed to be interposed between the existing paragraphs 3 and 4 of the Obligor Pre-Acceleration Priority of Payments for the purpose of such application.

Any Deemed Available Enforcement Proceeds applied in accordance with the above paragraph shall discharge the AA UK Secured Pensions Liabilities and AA Ireland Secured Pension Liabilities respectively in an amount equal to the *pro rata* share of such Deemed Available Enforcement Proceeds received by the AA UK Pension Trustee and the AA Ireland Pension Trustee.

The provisions described in this section "*—Deemed Available Enforcement Proceeds*" shall continue to apply (a) in respect of the AA Ireland Pension Trustee, if the AA Ireland Pension Trustee has ceased to be an Obligor Secured Creditor following the discharge of all AA Ireland Secured Pension Liabilities; and (b) in respect of the AA UK Pension Trustee, if the AA UK Pension Trustee has ceased to be an Obligor Secured Creditor following the discharge of all AA UK Secured Pension Liabilities or because the ABF Implementation Date has occurred.

Part A—Obligor Operating Accounts and certain Designated Account

Prior to the delivery of a Loan Acceleration Notice by the Obligor Security Trustee, on each Loan Interest Payment Date (except in respect of paragraph 6 of this Part A below, which shall apply on the Loan Interest Payment Date falling in January of each year only) the Cash Manager shall instruct (a) the Borrower Account Bank to withdraw amounts from the Debt Service Payment Account and (b) following the delivery of a Loan Enforcement Notice, the account banks at which any Obligor Operating Accounts and any Designated Accounts (excluding the Defeasance Account, the Mandatory Prepayment Account, any Borrower Liquidity Facility Standby Account and the Excess Cashflow Account) are maintained to withdraw amounts from such accounts, in each case, to be applied by the Cash Manager in or towards paying or providing for the payment of the following amounts (including, in each case, where applicable in accordance with the relevant contractual provisions, any amount of or in respect of VAT) in accordance with the applicable order of priority as follows, without double counting:

(1) *first*, in or towards satisfaction, *pro rata* and *pari passu*, of:

(i) the fees, other remuneration, indemnity payments, costs, charges and expenses (including interest on any of the foregoing) due and payable by any Obligor to the Obligor Security Trustee or any Receiver under any Transaction Document; and

(ii) to the Issuer by way of the First Facility Fee, the amounts due and payable by the Issuer in respect of the fees, other remuneration, indemnity payments, costs, charges and expenses (including interest on any of the foregoing) of the Issuer Security Trustee and each Note Trustee under any Issuer Transaction Document;

(2) *second*, in or towards satisfaction, *pro rata* and *pari passu*, of:

(i) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Borrower Account Bank incurred under the Borrower Account Bank Agreement; and

(ii) to the Issuer by way of the Second Facility Fee, the amounts due and payable by the Issuer in respect of:

(A) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Corporate Officer Provider incurred under the Issuer Corporate Officer Agreement;

(B) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Jersey Corporate Services Provider incurred under the Issuer Jersey Corporate Services Agreement;

(C) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Agents incurred under any Agency Agreement;

(D) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement;

(E) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Cash Manager incurred under the Issuer Cash Management Agreement; and

(F) the fees, other remuneration, costs, charges and expenses of the Rating Agency;

(3) *third*, to the Issuer by way of the Third Facility Fee:

(i) the amounts due and payable by the Issuer to any third-party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments), or to become due and payable to any third party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments) prior to the next Loan Interest Payment Date, which amounts have been incurred without breach by the Issuer of the Issuer Transaction Documents to which it is a party (and for which payment has not been provided elsewhere in this priority of payments);

(ii) the amounts due and payable by the Issuer in respect of the fees, other remuneration, indemnity payments, costs, charges and expenses of the stock exchange where the Class A Notes and the Class B Notes are listed (or any other listing authority) and the listing agent;

(iii) an amount equal to the Issuer Profit Amount; and

(iv) the amounts due and payable in respect of tax for which the Issuer is liable under the laws of any jurisdiction (other than corporation tax due and payable to HM Revenue & Customs in respect of the Issuer Profit Amount, which shall be met out of the Issuer Profit Amount);

(4) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, of:

(i) to the Issuer by way of the Fourth Facility Fee, the amounts due and payable by the Issuer in respect of all amounts of interest, principal, fees, other remuneration, indemnity payments, costs, charges and expenses of each Liquidity Facility Provider and the Liquidity Facility Agent due and payable by the Issuer to each such Liquidity Facility Provider and the Liquidity Facility Agent under any Liquidity Facility Agreement (other than any Subordinated Liquidity Amounts payable by the Issuer); and

(ii) all amounts due and payable by any Obligor in respect of all amounts of interest, principal, fees, other remuneration, indemnity payments, costs, charges and expenses of each Liquidity Facility Provider and Liquidity Facility Agent due and payable to such Liquidity Facility Provider and Liquidity Facility Agent under any Liquidity Facility Agreement (other than any Subordinated Liquidity Amounts payable by the Borrower);

(5) *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, of:

(i) the fees, other remuneration, indemnity payments, costs, charges and expenses of each Facility Agent due and payable under each Class A Authorised Credit Facility (excluding any Liquidity Facility and any Hedging Agreement);

(ii) all amounts of interest, fees, other remuneration, indemnity payments, costs, charges and expenses of each Class A Authorised Credit Provider (except in relation to principal) due and payable under any Class A Authorised Credit Facility (excluding any Liquidity Facility and any Hedging Agreement);

(iii) all scheduled amounts (other than principal exchange amounts on cross-currency swaps, termination payments, and final exchange payments on cross-currency swaps) due and payable to

(A) each Borrower Hedge Counterparty under any Borrower Hedging Agreement; and

(B) following the delivery of a Loan Enforcement Notice, each OCB Secured Hedge Counterparty under any OCB Secured Hedging Agreement; and

(iv) to the Issuer by way of the Fifth Facility Fee (or pursuant to any back-to-back hedge agreement entered into between the Issuer and the Borrower), all scheduled amounts (other than principal exchange amounts on cross-currency swaps, termination payments, and final exchange payments on cross-currency swaps) due and payable to each Issuer Hedge Counterparty under any Issuer Hedging Agreement;

(6) *sixth*, in or towards satisfaction of all amounts required to be deposited into the Maintenance Capex Reserve Account pursuant to the CTA;

(7) *seventh*, in or towards satisfaction, *pro rata* and *pari passu*, of:

(i) all scheduled instalment amounts of principal (excluding any bullet amount payable on the Final Maturity Date of any Class A Authorised Credit Facility) due and payable under any Class A Authorised Credit Facility (excluding any Liquidity Facility and any Hedging Agreement);

(ii) all termination payments (excluding Subordinated Hedge Amounts), any payments subject to rights of "Optional Early Termination" or "Mandatory Early Termination" (as defined in the 2006 ISDA Definitions or any replacement thereof), principal exchange amounts on cross-currency swaps, final exchange payments on cross-currency swaps, or other unscheduled sums due and payable to:

(A) each Borrower Hedge Counterparty under any Borrower Hedging Agreement; and

(B) following the delivery of a Loan Enforcement Notice, each OCB Secured Hedge Counterparty under any OCB Secured Hedging Agreement; and

(iii) to the Issuer by way of the Sixth Facility Fee (or pursuant to any back-to-back hedge agreement entered into between the Issuer and the Borrower), all termination payments (excluding Subordinated Hedge Amounts), any payments subject to rights of "Optional Early Termination" or "Mandatory Early Termination" (as defined in the 2006 ISDA Definitions or any replacement thereof), principal exchange amounts on cross-currency swaps, final exchange payments on cross-currency swaps, or other unscheduled sums due and payable to each Issuer Hedge Counterparty under any Issuer Hedging Agreement;

(8) *eighth*, if the Loan Interest Payment Date falls on or prior to the Final Maturity Date in respect of the relevant Class B Authorised Credit Facility and provided no Trigger Event has occurred and is continuing (excluding a Trigger Event resulting from the failure to pay on a Final Maturity Date), all amounts of interest, fees, other remuneration, indemnity payments, costs, charges and expenses (except in relation to principal) due and payable under the relevant Class B Authorised Credit Facility;

(9) *ninth*, if the Loan Interest Payment Date falls on a date following the Obligor Senior Discharge Date, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of principal and any Make-Whole Amount due and payable under any Class B Authorised Credit Facility; and

(10) *tenth*, if the Loan Interest Payment Date falls on a date following a Qualifying Public Offering, in or towards satisfaction, *pro rata* and *pari passu*, of:

(i) Subordinated Liquidity Amounts due and payable by the Borrower under any Liquidity Facility Agreement;

(ii) Subordinated Hedge Amounts due and payable by the Borrower under any Borrower Hedging Agreement;

(iii) following the delivery of a Loan Enforcement Notice, Subordinated Hedge Amounts due and payable by any Obligor under any OCB Secured Hedging Agreement; and

(iv) to the Issuer by way of the Seventh Facility Fee:

(A) Subordinated Liquidity Amounts due and payable by the Issuer under the Liquidity Facility Agreement; and

(B) Subordinated Hedge Amounts due and payable by the Issuer under any Issuer Hedging Agreement,

provided that this paragraph (10) will not apply if any amounts remain outstanding under any Class A Authorised Credit Facility on or following its Final Maturity Date, a Trigger Event subsists on the Loan Interest Payment Date or the Loan Interest Payment Date falls during a period in which Excess Cashflow is required to be credited to the TAAL Migration Condition Account in accordance with the CTA.

Part B—Excess Cashflow

Prior to the delivery of a Loan Acceleration Notice by the Obligor Security Trustee, on each Loan Interest Payment Date falling (in respect of paragraphs 3 and 4 of this "*—Part B—Excess Cashflow*" below only) in January or July and (in

respect of paragraphs 1 and 2 of this Part B below only) in July of each year (each such date being a "**relevant Loan Interest Payment Date**"), to the extent any of the below paragraphs are applicable on the relevant Loan Interest Payment Date, the Cash Manager shall instruct the Borrower Account Bank to withdraw amounts from the Excess Cashflow Account (and, in respect of paragraph 3(a) of this Part B below, the Defeasance Account) to be applied by the Cash Manager in or towards paying or providing for the payment of the following amounts in accordance with the applicable order of priority as follows, without double counting:

Payments in respect of a Bank Debt Sweep Period prior to a Qualifying Public Offering

1. subject to paragraphs 2 (*Application if a Trigger Event subsists on the relevant Loan Interest Payment Date*) to 4 (*Application of funds following a Final Maturity Date where the Obligor Secured Liabilities remain outstanding*) below, if the relevant Loan Interest Payment Date is a Cash Sweep Payment Date falling prior to a Qualifying Public Offering, in accordance with the following order of priority:

    (a) *first*, in respect of each Class A Authorised Credit Facility that had specified the preceding Financial Year as a Bank Debt Sweep Period, the Required Sweep Percentage applicable to that Class A Authorised Credit Facility of Excess Cashflow for that Financial Year in or towards prepaying the outstanding principal amount under that Class A Authorised Credit Facility; *provided that* if:

        (i) the Required Sweep Percentage (applicable to that Class A Authorised Credit Facility) is 100% and break costs under any Hedging Transaction associated with that Class A Authorised Credit Facility will be payable as a result of such prepayment ("**Associated Break Costs**"); or

        (ii) the Required Sweep Percentage (applicable to that Class A Authorised Credit Facility) is less than 100% but the remainder of Excess Cashflow for the relevant Bank Debt Sweep Period to be applied in accordance with paragraph (b)(i) below towards paying the Associated Break Costs would be insufficient to pay such amounts,

    then the amount of Excess Cashflow required to be applied in prepayment of that Class A Authorised Credit Facility under this paragraph (a) will be reduced by an amount required to enable the Associated Break Costs to be satisfied and such amount shall be applied in satisfaction of paying those Associated Break Costs; and

    (b) *second*, the remainder of Excess Cashflow in accordance with the following order of priority:

        (i) *first*, in or towards satisfaction, *pro rata* and *pari passu*, of any Associated Break Costs (to the extent not paid under paragraph (a) above);

        (ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, of:

            (A) Subordinated Liquidity Amounts due and payable by the Borrower under any Liquidity Facility Agreement;

            (B) Subordinated Hedge Amounts due and payable by the Borrower under any Borrower Hedging Agreement; and

            (C) following the delivery of a Loan Enforcement Notice, Subordinated Hedge Amounts due and payable by any Obligor under any OCB Secured Hedging Agreement;

            (D) to the Issuer by way of the Seventh Facility Fee:

                (1) Subordinated Liquidity Amounts due and payable by the Issuer under any Liquidity Facility Agreement; and

                (2) Subordinated Hedge Amounts due and payable by the Issuer under any Issuer Hedging Agreement; and

        (iii) *third*, to the Borrower and/or any Obligor in or towards any purpose not restricted by the terms of the Finance Documents;

Application if a Trigger Event subsists on the relevant Loan Interest Payment Date

2. subject to paragraphs 3 (*Application of funds on a Final Maturity Date*) and 4 (*Application of funds following a Final Maturity Date where the Obligor Secured Liabilities remain outstanding*) below, if a Trigger Event is

subsisting on the relevant Loan Interest Payment Date then paragraph 1 (*Payments in respect of a Bank Debt Sweep Period prior to a Qualifying Public Offering*) will not apply and 100% of Excess Cashflow for the most recent Financial Year shall be applied in accordance with the following order of priority:

(a) *first*, in or towards satisfaction, *pro rata* and *pari passu*, of:

(i) prepaying on a *pro rata* basis the outstanding principal amount under each Class A Authorised Credit Facility (excluding any Liquidity Facility and any Hedging Agreement) which bears interest at a floating rate less an amount which is required to pay the Associated Break Costs relating to that Class A Authorised Credit Facility, which amount shall be applied in or towards satisfaction of those Associated Break Costs; and

(ii) the defeasance on a *pro rata* basis of the outstanding principal amount under each Class A Authorised Credit Facility (excluding any Liquidity Facility and any Hedging Agreement) which bears interest at a fixed rate by depositing the relevant amounts into the Defeasance Account up to the outstanding principal amount under any such fixed rate Class A Authorised Credit Facility (*provided that* if the Trigger Event(s) subsisting on the relevant Loan Interest Payment Date was not a CTA Event of Default the Cash Manager (on the Borrower's behalf) will be entitled to withdraw such amounts deposited to the Defeasance Account in accordance with this paragraph (a)(ii) and apply such amounts towards a Defeased Cash Note Purchase); and

(b) *second*, the remainder of Excess Cashflow for the most recent Financial Year in accordance with the order of priority set out in paragraph 1(b)(ii) above (regardless of whether a Bank Debt Sweep Period applies or not); and

(c) *third*, the remainder of Excess Cashflow for the most recent Financial Year in accordance with paragraph 1(b)(iii) above (regardless of whether a Bank Debt Sweep Period applies or not);

Application of funds on a Final Maturity Date

3. if the relevant Loan Interest Payment Date falls on the Final Maturity Date of any Class A Authorised Credit Facility (excluding any Liquidity Facility), then paragraphs 1 (*Payments in respect of a Bank Debt Sweep Period prior to a Qualifying Public Offering*) and 2 (*Application if a Trigger Event subsists on the relevant Loan Interest Payment Date*) will not apply and the following will apply:

(a) any amounts standing to the credit of the Defeasance Account referable to that maturing Class A Authorised Credit Facility shall be applied in or towards satisfaction, *pro rata* and *pari passu*, of repaying the outstanding principal amount under that maturing Class A Authorised Credit Facility and any Associated Break Costs; *provided that* where there is more than one Class A Authorised Credit Facility (excluding any Liquidity Facility) maturing on that Final Maturity Date, to the extent the Class A Authorised Credit Providers under any other such Class A Authorised Credit Facility are also entitled to such amounts standing to the credit of the Defeasance Account, then all such amounts shall instead be applied in or towards satisfaction, *pro rata* and *pari passu*, of each relevant Class A Authorised Credit Facility (as reduced by an amount equal to any Associated Break Costs related to that Class A Authorised Credit Facility, which shall be applied towards satisfying those Associated Break Costs); and

(b) any Projected Excess Cashflow standing to the credit of the Excess Cashflow Account deposited thereto in accordance with the CTA in respect of any Cash Accumulation Period applicable to that maturing Class A Authorised Credit Facility (being the "**relevant Projected Excess Cashflow Amount**") shall be applied in accordance with the following order of priority (unless any amounts are outstanding under a Post FMD ACF (as defined in paragraph 4 below) on the relevant Loan Interest Payment Date, in which case the proportion of the relevant Projected Excess Cashflow Amount referable to the 6 month period ending on the relevant Loan Interest Payment Date shall instead be applied in accordance with paragraph 4 below and only the remainder of the relevant Projected Excess Cashflow Amount shall be applied in accordance with the following order of priority):

(i) *first*, in or towards satisfaction, *pro rata* and *pari passu*, of:

(A) repaying each Class A Authorised Credit Facility with its Final Maturity Date falling on the relevant Loan Interest Payment Date (as reduced by an amount equal to any Associated Break Costs related to that Class A Authorised Credit Facility, which shall be applied towards satisfying those Associated Break Costs);

(B) if the relevant Loan Interest Payment Date falls within a Cash Accumulation Period relating to any other Class A Authorised Credit Facility, being retained in the Excess

Cashflow Account in an aggregate amount not exceeding the applicable Required Accumulation Percentage of Projected Excess Cashflow required to be retained on such date; and

(C) if a Trigger Event has occurred and is continuing (excluding a Trigger Event resulting from the failure to pay on a Final Maturity Date), being applied in accordance with paragraphs 2(a)(i) and (ii) above (*provided that* if following the relevant Loan Interest Payment Date the Trigger Event ceases to continue and no other Trigger Event has since occurred and is continuing, then any amounts deposited to the Defeasance Account in accordance with this paragraph (i)(C) shall be released and applied in accordance with this paragraph 3 as if that Trigger Event had not subsisted on the relevant Loan Interest Payment Date);

(ii) *second*, the remainder of any relevant Projected Excess Cashflow Amount in accordance with paragraph 1(b)(ii) above (regardless of whether a Bank Debt Sweep Period applies or not); and

(iii) *third*, the remainder of any relevant Projected Excess Cashflow Amount in accordance with paragraph 1(b)(iii) above (regardless of whether a Bank Debt Sweep Period applies or not);

Application of funds following a Final Maturity Date where the Obligor Secured Liabilities remain outstanding

4. if the relevant Loan Interest Payment Date falls on a date following the Final Maturity Date of any Class A Authorised Credit Facility (excluding any Liquidity Facility) and any amount under that Class A Authorised Credit Facility remains outstanding (each such Class A Authorised Credit Facility being a "**Post FMD ACF**"), then paragraphs 1 (*Payments during a Bank Debt Sweep Period prior to a Qualifying Public Offering*) and 2 (*Application if a Trigger Event subsists on the relevant Loan Interest Payment Date*) will not apply and 100% of Projected Excess Cashflow for the six month period ending on the relevant Loan Interest Payment Date shall be applied in accordance with the following order of priority:

(a) *first*, in or towards, *pro rata* and *pari passu*:

(i) satisfaction of repaying the outstanding principal amount under each Post FMD ACF (as reduced by an amount equal to any Associated Break Costs related to that Class A Authorised Credit Facility, which shall be applied towards satisfying those Associated Break Costs);

(ii) if the relevant Loan Interest Payment Date falls on the Final Maturity Date of any other Class A Authorised Credit Facility (excluding any Liquidity Facility), satisfaction of repaying the outstanding principal amount under that Class A Authorised Credit Facility (as reduced by an amount equal to any Associated Break Costs related to that Class A Authorised Credit Facility, which shall be applied towards satisfying those Associated Break Costs);

(iii) if the relevant Loan Interest Payment Date falls within a Cash Accumulation Period relating to any other Class A Authorised Credit Facility, being retained in the Excess Cashflow Account in an aggregate amount not exceeding the applicable Required Accumulation Percentage of Projected Excess Cashflow required to be retained on such; and

(iv) if a Trigger Event has occurred and is continuing (excluding a Trigger Event resulting from the failure to pay on a Final Maturity Date), being applied in accordance with paragraphs 2(a)(i) and (ii) above (*provided that* if following the relevant Loan Interest Payment Date the Trigger Event ceases to continue and no other Trigger Event has since occurred and is continuing, then any amounts deposited to the Defeasance Account in accordance with this paragraph (a)(iv) shall be released and applied in accordance with this paragraph 4 as if that Trigger Event had not subsisted on the relevant Loan Interest Payment Date);

(b) *second*, the remainder of any Projected Excess Cashflow in accordance with the order of priority set out in paragraph 1(b)(ii) above (regardless of whether a Bank Debt Sweep Period applies or not); and

(c) *third*, the remainder of any Projected Excess Cashflow in accordance with paragraph 1(b)(iii) above (regardless of whether a Bank Debt Sweep Period applies or not).

Obligor Post-Acceleration Priority of Payments

Following the delivery of a Loan Acceleration Notice by the Obligor Security Trustee, all Available Enforcement Proceeds shall be applied (to the extent that it is lawfully able to do so), on each Distribution Date, in accordance with the

following priority of payments (including, in each case, where applicable in accordance with the relevant contractual provisions, any amount of or in respect of VAT) as set out below, without double counting:

1. *first*, in or towards satisfaction, *pari passu* and *pro rata*, of:

   (a) the fees, other remuneration, indemnity payments, costs, charges and expenses (including interest on any of the foregoing) due and payable by any Obligor to the Obligor Security Trustee or any Receiver under any Transaction Document; and

   (b) to the Issuer by way of the First Facility Fee, the amounts due and payable by the Issuer in respect of the fees, other remuneration, indemnity payments, costs, charges and expenses (including interest on any of the foregoing) of the Issuer Security Trustee, any Receiver and the Note Trustees under any Issuer Transaction Document;

2. *second*, in or towards satisfaction, *pari passu* and *pro rata*, of:

   (a) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Borrower Account Bank incurred under the Borrower Account Bank Agreement; and

   (b) to the Issuer by way of the Second Facility Fee, the amounts due and payable by the Issuer in respect of:

      (i) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Corporate Officer Provider incurred under the Issuer Corporate Officer Agreement;

      (ii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Jersey Corporate Services Provider incurred under the Issuer Jersey Corporate Services Agreement;

      (iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Agents incurred under any Agency Agreement;

      (iv) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement; and

      (v) the fees, other remuneration, costs, charges and expenses of the Rating Agency;

3. *third*, prior to the delivery of a Note Acceleration Notice only, to the Issuer by way of the Third Facility Fee:

   (a) the amounts due and payable by the Issuer to any third-party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments), or to become due and payable to any third-party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments), which amounts have been incurred without breach by the Issuer of the Issuer Transaction Documents to which it is a party (and for which payment has not been provided elsewhere in this priority of payments);

   (b) the amounts due and payable by the Issuer in respect of the fees, other remuneration, indemnity payments, costs, charges and expenses of the stock exchange where the Notes are listed (or any other listing authority) and the listing agent;

   (c) an amount equal to the Issuer Profit Amount; and

   (d) the amounts due and payable in respect of tax for which the Issuer is liable under the laws of any jurisdiction (other than corporation tax due and payable to HM Revenue & Customs in respect of the Issuer Profit Amount, which shall be met out of the Issuer Profit Amount);

4. *fourth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts due and payable by any Obligor to:

   (a) prior to the ABF Implementation Date, the AA UK Pension Trustee in respect of the AA UK Secured Pension Liabilities; and

   (b) the AA Ireland Pension Trustee in respect of the AA Ireland Secured Pension Liabilities;

5. *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

   (a) to the Issuer by way of the Fourth Facility Fee, the amounts due and payable by the Issuer in respect of all amounts of interest, principal, fees, other remuneration, indemnity payments, costs, charges and expenses of each Liquidity Facility Provider and the Liquidity Facility Agent due and payable by the Issuer to each such Liquidity Facility Provider and the Liquidity Facility Agent under any Liquidity Facility Agreement (other than any Subordinated Liquidity Amounts payable by the Issuer); and

   (b) all amounts due and payable by any Obligor in respect of all amounts of interest, principal, fees, other remuneration, indemnity payments, costs, charges and expenses of each Liquidity Facility Provider and Liquidity Facility Agent due and payable to such Liquidity Facility Provider and Liquidity Facility Agent under any Liquidity Facility Agreement (other than any Subordinated Liquidity Amounts payable by any Borrower);

6. *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

   (a) the fees, other remuneration, indemnity payments, costs, charges and expenses of each Facility Agent due and payable under each Class A Authorised Credit Facility (excluding any Liquidity Facility and any Hedging Agreement);

   (b) all amounts of interest, fees, other remuneration, indemnity payments, costs, charges and expenses of each Class A Authorised Credit Provider (except in relation to principal or any Make-Whole Amount) due and payable under any Class A Authorised Credit Facility (excluding any Liquidity Facility and any Hedging Agreement); and

   (c) prior to the delivery of a Note Acceleration Notice only, to the Issuer by way of the Fifth Facility Fee (or pursuant to any back-to-back hedge agreement entered into between the Issuer and the Borrower), all scheduled amounts (other than principal exchange amounts on cross-currency swaps, termination payments, and final exchange payments on cross-currency swaps) due and payable to each Issuer Hedge Counterparty under any Issuer Hedging Agreement;

7. *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of:

   (a) all amounts of principal and any Make-Whole Amount due and payable under any Class A Authorised Credit Facility (excluding any Liquidity Facility and any Hedging Agreement);

   (b) all termination payments (excluding Subordinated Hedge Amounts), any payments subject to rights of "Optional Early Termination" or "Mandatory Early Termination" (as defined in the 2006 ISDA Definitions or any replacement thereof), principal exchange amounts, final payments on cross-currency swaps, or other unscheduled sums due and payable to each Borrower Hedge Counterparty under any Borrower Hedging Agreement and to each OCB Secured Hedge Counterparty under any OCB Secured Hedging Agreement; and

   (c) to the Issuer by way of the Sixth Facility Fee (or pursuant to any back-to-back hedge agreement entered into between the Issuer and the relevant Borrower(s)), all termination payments (excluding Subordinated Hedge Amounts), any payments subject to rights of "Optional Early Termination" or "Mandatory Early Termination" (as defined in the 2006 ISDA Definitions or any replacement thereof), principal exchange amounts, final payments on cross-currency swaps, or other unscheduled sums due and payable to each Issuer Hedge Counterparty under any Issuer Hedging Agreement;

8. *eighth*, all amounts of interest, principal, Make-Whole Amount, fees, other remuneration, indemnity payments, costs, charges and expenses due and payable under any Class B Authorised Credit Facility;

9. *ninth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

   (a) Subordinated Liquidity Amounts due and payable by any Borrower under any Liquidity Facility Agreement;

   (b) Subordinated Hedge Amounts due and payable under any Borrower Hedging Agreement and under any OCB Secured Hedging Agreement; and

   (c) to the Issuer by way of the Seventh Facility Fee:

      (i) Subordinated Liquidity Amounts due and payable by the Issuer under any Liquidity Facility Agreement; and

      (ii) Subordinated Hedge Amounts due and payable by the Issuer under any Issuer Hedging Agreement; and

10. *tenth*, subject to all payments and liabilities of a higher order of priority having been satisfied in full, the surplus (if any) together with any amounts standing to the credit of the Obligor Operating Accounts shall be available to each Obligor entitled thereto to deal with as it sees fit.

Enforcement of the Topco Security

Notification of Share Enforcement Event

If any Obligor, Topco, Obligor Secured Creditor or Topco Secured Creditor (other than the Obligor Security Trustee) becomes aware of the occurrence of any Share Enforcement Event or Class B Event of Default, it shall forthwith notify the Obligor Security Trustee, the Issuer Security Trustee and the Holdco Group Agent in writing and the Obligor Security Trustee shall promptly thereafter notify the Secured Creditor Representatives of the Obligor Secured Creditors, the Issuer Secured Creditors and the Topco Secured Creditors.

Demand Notice

At any time at which the Obligor Security Trustee has actual notice of the occurrence of a Share Enforcement Event or Class B Event of Default, it must promptly request by notice (which shall be copied to the Secured Creditor Representatives of the Obligor Secured Creditors) an instruction (a "**Topco Demand Notice Instruction**") from the Topco Secured Creditors (through their Secured Creditor Representatives) as to whether the Obligor Security Trustee should serve a demand notice (as defined in the Topco Payment Undertaking) on Topco requiring Topco to pay on the date and to the account specified in the demand notice an amount equal to the aggregate Class B Payment Amounts (as defined in the Topco Payment Undertaking) determined as at the date of payment specified in the demand notice.

Instructions to enforce

If Topco fails to pay an amount equal to the aggregate Class B Payment Amounts (as defined in the Topco Payment Undertaking) in accordance with the Topco Payment Undertaking, the Obligor Security Trustee must promptly request by notice (which shall be copied to the Secured Creditor Representatives of the Obligor Secured Creditors) an instruction (a "**Topco Enforcement Instruction**") from the Topco Secured Creditors (through their Secured Creditor Representatives) as to whether and/or how the Obligor Security Trustee should enforce the Topco Security, on the terms and subject to the conditions of the Topco Transaction Documents, *provided that* the Topco Security Enforcement Condition (as defined below) is satisfied.

When voting on a Topco Demand Notice Instruction or Topco Enforcement Instruction:

(a) there shall be no quorum requirement in respect of any vote for or against the resolution with respect to the Topco Demand Notice Instruction or Topco Enforcement Instruction;

(b) the Decision Period shall be 45 days from the date of delivery of the Topco Demand Notice Instruction or Topco Enforcement Instruction, as applicable; and

(c) the Obligor Security Trustee shall act on the directions of one or more Topco Secured Creditors representing, in aggregate, at least 30% of the aggregate outstanding principal amount of all Topco Secured Liabilities as at the date of delivery of the Topco Demand Notice Instruction or Topco Enforcement Instruction, as applicable.

Topco Security Enforcement Condition

The "**Topco Security Enforcement Condition**" shall be satisfied if in connection with the enforcement of the Topco Security:

(a) the Secured Creditor Representative (on behalf of the Class B Noteholders) of the Issuer as a Topco Secured Creditor provides the Obligor Security Trustee with a tax opinion from any reputable internationally recognised law or accounting firm or any other reputable internationally recognised independent expert which is engaged in providing tax opinions, that confirms that there would be no actual or contingent tax liability in the Holdco Group as a result of the enforcement of the Topco Security (the "**Tax Liability**") in an amount more than £10.0 million; or

(b) if the actual or contingent Tax Liability is anticipated to be more than £10.0 million, the Issuer Security Trustee is provided:

(i) with funds (whether from any prospective purchaser of any of the assets that are subject to the Topco Security, any of the Class B Noteholders or any other person) in an amount equal to the excess over £10.0 million in respect of such Tax Liability; or

(ii) with such other collateral or support arrangement to mitigate such actual and/or contingent tax liability which is satisfactory to the Issuer Security Trustee (acting reasonably) in respect of the excess over £10.0 million.

Topco enforcement proceeds

Any proceeds of the enforcement of the Topco Security shall be applied in or towards satisfaction of, *pro rata* and *pari passu*, the repayment of the Topco Secured Liabilities (after all costs, fees and expenses of the Obligor Security Trustee and Receiver in relation to the enforcement of the Topco Security have been discharged in full) and such funds will not be applied in accordance with the Obligor Priorities of Payments.

Topco distressed disposals

If a disposal of Topco Secured Property is being effected following the enforcement of any Topco Security, the Obligor Security Trustee is authorised to release the assets subject to the disposal from the Topco Security and execute and deliver or enter into any release of those assets or claim and issue any letters of non-crystallisation of any floating charge or any consent to dealing that may, in the discretion of the Obligor Security Trustee, be considered necessary or desirable.

Governing Law

The STID will be governed by English law.

Common Terms Agreement

Overview and Structure

Each of the Obligor Security Trustee, the Issuer Security Trustee, the Class A Note Trustee, the Issuer, the Borrower, the Original Obligors, the Holdco Group Agent, the Cash Manager, the STF Arrangers, the Original STF Lenders, the STF Agent, the WCF Arrangers, the Original WCF Lenders, the WCF Agent, the LF Arrangers, the Liquidity Facility Providers, the Liquidity Facility Agent, the Borrower Hedge Counterparties and the Borrower Account Bank will enter into the CTA on or about the Closing Date. The CTA sets out the representations, covenants (positive, negative and financial), Trigger Events and CTA Events of Default that apply to each Class A Authorised Credit Facility (including for the avoidance of doubt each Class A IBLA and any other document entered into in connection with each Class A Authorised Credit Facility, but excluding any Hedging Agreement and OCB Secured Hedging Agreement).

It is a requirement of the CTA that future providers of Class A Authorised Credit Facilities and other Senior Finance Parties accede to the CTA, the Master Definitions Agreement and the STID.

The CTA will contain certain indemnities of the Obligors to the Senior Finance Parties in respect of losses caused, *inter alia*, by CTA Events of Default.

A summary of the covenants, Trigger Events and CTA Events of Default included in the CTA is set out below.

Covenants

The CTA contains customary operating and financial covenants, subject to certain agreed exceptions, including covenants restricting the ability of certain members of the Holdco Group to:

- make acquisitions or investments;
- make disposals;
- incur financial indebtedness and enter into derivative transactions;
- grant security or guarantees;
- make loans or otherwise become a creditor;
- enter into amalgamations, demergers, mergers, consolidations or corporate transactions;
- issue shares, redeem share capital, pay dividends, (subject to exceptions (see "*—CTA Trigger Events and Lock Up*")) make payments under any Class B Authorised Credit Facility, purchase Notes or Authorised Credit Facilities;

- change the nature of the business;
- enter into transactions other than on arm's length;
- change centre of main interest;
- amend the Senior Finance Documents, Umbrella Services Agreement and constitutional documents;
- change its accounting reference date; and
- cancel any working capital facilities.

The CTA also requires certain members of the Holdco Group to observe certain positive covenants, subject to certain agreed exceptions, including:

- maintenance of relevant authorisations;
- compliance with laws, including environmental laws, pension laws, anti-money laundering rules, anti-bribery laws and sanctions;
- provision of financial and other information and notification of defaults and Trigger Events;
- payment of taxes;
- maintenance of insurances, intellectual property and assets and minimum maintenance capital expenditure;
- provision of access to premises, assets and records, if a CTA Default is continuing;
- pari passu ranking;
- creation of floating charge over the whole or substantially the whole of its property under the English Law Obligor Security Documents;
- preservation of holding company status of Holdco, Intermediate Holdco and the Borrower;
- maintenance of a credit rating for the Class A Notes;
- retention of reputable auditors;
- provision of cash management services, maintenance of liquidity and application of mandatory prepayment;
- receipt of all the services necessary to carry on their business, including the Permitted Business;
- ownership of IP Co and each partner in the Partnership, in relation to the terms of the ABF Transaction Documents and the terms of any license of Intellectual Property granted by IP Co and in relation to certain Intellectual Property co-existence agreements; and
- maintenance of a guarantor coverage and accession of each material company as an Obligor.

The CTA requires the Holdco Group to comply with a Class A FCF DSCR of 1.10:1.00. The ratio is based on definitions in the Master Definitions Agreement, which may differ from the definitions in the Class B IBLA and the applicable definitions described in this Offering Memorandum. Any breach of the Class A FCF DSCR may be cured by injecting shareholder equity or loans to be used to prepay and or defease Class A Authorised Credit Facilities or Class A Notes as provided for in the CTA subject to there being no more than three equity cures in any rolling period of five Financial Years and subject to their being no equity cures made in respect of any consecutive Test Period.

Mandatory prepayments

Any mandatory prepayments are subject to the terms of the CTA and the STID. The CTA prescribes a regime for the application to the Obligor Senior Secured Liabilities of equity cure amounts (see "*—Covenants*") and Insurance Proceeds and Disposal Proceeds (see "*—Cash Management Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*").

Additional Financial Indebtedness

The CTA allows the incurrence of Additional Financial Indebtedness by the Borrower; *provided that* (A) if such Additional Financial Indebtedness is raised for the purpose of refinancing any existing Financial Indebtedness (including the Class B IBLA), certain conditions are met, including, (i) the Class A FCF DSCR for the most recent Test Period prior to the date such Authorised Credit Facility is entered into not being less than 1.35:1.00 (calculated on a pro forma basis); (ii) no CTA Event of Default being outstanding or continuing at the date the relevant Authorised Credit Facility is entered into and, on such date, there being no CTA Event of Default that would occur as a result of the utilisation in full of the relevant Authorised Credit Facility; (iii) subject to certain exceptions, the Rating Agency having confirmed that any Class A Notes then outstanding would immediately following (and taking into account) such refinancing or replacement be rated: (x) if the Authorised Credit Facility being refinanced or replaced is a Class B Authorised Credit Facility, at least the Initial Rating of the first Series of Class A Notes from the Rating Agency; or (y) if the Authorised Credit Facility being refinanced or replaced is a Class A Authorised Credit Facility, at least the lower of the then current rating of those Class A Notes and the Initial Rating of the first Series of Class A Notes from the Rating Agency; and (iv) such Authorised Credit Facility ranking *pari passu* with or junior to the existing Financial Indebtedness it refinances and (B) if such Additional Financial Indebtedness is incremental Additional Financial Indebtedness, certain conditions are met, including, (i) such Authorised Credit Facility ranking *pari passu* with any other Authorised Credit Facility of the same class (other than a Liquidity Facility); (ii) the Class A FCF DSCR for the most recent Test Period prior to the date such Authorised Credit Facility is entered into not being less than 1.35:1.00 (calculated on a pro forma basis); (iii) there being no CTA Event of Default outstanding or continuing as at the date the relevant Authorised Credit Facility is entered into and, on such date, no CTA Event of Default occurring as a result of the utilisation in full of the relevant Authorised Credit Facility; (iii) utilising such Authorised Credit Facility in full not causing the ratio of Class A net leverage ratio to exceed 5.5:1.00, (calculated on a pro forma basis); and (iv) the Rating Agency having confirmed that the Class A Notes then outstanding would, immediately following (and having taken into account) the utilisation in full of such Authorised Credit Facility, be rated at least the Initial Rating of the first Series of Class A Notes from the Rating Agency.

CTA Trigger Events and Lock Up

The CTA only permits payments by the Holdco Group under or in connection with any Class B Authorised Credit Facility or Class B Notes:

- in respect of payments of interest as permitted and in accordance with the STID; or
- if funded from Additional Financial Indebtedness as described above under "*—Additional Financial Indebtedness*", shareholder equity or loans or, to the extent permitted to be paid as a dividend or other distribution to shareholders at that time, Retained Excess Cashflow (as determined in accordance with the CTA and the Master Definitions Agreement).

The CTA will permit payments to be made under the Class B IBLA and any other Class B Authorised Credit Facility provided that the Class A FCF DSCR is not less than 1.35:1.00 and no other Trigger Event has occurred at the time the payment is made and provided that the payment is made on a Loan Interest Payment Date in respect of a Class A IBLA falling on or prior to the Final Maturity Date in respect of such Class B Authorised Credit Facility and no CTA Event of Default or Potential CTA Event of Default is subsisting or would result.

If a Trigger Event occurs and until such Trigger Event has been remedied or waived in accordance with the CTA, among other things, no payments may be made in respect of any Class B Authorised Credit Facility other than where the relevant Trigger Event is a failure to repay principal on the Final Maturity Date under any Class A Authorised Credit Facility in which case payments may be made under:

- any Class B Authorised Credit Facility entered into on or prior to the date of that Class A Authorised Credit Facility until the Final Maturity Date under that Class B Authorised Credit Facility; and
- any Class B Authorised Credit Facility entered into after the date of that Class A Authorised Credit Facility until the Final Maturity Date under that Class B Authorised Credit Facility provided that the Rating Agency has confirmed a rating of BBB or higher in respect of the Financial Indebtedness attributable to that Class A Authorised Credit Facility and the Class A Notes prior to that Class B Authorised Credit Facility being entered into,

and provided that in each case the Class A FCF DSCR is not below the Trigger Event Ratio when the relevant payment is made.

The occurrence of any of the following events will be a Trigger Event:

- the sum of the amount of commitments under any Liquidity Facility Agreements at any time and/or the amount credited to the Debt Service Reserve Account is, in aggregate, less than the Liquidity Required Amount;
- the Class A FCF DSCR falls below 1.35:1.00;

- the Borrower or the Issuer draws down under a Liquidity Facility (excluding any drawing or repayment any Standby Drawing) or withdraws sums credited to a Debt Service Reserve Account or a Liquidity Facility Standby Account, other than for the purpose of repaying any Standby Drawing, respectively, if the withdrawal of such amount is for the purposes of making scheduled debt service payments on the Obligor Senior Secured Liabilities or the Issuer Senior Secured Liabilities;

- subject to the expiry of any applicable grace period or remedy period, a CTA Event of Default has occurred and is continuing; or

- there is a failure to deliver a Compliance Certificate for the relevant period within the required timeframe under the CTA.

CTA Events of Default

The CTA contains certain events of default, the occurrence of which would entitle the Obligor Security Trustee (at its discretion or on the instructions of the Qualifying Obligor Senior Creditors) to accelerate the debt or take an enforcement action in accordance with the provisions of the STID, including (subject in certain cases to agreed grace periods, financial thresholds and other qualifications):

- failure to pay any amounts due under the Senior Finance Documents;

- breach of financial covenant and failure to deliver financial statements or compliance certificates;

- breach of other obligations under the Senior Finance Documents;

- misrepresentation;

- cross default (excluding under a Class B Authorised Credit Facility);

- insolvency, insolvency proceedings or commencement of any creditors' process such as expropriation, attachment, sequestration, distress or execution;

- unlawfulness, invalidity, repudiation or recession of any Senior Finance Document or any obligation under any Senior Finance Document (subject to the Reservations) is not or ceases to be legal, valid, binding or enforceable or any Security Interest created under an Obligor Security Document ceases to be in full force and effect;

- cessation of business;

- commencement or threat of material litigation;

- issue of contribution notice or financial support directive by the Pension Regulator;

- cessation of ownership of intellectual property;

- breach of the Tax Deed of Covenant (subject to certain limitations contained therein, as described in "*Description of Certain Financing Arrangements—Tax Deed of Covenant*");

- breach of the STID;

- change of ownership of members of the Holdco Group;

- occurrence of an event of default under the Class A Notes; and

- unless remedied, any breach of any material provision of the ABF Transaction Documents by IP Co, the Partnership or any partner in the Partnership or any breach of the ABF Intercreditor Deed by any party to the ABF Intercreditor Deed, any misrepresentation by IP Co, the Partnership or any partner in the Partnership in any ABF Transaction Document, or any document delivered under or in connection with it or any rescission or repudiation of any ABF Transaction Document or Security Interest under the ABF.

Cash Management

The CTA contains the following rules regarding the cash management of the Holdco Group.

General

(a) Each Obligor shall open and maintain such Obligor Operating Accounts with an Acceptable Bank as it determines from time to time, acting reasonably, are required for the Permitted Business; *provided that* AA Ireland Limited may open and maintain Obligor Operating Accounts with a reputable bank in Ireland whether or not it meets the rating requirements in the definition of "Acceptable Bank".

(b) The Borrower shall comply with the provisions of the Borrower Account Bank Agreement and the provisions of the CTA that apply to the Designated Accounts maintained by it from time to time. Each other Obligor shall comply with the provisions of the CTA that apply to the Designated Accounts and any Obligor Operating Accounts maintained by it from time to time.

(c) Each Obligor shall ensure that all of its revenues (other than amounts required to be paid into a Designated Account) will be paid into an Obligor Operating Account in its name or the name of another Obligor.

(d) The Obligor Operating Accounts shall be the sole current accounts of the Obligors through which all operating expenditure (including, for the avoidance of doubt, any pension liabilities and following the ABF Implementation Date, royalty payments to IP Co under any licence agreements entered into with IP Co) and Capital Expenditure or any Taxes incurred by the Obligors and any other payment not prohibited pursuant to the Transaction Documents shall be cleared.

(e) The Cash Manager shall be the Holdco Group Agent and will act as cash manager in respect of the accounts held by the Borrower and the Issuer. At all times prior to the delivery of any Loan Enforcement Notice, the Cash Manager shall be authorised by the Borrower, the Issuer and the Obligor Security Trustee to operate all such accounts in accordance with the Obligor Pre-Acceleration Priority of Payments under the STID.

(f) Following the delivery of a Loan Enforcement Notice, the Issuer Cash Manager may only act on the instructions of the Obligor Security Trustee in respect of any accounts maintained by any member of the Holdco Group.

(g) Following the delivery of a Loan Acceleration Notice by the Obligor Security Trustee any amounts standing to the credit of: (i) the Obligor Operating Accounts and the Designated Accounts (other than the Mandatory Prepayment Account, the Defeasance Account and any Liquidity Facility Standby Account) may only be applied in accordance with the Obligor Post-Acceleration Priority of Payments under the STID; (ii) the Mandatory Prepayment Account or the Defeasance Account may only be applied in accordance with the STID; and (iii) a Liquidity Facility Standby Account shall be repaid to the relevant Liquidity Facility Provider in accordance with the STID.

(h) The Obligors must not open any bank accounts outside the United Kingdom and, (i) in respect of AA Ireland Limited only, Ireland and (ii) in respect of TAAL only, TAAL's bank accounts in France existing as at the date of the CTA; *provided that* such bank accounts are used on a basis substantially consistent with the Holdco Group's treasury practice prior to the date of the CTA and on the applicable bank account mandate terms as at the date of the CTA. None of Holdco, Intermediate Holdco or the Borrower may open any bank accounts other than (in the case of the Borrower) the Designated Accounts required to be maintained by it pursuant to the CTA.

(i) Each Obligor shall promptly following the request of the Obligor Security Trustee to deliver to it an updated list of the accounts (with details thereof) maintained by it.

(j) Subject to paragraphs (a) above and (k) and (l) below of this section ("*—Cash Management*"), the Borrower and each other Obligor are required to procure that the Obligor Operating Accounts and the Designated Accounts are maintained with an Acceptable Bank.

(k) If an entity which is the Borrower Account Bank or the account bank in respect of any Designated Account or any Obligor Operating Account maintained in the United Kingdom by an Obligor other than the Borrower and AA Ireland Limited ceases to have a credit rating for its long-term unsecured and non-credit enhanced debt obligations of BBB- or higher by S&P, then the Cash Manager, Borrower or other relevant Obligor must use reasonable endeavours to transfer the affected Obligor Operating Accounts or Designated Accounts to another entity which is an Acceptable Bank, subject to and in accordance with the terms of the Borrower Account Bank Agreement and/or the CTA (as applicable).

(l) A transfer of an Obligor Operating Account or a Designated Account only becomes effective when:

(i) with respect to any Designated Account or any Obligor Operating Account maintained by the Borrower, the proposed new Acceptable Bank enters into an agreement substantially on the same terms as the Borrower Account Bank Agreement;

(ii) the relevant new account is open and operational; and

(iii) a Security Interest satisfactory to the Obligor Security Trustee has been granted over such new Obligor Operating Account or Designated Account.

Designated Accounts

(a) (i) The Borrower shall maintain the following bank accounts in its name, in each case (other than in respect of any Liquidity Facility Standby Accounts) with the Borrower Account Bank:

(A) from no later than immediately prior to the Closing Date, an account designated the "**Debt Service Payment Account**";

(B) from a date no later than 5 Business Days prior to the date on which the first payment is required under the Senior Finance Documents to be made into such account, an account designated the "**Excess Cashflow Account**";

(C) from a date no later than 5 Business Days prior to the date on which the first payment is required under the Senior Finance Documents to be made into such account, an account designated the "**Defeasance Accoun**t";

(D) from no later than immediately prior to the Closing Date, an account designated the "**Mandatory Prepayment Account**";

(E) from no later than immediately prior to the date of any utilisation of any Liquidity Facility, an account designated a "**Liquidity Facility Standby Account**" in respect of each person that is a Liquidity Facility Provider under the relevant Liquidity Facility;

(F) from a date at the Borrower's discretion, an account designated the "**Borrower Debt Service Reserve Account**"; and

(G) from no later than 15 January 2015, an account designated the "**TAAL Migration Condition Account**",

on the terms set out in the Borrower Account Bank Agreement; and

(ii) Holdco shall procure that from no later than immediately prior to the Closing Date an account designated the Maintenance Capex Reserve Account ("**Maintenance Capex Reserve Account**") is maintained with an Acceptable Bank in the name of an Obligor that is an English Subsidiary of the Borrower,

each account under paragraphs (i) and (ii) above, a "**Designated Account**".

(b) No amount may be credited to or debited from a Designated Account other than as expressly provided in the CTA and the STID.

(c) The Cash Manager, the Borrower and each other relevant Obligor (as applicable) must ensure that no Designated Account goes into overdraft.

Debt Service Payment Account

Prior to the delivery of a Loan Acceleration Notice by the Obligor Security Trustee, the Obligors undertake to credit the Debt Service Payment Account three Business Days prior to any Loan Interest Payment Date or, if applicable, any other interest payment date provided for in any Class A Authorised Credit Facility, with sufficient funds to enable the Borrower to make any required payments under the Finance Documents due on such Loan Interest Payment Date or, if different, such other interest payment date provided for in a Class A Authorised Credit Facility in accordance with Part A of the Obligor Pre-Acceleration Priority of Payments under the STID. If there are insufficient amounts standing to the credit of the Debt Service Payment Account on the relevant date to pay all amounts due under the Finance Documents, such unpaid amounts shall be paid from any of the Obligor Operating Accounts.

Excess Cashflow Account

(a) Unless a Qualifying Public Offering has occurred or paragraph (b)(ii), (c) or (d) below applies, Holdco shall deposit into the Excess Cashflow Account within five Business Days after the date of required

delivery of the consolidated audited Annual Financial Statements of the Holdco Group (and related Compliance Certificate) for that Financial Year (and, where relevant, net of any amount credited to the Excess Cashflow Account pursuant to paragraph (b)(ii) below in respect of the first six months of the relevant Financial Year) 100% of the Excess Cashflow for each Financial Year that is a Bank Debt Sweep Period.

(b) If a Trigger Event is continuing as evidenced by the most recent Compliance Certificate delivered with any Financial Statements, Holdco shall be required to deposit into the Excess Cashflow Account within five Business Days after the date of required delivery of the relevant Compliance Certificate:

(i) 100% of Excess Cashflow for the six month period ending on the last day of the Test Period to which that Compliance Certificate relates if that Compliance Certificate is delivered with any Semi-Annual Financial Statements; and

(ii) 100% of Excess Cashflow for the 12 month period ending on the last day of the Test Period to which that Compliance Certificate relates if that Compliance Certificate is delivered with any Annual Financial Statements (and, where relevant, net of any amount credited to the Excess Cashflow Account pursuant to paragraph (b)(i) above in respect of the first six months of the relevant Financial Year).

(c) Not less than five Business Days before each Loan Interest Payment Date that falls:

(i) during a Cash Accumulation Period; or

(ii) after a Final Maturity Date for so long as the Financial Indebtedness to which that Final Maturity Date relates remains outstanding,

Holdco shall deposit into the Excess Cashflow Account 100% (or, during a Cash Accumulation Period, the aggregate Required Accumulation Percentage) of the Projected Excess Cashflow for the six month period ending on that Interest Payment Date. In this paragraph, "**Projected Excess Cashflow**" means Excess Cashflow for the relevant six month period as projected by Holdco acting reasonably having regard to the actual and projected financial performance of the Holdco Group over that period and as certified to the Obligor Security Trustee by the Holdco Group Agent on or not earlier than five Business Days prior to the date the relevant amount is credited to the Excess Cashflow Account.

(d) Prior to the delivery of a Loan Acceleration Notice by the Obligor Security Trustee, any amounts standing to the credit of the Excess Cashflow Account shall be applied in accordance with the Obligor Pre-Acceleration Priority of Payments under the STID.

Maintenance Capex Reserve Account

(a) The Maintenance Capex Reserve Account shall be credited by the Obligors with the difference between the Minimum Capital Maintenance Spend Amount required to be spent each Financial Year under the CTA and the amount of Maintenance Capital Expenditure actually spent by the Obligors in such Financial Year within 30 days from the end of each Financial Year.

(b) Prior to the delivery of a Loan Acceleration Notice by the Obligor Security Trustee any amounts standing to the credit of the Maintenance Capex Reserve Account may only be utilised by the Obligors to fund a payment of Maintenance Capital Expenditure.

Defeasance Account

(a) The Borrower:

(i) shall, if a Trigger Event is subsisting at the relevant time, credit to the Defeasance Account any amount of Excess Cashflow standing to the credit of the Excess Cashflow Account required to be credited into the Defeasance Account in accordance with Part B of the Obligor Pre-Acceleration Priority of Payments under the STID. Once the Trigger Event is no longer continuing, any amount credited to the Defeasance Account pursuant to this paragraph shall be released from the Defeasance Account and applied by the Cash Manager in accordance with Part B of the Obligor Pre-Acceleration Priority of Payments under the STID in the order in which it would have been applied had a Trigger Event not occurred and any excess amounts shall be credited to such Obligor Operating Account as the Cash Manager may elect and applied in accordance with the Senior Finance Documents;

(ii) may at its discretion pay any equity cure amounts into the Defeasance Account. Such amounts may only be released in accordance with the financial covenant and equity cure related provisions in the CTA;

(iii) shall credit any amounts required to be paid into the Defeasance Account in accordance with the voluntary prepayment provisions in the CTA. Any such amounts standing to the credit of the Defeasance Account may be applied only in accordance with such voluntary prepayment provisions in the CTA; and

(iv) prior to the occurrence of a Trigger Event, (with respect to any amounts it wishes to use for the defeasance of any Class A IBLA in respect of any Class A Notes) may or, following the occurrence of a Trigger Event, shall, deposit the proceeds of any Disposal Proceeds or Insurance Proceeds in the Defeasance Account in accordance with "*—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*" below. Any Disposal Proceeds or Insurance Proceeds standing to the credit of the Defeasance Account may only be applied in accordance with "*—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*" below.

(b) Pending application, amounts credited to the Defeasance Account shall be held for the benefit of the Authorised Credit Providers under the fixed rate Class A Authorised Credit Facility in respect of which the relevant amount were credited.

(c) The Cash Manager shall maintain appropriate entries in respect of the Defeasance Account and any amounts credited to or debited from it which identify the fixed rate Class A Authorised Credit Facility in respect of which those debits and credits are made. In the absence of manifest error such entries are conclusive evidence of the matters to which they relate.

(d) On or following any Expected Maturity Date in respect of any Sub-Class or Class A Notes any amounts credited to the Defeasance Account in respect of the corresponding Class A IBLA Advance most be applied toward prepayment of such Class A IBLA Advance (including any redemption premium payable by the Obligors).

Mandatory Prepayment Account

(a) Any amount (other than Excess Cashflow) required to be applied in prepayment of any Class A Authorised Credit Facility that bears interest at a floating rate may, if permitted under the relevant Class A Authorised Credit Facility, be credited to the Mandatory Prepayment Account for application in prepayment of amounts outstanding under that Class A Authorised Credit Facility at the time provided for in the relevant Class A Authorised Credit Facility (and pending such application shall be held for the benefit of the Authorised Credit Providers under the Authorised Credit Facilities in respect of which the relevant amount was credited).

(b) Subject to the terms of the STID, the proceeds of any Additional Financial Indebtedness which have been raised for the purpose of refinancing any Class A Authorised Credit Facility and are required to be applied in prepayment of such Class A Authorised Credit Facility may, if permitted under the terms of such Additional Financial Indebtedness, be credited to the Mandatory Prepayment Account (or such other account as the new Authorised Credit Providers require for the holding of the proceeds pending their application for repayment of the relevant Class A Authorised Credit Facility) and held in it until such time as the Borrower elects to prepay or repay such Class A Authorised Credit Facility to be refinanced with such proceeds.

(c) The Cash Manager shall maintain appropriate entries in respect of the Mandatory Prepayment Account and any amounts credited to or debited from it which identify the Class A Authorised Credit Facility in respect of which those debits and credits are made. In the absence of manifest error such entries are conclusive evidence of the matters to which they relate.

Liquidity Facility Standby Account

Subject to the terms of the STID and any Liquidity Facility Agreement, the Borrower shall pay the proceeds of any Standby Drawing into the Liquidity Facility Standby Account with the relevant Liquidity Facility Provider unless such Standby Drawing is made as a result of a downgrade of such Liquidity Facility Provider below the Requisite Rating, in which case the proceeds of any Standby Drawing shall be paid into a Liquidity Facility Standby Account with the Borrower Account Bank.

Borrower Debt Service Reserve Account

(a) Any member of the Holdco Group may credit the Borrower Debt Service Reserve Account with funds which shall be utilised by the Borrower to fund any Liquidity Shortfall.

(b) No amount may be debited from the Borrower Debt Service Reserve Account (other than to the Debt Service Payment Account) if that would cause the occurrence of a Trigger Event in accordance with paragraph (a) under "*—CTA Trigger Events and Lock Up*."

TAAL Migration Condition Account

(a) Unless paragraphs (a), (b) or (c) under "*—Excess Cashflow Account*" above apply, in respect of any Financial Year ending on 31 January 2015, 31 January 2016 or 31 January 2017, if the unconsolidated earnings before interest, tax, depreciation and amortisation (calculated in the same way as EBITDA and excluding all intragroup items and investments in Subsidiaries of any member of the Holdco Group) of TAAL are 10% or more of the EBITDA of the Holdco Group for the relevant Financial Year then, unless the TAAL Business Transfer Implementation Date has occurred prior to the date of delivery of the Compliance Certificate in respect of the Test Period ending on such date, Holdco shall credit 100% of Excess Cashflow for that Financial Year to the TAAL Migration Condition Account (and, where relevant; net of any amount credited to the Excess Cashflow Account pursuant to paragraph (b)(i) under "*—Excess Cashflow Account*" above in respect of the first six months of the relevant Financial Year); *provided that*, if paragraphs (a) or (c)(i) under "*—Excess Cashflow Account*" applies, and there are remaining amounts following the application of Excess Cashflow in accordance with the Obligor Pre-Acceleration Priority of Payments under the STID, then such remaining amounts shall be credited to the TAAL Migration Condition Account.

(b) If the TAAL Business Transfer Implementation Date occurs, any amounts standing to the credit of the TAAL Migration Condition Account may be released to the Holdco Group without the consent of the Obligor Security Trustee.

Cash Pooling

Each Obligor shall (and Holdco shall procure that each other member of the Holdco Group shall) ensure that any netting and set-off arrangements entered into by members of the Holdco Group in the ordinary course of its banking arrangements for the purposes of netting debit and credit balances of Obligor Operating Accounts of members of the Holdco Group shall only be netted in an account in the name of an Obligor and to the extent permitted by paragraph (d) of the definition of "Permitted Security".

Mandatory Prepayment From Disposal Proceeds and Insurance Proceeds

(a) The Obligors will agree that prior to a Qualifying Public Offering and unless a Trigger Event has occurred and is continuing at the relevant prepayment is required to be made:

(i) if the Senior Term Facility is outstanding, any Disposal Proceeds and Insurance Proceeds which are required to be applied by the Borrower in prepayment of amounts outstanding under any Class A Authorised Credit Facility shall be applied toward prepayment of the Senior Term Facility (including any related swap termination amounts, break costs and redemption premia payable by the Obligors); and

(ii) if the Senior Term Facility is not outstanding, any Disposal Proceeds and Insurance Proceeds required to be applied in prepayment of the Obligor Senior Secured Liabilities must be used, at the Borrower's discretion, to permanently repay, prepay, defease (by way of credit to the Defeasance Account) or purchase any Class A Notes and/or any amounts outstanding under any Class A Authorised Credit Facility (excluding any Hedging Agreement and Liquidity Facility) and to pay any related swap termination amounts under any Hedging Agreement, break costs and redemption premia payable in connection herewith.

(b) If a Trigger Event has occurred and is continuing at the relevant time then, notwithstanding the terms of the Class A Authorised Credit Facilities, any Disposal Proceeds and Insurance Proceeds required to be applied in prepayment of the Obligor Senior Secured Liabilities must be applied *pro rata* in or towards (i) repaying or prepaying on a pro rata basis the outstanding principal amount under each Class A Authorised Credit Facility (excluding any Liquidity Facility and any Hedging Agreements) which bears interest at a floating rate, less an amount which is required to pay any related swap termination amounts, break costs and any redemption premia (which amount shall be applied in satisfaction of such termination amounts, break costs and redemption premia); and (ii) on a pro rata basis repaying, prepaying and/or defeasing (by way of credit to the Defeasance Account) the outstanding principal amount under each Class A Authorised Credit Facility (excluding any Liquidity Facility and any Hedging Agreement) which bears interest at a fixed rate and/or purchasing Class A Notes (at a price not exceeding the Principal Amount Outstanding (excluding accrued but unpaid interest) pursuant to a public tender offer on a *pro rata* basis), less an amount which is required to pay and related swap termination amounts and redemption premia) (which amount shall be applied in satisfaction of such termination amounts and redemption premia).

(c) Once the Trigger Event is no longer continuing, any amount credited to the Defeasance Account pursuant to paragraph (b) above shall be applied as set out in paragraph (a) above with any excess to be credited to such Obligor Operating Account as the Cash Manager may elect for application by the Holdco Group in accordance with the Transaction Documents.

(d) Following a Qualifying Public Offering, any Disposal Proceeds and Insurance Proceeds may be applied at the discretion of the Borrower (subject always to the terms of the Senior Finance Documents).

Hedging Policy

Risks Arising In The Ordinary Course Of Business

(a) The Borrower and each other member of the Holdco Group may enter into Treasury Transactions for the purposes of hedging risks arising in the ordinary course of the Holdco Group's business, including, amongst others, risks deriving from exposures to fluctuations in interest rates and, subject to paragraph (a) under "*—OCB Secured Capped Hedging Transactions*" below, the price of commodities and currency exchange rates. The Issuer shall not enter into Treasury Transactions other than Hedging Transactions.

(b) Treasury Transactions may be entered into with one or more counterparties. No member of the Holdco Group, the Borrower or the Issuer may enter into Treasury Transactions for the purpose of speculation.

(c) No member of the Holdco Group, the Borrower or the Issuer may enter into Treasury Transactions that are inflation swaps.

OCB Secured Capped Hedging Transactions

(a) The Borrower and each other member of the Holdco Group may enter into OCB Treasury Transactions that are Commodity Hedging Transactions and/or FX Hedging Transactions for the purpose of hedging risks arising in the ordinary course of business from exposures to fluctuations in the price of commodities and/or foreign exchange rates (collectively, the "**OCB Secured Capped Hedging Transactions**"); *provided that,* subject to paragraph (g) under "*—Risks Arising In Connection With The Relevant Debt*" below, the Obligors may only enter into such transactions on an OCB Trade Date if:

(i) in the case of a Commodity Hedging Transaction, the aggregate of the OCB Commodities Notional Amounts for all Commodity Hedging Transactions on such OCB Trade Date (including any Commodity Hedging Transaction to be entered into on such OCB Trade Date) is not greater than the OCB Secured Transaction Cap in respect of Commodity Hedging Transactions; and

(ii) in the case of an FX Hedging Transaction, the aggregate of the OCB FX Calculation Amounts for all FX Hedging Transactions on such OCB Trade Date (including any FX Hedging Transaction to be entered into on such OCB Trade Date) is not greater than the OCB Secured Transaction Cap in respect of FX Hedging Transactions.

(b) The obligations of the Obligors under the OCB Secured Hedging Agreements shall be secured by the Obligor Security.

Risks Arising In Connection With The Relevant Debt

(a) The Borrower and the Issuer may enter into Hedging Transactions for the purpose of hedging risks deriving from exposures to fluctuation in, *inter alia*, interest rates and currency exchange rates arising in connection with the Relevant Debt. Hedging Agreements and Hedging Transactions may be entered into with one or more Hedge Counterparties, subject to paragraph (a) under *"—Principles Relating To Hedge Counterparties"* below.

(b) The Borrower and the Issuer may execute forward-starting hedging arrangements to mitigate interest rate and currency exchange rate risks associated with the incurrence (including future incurrence) of the Relevant Debt.

(c) In the event the Issuer enters into any Hedging Transactions under an Issuer Hedging Agreement, the economic effect of such Hedging Transactions shall be passed on to the Borrower either through the Class A IBLA or by way of back-to-back hedge agreements between the Borrower and the Issuer.

(d) The Hedging Policy will be reviewed from time to time by the Borrower and the Issuer and may be amended as appropriate in line with market practice, regulatory developments and good industry practice in accordance with the provisions of the STID.

(e) Subject to paragraph (f) below, no amendment, waiver, modification or termination (in whole or part) of any Hedging Agreement will require the consent of any party other than the parties to such Hedging Agreement; *provided that* such amendment, waiver, modification or termination (as the case may be) does not result in any breach of this Hedging Policy, in which case such amendment, waiver, modification or termination will be subject to the provisions of the STID.

(f) No amendment, waiver, modification or termination (in whole or part) of any Hedging Transaction or Hedging Agreement required to meet the requirements of the Rating Agency from time to time will require the consent of any party other than the parties to the relevant Hedging Agreement.

(g) For the purpose of determining compliance with the cap on OCB Secured Capped Hedging Transactions under paragraph (a) of *"—OCB Secured Capped Hedging Transactions"* above, the currency risk principles under paragraphs (a) and (b) of *"—Currency Risk Principles"* below and the interest rate risk principles under paragraphs (a) and (b) of *"—Interest Rate Risk Principles"* below, the notional amount and/or currency amount of an OCB Secured Capped Hedging Transaction or a Hedging Transaction on any date shall be reduced by the notional amount and/or or currency amount of an OCB Secured Capped Hedging Transaction or a Hedging Transaction that is an Offsetting Transaction or an Overlay Transaction with respect thereto (as applicable) on that date.

Currency Risk Principles

(a) At any time, the Borrower and the Issuer (taken together) will hedge currency risk in respect of the interest payable and the repayment of principal in relation to the total outstanding Relevant Debt which is denominated in a currency other than GBP (a "**Foreign Currency**") to ensure that at any time:

(i) a minimum of 100% of the total outstanding Relevant Debt denominated in a Foreign Currency is hedged pursuant to XCCY Interest Rate Hedging Transactions for a term no less than the shorter of (x) the average maturity of the Relevant Debt denominated in a Foreign Currency; and (y) 3 years; and

(ii) the aggregate notional amount of XCCY Interest Rate Hedging Transactions does not exceed 110% of the total outstanding Relevant Debt denominated in a Foreign Currency.

(b) In the event that the aggregate notional amount of XCCY Interest Rate Hedging Transactions relating to the Relevant Debt which is denominated in a Foreign Currency exceeds 110% of the total outstanding Relevant Debt denominated in a Foreign Currency (after taking into account any offset effected by any Offsetting Transactions and Overlay Transactions) (a "**XCCY Overhedged Position**"), then the Borrower or the Issuer must, within 30 calendar days of becoming aware of the XCCY Overhedged Position, reduce the aggregate notional amount of the XCCY Interest Rate Hedging Transactions (which may be achieved by terminating one or more XCCY Interest Rate Hedging Transactions (in whole or in part) at the discretion of the Borrower, the Issuer or the PP Note Issuer, as applicable) and/or entering into Offsetting Transactions and/or Overlay Transactions so that it is in compliance with the parameters in paragraph (a) above.

(c) Foreign exchange rate risk will be hedged through derivative instruments including but not limited to swaps, caps, options and collars in order to comply with paragraph (a) above.

Interest Rate Risk Principles

(a) At any time, the Borrower and the Issuer will (taken together) hedge the interest rate risk in relation to the total outstanding Relevant Debt denominated in GBP to ensure that at any time:

(i) a minimum of 75% of the total outstanding Relevant Debt denominated in GBP is hedged pursuant to GBP Interest Rate Hedging Transactions for a term no less than the shorter of (x) the average maturity of the Relevant Debt denominated in GBP; and (y) 3 years; and

(ii) the aggregate notional amount of Interest Rate Hedging Transactions does not exceed 110% of the total outstanding Relevant Debt denominated in GBP.

(b) In the event that the aggregate notional amount of GBP Interest Rate Hedging Transactions relating to the Relevant Debt denominated in GBP exceeds 110% of the total outstanding Relevant Debt (after taking

into account any offset effected by any Offsetting Transactions and Overlay Transactions) (an "**Overhedged Position**"), then the Borrower or the Issuer must, within 30 calendar days of becoming aware of the Overhedged Position, reduce the aggregate notional amount of the GBP Interest Rate Hedging Transactions (which may be achieved by terminating one or more GBP Interest Rate Hedging Transactions (in whole or in part) at the discretion of the Borrower or the Issuer, as applicable) and/or entering into Offsetting Transactions and/or Overlay Transactions so that it is in compliance with the parameters in paragraph (a) above.

(c) Interest rate risk on floating rate liabilities will be hedged through derivative instruments including but not limited to swaps, caps, options and collars in order to comply with paragraph (a) above.

Principles Relating To Hedge Counterparties

(a) The Borrower and the Issuer may only enter into Hedging Transactions or OCB Secured Hedging Transactions with counterparties whose unsecured and unsubordinated debt obligations are assigned a rating by the Rating Agency which is no less than the Minimum Long Term Rating, or where a parent guarantee is provided by an institution which meets the requisite criteria of its Rating Agency with respect to parent guarantees.

(b) The counterparty principles under paragraph (a) above are to be tested only on the entry into each Hedging Transaction or OCB Secured Hedging Transaction (as applicable) and, for the avoidance of doubt, shall not apply to any amendment, modification or waiver made in respect of such Hedging Transaction or OCB Secured Hedging Transaction (as applicable). Without prejudice to either the Borrower's or the Issuer's (as applicable) obligations to comply with the counterparty principles on entry into each Hedging Transaction or each OCB Secured Hedging Transaction (as applicable), neither will have any obligation to take any action (or to cease to take any action) if a Hedge Counterparty or an OCB Secured Hedge Counterparty (as applicable) subsequently ceases to satisfy the criteria set out in paragraph (a) above.

Principles Relating To Hedging Agreements

All Hedging Agreements and all OCB Secured Hedging Agreements must be entered into (whether by way of novation or otherwise) in the form of the ISDA Master Agreement with a schedule substantially on the terms set out below (subject to (i) any amendment that a Hedge Counterparty or an OCB Secured Hedge Counterparty (as applicable) may require for tax or regulatory purposes and (ii) in the case of the OCB Secured Hedging Agreements, (x) the disapplication of the following additional termination events ("**Additional Termination Events**"): "Discharge of all Debt", "Overhedging—GBP Denominated Debt" and "Overhedging—Foreign Currency Denominated Debt" (as set out below) in respect of an OCB Secured Hedge Counterparty and (y) any amendments and provisions that are customary for FX or commodity transactions of such nature) (the "***Pro forma* Hedging Agreement**").

Notwithstanding any provision to the contrary in any Hedging Agreement, the relevant Borrower or the Issuer and each Hedge Counterparty will be required to agree that:

(a) the Hedge Counterparty may only designate an Early Termination Date (as defined in the relevant Hedging Agreement) if one or more of the following events has occurred and is continuing:

(i) with respect to the Borrower Hedging Agreements:

(A) in relation to the Borrower only, a non-payment or non-delivery Event of Default, if it relates to non-payment or non-delivery under such Borrower Hedging Agreement unless such failure to pay or deliver is caused by:

(I) an administrative or technical error; or

(II) a Disruption Event,

and such payment is made within five Business Days of the due date;

(B) a CTA Event of Default has occurred in respect of which a Loan Acceleration Notice has been delivered;

(C) all outstanding Relevant Debt, other than obligations under the Borrower Hedging Agreement and the OCB Secured Hedging Agreements are irrevocably and unconditionally repaid, prepaid or cancelled in full (the "**Discharge of all Debt**") or

the relevant Hedge Counterparty becomes aware that the Borrower has given notice of any proposed prepayment, repayment or cancellation of all outstanding Relevant Debt (other than the obligations under the Borrower Hedging Agreement and the OCB Secured Hedging Agreements) in full;

(D) a Hedging Transaction is entered into which does not comply with the Hedging Policy on its Trade Date; *provided that* the Hedge Counterparty to such Hedging Transaction may only designate an Early Termination Date (as defined in the relevant Hedging Agreement) in respect of such Hedging Transaction; or

(E) any event outlined in Section 5(a)(vii) (*Bankruptcy*) of the Hedging Agreement (as amended by the relevant schedule to such Hedging Agreement to disapply, with respect to the Borrower, (i) Sections 5(a)(vii)(2), (7) and (9) of the ISDA Master Agreement, (ii) Section 5(a)(vii)(3) of the ISDA Master Agreement to the extent it refers to any assignment, arrangement or composition that is effected by any Senior Finance Document, (iii) Section 5(a)(vii)(4) of the ISDA Master Agreement to the extent it refers to any proceedings or petitions instituted or presented by any Borrower Hedge Counterparty or any Affiliate thereof, (iv) Section 5(a)(vii)(6) of the ISDA Master Agreement to the extent it refers to (1) any appointment that is contemplated or effected by any document to which the relevant Borrower Hedge Counterparty is a party in connection with the transactions contemplated by the Class A IBLA or (2) any such appointment to which the Borrower has not yet become subject and (v) Section 5(a)(vii)(8) of the ISDA Master Agreement to the extent that it applies to Section 5(a)(vii)(1), (3), (4), (5) and (6) of the ISDA Master Agreement as they apply with respect to the Borrower;

(ii) with respect to the Issuer Hedging Agreements,

(A) in relation to the Issuer only, a non-payment or non-delivery Event of Default, if it relates to non-payment or non-delivery under such Borrower Hedging Agreement unless such failure to pay or deliver is caused by:

(I) an administrative or technical error; or

(II) a Disruption Event,

and such payment is made within 5 Business Days of the due date;

(B) a Class A Note Event of Default has occurred in respect of which the Class A Notes are accelerated;

(C) all outstanding Relevant Debt (other than obligations and liabilities under the Issuer Hedging Agreements) and any PP Note Issuer Hedging Agreements are irrevocably and unconditionally repaid, prepaid or cancelled in full or the relevant Hedge Counterparty becomes aware that the Issuer has given notice of any proposed prepayment, repayment or cancellation of all outstanding Relevant Debt (other than the obligations under the Issuer Hedging Agreements and any PP Note Issuer Hedging Agreements) in full;

(D) a Hedging Transaction is entered into which does not comply with the Hedging Policy on its Trade Date; *provided that* the Hedge Counterparty to such Hedging Transaction may only designate an Early Termination Date (as defined in the relevant Hedging Agreement) in respect of such Hedging Transaction; or

(E) any event outlined in Section 5(a)(vii) (Bankruptcy) of the Hedging Agreement (as amended by the relevant schedule to such Hedging Agreement to disapply, with respect to the Issuer, (i) Sections 5(a)(vii)(2), (7) and (9) of the ISDA Master Agreement, (ii) Section 5(a)(vii)(3) of the ISDA Master Agreement to the extent it refers to any assignment, arrangement or composition that is effected by any Finance Document; (iii) Section 5(a)(vii)(4) of the ISDA Master Agreement to the extent it refers to any proceedings or petitions instituted or presented by any Issuer Hedge Counterparty or any Affiliate thereof, (iv) Section 5(a)(vii)(6) of the ISDA Master Agreement to the extent it refers to (1) any appointment that is contemplated or effected by any document to which the relevant Issuer Hedge Counterparty is a party in connection with the transactions contemplated by the Class A Note Trust Deed or

(2) any such appointment to which the Issuer has not yet become subject and
(v) Section 5(a)(vii)(8) of the ISDA Master Agreement to the extent that it applies to Section 5(a)(vii)(1), (3), (4), (5) and (6) of the ISDA Master Agreement as they apply with respect to the Issuer;

(iii) an event outlined in Section 5(b)(i) (*Illegality*) of the Hedging Agreement;

(iv) an event outlined in Section 5(b)(ii) (*Tax Event*) of the Hedging Agreement;

(v) an event outlined in Section 5(b)(iii) (*Tax Event upon Merger*) of the Hedging Agreement;

(vi) if a break clause or right of early termination (whether mandatory or optional) granted in favour of the Borrower or the Issuer or the relevant Hedge Counterparty is exercisable in accordance with the terms of the relevant Hedging Agreement; and

(vii) a Hedge Excess in respect of the total principal amount outstanding of the Relevant Debt which is denominated in GBP has occurred and is continuing and 30 calendar days have elapsed since the Borrower or the Issuer (as applicable) first became aware of the occurrence of such Hedge Excess (the "**Overhedging—GBP Denominated Debt**"); *provided that*:

(A) if an Early Termination Date (as defined in the relevant Hedging Agreement) is designated in respect of a Transaction that is a GBP Interest Rate Hedging Transaction (an "**Original Transaction**") pursuant to this Additional Termination Event, such Original Transaction shall be split, on the designated Early Termination Date (as defined in the relevant Hedging Agreement), into two Transactions. One of such Transactions (a "**Continuing Transaction**") will have a notional amount equal to the Continuing Notional Amount and the other Transaction (an "**Excess Transaction**") will have a notional amount equal to the Excess Notional Amount. Otherwise, the Continuing Transaction and the Excess Transaction shall have the same terms as the Original Transaction. Each Continuing Transaction shall continue and shall not be an Affected Transaction and each Excess Transaction shall be an Affected Transaction in respect of such Additional Termination Event;

(B) the "**Excess Notional Amount**" in respect of an Excess Transaction shall be an amount equal to the product of (1) the Excess Above 110% and (2) a fraction, the numerator of which is the notional amount of the relevant Original Transaction as of the occurrence of the relevant Additional Termination Event (but prior to the splitting of the Original Transaction into the Continuing Transaction and the Excess Transaction) and the denominator of which is the Total Hedged Amount as of the occurrence of the relevant Additional Termination Event (but prior to the splitting of the Original Transaction into the Continuing Transaction and the Excess Transaction);

(C) the "**Continuing Notional Amount**" in respect of a Continuing Transaction shall be an amount determined by a Hedge Counterparty equal to the notional amount as of the occurrence of the relevant Additional Termination Event (but prior to the splitting of the Original Transaction into the Continuing Transaction and the Excess Transaction) of the relevant Original Transaction less the Excess Notional Amount of the Excess Transaction relating to that Original Transaction;

(D) the Borrower or the Issuer (as applicable) will be the sole Affected Party; *provided that* for the purposes of Section 6(b)(iv) of the ISDA Master Agreement, both parties shall be Affected Parties; and

(E) pursuant to this Additional Termination Event, no early termination date (as defined in the relevant Hedging Agreement) may be designated in respect of a Transaction that is not a GBP Interest Rate Hedging Transaction.

For the purposes of this Additional Termination Event only:

"**Aggregate Hedged Amount**" means, on any day, the aggregate of the notional amounts on such day of the Transactions that are GBP Interest Rate Hedging Transactions; *provided that* the notional amount of a GBP Interest Rate Hedging Transaction shall be reduced by the notional amount of any Offsetting Transaction or Overlay Transaction;

"**Excess Above 110%**" means, on any day, the amount by which the Total Hedged Amount on such day exceeds the Permitted Maximum Hedged Amount on such day;

"**GBP Interest Rate Hedging Transaction**" means an Interest Rate Hedging Transaction under which all payments are denominated in GBP;

"**Hedge Excess**" means that, on any day, the Total Hedged Amount exceeds the Permitted Maximum Hedged Amount;

"**Permitted Maximum Hedged Amount**" means an amount equal to 110% of the total principal amount outstanding of the Relevant Debt which is denominated in GBP; and

"**Total Hedged Amount**" means, at any time, the sum of each "Aggregate Hedged Amount" (as such term is defined in each Hedging Agreement) with respect to each Hedging Agreement in place at that time.

(viii) A Hedge Excess in respect of Relevant Debt denominated in a certain Foreign Currency (the "**Overhedging—FCD**") has occurred and is continuing and 30 calendar days have elapsed since the Borrower or the Issuer (as applicable) first became aware of the occurrence of such Hedge Excess. For the purpose of this Additional Termination Event only:

(A) if an Early Termination Date (as defined in the relevant Hedging Agreement) is designated in respect of a Transaction (a "**FCD Original Transaction**") pursuant to this Additional Termination Event, such FCD Original Transaction shall be split, on the designated Early Termination Date (as defined in the relevant Hedging Agreement), into two Transactions. One of such Transactions (a "**FCD Continuing Transaction**") will have a calculation amount equal to the Continuing Notional Amount and the other Transaction (a "**FCD Excess Transaction**") will have a calculation amount equal to the Excess Notional Amount. Otherwise, the FCD Continuing Transaction and the FCD Excess Transaction shall have the same terms as the FCD Original Transaction. Each FCD Continuing Transaction shall continue and shall not be an Affected Transaction and each FCD Excess Transaction shall be an Affected Transaction in respect of such Additional Termination Event;

(B) the "**Excess Notional Amount**" in respect of an FCD Excess Transaction shall be an amount equal to the product of (1) the Excess Above 110% and (2) a fraction, the numerator of which is the calculation amount of the relevant Original Transaction as of the occurrence of the relevant Additional Termination Event (but prior to the splitting of the FCD Original Transaction into the FCD Continuing Transaction and the FCD Excess Transaction) and the denominator of which is the Total Hedged Amount as of the occurrence of the relevant Additional Termination Event (but prior to the splitting of the FCD Original Transaction into the FCD Continuing Transaction and the FCD Excess Transaction);

(C) the "**Continuing Notional Amount**" in respect of a FCD Continuing Transaction shall be an amount determined by Hedge Counterparty equal to the calculation amount as of the occurrence of the relevant Additional Termination Event (but prior to the splitting of the FCD Original Transaction into the FCD Continuing Transaction and the FCD Excess Transaction) of the relevant FCD Original Transaction less the Excess Notional Amount of the FCD Excess Transaction relating to that FCD Original Transaction;

(D) the Borrower or the Issuer (as applicable) will be the sole Affected Party; *provided that* for the purposes of Section 6(b)(iv) of the ISDA Master Agreement, both parties shall be Affected Parties; and

(E) no Early Termination Date (as defined in the relevant Hedging Agreement) may be designated in respect of a Transaction that is not a XCCY Interest Rate Hedging Transaction denominated in the same foreign currency as the Hedge Excess.

For the purposes of this Additional Termination Event only:

"**Excess Above 110%**" means, on any day, the amount by which the Total Hedged Amount exceeds the Permitted Maximum Hedged Amount at that time;

"**Hedge Excess**" means that, on any day, the Total Hedged Amount exceeds the Permitted Maximum Hedged Amount;

"**Permitted Maximum Hedged Amount**" means an amount equal to 110% of the total principal amount outstanding of the Relevant Debt which is denominated in a certain Foreign Currency;

"**Total Hedged Amount**" means, at any time, the sum of each "XCCY Aggregate Hedged Amount" (as such term is defined in each Hedging Agreement) with respect to each Hedging Agreement in place at that time;

"**XCCY Aggregate Hedged Amount**" means in respect of any Foreign Currency, on any day, the aggregate of the calculation amounts (denominated in that Foreign Currency) of the transactions that are XCCY Interest Rate Hedging Transactions in respect of that Foreign Currency; *provided that* the calculation amount of a XCCY Interest Rate Hedging Transaction shall be reduced by the calculation amount of any Offsetting Transaction or Overlay Transaction; and

"**XCCY Interest Rate Hedging Transaction**" means, in respect of Relevant Debt denominated in a certain Foreign Currency, an Interest Rate Hedging Transaction under which at least one transaction calculation amount is denominated in such Foreign Currency.

(ix) If (a) the NFC Representation made by the Borrower or the Issuer (as applicable) proves to be or has become incorrect or misleading in any material respect or (b) such transaction is (i) a Relevant Transaction on the Relevant Transaction Clearing Deadline Date; and (ii) not Cleared on or prior to the Relevant Transaction Clearing Deadline Date, it will constitute an Additional Termination Event in respect of which:

(A) such transaction will be the sole Affected Transaction; and

(B) the Borrower or the Issuer (as applicable) will be the sole Affected Party; *provided that* both parties will be Affected Parties for the purposes of Section 6(b)(iv) of the ISDA Master Agreement.

For the sole purposes of any determination pursuant to Section 6(e) following the designation of an early termination date (as defined in the relevant Hedging Agreement) as a result of this Additional Termination Event, it will be deemed that the Transaction is not a Relevant Transaction.

(b) Save as set out in paragraph (a) of *"—Principles Relating to Hedging Agreements"* above, no Event of Default (as defined in the ISDA Master Agreement) shall apply in relation to the Borrower, the Issuer or any member of the Holdco Group (as applicable) and no Termination Event (as defined in the ISDA Master Agreement) in respect of which the Hedge Counterparty or any OCB Secured Hedge Counterparty (as applicable) would have a right to terminate the relevant Hedging Agreement or the relevant OCB Secured Hedging Agreement (as applicable) or any Hedging Transaction or any OCB Secured Hedging Transaction thereunder shall apply.

(c) The Borrower or the Issuer may enter into Hedging Transactions that contain break clauses or optional early termination rights, including, for the avoidance of doubt, rights of "Optional Early Termination" and "Mandatory Early Termination" as described in Article 14 and Article 17 of the 2006 Definitions.

(d) Each Hedge Counterparty and OCB Secured Hedge Counterparty will be required to acknowledge in the relevant Hedging Agreement and the OCB Secured Hedging Agreement (as applicable) that all amounts payable or expressed to be payable by the Borrower or the Issuer under or in connection with such Hedging Agreement or OCB Secured Hedging Agreement (as applicable) shall only be recoverable (and all rights of the relevant Hedge Counterparty or the relevant OCB Secured Hedge Counterparty (as applicable) under the relevant Hedging Agreement or OCB Secured Hedging Agreement (as applicable) shall only be exercisable) subject to and in accordance with the STID or the Transaction Documents, as applicable.

To the extent not otherwise provided for:

(a) Hedge Counterparties and OCB Secured Hedge Counterparties will be entitled to receive the same financial information and all notices as delivered to the Class A Authorised Credit Provider under the CTA or to the Class A Noteholders under the Class A Note Trust Deed; *provided that* any Hedge Counterparty or OCB Secured Hedge Counterparty (as applicable) that is also a Class A Authorised Credit Provider shall receive any such information and notices only once; and

(b) the Borrower or the Issuer will make appropriate representations in Hedging Agreements and OCB Secured Hedging Agreements that the transaction constitutes permitted hedging under the terms of the CTA, the STID and Transaction Documents as applicable.

Governing Law

The CTA will be governed by English law.

Obligor Security Agreement

The Borrower and each other Obligor that is a party to the Obligor Security Agreement will covenant with the Obligor Security Trustee, as primary obligor, to pay or discharge promptly on demand all of the Obligor Secured Liabilities on the dates on which they are expressed to become due (or, if no such date is specified, immediately on demand by the Obligor Security Trustee) in the manner specified in the relevant Finance Document, the AA UK Pension Agreement and the AA Ireland Pension Agreement. Each Obligor that is a party to the Obligor Security Agreement will grant in favour of the Obligor Security Trustee, for itself and on behalf of each of the other Obligor Secured Creditors, the security described below in respect of the payment, discharge and performance of all of the Obligor Secured Liabilities.

Each Obligor that is a party to the Obligor Security Agreement will grant the following security:

(a) a charge by way of first legal mortgage over:

(i) certain identified Real Property in England or Wales; and

(ii) the shares in any member of the Holdco Group (except in relation to any company incorporated in Jersey or Ireland) belonging to it on the date the Obligor becomes party to the Obligor Security Agreement to take effect in equity pending the delivery of a Loan Enforcement Notice;

(b) first fixed charges over all of its right, title and interest from time to time in and to:

(i) Real Property (to the extent not the subject to the legal mortgage referred to above);

(ii) its shares in any member of the Holdco Group (to the extent not the subject to the legal mortgage referred to above and except in relation to any company incorporated in Jersey or the Republic of Ireland);

(iii) each Designated Account and each Obligor Operating Account;

(iv) to the extent not effectively assigned as referred to below, the Hedging Agreements, the OCB Secured Hedging Agreements, and the Business Transfer Deed (together, the "**Assigned Agreements**");

(v) any goodwill and rights in relation to its uncalled capital;

(vi) the benefit of all consents and agreements held by it in connection with the use of any of its assets;

(vii) certain intellectual property specified in the Obligor Security Agreement and other Intellectual Property used or owned by the Obligors who are party to the Obligor Security Agreement and which is required to conduct their business or part of their business; and

(viii) monetary claims.

(c) an assignment by way of security of rights in respect of the Insurance Policies and the Assigned Agreements and other designated material contracts; and

(d) a first floating charge (being a "qualifying floating charge", for the purposes of paragraph 14 of Schedule B1 to the Insolvency Act 1986, over the whole of its undertaking and all of its property and assets whatsoever and wheresoever situated, present and future, other than any property or assets from time to time or for the time being effectively charged by way of legal mortgage, fixed charge or otherwise assigned as security as referred to above.

The Obligor Security Trustee holds the benefit of the Obligor Security Agreement on trust for the itself and each of the other Obligor Secured Creditors.

The Obligor Security Agreement will be governed by English law.

Additional Authorised Credit Facilities

The Borrower will be permitted to incur Financial Indebtedness under Authorised Credit Facilities with an Authorised Credit Provider subject to any applicable financial covenants and the terms of the CTA and the STID. Each Authorised Credit Provider will be party to the CTA and the STID.

Tax Deed of Covenant

Pursuant to a deed of covenant (the "**Tax Deed of Covenant**") to be entered into on the Closing Date between Acromas Holdings Limited, AA Limited, Topco, Holdco, AA Acquisition Co Limited, the Borrower, AA Corporation Limited and the Issuer (together, the "**Tax Covenantors**") and the Obligor Security Trustee and the Issuer Security Trustee, each of the Tax Covenantors will make representations and give warranties and covenants with a view to protecting the Issuer and the other Restricted Group companies from certain Tax-related risks including risks relating to secondary tax liabilities, group tax matters (including VAT grouping, Group Relief, group payment arrangements, transfer pricing and the worldwide debt cap), degrouping charges and the Issuer's status as a securitisation company for the purposes of the Taxation of Securitisation Companies Regulations 2006, as amended. AA Limited will covenant to compensate or to procure compensation of Restricted Group Companies in respect of certain unforeseen secondary or other tax liabilities caused by or in relation to any person that is not a Restricted Group company. Acromas Holdings will guarantee the obligations of AA Limited under the Tax Deed of Covenant.

The Tax Deed of Covenant contains provisions in respect of surrenders of amounts by way of group relief and similar transactions, the purpose of which is to ensure that entry into such transactions by Restricted Group companies does not result in a loss of value to the Restricted Group. The Tax Deed of Covenant also requires any Restricted Group company that is covered by the Acromas group payment arrangement or that is a member of the Acromas VAT Group to make payments on account of its corporation tax liability or VAT to Saga Services Limited or Saga Group Limited respectively on the terms that it may solely be used for the purpose of making a payment of corporation tax or in relation to VAT, as applicable, on behalf of the relevant Restricted Group company. It further requires procurement of payment by Saga Services Limited or Saga Group Limited, as applicable, to a Restricted Group company of amounts equal to any credit, relief or repayment that it receives from HMRC on behalf of that Restricted Group company.

The Tax Deed of Covenant also provides that AA Limited will procure that the ABF is not entered into unless, not less than 20 Business Days prior to entry into the ABF, AA Limited has both:

a) certified to the Obligor Security Trustee that no material adverse tax consequences would arise to any of the Restricted Group companies as a result of taking such steps, which certification is supported by any combination of (i) written clearance from HM Revenue & Customs and/or (ii) an opinion from a "Big 4" accounting firm and/or a law firm of national repute in relation to tax advice; and

b) delivered copies of such documents to the Obligor Security Trustee.

A breach of a covenant, representation, warranty or other obligation contained in the Tax Deed of Covenant will result in a "**TDC Breach**" giving rise to a CTA Event of Default. However, the Tax Deed of Covenant contains limitations and exclusions, including that a matter or circumstance giving rise to a breach (a "**Relevant Matter or Circumstance**") will not give rise to a TDC Breach where:

a) the aggregate tax liabilities for which any Restricted Group company has or could become liable as a result of the Relevant Matter or Circumstance (together with any other matters or circumstances arising in the period of three years prior to the Relevant Matter or Circumstance which would, ignoring this limitation, result in a TDC Breach) are equal to or less than £25.0 million;

b) the Relevant Matter or Circumstance arises as a result of entering into the ABF;

c) AA Limited adequately compensates or procures the compensation of the relevant Restricted Group company in respect of such Relevant Matter or Circumstance; or

d) the Obligor Security Trustee and the Issuer Security Trustee have consented to any action undertaken by any person which gives rise to such Relevant Matter or Circumstance in advance.

The Tax Deed of Covenant will be governed by English law.

DESCRIPTION OF THE CLASS B NOTES

The following are the terms and conditions of the Class B Notes in the form (subject to completion and amendment) in which they will be set out in the Class B Note Trust Deed. The Class B Conditions will apply to the Class B Notes whether they are in definitive form or in global form. Capitalised terms not otherwise defined herein have the meaning assigned to them in the glossary. See "Definitions and Glossary."

The £655,000,000 9.50% Class B Secured Notes due 2043 (the "**Class B Notes**") of AA Bond Co Limited (the "**Issuer**") are constituted by a note trust deed dated 2 July 2013 (the "**Closing Date**") (the "**Class B Note Trust Deed**", which expression includes such note trust deed as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) and made between the Issuer and Deutsche Trustee Company Limited (in such capacity, the "**Class B Note Trustee**", which expression includes its successors or any other trustee appointed pursuant to the Class B Note Trust Deed) as trustee for the holders of the Class B Notes (the "**Class B Noteholders**").

The expression Class B Notes shall, unless the context otherwise requires, include any Further Class B Notes (as defined below) issued as described under "*—Further Notes and New Notes—Further Class B Notes and New Class B Notes*" below and forming a single class with the Class B Notes.

The security for the Class B Notes and other Issuer Secured Creditors is constituted by a deed of charge (the "**Issuer Deed of Charge**", which expression includes such deed of charge as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) dated the Closing Date and made between the Issuer and Deutsche Trustee Company Limited (in this capacity the "**Issuer Security Trustee**", which expression includes its successors or any other security trustee under the Issuer Deed of Charge). In addition, the obligations of the Issuer under the Class B Notes, including the amounts owing to the Class B Note Trustee under the Class B Note Trust Deed, will also be secured (indirectly) by security created by the Topco Security Agreement in favour of the Obligor Security Trustee.

Pursuant to an agency agreement dated the Closing Date (the "**Class B Agency Agreement**", which expression includes such agency agreement as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) and made between the Issuer, the Class B Note Trustee, Deutsche Bank Luxembourg S.A. as registrar (the "**Class B Registrar**"), Deutsche Bank AG, London Branch as principal paying agent (the "**Class B Principal Paying Agent**", which expression includes its successors and, together with such additional or other paying agents, if any, appointed from time to time in respect of the Class B Notes pursuant to the Class B Agency Agreement, the "**Class B Paying Agents**") provision is made for, among other things, the payment of principal, premium (if any) and interest in respect of the Class B Notes. The statements in this section include summaries of, and are subject to, the detailed provisions of the Class B Note Trust Deed, the Issuer Deed of Charge, the STID, the Class B Agency Agreement and the master definitions agreement signed by, amongst others, the Class B Note Trustee and the Issuer on the Closing Date (the "**Master Definitions Agreement**"). The Issuer has appointed Automobile Association Developments Limited as its cash manager (the "**Issuer Cash Manager**") pursuant to an Issuer Cash Management Agreement dated on or about the Issue Date. The Issuer Cash Manager has agreed to provide certain services to the Issuer and the Issuer Security Trustee to effect payments to and from the Issuer Accounts in accordance with the Issuer Pre-Acceleration Priority of Payments and, in support thereof, certain other services in accordance with this Agreement, the Issuer Account Bank Agreement and the provisions of the other Issuer Transaction Documents to which it is party.

Copies of the Class B Note Trust Deed, the Issuer Deed of Charge, the Class B Agency Agreement, the Class B IBLA, the Issuer Cash Management Agreement, the Issuer Account Bank Agreement, the Tax Deed of Covenant, the STID, the Issuer Jersey Corporate Services Agreement, the Issuer Corporate Services Agreement, the Topco Transaction Documents (all as defined in the Master Definitions Agreement) and the Master Definitions Agreement (together, the "**Issuer Class B Transaction Documents**"), are obtainable during normal business hours at the specified office of the Class B Principal Paying Agent, being at the date hereof at Winchester House, Winchester House, 1 Great Winchester Street, London EC2N 2DB. The Class B Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Class B Note Trust Deed, the Issuer Deed of Charge, the Topco Security Documents, the STID, the Class B Agency Agreement and the other Issuer Class B Transaction Documents.

Each reference herein to (a) "**Class B Notes**" shall include the Class B Global Notes and the Class B Definitive Notes, (b) the "**Holder**" of a Class B Note means the person in whose name such Class B Note is for the time being registered in the Class B Register (or, in the case of a joint holding, the first named thereof) and "**Class B Noteholder**" shall be construed accordingly.

Certain statements herein are summaries of the detailed provisions appearing on the face of the Class B Notes (which expression shall include the body thereof), the Class B Note Trust Deed, the Issuer Deed of Charge and the other Issuer Class B Transaction Documents to which the Class B Note Trustee is a party for the benefit of the Class B Noteholders.

Form, Denomination, Title And Class B Register

Class B Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act will initially be represented by one or more global Notes in fully registered form without interest coupons

attached (the "**Class B Rule 144A Global Notes**"). Class B Notes sold to non-U.S. persons outside the United States in reliance on Regulation S will be represented by a global Note in fully registered form without interest coupons attached (the "**Class B Regulation S Global Note**" and, together with the Class B Rule 144A Global Notes, the "**Class B Global Notes**"). The Class B Global Notes have been deposited on behalf of the subscribers of the relevant Class B Notes with, and registered in the name of a nominee for, a common depository (the "**Common Depository**") for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V., ("**Euroclear**" and, together with Clearstream, Luxembourg, the "**Clearing Systems**") on the Closing Date. Upon deposit of the Class B Global Notes, the Clearing Systems credited each subscriber of Class B Notes with the principal amount of Notes of the relevant class equal to the aggregate principal amount thereof for which it had subscribed and paid.

For so long as the Class B Notes are represented by a Class B Global Note and the Clearing Systems so permit, the Class B Note will be tradeable only in the minimum authorised denomination of £100,000 and higher integral multiples of £1,000.

The Class B Registrar shall maintain a register in respect of the Class B Notes (the "**Class B Register**") outside the United Kingdom at the specified office for the time being of the Class B Registrar in accordance with the provisions of the Class B Agency Agreement and shall record in the Class B Register the names and addresses of the holders of the Class B Notes, particulars of the Class B Notes and all transfers and redemptions thereof.

Title to the Class B Notes will pass by and upon registration in the Class B Register. The Holder of each Class B Note shall (except as otherwise required by a court of competent jurisdiction or applicable law) be treated as the absolute owner of such Class B Note for all purposes.

Interests in a Class B Global Note will be transferable in accordance with the rules and procedures for the time being of the relevant Clearing Systems and the regulations concerning the transfer of Class B Notes set out in the Class B Agency Agreement.

If, while any of the Class B Notes are represented by a Class B Global Note (a) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Class B Notes represented by this Class B Rule 144A Global Note in definitive form and a certificate to such effect signed by two directors of the Issuer has been given to the Class B Note Trustee; or (b) the Issuer has been notified that Euroclear and/or Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Class B Note Trustee is available, then the Issuer will (i) authenticate the Class B Registered Definitive Notes in accordance with the provisions of this Agreement; (ii) deliver the Class B Registered Notes as the Class B Registrar may be directed by the holder of the Class B Registered Definitive Notes; (iii) make all appropriate entries on the relevant Class B Registered Global Note and in the Class B Register; and (iv) upon the exchange in full of any Class B Registered Global Note, cancel and destroy such Class B Registered Global Note.

Class B Definitive Notes, if issued, will only be printed and issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof. Such Class B Notes will be serially numbered and will be issued in registered form.

The Issuer may, from time to time, create and issue Further Class B Notes as described below under "*—Further Notes and New Notes—Further Class B Notes and New Class B Notes*" having the same terms and conditions as the Class B Notes in all respects (or in all respects except for the first Class B Note Interest Period and first Class B Note Interest Payment Date, the issue date, first coupon and initial principal amount outstanding). Such Further Class B Notes shall be consolidated with the Class B Notes and form one series and rank pari passu with the prior issues of the Class B Notes. In addition, the Issuer may, from time to time, create and issue New Class B Notes as described below under "*—Further Notes and New Notes—Further Class B Notes and New Class B Notes*" having terms that differ from any Class B Notes and do not form a single series with any of them.

Accordingly the Class B Notes may comprise a number of issues in addition to the initial issue of such Class B Notes.

Status, Priority and Security

Status and relationship between the Class B Notes

The Class B Notes constitute direct, secured, limited recourse and, subject as provided below under "*—Enforcement*", unconditional obligations of the Issuer and are secured by the same security over the assets of the Issuer. The Class B Notes rank pari passu without preference or priority amongst themselves but are subordinated to the Class A Notes only as to payment provisions and as to the ranking of their interest in the security provided for, and pursuant to, the Issuer Deed of Charge, the STID, and the Class B Note Trust Deed.

The Class B Note Trust Deed contains provisions requiring the Class B Note Trustee to have regard to the Class B Noteholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Class B Note Trustee (except where expressly provided otherwise).

In the event of an issue of Further Class B Notes or New Class B Notes, the provisions of the Class B Note Trust Deed, the Class B Conditions, the Issuer Deed of Charge and the other Issuer Class B Transaction Documents, including (in the case of New Class B Notes) those concerning:

- the basis on which the Class B Note Trustee and/or the Issuer Security Trustee (as applicable) will be required to exercise or perform their respective rights, powers, trusts, authorities, duties and discretions (including in circumstances where, in the opinion of the Class B Note Trustee, there is a conflict between the interests of any of the Issuer Secured Creditors);

- the circumstances in which the Class B Note Trustee and/or the Issuer Security Trustee (as applicable) will become bound to take action, as referred to below under "*—Class B Note Events of Default*" and "*—Enforcement*";

- the passing of effective Class B Extraordinary Resolutions; and

- the order of the Issuer Pre-Acceleration Priority of Payments or of the Issuer Post-Acceleration Priority of Payment so as to enable the Further Class B Notes or New Class B Notes, as the case may be, to share pari passu with the existing Class B Noteholders in the security and the payments under the Issuer Payment Priorities,

will be modified in such manner and otherwise in accordance with the Issuer Class B Transaction Documents as the Class B Note Trustee considers necessary to reflect the issue of such Further Class B Notes or, as the case may be, New Class B Notes and any new Issuer Class B Transaction Documents entered into in connection with such Further Class B Notes or, as the case may be, New Class B Notes and the ranking thereof and of the claims of any party to any of such new Issuer Class B Transaction Documents in relation to the Class B Notes.

If any Further Class B Notes or New Class B Notes are issued, the Issuer will immediately advise the Central Bank and the Irish Stock Exchange accordingly, procure the publication of a notice in the manner described under "*—Notice to Class B Noteholders*", file a new prospectus in respect of the issue of the Further Class B Notes or New Class B Notes with the Central Bank and the Irish Stock Exchange and make such prospectus and any related agreements available at the specified office of the relevant Class B Paying Agent.

The Class B Note Trustee and the Issuer Security Trustee shall be entitled to assume without liability, for the purpose of exercising any right, power, trust, authority, duty or discretion under or in relation to the Class B Conditions or any of the Issuer Class B Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Class B Noteholders (or any class thereof) if the Rating Agency has provided a Ratings Confirmation with respect thereto.

The Class B Notes are solely the obligation of the Issuer and are not the obligation of, nor guaranteed by, any of the Class B Note Trustee, the Issuer Security Trustee, the Issuer Account Bank, the Cash Manager, the Class B Principal Paying Agent or any Issuer Hedge Counterparty.

For so long as any Class A Notes are outstanding, prior to the delivery of a Class A Note Acceleration Notice, the Issuer shall be required to apply all amounts standing to the credit of the Issuer Transaction Account in accordance with the Issuer Pre-Acceleration Priority of Payments and, following the delivery of a Class A Note Acceleration Notice, the Issuer Post-Acceleration Priority of Payments. Following repayment in full of the Class A Notes, prior to the delivery of a Class B Note Acceleration Notice, the Issuer shall be required to apply all amounts standing to the credit of the Issuer Transaction Account in accordance with the Issuer Pre-Acceleration Priority of Payments, and following delivery of a Class B Note Acceleration Notice, the Issuer Post-Acceleration Priority of Payments.

Security

As continuing security for the payment or discharge of the Issuer Secured Liabilities (including, without limitation, all monies payable in respect of the Class B Notes and otherwise under the Class B Note Trust Deed and the Issuer Deed of Charge (including, without limitation, any remuneration, expenses and other claims of the Class B Note Trustee, the Issuer Security Trustee and any Receiver appointed thereunder)), the Issuer has entered in to the Issuer Deed of Charge to create as far as permitted by and subject to compliance with any applicable law, the following security, (the "**Issuer Security**") in favour of the Issuer Security Trustee for itself and on trust for the other Issuer Secured Creditors:

- an assignment by way of first fixed security of all the rights, title, interest and benefit, present and future, of the Issuer in, to and under each of the Issuer Transaction Documents to which it is a party, including the security trusts created under the Obligor Security Agreement and each other Transaction Document to which it is a party;

- a first fixed charge over the Issuer Accounts, and amounts standing to the credit of the Issuer Accounts and charges over investments;

- a first fixed charge over all the rights of the Issuer in respect of all investments in Cash Equivalent Investments of the Issuer; and

- a first floating charge over all the Issuer's assets, property, undertaking and rights whatsoever and wheresoever situated or present and future including, without limitation, the Issuer's uncalled capital other than any assets at the time otherwise effectively charged or assigned by way of the first-ranking security referred to above.

All Class B Notes issued by the Issuer will share in the Issuer Security constituted by the Issuer Deed of Charge, upon and subject to the terms thereof.

In addition the Issuer has entered into the Topco Security Documents to create, as far as permitted by and subject to compliance with any applicable law, in favour of the Obligor Security Trustee for itself and the Issuer, a first fixed charge over all shares held by Topco in AA Intermediate Co Limited.

The Class B Noteholders will share the benefit of the Topco Security constituted by the Topco Security Documents, upon and subject to the terms thereof.

Enforceable Security

The Class B Note Trustee shall, in the event of the Issuer Security becoming enforceable as provided in and subject to the Issuer Deed of Charge (if directed by the Class B Noteholders), direct the Issuer Security Trustee to enforce its rights with respect to the Issuer Security (subject in all cases to the Class A Notes having been discharged in full), but without any liability as to the consequence of such action and without having regard to the effect thereof on, or being required to account for such action to, any particular Class B Noteholder, provided that neither the Issuer Security Trustee nor the Class B Note Trustee shall be obliged to take any action unless it is indemnified and/or secured and/or prefunded to its satisfaction.

After enforcement of the Issuer Security, the Issuer Security Trustee shall (to the extent that such funds are available) use funds standing to the credit of the Issuer Transaction Account and proceeds of the enforcement of the Issuer Security to make payments or procure payments are made in accordance with the Issuer Post-Acceleration Priority of Payments (as set out in the Issuer Deed of Charge).

Subject to the terms of the STID, the Class B Note Trustee or the Issuer Security Trustee (as the case may be) may upon the occurrence of a Class B Trigger Event, for and on behalf of the Class B Noteholders, be entitled to direct the Obligor Security Trustee to (i) make a demand under the Topco Payment Undertaking, and (ii) if such demand is not met in full, to enforce the Topco Security (including, but not limited to, the enforcement of the security granted under the Topco Security Agreement).

The rights of the Class B Note Trustee or the Issuer Security Trustee (as the case may be) to enforce the Topco Security described under "*—Enforcement-Service of notice*" below will in all cases be subject to there being no actual or contingent tax liability in excess of £10 million in the Holdco Group as a result of the enforcement of the Topco Security as certified by a reputable, internationally recognised firm in accordance with the terms of the STID.

Covenants

So long as any of the Class B Notes remains outstanding, the Issuer has agreed to comply with the covenants set out in the Class B Note Trust Deed, including, without limitation, to:

- maintain at all times at least one independent director who is not otherwise affiliated with the Holdco Group or the Sponsors;

- not amend its articles of association without the prior consent of the Class B Note Trustee;

- at all times carry on and conduct its affairs in its own name;

- at all times carry on and conduct its affairs as a special purpose vehicle organised for the sole purpose of raising Financial Indebtedness as a securitisation company (as defined in Section 623 Corporation Tax Act 2010) and engaging in certain related activities under the Issuer Class B Transaction Documents and not engage in any other business or activities;

- cause to be prepared in respect of each financial accounting period accounts in such form as will comply with all relevant legal and accounting requirements and all requirements for the time being of the relevant Stock Exchange applicable to the Issuer;

- at all times keep proper books of account;

- at all times maintain separate books, records and accounts;
- not commingle its assets with the assets of any other entities;
- pay its own Liabilities out of its own funds (or funds that it is otherwise permitted to obtain);
- maintain an arm's length relationship with any other entities;
- correct any known misunderstanding regarding its separate identity of which it is aware;
- use its own stationery, invoice and cheques;
- not sell, convey, transfer, lease, assign or otherwise dispose of or agree or attempt or purport to sell, convey, transfer, lease or otherwise dispose of or use, invest or otherwise deal with any of its properties, assets or undertaking or grant any option or right to acquire the same save for any Permitted Security or as otherwise permitted by the Issuer Transaction Documents;
- not grant, create or permit to subsist any Security Interests (unless by operation of law) over its assets other than pursuant to the Issuer Transaction Documents;
- not pay dividends or make other distributions to its shareholders other than as permitted by the Issuer Class B Transaction Documents;
- not pay or deposit any monies in consideration for the allotment and issue of its shares other than the amount of £2.00 constituting its share capital;
- not incur or permit to subsist any Financial Indebtedness save as permitted by the Issuer Transaction Documents;
- not enter into any amalgamation, demerge, merger, consolidation or corporate reconstruction save as permitted by the Issuer Class B Transaction Documents;
- not acquire any leasehold, freehold or heritable property;
- not have any employees or premises or have any subsidiary undertaking (as defined in the Companies Act);
- not permit the validity or effectiveness of the Issuer Class B Transaction Documents to be impaired or to be amended, hypothecated, subordinated, terminated or discharged;
- not engage in any activity which is not incidental to or necessary in connection with any other activities in which the Issuer Class B Transaction Documents provide or envisage that the Issuer will engage;
- not change its centre of main interests for the purpose of Council Regulation (EC) No 1346/2000;
- at all times maintain a Class B Paying Agents, a Class B Registrar, Class B Transfer Agents and other Class B Paying Agents in accordance with the Conditions and maintain such other agents as may be required by the Class B Conditions or by any other stock exchange on which the Class B Notes may be listed;
- use its reasonable endeavours to obtain and maintain the quotation or listing of the Class B Notes;
- give notice to the Class B Noteholders in the manner described under "—*Notice to Class B Noteholders*" of any appointment, resignation or removal of any Class B Paying Agent, Class B Registrar, Class B Transfer Agent, or other Class B Paying Agent;
- comply with and perform all its obligations under the Class B Agency Agreement;
- at all times use reasonable endeavours to minimise taxes and any other costs arising in connection with its payment obligations in respect of the Class B Notes;
- maintain its registered office in the United Kingdom;
- give notice in writing to the Class B Note Trustee of the occurrence of any Class B Note Event of Default or Potential Class B Note Event of Default without waiting for the Class B Note Trustee to take any action;

- for so long as any Class B Notes are outstanding, take, or cause to be taken, such actions as are required in order for the Issuer to qualify for, and maintain such qualification for, exemption from registration as an "investment company" under the Investment Company Act;

- upon the request of any holder or beneficial owner of any Class B Rule 144A Note or prospective purchaser of any Class B Rule 144A Note designated by such holder or beneficial owner, promptly furnish the information required to be provided by Rule 144A(d)(4) under the Securities Act; provided however, that the Issuer will not be required to furnish any such information if at the time of such request the Issuer is a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the Exchange Act), or is exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. All information made available by the Issuer pursuant to this paragraph shall also be made available during the usual business hours free of charge at the office of the Class B Transfer Agent; and

- not engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business with the United States as determined under United States income tax principles.

The Class B Note Trustee shall be entitled to rely absolutely on a certificate of any director of the Issuer in relation to any matter relating to such covenants and to accept without liability any such certificate as sufficient evidence of the relevant fact or matter stated in such certificate.

Class B Interest

Period of accrual

Each Class B Note will bear interest from the Closing Date and each Class B Note (or, in the case of the redemption of part only of a Class B Note, that part only of such Class B Note) will cease to bear interest from (and including) the due date for redemption unless, upon due presentation in accordance with "*—Payments*" below, payment of the principal in respect of the Class B Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Class B Note Trust Deed.

Class B Interest Rate and Class B Note Interest Payment Dates

The Class B Notes bear interest on their respective Principal Amount Outstanding (i) from (and including) the Closing Date until (but excluding) the Class B Note Step-Down Date at 9.50% per annum and (ii) from (and including) the Class B Note Step-Down Date to (and including) the Class B Note Final Maturity Date, at 5.00% per annum (in each case, the applicable "**Class B Interest Rate**"). From (and including) the Closing Date to (but excluding) the Class B Note Expected Maturity Date, interest will accrue on any overdue amount of principal or interest (including Additional Amounts, if any) in respect of the Class B Notes at the applicable Class B Interest Rate plus 1% per annum. For the avoidance of doubt, any failure to pay interest on any Class B Note Interest Payment Date (as defined below) will not constitute a Class B Note Event of Default for as long as any Class A Notes remain outstanding but will constitute a Share Enforcement Event.

Interest is payable semi-annually in arrear in pounds sterling on 31 January and 31 July, commencing on 31 January 2014 (each, a "**Class B Note Interest Payment Date**") in respect of the applicable Class B Note Interest Period (as defined below). If, however, any such day is not a Business Day, the Class B Note Interest Payment Date will instead be the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not). The period from and including the Closing Date to (but excluding) the first Class B Note Interest Payment Date and each successive period from (and including) a Class B Note Interest Payment Date to (but excluding) the next succeeding Class B Note Interest Payment Date is called a "**Class B Note Interest Period**".

From (and including) the Class B Note Expected Maturity Date, the Issuer will not make payments of interest. Instead, interest will accrue on the Class B Notes at the applicable Class B Interest Rate and will be deferred and will be payable only on the earlier of (x) the date on which the Class A Notes are repaid in full and (y) the Class B Note Final Maturity Date. Interest will accrue on such deferred interest at the rate otherwise payable on unpaid principal of such Class B Notes at such time.

Notwithstanding the foregoing, if the Borrower pays interest on the Class B IBLA Advance in accordance with the Class B IBLA, then the Issuer will be required to make the corresponding payments of interest in the Class B Notes.

Calculation of Class B Interest

Interest in respect of the Class B Notes and any overdue amount of principal or interest shall be calculated by applying the Class B Interest Rate to the aggregate Principal Amount Outstanding of the Class B Notes or the aggregate amount of any overdue amount of principal or interest, as the case may be, and on the basis of (a) the actual number of days in

the period from (and including) the date from which interest begins to accrue (being the Closing Date (in respect of the first such period) or a Class B Note Interest Payment Date (in respect of subsequent such periods)) (the "**Class B Accrual Date**") to (but excluding) the date on which it falls due divided by (b) the actual number of days from (and including) the Class B Accrual Date to (but excluding) the next following Class B Note Interest Payment Date multiplied by two. The resulting figure shall be rounded down to the nearest penny.

Redemption, Purchase and Cancellation

Final Redemption

Unless previously redeemed in full or repurchased and surrendered for cancellation the Issuer shall redeem the Class B Notes at their aggregate Principal Amount Outstanding together with any accrued but unpaid interest, if any, on the Class B Note Final Maturity Date.

The Issuer may not redeem the Class B Notes in whole or in part prior to the Class B Note Final Maturity Date except as provided below under "*—Redemption, Purchase and Cancellation—Redemption*", "*—Redemption, Purchase and Cancellation—Optional Redemption for taxation or other reasons*" or "*—Redemption, Purchase and Cancellation—Early redemption following a Class B Loan Enforcement Event*" but without prejudice to the Class B Note Events of Default.

Redemption

The aggregate Principal Amount Outstanding on each of the Class B Notes shall be repaid by the Issuer, if the Issuer has sufficient funds to enable it to do so, on the Class B Note Expected Maturity Date, subject to "*—Redemption, Purchase and Cancellation—Optional Redemption for taxation or other reasons*", "*—Redemption, Purchase and Cancellation—Early redemption following a Class B Loan Enforcement Event*" and "*Redemption, Purchase and Cancellation—Principal Amount Outstanding*", as applicable.

A failure of the Issuer to redeem in full the Class B Notes on the Class B Note Expected Maturity Date in accordance with the Class B Conditions and/or the occurrence of a Class B Note Event of Default (or any event which would constitute a Class B Note Event of Default but for the fact that the Class A Notes have not been redeemed in full or been accelerated as described under "*—Class B Note Events of Default*") (each, a "**Class B Trigger Event**") will result in the Class B Note Trustee having the right (subject to the Class B Note Trust Deed and the STID) at its discretion to, or the obligation, upon (i) the instruction of holders of at least 30% of the aggregate principal amount outstanding of the Class B Noteholders or (ii) being directed or requested to do so by a Class B Extraordinary Resolution (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction) to direct the Obligor Security Trustee to exercise its rights under the Topco Payment Undertaking and the Topco Security Documents. The non-payment on the Class B Note Expected Maturity Date of any principal amount which would otherwise be payable hereunder shall not constitute a Class B Note Event of Default.

If the proceeds realised following a Class B Trigger Event are insufficient to satisfy all amounts due in respect of the Class B Notes, the Issuer will be obliged to use any further amounts, if any, it receives as a result of and pursuant to the Class B IBLA to repay any outstanding amounts on the Class B Notes until the earlier of the Class B Note Final Maturity Date or the date on which the Class B Notes have been discharged in full.

In addition, promptly upon receipt by the Issuer of a notice of prepayment from the Borrower under the Class B IBLA of its intention to make prepayment in whole or in part of the Class B IBLA Advance in accordance with the Class B IBLA, the Issuer shall give not more than 60 nor less than 30 days' notice to the Class B Noteholders, the Class B Note Trustee, the Class B Registrar and the Class B Principal Paying Agent that it will apply the principal funds received from the prepayment of the Class B IBLA Advance to redeem a corresponding Principal Amount Outstanding of the Class B Notes together with accrued but unpaid interest and Additional Amounts, if any, on the aggregate Principal Amount Outstanding of such Class B Notes at the applicable redemption prices set out in the Class B IBLA (and as described in "*Description of the Class B IBLA—Prepayment—Optional Prepayment*"). Any redemption or notice under this Class B Condition may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

In the case of a partial redemption of Class B Notes, the Class B Notes to be redeemed (the "**Class B Redeemed Notes**") will be selected individually by lot, in the case of Class B Redeemed Notes represented by Class B Definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Class B Redeemed Notes represented by a Class B Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection, the "**Selection Date**"). In the case of Class B Redeemed Notes represented by Class B Definitive Notes, a list of the serial numbers of such Class B Redeemed Notes will be published in the manner described under "*—Notice to Class B Noteholders*" not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Class B Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this section and notice to that effect shall be given by the Issuer to the Class B Noteholders in the manner described under "*—Notice to Class B Noteholders*" at least five days prior to the Selection Date.

Optional Redemption for taxation or other reasons

In addition, if at any time the Issuer satisfies the Class B Note Trustee:

- that the Issuer would become obliged to pay additional amounts pursuant to Condition 7 (Taxation) in respect of the Class B Notes for or on account of any Taxes imposed under the laws, treaties or regulations of the UK or Jersey or any political subdivision thereof, or any other authority thereof (each, a Relevant Taxing Jurisdiction), by reason of any change in or amendment to the laws, treaties or regulations of such Relevant Taxing Jurisdiction or any change in or amendment to the application or official interpretation of such laws, treaties or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Closing Date;

- by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, the Issuer is no longer a "securitisation company" (as defined in the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (for the purposes of the Class B Conditions, the "**Regulations**")) and is otherwise unable to claim a Tax treatment in the United Kingdom that would prevent a material increase in the Tax liabilities of the Issuer compared to the treatment previously provided to the Issuer under the Regulations;

- by reason of a change in law, treaty or regulation (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date the relevant Obligor would on the next interest payment date under the Class B IBLA be required to pay additional amounts for or on account of any Taxes withheld or deducted from payments in respect of the Class B IBLA; or

- by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date it has or will have the result that it will become unlawful for the Issuer to perform any of its obligations under any Class B IBLA or to fund or to maintain its participation in the Class B IBLA Advances,

then the Issuer shall, in consultation with the Borrower and the Class B Note Trustee, take reasonable measures to avoid the relevant event described above, (including, without limitation, appointing a Class B Paying Agent in another jurisdiction and/or using its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction (approved in writing by the Class B Note Trustee) as principal debtor under the Class B Notes and as lender under the Class B IBLA, provided that such measures do not cause materially adverse tax or other legal consequences to the Issuer; provided further that the Class B Note Trustee is satisfied that taking such measures will not be materially prejudicial to the interests of the Class B Noteholders and has received a Ratings Confirmation in respect thereto).

If the Issuer satisfies the Class B Note Trustee immediately before giving the notice referred to below, that one or more of the events above is continuing and that the effect of the relevant event cannot be avoided by the Issuer taking reasonable measures available to it, then the Issuer may, on any Class B Note Interest Payment Date and having given not more than 60 nor less than 30 days' notice (or such shorter period expiring on or before the latest date permitted by relevant law) to the Class B Note Trustee and the Class B Noteholders, redeem all, but not some, of the Class B Notes at their respective principal amount outstanding together with accrued but unpaid interest, if any, up to but excluding the date of redemption. Prior to giving any notice of redemption following any of the events described above, the Issuer shall deliver to the Class B Note Trustee (A) a certificate signed by two directors of the Issuer stating that (x) one or more of the events described above is continuing and that the effect of the relevant event cannot be avoided by the Issuer taking reasonable measures available to it; and (y) the Issuer will have the necessary funds to pay all principal and interest due, if any, in respect of the Class B Notes on the relevant Class B Note Interest Payment Date and to discharge all other amounts required to be paid by it on the relevant Class B Note Interest Payment Date in priority to, or pari passu with, the Class B Notes under the Issuer Priority of Payments; and (B) if required by the Class B Note Trustee, an opinion (in form and substance satisfactory to the Class B Note Trustee) of independent legal advisors of recognised standing opining on the change in law, treaty or regulation above. The Class B Note Trustee shall be entitled, without further enquiry to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (x) and (y) above, and it shall be conclusive and binding on the Class B Noteholders.

Notwithstanding the foregoing, if:

- any of the events described in the first bullet point above occurs; and

- the corresponding obligation of the Borrower to gross up any amounts in respect of which a deduction or withholding is required or is triggered as described under "*Description of the Class B IBLA—Taxes—Additional Amounts*", then the Issuer will pay all such Additional Amounts (as defined in the Class B IBLA) which it receives from the Borrower as described under "*Description of the Class B IBLA—Taxes—Additional Amounts*" to the Class B Noteholders.

Early redemption following a Class B Loan Enforcement Event

If the Issuer receives (or is to receive) any monies from any Obligor following the service of a Class B Loan Enforcement Notice in accordance with the STID in repayment of all or any part of the Class B IBLA Advance, the Issuer shall, upon giving not more than ten nor less than five Business Days' notice to the Class B Note Trustee, the Issuer Secured Creditors and the Class B Noteholders, apply such monies in accordance with the relevant Issuer Payment Priorities, and redeem (to the extent of such monies as are available in accordance with the relevant Issuer Payment Priorities), each Class B Note then outstanding at its aggregate Principal Amount Outstanding plus accrued but unpaid interest and Additional Amounts, if any, on the relevant date for payment. In the event there are insufficient monies to redeem, all the Class B Notes, the Class B Notes shall be redeemed in part in the proportion with which the repayment amount bears to the aggregate Principal Amount Outstanding of the Class B Notes then outstanding.

Principal Amount Outstanding

The Principal Amount Outstanding of a Class B Note on any date shall be its original principal amount less the amount of all principal payments (excluding premium payable as described under "*—Redemption, Purchase and Cancellation—Redemption*" above, in respect of such Class B Note which have become due and repayable since the Closing Date except if and to the extent that any such payment has been improperly withheld or refused.

Each determination by or on behalf of the Issuer of any Class B Note principal payment and the aggregate Principal Amount Outstanding of a Class B Note shall in each case (in the absence of wilful default, bad faith or demonstrable or manifest error) be final and binding on all persons. As soon as practicable following a determination of a Class B Note principal payment and/or the aggregate Principal Amount Outstanding of a Class B Note, the Issuer will cause such determination of a Class B Note principal payment and/or the aggregate Principal Amount Outstanding of each Class B Note to be notified to the Class B Note Trustee and the Class B Principal Paying Agent and will cause notice of each such determination to be given to Class B Noteholders in the manner described under "*—Notice to Class B Noteholders*".

Notice of Redemption

Any such notice as is referred to above under "*—Optional Redemption for taxation or other reasons*", "*—Early redemption following a Class B Loan Enforcement Event*" and "*—Principal Amount Outstanding*" shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the relevant Class B Notes at the applicable amounts specified in the Class B Conditions.

The Issuer, the Borrower and any other member of the Holdco Group may repurchase any Class B Notes. If the Issuer, the Borrower or any other member of the Holdco Group purchases any Class B Notes then it must surrender those Class B Notes to the Issuer immediately on the relevant date of purchase.

Upon such Class B Notes being surrendered to the Issuer, the Class B IBLA Advance will be deemed to have been discharged in a principal amount equal to the Principal Amount Outstanding of the Class B Notes so surrendered.

Cancellation

Any Class B Notes redeemed or surrendered as described under "*—Notice of Redemption*", "*—No purchase by the Issuer*" or "*—Replacement of Class B Notes*" by the Issuer will be cancelled forthwith. Any Class B Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Class B Notes shall be discharged.

Payments

General

Payments of principal or premium (if any) in respect of the Class B Notes will be made to the holder (or the first named of joint holders) of such Class B Note against presentation and surrender of the relevant Class B Note at the specified office of the Class B Registrar by transfer to an account denominated in sterling with, or (in the case of Class B Notes in definitive form only and at the option of the payee) a cheque payable in that currency drawn on, a bank in London.

Interest and Additional Amounts, if any, on the Class B Notes payable on any Class B Note Interest Payment Date will be paid to the holder (or the first named if joint holders) on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payment of interest and Additional Amounts, if any, on each Class B Note will be made by transfer to an account denominated in sterling with, or (in the case of Class B Notes in definitive form only and at the option of the payee) a cheque payable in that currency drawn on, a bank in London.

A record of each payment so made will be endorsed on the schedule to the Class B Global Note by or on behalf of the Class B Principal Paying Agent or the Class B Registrar, as the case may be, which endorsement shall be prima facie evidence that such payment has been made.

Method of Payment

Payments will be made by credit or transfer to an account in sterling maintained by the payee with or, at the option of the payee, by a cheque in sterling drawn on a bank in London.

Payments subject to Applicable Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives. No commission or expenses shall be charged to the Class B Noteholders in respect of such payments. All payments are also subject to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of "*—Taxation*" any law implementing an intergovernmental approach thereto ("a "**FATCA Withholding**").

The holder of a Class B Global Note shall be the only person entitled to receive payments of principal and interest on the Class B Global Note (as the case may be) and the Issuer will be discharged by payment to, or to the order of, the holder of such Class B Global Note in respect of each amount paid.

Payment only on a Class B Payment Business Date

Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a Class B Payment Business Day, for value the next succeeding Class B Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Class B Note is surrendered (or, in the case of part payment only, endorsed) at the specified office of a Class B Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Class B Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Class B Payment Business Day or (B) a cheque mailed arriving after the due date for payment or being lost in the mail.

"**Class B Payment Business Day**" means:

- a day on which banks in the relevant place of presentation are open for presentation and payment of debt securities and for dealings in foreign currencies;

- in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in London;

Initial Class B Paying Agents

The name of the initial Class B Principal Paying Agent and Class B Registrar and their respective initial specified offices are set out at the end of these Class B Conditions. The Issuer reserves the right, subject to the prior written approval of the Class B Note Trustee, at any time to vary or terminate the appointment of any Class B Paying Agent or Class B Registrar and to appoint additional or other Class B Paying Agents or Class B Registrars provided that:

- there will at all times be a person appointed to perform the obligations of the Class B Registrar; and the Class B Principal Paying Agent;

- so long as the Class B Notes are listed on an exchange, there will at all times be at least one Class B Paying Agent (which may be the Class B Principal Paying Agent) having its specified office in such place as may be required by the rules and regulations of the relevant stock exchange and competent authority;

- the Issuer undertakes that it will ensure that it maintains a Class B Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive; and

- at any time when payments by the Issuer in respect of the Class B Notes could be subject to a FATCA Withholding, there will a Class B Paying Agent that is able to receive all payments to be made in respect of the Class B Notes without being subject to any FATCA Withholding.

Notice of any termination, variation or appointment and of any changes in specified offices will be given to the Class B Noteholders promptly in the manner described under "*—Notice to Class B Noteholders*".

Taxation

All payments in respect of the Class B Notes by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for, or on account of, any present or future Taxes unless such withholding or deduction is required by applicable law. In that event the Issuer, any Class B Paying Agent, the Class B Registrar or the Class B Note Trustee, as the case may be, shall account to the relevant authorities for the amount so required to be withheld or deducted. If any such withholding or deduction for or on account of Taxes is required under the laws of the Relevant Taxing Jurisdiction, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Class B Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Class B Notes in the absence of the withholding or deduction; provided that no such additional amounts will be paid on account of:

- any Taxes that would not have been imposed but for the existence of any actual or deemed (pursuant to applicable Tax law of the Relevant Tax Jurisdiction) present or former connection between the Class B Noteholder or the beneficial owner of the Class B Notes (including, if applicable, a connection between partners (in the case of a partnership) or shareholders (in the case of a corporation)) and the Relevant Tax Jurisdiction (including being a resident of such jurisdiction for Tax purposes), other than the holding of such Class B Note, the enforcement of rights under such Class B Note or the receipt of any payments in respect of such Class B Note;

- any Taxes imposed as a result of the presentation of a Class B Note for payment more than 30 days after the relevant payment is first made available for payment to the Class B Noteholder (except to the extent that the holder would have been entitled to additional amounts had the Class B Note been presented on the last day of such 30 day period);

- any estate, inheritance, gift, sales, excise, personal property, transfer or similar Taxes;

- any Taxes withheld, deducted or imposed on a payment to an individual that are required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income, or any law implementing or complying with or introduced in order to conform to, such directive;

- any Taxes imposed on or with respect to a payment made to a Class B Noteholder or beneficial owner of Class B Notes who would have been able to avoid such withholding or deduction by presenting the relevant Class B Note to a Class B Paying Agent in a member state of the European Union;

- any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Class B Notes;

- any Taxes imposed or withheld by reason of the failure of the Class B Noteholder or beneficial owner of Class B Notes, to comply with any reasonable written request of the Issuer or the Class B Paying Agent addressed to the Class B Noteholders and made at least 30 days before any such withholding or deduction would be payable to satisfy any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Relevant Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Relevant Tax Jurisdiction (including, without limitation, a certification that the Class B Noteholder or beneficial owner is not resident in the Relevant Tax Jurisdiction), but in each case, only to the extent the Class B Noteholder or beneficial owner is legally entitled to provide such certification or documentation;

- any Taxes imposed on or with respect to any payment to the Class B Noteholder if such Class B Noteholder is a fiduciary or partnership or person other than the sole beneficial owner of such payment to the extent that Taxes would not have been imposed on such payment had such Class B Noteholder been the sole beneficial owner of such Class B Notes;

- any FATCA Withholding; or

- any combination of items set out above.

Prescription

Claims in respect of principal and interest on the Class B Notes will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Class B Note Relevant Date in respect of the relevant payment.

The "**Class B Note Relevant Date**", in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Class B Principal Paying Agent or

the Class B Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Class B Noteholders in the manner described under "*—Notice to Class B Noteholders*".

Class B Note Events of Default

Subject to the Issuer Deed of Charge, the Class B Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 30 per cent of the aggregate Principal Amount Outstanding of the Class B Notes then outstanding or if so directed by a Class B Extraordinary Resolution of the Class B Noteholders shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction in accordance with the Class B Note Trust Deed) give a notice (a "**Class B Note Acceleration Notice**") to the Issuer declaring all of the Class B Notes immediately due and repayable at any time after the occurrence of any of the following events or circumstances specified below (each such event or circumstance, a "**Class B Note Event of Default**"):

- default being made in the payment of principal or other amounts (other than those set out in the second bullet point below) on any Class B Notes, when due; or
- default being made for a period of 30 days or more in the payment of interest or Additional Amounts (if any), on the Class B Notes, when due; or
- the Issuer failing to duly perform or observe any other obligation, condition, provision, representation or warranty binding on it under the Class B Notes, the Class B Note Trust Deed, the Issuer Deed of Charge or any of the other Issuer Class B Transaction Documents and such failure being in the opinion of the Class B Note Trustee (or, in the case of the Issuer Deed of Charge, the Issuer Security Trustee), capable of remedy, but which remains unremedied for a period of 21 days following the giving of notice by the Class B Note Trustee (or the Issuer Security Trustee, as applicable) to the Issuer requiring the same to be remedied and, in either case, **provided** that the Class B Note Trustee shall have determined that such event is, in its opinion, materially prejudicial to the interests of the Class B Noteholders; or
- an Issuer Insolvency Event; or
- the delivery of the Class A Note Acceleration Notice in accordance with the Class A Conditions; or
- it is or will become unlawful for the Issuer to perform or comply with its obligations under or in respect of the Class B Conditions or any Issuer Class B Transaction Documents to which it is a party.

Subject to the Issuer Deed of Charge, until the earlier of (i) the date on which all Class A Notes are redeemed in full and (ii) the date on which the Class A Notes are accelerated, the occurrence of any of the events or circumstances described above, which otherwise give rise to a Class B Note Event of Default, will not constitute a Class B Note Event of Default, but will constitute a Class B Trigger Event.

Acceleration

Subject to the Issuer Deed of Charge, upon delivery of a Class B Note Acceleration Notice in accordance with "*—Class B Note Events of Default*", the Class B Notes shall become immediately due and repayable at their principal amount outstanding together with accrued interest, if any, and any other amounts payable in accordance with the Class B Conditions.

Enforcement

Service of notice

Subject to the terms of the STID and the Issuer Deed of Charge, the Class B Note Trustee may at any time, at its discretion and without notice: (i) take such action, proceedings and/or other steps as it may think fit against or in relation to the Issuer or any other person to enforce its obligations under the Class B Note Trust Deed, the Class B Conditions, the Class B Notes or any other Issuer Class B Transaction Document to which the Class B Note Trustee is a party; (ii) exercise any of its rights under, or in connection with, the Class B Note Trust Deed and the Class B Conditions or any other Issuer Class B Transaction Document to which it is a party; and/or (iii) give any directions to the Issuer Security Trustee under or in connection with any Issuer Class B Transaction Document to which it is a party. Notwithstanding the provisions of any other Issuer Class B Transaction Document, the Issuer Security shall only become enforceable upon the delivery of an Issuer Security Enforcement Notice. Only the Class B Note Trustee may enforce the provisions of the Class B Notes or the Class B Note Trust Deed and no Class B Noteholder shall be entitled to proceed directly against the Issuer unless the Class B Note Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

Under the terms of the Issuer Deed of Charge, if the Class B Note Trustee provides the Issuer Security Trustee with a copy of a Class B Note Acceleration Notice and instructs it to take enforcement steps in relation to the Issuer Security, the Issuer Security Trustee is required to give a notice (the "**Issuer Security Enforcement Notice**") to the Issuer declaring the whole of the Issuer Security to be enforceable.

No Class B Note Events of Default

The Issuer, pursuant to the terms of the Class B Note Trust Deed, shall provide on a semi-annual basis written confirmation to the Class B Note Trustee that no Class B Note Event of Default or Potential Class B Note Event of Default has occurred.

Limited Recourse

Notwithstanding any other Class B Condition or any provision of any Issuer Class B Transaction Document, all obligations of the Issuer to the Class B Noteholders are limited in recourse to the property, assets and undertakings of the Issuer that are the subject of any security created by the Issuer Deed of Charge (the "**Issuer Secured Property**"). If, on the Class B Note Final Maturity Date all sums due under the Class B Notes have not been repaid in full and:

- there is no Issuer Secured Property remaining which is capable of being realised or otherwise converted into cash;
- all amounts available from the Issuer Secured Property have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Issuer Deed of Charge; and
- there are insufficient amounts available from the Issuer Secured Property to pay in full, in accordance with the provisions of the Issuer Deed of Charge, all amounts outstanding under the Class B Notes (including payments of principal and interest),

then the Class B Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal and/or premium (if any) and or interest in respect of the Class B Notes) and such unpaid amounts shall be discharged in full and any relevant payment rights shall be deemed to cease.

Non-petition

No Class B Noteholder nor any person acting on behalf of a Class B Noteholder (other than the Class B Note Trustee or the Issuer Security Trustee or a Receiver), shall have any right to take or initiate any proceedings or steps against the Issuer to enforce rights under the Issuer Class B Transaction Documents including without limitation by way of attachment, execution or diligence, provided that nothing shall prevent a Class B Noteholder from proving for the full amount owed to it by the Issuer in the insolvency of the Issuer.

No Class B Noteholder, nor any person acting on behalf of a Class B Noteholder (other than the Issuer Security Trustee or any Receiver appointed by the Issuer Security Trustee), shall initiate or join any person in initiating howsoever an Issuer Insolvency Event and it shall not be entitled to take any steps or proceedings which would result in any of the provisions described in the Issuer Deed of Charge or the Class B Conditions not being observed.

Voting by Class B Noteholders, Amendment, Supplement and Waiver

No physical meetings will be required in respect of any Class B Voting Matter and a Class B Noteholder may only Vote in respect of any Class B Voting Matter by means of a Block Voting Instruction. However, the Class B Note Trustee may, without the consent of the Issuer or the Class B Noteholders, prescribe such further regulations regarding voting by the Class B Noteholders in respect of all Class B Voting Matters except Obligor STID Proposals as the Class B Note Trustee may in its sole discretion think fit, including the calling of one or more meetings of Class B Noteholders in order to approve any resolution to be put to the Class B Noteholders where the Class B Note Trustee, in its sole discretion, considers it to be appropriate to hold a meeting.

In respect of any STID Proposal other than an Entrenched Right STID Proposal:

- each Class B Noteholder may only vote on such STID Proposal by way of Block Voting Instruction and each Class B Noteholder shall have one vote in respect of each £1 of the Principal Amount Outstanding of Class B Notes held or represented by it;
- each Class B Noteholder must vote on or prior to the time specified by the Class B Principal Paying Agent or, as the case may be, Class B Registrar and/or relevant clearing system in order to enable the Class B Principal Paying Agent or, as the case may be, a Class B Paying Agent or the Class B Registrar to issue a Block Voting Instruction on the Voting Date, provided that if a Class B Noteholder does not vote in sufficient time to allow the Class B Principal Paying Agent, or, as the case may be, a Class B Paying Agent or the Class B Registrar to issue a Block Voting Instruction in respect of its Class B Notes prior to the end of the Voting Period, the Votes of such Class B Noteholder shall not be counted;

- in respect of such STID Proposal, the Class B Note Trustee shall vote as the Secured Creditor Representative of the Class B Noteholders in respect of the Class B Notes then outstanding by notifying the Obligor Security Trustee, the Issuer and the Issuer Security Trustee, in accordance with the STID promptly following the receipt by it of such Votes (and in any case not later than the Business Day following receipt of each such Vote), of each Vote comprised in a Block Voting Instruction received by it from a Class B Paying Agent or the Class B Registrar on or prior to the Voting Date (or, if earlier the relevant Voting Closure Date); and

- such STID Proposal duly approved by the Qualifying Obligor Secured Creditors in accordance with the STID shall be binding on all Class B Noteholders (subject as provided in the STID). The Class B Note Trustee shall, following receipt of the result of any vote in respect of such STID Proposal, promptly notify the Class B Noteholders in the manner described under "*—Notice to Class B Noteholders*".

In respect of (a) a STID Proposal that gives rise to an Entrenched Right in respect of which the Issuer is an Affected Obligor Secured Creditor (an "**Entrenched Right STID Proposal**"); and (b) any Class B Voting Matter which is not a STID Proposal (an "**Other Class B Voting Matter**"):

- the Issuer or the Class B Note Trustee may at any time, and the Class B Note Trustee must if (a) it receives an Entrenched Right STID Proposal; or (b) directed to do so by Class B Noteholders representing not less than 10% of the Principal Amount Outstanding of the Class B Notes, request that such Other Class B Voting Matter be considered by the Class B Noteholders. The Issuer or the Class B Note Trustee shall send a notice (a "**Voting Notice**") to the Class B Noteholders, specifying the Voting Date (which shall initially be set with at least 21 days' notice) and the Other Class B Voting Matter(s) including the terms of any resolution to be proposed;

- each Class B Noteholder shall have one vote in respect of each £1 of Principal Amount Outstanding of the Class B Notes held or represented by it;

- each Class B Noteholder must vote prior to the close of business (London time) 24 hours prior to the Voting Date so that his votes can be included in a Block Voting Instruction which needs to be deposited at least 24 hours before the Voting Date; and

- on or before the Business Day immediately preceding the last day of the Decision Period, the Class B Note Trustee shall notify the Obligor Security Trustee, the Issuer and the Issuer Security Trustee in writing of whether or not the holders of the Class B Notes then outstanding have passed a Class B Extraordinary Resolution approving the relevant STID Proposal.

Except as provided below, the terms of the Class B Notes may be modified with the consent of the holders of a majority of the aggregate Principal Amount Outstanding of Class B Notes.

Without the consent of the holders of at least 90% of the aggregate Principal Amount Outstanding of Class B Notes, the Class B Notes may not be modified to:

- reduce the principal amount of the Class B Notes whose holders must consent to an amendment, supplement or waiver;

- reduce the principal or interest on, or to change the fixed maturity of, any Class B Notes or to alter the provisions with respect to the redemption of the Class B Notes;

- reduce the rate of, or change the timing for the payment of interest, including default interest or make any Class B Note payable in a currency other than sterling;

- impair the right of any Class B Noteholder to receive payment of principal and interest on such Class B Notes on or after the due date therefor;

- waive a redemption payment with respect to any Class B Notes;

- make any change in the Class B Conditions relating to waivers of defaults or Share Enforcement Events or the rights of holders of Class B Notes to receive payments of principal of, or interest, or Additional Amounts or premium, if any, on the Class B Notes;

- impair the rights of the Class B Noteholders to institute a suit for the enforcement of any payment on or with respect to the Class B Notes or the Topco Security;

- release Topco from its obligations under the Topco Payment Undertaking, except as provided in the Class B Note Trust Deed, the Class B IBLA or other Issuer Class B Transaction Documents;

- release any Issuer Security, except as provided in the Class B Note Trust Deed, the Issuer Deed of Charge or other security documents;

- amend, change or modify the Topco Payment Undertaking in a manner that adversely affects the Class B Noteholders;

- except as provided for in the third paragraph below and the Class B Note Trust Deed waive a default or an event of default in the payment of principal of and/or interest on the Class B Notes; or

- make any change to this definition,

each, a "**Class B Basic Terms Modification**".

Any resolution, howsoever passed, shall be binding on all the Class B Noteholders.

Subject to the terms of the Issuer Deed of Charge, the Class B Note Trustee may agree, or may direct the Issuer Security Trustee to agree, without the consent of the Class B Noteholders, to any modification which, in the opinion of the Class B Note Trustee is:

- to correct a manifest error or an error which in the opinion of the Class B Note Trustee, is proven or the modification is of a formal, minor, administrative or technical nature;

- to make any change that would provide the Class B Noteholders with any additional benefits or rights, or that is, in the opinion of the Class B Note Trustee, not materially prejudicial to the interests of the Class B Noteholders (where "materially prejudicial" means that such modification, consent or waiver would have a material adverse effect on the ability of the Issuer to pay any amounts of principal or interest in respect of the Class B Notes on the relevant due date for payment therefor);

- to allow any member of the Holdco Group established or incorporated after the Closing Date to become an Obligor;

- to provide the issuance of Class B Additional Notes as described under "—*Further Notes and New Notes*"; or

- to provide for a successor Class B Note Trustee in accordance with the provisions of the Class B Note Trust Deed.

Subject to the terms of the Issuer Deed of Charge, the Class B Note Trustee may, without the consent or sanction of the Class B Noteholders and without prejudice to its rights in respect of any subsequent breach or Class B Note Event of Default, Class B Loan Event of Default, Class B Loan Default or Share Enforcement Event, from time to time and at any time but only if and in so far as in its opinion the interests of the holders of the Class B Notes then outstanding shall not be materially prejudiced thereby:

- concur with any relevant person in giving any consent to, or granting any waiver in respect of any breach or proposed breach by the Issuer or any other relevant party of any of the covenants or provisions contained in the Class B Conditions or any Issuer Class B Transaction Document (subject, in the case of any Issuer Common Document to the Issuer Deed of Charge) to which it is a party;

- determine that any event which would otherwise constitute a Class B Note Event of Default, Class B Loan Event of Default, Class B Loan Default or Share Enforcement Event shall not be treated as such;

- subject to the terms of the Issuer Deed of Charge, direct Issuer Security Trustee to waive or authorise any breach or proposed breach by the Issuer or any other person of any of the covenants or provisions contained in any Issuer Class B Transaction Document,

provided that the Class B Note Trustee shall not exercise any of the above powers in contravention of (i) any express direction given by a Class B Extraordinary Resolution of the holders of the Class B Notes then outstanding or (ii) a request in writing made by holders of not less than 30 per cent. in aggregate of the principal amount of the Class B Notes then outstanding but no such direction or request shall affect any waiver, authorisation or determination previously given or made.

Any such modification, waiver, authorisation or determination shall be binding on the Class B Noteholders and, unless the Class B Note Trustee agrees otherwise, any such modification shall be notified to the Class B Noteholders as soon as practicable thereafter in the manner described under "—*Notice to Class B Noteholders*".

The Class B Note Trustee shall be entitled to take into account, for the purpose of exercising or performing any right, power, trust, authority, duty or discretion under or in relation to the Class B Conditions or any of the Issuer Class B Transaction Documents, among other things, to the extent that it considers, in its sole and absolute discretion, it is necessary

and/or appropriate, and/or relevant, any Ratings Confirmation (whether or not such confirmation is addressed to, or provides that it may be relied upon by, the Class B Note Trustee and irrespective of the method by which such confirmation is conveyed).

Subject to the terms of the Issuer Deed of Charge in connection with any such substitution of principal debtor as is referred to under "*—Redemption, Purchase and Cancellation—Optional Redemption for taxation or other reasons*", the Class B Note Trustee and the Issuer Security Trustee may also agree, without the consent of the Class B Noteholders, to a change in the laws governing the Class B Notes, the Class B Conditions and/or the Issuer Class B Transaction Documents, provided that such change would not, in the opinion of the Class B Note Trustee be materially prejudicial to the interests of the Class B Noteholders.

The Class B Note Trustee will be empowered by the terms of the Class B Note Trust Deed to make appropriate amendments to the Issuer Class B Transaction Documents (including instructing the Issuer Security Trustee on behalf of the Class B Noteholders) to reflect the appointment by the Issuer of an additional rating agency to provide a rating in respect of the Class A Notes and/or the Class B Notes.

Where the Class B Note Trustee is required to have regard to the interests of the Class B Noteholders, it shall have regard to the interests of such Class B Noteholders as a class and, in particular but without prejudice to the generality of the foregoing, shall not have regard to, or be in any way liable for, the interests arising from circumstances particular to individual Class B Noteholders (whatever their number) and in particular but without limitation shall not have regard to the consequences of such exercise for individual Class B Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Class B Note Trustee shall not be entitled to require, nor shall any Class B Noteholder be entitled to claim, from the Issuer, the Class B Note Trustee, the Issuer Security Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Class B Noteholders.

Indemnification and Exoneration of the Class B Note Trustee and the Issuer Security Trustee

The Class B Note Trust Deed and the Issuer Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Class B Note Trustee and the Issuer Security Trustee, respectively, and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Issuer Security Trustee, enforcing the Issuer Security unless indemnified and/or prefunded and/or secured to their satisfaction.

The Class B Note Trust Deed and the Issuer Deed of Charge also contain provisions pursuant to which the Class B Note Trustee and the Issuer Security Trustee and their related companies are entitled, amongst other things, to (a) enter into business transactions with the Issuer and/or any other party to any of the Issuer Class B Transaction Documents and to act as trustees for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Issuer Class B Transaction Documents, (b) exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Class B Noteholders, and (c) retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Replacement of Class B Notes

If any Class B Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Class B Principal Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Class B Note will only be made on payment of such costs, by the respective Class B Noteholder, as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Class B Notes must be surrendered before new ones will be issued.

Notice to Class B Noteholders

Any notice shall be deemed to have been duly given to the Class B Noteholders if sent to the Clearing Systems for communication by them to the holders of the Class B Notes and shall be deemed to be given on the date on which it was so sent and shall also be published in the following manner. In respect of Class B Definitive Notes, any notice to the Class B Noteholders shall be validly given if published in a leading daily newspaper printed in the English language and with general circulation in London and Ireland (which is expected to be the *Financial Times* and in the *Irish Times*, respectively) and (so long as the relevant Class B Notes are admitted to trading on and listed on an exchange), any notice shall also be published in accordance with the relevant listing rules and regulations.

Class B Noteholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Class B Notes in the manner described under "*—Notice to Class B Noteholders*".

A copy of each notice given in accordance with the Class B Conditions shall be provided to the Rating Agency, and so long as the Class B Notes are listed on the Irish Stock Exchange, to the Irish Stock Exchange (to the extent required by the Global Exchange Market of the Irish Stock Exchange).

The Class B Note Trustee shall be at liberty to sanction some other method of giving notice to the Class B Noteholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the relevant Class B Notes are then admitted to trading and listed and provided that notice of such other method is given to the Class B Noteholders in such manner as the Class B Note Trustee shall require.

Notification

As soon as practicable after becoming aware that any part of a payment of interest or principal on the Class B Notes will be deferred or that a payment previously deferred will be made in accordance with the Class B Conditions, the Issuer will give notice thereof to the Class B Note Trustee and the Class B Noteholders in the manner described under "*—Notice to Class B Noteholders*", and so long as the Class B Notes are listed on the Irish Stock Exchange, to the Irish Stock Exchange (to the extent required by the Global Exchange Market of the Irish Stock Exchange).

Further Notes and New Notes

Further Class B Notes and New Class B Notes

The Issuer may, without the consent of the Class B Noteholders, but subject always to the provisions of the Class B Conditions and the Class B Note Trust Deed, at its option, raise further funds, from time to time, on any date by the creation and issue of:

- further Class B Notes carrying the same terms and conditions in all respects (or in all respects except in relation to the first Class B Note Interest Period and first Class B Note Interest Payment Date, the issue date, first coupon and initial principal amount outstanding) as, and so that the same shall be consolidated and form a single series and rank pari passu with, the Class B Notes (the "**Further Class B Notes**"); and/or

- new Notes which may equally have terms and conditions that differ from the Class B Notes and which do not form a single series with the Class B Notes ("**New Class B Notes**").

It shall be a condition precedent to issue any Further Class B Notes and/or New Class B Notes (together, the "**Class B Additional Notes**") that:

- the aggregate principal amount of all such Class B Additional Notes to be issued on such date is not less than £5.0 million;

- an amount equal to the gross proceeds of such Further Class B Notes or, as the case may be, the New Class B Notes (with an amount in respect of any issue expenses or commissions agreed to be paid by way of fee by the Borrower pursuant to the Class B IBLA) is applied by the Issuer to make a loan to the Borrower pursuant to the Class B IBLA and the conditions precedent therein for an advance under any Additional Class B Facilities are satisfied; and

- the Class B Note Trustee has received a legal opinion satisfactory to it in relation to, inter alia, the issue of the Further Class B Notes, or as the case may be, the New Class B Notes from a reputable international law firm.

Nothing described above prohibits the Issuer from issuing Class A Notes under the Programme.

Deeds and Security

Any such Further Class B Notes or New Class B Notes will be constituted by a further deed or deeds supplemental to the Class B Note Trust Deed and have the benefit of the security constituted by the Issuer Deed of Charge. Any of the Issuer Class B Transaction Documents may be amended as provided above under "*—Status, Priority and Security—Status and relationship between the Class B Notes*" or otherwise, and further Issuer Class B Transaction Documents may be entered into, in connection with the issue of such Further Class B Notes or New Class B Notes and the claims of any of the parties to any amended Issuer Class B Transaction Document or any further Issuer Class B Transaction Document may rank pari passu with or behind, the Class B Notes, provided, in each case, that the conditions set out above under "*—Further Class B Notes and New Class B Notes*" have been satisfied, mutatis mutandis, in respect of such issue of Further Class B Notes or New Class B Notes.

Class B Call Option

The Class B Notes are issued with the benefit of the Class B Call Option (as defined in and set out in the Issuer Deed of Charge).

If a Class B Call Option Trigger Event set out in paragraph (a) of the definition thereof occurs, then subject to and in accordance with the terms of the Class B Call Option and the other terms of the Issuer Deed of Charge:

- any Class B Noteholder will be entitled (but not obliged) to purchase all (but not some only) of (x) the Sub-Class of Class A Notes which have not been paid on their Expected Maturity Date at a price equal to the aggregate Principal Amount Outstanding of such Sub-Class of Class A Notes together with accrued but unpaid

interest thereon and (y) any Class A Authorised Credit Facility (other than a Class A IBLA) which has not been paid on its Final Maturity Date at a price equal to the Outstanding Principal Amount of such Class A Authorised Credit Facility together with accrued but unpaid interest thereon; provided that, in the case of (y) above, each Class B Noteholder that wishes to exercise its right to purchase any Class A Authorised Credit Facility certifies to the Borrower and the Obligor Security Trustee at the time of the exercise of the Class B Call Option that it is not, and, following exercise of the Class B Call Option, will not be, connected with the Borrower for the purposes of section 363 of the Corporation Tax Act 2009; and

- the relevant Class B Noteholder(s) may:

  - surrender (in whole and not in part) such Class A Notes to the Issuer for cancellation (and a corresponding amount of the Advances made under the relevant Class A IBLA attributable to the relevant Sub-Class of Class A Note will be treated as prepaid) (or enter into an alternative arrangement which achieves the same commercial objective) and surrender (in whole and not in part) and cancel any amount outstanding under any purchased Class A Authorised Credit Facility (or enter into an alternative arrangement which achieves the same commercial objective); provided that in each case, the relevant Class B Noteholder(s) shall provide a tax opinion from reputable tax counsel addressed to (x) the Issuer, the Class A Note Trustee, the Issuer Security Trustee, the Borrower and the Obligor Security Trustee in the case of the surrender of the Class A Notes and the deemed prepayment of the corresponding Class A IBLA and (y) the Borrower and the Obligor Security Trustee, in the case of any cancellation of amounts outstanding under any Class A Authorised Credit Facility, to confirm that the surrender and cancellation of the Class A Notes, the Class A IBLA and/or the relevant Class A Authorised Credit Facility, or the entry into any alternative arrangements to achieve the same commercial objective, as the case may be, will not result in any adverse tax consequences for the Issuer or the Borrower, as applicable; or

  - purchase all (but not some only) of any other Sub-Class of Class A Notes then outstanding at a price equal to:

    - in the case of Fixed Rate Class A Notes denominated in Sterling, the price (as reported in writing to the Issuer and the Class A Note Trustee by a financial advisor appointed by the Issuer and approved in writing by the Class A Note Trustee) expressed as a percentage (and rounded, if necessary, to the third decimal place (0.0005 being rounded upwards)) at which the Gross Redemption Yield on the relevant class of Class A Notes on the Relevant Date is equal to the Gross Redemption Yield at 3.00 p.m. (London time) plus 50 basis points on that date of the Relevant Treasury Stock on the basis of the arithmetic mean (rounded, if necessary, as aforesaid) of the offered prices of the Relevant Treasury Stock quoted by the Reference Market Makers (on a dealing basis for settlement on the next following dealing day in London) at or about 3.00 p.m. (London time) on the Relevant Date and so that, for the purpose of this section: "**Reference Market Makers**" means three brokers and/or London gilt-edged market makers selected by the Issuer and approved in writing by the Class A Note Trustee; "**Relevant Date**" means the date which is the fifth business day in London prior to the date of purchase; "**Gross Redemption Yield**" means a yield calculated on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields" page 5, Section One: Price/Yield Formulae "Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (third edition published 16/03/2005); and "**Relevant Treasury Stock**" means such United Kingdom government stock as selected by the Issuer and as the Class A Note Trustee may approve, with the advice of three brokers and/or gilt-edged market makers or such other three persons operating in the gilt-edged market to be a benchmark gilt the maturity of which most closely matches the Expected Maturity Date of the relevant Sub-Class of Class A Notes as calculated by a financial advisor selected by the Issuer and approved in writing by the Class A Note Trustee;

    - in the case of Fixed Rate Class A Notes denominated in Euro, U.S. dollar or any other currency (other than Sterling), at a price equal to the Redemption Amount of such Class A Notes as determined in accordance with Class A Condition 7(c) or as otherwise specified in the relevant Final Terms or drawdown prospectus, as the case may be; and

    - in the case of Floating Rate Class A Notes, at a price equal to the Principal Amount Outstanding of such Sub-Class of Class A Notes together with any accrued but unpaid interest thereon and any premium or make-whole amount applicable to such Sub-Class of Class A Notes as specified in the relevant Final Terms or relevant drawdown prospectus, as the case may be.

If a Class B Call Option Trigger Event set out in paragraph (b) of the definition thereof occurs and the Class B Call Option is exercised under the terms of the Issuer Deed of Charge, any Class B Noteholder will be entitled (but not obliged) to purchase all (but not some) of (x) the Class A Notes then outstanding in respect of which the Expected Maturity Date has not yet occurred at a price equal to the aggregate Principal Amount Outstanding of the Class A Notes together with accrued but

unpaid interest thereon and (y) each Class A Authorised Credit Facility (other than any Class A IBLA) which is then outstanding at a price equal to the Outstanding Principal Amount of such Class A Authorised Credit Facility together with accrued but unpaid interest thereon and any make-whole in respect of the relevant Class A Authorised Credit Facility (determined in accordance with the terms of that Class A Authorised Credit Facility as if the purchase of such Class A Authorised Credit facility was treated as voluntary prepayment thereunder); provided that, in the case of (y) above, each Class B Noteholder that wishes to exercise its right to purchase any Class A Authorised Credit Facility certifies to the Borrower and the Obligor Security Trustee at the time of the exercise of the Class B Call Option that it is not, and, following exercise of the Class B Call Option, will not be, connected with the Borrower for the purposes of section 363 of the Corporation Tax Act 2009.

Following notification of the occurrence of any Class B Call Option Trigger Event by or on behalf of the Issuer to the Class B Noteholders (such notification, the "**Class B Call Option Notice**"), any Class B Noteholders who wish to exercise the Class B Call Option must comply with the terms (as to procedures and timing for payment and settlement) set out in the Class B Call Option Notice in order to purchase the Class A Notes and any Class A Authorised Credit Facility in such proportions as the terms of the Issuer Deed of Charge may specify.

European Economic and Monetary Union

Notice of redenomination

The Issuer may, without the consent of the Class B Noteholders, and on giving at least 30 days' prior notice to the Class B Noteholders, the Class B Note Trustee and the Class B Principal Paying Agent, designate a date (the "**Redenomination Date**"), being a Class B Note Interest Payment Date falling on or after the date on which the UK becomes a Participating Member State.

Redenomination

Notwithstanding the other provisions of the Class B Conditions, with effect from the Redenomination Date:

- the Class B Notes denominated in sterling (the "**Class B Sterling Notes**") shall be deemed to be redenominated into euro in the denomination of €0.01 with a principal amount for each Class B Note equal to the principal amount of that Class B Note in sterling, converted into euro at the rate for conversion of such currency into euro established by the Council of the European Union pursuant to the Treaty establishing the European Union, as amended (including compliance with rules relating to rounding in accordance with European Community regulations), provided, however, that, if the Issuer determines, that the then current market practice in respect of the redenomination into €0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Class B Noteholders, the Irish Stock Exchange (or any stock exchange (if any) on which the Class B Notes are then listed) and the Class B Principal Paying Agent of such deemed amendments;

- if Class B Notes have been issued in definitive form:

    - all Class B Notes denominated in sterling will become void with effect from the date (the "**Euro Exchange Date**") on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Class B Noteholders and the Class B Note Trustee that replacement Class B Notes denominated in euro are available for exchange (provided that such Class B Notes are available) and no payments will be made in respect thereof;

    - the payment obligations contained in all Class B Notes denominated in sterling will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Class B Notes in accordance with this section) shall remain in full force and effect; and

    - new Class B Notes denominated in euro will be issued in exchange for Class B Sterling Notes in such manner as the Issuer may specify and as shall be notified to the Class B Noteholders in the Euro Exchange Notice;

- all payments in respect of the Class B Sterling Notes will be made solely in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any Member State; and

- a Class B Note may only be presented for payment on a day which is a business day in the place of presentation.

Interest

Following redenomination of the Class B Notes pursuant to "*—European Economic and Monetary Union*" where Class B Sterling Notes have been issued in definitive form, the amount of interest due in respect of the Class B Sterling Notes will be calculated by reference to the aggregate principal amount of the Class B Sterling Notes presented for payment by the relevant Class B Noteholder and the amount of such payment shall be rounded down to the nearest €0.01.

Rights of Third Parties

No rights are conferred under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Class B Notes or the Class B Conditions, but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

Governing Law

Each of the Issuer Class B Transaction Documents (other than the Issuer Jersey Share Security Agreement which is governed by Jersey Law), the Class B Global Notes and the Class B Conditions (and, in each case, any contractual or non-contractual obligations arising out of or in connection with the relevant document) are governed by, and shall be construed in accordance with, English law.

Jurisdiction

The courts of England are to have exclusive jurisdiction to settle any dispute including any dispute as to any non-contractual obligations that may arise out of or in connection with the Class B Notes and the Issuer Class B Transaction Documents to which the Issuer is party and, accordingly, any legal action or proceedings arising out of or in connection with the Class B Notes and/or the Issuer Class B Transaction Documents may be brought in such courts. The Issuer has in each of the Issuer Class B Transaction Documents to which it is a party irrevocably submitted to the jurisdiction of such courts.

Certain Defined Terms

"Business Day" means, in relation to any place, a day (other than a Saturday or a Sunday) on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Dublin.

"Class B Note Expected Maturity Date" means the Class B Note Interest Payment Date falling in July 2019.

"Class B Note Final Maturity Date" means the Class B Note Interest Payment Date falling in July 2043.

"Class B Note Step-Down Date" means the Class B Note Interest Payment Date falling in July 2021.

"Class B Call Option Trigger Event" means any of the following events:

(a) prior to the delivery of a Class A Note Acceleration Notice or a Loan Acceleration Notice, either (i) the occurrence of an Expected Maturity Date with respect to any Sub-Class of Class A Notes outstanding at any time and such Sub-Class of Class A Notes is not redeemed in full on its Expected Maturity Date or (ii) the occurrence of the Final Maturity Date with respect to any Class A Authorised Credit Facility and such Class A Authorised Credit Facility is not repaid in full on its Final Maturity Date; or

(b) the delivery of a Class A Note Acceleration Notice to the Issuer.

"Class B Extraordinary Resolution" means, in respect of a Class B Voting Matter (a) a resolution approved by the holders of not less than 90% of the aggregate Principal Amount Outstanding of the Class B Notes or (b) a resolution in writing signed by or on behalf of the holders of not less than 90% of the aggregate Principal Amount Outstanding of the Class B Notes, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Class B Noteholders.

"Class B Voting Matter" means any matter which is required to be approved by the Class B Noteholders including, without limitation:

(a) any STID Proposal which requires the approval of the Class B Noteholders;

(b) any direction to be given by the Class B Noteholders to the Class B Note Trustee (in its capacity as the Secured Creditor Representative of the Class B Noteholders) to challenge the determination of the voting category made by the Holdco Group Agent in a STID Proposal, and/or (where the Issuer is an Affected Obligor Secured Creditor) whether a STID Proposal gives rise to an Entrenched Right;

(c) any directions required or entitled to be given by Class B Noteholders pursuant to the Issuer Class B Transaction Documents; and

(d) any other matter which requires the approval of or consent of the Class B Noteholders.

"Insolvency Official" means, in respect of any company, a liquidator (except in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation; the terms of which have previously been approved either in writing by the Class B Note Trustee or by a Class B Extraordinary Resolution of the holders of any of the Class B Notes then outstanding, as the case may be), provisional liquidator, administrator (whether appointed by the court or otherwise), administrative receiver, receiver or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian, the Viscount of the Royal Court of Jersey or other similar officer in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction.

"Insolvency Proceedings" means the winding-up, dissolution, company voluntary arrangement, administration or bankruptcy (within the meaning of Article 8 of the Interpretation (Jersey) Law 1954) of a company or corporation and shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or of any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief from creditors or the appointment of an Insolvency Official.

"Issuer Insolvency Event" means:

(a) the Issuer is unable or admits inability to pay its debts as they fall due, or suspends making payments on any of its debts after taking into account amounts available to it under the Liquidity Facility Agreement at the relevant time;

(b) a moratorium is declared in respect of any indebtedness of the Issuer;

(c) the commencement of negotiations by the Issuer with one or more creditors of the Issuer with a view to rescheduling any indebtedness of the Issuer;

(d) the Issuer becomes "bankrupt" within the meaning of Article 8 of the Interpretation (Jersey) Law 1954;

(e) any corporate action, legal proceedings or other procedure or step is taken (whether out of court or otherwise) in relation to:

(i) the appointment of an Insolvency Official (excluding the Issuer Security Trustee or a Receiver appointed by the Issuer Security Trustee pursuant to the Issuer Deed of Charge) in relation to the Issuer or in relation to the whole or any part of the undertaking of the Issuer;

(ii) an encumbrancer (excluding the Issuer Security Trustee or any Receiver appointed by the Issuer Security Trustee pursuant to the Issuer Deed of Charge) taking possession of the whole or any part of the undertaking or assets of the Issuer;

(iii) the making of an arrangement, composition or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditors (or any class of creditors) of the Issuer, a reorganisation of the Issuer, the winding up of the Issuer, a conveyance to or assignment for the benefit of creditors of the Issuer (or any class of creditors) or the making of an application to a court of competent jurisdiction for protection from the creditors of the Issuer (or any class of creditors); or

(iv) any analogous procedure or step is taken in any jurisdiction; or

(f) any distress, execution, diligence, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of the Issuer (excluding by the Issuer Security Trustee or any Receiver appointed by the Issuer Security Trustee pursuant to the Issuer Deed of Charge) and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within 30 days.

DESCRIPTION OF THE CLASS B IBLA

Under the terms of the Class B IBLA, the Issuer will agree to make available to the Borrower on the Closing Date the facilities as described below. The following is a summary of certain provisions of the Class B IBLA. It is qualified in its entirety by reference to the detailed provisions of the Class B IBLA. Capitalised terms used, but not defined in this "Description of the Class B IBLA" shall have the meaning given to them in the Class B IBLA or the section "Definitions and Glossary", as applicable.

On the Closing Date, the proceeds of the issue of the Class B Notes will be applied by the Issuer to make advances to the Borrower in an aggregate principal amount of £655 million pursuant to the terms of the Class B IBLA. Pursuant to that agreement, the Issuer will provide to the Borrower a secured facility in an aggregate principal amount of £655 million (the **Class B Facility** and the advance thereunder, the **Class B Loan**) which will be contractually subordinated to the any Class A Authorised Facility.

The economic terms and conditions of the Class B Facility (including, among other things, in relation to the payment of interest and the repayment and prepayment of principal) will be broadly similar to the terms and conditions of the Class B Notes.

On the Closing Date, the Issuer will be an Unrestricted Subsidiary.

REPAYMENT

The Borrower must repay the Class B Loan in full on the Class B Loan Maturity Date to the extent not repaid, prepaid or otherwise discharged in full prior to such date.

If on the Class B Loan Maturity Date the Class B Loan remains outstanding, Topco will be required, under the terms of the Topco Payment Undertaking, to procure the payment of an amount equal to the aggregate of: (a) the principal balance then outstanding under each Class B Authorised Credit Facility; (b) accrued but unpaid interest outstanding under that Class B Authorised Credit Facility; (c) any Additional Amounts; and (d) all other amounts (including, without limitation, fees, premium and interest on overdue amounts) outstanding under that Class B Authorised Credit Facility and any document that is a Finance Document for purposes of that Class B Authorised Credit Facility, in each case taking into account all amounts paid on or before that date in respect of the above amounts by or on behalf of the Obligors to any Obligor Junior Secured Creditor under that Class B Authorised Credit Facility. Failure by Topco to pay such amount will give the right to the Obligor Security Trustee to enforce the Topco Security granted to it (on trust for the Topco Secured Creditors) by Topco over the shares Topco holds in Holdco in accordance with the STID.

PREPAYMENT

Optional prepayment

At any time prior to 31 January 2016, the Borrower may on any one or more occasions prepay up to 40% of the aggregate principal amount of the Class B Loan at a prepayment price equal to 109.50% of the principal amount of the Class B Loan prepaid upon not less than 30 nor more than 60 days' notice, plus accrued and unpaid interest and Additional Amounts, if any, to the date of prepayment (subject to the rights of the Issuer to receive interest on the relevant Loan Interest Payment Date), with the net cash proceeds of one or more Equity Offerings, **provided** that:

(i) at least 60% of the original aggregate principal amount of the Class B Loan remains outstanding immediately after the occurrence of such prepayment; and

(ii) the prepayment occurs within 180 days of the date of the closing of such Equity Offering.

At any time prior to 31 January 2016, the Borrower may on any one or more occasions, at their option, prepay all or a part of the Class B Loan upon not less than 30 nor more than 60 days' prior notice, at a prepayment price equal to 100% of the principal amount of the Class B Loan prepaid, plus the Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to the date of prepayment (subject to the rights of the Issuer to receive interest due on the relevant Loan Interest Payment Date).

Except as described above and set out under "—Taxes—Repayment for taxation reasons", the Class B Loan will not be pre-payable at the Borrower's option prior to 31 January 2016.

On or after 31 January 2016, the Borrower may on any one or more occasions prepay all or a part of the Class B Loan upon not less than 30 nor more than 60 days' prior notice, at the prepayment prices (expressed as percentages of

principal amount) set out below, plus accrued and unpaid interest and Additional Amounts, if any, on the Class B Loan prepaid, to the applicable date of prepayment, if prepaid during the 12-month period beginning on 31 January of the years indicated below, subject to the rights of the Issuer to receive interest on the relevant Loan Interest Payment Date:

Year	Redemption Price
2016	104.750%
2017	102.375%
2018 and thereafter	100.000%

Unless the Borrower defaults on the payment of the prepayment price, interest will cease to accrue on the Class B Loan or portions thereof called for prepayment on the applicable prepayment date.

Any prepayment or notice may, at the Borrower's discretion, be subject to the satisfaction of one or more conditions precedent.

Upon any prepayment of the Class B Loan pursuant to this covenant, the Issuer will redeem a *pro rata* portion of the Class B Notes in accordance with the Class B Conditions.

Mandatory Prepayment

Subject to the STID, the Borrower shall, within one Business Day of receipt of any monies received by the Borrower under the Topco Payment Undertaking, apply such monies to prepay the maximum amount of the Class B Loan (together with all accrued and unpaid interest and Additional Amounts, if any) that may be prepaid with such monies.

INTEREST

Calculation of interest

The rate of interest on the Class B Loan for each Loan Interest Period (as defined below) is the percentage per annum as follows:

(a) in respect of any Loan Interest Period falling in the period starting on (and including) the Closing Date and terminating on (and excluding) the Class B Loan Step-Down Date, 9.50% per annum; and

(b) in respect of any Loan Interest Period falling after (and including) the Class B Loan Step-Down Date, 5.00% per annum,

(each, the applicable **Class B Interest Rate**).

The period from (and including) the Closing Date to (but excluding) the first Loan Interest Payment Date and each successive period from (and including) a Loan Interest Payment Date to (but excluding) the next succeeding Loan Interest Payment Date, is called a **Loan Interest Period**.

Payment of interest

Subject to the second and the third paragraphs below, the Borrower must pay accrued interest on the Class B Loan on each Loan Interest Payment Date.

From (and including) the Closing Date to (but excluding) the Class B Loan Maturity Date (as defined below), interest will accrue on any overdue amount of principal or interest (including Additional Amounts, if any) in respect of the Class B Loan at the applicable Class B Interest Rate plus 1% per annum. For the avoidance of doubt, any failure to pay interest on a Loan Interest Payment Date will not constitute a Class B Loan Event of Default for as long as any Class A Notes remain outstanding but will constitute a Share Enforcement Event. The **Class B Loan Maturity Date** and the **Class B Note Expected Maturity Date** will be 31 July 2019.

From (and including) the Class B Loan Maturity Date, the Borrower will not make payments of interest. Instead, interest will accrue on the Class B Loan at the Class B Interest Rate but will be deferred and will be payable only on the earlier of (x) the date on which the amounts outstanding under any Class A Authorised Credit Facility (including the Class A IBLA) are repaid in full and (y) the Class B Note Final Maturity Date. Interest will accrue on such deferred interest at the rate otherwise payable on unpaid principal of such Class B Loan at such time. Interest will accrue on such deferred interest at the rate otherwise payable on unpaid principal of such Class B Notes at such time.

PAYMENTS

Unless a Class B Finance Document specifies that payments under it are to be made in another manner, all payments by any Obligor to the Issuer under the Class B Finance Documents must be made to the Issuer Transaction Account (or such other account as the Issuer or, following a Class B Loan Event of Default, the Obligor Security Trustee may specify to the Borrower by not less than ten Business Days' prior written notice).

TAXES

Additional Amounts

In the event that (i) any deduction or withholding for, or on account of, any Taxes is required to be made from payments made by the Issuer under or with respect to the Class B Notes and (ii) the Issuer is required under the Class B Conditions to pay additional amounts (the **Additional Amounts**) on the Class B Notes such that the net amounts received by each holder of Class B Notes after such withholding or deduction (including any such withholding or deduction in respect of such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction, the Issuer shall promptly give written notice of such requirement to the Borrower and the Borrower will pay such Additional Amounts as specified in such notice as may be necessary for the Issuer to comply with its obligations under the Class B Conditions.

All payments to be made by an Obligor to the Issuer under any Class B Finance Document shall be made free and clear of and without deduction or withholding for or on account of Tax unless the deduction or withholding is required by law, in which case the Borrower shall:

(a) ensure that the deduction or withholding does not exceed the minimum amount required by law; and

(b) pay to the relevant Tax Authority, within the period for payment permitted by applicable law, the full amount of the deduction or withholding (including, but without prejudice to the generality of the foregoing, the full amount of any deduction or withholding from any additional amount paid pursuant to this paragraph); and

(c) furnish to the Issuer, within the period for payment permitted by the relevant law, either:

  (i) an official receipt (or certified copy thereof) of the relevant Tax Authority in respect of all amounts so deducted or withheld; or

  (ii) if such receipts are not issued by the Tax Authority on payment to it of amounts so deducted or withheld, a certificate of deduction or equivalent evidence (or certified copy thereof) of the relevant deduction or withholding; and

(d) pay to the Issuer an increased amount such that the amount received by the Issuer is equal, after all deductions and withholdings for or on account of Tax which are required to be made from the payment, to the full amount which the Issuer would have been entitled to receive had no deduction or withholding been required to be made.

Repayment for taxation reasons

The Borrower may repay the Class B Loan in whole, but not in part, at any time upon giving not less than 30 nor more than 60 days' notice to the Issuer and the Obligor Security Trustee (which notice will be irrevocable) at a repayment price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for repayment (a **Tax Repayment Date**) (subject to the right of the Issuer to receive interest due on the relevant Loan Interest Payment Date) and all Additional Amounts, if any, then due and which will become due on the Tax Repayment Date as a result of the repayment or otherwise, if any, if the Issuer, Borrower or Guarantors determine in good faith that, the Issuer has the right to redeem the Class B Notes upon the occurrence of any of the events listed in Condition 5.3 of the Class B Conditions as set out in the Class B Note Trust Deed. The Borrower will promptly notify the Issuer and the Obligor Security Trustee if it elects to repay the Class B Loan pursuant to this covenant. If the Borrower so elects to repay the Class B Loan, the Borrower will deliver to the Obligor Security Trustee an Officer's Certificate stating that it is entitled to effect such repayment and setting forth a statement of facts showing that the conditions precedent to its right so to repay have been satisfied. The Obligor Security Trustee will accept such Officer's Certificate as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Borrower and thereafter the Borrower must repay or prepay the Class B Loan in full on the date specified in the next paragraph below and the Issuer will redeem all of the Class B Notes in accordance with the Class B Conditions.

The date for repayment or prepayment of the Class B Loan will be the earlier of:

(i) the Loan Interest Payment Date in respect of the then current Loan Interest Period; or

(ii) the date specified by the Borrower in its notification.

CLASS B CHANGE OF CONTROL

If a Class B Change of Control occurs, the Borrower will make an offer to the holders of the Class B Notes (a **Class B Change of Control Offer**) to repurchase all or any part (equal to £100,000 or an integral multiple of £1,000 in excess thereof) of the Class B Notes held by such holders. In the Class B Change of Control Offer, the Borrower will offer a payment equal to 101% of the aggregate principal amount of Class B Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Class B Notes repurchased to the date of purchase (the **Class B Change of Control Payment**), subject to the rights of holders of Class B Notes on the relevant record date to receive interest due on the relevant interest payment date; **provided**, **however**, that the Borrower will not be obliged to repurchase the Class B Notes as described under this "—Class B Change of Control" covenant in the event and to the extent that they have unconditionally exercised their right to redeem all of the Class B Notes as described under "Prepayment—Optional Prepayment" or all conditions to such redemption have been satisfied or waived.

Unless the Borrower has unconditionally exercised their right to repay all of the Class B Loan in full as set out in "—Prepayment—Optional prepayment" (and all of the Class B Notes have been correspondingly redeemed by the Issuer) or all conditions to such repayment have been satisfied or waived, within 30 days following any Class B Change of Control, the Borrower will deliver a notice to the Issuer, the Class B Note Trustee and each holder of the Class B Notes in accordance with the Class B Conditions, stating:

(i) that a Class B Change of Control Offer is being made and that all Class B Notes tendered will be accepted for payment;

(ii) the purchase price and the prepayment date, which shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the **Class B Change of Control Payment Date**);

(iii) that any Class B Note not tendered will continue to accrue interest;

(iv) that, unless the Borrower defaults in the payment of the Class B Change of Control Payment, all Class B Notes accepted for payment pursuant to the Class B Change of Control Offer will cease to accrue interest after the Class B Change of Control Payment Date;

(v) that holders of Class B Notes electing to have any Class B Notes purchased pursuant to a Class B Change of Control Offer will be required to transfer the Class B Notes to the nominated account as specified in the notice of the Class B Change of Control Offer;

(vi) that holders of Class B Notes will be entitled to withdraw their election if they deliver notice to the Borrower (at such facsimile number or address as specified in the notice of the Class B Change of Control Offer), not later than the close of business on the second Business Day preceding the Class B Change of Control Payment Date, a facsimile transmission or letter setting forth the name of the holder of Class B Notes, the principal amount of Class B Notes delivered for purchase, and a statement that such holder is withdrawing its election to have the Class B Notes purchased; and

(vii) that holders of Class B Notes whose Class B Notes are being purchased only in part will be issued new Class B Notes equal in principal amount to the unpurchased portion of the Class B Notes surrendered, which unpurchased portion must be equal to £100,000 in principal amount or an integral multiple of £1,000 in excess thereof.

The Borrower will be required to comply with the requirements of Rule 14c-1 under the Exchange Act and all applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Class B Notes as a result of a Class B Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions described in this covenant, the Borrower will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the provisions described in this covenant by virtue of such compliance.

On the Class B Change of Control Payment Date, to the extent lawful:

(i) the Borrower will accept for purchase all or portions of Class B Notes properly tendered pursuant to the Class B Change of Control Offer;

(ii) the Borrower will deposit with the Paying Agent an amount equal to the Class B Change of Control Payment in respect of all or portions of Class B Notes properly tendered by such holder for payment into the account of each tendering holder of Class B Notes (as specified in such holder's acceptance of the Class B Change of Control Offer) no later than five days after the Class B Change of Control Payment Date and no later than 60 days from the date the notice set forth in the second paragraph of this covenant has been mailed to holders of Class B Notes; and

(iii) the Borrower will deliver or cause to be delivered to the Issuer the Class B Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Class B Notes being purchased by the Borrower and the Issuer shall then deliver such Class B Notes to the Paying Agent and shall take all other actions and deliver all documents and certificates as are required under the Class B Note Trust Deed or requested by the Paying Agent to effect a cancellation of such Class B Notes.

The Borrower will not be required to make a Class B Change of Control Offer upon a Class B Change of Control if (1) a third party makes the Class B Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set out in the Class B IBLA applicable to a Class B Change of Control Offer made by the Borrower and purchases all Class B Notes properly tendered and not withdrawn under the Class B Change of Control Offer, or (2) notice of redemption has been given pursuant to "—Prepayment—Optional prepayment", unless and until there is a default in payment of the applicable redemption price by the Borrower in connection with the repayment of the Class B Loan or by the Issuer in connection with the redemption of a *pro rata* portion of the Class B Notes.

The Issuer will cooperate with the Borrower in connection with any Class B Change of Control Offer (including, without limitation, by delivering such notices to the Class B Note Trustee and the holders of Class B Notes as the Borrower may require in order to enable the Borrower to comply with the foregoing provisions of this paragraph), and the Borrower will bear the cost of any such Class B Change of Control Offer. Upon the repurchase of any Class B Notes pursuant to a Class B Change of Control Offer, the Issuer will discharge a *pro rata* portion of the Class B Loan.

CERTAIN COVENANTS

Class B Financial Covenant

Required Class B FCF DSCR

Subject to "—Cure right" as set out below, the Obligors must ensure that, on each Financial Covenant Test Date, the ratio of Class B FCF to the Class B Total Debt Service Charges (such ratio, expressed as a percentage, the **Class B FCF DSCR**) for the applicable FCF DSCR Period is not less than 100%.

In respect of the calculation of the Class B FCF DSCR on the first Financial Covenant Test Date, the Class B Total Debt Service Charges will be deemed to be for the four relevant Accounting Periods equal to the actual annualised Consolidated Interest Expense payable by Topco and its Restricted Subsidiaries from the Closing Date to the first Financial Covenant Test Date.

For these purposes each of Topco and its Restricted Subsidiaries shall set their relevant Accounting Periods such that the end date of each Accounting Period immediately preceding each Financial Covenant Test Date shall be a date which is not more than 12 weeks prior to such Financial Covenant Test Date.

Topco shall supply a Compliance Certificate, which shall include the Class B FCF DSCR and calculations thereof in reasonable detail in accordance with Clause 33.3 (Class B Compliance Certificate) of the Class B IBLA.

Cure right

If:

(i) as at a Financial Covenant Test Date (as described in this paragraph, the **Relevant Financial Covenant Test Date**), the Class B FCF DSCR is less than 100%;

(ii) within the period of 30 days thereafter, a New Shareholder Injection or Investor Funding Loan is made and the Borrower procures that such Equity Cure moneys are applied at the discretion of the Borrower either:

(A) in prepayment of the loans outstanding under any Class A Authorised Credit Facility and/or the Class B Loan and any related swap termination amounts, break costs and redemption premium payable by the Obligors under the relevant Hedging Agreements; and/or

(B) funds are deposited into (or remain in) the Defeasance Account,

(the amount so prepaid or deposited, the **Class B Specified Amount**); and

(iii) the Recalculated Class B FCF DSCR is not less than 100%,

then for all purposes thereafter (including, without limitation, as to any determination of the occurrence of a Share Enforcement Event or a Class B Loan Event of Default) the Class B FCF DSCR as at the Relevant Financial Covenant Test Date shall be deemed to have been the same as the Recalculated Class B FCF DSCR.

The Obligor Security Trustee must, as soon as is reasonably practicable after being so requested, but in any event not earlier than the Business Day immediately following the Relevant Financial Covenant Test Date, consent to the release of funds from the Defeasance Account (deposited in the Defeasance Account pursuant to the immediately preceding paragraph above if and to the extent that, following such release, the Recalculated Class B FCF DSCR (disregarding the Class B Specified Amount (if any) requested to be so released) remains at or greater than 100% (as certified by the Holdco Group Agent in the Class B compliance certificate to be provided in connection with such Relevant Financial Covenant Test Date).

No more than three Equity Cures may occur in any rolling period of five financial years ending after the Closing Date and no Equity Cures may be made in respect of any consecutive Financial Covenant Test Date.

Change in Accounting Principles

The Holdco Group Agent must notify the Obligor Security Trustee of any material change to the basis on which its financial statements are prepared (including a change of Accounting Principles of the accounting practices. If the Holdco Group Agent notifies the Obligor Security Trustee of such change, it shall deliver a description of any change necessary to reflect the Accounting Principles and sufficient information to determine the Class B FCF DSCR. If the change in Accounting Practices results in or could reasonably be expected to result in a deviation of equal to or greater than 3% from the result of calculation, the Holdco Group Agent may, or to result in a deviation of at least 5%, the Holdco Group Agent shall appoint an international firm of auditors (acting as experts and not as arbitrator) approved by the Obligor Security Trustee (such approval not to be unreasonably withheld or delayed), or failing that approval, nominated (on the application of the Obligor Security Trustee) by the President for the time being of the Institute of Chartered Accountants of England and Wales (the costs of that nomination and of the auditors being payable by the Obligors) to determine the amendments required to be made to the Class B FCF DSCR contained in the Class B IBLA to place the Holdco Group Agent and the Obligor Security Trustee in a comparable position to that in which they would have been if the change notified above had not happened and the determination of any such auditors shall be final and binding upon the parties to the Class B IBLA. Prior to the Holdco Group Agent appointing auditors as described above, the Obligor Security Trustee shall, if directed in accordance with Clause 23 (Extraordinary Voting Matters) of the STID (and subject as provided in the STID), enter into discussions for a period of not more than 60 days with a view to agreeing any amendments required to be made to the Class B FCF DSCR contained within the Class B IBLA to place the Holdco Group and the Obligor Security Trustee in a comparable position to that in which they would have been if the change notified under clause (ii)(B) above had not happened. Any agreement between the Holdco Group Agent and the Obligor Security Trustee in respect of such calculation will be subject to receipt by the Obligor Security Trustee of a direction given in accordance with Clause 23 (Extraordinary Voting Matters) of the STID and will be binding on all the Parties.

Limitation on Financial Indebtedness

Topco will not, and will not cause or permit any of its Restricted Subsidiaries, directly or indirectly, to Incur any Financial Indebtedness (including Acquired Indebtedness), **provided**, **however**,

(i) that Topco and any Obligor may Incur Financial Indebtedness (including Acquired Indebtedness), if on the date on which such additional Financial Indebtedness is incurred, the Fixed Charge Coverage Ratio of Topco would have been at least 2.0 to 1.0 determined on a pro forma basis (including a pro forma application of the net proceeds therefrom); and

(ii) if the Financial Indebtedness to be incurred is Secured Financial Indebtedness, Topco and any Obligor may incur such Secured Financial Indebtedness, if the Consolidated Secured Net Leverage Ratio of Topco on the date of such Incurrence would have been not greater than 5.5 to 1.0 on a pro forma basis (including a pro forma application of the net proceeds therefrom).

The provisions described in the first paragraph of this covenant will not prohibit the Incurrence of the following Financial Indebtedness (collectively, **Permitted Financial Indebtedness**):

(i) Financial Indebtedness Incurred by any Restricted Subsidiary pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility), and any Refinancing

Financial Indebtedness in respect thereof and Guarantees in respect of such Financial Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding £2,258.5 million *plus* in the case of any refinancing of any Financial Indebtedness permitted under this clause (i) or any portion thereof, fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing *less* the aggregate amount of all Net Available Cash from Asset Sales since the Issue Date applied by Topco or any Restricted Subsidiary pursuant to the covenant described under "Certain Covenants—Asset Sales" to repay any Financial Indebtedness under any Credit Facility incurred pursuant to this clause (i) (and in respect of any revolving credit facility, to permanently reduce commitments thereunder);

(ii) (A) Guarantees by Topco or any of its Restricted Subsidiaries of Financial Indebtedness of Topco or any of its Restricted Subsidiaries in each case so long as the Incurrence of such Financial Indebtedness is permitted under the terms of the Class B IBLA; or

(B) without limiting the provisions described in "—Limitations on Liens", Financial Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Financial Indebtedness of Topco or any of its Restricted Subsidiaries so long as the Incurrence of such Financial Indebtedness is permitted under the terms of the Class B IBLA;

(iii) Financial Indebtedness of Topco owing to and held by any Restricted Subsidiary or Financial Indebtedness of a Restricted Subsidiary owing to and held by Topco or by any Restricted Subsidiary; **provided**, **however**, that:

(A) if any Obligor is the obligor on such Financial Indebtedness and the payee is not an Obligor, such Financial Indebtedness must be unsecured and expressly subordinated to the extent required by the STID to the prior payment in full of the Obligations under the Class B IBLA;

(B) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Financial Indebtedness being beneficially held by a Person other than Topco or a Restricted Subsidiary of Topco; and

(C) any sale or other transfer of any such Financial Indebtedness to a Person other than Topco or a Restricted Subsidiary of Topco,

shall be deemed, in each case, to constitute an Incurrence of such Financial Indebtedness by Topco or such Restricted Subsidiary, as the case may be, not permitted as described in this clause (iii);

(iv) any Financial Indebtedness represented by (A) the amounts outstanding under the Class A IBLA and the Class B Loan outstanding on the Closing Date (other than any Further Advances under the Class A IBLA and any other Class B Authorised Credit Facility), (B) any Financial Indebtedness (other than Financial Indebtedness described in clauses (i) and (iii)) outstanding on the Closing Date, (C) Refinancing Financial Indebtedness Incurred in respect of any Financial Indebtedness described in this clause (iv) or below in clause (v) or Incurred pursuant to the provisions described in the first paragraph of this covenant, and (D) Management Advances;

(v) Financial Indebtedness of any Person Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of Topco or another Restricted Subsidiary of Topco or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) Topco or any of its Restricted Subsidiaries (other than Financial Indebtedness Incurred (A) to provide all or any portion of the funds utilised to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by Topco or a Restricted Subsidiary of Topco or (B) otherwise in connection with or contemplation of such acquisition); **provided**, **however**, with respect to this clause (v), that at the time of such acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred (a) Topco and the Obligors would have been able to incur £1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (v) calculated on a *pro forma* basis or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction on a *pro forma* basis;

(vi) Financial Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for *bona fide* hedging purposes of Topco or any of its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or senior management of Topco);

(vii) Financial Indebtedness represented by Capitalised Lease Obligations or Purchase Money Obligations, and in each case any Refinancing Financial Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Financial Indebtedness Incurred pursuant to this clause (vii) and then outstanding, not to exceed £60 million at any time outstanding;

(viii) Financial Indebtedness in respect of (A) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other Tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by Topco or any of its Restricted Subsidiaries or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business, (B) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement; **provided**, **however**, that in the case of the provisions referred to in clauses (A) and (B) above, upon the drawing of such letters of credit or other instruments such obligations are reimbursed within 30 days following such drawing, (C) the financing of insurance premiums in the ordinary course of business and (D) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(ix) Financial Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Financial Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); **provided** that, in the case of a disposition, the maximum liability of Topco and its Restricted Subsidiaries in respect of all such Financial Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by Topco and its Restricted Subsidiaries in connection with such disposition;

(x) (A) Financial Indebtedness arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument drawn against insufficient funds in the ordinary course of business; **provided**, **however**, that such Financial Indebtedness is extinguished within five Business Days of Incurrence; (B) customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business; (C) Financial Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of Topco and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of Topco and its Restricted Subsidiaries; and (D) Financial Indebtedness Incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management purposes, in each case, Incurred or undertaken in the ordinary course of business;

(xi) Financial Indebtedness Incurred by Topco or any of its Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with any Refinancing Financial Indebtedness in respect thereof and the principal amount of all other Financial Indebtedness Incurred pursuant to this clause (xi) and then outstanding, will not exceed £75 million; **provided** that the aggregate principal amount of such Financial Indebtedness that may be Incurred pursuant to this clause (xi) by Restricted Subsidiaries that are not Obligors shall not exceed £20 million at any time outstanding;

(xii) Financial Indebtedness Incurred by Topco or any of its Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with any Refinancing Financial Indebtedness in respect thereof and the principal amount of all other Financial Indebtedness Incurred pursuant to this clause (xii) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by Topco from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of Topco, in each case, subsequent to the Closing Date; provided, however, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Class B Restricted Payments under the first paragraph and clauses (i), (vi) and (xi) of the third paragraph of the covenant described below under "*—Class B Restricted Payments*" to the extent Topco and its Restricted Subsidiaries Incur Financial Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Financial Indebtedness pursuant to this clause (xii) to the extent Topco or any of its Restricted Subsidiaries makes a Class B Restricted Payment under the first paragraph and clauses (i), (vi) and (xi) of the third paragraph of the covenant described below under "*—Class B Restricted Payments*" in reliance thereon; and

(xiii) Financial Indebtedness Incurred by IP Co in relation to the ABF in accordance with the terms contained in Schedule 3 of the AA UK Pension Agreement.

For purposes of determining compliance with, and the outstanding principal amount of any particular Financial Indebtedness Incurred pursuant to and in compliance with, the covenant described in this section:

(i) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Financial Indebtedness that is otherwise included in the determination of a particular amount of Financial Indebtedness shall not be included;

(ii) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any credit facility and are being treated as Incurred pursuant to clauses (i), (vii) or (xi) of the second paragraph of this covenant and the letters of credit, bankers' acceptances or other similar instruments relate to other Financial Indebtedness, then such other Financial Indebtedness shall not be included;

(iii) all Financial Indebtedness outstanding on the Closing Date under the Senior Term Facility Agreement, the Liquidity Facility and the Working Capital Facility shall be deemed to be initially Incurred on the Closing Date under clause (i) of the second paragraph of this covenant and not the first paragraph or clause (iv) of the second paragraph of this covenant and may not be reclassified pursuant to clause (vii) of this paragraph;

(iv) Financial Indebtedness permitted by this covenant need not be Incurred solely by reference to one provision permitting such Financial Indebtedness but may be Incurred in part by one such provision and in part by one or more other provisions of this covenant permitting such Financial Indebtedness;

(v) the amount of Financial Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of GAAP;

(vi) for the avoidance of doubt, the Incurrence of any Financial Indebtedness by Topco will only be permitted if it also complies with the provisions described in "—Limitation on Holding Company Activities";

(vii) subject to clause (iii) above and (viii) below, in the event that Financial Indebtedness meets the criteria of more than one of the types of Financial Indebtedness described in the first or second paragraphs of this covenant, Topco, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in the first paragraph or second paragraph of this covenant;

(viii) all Financial Indebtedness outstanding on the Closing Date under the Class A IBLA shall be deemed initially Incurred on the Closing Date under clause (iv)(A) of the second paragraph of the description of this covenant and not the first paragraph or clause (iv)(B) of the second paragraph of the description of this covenant, and may not be reclassified pursuant to clause (vii) of this paragraph;

(ix) no Financial Indebtedness Incurred pursuant to the first paragraph of this covenant shall be used to refinance, refund, replace, repay, exchange or extend any Financial Indebtedness Incurred pursuant to clause (i) of the second paragraph of this covenant; and

(x) the principal amount of any Disqualified Stock of Topco or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortisation of original issue discount, the payment of interest in the form of additional Financial Indebtedness, the payment of dividends on Preferred Stock or Disqualified Stock in the form of additional shares of the same class of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Financial Indebtedness due to a change in GAAP will not be deemed to be an Incurrence of Financial Indebtedness for purposes of this covenant. The amount of any Financial Indebtedness outstanding as of any date shall be (i) the accreted value thereof in the case of any Financial Indebtedness issued with original issue discount and (ii) the principal amount or liquidation preference thereof, in the case of any other Financial Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Financial Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of Topco as of such date (and, if such Financial Indebtedness is not permitted to be Incurred as of such date under this covenant, Topco shall be in default of this covenant).

For purposes of determining compliance with any sterling-denominated restriction on the Incurrence of Financial Indebtedness, the Sterling Equivalent of the principal amount of Financial Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Financial Indebtedness was Incurred, in the case of term Financial Indebtedness, or, at the option of Topco, first committed, in the case of Financial Indebtedness Incurred under a revolving credit facility; provided that (i) if such Financial Indebtedness is Incurred to refinance other Financial Indebtedness denominated in a currency other than sterling, and such refinancing would cause the applicable sterling-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such sterling-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Financial Indebtedness does not exceed the principal amount of such Financial Indebtedness being refinanced; (ii) the Sterling Equivalent of the principal amount of any such Financial Indebtedness outstanding on the Closing Date shall be calculated based on the relevant currency exchange rate in effect on the Closing Date; and (iii) if and for so long as any such Financial Indebtedness is subject to a Currency Agreement with respect to the currency in which such Financial Indebtedness is denominated covering principal and interest on such Financial Indebtedness, the amount of such Financial Indebtedness, if denominated in sterling, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the Sterling Equivalent of such amount plus the Sterling Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement. For purposes of calculating compliance with clause (i) of the third paragraph of this covenant or for calculating the amount of Financial Indebtedness outstanding under any Credit Facility, to the extent a Credit Facility is utilised for the purpose of Guaranteeing or cash collateralising any letter of credit or Guarantee, such Guarantee or collateralising and issuance of such letter of credit or Guarantee shall be deemed to be a utilisation of such Credit Facility permitted under clause (i) of the third paragraph of this covenant.

Notwithstanding the provisions described above, the maximum amount of Financial Indebtedness that Topco or a Restricted Subsidiary may Incur under the provisions of the Class B IBLA shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Financial Indebtedness Incurred to refinance other Financial Indebtedness, if Incurred in a different currency from the Financial Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Financial Indebtedness is denominated that is in effect on the date of the relevant refinancing.

Class B Restricted Payments

Topco will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(i) declare or pay any dividend or make any payment or distribution on or in respect of Topco's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving Topco or any of its Restricted Subsidiaries) except:

(A) dividends or distributions payable in Capital Stock of Topco (other than Disqualified Stock) or in options, warrants or other similar rights to purchase such Capital Stock of Topco or in Subordinated Shareholder Funding; and

(B) dividends or distributions payable to Topco or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock then entitled to participate in such dividends (other than Topco or another Restricted Subsidiary) on no more than a *pro rata* basis, measured by value);

(ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of Topco or any direct or indirect Parent of Topco held by Persons other than Topco or a Restricted Subsidiary of Topco (other than in exchange for Capital Stock of Topco (other than Disqualified Stock));

(iii) make any payment on or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (i) a scheduled payment of interest or principal at Stated Maturity thereof, (ii) any such purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal instalment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement or (iii) any Financial Indebtedness Incurred pursuant to clause (iii) of the second paragraph of the covenant set forth under "—Limitation on Financial Indebtedness" above (in the definition of Permitted Financial Indebtedness) or make any payment (other than the capitalisation of interest) on or purchase or otherwise acquire for value any Subordinated Shareholder Funding; or

(iv) make any Restricted Investment in any Person,

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (i) through (iv) above being referred to herein as a **Class B Restricted Payment**), unless, at the time of the making of such Class B Restricted Payment:

(A) no Class B Loan Default, Share Enforcement Event or Class B Loan Event of Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(B) Topco's Consolidated Leverage Ratio would be not greater than 6.5 to 1.0 after giving effect, on a *pro forma* basis, to such Class B Restricted Payment; and

(C) the aggregate amount of such Class B Restricted Payment and all other Class B Restricted Payments made subsequent to the Closing Date (and not returned or rescinded) (including Permitted Payments permitted by clauses (v) (without duplication of amounts paid pursuant to any other paragraph of the definition of Permitted Payments), (xi) and (xii) of the definition of Permitted Payments below, but excluding all other Permitted Payments) is less than the sum (without duplication) of:

(i) 50% of Consolidated Net Income for the period (treated as one Accounting Period) from and after the first day of the Accounting Period during which the Closing Date occurs to the end of the most recently ended Accounting Period for which internal financial statements are available at the time of the proposed Class B Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); plus

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by Topco from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Closing Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of Topco subsequent to the Closing Date (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by Topco or any Subsidiary of Topco for the benefit of its employees to the extent funded by Topco or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Class B Restricted Payment has been made from such proceeds in reliance on clause (vi) of the definition of Permitted Payments and (z) Excluded Contributions); plus

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by Topco or any Restricted Subsidiary from the issuance or sale (other than to Topco or a Restricted Subsidiary of Topco or an employee stock ownership plan or trust established by Topco or any Subsidiary of Topco for the benefit of its employees to the extent funded by Topco or any Restricted Subsidiary) by Topco or any Restricted Subsidiary subsequent to the Closing Date of any Financial Indebtedness that has been converted into or exchanged for Capital Stock of Topco (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by Topco or any Restricted Subsidiary upon such conversion or exchange) (but excluding (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Class B Restricted Payment has been made from such proceeds in reliance on Clause (vi) of the definition of Permitted Payments and (z) Excluded Contributions); plus

(iv) the amount equal to the net reduction in Restricted Investments made by Topco or any of its Restricted Subsidiaries resulting from:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realised upon the sale or other disposition to a Person other than Topco or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to Topco or any Restricted Subsidiary; or

(B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by Topco or any Restricted Subsidiary in such Unrestricted Subsidiary,

which amount, in each case under this clause (iv), was included in the calculation of the amount of Class B Restricted Payments referred to above;

provided, **however**, that no amount will be included in the preceding clause (i) to the extent that it is (at Topco's option) included under this clause (iv); plus

(v) the amount of the cash and fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or of marketable securities received by Topco or any of its Restricted Subsidiaries in connection with:

(A) the sale or other disposition (other than to Topco or a Restricted Subsidiary or an employee stock ownership plan or trust established by Topco or any Subsidiary of Topco for the benefit of its employees to the extent funded by Topco or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of Topco; and

(B) any dividend or distribution made by an Unrestricted Subsidiary to Topco or a Restricted Subsidiary;

provided, **however**, that no amount will be included in the preceding clause (i) to the extent that it is (at Topco's option) included under this clause (v); **provided further**, **however**, that such amount shall not exceed the amount of Class B Restricted Payments made in connection with such Unrestricted Subsidiaries since the Closing Date pursuant to clause (iii) above.

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by the Board of Directors.

The foregoing provisions will not prohibit any of the following (collectively, **Permitted Payments**):

(i) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of Topco (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of Topco; **provided, however**, that to the extent so applied, the Net Cash Proceeds, or fair market value of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (C)(ii) above;

(ii) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Financial Indebtedness permitted to be Incurred as described in "—Limitation on Financial Indebtedness" above;

(iii) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of Topco or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of Topco or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred as described in "—Limitation on Financial Indebtedness" above;

(iv) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(A) (a) from Net Available Cash to the extent permitted as set out in "—Asset Sales", but only if Topco shall have first complied with the terms described in "—Asset Sales" and purchases the Class B Notes tendered pursuant to any offer to repurchase all the Class B Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (b) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(B) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Class B Change of Control (or other similar event described therein as a "*change of control*"), but only (a) if Topco shall have first complied with the terms described in "—Class B Change of Control" and purchased all the Class B Notes tendered pursuant to the offer to repurchase all the Class B Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (b) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(C) to the extent required by the agreement governing such Subordinated Indebtedness, (a) consisting of Acquired Indebtedness and (b) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(v) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with the provisions described in this covenant;

(vi) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by Topco to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; **provided** that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (1) £10 million *plus* (2) £1 million multiplied by the number of calendar years that have commenced since the Closing Date *plus* (3) the Net Cash Proceeds received by Topco or its Restricted Subsidiaries since the Closing Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (vi), other than through the issuance of Disqualified Stock or Designated Preference Shares) of Topco from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (C)(ii) of the first paragraph of this covenant;

(vii) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms described in "—Limitation on Financial Indebtedness";

(viii) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other similar rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(ix) dividends, loans, advances or distributions to any Parent or other payments by Topco or any Restricted Subsidiary in amounts equal to (without duplication):

(A) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or

(B) amounts constituting or to be used for purposes of making payments to the extent specified in clauses (ii), (iii), (v), (vii), (xii) and (xiii) of the third paragraph set out in "—Transactions with Affiliates";

(x) any payments:

(A) pursuant to a Permitted Tax Transaction; or

(B) in respect of any service or contract referred to in the Umbrella Services Agreement;

(xi) so long as no Class B Loan Default, Share Enforcement Event or Class B Loan Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by Topco of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common Equity Interests of Topco or any Parent following a Public Offering of such common stock or common Equity Interests, in an amount not to exceed in any financial year the greater of (1) 6% of the Net Cash Proceeds received by Topco from such Public Offering or contributed to the equity (other than

through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of Topco or contributed as Subordinated Shareholder Funding to Topco and (2) following the Initial Public Offering, an amount equal to the greater of (a) 7% of the Market Capitalisation and (b) 7% of the IPO Market Capitalisation; **provided** that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio shall be equal to or less than 5.0 to 1.0;

(xii) so long as no Class B Loan Default, Share Enforcement Event or Class B Loan Event of Default has occurred and is continuing (or would result therefrom), Class B Restricted Payments (including loans or advances) in an aggregate amount since the Closing Date not to exceed £40.0 million;

(xiii) payments by Topco, or loans, advances, dividends or distributions to any Parent to make payments to holders of Capital Stock of Topco or any Parent in lieu of the issuance of fractional shares of such Capital Stock, **provided**, **however**, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors);

(xiv) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under the provisions described in this clause (xiv);

(xv) (1) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of Topco issued after the Closing Date; and (2) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent issued after the Closing Date; **provided**, **however**, that, in the case of clauses (1) and (2), the amount of all dividends declared or paid pursuant to this clause (xv) shall not exceed the Net Cash Proceeds received by Topco or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by Parent or an Affiliate the issuance of Designated Preference Shares) of Topco or contributed as Subordinated Shareholder Funding to Topco, from the issuance or sale of such Designated Preference Shares;

(xvi) the payment of Management Fees;

(xvii) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries;

(xviii) so long as no Class B Loan Default, Share Enforcement Event or Class B Loan Event of Default has occurred and is continuing (or would result therefrom), any dividend, distribution, advance, loan or other payment; **provided** that the Consolidated Leverage Ratio does not exceed 4.0 to 1.0 on a *pro forma* basis after giving effect to any such dividend, distribution, advance, loan or other payment; and

(xix) the making of any payments and any reimbursements as contemplated in the section entitled "*Use of Proceeds*" in this Offering Memorandum and the transfer of Acromas Reinsurance Company Limited to a Parent as described in this Offering Memorandum.

The amount of all Class B Restricted Payments (other than cash) shall be the fair market value on the date of such Class B Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by Topco or such Restricted Subsidiary, as the case may be, pursuant to such Class B Restricted Payment. The fair market value of any cash Class B Restricted Payment shall be its face amount, and the fair market value of any non-cash Class B Restricted Payment shall be determined conclusively by the Board of Directors of Topco acting in good faith. Unsecured Indebtedness shall not be deemed to be subordinated or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness.

Anti-layering

Topco will not, and will not permit any of its Obligors to, Incur any Financial Indebtedness (including Permitted Financial Indebtedness) that is contractually subordinated in right of payment to any Class A Authorised Credit Facility unless such Financial Indebtedness is also contractually subordinated in right of payment to or ranks *pari passu* with the Class B Loan to the same extent.

Limitations on Liens

Topco will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, Incur or suffer to exist any Lien which secures any Financial Indebtedness (other than in the case of any property or assets of any Restricted

Subsidiary, Permitted Liens or, in the case of any property or assets of Topco, Permitted Topco Liens or, in the case of any property or assets constituting Collateral, Permitted Collateral Liens) on any of its assets or property, now owned or hereafter acquired.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

Topco will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(i) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Financial Indebtedness or other obligations owed to Topco or an Obligor;

(ii) make any loans or advances to Topco or an Obligor; or

(iii) sell, lease or transfer any of its property or assets to Topco or an Obligor;

provided that (A) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (B) the subordination of (including the application of any standstill requirements to) loans or advances made to Topco or any Restricted Subsidiary to other Financial Indebtedness Incurred by Topco or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions described in the paragraph above will not prohibit:

(i) any encumbrance or restriction pursuant to (A) any Credit Facility (including the Senior Term Facility Agreement, the Liquidity Facility Agreement and the Working Capital Facility Agreement) or (B) any other agreement or instrument, in each case, in effect at or entered into on the Closing Date, including the Class A IBLA, the Class B IBLA, the Senior Finance Documents and the Junior Finance Documents;

(ii) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Financial Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into Topco or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by Topco or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Financial Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilised to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by Topco or was merged, consolidated or otherwise combined with or into Topco or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date;

(iii) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Financial Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (i) or (ii) of this paragraph or this clause (iii) (an **Initial Agreement**) or contained in any amendment, supplement or other modification to an agreement referred to in clause (i) or (ii) of this paragraph or this clause (iii); **provided**, **however**, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favourable in any material respect to the holders of the Class B Notes, taken as a whole, than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by Topco);

(iv) any encumbrance or restriction:

(A) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, licence or similar contract, or the assignment or transfer of any lease, licence or other contract;

(B) contained in mortgages, pledges, charges or other security agreements permitted under the Class B IBLA or securing Financial Indebtedness of Topco or a Restricted Subsidiary permitted under the Class B IBLA to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or

(C) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of Topco or any Restricted Subsidiary;

(v) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalised Lease Obligations permitted under the Class B IBLA, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(vi) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(vii) customary provisions in leases, licences and joint venture, concession, authorization, franchise or permit agreements and other similar agreements and instruments entered into in the ordinary course of business;

(viii) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(ix) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(x) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(xi) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Financial Indebtedness permitted to be Incurred subsequent to the Closing Date as described in "—Limitation on Financial Indebtedness" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favourable to the holders of the Class B Notes than (A) the encumbrances and restrictions contained in the CTA, together with the security documents associated therewith as in effect on the Closing Date; (B) any encumbrance or restriction contained in the Senior Term Facility Agreement, the Working Capital Facility Agreement or the Liquidity Facility Agreement, together with the security documents associated therewith as in effect on the Closing Date or (C) as is customary in comparable financings (as determined in good faith by Topco); or

(xii) any encumbrance or restriction existing by reason of any lien permitted as described in "—Limitations on Liens".

Merger, Consolidation or Sale of Assets

Topco

Topco will not, directly or indirectly: (i) consolidate or merge with or into another Person (whether or not Topco is the surviving corporation), or (ii) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties and assets of Topco and its Restricted Subsidiaries taken as a whole in one or more related transactions, to another Person, unless:

(i) either:

(A) Topco is the surviving corporation; or

(B) the Person formed by or surviving any such consolidation or merger (if other than Topco) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organised or existing under the laws of:

(I) a member state of Pre-Expansion European Union;

(II) Switzerland;

(III) Guernsey; or

(IV) the United States;

(ii) the Person formed by or surviving any such consolidation or merger with Topco or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made (in each case, if other than an Obligor) assumes all the obligations of Topco under the Class B Notes, the Class B Loan, the Class B IBLA, the STID and the Obligor Security Documents;

(iii) immediately after giving effect to such transaction, no Class B Loan Default, Share Enforcement Event or Class B Loan Event of Default, as the case may be, exists;

(iv) Topco or the Person surviving any such consolidation or merger or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made (in each case, if other than Topco or an Obligor) would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transaction as if the same had occurred at the beginning of the applicable four-quarter period, (a) be permitted to incur at lease £1.00 of additional Financial Indebtedness pursuant to clause (i) of the first paragraph of the covenant described above under the caption "—Limitation on Indebtedness" or (b) have a Fixed Charge Coverage Ratio not less than it was immediately prior to giving effect to such transaction; and

(v) Topco shall have delivered to the Obligor Security Trustee and the Class B Note Trustee an Officer's Certificate and an opinion of counsel, each to the effect that such consolidation, merger or transfer and assumption of Topco's obligations under the Class B Notes, the Class B Loan, the Class B IBLA, the STID and the Obligor Security Documents comply with the Class B IBLA and an opinion of counsel to the effect that such assumption of Topco's obligations under the Class B Notes, the Class B Loan, the Class B IBLA, the STID and the Obligor Security Documents has been duly authorised, executed and delivered and is a legal, valid and binding agreement enforceable against the Person formed by or surviving any such consolidation or merger (if other than Topco) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made (in each case, in form and substance reasonably satisfactory to the Obligor Security Trustee and the Class B Note Trustee), provided that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

Notwithstanding the preceding clauses (iii) and (iv) (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary of Topco may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to Topco, a Borrower or a Guarantor, (b) any Guarantor of Topco may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to Topco or a Guarantor and (c)Topco may consolidate or otherwise combine with or merge into an Affiliate incorporated or organised for the purpose of changing the legal domicile of Topco, reincorporating Topco in another jurisdiction, or changing the legal form of Topco.

Borrower

A Borrower will not, directly or indirectly: (i) consolidate or merge with or into another Person (whether or not such Borrower is the surviving corporation), or (ii) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties and assets in one or more related transactions, to another Person, unless:

(i) either:

(A) the Borrower is the surviving corporation; or

(B) the Person formed by or surviving any such consolidation or merger (if other than the Borrower) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organised or existing under the laws of:

(I) a member state of Pre-Expansion European Union;

(II) Switzerland;

(III) Guernsey; or

(IV) the United States;

(ii) the Person formed by or surviving any such consolidation or merger with the Borrower or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made (in each case, if other than an Obligor) assumes all the obligations of the Borrower under the Class B Notes, the Class B Loan, the Class B IBLA, the STID and the Obligor Security Documents;

(iii) immediately after giving effect to such transaction, no Class B Loan Default, Share Enforcement Event or Class B Loan Event of Default, as the case may be, exists; and

(iv) Topco shall have delivered to the Obligor Security Trustee and the Class B Note Trustee an Officer's Certificate and an opinion of counsel, each to the effect that such consolidation, merger or transfer and

assumption of Topco's obligations under the Class B Note Trust Deed comply with the Class B Note Trust Deed and an opinion of counsel to the effect that such assumption of Topco's obligations under the Class B Note Trust Deed has been duly authorised, executed and delivered and is a legal, valid and binding agreement enforceable against the Person formed by or surviving any such consolidation or merger (if other than Topco) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made (in each case, in form and substance reasonably satisfactory to the Obligor Security Trustee and the Class B Note Trustee), provided that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

Notwithstanding the preceding clauses (ii) and (iii) (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary of Topco may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to Topco, a Borrower or a Guarantor and (b) a Borrower or any Guarantor of Topco may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to Topco, a Borrower or a Guarantor and (c) a Borrower may consolidate or otherwise combine with or merge into an Affiliate incorporated or organised for the purpose of changing the legal domicile of the Borrower, reincorporating Borrower in another jurisdiction, or changing the legal form of the Borrower.

Guarantor

A Guarantor will not directly or indirectly: (A) consolidate or merge with or into another Person (whether or not such Guarantor is the surviving Person) or (B) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets in one or more related transactions to, another Person, unless:

(i) (A) immediately after giving effect to that transaction, no Class B Loan Default, Share Enforcement Event or Class B Loan Event of Default, as the case may be, exists and (B) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of such Guarantor under the Class B Notes, the Class B Loan, the Class B IBLA, the STID and the Obligor Security Documents; or

(ii) to the extent required by the terms of the Class B IBLA, the Net Available Cash of such sale or other disposition is applied in accordance with the applicable provisions of the Class B IBLA.

Notwithstanding the preceding clauses (a) any Restricted Subsidiary of Topco may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to Topco, a Borrower or a Guarantor, and (b) a Guarantor may consolidate or otherwise combine with or merge into an Affiliate incorporated or organised for the purpose of changing the legal domicile of the Guarantor, reincorporating the Guarantor in another jurisdiction, or changing the legal form of the Guarantor.

Notwithstanding the foregoing, a Guarantor may transfer assets to IP Co in relation to the ABF in accordance with the terms and conditions of Schedule 3 of the AA UK Pension Agreement.

Asset Sales

Topco will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly make any Asset Sale unless:

(i) Topco or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Sale), as determined in good faith by the Board of Directors of Topco, of the shares and assets subject to such Asset Sale (including for the avoidance of doubt, if such Asset Sale is a Permitted Asset Swap); and

(ii) in any such Asset Sale, or series of related Asset Sales (except to the extent the Asset Sale is a Permitted Asset Swap), at least 75% of the consideration from such Asset Sale (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Financial Indebtedness) received by Topco or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments. For the purposes of this provision, each of the following will be deemed to be cash:

(A) the assumption by the transferee of Financial Indebtedness of Topco or Financial Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of Topco or an Obligor) and the release of Topco or such Restricted Subsidiary from all liability on such Financial Indebtedness in connection with such Asset Sale;

(B) securities, notes or other obligations received by Topco or any Restricted Subsidiary of Topco from the transferee that are converted by Topco or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Sale;

(C) Financial Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that Topco and each other Restricted Subsidiary are released from any Guarantee of payment of such Financial Indebtedness in connection with such Asset Sale;

(D) consideration consisting of Financial Indebtedness of Topco (other than Subordinated Indebtedness) received after the Closing Date and that is cancelled from Persons who are not Topco or any Restricted Subsidiary; and

(E) any Designated Non-Cash Consideration received by Topco or any Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed £20 million (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); and

(iii) an amount equal to 100% of the Net Available Cash from such Asset Sale is applied by Topco or such Restricted Subsidiary, as the case may be:

(A) to the extent Topco or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Financial Indebtedness of a Restricted Subsidiary), (1) to prepay, repay or purchase any Financial Indebtedness under any Class A Authorised Credit Facility or Incurred under clause (i) or (iv)(A) of the second paragraph described under "—Limitation on Financial Indebtedness" or any other Financial Indebtedness secured by a first priority Lien on the Collateral within 365 days from the later of (x) the date of such Asset Sale and (y) the receipt of such Net Available Cash; **provided**, **however**, that, in connection with any prepayment or repayment of Financial Indebtedness pursuant to this paragraph (1), Topco or such Restricted Subsidiary will retire such Financial Indebtedness and will cause the related commitment (if any) (except in the case of the Class A IBLA) to be permanently reduced in an amount equal to the principal amount so prepaid or repaid; (2) to prepay, repay or purchase Indebtedness of a Restricted Subsidiary that is not a Guarantor or any Indebtedness that is secured on assets which do not constitute Collateral (in each case, other than Subordinated Indebtedness of Topco or a Guarantor or Indebtedness that is owed to Topco or a Restricted Subsidiary); (3) to purchase the Class B Notes pursuant to an offer to all holders of Class B Notes at a purchase price in cash equal to at least 100% of the principal amount of the Class B Notes, plus accrued and unpaid interest to, but not including, the date of purchase; or (4) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase; **provided** that Topco shall redeem repay or repurchase Pari Passu Indebtedness pursuant to this clause (3) only if the Borrower make (at such time or subsequently in compliance with this covenant) an offer to the holders of the Class B Notes to purchase their Class B Notes in accordance with the provisions set forth below for an Asset Sale Offer for an aggregate principal amount of Class B Notes at least equal to the proportion that (x) the total aggregate principal amount of Class B Notes outstanding bears to (y) the sum of the total aggregate principal amount of Class B Notes outstanding plus the total aggregate principal amount outstanding of such Pari Passu Indebtedness; or

(B) to the extent Topco or such Restricted Subsidiary elects to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by Topco or another Restricted Subsidiary) within 365 days from the later of (1) the date of such Asset Sale and (2) the receipt of such Net Available Cash; **provided**, **however**, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of Topco that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day (or any combination of the foregoing);

provided that pending the final application of any such Net Available Cash in accordance with clause (A) or clause (B), Topco and its Restricted Subsidiaries may temporarily reduce Financial Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Class B IBLA.

Any Net Available Cash from Asset Sales that is not applied or invested or committed to be applied or invested as provided in clause (iii) above will be deemed to constitute "Excess Proceeds" under the Class B IBLA. On the 366th day after an Asset Sale, if the aggregate amount of Excess Proceeds under the Class B IBLA exceeds £10 million, the Borrower will be required to make an offer (**Asset Sale Offer**) to all holders of Class B Notes, and, to the extent the Borrower elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase, prepay or redeem the maximum principal amount of Class B Notes and any such Pari Passu Indebtedness to which the Asset Sale Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Class B Notes in an amount equal to (and, in the case of any such Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Class B Notes and 100% of the principal amount of such Pari Passu Indebtedness, in each case plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in this covenant or the agreements governing the Pari Passu Indebtedness, as applicable, and in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof.

Each Asset Sale Offer will remain open for a period of at least 20 Business Days following its commencement and not more than 30 Business Days, except to the extent that a longer period is required by applicable law (the **Offer Period**). No later than three Business Days after the termination of the Offer Period (the **Purchase Date**), the Borrower will apply all Excess Proceeds (the **Offer Amount**) to purchase the maximum principal amount of Class B Notes and, if applicable, any such Pari Passu Indebtedness (on a pro rata basis based on the principal amount of Class B Notes and such Pari Passu Indebtedness surrendered, if applicable) or, if less than the Offer Amount has been tendered, all Class B Notes and, if applicable, other Financial Indebtedness tendered in response to the Asset Sale Offer. Payment for any Class B Notes and, if applicable, any such Pari Passu Indebtedness, so purchased will be made in the same manner as interest payments are made. If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, if any, will be paid to the Person in whose name a Class B Note is registered at the close of business on such record date, and no additional interest will be payable to holders of Class B Notes who tender Class B Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Borrower shall (or upon request of the Borrower, the Issuer shall) send, by first class mail, a notice to the Issuer and (for the purposes of information only) to the Obligor Security Trustee. The notice, which will govern the terms of the Asset Sale Offer, will state:

(i) that the Asset Sale Offer is being made pursuant to this covenant and the length of time the Asset Sale Offer will remain open;

(ii) the Offer Amount, the purchase price and the Purchase Date;

(iii) that any Class B Note not tendered or accepted for payment will continue to accrue interest;

(iv) that, unless the Borrower defaults in making such payment, any Class B Note accepted for payment pursuant to the Asset Sale Offer will cease to accrue interest after the Purchase Date;

(v) that holders of Class B Notes electing to have a Class B Note purchased pursuant to an Asset Sale Offer may elect to have Class B Notes purchased in integral multiples of £1,000 only (provided that Class B Notes of £100,000 or less may only be redeemed in whole and not in part);

(vi) that holders of Class B Notes electing to have Class B Notes purchased pursuant to any Asset Sale Offer will be required to transfer the Class B Notes to the nominated account as specified in the notice of the Asset Sale Offer;

(vii) that holders of Class B Notes will be entitled to withdraw their election if the Issuer and/or the Borrower receives (at such facsimile number or address as specified in the notice of the Asset Sale Offer), not later than the expiration of the Offer Period, a facsimile transmission or letter setting forth the name of the holder of Class B Notes, the principal amount of Class B Notes delivered for purchase, and a statement that such holder is withdrawing its election to have the Class B Notes purchased;

(viii) that, if the aggregate principal amount of Class B Notes and other Pari Passu Indebtedness surrendered by holders thereof exceeds the Offer Amount, the Borrower will select the Class B Notes and Pari Passu Indebtedness to be purchased on a pro rata basis based on the principal amount of Class B Notes and such Pari Passu Indebtedness surrendered (with such adjustments as may be deemed appropriate by the Borrower so that only Class B Notes in denominations of £1,000, or integral multiples thereof, will be purchased (provided that Class B Notes of £100,000 or less may only be redeemed in whole and not in part)); and

(ix) that holders of Class B Notes whose Class B Notes are being purchased only in part will be issued new Class B Notes equal in principal amount to the unpurchased portion of the Class B Notes surrendered, which unpurchased portion must be equal to £100,000 in principal amount or an integral multiple of £1,000 in excess thereof.

On or before the Purchase Date, the Borrower will, to the extent lawful:

(i) accept for payment, on a *pro rata* basis to the extent necessary, the Offer Amount of Class B Notes or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Class B Notes tendered;

(ii) deliver or cause to be delivered to the Issuer the Class B Notes properly accepted together with an Officer's Certificate stating that such Class B Notes or portions thereof were accepted for payment by the Borrower in accordance with the terms of this covenant and the Issuer shall then deliver such Class B Notes to the Class B Principal Paying Agent and shall take all other action and deliver all documents and certificates required under the Class B Note Trust Deed or required by the Class B Principal Paying Agent to effect cancellation of the Class B Notes; and

(iii) deposit with the Class B Principal Paying Agent an amount equal to the purchase price in respect of all Class B Notes or portions of Class B Notes properly tendered by such holder for payment into the account of each tendering holder of Class B Notes (as specified in such holder's acceptance of the Asset Sale Offer) no later than five days after the Purchase Date.

The Issuer shall cooperate with the Borrower in relation to any Asset Sale Offer, and the Borrower shall bear the cost of such Asset Sale Offer (including, without limitation, by delivering such notices to holders of Class B Notes as the Borrower may require in order to enable the Borrower to comply with the foregoing provisions of this paragraph). Upon the repurchase of any Class B Notes pursuant to an Asset Sale Offer, the Issuer will discharge a *pro rata* portion of the Class B Loan.

If any Excess Proceeds remain after consummation of an Asset Sale Offer, Topco and its Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by the Class B IBLA. If the aggregate principal amount of Class B Notes tendered into (or to be redeemed in connection with) such Asset Sale Offer and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Class B Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis, based on the aggregate principal amount of Class B Notes and Pari Passu Indebtedness tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Class B Notes is denominated in a currency other than sterling, the amount thereof payable in respect of the Class B Notes shall not exceed the net amount of funds in sterling that is actually received by the Issuer upon converting such portion into sterling.

Following any acceptance by the holders of Class B Notes of any Asset Sale Offer, the Borrower will be required to prepay the Class B Loan at par (plus accrued and unpaid interest, if any) in an aggregate principal amount equal to the aggregate principal amount (plus accrued and unpaid interest, if any) of Class B Notes so tendered in such Asset Sale Offer.

Transactions with Affiliates

Topco will not, and will not permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate of Topco and its Restricted Subsidiaries (each, an **Affiliate Transaction**) involving aggregate payments or consideration in excess of £2 million, unless:

(i) the terms of such Affiliate Transaction taken as a whole are not materially less favourable to Topco or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate;

(ii) in the event such Affiliate Transaction involves an aggregate value in excess of £15 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors; and

(iii) in the event such Affiliate Transaction involves an aggregate consideration in excess of £40 million, the Issuer has received a written opinion (a "Fairness Opinion") from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Issuer and its Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (ii) of the first paragraph of this covenant if such Affiliate Transaction is approved by a majority of the Disinterested Directors. If there are

no Disinterested Directors, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this covenant if Topco or any of its Restricted Subsidiaries, as the case may be, delivers to the Obligor Security Trustee a letter from an Independent Financial Adviser stating that such transaction is fair to Topco or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favourable to Topco or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by Topco or such Restricted Subsidiary with an unrelated Person on an arm's length basis.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the first paragraph of this covenant:

(i) any Class B Restricted Payment permitted to be made pursuant to the provisions described in "—*Class B Restricted Payments*", any Permitted Payments (other than pursuant to clause (ix)(B) of the definition of Permitted Payments) or any Permitted Investment (other than Permitted Investments as defined in clauses (a), (b), (i), (k), (o) and (q) of the definition thereof);

(ii) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, programme, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of Topco, any Restricted Subsidiary of Topco or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programmes or arrangements) or payments of customary fees and reimbursements of expenses to, or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of Topco, in each case in the ordinary course of business;

(iii) any Management Advances and any waiver or transaction with respect thereto;

(iv) any transaction between or among Topco or any of its Restricted Subsidiaries (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(v) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of Topco, any Restricted Subsidiary of Topco or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(vi) the entry into and performance of obligations of Topco or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Closing Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the holders of the Class B Notes in any material respect and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(vii) the execution, delivery and performance of any tax sharing agreement to the extent not prohibited by the definition of Permitted Payments or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(viii) any Permitted Tax Transaction;

(ix) transactions with customers, clients, providers of employees or other labour (including, without limitation, with respect to the management, development, maintenance or refurbishment of Real Property and other related services), suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to Topco or the relevant Restricted Subsidiary in the good faith determination of the Board of Directors or the senior management of Topco or the relevant Restricted Subsidiary, or are on terms no less favourable than those that could reasonably have been obtained at such time from an unaffiliated party;

(x) any transaction in the ordinary course of business between or among Topco or any Restricted Subsidiary and any Affiliate of Topco that would constitute an Affiliate Transaction solely because Topco or a Restricted Subsidiary or any Affiliate of Topco or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an Equity Interest in or otherwise controls such Affiliate;

(xi) (A) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of Topco or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; **provided** that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their good faith determination and (B) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Class B IBLA;

(xii) without duplication in respect of payments made pursuant to clause (xiii) hereof, (A) payments by Topco or any of its Restricted Subsidiaries to any Permitted Holder (whether directly or indirectly, including through any Parent) of customary annual management, consulting, monitoring or advisory fees and related expenses and (B) customary payments by Topco or any of its Restricted Subsidiaries to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this clause (B) are approved by a majority of the Board of Directors in good faith;

(xiii) payment to any Permitted Holder of all reasonable out-of-pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in Topco and its Subsidiaries;

(xiv) the Incurrence or amendment of any Subordinated Shareholder Funding;

(xv) transactions between any of the Obligors and any person, a director of which is also a director of the relevant Obligor or any direct or indirect parent of such Obligor; **provided**, **however**, that such director abstains from voting as a director of the relevant Obligor or such direct or indirect parent, as the case may be, on any matter involving such other person; and

(xvi) any Affiliate Transaction with the Issuer provided it complies with the covenants set forth in the Class B Note Trust Deed.

Limitation on Issuances of Guarantees of Certain Financial Indebtedness

Topco will not permit any of its Restricted Subsidiaries that is not a Guarantor or a Borrower, directly or indirectly, to Guarantee the payment of any amounts outstanding under any Class A Authorised Credit Facility, any Credit Facility or any other Public Debt (or, in each case, any Refinancing Financial Indebtedness Incurred in respect thereof) unless such Restricted Subsidiary simultaneously executes and delivers an accession deed to the Class B IBLA providing for the Guarantee of the payment of the Class B Loan by such Restricted Subsidiary, which Guarantee will be *pari passu* with or junior to such Restricted Subsidiary's Guarantee of any Class A Authorised Credit Facility (or, in each case, any Refinancing Financial Indebtedness Incurred in respect thereof).

Each such additional Guarantee will be limited as necessary to recognise certain defences generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally) or other considerations under applicable law.

The first paragraph above will not be applicable to any Guarantees of any Restricted Subsidiary:

(i) existing on the Closing Date; or

(ii) given to a bank or trust company having combined capital and surplus and undivided profits of not less than £250.0 million, whose debt has a rating, at the time such Guarantee was given, of at least "A" or the equivalent thereof by S&P, in connection with the operation of cash management programmes established for the benefit of the Issuer or any of its Restricted Subsidiaries.

Notwithstanding the foregoing, Topco shall not be obligated to cause such Restricted Subsidiary to Guarantee the payment of the Class B Loan to the extent that such Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in:

(i) a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to Topco or such Restricted Subsidiary; or

(ii) any liability for the officers, directors or shareholders of such Restricted Subsidiary.

In the event that the accession of any person to the Class B IBLA requires the Obligor Security Trustee, the Issuer Security Trustee, the Cash Manager, the Borrower Account Bank, the Issuer Account Bank or the Class B Principal Paying Agent to comply with "know your customer" or other similar identification procedures and in such circumstances where the

necessary information is not already available to it, the Holdco Group Agent shall promptly upon the request of the Obligor Security Trustee supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Obligor Security Trustee in order for it to carry out and be satisfied that it has complied with all the necessary "know your customer" or similar checks under all applicable laws and regulations in relation to any relevant person pursuant to the accession of such person to the Class B IBLA as an Additional Obligor or Additional Non-Obligor Group Creditor and such person shall not become an Additional Obligor or Additional Non-Obligor Group Creditor until the Obligor Security Trustee has completed its "know your customer" or similar checks.

Each party acknowledges that such accession deed shall, if so requested by the Obligor Security Trustee or the Issuer, be accompanied by: (i) opinions, addressed to the Obligor Security Trustee and the Issuer, pursuant to the STID and in a form satisfactory to the Obligor Security Trustee; (ii) any documentation required to accede to the STID and the Obligor Security Agreement (if relevant); and (iii) a certificate signed by the Borrower confirming that no Share Enforcement Event, Class B Loan Default or Class B Loan Event of Default is outstanding.

Reports

For so long as any Class B Loan is outstanding, Topco will provide to the Obligor Security Trustee, the Class B Note Trustee and the Issuer (for the benefit of the holders of the Class B Notes) the following reports:

(i) within 120 days after the end of Holdco's financial year, annual reports containing the following information: (A) audited consolidated balance sheets of Holdco as of the end of the two most recent financial years and audited consolidated income statements and statements of cash flow of Holdco for the two most recent financial years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (B) *pro forma* income information and balance sheet information of Holdco (which, for the avoidance of doubt shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions or dispositions that represent greater than 20% of the consolidated revenues, EBITDA, or assets of Holdco or recapitalisations that have occurred since the beginning of the most recently completed financial year as to which such annual report relates; (C) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources of Holdco, and a discussion of material commitments and contingencies and critical accounting policies; (D) a description of material risk factors and material recent developments of the Group; (E) a description of material contractual arrangements and material affiliate transactions; and (F) a brief description of material differences in the financial condition and results of operations between Topco and Holdco;

(ii) within 60 days following the end of each of the first three financial quarters in each financial year of Holdco, all quarterly reports of Holdco containing the following information: (A) an unaudited condensed consolidated balance sheet of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter and year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (B) *pro forma* income statement and balance sheet information of Holdco (which, for the avoidance of doubt shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions or dispositions that represents greater than 20% of the consolidated revenues, EBITDA or assets of Holdco or recapitalisations that have occurred since the beginning of the relevant quarter, in each case unless *pro forma* information has been provided in a previous report pursuant to clauses (i), (ii) or (iii) of this covenant; (C) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations and financial condition, EBITDA, and material changes in liquidity and capital resources of Holdco; (D) material recent developments of Holdco; and (E) a brief description of material differences in the financial condition and results of operations between Topco and Holdco; and

(iii) within ten days after the occurrence of (A) a material acquisition, disposition or restructuring; (B) any executive officer or director change at Holdco; (C) any change in the auditors of Holdco; (D) the entering into an agreement that would result in a Class B Change of Control; or (E) any material events that any Obligor announces publicly, in each case, a report containing a description of such events;

provided, **however**, that the reports set forth in clauses (i) and (ii), above may include financial statements of AA Limited or any predecessor of AA Limited with respect to periods prior to the Closing Date and **provided further,** that the reports set forth in clauses (i), (ii) and (iii) above will not be required to (A) contain any reconciliation to GAAP or (B) include separate financial statements for any Obligors or any Subsidiaries of Topco that are not Obligors. Topco may elect to become the reporting entity in place of Holdco, after which election references to Holdco in clauses (i) and (ii) above shall be deemed to refer to Topco and clauses (i)(F) and (ii)(E) shall no longer apply.

All financial statements shall be prepared in accordance with GAAP. Except as provided for above, no report need include separate financial statements for the Obligors or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in the Offering Memorandum.

Substantially and concurrently with the issuance to the Obligor Security Trustee of the reports specified in clauses (i), (ii) and (iii) above of the first paragraph of this covenant, Topco shall make available copies of all reports required on its website.

For the avoidance of doubt, neither the Class B Note Trustee nor the Obligor Security Trustee shall be responsible for monitoring or confirming the validity or accuracy of the reports delivered pursuant to this covenant or compliance by Topco with its obligations under this covenant.

In addition, Topco shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the Exchange Act by persons who are not "affiliates" under the Securities Act.

At any time that any of Topco's subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of Topco, then the annual and quarterly financial information required by clauses (i) and (ii) of the first paragraph of this "Reports" covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of Topco and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of Topco. No separate financial or other information shall be required with respect to the Issuer under this covenant. For purposes of this covenant and any calculation to be made under the Class B Note Trust Deed, Topco may use financial statements of a predecessor of Topco for reporting or making calculations with respect to periods commencing prior to the Closing Date.

All reports provided pursuant to this "Reports" covenant shall be made in the English language.

In the event that (i) Topco becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) Topco elects to provide to the Obligor Security Trustee and the Class B Note Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of Topco) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, Topco will make available to the Obligor Security Trustee and the Class B Note Trustee such annual reports, information, documents and other reports that Topco is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, Topco will be deemed to have complied with the provisions contained in the preceding paragraphs.

Limitation on Holding Company Activities

Topco, Holdco, Intermediate Holdco and the Borrower shall not trade, carry on any business or own any assets other than:

(i) in the case of Topco, the ownership of Capital Stock of Holdco; in the case of Holdco, the ownership of Capital Stock of Intermediate Holdco; in the case of Intermediate Holdco, the ownership of Capital Stock of the Borrower and in the case of the Borrower, the ownership of Capital Stock in its Subsidiaries;

(ii) the provision of administrative services (excluding treasury services) and management services to their Subsidiaries of a type customarily provided by a holding company to their Subsidiaries and the ownership of assets necessary to provide such services;

(iii) rights and obligations arising under the Transaction Documents to which it is a party and professional fees and administration costs in connection therewith and otherwise in the ordinary course of business as a holding company;

(iv) credit balances in bank accounts and Investments in cash and Cash Equivalents;

(v) Investments in debit or credit balances of Topco or any Restricted Subsidiary;

(vi) making Investments in the Class B Notes or Financial Indebtedness as described in "—Limitation on Financial Indebtedness";

(vii) directly related or reasonably incidental to the establishment and/or maintenance of their or their Subsidiaries' corporate existence; or

(viii) other activities not specifically enumerated above that are *de minimis* in nature.

Topco will not, directly or indirectly, Incur any Financial Indebtedness (including Acquired Indebtedness) other than (i) the Incurrence of obligations or liabilities arising by operation of law, (ii) the Incurrence of liabilities to pay Taxes and paying Taxes, (iii) the Incurrence of liabilities under the Topco Transaction Documents or (iv) Financial Indebtedness that is typical or incidental to the activities of a holding company such as may arise under the Topco Payment Undertaking or liabilities to pay Taxes, and Topco will not issue any Disqualified Stock.

Topco will not, directly or indirectly, create, Incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Financial Indebtedness upon any of its property or assets, now owned or hereinafter acquired, except to secure any Permitted Topco Lien.

Conduct of Business/Business Activities

The Obligors will not engage in any business other than a Class B Permitted Business, except to the extent as would not be material to the Obligors, taken as a whole.

Impairment of Security Interest

Topco will not, and will not cause or permit any of its Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action which action or omission would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the Incurrence of Liens on the Collateral permitted by the definition of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Obligor Security Trustee and the holders of the Class B Notes, and Topco will not, and will not cause or permit any of its Restricted Subsidiaries to, grant to any Person other than the Obligor Security Trustee, for the benefit of the Obligor Security Trustee and the Class B Notes and the other beneficiaries described in the Obligor Security Documents and the STID, any interest whatsoever in any of the Collateral; provided that (a) nothing in this provision shall restrict the discharge or release of the Collateral in accordance with the Class B IBLA, the Obligor Security Documents, the STID and (b) Topco and its Restricted Subsidiaries may Incur Permitted Collateral Liens; provided further, however, that, subject to the foregoing, no Obligor Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified, replaced, or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) unless Topco contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, renewal or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the assets), delivers to the Obligor Security Trustee (i) a certificate from the Board of Directors or chief financial officer of the relevant Person (acting in good faith) that confirms the solvency of the Person granting such Lien after giving effect to any transactions related to such amendment, extension, renewal, restatement, replacement, supplement, modification or release, or (ii) an opinion of counsel, in form and substance reasonably satisfactory to the Obligor Security Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking, the Lien or Liens securing the Class B Loan created under the Obligor Security Documents so amended, extended, renewed, restated, supplemented, modified, replaced or released and retaken are valid and perfected Liens not otherwise subject to any limitation imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking.

Topco will not take, or knowingly or negligently omit to take, any action which action or omission would have the result of materially impairing the security interest with respect to the Topco Security granted under the relevant Topco Security Documents (it being understood that the Incurrence of Liens on the Topco Security permitted by the definition of Permitted Topco Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Topco Security) for the benefit of the Obligor Security Trustee and the Issuer, and Topco will not grant to any Person other than the Obligor Security Trustee for the benefit of the Issuer and the other beneficiaries described in the Topco Transaction Documents or the STID, any interest whatsoever in the Topco Security; **provided** that (a) nothing in this provision shall restrict the discharge or release of the Topco Security in accordance with the Class B IBLA, the Topco Security Documents or the STID and (b) Topco may Incur Permitted Topco Liens; **provided further,** however, that, subject to the foregoing, Topco Security Documents may not be amended, extended, renewed, restated, supplemented or otherwise modified, replaced, or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) unless Topco contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, renewal or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the assets), delivers to the Obligor Security Trustee (i) a certificate from the Board of Directors or chief financial officer of the relevant Person (acting in good faith) that confirms the solvency of the Person granting such Lien after giving effect to any transactions related to such amendment, extension, renewal, restatement, replacement, supplement, modification or release, or (ii) an opinion of counsel, in form and substance reasonably satisfactory to the Obligor Security Trustee (subject to customary exceptions and qualifications),

confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking, the Lien or Liens securing the Topco Payment Undertaking (or other relevant Topco Transaction Document) created under the Topco Security Documents so amended, extended, renewed, restated, supplemented, modified, replaced or released and retaken are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking.

At the request of the Holdco Group Agent and without the consent of the holders of the Class B Notes, the Obligor Security Trustee may from time to time enter into one or more amendments to the Obligor Security Documents or Topco Security Documents in accordance with and in the manner described in the STID.

In the event that Topco complies with the provisions described in this "—Impairment of Security Interest" covenant, the Trustee and the Obligor Security Trustee shall (subject to being indemnified, secured and/or prefunded to their satisfaction) consent to such amendment, extension, renewal, restatement, supplement, modification, replacement or release with no need for instructions from the holders of Class B Notes.

Payment for Consent

Topco will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of the Issuer and/or the holders of the Class B Notes for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the Class B IBLA, the Class B Note Trust Deed in respect of the Class B Notes or the Class B Notes unless such consideration is offered to be paid and is paid to the Issuer and/or all of the holders of the Class B Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Notwithstanding the foregoing, Topco and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Class B IBLA, the Class B Note Trust Deed in respect of the Class B Notes or the Class B Notes to exclude the Issuer or the holders of Class B Notes in any jurisdiction where:

(i) (A) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash; or (B) the payment of the consideration therefor would require Topco or any of its Restricted Subsidiaries to file a registration statement, offering circular or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which Topco or the relevant Restricted Subsidiary in its sole discretion determines (acting in good faith) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or

(ii) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

SHARE ENFORCEMENT EVENT AND CLASS B LOAN EVENT OF DEFAULT

Share Enforcement Event

Each of the following is a **Share Enforcement Event** under the Class B IBLA:

(i) default in any payment of interest or Additional Amounts, if any, on any Class B Loan when due and payable, continued for 30 days;

(ii) if any amount (including, without limitation, any principal amount or premium of the Class B Loan) remains outstanding (whether or not then due and payable) under the Class B IBLA as at close of business on the Class B Loan Maturity Date;

(iii) failure to pay the principal amount of or premium, if any, on any Class B Loan upon optional redemption, upon required repurchase or upon declaration;

(iv) failure to comply for 15 days after written notice by the Obligor Security Trustee on behalf of the holders of the Class B Notes or by the holders of at least 30% in principal amount of the outstanding Class B Notes with Topco and its Restricted Subsidiaries' agreements contained in "—Certain Covenants—Limitation on Holding Company Activities";

(v) failure to comply for 60 days after written notice by the Obligor Security Trustee on behalf of the holders of the Class B Notes or by the holders of at least 30% in principal amount of the outstanding Class B Notes with Topco and its Restricted Subsidiaries' other agreements contained in the Class B IBLA or any Topco Transcation Document, subject to the cure rights described in "—Certain Covenants—Class B Financial Covenant—Cure right";

(vi) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Financial Indebtedness for money borrowed by Topco or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by Topco or any of its Restricted Subsidiaries) other than Financial Indebtedness owed to Topco or a Restricted Subsidiary whether such Financial Indebtedness or Guarantee now exists, or is created after the date hereof, which default:

(A) is caused by a failure to pay principal on such Financial Indebtedness, immediately upon the expiration of the grace period provided in such Financial Indebtedness (**Payment Default**); or

(B) results in the acceleration of such Financial Indebtedness prior to its maturity (**Cross-Acceleration**),

and, in each case, the aggregate principal amount of any such Financial Indebtedness, together with the principal amount of any other such Financial Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, equals £20 million or more;

(vii) Topco or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that taken as a whole constitutes a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law (other than in relation to a Permitted Reorganisation within the meaning of clause (a) thereof):

(A) commences a voluntary case;

(B) consents to the entry of an order for relief against it in an involuntary case;

(C) consents to the appointment of a custodian of it or for all or substantially all of its property; or

(D) makes a general assignment for the benefit of its creditors;

(viii) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (other than in relation to a Permitted Reorganisation within the meaning of clause (a) thereof):

(A) is for relief against Topco or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that taken as a whole constitutes a Significant Subsidiary in an involuntary case;

(B) appoints a custodian of Topco or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that taken as a whole constitutes a Significant Subsidiary or for all or substantially all of the property of Topco or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that taken as a whole constitutes a Significant Subsidiary; or

(C) orders the liquidation of Topco or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that taken as a whole constitutes a Significant Subsidiary,

and the order or decree remains unstayed and in effect for 60 consecutive days;

(ix) failure by Topco or any Significant Subsidiary or any group of Restricted Subsidiaries that taken as a whole constitutes a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for Topco and its Restricted Subsidiaries), would constitute a Significant Subsidiary or any group of Restricted Subsidiaries that taken as a whole constitutes a Significant Subsidiary to pay final judgments aggregating in excess of £20 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final;

(x) any security interest under the Obligor Security Documents on any material Collateral or under the Topco Security Document on any material Topco Security shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Obligor Security Document, the Topco Security Document and the Class B IBLA) for any reason other than the satisfaction in full of all obligations under

the Class B IBLA or the Topco Payment Undertaking (or other relevant Topco Transaction Documents), as the case may be, or the release or amendment of any such security interest in accordance with the terms of the Class B IBLA or such Obligor Security Document or Topco Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or Topco shall assert in writing that any such security interest is invalid or unenforceable and any such Class B Loan Default continues for 20 Business Days;

(xi) any Class B Guarantee ceases to be in full force and effect, other than in accordance with the Class B IBLA or Topco or a Guarantor denies or disaffirms in writing its obligations under its Class B Guarantee, other than in accordance with the terms thereof or upon release of the Class B Guarantee in accordance with the Class B IBLA and any such Class B Loan Default continues for 10 days; and

(xii) a Class B Note Event of Default (not giving effect, for these purposes, to the provisions of Condition 9 of the Class B Conditions) or a Class B Trigger Event has occurred (subject to any relevant grace period or cure rights).

However, a default under any of the provisions described under clauses (v), (vi) or (ix) above will not constitute a Share Enforcement Event until the Obligor Security Trustee or the holders of at least 30% in principal amount of the outstanding Class B Notes notify Topco of the default and, with respect to clauses (v), (vi) or (ix), Topco does not cure such default within the time specified in clauses (v), (vi) or (ix), as applicable, after receipt of such notice.

If a Share Enforcement Event occurs and is continuing, the Obligor Security Trustee acting upon the instructions of the Topco Secured Creditors under and in accordance with the STID, may by notice to Topco enforce the Topco Payment Undertaking and Topco Security Documents in accordance with their terms and the terms of the STID.

Topco will provide to the Obligor Security Trustee and the Class B Note Trustee (for the benefit of the holders of the Class B Notes) along with the reports set forth in clauses (i) and (ii) (but only for the second fiscal quarter of each financial year) of the first paragraph of the covenant "—Certain Covenants—Reports" and otherwise within 20 Business Days upon request, an Officers' Certificate stating whether the signers thereof know of any Default that occurred during the previous year. Topco also is required to deliver to the Obligor Security Trustee and the Class B Note Trustee, after becoming aware of the occurrence thereof, written notice of any events of which it is aware which would constitute Defaults, their status and what action Topco is taking or proposes to take in respect thereof.

Class B Loan Event of Default

If at any time either (i) no amounts remain outstanding under any Class A Authorised Credit Facility or (ii) an acceleration of the amounts outstanding under any Class A Authorised Credit Facility has occurred, each of the Share Enforcement Events set out in "—Share Enforcement Event" above will also constitute a **Class B Loan Event of Default**.

In addition, whether or not any amounts remain outstanding under any Class A Authorised Credit Facility, any default in the payment of the principal amount of or premium, if any, on any Class B Loan borrowed under the Class B IBLA if continuing on 31 July 2043 shall be a Class B Loan Event of Default.

If a Class B Loan Event of Default (other than a Class B Loan Event of Default described in clause (vii) or (viii) of "—Share Enforcement Event" above) occurs and is continuing, the Obligor Security Trustee by notice to Topco on the written instruction of the Issuer Security Trustee in accordance with the terms of the STID, may declare the principal or premium, if any, and accrued and unpaid interest and Additional Amounts, if any, on all the Class B Loan to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest and Additional Amounts, if any, will be due and payable immediately.

If a Class B Loan Event of Default described in clause (vii) or (viii) of "—Share Enforcement Event" above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest and Additional Amounts, if any, on the Class B Loan will become and be immediately due and payable without any declaration or other act on the part of the Obligor Security Trustee or any holders of Class B Notes.

No Class B Loan Event of Default may occur with respect to the Class B Loan while any amounts are outstanding under any Class A Authorised Credit Facility (until after an acceleration of any Class A Authorised Credit Facility) although this is without prejudice to the ability of the Obligor Security Trustee, at the direction of the holders of the Class B Notes, to enforce the security granted pursuant to the Topco Security Documents in certain circumstances including, without limitation, where there has been a failure to pay cash interest on the Class B Loan prior to the Class B Loan Maturity Date or a failure to repay principal and accrued interest on such date. Where there is such a failure to pay and for so long as the Class B Loan remains outstanding thereafter (whether or not security is being enforced), any overdue amount of principal or interest and the Class B Loan will bear interest at the interest rates set out in the second and third paragraphs under "—Interest—Payment of interest" above.

AMENDMENTS AND WAIVERS

Procedure

Any term of the Class B Finance Documents may be amended or waived with the agreement of the Borrower, the Obligor Security Trustee and the Issuer in accordance with the STID.

Each Guarantor agrees to (and authorises any Borrower to execute on its behalf) any amendment or waiver allowed by this covenant which is agreed to by the Borrower. This includes any amendment or waiver which would, but for this paragraph, require the consent of each Guarantor if the Class B Guarantee under the Class B Finance Documents is to remain in full force and effect.

RELEASE OF LIENS

Subject to the STID, liens on the Collateral securing the obligations under the Class B Finance Documents (or if other Obligor Secured Liabilities remain outstanding, all claims of the Issuer in respect of those Liens to the extent of its claims under the Class B Finance Documents) will be automatically and unconditionally released:

(i) upon payment in full of principal, interest and all other obligations on the Class B Loan under the Class B IBLA or discharge thereof;

(ii) upon release of a Guarantee in accordance with the Class B IBLA (with respect to the Liens securing the assets, property and Capital Stock of the Guarantor that is released from such Guarantee);

(iii) in connection with any disposition of Collateral to any Person other than Topco or any of its Restricted Subsidiaries (but excluding any transaction subject to the provisions described under "—Certain Covenants—Merger, Consolidation or Sale of Assets") that is permitted by the Class B IBLA (with respect to the Liens on such Collateral);

(iv) in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets to a Person that is not (either before or after giving effect to such transaction) Topco or any Restricted Subsidiary, if the sale or other disposition that is not prohibited by, or does not otherwise violate the provisions of the Class B IBLA relating to asset sales;

(v) if Topco designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Class B IBLA;

(vi) as provided under the STID;

(vii) as provided under "—Certain Covenants—Impairment of Security Interests"; or

(viii) otherwise permitted under the Class B IBLA.

The Obligor Security Trustee will, subject to its receipt of an Officer's certificate or opinion of counsel, take all necessary action required to effectuate any release of Collateral securing the obligations under the Class B Finance Documents in accordance with the provisions of the Class B IBLA, the STID and the relevant Obligor Security Documents. Each of the releases set forth above shall be effected by the Obligor Security Trustee without the consent of the Issuer.

GOVERNING LAW

The Class B IBLA, the Class B Notes and the STID will be governed by, and shall be construed in accordance with, English law.

CERTAIN DEFINITIONS USED IN DESCRIPTION OF THE CLASS B IBLA

Accounting Period means each quarterly accounting period of Topco and its Restricted Subsidiaries.

Acquired Indebtedness means Financial Indebtedness (a) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (b) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of Topco or such acquisition, or secured by a Lien encumbering any asset acquired by such specified Person, or (c) of a Person at the time such Person merges with or into or consolidates or otherwise combines with Topco or with any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (a) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (b) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (c) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

Additional Assets means:

(a) any property or assets (other than working capital, current assets, Financial Indebtedness and Capital Stock) used or to be used by Topco, a Restricted Subsidiary or otherwise useful in a Class B Permitted Business (it being understood that capital expenditures on property or assets already used in a Class B Permitted Business or to replace any property or assets that are the subject of such Asset Sale shall be deemed an investment in Additional Assets);

(b) the Capital Stock of a Person that is engaged in a Class B Permitted Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by Topco or a Restricted Subsidiary of Topco; or

(c) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary of Topco.

Additional Non-Obligor Group Creditor means any person that is acquired by a Non-Obligor Group Entity or through its incorporation becomes a Subsidiary of a Non-Obligor Group Entity, but is not an Obligor.

Additional Obligor means any person that has acceded to the Class B IBLA, as an Obligor by execution and delivery to the Obligor Security Trustee of an accession deed.

Affiliate of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, **control** when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms **controlling** and **controlled** have meanings correlative to the foregoing.

Applicable Premium means, with respect to any Class B Loan on any prepayment date, the greater of:

(a) 1.00% of the principal amount of such Class B Loan; or

(b) the excess (to the extent positive) of:

(i) the present value at such prepayment date of (A) the prepayment price of such Class B Loan at 31 January 2016 (such prepayment price being set forth in the table under "—Prepayment—Optional prepayment" (excluding accrued but unpaid interest)) plus (B) all required interest payments due on such Class B Loan through 31 January 2016 (excluding accrued but unpaid interest to the prepayment date), computed using a discount rate equal to the Gilt Rate as of such prepayment date plus 50 basis points; over

(ii) the principal amount of such Class B Loan.

As calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Obligor Security Trustee, the Issuer Security Trustee, the Class B Note Trustee or the Class B Principal Paying Agent.

Asset Sale means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a **disposition**) by Topco or by any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction; **provided** that the sale, conveyance or other disposition of all or substantially all of the assets of Topco and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Class B Issuer/Borrower Loan Agreement described pursuant to "—Class B Change of Control" and/or the provisions described under "—Certain Covenants—Merger, Consolidation or Sale of Assets" and not by the provisions of "—Certain Covenants—Asset Sales". Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Sales:

(a) dispositions by a Restricted Subsidiary to Topco or by Topco or a Restricted Subsidiary to a Restricted Subsidiary;

(b) dispositions of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(c) dispositions of inventories, trading stock, equipment or other assets in the ordinary course of business;

(d) dispositions of obsolete, damaged, surplus or worn out equipment or other assets or equipment or other assets that are no longer useful in the conduct of the business of Topco and its Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(e) transactions permitted under "*—Certain Covenants—Merger, Consolidation or Sale of Assets*" or transactions that constitute a Class B Change of Control;

(f) issuances of Capital Stock by Restricted Subsidiaries to Topco or to other Restricted Subsidiaries, issuances of Preferred Stock or Disqualified Stock that is permitted by the covenant described under "*—Certain Covenants—Limitation on Financial Indebtedness*" or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(g) any disposition of Capital Stock, properties or assets in a single transaction or series of related transactions with a Fair Market Value of less than £5 million;

(h) any Class B Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*—Certain Covenants—Class B Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (iii) of the first paragraph of "*—Certain Covenants—Asset Sales*", asset sales, the proceeds of which are used to make such Class B Restricted Payments or Permitted Investments;

(i) dispositions in connection with Permitted Liens;

(j) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by Topco or a Restricted Subsidiary upon the foreclosure of a Lien granted in favour of Topco or any Restricted Subsidiary;

(k) the licensing or sublicensing of intellectual property or other general intangibles and licences, sub-licences, leases or subleases of other property, in each case in the ordinary course of business;

(l) foreclosure, security enforcement, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(m) the sale or discount with or without recourse, and on customary or commercially reasonable terms of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(n) any disposition of Capital Stock, Financial Indebtedness or other securities of an Unrestricted Subsidiary;

(o) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than Topco or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(p) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(q) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by Topco or by any Restricted Subsidiary to such Person; **provided**, **however**, that the Board of Directors shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to Topco and its Restricted Subsidiaries (considered as a whole); **provided**, further, that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (q), does not exceed £5 million;

(r) the sale, lease or other transfer of products, services, equipment, accounts receivable, inventory, shares and other assets (including any real or personal property) in the ordinary course of business (including the abandonment or other disposition of intellectual property that is, in the reasonable judgment of Topco, no longer economically practicable to maintain or useful in the conduct of the business of Topco and its Restricted Subsidiaries taken as a whole);

(s) any disposal of assets in exchange for other assets used in a Class B Permitted Business and comparable or superior as to type, value and quality;

(t) [reserved];

(u) dispositions pursuant to a Permitted Tax Transaction;

(v) sales, transfers or other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; provided that any cash or Cash Equivalents received in such sale, transfer or disposition is applied in accordance with the covenant under "—Asset Sales"; and

(w) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitisations and other similar financings permitted by the Class B Note Trust Deed.

Associate means (i) any Person engaged in a similar business of which Topco or any Restricted Subsidiary are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by Topco or any Restricted Subsidiary.

Bankruptcy Law means (to the extent applicable) (a) the UK Insolvency Act; (b) Bankruptcy (Désastre) (Jersey) Law 1990; or (c) any other law of Ireland, or any other jurisdiction relating to bankruptcy, insolvency, winding-up, liquidation, reorganisation or relief of debtors.

Board of Directors means:

(a) with respect to a corporation, the board of directors or managers of the corporation or any committee thereof duly authorised to act on behalf of such board;

(b) with respect to a partnership, the board of directors of the general partner of the partnership;

(c) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(d) with respect to any other person, the board or committee of such person serving a similar function.

Whenever any provision of the Class B IBLA requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

Capital Stock of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), the equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

Capitalised Lease Obligation means an obligation that is required to be classified and accounted for as a capitalised lease for financial reporting purposes on the basis of GAAP, as in effect on the Closing Date and not giving effect to changes after the Closing Date. The amount of Financial Indebtedness represented by such obligation will be the amount of such obligation that is required to be capitalised on a balance sheet (excluding any notes thereto) at the time any determination thereof is to be made as determined on the basis of GAAP, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

Cash Equivalents means:

(a) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union, Switzerland or Norway or, in each case, any agency or instrumentality thereof (**provided** that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(b) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to a credit facility or by any bank or trust company (i) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (ii) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of £500 million;

(c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (a) and (b) above entered into with any bank meeting the requirements specified in clause (b) above;

(d) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or the equivalent short-term rating of either S&P or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(e) readily marketable direct obligations issued by any state of the United States, any province of Canada, any member state of the European Union, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(f) Financial Indebtedness or Preferred Stock issued by Persons with a rating of "BBB-" or higher from S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition; and

(g) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialised equivalent);

(h) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (a) through (g) above; and

(i) for purposes of clause (b) of the definition of "Asset Sale", the marketable securities portfolio owned by Topco and its Subsidiaries on the Issue Date.

Class B Additional Notes means Class B Further Notes or Class B New Notes.

Class B Change of Control means:

(a) Topco becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Closing Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of Topco, provided that for the purposes of this definition, (i) no Class B Change of Control shall be deemed to occur by reason of Topco becoming a Subsidiary of a Successor Parent and (ii) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock;

(b) following the Initial Public Offering of Topco or any Parent, during any period of two consecutive years, individuals who at the beginning of such period constituted the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of Topco or such Parent (together with any new directors whose election by the majority of such directors on such Board of Directors of Topco or such Parent or whose nomination for election by shareholders of Topco or such Parent, as applicable, was approved by a vote of the majority of such directors on the Board of Directors of Topco or such Parent then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) ceased for any reason to constitute the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of Topco or such Parent, then in office;

(c) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of Topco and its Restricted Subsidiaries taken as a whole to a Person, other than an Obligor or one or more Permitted Holders; or

(d) Topco or any Restricted Subsidiary either (i) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Saga Group or (ii) acquires in one or a series of related transactions, all or substantially all of the assets of the Saga Group taken as a whole.

Class B FCF means, in relation to any period, the amount equal to the difference between:

(a) the aggregate of:

(i) Maintenance EBITDA for such period; and

(ii) the amount of any royalty payments and any other income from a Joint Venture not included in Maintenance EBITDA received in cash by any member of the Holdco Group during such period from Joint Ventures in which a member of the Holdco Group has an interest; and

(b) (unless already taken into account in calculating Maintenance EBITDA) the aggregate of:

(i) any cash tax actually paid (including any purchase of tax losses) or irrecoverable VAT suffered by the Holdco Group during such period less the amount of any rebate, refund or credit in respect of any tax on profits, gains or income actually received in cash by any member of the Holdco Group during such period;

(ii) any increase in Working Capital for the relevant period (provided that, in the event that there has been a decrease in Working Capital, such decreased amount shall be deducted from the aggregate amount calculated under this clause (b));

(iii) an amount equal to the Minimum Capital Maintenance Spend Amount required to be spent or reserved in relation to that period; and

(iv) any increase in restricted cash required to be held by any Special Regulated Entity to satisfy regulatory capital requirements imposed by the Financial Conduct Authority and/or the Prudential Regulation Authority (provided that any decrease in such cash shall be deducted from the aggregate amount calculated under this clause (b)) in that period;

(v) to the extent not included in Maintenance EBITDA, any real estate related lease payments made by members of the Holdco Group in respect of real estate not occupied by members of the Holdco Group in that period; and

(vi) the difference between (A) the amount of any increase in provisions, other non-cash debits and other non-cash charges (which are not current assets or current liabilities) and (B) the amount of any non-cash credits (which are not current assets or current liabilities) in each case to the extent taken into account in establishing Maintenance EBITDA for such period, and so that no amount shall be added (or deducted) more than once.

Class B Finance Document means:

(a) the Class B IBLA;

(b) the Obligor Security Documents;

(c) the Master Definitions Agreement;

(d) the Borrower Account Bank Agreement;

(e) the Tax Deed of Covenant; or

(f) any other document relating to the offering of the Class B Notes designated in writing as such by the Issuer, the Obligor Security Trustee and the Borrower.

Class B Further Notes means further Class B Notes carrying the same terms and conditions in all respects (or in all respects except in relation to the first Class B Note Interest Payment Date, the issue date, first coupon and initial principal amounts outstanding) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class B Notes.

Class B Guarantee means the Guarantee by each Guarantor of the Borrower's obligations under the STID.

Class B Loan Default means any event which is, or after notice or passage of time or both would be, a Share Enforcement Event or a Class B Loan Event of Default, as the case may be.

Class B Loan Step-Down Date means the Loan Interest Payment Date falling on 31 July 2021.

Class B New Notes means new Notes which may equally have terms and conditions that differ from the Class B Notes and which do not form a single series with the Class B Notes.

Class B Note Final Maturity Date means the Class B Note Interest Payment Date falling on 31 July 2043.

Class B Note Trustee means Deutsche Trustee Company Limited or any other or additional trustee appointed pursuant to the Class B Note Trust Deed, for and on behalf of the holders of the Class B Notes.

Class B Permitted Business means (a) any business, services or activities engaged in by any member of the Group on the Closing Date, and (b) any businesses, services and activities that are reasonably related, complementary, incidental, ancillary or similar to any of the foregoing, or are extensions or developments of any thereof.

Class B Total Debt Service Charges means, in respect of any relevant period, the amount equal to any scheduled amortisation of principal (whether paid or not) payable in respect of any Financial Indebtedness of Topco and its Restricted Subsidiaries and the Consolidated Interest Expense of Topco and its Restricted Subsidiaries.

Collateral means the rights, property and assets securing the Class B Loan and the Class B Guarantee as described in the Obligor Security Documents and any rights, property or assets over which a Lien has been granted to secure the Obligations of the Obligors under the Class B Loan, the Class B Guarantees and/or the Class B IBLA which, as of the Closing Date, includes all rights, property and assets securing the Class A Notes.

Commodity Hedging Agreements means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements) to which such Person is a party or a beneficiary.

Consolidated Income Taxes means taxes or other payments, including deferred Taxes, based on income, profits or capital (including withholding taxes) of any of Topco and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

Consolidated Interest Expense means, for any period (in each case, determined on the basis of GAAP), the consolidated net interest income/expense of Topco and its Restricted Subsidiaries, whether paid or accrued, plus or including (without duplication) any interest, costs and charges consisting of:

(a) interest expense attributable to Capitalised Lease Obligations;

(b) amortization of original issue discount (but not including deferred financing fees, debt issuance costs, commissions, fees and expenses);

(c) non-cash interest expense;

(d) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;

(e) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations);

(f) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of Topco and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than Topco or a subsidiary of Topco, multiplied by (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of Topco;

(g) the consolidated interest expense that was capitalised during such period; and

(h) interest actually paid by Topco or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person,

minus (i) accretion or accrual of discounted liabilities other than Indebtedness, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition, (iii) interest with respect to Indebtedness of any Holding Company of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under GAAP and (iv) any Additional Amounts with respect to the Class B Notes or other similar tax gross-up on any Indebtedness, which is included in interest expense under GAAP.

Consolidated Leverage means the sum of the aggregate outstanding Financial Indebtedness of Topco and its Restricted Subsidiaries (excluding Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes (as determined in good faith by the Board of Directors of Topco).

Consolidated Leverage Ratio means, as of any date of determination, the ratio of (a) Consolidated Leverage at such date to (b) the aggregate amount of EBITDA of Topco and its Restricted Subsidiaries for the period of the most recent four consecutive Accounting Periods ending prior to the date of such determination for which internal consolidated financial statements of Topco are available; **provided, however**, that for the purposes of calculating EBITDA for such period, if, as of such date of determination:

(a) since the beginning of such period, Topco or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a **Sale**) or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is such a Sale, EBITDA for such period will be reduced by an amount equal to the EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the EBITDA (if negative) attributable thereto for such period; provided that if any such sale constitutes "discontinued operations" in accordance with the then applicable GAAP, EBITDA shall be reduced by an amount equal to the EBITDA (if positive) attributable to such operations for such period or increased by an amount equal to the EBITDA (if negative) attributable thereto for such period;

(b) since the beginning of such period, Topco or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a **Purchase**), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period;

(c) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into Topco or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (a) or (b) above if made by Topco or a Restricted Subsidiary since the beginning of such period, EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period; and

(d) any Person that is a Restricted Subsidiary on the date of determination will be deemed to be a Restricted Subsidiary at all times during such four-quarter period and any Person that is not a Restricted Subsidiary on the date of determination will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

For the purposes of this definition and the definitions of Consolidated Secured Net Leverage Ratio, EBITDA, Class B Total Debt Service Charges, Consolidated Interest Expense, Fixed Charge Coverage Ratio and Taxes, (A) calculations will be as determined in good faith by a responsible financial or chief accounting officer of Topco (including in respect of synergies and cost savings) and (B) in determining the amount of Financial Indebtedness outstanding on any date of determination, *pro forma* effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Financial Indebtedness as if such transaction had occurred on the first day of the relevant period; **provided**, **however**, that the *pro forma* calculation shall not give effect to (i) any Financial Indebtedness incurred on the date of determination pursuant to the provisions described in the second paragraph under "—Certain Covenants—Limitation on Financial Indebtedness" (but, for the avoidance of doubt, shall include any previously incurred Financial Indebtedness) or (ii) the discharge on the date of determination of any Financial Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "—Certain Covenants—Limitation on Financial Indebtedness".

Consolidated Net Income means, for any period, the net income (loss) of Topco and its Restricted Subsidiaries determined on a consolidated basis on the basis of GAAP; provided, however, that there will not be included in such Consolidated Net Income:

(a) subject to the limitations contained in clause (c) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that Topco's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to Topco or a Restricted Subsidiary as

a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (b) below);

(b) solely for the purpose of determining the amount available for Class B Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "—Certain Covenants—Class B Restricted Payments," any net income (loss) of any Restricted Subsidiary if such Subsidiary is subject to restrictions on the payment of dividends or the making of distributions by such Restricted Subsidiary to Topco by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Class B IBLA, (c) contractual restrictions in effect on the Issue Date with respect to a Restricted Subsidiary (including pursuant to the Senior Credit Facilities and the STID), and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favourable to the Holders than such restrictions in effect on the Closing Date, and (d) restrictions specified in clause (xi) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries," except that Topco's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to Topco or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(c) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of Topco or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors or senior management of Topco);

(d) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Transaction or any investments), acquisition costs, business optimization, system establishment, software or information technology implementation or development, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);

(e) the cumulative effect of a change in accounting principles;

(f) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards, any non-cash deemed finance charges in respect of any pension liabilities or other provisions, any non-cash net after tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of equity based securities or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under "—Certain Covenants—Class B Restricted Payments";

(g) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness or Hedging Obligations and any net gain (loss) from any write-off or forgiveness of Financial Indebtedness;

(h) any unrealized gains or losses in respect of Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(i) any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of Topco or any Restricted Subsidiary denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses resulting from remeasuring assets and liabilities denominated in foreign currencies;

(j) any unrealized foreign currency translation or transaction gains or losses in respect of Financial Indebtedness or other obligations of Topco or any Restricted Subsidiary owing to Topco or any Restricted Subsidiary;

(k) any one-time non-cash charges or any amortization or depreciation, in each case to the extent related to the Transaction or any acquisition of another Person or business or resulting from any reorganization or restructuring involving Topco or its Subsidiaries;

(l) any goodwill or other intangible asset impairment charge or write-off or write-down; and

(m) the impact of capitalised, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

Consolidated Secured Net Leverage Ratio means, as of any date if determination, the ratio of (a)(i) Secured Financial Indebtedness (excluding Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes (as determined in good faith by the Board of Directors of Topco)) at such date less (ii) cash and cash equivalents of Topco and its Restricted Subsidiaries at such date to (b) the aggregate amount of EBITDA of Topco and its Restricted Subsidiaries for the period of the most recent four consecutive Accounting Periods ending prior to the date of determination for which internal consolidated financial statements of Topco are available; **provided, however**, that the pro forma calculation shall not give effect to (i) any Financial Indebtedness incurred on the date of determination pursuant to the provisions described in the second paragraph under "—Certain Covenants—Limitation on Financial Indebtedness" (but, for the avoidance of doubt, shall include any previously incurred Financial Indebtedness), (ii) cash or cash equivalents that are, or are derived from, the proceeds of (A) Financial Indebtedness in respect of which the pro forma calculation is to be made or (B) Financial Indebtedness described in Subclause (i) of this proviso or (iii) the discharge on the date of determination of any Financial Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "—Certain Covenants—Limitation on Financial Indebtedness", provided further that for the purposes of calculating EBITDA for such period, if, as of such date of determination:

(a) since the beginning of such period, Topco or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a **Sale**) or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is such a Sale, EBITDA for such period will be reduced by an amount equal to the EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the EBITDA (if negative) attributable thereto for such period; provided that if any such sale constitutes "discontinued operations" in accordance with the then applicable GAAP, EBITDA shall be reduced by an amount equal to the EBITDA (if positive) attributable to such operations for such period or increased by an amount equal to the EBITDA (if negative) attributable thereto for such period;

(b) since the beginning of such period, Topco or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a **Purchase**), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period;

(c) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into Topco or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (a) or (b) above if made by Topco or a Restricted Subsidiary since the beginning of such period, EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period; and

(d) any Person that is a Restricted Subsidiary on the date of determination will be deemed to be a Restricted Subsidiary at all times during such four-quarter period and any Person that is not a Restricted Subsidiary on the date of determination will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

Contingent Obligations means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Financial Indebtedness ("**primary obligations**") of any other Person (the "**primary obligor**"), including any obligation of such Person, whether or not contingent:

(a) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(b) to advance or supply funds:

(i) for the purchase or payment of any such primary obligation; or

(ii) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

Credit Facility means, one or more debt facilities, instruments or arrangements incurred (including the Senior Credit Facilities or commercial paper facilities and overdraft facilities) or commercial paper facilities or indentures or trust deeds or note purchase agreements, in each case, with banks, other institutions, funds or Investors, providing for revolving credit loans, term loans, performance guarantees, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions or other Indebtedness. In each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or other administrative agent or agents or trustees or other banks or institutions and whether provided under any Senior Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantees and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facilities" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

Currency Agreement means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

Designated Non-Cash Consideration means the fair market value (as determined in good faith by Topco) of non-cash consideration received by Topco or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with "—Certain Covenants—Asset Sales".

Designated Preference Shares means, with respect to Topco or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to Topco or a Subsidiary of Topco or an employee stock ownership plan or trust established by Topco or any such Subsidiary for the benefit of their employees to the extent funded by Topco or such Subsidiary) and (b) that is designated as Designated Preference Shares pursuant to an Officer's Certificate of Topco at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (iv)(C)(ii) of "—Certain Covenants—Class B Restricted Payments".

Disinterested Director means, with respect to any Affiliate Transaction, a member of the Board of Directors of Topco having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of Topco shall not be deemed to have such a financial interest by reason of such member's holding Capital Stock of Topco or any Parent or any options, warrants or other rights in respect of such Capital Stock.

Disqualified Stock means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(a) matures or is mandatorily redeemable for cash or in exchange for Financial Indebtedness pursuant to a sinking fund obligation or otherwise;

(b) is convertible or exchangeable for Financial Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of Topco or a Restricted Subsidiary); or

(c) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Financial Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to 90 days after the earlier of (i) the Class B Note Expected Maturity Date or (ii) the date on which there are no Class B Notes outstanding; **provided**, **however**, that (A) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (B) any Capital Stock that would constitute Disqualified Stock solely

because the holders thereof have the right to require the issuer of such Capital Stock to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with "—Certain Covenants—Class B Restricted Payments".

EBITDA for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(a) Fixed Charges of such Person and its Subsidiaries which are Restricted Subsidiaries for such period;

(b) Consolidated Income Taxes;

(c) consolidated depreciation expense;

(d) consolidated amortization or impairment expense;

(e) any expenses, charges or other costs related to any issuance of Capital Stock, listing of Capital Stock, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business and any expenses, charges or other costs related to deferred or contingent payments), disposition, recapitalization or the Incurrence of any Financial Indebtedness permitted by the Class B Note Trust Deed (whether or not successful) (including any such fees, expenses or charges related to the Transaction (including any expenses in connection with related due diligence activities)), in each case, as determined in good faith by the Board of Directors or senior management of Topco;

(f) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking;

(g) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "—Certain Covenants—Transactions with Affiliates";

(h) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges expected to be paid in any future period) or other items classified by Topco as special, extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash expected to be paid in any future period);

(i) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income; and

(j) payments received or that become receivable with respect to, expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income.

Equity Interests means any share capital listed pursuant to the definition of Equity Offering and all warrants, options or other rights to acquire share capital listed pursuant to the definition of Equity Offering (but excluding any debt security that is convertible into, or exchangeable for an Equity Offering).

Equity Offering means (a) a sale of Capital Stock of Topco (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (b) the sale of Capital Stock or other securities, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of Topco and/or any other Obligor.

Excluded Contribution means Net Cash Proceeds or property or assets received by Topco as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of Topco after the Closing Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by Topco or any Subsidiary of Topco for the benefit of its employees to the extent funded by Topco or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of Topco, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of Topco.

Facilities means the Class A Authorised Credit Facilities and the Class B Authorised Credit Facilities.

Fair Market Value may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of Topco setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

FCF DSCR Period means, in relation to each Financial Covenant Test Date, the period starting on (and including) 12 months before such Financial Covenant Test Date and ending on (but excluding) such Financial Covenant Test Date.

Financial Covenant Test Date means 31 January and 31 July in each year, (commencing on 31 July 2013) or such other date as may be agreed as a result of a change in Accounting Reference Date and associated change in the calculation of financial covenants. For purposes of the covenant "—Certain Covenants—Limitation on Financial Indebtedness" only, the Financial Covenant Test Date means any determination date. In each case, any calculation required to be made on each Financial Covenant Test Date will be based on the Obligor Group's management accounts in respect of the 12 months ending on the Accounting Period end date immediately preceding such Financial Covenant Test Date.

Financial Indebtedness means, with respect to any Person on any date of determination (without duplication):

(a) the principal of indebtedness of such Person for borrowed money;

(b) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument would be treated as Financial Indebtedness;

(d) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables) or services, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto or such services are completed;

(e) Capitalised Lease Obligations of such Person;

(f) *Reserved*;

(g) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(h) the principal component of all Financial Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Financial Indebtedness is assumed by such Person; **provided**, **however**, that the amount of such Financial Indebtedness will be the lesser of (i) the fair market value of such asset at such date of determination (as determined in good faith by Topco) and (ii) the amount of such Financial Indebtedness of such other Persons;

(i) Guarantees by such Person of the principal component of Financial Indebtedness of other Persons to the extent Guaranteed by such Person; and

(j) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term Financial Indebtedness shall not include Subordinated Shareholder Funding, or any lease, concession or licence of property (or Guarantee thereof) which would be considered an operating lease under GAAP as in effect on the Closing Date, any prepayments or deposits received from clients or customers in the ordinary course of business, or as obligations under any licence, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Closing Date or in the ordinary course of business.

The amount of Financial Indebtedness of any Person at any time in the case of a revolving credit facility or similar facility shall be the total amount of funds borrowed and then outstanding. The amount of Financial Indebtedness of any

Person at any date shall be determined as set forth above or otherwise provided in the Class B IBLA, and (other than with respect to letters of credit or Guarantees or Financial Indebtedness specified in clause (h) or (i) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of GAAP.

Notwithstanding the above provisions, in no event shall the following constitute Financial Indebtedness:

(i) in connection with the purchase by Topco or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled, to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; **provided**, **however**, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter;

(ii) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions, or similar claims, vacation obligations or contributions or social security or wage Taxes; or

(iii) Contingent Obligations Incurred in the ordinary course of business and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due.

Fixed Charge Coverage Ratio means, with respect to Topco on any determination date, the ratio of EBITDA of Topco and its Restricted Subsidiaries for the most recent four consecutive Accounting Periods ending immediately prior to such determination date for which internal consolidated financial statements are available to the Fixed Charges of Topco and its Restricted Subsidiaries for such four consecutive Accounting Periods. In the event that Topco or any Restricted Subsidiary Incurs, assumes, Guarantees, redeems, defeases, retires or extinguishes any Financial Indebtedness (other than Financial Indebtedness Incurred under Facilities unless such Financial Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated, but on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the **Fixed Charge Coverage Ratio Calculation Date**), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such Incurrence, assumption, Guarantee, redemption, defeasance, retirement or extinguishment of Financial Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period; **provided**, **however**, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Financial Indebtedness incurred on the date of determination pursuant to the provisions described in the second paragraph under "—Certain Covenants—Limitation on Financial Indebtedness" (other than for the purpose of the calculation of the Fixed Charge Coverage Ratio under clause (v) thereunder) (but, for the avoidance of doubt, shall include any previously incurred Financial Indebtedness) or (ii) the discharge on the date of determination of any Financial Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "—Certain Covenants—Limitation on Financial Indebtedness".

For the purposes of making the computation referred to above, any Investments, acquisitions, dispositions, mergers, consolidations and disposed operations that have been made by Topco or any of its Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date, shall be calculated on a *pro forma,* basis assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into Topco or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed or discontinued operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed operation had occurred at the beginning of the applicable four-quarter period. Any Person that is a Restricted Subsidiary on the Fixed Charge Coverage Calculation Date will be deemed to be a Restricted Subsidiary at all times during such four-quarter period. Any Person that is not a Restricted Subsidiary on the Fixed Charge Coverage Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

For the purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or chief accounting officer of Topco (including synergies and cost savings). If any Financial Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Financial Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Financial Indebtedness). Interest on a Capitalised Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of Topco to be the rate of interest implicit in such Capitalised Lease Obligation in accordance with GAAP. For the purposes of making the computation referred to above, interest on any Financial Indebtedness under a revolving credit facility computed with a *pro forma* basis shall be computed based upon the average daily balance of such Financial Indebtedness during the applicable period, except as set forth in the

first paragraph of this definition. Interest on Financial Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as Topco may designate.

Fixed Charges means, with respect to any Person for any period, the sum of:

(a) the Consolidated Interest Expense of such Person for such period;

(b) all dividends or other distributions (excluding items eliminated in consolidation), whether paid or accrued and whether or not in cash, on any series of Preferred Stock during such period; and

(c) all dividends or other distributions (excluding items eliminated in consolidation), whether paid or accrued and whether or not in cash, on any series of Disqualified Stock during such period.

GAAP means generally accepted accounting principles in the United Kingdom, to the extent applicable to the relevant financial statements as in effect on the date of any calculation or determination required hereunder. At any time after the Closing Date, Topco may elect to establish that GAAP shall mean GAAP as in effect on or prior to the date of such election; **provided** that any such election, once made, shall be irrevocable; **provided further** that it shall be at Topco's sole discretion whether such election shall affect the classification of a lease obligation as a capitalised lease; **provided further**; that at any time after the Issue Date, Topco may elect to apply IFRS for the purposes of the Class B Note Trust Deed, and from and after such election references herein to GAAP shall be deemed to be references to IFRS and all defined terms in the Class B Note Trust Deed, and all ratios and computations based on GAAP shall be computed in conformity with IFRS, from and after any such election. Topco shall give notice of any election made in accordance with this definition to the Obligor Security Trustee.

Gilt Rate means, as of any prepayment date, the yield to maturity as of such prepayment date of United Kingdom government securities with a fixed maturity (as compiled by the Debt Management Office statistics that have become publicly available at least two Business Days in London prior to such prepayment date (or, if such statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from such prepayment date to 31 January 2016; **provided**, **however**, that if the period from such prepayment date to 31 January 2016 is less than one year, the weekly average yield on actually traded United Kingdom government securities denominated in sterling adjusted to a fixed maturity of one year shall be used.

Governmental Authority means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

Group means Topco and its Subsidiaries.

Guarantee means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Financial Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Financial Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(b) entered into primarily for the purposes of assuring in any other manner the obligee of such Financial Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, however, that the term Guarantee will not include endorsements for collection or deposit in the ordinary course of business. The term Guarantee used as a verb has a corresponding meaning.

Guarantor means any Restricted Subsidiary that Guarantees the Class B Loan.

Hedging Obligations of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

Holdco means AA Intermediate Co Limited, a company incorporated in England and Wales with limited liability (registered number 5148845).

Holdco Group means Holdco and each Subsidiary of Holdco (other than the Issuer).

IFRS means international accounting standards within the meaning of the IAS Regulation 1606/2002, to the extent applicable to the relevant financial statements as in effect on the date of any calculation or determination required hereunder.

Incur means issue, create, assume, enter into any Guarantee of, Incur, extend or otherwise become liable for; **provided, however**, that any Financial Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary, and the terms **Incurred** and **Incurrence** have meanings correlative to the foregoing and any Financial Indebtedness pursuant to any of the Facilities or similar facility shall only be Incurred at the time any funds are borrowed thereunder.

Independent Financial Advisor means an investment banking or accounting firm of international standing or any third party appraiser of international standing; **provided**, **however**, that such firm or appraiser is not an Affiliate of Topco.

Initial Investors means Charterhouse Capital Partners, CVC Capital Partners and Permira Advisers, and their respective Affiliates and any funds or entities managed or advised by any of them.

Initial Liquidity Facility means the facility made available under the Liquidity Facility Agreement.

Initial Public Offering means an Equity Offering of common stock or other common Equity Interests of Topco or any Parent or any successor of Topco or any Parent (the **IPO Entity**) following which there is a Public Market and, as a result of which, the shares of common stock or other common Equity Interests of the IPO Entity in such offering are listed on an internationally recognised exchange or traded on an internationally recognised market.

Initial Working Capital Facility means the facility made available under the Initial Working Capital Facility Agreement.

Interest Rate Agreement means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

Investment means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Financial Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of GAAP; **provided**, **however**, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If Topco or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by Topco or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph in "—Certain Covenants—Class B Restricted Payments".

For the purposes of "—Certain Covenants—Class B Restricted Payments":

(a) "Investment" will include the portion (proportionate to Topco's Equity Interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of Topco at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, Topco will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (i) Topco's "Investment" in such Subsidiary at the time of such redesignation less (ii) the portion (proportionate to Topco's Equity Interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors of Topco in good faith) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(b) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of Topco.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at Topco's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

Investment Grade Securities means:

(a) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(b) securities issued or directly and fully Guaranteed or insured by a member of the European Union, Switzerland or Norway, or any agency or instrumentality thereof (other than Cash Equivalents);

(c) debt securities or debt instruments with a rating of "A-" or higher from S&P or the equivalent of such long term rating by such rating organisation or, if no rating of S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among Topco and its Subsidiaries; and

(d) investments in any fund that invests exclusively in investments of the type described in clauses (a), (b) and (c) above, which fund may also hold cash and Cash Equivalents pending investment or distribution.

Investor Funding Loan means any loan made or deemed to be made by any Investor to Holdco, provided the Investor is party to the STID as a Subordinated Investor.

IP Co means the wholly owned subsidiary of Holdco that is the designated transferee of the intellectual property to be transferred under the ABF.

IPO Market Capitalisation means an amount equal to (a) the total number of issued and outstanding shares of common stock or common Equity Interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (b) the price per share at which such shares of common stock or common Equity Interests are sold in such Initial Public Offering.

Joint Venture Investment means each amount subscribed for shares in, lent to, or invested in all such Joint Ventures by any member of the Holdco Group and the contingent liabilities of any member of the Holdco Group under any guarantee given in respect of the liabilities of any such Joint Venture.

Lien means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

Loan Interest Payment Date means 31 January and 31 July in each year.

Maintenance EBITDA means, for any relevant period, the consolidated operating profits of the Holdco Group arising from ordinary activities for that period before taxation:

(a) before deducting Class B Total Debt Service Charges and any interest or equivalent finance charge in respect of Permitted Financial Indebtedness not comprised within Class B Total Debt Service Charges for which any member of the Holdco Group is liable and including any interest or equivalent finance charge paid by any member of the Holdco Group to the AA Pension Schemes or implied interest on balance sheet provisions in the Holdco consolidated financial statements;

(b) before taking into account any accrued interest owing to any member of the Holdco Group;

(c) before taking into account any items (positive or negative) of a one-off, non-recurring, extraordinary, unusual or exceptional nature (including without limitation the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring, disposals, revaluations or impairment of non-current assets, disposals of assets associated with discontinued operations and the costs associated with any aborted acquisitions permitted under the Finance Documents or aborted equity or debt securities offering);

(d) before deducting any amount attributable to the amortisation of goodwill or intangible assets or acquisition costs or the depreciation of tangible assets;

(e) before adding or deducting any amount attributable to any movement in the fair value of financial instruments held by any member of the Holdco Group (except to the extent provided for in clause (n) below);

(f) before deducting amounts payable under a deficit reduction programme as agreed from time to time with the AA Pensions Trustees;

(g) after taking into account the employer cash contribution to current service costs of the AA Pension Schemes only;

(h) before taking into account the agreed transaction costs associated with the financing contemplated by the Transaction Documents;

(i) before taking into account any gain arising from any Debt Purchase Transaction entered into by any member of the Holdco Group;

(j) after deducting (to the extent otherwise included) any gain over book value arising in favour of a member of the Holdco Group in the disposal of any asset (not being any disposal made in the ordinary course of trading) during such period and any gain arising on any revaluation of any asset during such period;

(k) after adding back (to the extent otherwise deducted) any loss against book value incurred by a member of the Holdco Group on the disposal or write down of any asset (not being any disposals made in the ordinary course of trading) during such period and any loss arising on any revaluation of any asset during such period;

(l) after adding (to the extent not otherwise included) the amount of any dividends or other profit distributions (net of withholding tax) received in cash by any member of the Holdco Group during such period from joint ventures in which a member of Holdco Group has an interest;

(m) after adding (to the extent not otherwise included) the realised gains or deducting (to the extent not otherwise deducted) the realised losses arising at maturity or on termination of forward foreign exchange and currency hedging contracts entered into with respect to the operational cash flows of the Holdco Group (but taking no account of any unrealised gains or loss on any hedging or other derivative instrument whatsoever and excluding any IAS 39 timing differences relating to changes in the unrealised par value of derivatives);

(n) after adding back (to the extent otherwise deducted) any fees, costs or charges of a non-recurring nature related to any compensation payments to departing management, investments (including any Joint Venture Investment) or Permitted Financial Indebtedness (whether or not successful);

(o) after adding back (to the extent otherwise deducted) any costs or provisions relating to any share option or management incentive schemes of the Holdco Group;

(p) after adding (to the extent not otherwise included) any insurance proceeds received in cash by any member of the Holdco Group in respect of business interruption loss (to be applied to cover operating losses in respect of which the relevant insurance claim was made) or third party liability (to the extent such amounts are not subsequently paid to a third party);

(q) after deducting any profit and adding back any loss attributable solely to exchange rate movements on translation of balance sheet assets and liabilities in the Holdco consolidated financial statements; and

(r) for the avoidance of doubt, before deducting the amount of any Capital Expenditure (to the extent deducted in calculating consolidated operating profits),

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Holdco Group from its ordinary activities.

Management Advances means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, Topco or any Restricted Subsidiary or any Obligor:

(a) (i) in respect of travel, entertainment or moving-related expenses Incurred in the ordinary course of business or (ii) for the purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Group or any Parent with (in the case of this clause (ii)) the approval of the Board of Directors;

(b) in respect of moving-related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(c) (in the case of this clause (c)) not exceeding £5 million in the aggregate outstanding at any time.

Management Fees means:

(a) customary annual fees for the performance of monitoring services by the Permitted Holders or any of their respective Affiliates for Topco and its Restricted Subsidiaries; provided that such fees will not, in the aggregate, exceed the greater of £2 million and 0.5% of EBITDA per annum (exclusive of out-of-pocket expenses) (such fees, the **Owners' Cost**); and

(b) customary fees and related expenses for the performance of transaction, management, consulting, financial or other advisory services or underwriting, placement or other investment banking activities, including in connection with mergers, acquisitions, dispositions or joint ventures, by of the Permitted Holders or any of their respective Affiliates for Topco and its Restricted Subsidiaries, which payments in respect of this clause (b) have been approved by a majority of the disinterested members of the Board of Directors of Topco.

Management Investors means the officers, directors, employees and other members of the management of or consultants to Parent, Topco or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of Topco, any Restricted Subsidiary or any Parent.

Market Capitalisation means an amount equal to (a) the total number of issued and outstanding shares of common stock or common Equity Interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (b) the arithmetic mean of the closing prices per share of such common stock or common Equity Interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

Material Adverse Effect means a material effect on:

(a) the consoldiated business, assets or financial condition of Topco and each Subsidiary of Topco (other than the Issuer) taken as a whole such that Topco and each Subsidiary of Topco (other than the Issuer) taken as a whole would be reasonably likely to be unable to perfom its payment obligations under any of the Junior Finance Documents; or

(b) subject to the Reservations and the Perfection Requirements, the validity or enforceability of any Security granted pursuant to any of the Junior Finance Documents in any way which is materially adverse to the interests of the holders of the Class B Notes under the Junior Finance Documents taken as a whole, and without duplication of any other cure period, if capable of remedy, not remedied within 20 Business Days of the Holdco Group Agent becoming aware of the issue or being given notice of the issue by the Class B Note Trustee.

Material Obligor means each of the following entities:

(a) the Borrower;

(b) any Obligor which:

(i) generates EBITDA representing 5% or more of the EBITDA (determined by reference to the most recent Class B Compliance Certificate (and excluding for these purposes any intra-group items)) of the Obligor Group; or

(ii) has net assets representing 5% or more of the net assets (determined by reference to the most recent Class B Compliance Certificate (and excluding for these purposes any intra-group items)) of the Obligor Group; and

(c) an Obligor which directly owns an entity referred to in clauses (a) and/or (b) of this definition.

Nationally Recognized Statistical Rating Organization means a nationally recognized statistical rating organization within the meaning of Rule 436 under the Securities Act, or an affiliate performing substantially the same function in non-United States jurisdictions.

Net Available Cash from an Asset Sale means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Financial Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Sale or received in any other non-cash form) therefrom, in each case net of:

(a) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under GAAP (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Sale;

(b) all payments made on any Financial Indebtedness which is secured by any assets subject to such Asset Sale, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Sale, or by applicable law will be repaid out of the proceeds from such Asset Sale;

(c) all distributions and other payments required to be made to minority interest holders (other than any Parent, Topco or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Sale; and

(d) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of GAAP, against any liabilities associated with the assets disposed of in such Asset Sale and retained by Topco or any Restricted Subsidiary after such Asset Sale.

Net Cash Proceeds, with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

New Equity Funds means either:

(a) the proceeds received by Topco from the issue of its share capital (other than Designated Preference Shares or Disqualified Stock), including any Equity Offering; or

(b) any Subordinated Shareholder Funding.

New Shareholder Injections means the aggregate amount subscribed for by Topco for ordinary shares issued by Holdco provided that such shares are paid for in full in cash upon issue and which by their terms are not redeemable.

Non-Obligor Group Entity means any company which is:

(a) an Affiliate of the Group; but

(b) not an Obligor.

Note Event of Default means a Class A Note Event of Default or a Class B Note Event of Default as defined in Condition 10 of the Class A Terms and Conditions and in Condition 9 in the Class B Terms and Conditions, respectively.

Obligations means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Financial Indebtedness.

Obligor means a Borrower or a Guarantor.

Obligor Security Documents means:

(a) the Obligor Security Agreement;

(b) the TAAL Share Security Interest Agreement; and

(c) any other document designated as such in writing by the Obligor Security Trustee and the Borrower.

Officer means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Class B IBLA by the Board of Directors of such Person.

Officer's Certificate means, with respect to any Person, a certificate signed by an Officer of such Person.

Parent means any Person of which Topco at any time is or becomes a Subsidiary after the Closing Date and any holding companies established by any Permitted Holder for the purposes of holding its investment in any Parent.

Parent Expenses means:

(a) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Class B IBLA or any other agreement or instrument relating to Financial Indebtedness of Topco or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(b) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to Topco and its Subsidiaries;

(c) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to Topco and its Subsidiaries;

(d) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of Topco or any of its Restricted Subsidiaries, including in relation to the Transaction, and transactions or potential transactions relating to Topco (b) costs and expenses with respect to the ownership, directly or indirectly, by any Parent, (c) any taxes and other fees and expenses required to maintain such Parent's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent; and (d) to reimburse reasonable out of pocket expenses of the Board of Directors of such Parent;

(e) other fees, expenses and costs relating directly or indirectly to activities of Topco and its Subsidiaries or any Parent or any other Person established for the purpose of or in connection with the Transaction Documents or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of Topco in an amount not to exceed £2 million in any financial year; and

(f) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Financial Indebtedness:

  (i) where the net proceeds of such offering or sale are intended to be received by or contributed to Topco or a Restricted Subsidiary;

  (ii) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

  (iii) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to Topco or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

Pari Passu Indebtedness means Financial Indebtedness of Topco, the Borrower or any Guarantor if such Indebtedness ranks pari passu in right of payment to the Class B IBLA and is secured by a Lien on the Collateral with the same priority as the Liens securing the Class B IBLA.

Partnership has the meaning given to that term in the AA UK Pension Agreement.

Permitted Asset Swap means the concurrent purchase and sale or exchange of assets used or useful in a Class B Permitted Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between Topco or any of its Restricted Subsidiaries and another Person; provided that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied as described in "—Certain Covenants—Asset Sales".

Permitted Collateral Liens means:

(a) Liens on the Collateral that are Permitted Liens;

(b) Liens to secure Financial Indebtedness permitted to be Incurred as described in the first paragraph of "—Certain Covenants—Limitation on Financial Indebtedness";

(c) Liens to secure Financial Indebtedness that is permitted to be Incurred under clause (i) of the definition of Permitted Financial Indebtedness; and

(d) Liens to secure Financial Indebtedness permitted to be Incurred under (1) clause (ii)(A) of the definition of Permitted Financial Indebtedness (to the extent such Guarantee is in respect of Financial Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (2) clause (iv)(A) and (C) of the definition of Permitted Financial Indebtedness (if the original Financial Indebtedness was so secured), (3) Financial Indebtedness that would be permitted by clause (v) of the definition of Permitted Financial Indebtedness and that is Incurred by Topco, the Borrower or a Obligor (provided that in the case of clause (3), at the time of the acquisition or other transaction pursuant to which such Financial Indebtedness was Incurred (a) Topco would have been able to incur £1.00 of additional Secured Financial Indebtedness pursuant to the first paragraph of the covenant entitled "—Certain Covenants—Limitation on Financial Indebtedness" after giving effect to the Incurrence of such Financial Indebtedness, calculated on a *pro forma* basis or (b) the Consolidated Leverage Ratio would not be greater than it was immediately prior to giving effect to such acquisition or other transaction on a *pro forma* basis) and Refinancing Financial Indebtedness in respect thereof; **provided** that, in each case, all property and assets (including, without limitation, the Collateral) securing such Financial Indebtedness also secures the Class B Loan (4) clauses (vi) and (vii) of the definition of Permitted Financial Indebtedness and (5) clause (xi) of the definition of Permitted Financial Indebtedness, in an aggregate amount not to exceed £5 million; **provided further**, that each of the parties thereto will have entered into the STID; and

(e) Liens granted in favour of the AA UK Pensions Trustee in respect of the ABF.

Permitted Holder means (1) the Initial Investors and their Affiliates and any one or more Persons whose beneficial ownership constitutes or results in a Class B Change of Control in respect of which a Class B Change of Control Offer is made in accordance with the requirements of the Class B IBLA; (2) Senior Management; (3) any Related Person of any Persons specified in clauses (1) and (2); (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or Topco, acting in such capacity; and/or (5) any holders of the Class B Notes whose beneficial ownership results from the enforcement of the Topco Security Documents.

Permitted Investment means (in each case, by Topco or any of its Restricted Subsidiaries):

(a) Investments in (i) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or Topco or (ii) a Person (including the Capital Stock of any such Person) that will, upon the making of such Investment, become a Restricted Subsidiary;

(b) Investments in another Person, and as a result of such Investment, such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, Topco or a Restricted Subsidiary;

(c) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(d) Investments in receivables owing to Topco or any Restricted Subsidiary created or acquired in the ordinary course of business;

(e) Investments in payroll, travel, relocation and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(f) Management Advances and any advances or loans not to exceed €5.0 million at any one time outstanding to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock (other than Disqualified Stock) of Topco or a Parent of Topco;

(g) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to Topco or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganisation or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(h) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Sale, in each case, that was made as described in "—Certain Covenants—Asset Sales";

(i) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Closing Date and any extension, modification or renewal of any such Investment; provided that the amount of the Investment may be increased (i) as required by the terms of the Investment as is in existence on the Issue Date or (ii) as otherwise permitted under the Class B IBLA;

(j) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred as described in "—Certain Covenants—Limitation on Financial Indebtedness";

(k) Investments, taken together with all other Investments made pursuant to this clause (k) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investment) not to exceed the greater of £30 million and 7.5% of EBITDA; **provided** that, if an Investment is made pursuant to this clause (k) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described in "—Certain Covenants—Class B Restricted Payments", such Investment shall thereafter be deemed to have been made pursuant to clause (a) or (b) of the definition of Permitted Investments and not this clause (k);

(l) Investments by Topco or any of its Restricted Subsidiaries in joint ventures or Unrestricted Subsidiaries having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (l) that are at the time outstanding, does not to exceed £30.0 million in any three year period;

provided, **however**, that if any Investment pursuant to this clause (l) is made in a Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary as described in "—Certain Covenants—Class B Restricted Payments", such Investment shall thereafter be deemed to have been made pursuant to clause (a) or (b) of the definition of Permitted Investments and not this clause (l);

(m) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of Permitted Liens or made in connection with Liens permitted as described in "—Certain Covenants—Limitations on Liens";

(n) any Investment to the extent made using Capital Stock of Topco (other than Disqualified Stock) or Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(o) any transaction to the extent constituting an Investment that is permitted and made as described in "—Certain Covenants—Transactions with Affiliates" (except those described in clauses (i), (iii), (ix), (x) and (xi) of that covenant);

(p) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licences or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Class B IBLA;

(q) Guarantees of Financial Indebtedness not prohibited as described in "—Certain Covenants—Limitation on Financial Indebtedness" and (other than with respect to Financial Indebtedness) Guarantees, keepwells and similar arrangements in the ordinary course of business;

(r) Investments in any Class B Authorised Credit Facility and any other Financial Indebtedness of the Issuer, Topco or any Restricted Subsidiary; and

(s) Investments acquired after the Closing Date as a result of the acquisition by the Topco or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into Topco or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" after the Closing Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation

Permitted Liens means, with respect to any Person:

(a) Liens to secure Financial Indebtedness permitted to be Incurred under (i) clause (ii)(A) of the definition of Permitted Financial Indebtedness (to the extent such Guarantee is in respect of Financial Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Liens), (ii) clause (iv)(A) and (C) of the definition of Permitted Financial Indebtedness (if the original Financial Indebtedness was so secured) and (iii) clause (vi) of the definition of Permitted Financial Indebtedness;

(b) Liens on assets or property of a Restricted Subsidiary that is not an Obligor securing Financial Indebtedness of any Restricted Subsidiary that is not an Obligor;

(c) Liens to secure Financial Indebtedness that is permitted to be Incurred under clause (vii) of the definition of Permitted Financial Indebtedness covering only the assets acquired or financed by such Financial Indebtedness and any improvements or accessions to such assets and property;

(d) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion Guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licences, public or statutory obligations, trade obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, Guarantees of government or regulatory contracts obligations (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(e) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(f) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; **provided** that appropriate reserves required pursuant to GAAP have been made in respect thereof;

(g) Liens in favour of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Financial Indebtedness for borrowed money) issued pursuant to the request of and for the account of Topco or any of its Restricted Subsidiaries in the ordinary course of its business;

(h) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licences, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of Topco and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Topco and its Restricted Subsidiaries;

(i) leases, licences, subleases and sub-licences of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(j) Liens arising out of judgments, decrees, orders or awards not giving rise to a Share Enforcement Event or a Class B Loan Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(k) Liens arising by virtue of any statutory or common law provisions relating to bankers' Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(l) Liens existing on, or provided for or required to be granted under written agreements existing on, the Closing Date;

(m) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time Topco or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into Topco or any of its Restricted Subsidiaries); **provided**, **however**, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); **provided**, further, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(n) Liens on assets or property of Topco or any of its Restricted Subsidiaries securing Financial Indebtedness or other obligations of Topco or such Restricted Subsidiary owing to Topco or another Restricted Subsidiary, or Liens in favour of Topco or any of its Restricted Subsidiaries;

(o) Liens (other than Permitted Collateral Liens) securing Refinancing Financial Indebtedness Incurred to refinance Financial Indebtedness that was previously so secured, and permitted to be secured under the Class B IBLA; **provided** that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Financial Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(p) any interest or title of a lessor under any Capitalised Lease Obligation or operating lease;

(q) (i) Liens, mortgages, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which Topco or any of its Restricted Subsidiaries has easement rights or on any leased property and subordination or similar arrangements relating thereto and (ii) any condemnation or eminent domain proceedings affecting any real property;

(r) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(s) Liens on property or assets under construction (and related rights) in favour of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(t) Liens on cash accounts securing Financial Indebtedness Incurred with local financial institutions in the ordinary course of business;

(u) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts securing cash pooling arrangements;

(v) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(w) Liens in the ordinary course of business securing obligations (including Financial Indebtedness) which do not exceed £10 million at any one time outstanding;

(x) Liens arising as a result of agreements to enter into a sale and leaseback transaction and not securing Financial Indebtedness, provided that such Lien shall not extend beyond the property that is the subject of such sale and leaseback transaction;

(y) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(z) Liens on any proceeds loan made by any Obligor in connection with any future Incurrence of any Class B Authorised Credit Facility permitted under the Class B IBLA and securing such Class B Authorised Credit Facility;

(aa) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary; and

(bb) Limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligation of such joint ventures.

Permitted Topco Liens means:

(a) Liens securing the Topco Payment Undertaking;

(b) Liens securing the Class B Loan;

(c) Liens securing any Additional Class B Facility;

(d) Liens securing Financial Indebtedness which ranks *pari passu* with the Class B Loan; and

(e) Liens on the Topco Security described in one or more of clauses (d), (e), (f), (g), (h), (i), (j), (k), (q), (s), (t), (u), (v), (w), (y) and (z) of the definition of Permitted Liens and, in each case, arising from operation of law or that would not materially interfere with the ability of the Obligor Security Trustee to enforce the Liens in the Topco Secured Property.

Person means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, limited liability company, government or any agency or political subdivision thereof or any other entity.

Pre-Expansion European Union means the European Union as of 1 January 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after 1 January 2004.

Preferred Stock as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

Public Debt means any Financial Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

Public Market means any time after:

(a) an Equity Offering has been consummated; and

(b) shares of common stock or other common Equity Interests of the IPO Entity having a market value in excess of £50.0 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

Public Offering means any underwritten offering, including an Initial Public Offering, of shares of common stock or other common Equity Interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

Purchase Money Obligations means any Financial Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock) used in the business of Topco or any Restricted Subsidiary, and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

Recalculated Class B FCF DSCR means, in respect of a Financial Covenant Test Date, the Class B FCF DSCR as at that date recalculated on the assumption that the aggregate principal balance under any Class A Authorised Credit Facility and the Class B Loan (on which Class B Total Debt Service Charges were calculated) was:

(a) the actual aggregate balance of the amounts outstanding under any Class A Authorised Credit Facility and the Class B Loan; less

(b) the Class B Specified Amount,

calculated (A) using the weighted average interest rate then applicable to any such Class A Authorised Credit Facility and the Class B Loan and (B) on the assumption that the principal balance of the amounts outstanding under any Class A Authorised Credit Facility and the Class B Loan had been reduced by an amount equal to the Class B Specified Amount as at the beginning of the relevant FCF DSCR Period.

Refinancing Financial Indebtedness means Financial Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Financial Indebtedness existing on the Closing Date or Incurred in compliance with the Class B IBLA (including Financial Indebtedness of Topco that refinances Financial Indebtedness of any Restricted Subsidiary and Financial Indebtedness of any Restricted Subsidiary that refinances Financial Indebtedness of Topco or another Restricted Subsidiary) including Financial Indebtedness that refinances Refinancing Financial Indebtedness; provided, however, that:

(a) the Refinancing Financial Indebtedness has a final Stated Maturity that is either (i) no earlier than the final Stated Maturity of the Financial Indebtedness being refinanced or (ii) after the Class B Note Expected Maturity Date;

(b) such Refinancing Financial Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Financial Indebtedness being refinanced (plus, without duplication, any additional Financial Indebtedness Incurred to pay interest or premiums required by the instruments governing such Existing Financial Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(c) if the Financial Indebtedness being refinanced is expressly subordinated to the Class B Loan and Class B Notes, such Refinancing Financial Indebtedness is subordinated to the Class B Loan and Class B Notes on terms at least as favourable to the Issuer and the holders of Class B Notes, as applicable, as those contained in the documentation governing the Financial Indebtedness being refinanced;

provided, **however**, that Refinancing Financial Indebtedness shall not include Financial Indebtedness of Topco or a Restricted Subsidiary that refinances Financial Indebtedness of an Unrestricted Subsidiary.

Refinancing Financial Indebtedness in respect of any of the Facilities or any other Financial Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Facility or other Financial Indebtedness.

Related Person with respect to any Permitted Holder means:

(a) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person;

(b) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(c) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(d) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

Related Taxes means:

(a) any Taxes, including sales, use, transfer, rental, *ad valorem*, value added, stamp, property, consumption, franchise, licence, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by reference to the income, profits or gains of a Parent and (y) withholding Taxes imposed on payments made by any Parent), required to be paid (**provided** such Taxes are in fact paid) by any Parent by virtue of its:

(i) being organised or having Capital Stock outstanding (but not by virtue of owning stock or other Equity Interests of any corporation or other entity other than, directly or indirectly, the Group);

(ii) issuing or holding Subordinated Shareholder Funding;

(iii) a holding company parent, directly or indirectly, of the Group;

(iv) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, Topco or any of its Subsidiaries; or

(v) having made any payment with respect to any of the items for which the company is permitted to make payments to any Parent pursuant to "—Certain Covenants—Class B Restricted Payments";

(b) if and for so long as Topco is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income, profits or gains for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Group would have been required to pay on a separate company basis or on a consolidated basis if the Group had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Group; **provided** that distributions shall be permitted in respect of the income, profits or gains of an Unrestricted Subsidiary only to the extent such Unrestricted Subsidiary distributed cash for such purpose to Topco or its Restricted Subsidiaries.

Restricted Investment means any Investment other than a Permitted Investment.

Restricted Subsidiary means any Subsidiary of Topco other than an Unrestricted Subsidiary.

S&P means Standard & Poor's Investors Ratings Services or any of its affiliates, successors or assigns that is a Nationally Recognized Statistical Rating Organization.

Saga Group means any Subsidiary of Acromas Bid Co Limited other than AA Limited, Automobile Association Insurance Company Limited (Gibraltar) and any of their Subsidiaries.

SEC means the U.S. Securities and Exchange Commission.

Secured Financial Indebtedness means, as of the relevant date of calculation, the principal amount of any Financial Indebtedness for borrowed money of Topco and its Restricted Subsidiaries that is (a) secured by a first-priority Lien on the Collateral or (b) that is incurred by a Restricted Subsidiary that is not a Guarantor and that in the case of each of (a) and (b), is incurred under the first paragraph of the covenant described under "—Certain Covenants—Limitation on Financial Indebtedness" or clauses (i), (iv), (xi), (xii) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Financial Indebtedness" and any Refinancing Financial Indebtedness in respect therof.

Senior Credit Facilities means any Class A Authorised Credit Facility.

Senior Term Facility Agreement means the senior term credit facility entered into on or about the Closing Date between, among others, the Borrower and the agent, arrangers and lenders thereunder.

Senior Management means the officers, directors, and other members of senior management of Topco or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of Topco or any Parent.

Significant Subsidiary means any Restricted Subsidiary which has earnings before interest, tax, depreciation and amortisation, calculated on the same basis as Maintenance EBITDA, representing 5% or more of Maintenance EBITDA.

Stated Maturity means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

Sterling Equivalent means, with respect to any monetary amount in a currency other than sterling, at any time of determination thereof by Topco, the amount of sterling obtained by converting such currency other than sterling involved in such computation into sterling at the spot rate for the purchase of sterling with the applicable currency other than sterling as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by Topco) on the date of such determination.

Subordinated Indebtedness means, with respect to any person, any Financial Indebtedness (whether outstanding on the Closing Date or thereafter Incurred) which is expressly subordinated in right of payment to the Class B Loan pursuant to a written agreement.

Subordinated Shareholder Funding means, collectively, any funds provided to Topco by a Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; provided, however, that such Subordinated Shareholder Funding:

(a) does not mature or require any amortisation, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Class B Note Expected Maturity Date (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of Topco or any other funding meeting the requirements of this definition);

(b) does not require, prior to the first anniversary of the Class B Note Expected Maturity Date, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(c) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Class B Note Expected Maturity Date;

(d) does not provide for or require any Lien over any asset of Topco or any other member of the Group;

(e) is not secured by a Lien on any assets of Topco or a Restricted Subsidiary and is not guaranteed by any Subsidiary of Topco;

(f) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Class B Notes or the Class B IBLA or the borrowings hereunder;

(g) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the Class B Note Expected Maturity Date other than into or for Capital Stock (other than Disqualified Stock); and

(h) pursuant to its terms or the terms of the STID is fully subordinated and junior in right of payment to the Class B Notes and the Class B IBLA pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

Subsidiary means, with respect to any Person:

(a) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(b) any partnership, joint venture, limited liability company or similar entity of which:

(i) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

(ii) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

Successor Parent with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For the purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Closing Date).

Temporary Cash Investments means any of the following:

(a) any investment in:

(i) direct obligations of, or obligations Guaranteed by, (i) the United States or Canada, (ii) any European Union member state, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by Topco or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state, or

(ii) direct obligations of any country recognised by the United States rated at least "A" by S&P (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(b) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(i) any lender under the Senior Term Facility Agreement, the Working Capital Facility or the Liquidity Facility,

(ii) any institution authorised to operate as a bank in any of the countries or member states referred to in clause (a)(i) above, or

(iii) any bank or trust company organised under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of £250.0 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (a) or (b) above entered into with a Person meeting the qualifications described in clause (b) above;

(d) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than Topco or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(e) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialised equivalent);

(f) any money market deposit accounts issued or offered by a commercial bank organised under the laws of a country that is a member of the Organisation for Economic Co-operation and Development, in each case, having capital and surplus in excess of £250.0 million (or the foreign currency equivalent thereof) or whose long-term debt is rated at least "A" by S&P (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(g) investment funds investing 95% of their assets in securities of the type described in clauses (a) through (f) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(h) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

Unrestricted Subsidiary means:

(a) (i) any Subsidiary of Topco that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of Topco in the manner provided below); and (ii) any Subsidiary of an Unrestricted Subsidiary; and

(b) Notwithstanding the foregoing, any entity listed under Schedule 6 (List of Unrestricted Subsidiaries) of the Class B IBLA.

The Board of Directors of Topco may designate any Subsidiary of Topco that is not a Guarantor (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(i) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Financial Indebtedness of, or own or hold any Lien on any property of, Topco or any other Subsidiary of Topco which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(ii) such designation and the Investment of Topco in such Subsidiary complies with "Certain Covenants—Class B Restricted Payments".

If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by Topco and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described in "Certain Covenants—Class B Restricted Payments" or under one or more clauses of the definition of Permitted Investments, as determined by Topco. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any such designation by the Board of Directors of Topco shall be evidenced to the Obligor Security Trustee by filing with the Obligor Security Trustee a resolution of the Board of Directors of Topco giving effect to such designation or an Officer's Certificate certifying that such designation complies with the foregoing conditions.

If, at any time, any Unrestricted Subsidiary (other than the Issuer) would fail to meet the requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for the purposes of the Class B IBLA and any

Financial Indebtedness of such Subsidiary will be deemed to be incurred as of such date and, if such Financial Indebtedness is not permitted to be incurred as of such date under "—Certain Covenants—Limitation on Financial Indebtedness", Topco will be in default of such covenant.

The Board of Directors of Topco may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; **provided** that immediately after giving effect to such designation (1) no Default, Share Enforcement Event or Class B Loan Event of Default would result therefrom and (2) (x) the Fixed Charge Coverage Ratio would be greater than 2.0 to 1.0 or (y) the Fixed Charge Coverage Ratio would not be worse than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Obligor Security Trustee by promptly filing with the Obligor Security Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

Voting Stock of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

BOOK-ENTRY, DELIVERY AND FORM

General

The Class B Notes sold to qualified institutional buyers ("**QIBs**") in reliance on Rule 144A will be represented by a global note in registered form without interest coupons attached (the "**Rule 144A Global Note**"). The Class B Notes sold to non-U.S. persons outside the United States in reliance on Regulation S will be represented by a global note in registered form without interest coupons attached (the "**Regulation S Global Note**" and, together with the Rule 144A Global Note, the "**Global Notes**"). The Global Notes will be deposited on the Issue Date with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note ("**Rule 144A Book-Entry Interests**") and ownership of interests in the Regulation S Global Note (the "**Regulation S Book-Entry Interests**" and, together with the Rule 144A Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream, or persons that hold interests through such participants.

Euroclear and Clearstream will hold interests in the Global Notes on behalf of their respective participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive certificated form.

Book-Entry Interests will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Class B Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Class B Notes for any purpose.

So long as the Class B Notes are held in global form, Euroclear and/or Clearstream, as applicable (or their respective nominees), will be considered the sole holders of the Global Notes for all purposes under the Class B Note Trust Deed governing the Class B Notes. In addition, participants must rely on the procedures of Euroclear and/or Clearstream, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Class B Note Trust Deed.

Book Entry Interests may only be transferred or exchanged in whole or in part in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof. For the purposes of the International Central Securities Depositories, the denomination of the Class B Notes will be considered as £1 and Euroclear and Clearstream will not be required to monitor or enforce the minimum denomination/tradable amount of £100,000. The holders of book entry interests in the Class B Notes will have the responsibility to monitor and adhere to the minimum denomination of £100,000 and multiples of £1,000 in excess thereof when trading/transferring book entry interests in the Class B Notes.

By acquiring a Class B Note (or interest therein), each purchaser and transferee (and if the purchaser is a Plan (as defined in "*Certain ERISA Considerations*"), its fiduciary) is deemed to represent, warrant and covenant (and will be required to represent, warrant and covenant in writing, in the case of an Approved Plan) that (a) either (1) it is not a Plan and is not acting on behalf of any Plan or (2)(i) it is an Approved Plan and (ii) its purchase and holding of the Class B Note (or any interest therein) will not (A) constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or (B) result in a violation of any Similar Law, and (b) it will not transfer the Class B Note (or interest therein) to any transferee that is a Plan or any person acting on behalf of any Plan.

Neither we nor the Class B Note Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream, if fewer than all the Class B Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; *provided*, *however*, that no Book-Entry Interest of £100,000 principal amount or less may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest) to the common depositary or its nominee for Euroclear and Clearstream, which will distribute such payments to

participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under the caption "*Description of the Class B Notes—Taxes—Additional Amounts*." If any such deduction or withholding is required to be made, then, to the extent described under the caption "*Description of the Class B Notes—Taxes—Additional Amounts*," we will pay Additional Amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Class B Note Trust Deed, the Issuer and the Class B Note Trustee will treat the registered holder of the Global Notes (e.g. Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Class B Note Trustee or any of their respective agents has or will have any responsibility or liability for (1) any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, (2) Euroclear, Clearstream or any participant or indirect participant or (3) the records of the common depositary.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid in pounds sterling.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Class B Notes (including the presentation of Class B Notes for exchange as described herein) only at the direction of one or more participants to whose account the Book-Entry Interests are credited and only in respect of such portion of the aggregate principal amount of Class B Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Class B Note Trust Deed, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for definitive registered notes in certificated form ("**Definitive Registered Notes**") and to distribute Definitive Registered Notes to its participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell Class B Notes to persons in jurisdictions that require physical delivery of securities or to pledge such Class B Notes, such holder must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set out in the Class B Note Trust Deed.

The Global Note for Rule 144A Book-Entry Interests will have a legend to the effect set out under "*Notice to Investors*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Notice to Investors*."

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Class B Note Trust Deed) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A or any other exemption (if available) under the U.S. Securities Act.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Class B Note Trust Deed) to the effect that such transfer is being made to a person who the transferor reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities laws of any other jurisdiction. In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Class B Note Trust Deed, owners of the Book-Entry Interests will receive Definitive Registered Notes:

- if the Issuer has been notified that Euroclear or Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Class B Note Trustee is available; or

- if the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Class B Note represented by the Class B Global Note in definitive form and a certificate to such effect is signed by two directors of the Issuer and has been given to the Class B Note Trustee.

In the case of the issue of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar or Transfer Agent. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable, *provided that* no Definitive Registered Note in a denomination less than £100,000 will be issued. We will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

We will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Class B Notes, (ii) any date fixed for redemption of the Class B Notes or (iii) the date fixed for selection of the Class B Notes to be redeemed in part. Also, we are not required to register the transfer or exchange of any Class B Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Class B Note Trust Deed. We may require a holder to pay any taxes and fees required by law and permitted by the Class B Note Trust Deed and the Class B Notes.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the Registrar or at the office of the Transfer Agent, we will issue and the Class B Registrar will authenticate a replacement Definitive Registered Note if the Class B Registrar's and our requirements are met. The Issuer or the Class B Registrar may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect themselves, the Class B Registrar or the Class B Paying Agents appointed pursuant to the Class B Note Trust Deed from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by us in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Class B Note Trust Deed, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the Trustee a written certification (in the form provided in the Class B Note Trust Deed) to the effect that such transfer will comply with the transfer restrictions applicable to such Class B Notes. See "*Notice to Investors*."

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither we nor the Initial Purchasers are responsible for those operations or procedures.

We understand as follows with respect to Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organisations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who, in turn, act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement under the Book-Entry System

The Class B Notes represented by the Global Notes are expected to be listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market of the Irish Stock Exchange. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of us, the Trustee or the Class B Principal Paying Agent will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Class B Notes will be made in pounds sterling. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional notes in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAXATION

If you are a prospective investor, you should consult your tax advisor on the possible tax consequences of buying, holding or selling any Class B Notes under the laws of your country of citizenship, residence or domicile, including the effect of any local taxes applicable to you. The discussions that follow do not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase, hold or sell the Class B Notes. In particular, these discussions do not consider any specific facts or circumstances that may apply to you. The discussions that follow for each jurisdiction are based upon the applicable laws and interpretations thereof as in effect as of the date of this offering memorandum. These tax laws and interpretations are subject to change, possibly with retroactive or retrospective effect.

U.S. Foreign Account Tax Compliance

In order to receive payments free of U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "**FATCA**"), the Issuer and financial institutions through which payments on or with respect to the Class B Notes are made may be required to withhold at a rate of up to 30% on all, or a portion of, payments in respect of the Class B Notes made after 31 December 2016. This withholding does not apply to payments on Class B Notes that are issued prior to 1 January 2014 (or, if later, the date that is six months after the date on which the final regulations that define "foreign passthru payments" are published) unless the Class B Notes are characterized as equity for U.S. federal income tax purposes.

Whilst the Class B Notes are in global form and held within the Clearing Systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Class B Notes by the Issuer, any paying agent and the common depositary/common safekeeper, given that each of the entities in the payment chain beginning with the Issuer and ending with the Clearing Systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Class B Notes. The documentation expressly contemplates the possibility that the Class B Notes may go into definitive form and therefore that they may be taken out of the Clearing Systems. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances.

Certain United States Federal Income Tax Consequences

The discussion of tax matters in this Offering Memorandum is not intended or written to be used, and cannot be used by any person, for the purpose of avoiding U.S. federal, state or local tax penalties, and was written to support the promotion or marketing of the Class B Notes. Each taxpayer should seek advice based on such person's particular circumstances from an independent tax advisor.

The following summary describes certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of a Class B Note by a U.S. Holder (as defined below), whose functional currency is the U.S. dollar, that acquires Class B Notes in the Offering from the initial purchasers at a price equal to the issue price of the Class B Notes (the first price at which a substantial amount of the Class B Notes is sold for money to investors) and holds such Class B Notes as a capital asset. This summary does not address all aspects of U.S. federal income taxation that may be applicable to a U.S. Holder's particular circumstances, including the impact of the Medicare tax on net investment income, or to U.S. Holders subject to special U.S. federal income tax rules, such as financial institutions, insurance companies, dealers in securities or currencies, partnerships or other pass-through entities and investors in such entities, persons holding Class B Notes as part of a hedging transaction, straddle, conversion transaction or other integrated transaction, persons subject to the alternative minimum tax, or former citizens and residents of the United States.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended to the date hereof (the "**Code**"), administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury regulations all as of the date of this Offering Memorandum and any of which may at any time be repealed, revised or subject to differing interpretation, possibly retroactively so as to result in U.S. federal income tax consequences different from those described below. Persons considering the purchase of the Class B Notes should consult their tax advisors with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Class B Note that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation created or organised in or under the laws of the United States or of any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds Class B Notes, the U.S. federal income tax treatment of a partner in such partnership will generally depend on the status of the partner and upon the activities of the partnership. Partners of partnerships holding Class B Notes should consult with their tax advisers regarding the U.S. federal income tax consequences of an investment in the Class B Notes.

Characterisation of the Class B Notes

The proper characterisation of the Class B Notes for U.S. federal income tax purposes is not entirely clear. For example, the discussion below assumes that the Class B Notes will be characterized as indebtedness for U.S. federal income tax purposes. However, no rulings have been, or will be, sought from the Internal Revenue Service (the "**IRS**") regarding the Class B Notes and no assurance can be given that the IRS would not assert, or that a court would not uphold, a different characterisation of the Class B Notes. If the Class B Notes were recharacterised as equity, they would likely be classified as equity interests in a "passive foreign investment company." Under such a recharacterisation, a U.S. Holder of Class B Notes might be subject to taxation on payments under the Class B Notes and gain from a disposition of the Class B Notes at higher rates than otherwise would be applicable (as well as an interest charge on such tax liability), and also would be subject to additional U.S. tax form filing requirements. Prospective purchasers are urged to consult their tax advisors about the proper treatment of the Class B Notes and the consequences of any recharacterisation of the Class B Notes in their particular circumstances.

Accrual and Payment of Interest

In general, stated interest on a Class B Note that is considered "qualified stated interest" will be includible in the gross income of a U.S. Holder in accordance with its regular method of accounting for U.S. federal income tax purposes. "Qualified stated interest" generally is interest that is unconditionally payable at least annually at a single fixed rate. In determining whether any stated interest is qualified stated interest, remote contingencies are generally ignored. Any stated interest on a Class B Note that is not qualified stated interest will be subject to certain U.S. Treasury regulations which, generally speaking, require that such interest be accrued by a U.S. Holder as original issue discount ("**OID**") using a yield to maturity computed for the Class B Notes, regardless of such U.S. Holder's regular method of accounting for U.S. federal income tax purposes. The following discussion assumes that all interest on the Class B Notes for periods from the Issue Date to the Class B Expected Maturity Date will be qualified stated interest. The rules governing a U.S. Holder's inclusion of interest on the Class B Notes in gross income for U.S. federal income tax purposes are not entirely clear, and prospective purchasers should consult their own tax advisors regarding such rules.

Periods from the Issue Date to the Class B Note Expected Maturity Date

The following discussion assumes that it is significantly more likely than not, within the meaning of applicable Treasury Regulations, that the Class B Notes will not remain outstanding following the Class B Note Expected Maturity Date.

In periods from the Issue Date to the Class B Note Expected Maturity Date, stated interest on the Class B Notes (and additional amounts, if any) will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

A U.S. Holder that uses the cash method of accounting and that receives a payment of stated interest with respect to a Class B Note will be required to include in income the U.S. dollar value of such payment (determined on the date the payment is received) regardless of whether such payment is in fact converted from pounds sterling to U.S. dollars at that time.

In general, an accrual method U.S. Holder will be required to include in income the U.S. dollar value of the amount of stated interest income that has accrued with respect to a Class B Note during the interest accrual period. The U.S. dollar value of the accrued stated interest will be determined by translating the stated interest at the average spot rate of exchange between the pound sterling and the U.S. dollar for such accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year.

As an alternative to the method just described, an accrual method U.S. Holder may elect to translate stated interest income into U.S. dollars at the spot rate of exchange on the last day in each interest accrual period (or, in the case of a partial accrual period, the spot rate of exchange on the last day of the partial accrual period in the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate of exchange on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Interest income derived by a U.S. Holder with respect to a Class B Note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in determining the U.S. Holder's ability to claim foreign tax credits.

A U.S. Holder will recognise foreign currency exchange gain or loss (taxable as ordinary income or loss) with respect to accrued stated interest, on the date the stated interest is actually received. The amount of foreign currency exchange gain or loss recognised will equal the difference, if any, between the U.S. dollar value of the pounds sterling payment received (determined on the date such payment is received) and the U.S. dollar value of interest income that has accrued (as determined under the rules described above). Such foreign currency exchange gain or loss will generally be U.S.-source income for foreign tax credit limitation purposes.

Periods Following the Class B Note Expected Maturity Date

If the Class B Notes remain outstanding following the Class B Note Expected Maturity Date then under the OID Regulations, the Class B Notes will be deemed to be retired and reissued (for certain U.S federal income tax purposes) on the Class B Note Expected Maturity Date. In periods following such date, a U.S Holder will be required under the OID Regulations to accrue interest income on the Class B Notes as OID in advance of receiving cash payment of such interest, regardless of the U.S Holder's normal method of accounting for interest for U.S. federal income tax purposes.

The manner in which a U.S. Holder will be required to accrue interest income under the OID Regulations is uncertain, and will depend on the facts and circumstances on the Class B Note Expected Maturity Date. If, based on such facts and circumstances, one single, known payment schedule is significantly more likely than not to occur, than a U.S. Holder will accrue interest income as OID in periods following the Class B Note Expected Maturity Date using a yield that is determined based on such schedule of payments.

If, based on the facts and circumstances as of the Class B Note Expected Maturity Date, it is not significantly more likely than not that all remaining payments under the Class B Notes will be made under a single, known payment schedule, then there is a significant risk that the Class B Notes that are deemed to be reissued on the Class B Note Expected Maturity Date will be "contingent payment debt instruments" (as such term is defined in the OID Regulations) ("**CPDIs**"), in periods following the Class B Note Expected Maturity Date. Assuming the deemed reissued Class B Notes are CPDIs, a U.S. Holder will be required to accrue interest income as OID in each accrual period following the Class B Note Expected Maturity Date based on a comparable yield for debt with similar terms to the Class B Notes but with a fixed payment schedule. There is significant uncertainty regarding the manner in which a comparable yield should be determined for debt instruments, like the Class B Notes, that are subject to contingencies in the timing of payments. In addition, under the rules applicable to CPDIs, any gain on a sale or other disposition of the Class B Notes after the Class B Note Expected Maturity Date will be treated as interest income, rather than as capital gain.

Alternatively, if it is not significantly more likely than not that all remaining payments under the Class B Notes will occur under a single, known payment schedule, but the Class B Notes deemed to be reissued on the Class B Note Expected Maturity Date are not CPDIs, then in each accrual period following the Class B Note Expected Maturity Date, a U.S. Holder may be required to accrue an amount of interest income determined by reference to the Class B Note Interest Rate in effect in such period. Under the alternative treatment just described, a U.S. Holder that sells or otherwise disposes of a Class B Note after the Class B Note Expected Maturity Date will be subject to the normal rules regarding the character of any gain recognized on such sale or other disposition (described below under"***—Sale, Exchange or Retirement of the Class B Notes***").

U.S. Holders should consult their tax advisors regarding the rules that will apply to them if the Class B Notes remain outstanding following the Class B Note Expected Maturity Date.

Sale, Exchange or Retirement of the Class B Notes

Upon the sale, exchange or retirement of a Class B Note prior to the Class B Note Expected Maturity Date, a U.S. Holder will recognize gain or loss equal to the difference between the U.S. dollar value of the amount realized on the sale, exchange or retirement (determined on the date payment is received or the Class B Note is disposed of), and the U.S. Holder's adjusted tax basis in the Class B Note. For these purposes, the amount realized does not include any amount attributable to accrued but unpaid qualified stated interest on the Class B Note, which will be treated like a payment of interest, as discussed above. In the case of a Class B Note that is traded on an established securities market, a cash method U.S. Holder and, if it so elects, an accrual method U.S. Holder will determine the U.S. dollar value of the amount realized by translating such amount at the "spot rate" on the settlement date of the disposition. A U.S. Holder's adjusted tax basis in a Class B Note will generally equal the U.S. dollar value of the U.S. Holder's acquisition cost for the Class B Note, determined on the date of purchase, increased by the U.S. dollar amount of OID included with respect to the Class B Note. In the case of a Class B Note that is traded on an established securities market, a cash method U.S. Holder, and, if it so elects, an accrual method U.S. Holder, will determine the U.S. dollar value of the cost of such Class B Note by translating the amount paid at the "spot rate" of exchange on the settlement date of the purchase. Unless the Class B Notes are CPDIs (as described above under*—Periods Following the Class B Note Expected Maturity Date*), gain or loss recognized on the sale, exchange or retirement of a Class B Note generally will be U.S. source capital gain or loss, and with respect to non-corporate holders will be long-term capital gain or loss if at the time of sale, exchange or retirement the Class B Note has been held for more than one year. If the Class B Notes are CPDIs after the Class B Note Expected Maturity Date, any gain on a sale or other disposition of the Class B Notes after the Class B Note Expected Maturity Date will be treated as interest income, rather than as capital gain. Any loss realized on

sale or other disposition generally will be treated as an ordinary loss to the extent of the U.S. Holder's OID inclusions with respect to the Class B Note up to the date of disposition. Any loss realized in excess of such amount generally will be treated as a capital loss. The deductibility of capital losses is subject to limitations.

The special election available to an accrual basis U.S. Holder in regard to the purchase and sale of the Class B Notes traded on an established securities market, which is discussed in the preceding paragraph, must be applied consistently by such U.S. Holder to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Gain or loss will be realized on the sale, exchange or retirement of a Class B Note that is attributable to fluctuations in the currency exchange rates between the time a Class B Note was acquired and the time it was disposed of. Such gain or loss will generally equal the difference, if any, between the U.S. dollar value of the principal amount of the Class B Note (determined on the date payment is received or the Class B Note is disposed of) and the U.S. dollar value of the principal amount (determined on the date the Class B Note was acquired) (or, in each case, on the settlement date of such disposition or acquisition, if the Class B Notes are traded on an established securities market and the Holder is either a cash method U.S. Holder or an electing accrual method U.S. Holder). Such gain or loss will only be realized to the extent of the total gain or loss realized by the U.S. Holder on the sale, exchange, or retirement of the Class B Note. Such gain or loss will be treated as ordinary income or loss and will generally be U.S.-source for foreign tax credit limitation purposes.

Information Reporting and Backup Withholding

Information returns may be filed with the IRS in connection with accruals of OID, if any, and payments, on the Class B Notes and the proceeds from a sale or other disposition of the Class B Notes. A U.S. Holder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the paying agent or to comply with certain certification procedures. The amount of any backup withholding from a payment to a U.S. Holder will generally be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund; *provided that* the required information is timely furnished to the IRS.

Additional Tax Reporting Requirements

Under U.S. Treasury regulations, certain transactions are required to be reported to the IRS, including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a Class B Note or pounds sterling (or other currencies) received in respect of a Class B Note to the extent that such sale, exchange, retirement or other taxable disposition results in a tax loss in excess of a threshold amount.

Certain U.S. Holders may also be required to disclose information about their notes on IRS Form 8938—Statement of Specified Foreign Financial Assets—if the aggregate value of their "specified foreign financial assets" exceeds certain dollar thresholds. Certain exceptions may apply, including an exception for Class B Notes held in accounts maintained by certain financial institutions. Significant penalties can apply if a U.S. Holder fails to disclose its specified foreign financial assets. You should consult your tax advisor regarding your obligation to file information reports with respect to the Class B Notes.

U.S. Holders should consult their own tax advisors regarding these and any other reporting or filing obligations that may arise as a result of their acquiring, owning or disposing of the Class B Notes.

Certain UK taxation considerations

The following is a summary of the UK withholding taxation treatment in relation to payments of principal and interest in respect of the Class B Notes as at the date of this Offering Memorandum. The comments do not deal with other UK tax aspects of acquiring, holding or disposing of the Class B Notes. The comments are based on current UK law and published HM Revenue & Customs ("**HMRC**") practice, which may be subject to change, sometimes with retrospective effect, and relate only to the position of persons who are absolute beneficial owners of the Class B Notes and some aspects do not apply to certain classes of taxpayer (such as dealers). The summary set out below is a general guide and should be treated with appropriate caution. Prospective purchasers who are in any doubt as to their tax position or who may be subject to Tax in a jurisdiction other than the UK should consult their professional advisors. In particular, holders of the Class B Notes should be aware that they may be liable to taxation under the laws of the UK (by direct assessment) or other jurisdictions in relation to payments in respect of the Class B Notes even if such payments may be made without withholding or deduction for or on account of Tax under the laws of the UK.

UK Withholding Tax on UK Source Interest

The Class B Notes issued by the Issuer will constitute "quoted Eurobonds" within the meaning of section 987 of the Income Tax Act 2007 provided they are and continue to be listed on a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007. The Irish Stock Exchange has been designated as a recognised stock exchange for these purposes. The Issuer's understanding of current HMRC practice is that the Class B Notes will be treated as listed on the

Irish Stock Exchange if they are included in the Official List of the Irish Stock Exchange and are admitted to trading on the Global Exchange Market of the Irish Stock Exchange. While the Class B Notes are and continue to be quoted Eurobonds, payments of interest on the Class B Notes may be made without withholding or deduction for or on account of UK income tax.

In all cases falling outside the exemption described above, payments in respect of interest on the Class B Notes will be paid under deduction of UK income tax at the basic rate (currently 20%) subject to such relief as may be available under the provisions of any applicable double taxation treaty or, in certain circumstances, where an exemption contained in section 930 of the Income Tax Act 2007 applies (including, in particular, an exemption for payments to certain UK companies).

Provision of Information by UK Paying and Collecting Agents

Persons in the UK (i) paying interest to or receiving interest on behalf of another person who is an individual (whether resident in the UK or elsewhere), or (ii) paying amounts due on redemption of any Class B Notes which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to or receiving such amounts on behalf of another person who is an individual (whether resident in the UK or elsewhere), may be required to provide certain information to HMRC regarding the payment and the identity of the payee or person entitled to the interest. However, HMRC published practice indicates that they will not require information to be provided in respect of redemption amounts paid or received on or before 5 April 2014. In certain circumstances, HMRC may communicate such information to the tax authorities of other jurisdictions. See also "EU Savings Directive" below, which describes obligations to provide reports of or withhold tax from payments of savings income under Council Directive 2003/48/EC.

Other Rules relating to UK Withholding Tax

Where Class B Notes are to be, or may fall to be, redeemed at a premium, then any element of such premium may constitute a payment of interest. Payments of interest are subject to UK withholding tax and reporting requirements as outlined above.

Where interest has been paid under deduction of UK income tax, holders of the Class B Notes who are not resident in the UK may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood in UK tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Class B Notes or any related documentation.

The above description of the UK withholding tax position assumes that there will be no substitution of the Issuer pursuant to Class B Condition 5.3 (*Optional redemption for taxation or other reasons*) of the Class B Notes and does not consider the tax consequences of any such substitution.

Certain Jersey taxation considerations

The following summary of Jersey taxation law in relation to the holding, sale or other disposition of Class B Notes by holders of the Class B Notes (other than Jersey residents) and the payment of interest in respect of the Class B Notes to holders of the Class B Notes (other than residents of Jersey) is based on Jersey taxation law as it is understood to apply at the date of this Offering Memorandum. It does not constitute legal or tax advice. The holders of the Class B Notes should consult their professional advisers on the implications of acquiring, buying, holding, selling or otherwise disposing of Class B Notes under the laws of the jurisdictions in which they may be liable to taxation. The holders of Class B Notes should be aware that tax laws, rules and practice and their interpretation may change.

Under the Jersey Income Tax Law, the Issuer will be regarded as not resident in Jersey under Article 123(1) of the Jersey Income Tax Law; *provided that* (and for so long as) it satisfies the conditions set out in that provision in which case the Issuer will not (except as noted below) be liable to Jersey income tax.

If the Issuer derives any income from the ownership or disposal of land in Jersey, such income will be subject to tax at the rate of 20%. It is not expected that the Issuer will derive any such income.

The Issuer will be able to pay interest in respect of the Class B Notes without any withholding or deduction for or on account of Jersey tax. Holders of the Class B Notes (other than residents of Jersey) will not be subject to any Jersey tax in respect of the holding, sale or other disposition of the Class B Notes.

Goods and Services Tax

The Issuer is an "international services entity" for the purposes of the GST Law. Consequently, the Issuer is not required to:

- register as a taxable person pursuant to the GST Law;
- charge goods and services tax in Jersey in respect of any supply made by it; or
- (subject to limited exceptions that are not expected to apply to the Issuer) pay goods and services tax in Jersey in respect of any supply made to it.

Stamp Duty

Stamp duty of up to 0.75% (which is capped at a maximum of £100,000) is payable on the grant of probate or letters of administration in Jersey in respect of a deceased natural person (i) who died domiciled in Jersey, on the value of the entire estate wherever situated (including any Class B Notes or interests therein) and (ii) otherwise, on the value of so much of the estate (including any Class B Notes or interests therein) if any, as is situate in Jersey.

EU Savings Directive

Under EC Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, certain member states are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. At a meeting on 22 May 2013, the European Council called for the adoption of a revised EU Savings Directive by the end of 2013.

As part of an agreement reached in connection with the Directive, and in line with steps taken by other countries, Jersey introduced with effect from 1 July 2005 a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent established in Jersey. The retention tax system applies for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident.

The retention tax system in Jersey is implemented by means of bilateral agreements with each of the EU Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005 and Guidance Notes issued by the Policy and Resources Committee of the States of Jersey. Based on these provisions and the Issuer's understanding of the current practice of the Jersey tax authorities (and subject to the transitional arrangements described above) the Issuer would not be obliged to levy retention tax in Jersey under these provisions in respect of interest payments made by it to a paying agent established outside Jersey.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase and holding of Class B Notes by (i) "employee benefit plans" that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), (ii) "plans" (including individual retirement accounts) as defined in and subject to Section 4975 of the Code, (iii) any plan, account or arrangement (including, without limitation, governmental and non-U.S. plans) that, while not subject to Title I of ERISA or Section 4975 of the Code, is subject to other federal, state or local laws or regulations that are substantially similar to the foregoing provisions of ERISA and the Code ("**Similar Laws**"), and (iv) entities whose underlying assets are considered to include "plan assets" (within the meaning of ERISA or Similar Law) of any such plans, accounts and arrangements described in (i), (ii), (iii) or (iv) (each, a "**Plan**"). This summary is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Class B Notes on behalf of, or with the assets of, any Plan, consult with their own counsel to determine whether such Plan is subject to Title I of ERISA, Section 4975 of the Code or any other Similar Law, in which case you may be prohibited from purchasing, acquiring or holding the Class B Notes.

In analysing these considerations with your own counsel, prospective purchasers of the Class B Notes should consider, among other things, the discussion under "*Taxation*." While such discussion assumes the Class B Notes will be treated as debt for U.S. federal income tax purposes, such characterisation is not entirely clear, and no assurances can be given that the IRS would not assert, or that a court would not uphold, a different characterisation of the Class B Notes.

General Fiduciary Considerations

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "**ERISA Plan**") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation, direct or indirect, to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

When considering an investment in the Class B Notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any other Similar Law relating to the fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other Similar Law.

Prohibited Transaction Considerations

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of Section 3(14) of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless a statutory or administrative exemption or exception is applicable to the transaction. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The acquisition or holding of the Class B Notes by an ERISA Plan with respect to which the Issuer, the AA Group and any of its affiliates are considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory or administrative exemption or exception. In this regard, the U.S. Department of Labor (the "**DOL**") has issued prohibited transaction class exemptions ("**PTCEs**") that may apply to the acquisition and holding of the Class B Notes. These exemptions include, without limitation, PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by an "independent qualified professional asset manager"), PTCE 95-60 (relating to investments by an insurance company general account), PTCE 96-23 (relating to transactions directed by an in-house asset manager) and PTCE 90-1 (relating to investments by insurance company pooled separate accounts). In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code could provide relief from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code for certain transactions between an ERISA Plan and non-fiduciary service providers to the ERISA Plan; *provided that* neither the issuer of the securities nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan pays no more than adequate consideration in connection with the transaction. There can be no assurance that any of the PTCEs or any other exemption or exception will be available with respect to any particular transaction involving the Class B Notes, or that, if any of the PTCEs or another exemption or exception is available, it will cover all aspects of any particular transaction.

Because of the foregoing, the Class B Notes should not be purchased, held or disposed of by any Plan or any person acting on behalf of any Plan, unless (i) such Plan or person has obtained the written approval of the Issuer to subscribe for and purchase the Class B Notes in the offering directly from the Initial Purchasers (an "**Approved Plan**") and (ii) such purchase, holding or disposition, as applicable, would not constitute or result in a non-exempt prohibited transaction under ERISA, the Code or any other Similar Law.

Plan Asset Considerations

Regulations promulgated under ERISA by the DOL, as modified by Section 3(42) of ERISA (together, the "**Plan Asset Regulations**"), provide that when an ERISA Plan acquires an "equity interest" in an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act, the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by "benefit plan investors" is not "significant" or that the entity is an "operating company," in each case as defined in the Plan Asset Regulations. For purposes of the Plan Asset Regulations, equity participation in an entity by benefit plan investors will not be significant if benefit plan investors hold, in the aggregate, less than 25% of the value of each class of equity interests of such entity, excluding equity interests held by any person (other than a benefit plan investor) who has discretionary authority or control with respect to the assets of the entity or who provides investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates of such person. For purposes of this 25% test, "benefit plan investors" include ERISA Plans, "plans" (as defined in and subject to Section 4975 of the Code), and any entity whose underlying assets include, or are deemed for purposes of ERISA or the Code to include, their "plan assets" by reason of such plan's investment in the entity under the Plan Asset Regulations, but exclude governmental and non-U.S. plans.

While the discussion under "*Taxation*" assumes the Class B Notes will be treated as debt for U.S. federal income tax purposes, such characterisation is not entirely clear, and no assurances can be given that the IRS would not assert, or that a court would not uphold, a different characterisation of the Class B Notes. In addition, it is anticipated that (i) the Class B Notes will not constitute "publicly offered securities" for purposes of the Plan Asset Regulations and (ii) the Issuer will not be an investment company registered under the Investment Company Act.

If the Issuer's assets were deemed to be "plan assets" of an ERISA Plan holding the Class B Notes, this would result in, among other things, (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by the Issuer, and (ii) the possibility that certain transactions that the Issuer might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA and/or Section 4975 of the Code and might have to be rescinded.

Because of the foregoing, the Class B Notes may not be purchased by, transferred to or otherwise held by any Plan or any person acting on behalf of any Plan, except that an Approved Plan may notify the Issuer in writing that the purchase, holding or disposition, as applicable, of the Class B Notes would not constitute or result in a non-exempt prohibited transaction under ERISA, the Code or any other Similar Law and, with the Issuer's written approval, shall be permitted to subscribe for and purchase the Class B Notes in the offering directly from the Initial Purchasers. In no case, however, shall benefit plan investors be authorised by the Issuer to subscribe for and purchase, in the aggregate, 25% or more of any class of equity interests of the Issuer. Any purported purchase, transfer or holding in violation of these limitations will be void. If such purchase or transfer is not treated as being void for any reason, the Class B Notes will automatically be transferred to a charitable trust for the benefit of a charitable beneficiary and the Plan will acquire no right in the Class B Notes.

Representations

Accordingly, each purchaser and holder of the Class B Notes (or any interest therein) will be deemed to have represented (and will be required to represent in writing, in the case of an Approved Plan) that (A) either (i) it is not a Plan and is not acting on behalf of any Plan, or (ii) (1) it is an Approved Plan, and (2) its purchase, holding and disposition of the Class B Notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or under any other Similar Law for which an exemption is not available, and (B) it will not transfer the Class B Notes to any transferee that is a Plan or any person acting on behalf of any Plan.

Any purported purchase, transfer or holding in violation of these representations will be void. If such purchase or transfer is not treated as being void for any reason, the Class B Notes will automatically be transferred to a charitable trust for the benefit of a charitable beneficiary and the purported holder will acquire no right in the Class B Notes.

LIMITATION ON VALIDITY AND ENFORCEABILITY OF THE SECURITY INTERESTS

Set out below is a summary of certain limitations on the enforceability of the security interests in each of the jurisdictions in which collateral is being provided in connection with the Topco Security, the Class B Loan, the Class A Loans, the Senior Term Facility, the Working Capital Facility, certain hedging arrangements and pension liabilities. It is a summary only, and bankruptcy or insolvency proceedings or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organisation of a future Obligors of the Class B Loan. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Class B Notes and the security interests in connection with the Topco Security.

Jersey

Insolvency

The Issuer and TAAL, an Obligor under the Class B IBLA are incorporated under the laws of Jersey and the security interest agreements in respect of the shares in the Issuer and TAAL will be governed by the laws of Jersey. In the event of an insolvency of the Issuer or TAAL, insolvency proceedings may be initiated in Jersey. There are two principal regimes for corporate insolvency in Jersey: *désastre* and winding up (including just and equitable winding up and creditors' winding up). The principal type of insolvency procedure available to creditors under Jersey law is the application for an Act of the Royal Court of Jersey under the Bankruptcy (*Désastre*) (Jersey) Law 1990, as amended (the "Jersey Bankruptcy Law") declaring the property of a debtor to be "*en désastre*" (a "declaration"). On a declaration of *désastre*, title and possession of the property of the debtor vest automatically in the Viscount, an official of the Royal Court (the "Viscount"). With effect from the date of declaration, a creditor has no other remedy against the property or person of the debtor, and may not commence or, except with the consent of the Viscount of the Royal Court, continue any legal proceedings to recover the debt.

Additionally, the shareholders of a Jersey company (but not its creditors) can instigate a winding up of an insolvent company, which is known as a "creditors' winding up" pursuant to Chapter 4 of Part 21 of the Companies (Jersey) Law 1991, as amended (the "Jersey Companies Law"). On a creditors' winding up, a liquidator is appointed, usually by the creditors. The liquidator will stand in the shoes of the directors and administer the winding up, gather assets, make appropriate disposals of assets, settle claims and distribute assets as appropriate. After the commencement of the winding up, no action can be taken or continued against the company except with the leave of court. The corporate state and capacity of the company continues until the end of the winding up procedure, when the company is dissolved. The Jersey Companies Law requires a creditor of a company (subject to appeal) to be bound by an arrangement entered into by the company and its creditors immediately before or in the course of its winding up if, *inter alia*, three quarters in number and value of the creditors acceded to the arrangement.

Transactions at an Undervalue

Under Article 17 of the Jersey Bankruptcy Law and Article 176 of the Jersey Companies Law, the court may, on the application of the Jersey Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (in the case of a creditors' winding up, a procedure which is instigated by shareholders not creditors), set aside a transaction (including any guarantee or security interest) entered into by a company with any person (the "other party") at an undervalue. There is a five-year look-back period from the date of commencement of the winding up or declaration of "*désastre*" during which transactions are susceptible to examination pursuant to this rule (the "relevant time"). The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction at an undervalue, the operation of the relevant time and the effect of entering into such a transaction with a person connected with the company or with an associate of the company.

Preference

Under Article 17A of the Jersey Bankruptcy Law and Article 176A of the Jersey Companies Law, the court may, on the application of the Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (in the case of a creditors' winding up), set aside a preference (including any guarantee or security interest) given by the company to any person (the "other party"). There is a 12-month look-back period from the date of commencement of the winding up or declaration of "*désastre*" during which transactions are susceptible to examination pursuant to this rule (the "relevant time"). The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a preference, the operation of the relevant time and the effect of entering into a preference with a person connected with the company or with an associate of the company.

Extortionate Credit Transactions

Under Article 17C of the Jersey Bankruptcy Law and Article 179 of the Jersey Companies Law, the court may, on the application of the Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (in the case of a creditors' winding up), set aside a transaction providing credit to the debtor company which is or was extortionate. There is a three-year look-back period from the date of commencement of the winding up or declaration of

"*désastre*" during which transactions are susceptible to examination pursuant to this rule. The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction which is extortionate.

Disclaimer of Onerous Property

Under Article 15 of the Jersey Bankruptcy Law, the Viscount may within six months following the date of the declaration of *désastre* and under Article 171 of the Jersey Companies Law, a liquidator may within six months following the commencement of a creditors' winding up, disclaim any onerous property of the company. "Onerous property" is defined to include any moveable property, a contract lease or other immoveable property if it is situated outside of Jersey that is unsaleable or not readily saleable or is such that it might give rise to a liability to pay money or perform any other onerous act, and includes an unprofitable contract.

A disclaimer operates to determine, as of the date it is made, the "rights, interests and liabilities of the company in or in respect of the property disclaimed" but "does not, except so far as is necessary for the purpose of releasing the company from liability, affect the rights or liabilities of any other person." A person sustaining loss or damage as a result of a disclaimer is deemed to be a creditor of the company to the extent of the loss or damage and shall have standing as a creditor in the *désastre* or creditors' winding up. The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) in relation to the power to disclaim onerous property.

Fraudulent Dispositions

In addition to the Jersey statutory provisions referred to above, there are certain principles of Jersey customary law (for example, a Pauline action) under which dispositions of assets with the intention of defeating creditors' claims may be set aside.

Floating Charges

Under the laws of Jersey, a person incorporated, resident or domiciled in Jersey is deemed to have capacity to grant security governed by foreign law over property situated outside the Island of Jersey, but to the extent that any floating charge is expressed to apply to any asset, property and undertaking of a person incorporated, resident or domiciled in Jersey such floating charge is not likely to be held valid and enforceable by the Courts of Jersey in respect of Jersey situs assets.

Administrators, Receivers and Statutory and Non-statutory Requests for Assistance

The Insolvency Act 1986 (either as originally enacted or as amended, including by the provisions of the Enterprise Act 2002) does not apply in Jersey and receivers, administrative receivers and administrators are not part of the laws of Jersey. Accordingly, the Courts of Jersey may not recognise the powers of an administrator, administrative receiver or other receiver appointed in respect of Jersey situs assets (although see below in the case of fixed charge receivers).

However, under Article 49(1) of the Jersey Bankruptcy Law, the Jersey court may assist the courts of prescribed countries and territories in all matters relating to the insolvency of any person to the extent that the Jersey court thinks fit. These prescribed jurisdictions include the United Kingdom. Further, in doing so, the Royal Court may have regard to the UNCITRAL model law, even though the model law has not been (and is unlikely to be) implemented as a separate law in Jersey. In the case In re Estates and General Developments Ltd (in liquidation) [2013] JRC 027, concerning an English debtor company, owning Jersey immovable property, which was in liquidation in England, fixed charge receivers appointed by a foreign secured creditor were able to use Article 49 of the Jersey Bankruptcy Law as a gateway to obtain recognition of their appointment and the authority to manage and sell Jersey immovable property, notwithstanding that the appointment of fixed charge receivers is a contractual (rather than court insolvency) appointment, and there is no such concept in Jersey law.

If the request comes from a non-prescribed country, then common law and principles of comity will be considered by the Royal Court by virtue of its inherent jurisdiction. If insolvency proceedings are afoot in another jurisdiction in relation to the company, the nature and extent of the cooperation from Jersey is likely to depend on the nature of the requesting country's insolvency regime. If the requesting country adheres to principles of territoriality, as opposed to universality, and, for instance, ring-fences assets for local creditors, full cooperation is highly unlikely. If, however, the jurisdiction applies similar fundamental principles to those applied in Jersey, the Royal Court's approach is more likely to be similar to the position where prescribed countries are involved.

In the case of both statutory and non-statutory requests for assistance, it should not be assumed that the UNCITRAL provisions will automatically be followed. That is a matter for the discretion of the Royal Court. It would also be wrong to assume for European countries that the position will be in accordance with EU Insolvency Regulation. Jersey does not form part of the European Community for the purposes of implementation of its directions. Accordingly, the EU Insolvency Regulation does not apply as a matter of Jersey domestic law and the automatic test of centre of main interests does not apply as a result.

The appointment of a liquidator or an administrator in relation to TAAL in the event of its bankruptcy would be subject to the prior approval of the Jersey Commission.

Enforcement of Security and Security in Insolvency

Enforcement of a security interest against a Jersey company may be limited by bankruptcy, insolvency, liquidation, dissolution, re-organisation or other laws of general application relating to or affecting the rights of creditors, but insolvency or bankruptcy alone will not render such security interest invalid or non-binding on the parties thereto or any liquidator of a Jersey company or the Viscount in a *désastre* of a Jersey company's property. This is subject to certain statutory exceptions, which include (but are not limited to):

- Article 159(4) of the Jersey Companies Law provides that after the commencement of a creditors' winding up of a Jersey company no action shall be taken or proceeded with against the company except by leave of the court and subject to such terms as that court may impose; and

- Article 10(1) of the Jersey Bankruptcy Law provides that with effect from the date of a declaration of *désastre* against a person (the "bankrupt"), a creditor shall not have any other remedy against the property or person of the bankrupt or commence or (except with the consent of the Viscount or by order of the court) continue any action or legal proceedings to recover such creditor's debt.

In the enforcement of foreign security in Jersey, the Courts of Jersey—properly applying the relevant provisions of foreign law—are likely to uphold (subject to the comments above) a claim that the relevant security interest (and other than in respect of any property or assets situated or deemed to be situated in Jersey) is binding on a Jersey company and any liquidator or other similar person having control of the assets of a Jersey company.

Under Jersey law, security over Jersey situs assets is created in accordance with the provisions of the Jersey security interest law. A power of sale, or where this is permitted, appropriation, is the only means of enforcing a security interest over intangible moveable property (such as shares) located in Jersey currently contemplated by the Jersey security interest law, and the ability of a secured party directly or indirectly to enforce or realise its security other than by exercising the statutory power of sale (or appropriation) is untested in the Courts of Jersey. Pursuant to the provisions of the Jersey security interests law in order to exercise a power of sale or, where this is permitted, appropriation following an event of default, a secured party must serve on the party who gave the security (the "Debtor") a notice specifying the particular event of default complained of and if the default is capable of remedy requiring the Debtor to remedy it and only if the Debtor fails to remedy the default (if it is capable of remedy) within fourteen days after receipt of such notice does the power of sale or appropriation become exercisable. It is usual for a security agreement over shares in a Jersey company to create a "title" security interest but with the agreement of the grantor of the security that, to the extent that title security in the collateral has not been achieved at the outset, the secured party shall have "possessory" security (by having possession of the certificates of title to the shares). Prior to enforcement of the security agreement, and subject to the terms of the security agreement, a secured party which holds such "possessory" security may consider it appropriate to "convert" that security into "title" security by taking formal title through entry of the secured party or its nominee on the register of members of the company following a transfer of shares and the giving of notice of assignment (to the extent such notice has not already been given). Taking title in this way is not any sort of enforcement. A transfer of shares in a Jersey company (including in connection with enforcement of security), not being a transfer made to or with the sanction of the liquidator of the company in a creditors' winding up (insolvent winding up) under the Jersey Companies Law, or the Viscount after the property of the company is declared to be *en désastre* under the Jersey Bankruptcy Law, and an alteration in the status of the company's members made after the commencement of the creditors' winding up or after such declaration of *en désastre*, is void.

As TAAL is regulated by the Jersey Commission as a registered person under the Financial Services (Jersey) Law 1998 to carry on general insurance mediation business (as more fully described under "*Regulatory Overview—TAAL Jersey Regulatory Overview*"), it is subject to the restrictions imposed on a registered person and changes of, direct and indirect, ownership and control of a registered person under the Financial Services (Jersey) Law 1998 and is required to comply with the regulatory requirements set out in the General Insurance Mediation Business Codes of Practice. Accordingly any change of ownership or control by a person who becomes or ceases to be a "principal person" (or a change which crosses certain thresholds) will be subject to a requirement to obtain prior approval from the Jersey Commission that there is no objection to that change.

"Principal person" means

(i) a person who, either alone or with any associate or associates:

(A) directly or indirectly holds 10% or more of the share capital issued by the company;

(B) is entitled to exercise or control the exercise of not less than 10% of the voting power in general meeting of the company or of any other company of which it is a subsidiary; or

(C) has a holding in the company directly or indirectly which makes it possible to exercise significant influence over the management of the company;

(ii) a director;

(iii) a person in accordance with whose directions, whether given directly or indirectly, any director of the company, or director of any other company of which the company is a subsidiary, is accustomed to act (but disregarding advice given in a professional capacity); and

(iv) in relation to a person who has become bankrupt, includes a person who has been appointed as liquidator or administrator of the person's affairs.

Failure to comply with these requirements is a criminal offence.

A failure to comply with these requirements may result in the commission of a criminal offence punishable by up to 2 years' imprisonment and/or an unlimited fine. The Jersey Commission can also direct that a transfer of shares shall be void, that no voting rights shall be exercised in relation to those shares, that no further shares shall be issued or that no payment shall be made of any sum due from the registered person on the shares, whether in respect of capital or otherwise (except in liquidation). The Jersey Commission may also apply to the Royal Court of Jersey for an order that specified shares be sold.

The creation of a security interest over the entire issued share capital of TAAL may trigger and the enforcement of such a security interest by exercise of a power of sale would trigger a requirement to obtain prior confirmation that the Jersey Commission has no objection to such proposal. The appointment of a liquidator or administrator in relation to TAAL in the event of its bankruptcy would also trigger such a requirement to obtain the Jersey Commission's prior approval. Similarly, the creation of security over the shares in a parent company of TAAL which is or becomes or ceases to be a "principal person" or the enforcement of such security, may trigger a requirement to obtain the Jersey Commission's prior approval.

European Union

Several of the Obligors are organised under the laws of Member States of the European Union.

Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the "**EU Insolvency Regulation**"), which applies within the European Union (other than Denmark and other than in respect of certain insurance, credit institution and investment undertakings), the courts of the Member State in which a company's "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated have jurisdiction to open main insolvency proceedings. The determination of where a company has its centre of main interests is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Although there is a presumption under Article 3(1) of the EU Insolvency Regulation that a company has its centre of main interests in the Member State in which it has its registered office in the absence of proof to the contrary, Preamble 13 of the EU Insolvency Regulation states that the centre of main interests of a "debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties." The courts have taken into consideration a number of factors in determining the centre of main interests of a company, including in particular where board meetings are held, the location where the company conducts the majority of its business or has its head office and the location where the majority of the company's creditors are established. A company's centre of main interests may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open main insolvency proceedings at the time of the filing of the insolvency petition.

The EU Insolvency Regulation applies to insolvency proceedings that are collective insolvency proceedings of the types referred to in Annex A to the EU Insolvency Regulation.

If the centre of main interests of a company is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open insolvency proceedings against that company only if such company has an "establishment" in the territory of such other Member State (such proceedings being referred to as "territorial insolvency proceedings"). An "establishment" is defined as a place of operations where the company carries on non-transitory economic activity with human means and goods. The effects of those insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State.

Where main proceedings have been opened in the Member State in which the company has its centre of main interests, any territorial insolvency proceedings opened subsequently in another Member State in which the company has an establishment are limited to "winding-up proceedings" listed in Annex B of the EU Insolvency Regulation (such subsequent territorial insolvency proceedings being referred to as "secondary proceedings"). Where main proceedings in the Member State in which the company has its centre of main interests have not yet been opened, territorial insolvency proceedings can be opened in another Member State where the company has an establishment only where either: (a) insolvency proceedings cannot be opened in the Member State in which the company's centre of main interests is situated as a result of conditions laid down by that Member State's law; or (b) the territorial insolvency proceedings are opened at the request of a creditor that is domiciled, habitually resident or has its registered office in the Member State in which the company has an establishment or whose claim arises from the operation of that establishment.

The courts of all Member States (other than Denmark) must recognise the judgment of the court opening main proceedings and, subject to any exceptions provided for in the EU Insolvency Regulation, that judgment will be given the same effect in the other Member States so long as no secondary proceedings have been opened there. The liquidator appointed by a court in a Member State that has jurisdiction to open main proceedings (because the company's centre of main interests is there) may exercise the powers conferred on him by the law of that Member State in another Member State (such as to remove assets of the company from that other Member State), subject to certain limitations, so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets.

England and Wales

A number of the Obligors are companies incorporated under the laws of England and Wales. Therefore, any main insolvency proceedings in respect of an English Obligor would likely be commenced in England and conducted in accordance with the requirements of English insolvency laws. However, pursuant to the EU Insolvency Regulation, where an English company conducts business in another member state of the European Union, the jurisdiction of the English courts may be limited if the company's "centre of main interests" is found to be in another Member State (please see "*—European Union*"). There are a number of factors that are taken into account to ascertain the centre of main interests. The centre of main interests should correspond to the place where the company conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. The place of the registered office of the company is presumed to be the centre of main interests in the absence of proof to the contrary. The point at which this issue falls to be determined is at the time that the relevant insolvency proceedings are opened.

Fixed and floating charges

There are a number of ways in which fixed charge security has an advantage over floating charge security: (a) an administrator appointed to a charging company can convert floating charge assets to cash and use such cash, or use cash subject to a floating charge, to meet administration expenses (which can include the costs of continuing to operate the charging company's business while in administration) in priority to the claims of the floating charge holder; (b) a fixed charge, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets; (c) general costs and expenses (including the liquidator's remuneration) properly incurred in a winding up are payable out of the company's assets (including the assets that are the subject of the floating charge) in priority to floating charge claims; (d) until the floating charge security crystallises, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge and so as to give rise to the risk of security being granted over such assets in priority to the floating charge security; (e) floating charge security is subject to certain challenges under English insolvency law (see "*—Grant of Floating Charge*"); and (f) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees) and to ring-fencing (see "*—Administration and floating charges*").

Under English law there is a possibility that a court could recharacterise fixed security interests purported to be created by a security document as floating charges; the description given to security interests by the parties is not determinative. Whether security interests labelled as fixed will be upheld as fixed security interests rather than floating security interests will depend on, among other things, whether the chargee has the requisite degree of control over the relevant chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the chargee in practice. Where the chargor is free to deal with the secured assets without the consent of the chargee prior to crystallisation, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge in the security documents.

Administration and floating charges

The relevant English insolvency statute empowers English courts to make an administration order in respect of an English company in certain circumstances. An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge and different procedures apply according to the identity of the appointor. During the administration, in general no proceedings or other legal process may be commenced or continued against the company in administration, or security enforced over that company's property, except with leave of the court or the consent of the administrator. Certain creditors of a company in administration may be able to realise their security over that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the administration moratorium in relation to a "security financial collateral agreement" (generally, cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003. If an English Obligor were to enter into administration, it is likely that the security granted by it or the Guarantee granted by it may not be enforced while it is in administration. In addition, other than in limited circumstances, no administrative receiver can be appointed by a secured creditor in preference to an administrator, and any already appointed receiver must resign if requested to do so by the administrator. Where the company is already in administration no other receiver may be appointed.

In order to empower the Obligor Security Trustee to appoint an administrative receiver or an administrator to the company, the floating charge granted by the relevant English Obligor must constitute a "qualifying floating charge" for the

purposes of English insolvency law and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document pre-dates 15 September 2003, fall within one of the exceptions in the UK Insolvency Act 1986 (as amended) to the prohibition on the appointment of administrative receivers. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it, (b) purports to empower the holder to appoint an administrator of the company or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29(2) of the UK Insolvency Act 1986 (as amended). The Obligor Security Trustee will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with the fixed charge security interests, relate to the whole or substantially the whole of the relevant English Obligor's property and at least one such security interest is a qualifying floating charge. The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the UK Insolvency Act 1986, as amended), which will apply if an English Obligor creates a debt of at least £50 million for the relevant company during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the UK Insolvency Act 1986, as amended, but is generally a rated, listed or traded debt instrument). An administrator, receiver (including administrative receiver) or liquidator of the company will be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security (after making full provision for preferential creditors and expenses (floating charge realisations)) for the benefit of unsecured creditors. Under current law, this applies to 50% of the first £10,000 of floating charge realisations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000. Whether the assets that are subject to the floating charges and other security will constitute substantially the whole of the relevant English Obligor's assets at the time that the floating charges are enforced will be a question of fact at that time.

There are circumstances under English insolvency law in which the granting by an English company of security and guarantees can be challenged. In most cases this will only arise if the company is placed into administration or liquidation within a specified period (as set out in more detail below) of the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, he may challenge the validity of the guarantee or security given by such company.

The following potential grounds for challenge may apply under English law to guarantees and security interests:

Transaction at an Undervalue

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or guarantee constituted a transaction at an undervalue. There will only be a transaction at an undervalue, if at the time of the transaction or as a result of the transaction, the English company was or becomes unable to pay its debts (as defined in the UK Insolvency Act 1986, as amended). The transaction can be challenged if the English company enters into liquidation or administration proceedings within a period of two years from the date the English company grants the security interest or the guarantee. A transaction might be subject to being set aside as a transaction at an undervalue if the company makes a gift to a person, if the company receives no consideration or if the company receives consideration of significantly less value, in money or money's worth, than the consideration given by such company. However, a court generally will not intervene if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit it. If the court determines that the transaction was a transaction at an undervalue, the court can make such order as it thinks fit to restore the position to what it would have been in if the transaction had not been entered into. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent unless a beneficiary of the transaction was a connected person (as defined in the UK Insolvency Act 1986, as amended), in which case there is a presumption of insolvency and the connected person must demonstrate the solvency of the English company in such proceedings.

Preference

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or such guarantee constituted a preference. There will only be a preference if, at the time the transaction was entered into, the English company was unable to pay its debts (as defined in the UK Insolvency Act 1986 (as amended)) or the English company becomes unable to pay its debts (as defined in the UK Insolvency Act 1986 (as amended)) as a consequence of its entry into the transaction. The transaction can be challenged if the English company enters into liquidation or administration proceedings within a period of six months (if the beneficiary of the security or the guarantee is not a connected person) or two years (if the beneficiary is a connected person) from the date the English company takes the decision to grant the security interest or the guarantee. A transaction will constitute a factual preference if it has the effect of putting a creditor of the English company (or a surety or guarantor for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. If the court determines that the transaction constituted such a preference, the court has very wide powers for restoring the position to what it would have been if that preference had not been given, which could, in this case, include reducing payments under the Class B Notes and the guarantees in connection

with the Class B Loan (although there is protection for a third party who enters into one of the transactions in good faith and without notice). However, for the court to do so, it must be shown that in deciding to give the factual preference the English company was influenced by a desire to produce the preferential effect. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent at the relevant time and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a presumption that the company was influenced by a desire to produce the preferential effect and the connected person must demonstrate in such proceedings that there was no such influence.

Transaction Defrauding Creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue and was made for the purposes of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. An application to the court for an order to set aside the transaction may be made by an administrator, a liquidator and, subject to certain conditions, the UK Financial Services Authority and the UK Pensions Regulator. In addition, any person who is, or who is capable of being, prejudiced by the transaction may (with the leave of the court in the case of a company in administration or liquidation) also bring an application to set aside such transaction. There is no time limit in the English insolvency legislation within which the challenge must be made and the relevant company does not need to be insolvent at the time of the transaction. If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not he is the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a third party in good faith, for value and without notice of the relevant circumstances and will not require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances, to pay any sum unless such person was a party to the transaction.

Grant of Floating Charge

Under English insolvency law, if an English Obligor is unable to pay its debts at the time of (or as a result of) granting the floating charge, and the floating charge was granted within the specified period referred to below, then such floating charge can be avoided except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English Obligor at the same time as or after the creation of the floating charge.

The requirement for the English Obligor to be insolvent at the time of (or as a result of) granting the floating charge does not apply where the floating charge is granted to a connected person. If the floating charge is granted to a connected person, and the floating charge was granted within the specified period referred to below, then the floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English Obligor at the same time as or after the creation of the floating charge, whether the relevant English Obligor is solvent or insolvent.

The granting of the floating charge can be challenged only if the relevant English Obligor enters into liquidation or administration proceedings within a period of one year (if the beneficiary is not a connected person) or two years (if the beneficiary is a connected person) from the date the relevant English Obligor grants the floating charge. However, if the floating charge qualifies as a "security financial collateral agreement" under the Financial Collateral Arrangements (No. 2) Regulations 2003, the floating charge will not be subject to challenge as described in this paragraph.

Ireland

Difference in Insolvency Law

The EU Insolvency Regulation (see "*—European Union*") has force of law in Ireland. The place of a company's registered office is presumed to be the "centre of main interests" in the absence of proof to the contrary. Certain of the Obligors are incorporated under the laws of Ireland. Therefore, any main insolvency proceedings in respect of the Irish Obligors would likely be commenced in Ireland. Irish insolvency laws differ from the insolvency laws of the United States and may make it more difficult for the Issuer to recover the amount in respect of the Class B Loan than it would have recovered in a liquidation or bankruptcy proceeding in the United States.

Priority of Secured Creditors

Irish insolvency laws generally recognise the priority of secured creditors over unsecured creditors. The lenders and creditors under the Class B Loan, the Class A Loans, the Senior Term Facility, the Working Capital Facility, certain hedging arrangements and pension liabilities have or will have, security interests on certain of the assets of the Irish Obligors. The priority attaching to those security interests will be governed from a contractual perspective by the STID. The Class B Notes will not be secured by any assets of the Irish Guarantors. See "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed*."

Attachment of Debts

Any debt to a party (including any deposit with a financial institution) may be attached by the Irish Revenue Commissioners in order to discharge any liabilities of that party in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. This right of the Revenue Commissioners may override the rights of holders of security (whether fixed or floating) in relation to the debt in question.

Preferential Creditors

Under Section 285 of the Irish Companies Act 1963, as amended (the "1963 Act"), in a winding up of an Irish company certain preferential debts are required to be paid in priority to all other debts other than those secured by a fixed charge. Preferential debts therefore have priority over debts secured by a floating charge. If the assets of the relevant company available for payment of general creditors are insufficient to pay the preferential debts, they are required to be paid out of the property subject to the floating charge.

Furthermore, in the case of the application of monies arising from the realisation of secured assets that are subject to a floating charge, or in a winding up, the costs of the liquidation and the liquidator's fees will take priority over the claims of floating chargeholders in respect of relevant assets as will the remuneration, costs and expenses of an examiner (if any) appointed to the Irish company which have been sanctioned by the Irish High Court as reasonable expenses properly incurred by such examiner in the course of the examinership (which may include borrowings incurred by an examiner during the period of examinership if the examiner seeks to have them sanctioned by the Irish High Court under Section 29 of the Companies (Amendment) Act 1990 as amended by the Companies (Amendment) (No. 2) Act 1999 (the "1990 Amendment Act")).

Fraudulent Preference

Under Irish insolvency law, if an Irish company goes into liquidation, a liquidator may apply to the court to have certain transactions disclaimed if the related contract amounted to a fraudulent preference. Section 286 of the 1963 Act provides that any conveyance, mortgage, delivery of goods, payment, execution or other act relating to property made or done by or against an Irish company, which is unable to pay its debts as they become due in favour of any creditor or any person on trust for any creditor, with a view of giving such creditor (or any surety or guarantor for the debt due to such creditor) a preference over the other creditors within six months (or in the case of a "connected person" as that term is defined in the 1963 Act, two years) of the commencement of a winding up of the Irish company, shall be invalid. Section 286 is only applicable if, at the time of the conveyance, mortgage or other relevant act, the Irish company is unable to pay its debts as they became due and at the time of the commencement of the winding up is unable to pay its debts (taking into account the contingent and prospective liabilities).

Improperly Transferred Assets

Under section 139 of the Companies Act 1990, if it can be shown, on the application of a liquidator, creditor or contributory of an Irish company which is being wound up, to the satisfaction of the High Court that any property of such company was disposed of (which would include by way of conveyance, transfer, mortgage, security, loan or in any way whatsoever) and the effect of such a disposal was to "perpetrate a fraud" on the company, its creditors or members, the Irish High Court may, if it deems it just and equitable, order any person who appears to have "use, control or possession" of such property or the proceeds of the sale or development thereof to deliver it or pay a sum in respect of it to the liquidator on such terms as the Irish High Court sees fit. The ability to use section 139 of the Companies Act 1990 to challenge the transfer of assets has been extended to receivers and examiners. Section 139 of the Companies Act 1990 does not apply to a disposal that would constitute a fraudulent preference for the purposes of section 286 of the 1963 Act.

Disclaimer of Onerous Contracts

Section 290 of the 1963 Act confers power on a liquidator, with leave of the court, at any time within 12 months after the commencement of the winding up or such extended period as may be allowed by the court, to disclaim any property of the Irish company being wound up which consists of, among other things, (i) unprofitable contracts or (ii) any property which is unsaleable or not readily saleable by reason of its binding the possessor to the performance of any onerous act or to the payment of money.

Examinership

In addition, a court protection procedure, known as examinership, is available under the 1990 Amendment Act to facilitate the survival of an Irish company and the whole or any part of its undertaking through the appointment of an examiner and the formulation by the examiner of proposals for a compromise or scheme of arrangement. Provided an Irish company can demonstrate a reasonable prospect of its survival (and all or part of its undertaking) as a going concern, and can satisfy certain tests, the Irish company may be placed under the protection of the Irish High Court for a period of time whilst its affairs are investigated by an independent examiner whose function is to see whether the company is capable of being rescued and to supervise the restructuring process.

Effect of Appointment of Examiner

The effect of the appointment of an examiner is to suspend the rights of creditors for the protection period. For as long as a company is under the protection of the High Court, no attachment, sequestration, distress or execution shall be put into force against the property or effects of the relevant company except with the consent of the examiner. Section 5 of the 1990 Amendment Act provides, among other things:

(a) where any claim against the company is secured by a mortgage, charge, lien or other encumbrance or a pledge of, on or affecting the whole or any part of the property, effects or income of the Irish company, no action may be taken to realise the whole or any part of such security except with the consent of the examiner;

(b) no receiver over any part of the property or undertaking of the Irish company shall be appointed; and

(c) no proceedings for the winding up of the Irish company may be commenced or resolution for winding up passed in relation to the company in examinership and any resolution so passed shall have no effect.

No other proceedings in relation to the Irish company may be commenced except by leave of the court and subject to such terms as it may impose.

In addition, no payment may be made by an Irish company during the period when it is under protection of the court by way of satisfaction or discharge of the whole or any part of a liability incurred by the company before the date of presentation of the petition for the appointment of the examiner, except in certain limited circumstances.

Liability of Guarantors

The 1990 Amendment Act provides, *inter alia*, that no proceedings of any sort may be commenced against a guarantor in respect of the debts of an Irish company in examinership.

Priority of Examiner Payments

The 1990 Amendment Act allows for the remuneration, costs and expenses of the examiner which have been sanctioned by an order of the court (other than the expenses that, by virtue of section 10 of the 1990 Amendment Act, are treated as expenses properly incurred by the examiner) to be paid prior to any other claims including secured claims. Section 10 of the 1990 Amendment Act provides that any liabilities incurred by a company in examinership which are certified by the examiner which have been incurred in circumstances where, in the opinion of the examiner, the survival of the company under court protection as a going concern during the period would otherwise be seriously prejudiced, shall be treated as expenses properly incurred for the purposes of Section 29 of the 1990 Amendment Act but will rank behind the claims of creditors secured by a mortgage, charge, lien or other encumbrance of a fixed nature or a pledge. Nonetheless, if the court sanctions borrowings by an examiner as part of the expenses of the examiner pursuant to Section 29 of the 1990 Amendment Act, such borrowings will rank ahead of the claims of both unsecured and secured creditors of the company under court protection.

PLAN OF DISTRIBUTION

The Issuer and the Initial Purchasers have entered into a purchase agreement dated 25 June 2013 (the "**Purchase Agreement**"), pursuant to which the Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed, severally and not jointly, to purchase from the Issuer, all the Class B Notes, subject to the terms and conditions set forth therein.

The Class B Notes will initially be offered at the price set forth on the cover page hereof. After the initial offering of the Class B Notes, the offering price and other selling terms of the Class B Notes may, from time to time, be varied by the Initial Purchasers without notice. Sales of the Class B Notes may be made through affiliates of the Initial Purchasers or through registered broker-dealers.

The Purchase Agreement provides that the several obligations of the Initial Purchasers to pay for and accept delivery of the Class B Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel. The Purchase Agreement also provides that the Issuer will indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof.

Persons who purchase Class B Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

No Registration

The Class B Notes have not been and will not be registered under the U.S. Securities Act and are only being offered or sold within the United States or to, or for the account or benefit of, U.S. persons that are qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and to certain persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. In addition, with respect to the Class B Notes initially sold outside the United States in reliance on Regulation S, until 40 days after the later of (i) the commencement of the Offering and (ii) the issue date of the Class B Notes, an offer or sale of Class B Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act. Resales of the Class B Notes are restricted as described under "*Notice to Investors*."

Each Initial Purchaser has represented that it (i) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Class B Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and (ii) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Class B Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by the Issuer or the Initial Purchasers that would permit a public offering of the Class B Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Class B Notes in any jurisdiction where action for this purpose is required. Accordingly, the Class B Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Class B Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Offering Memorandum and resale of Class B Notes. See "*Notice to Certain European Investors*."

The Issuer has also agreed that it will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbour of Rule 144A and Regulation S under the U.S. Securities Act to cease to be applicable to the offer and sale of the Class B Notes.

No Sale of Similar Securities

We have agreed that, except for the Class A Notes or otherwise except with the consent of the representatives of the Initial Purchasers, neither the Issuer, the Borrower or Topco, nor any of their respective subsidiaries, will offer or sell any debt securities issued or guaranteed by any of the Issuer, the Borrower or Topco or any of their respective subsidiaries or securities of the Issuer, the Borrower or Topco or any of their respective subsidiaries that are convertible into, or exchangeable with, the Class B Notes or such other debt securities, for a period of 60 days after the date of this Offering Memorandum.

New Issue of Securities

There is currently no established trading market for the Class B Notes. In addition, the Class B Notes are subject to certain restrictions on resale and transfer as described under "*Notice to Investors*." The Issuer has applied for the Class B Notes to be listed to the Official List of the Irish Stock Exchange and to admit the Class B Notes for trading on the GEM; however, the Issuer cannot assure you that the Class B Notes will be approved for listing or that such listing will be maintained. The Initial Purchasers have advised the Issuer that they presently intend to make a market in the Class B Notes as permitted by applicable laws and regulations. The Initial Purchasers are not obligated, however, to make a market in any Class B Notes and any such market making may be discontinued at any time at the sole discretion of the Initial Purchasers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Class B Notes, nor that you will be able to sell your Class B Notes at a particular time or that the prices that you receive when you sell will be favourable.

Settlement

The Issuer expects that delivery of the Class B Notes will be made against payment on the respective Class B Notes on or about the date specified on the cover page of this Offering Memorandum, which will be five business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Class B Notes (this settlement cycle is being referred to as "T+5"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Class B Notes on the date of this Offering Memorandum or the next succeeding business day will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Class B Notes who wish to make such trades should consult their own advisors.

Price Stabilisation and Short Positions

In connection with the Offering, Deutsche Bank AG, London Branch (the "**Stabilizing Manager**"), or persons acting on its behalf, may engage in transactions that stabilise, maintain or otherwise affect the price of the Class B Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Class B Notes in the open markets to stabilise the price of the Class B Notes. The Stabilizing Manager, or persons acting on its behalf, may also over-allot the Offering, creating a syndicate short position, and may bid for and purchase Class B Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Class B Notes in market-making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilise or maintain the respective market price of the Class B Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Class B Notes.

The Initial Purchasers may engage in over allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act.

Over allotment involves sales in excess of the offering size, which creates a short position for the relevant Initial Purchasers. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the Class B Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when the Class B Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions.

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Class B Notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

Other Relationships

The Initial Purchasers or their respective affiliates, from time to time, have provided in the past, and may provide in the future, investment banking, commercial lending, consulting and financial advisory services to us and our affiliates in the ordinary course of business for which they have received or may receive customary advisory and transaction fees, commissions and expense reimbursement. The Initial Purchasers and their affiliates are acting as arrangers and dealers in connection with the concurrent offering of the Class A Notes, are acting as lenders, arrangers, and agents in connection with the Senior Term Facility, the Working Capital Facility and the Liquidity Facility and may undertake hedging transactions with the AA Group in connection with the Refinancing.

In the ordinary course of their business activities, the Initial Purchasers and their respective affiliates may engage in brokerage activities, may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities or instruments of ours or our affiliates. For

example, certain of the Initial Purchasers and their respective affiliates may have investments from time to time in shareholders of our parent, Acromas, or their respective affiliates. Certain of the Initial Purchasers or their affiliates that have a lending relationship with us or our affiliates may routinely hedge their credit exposure consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Class B Notes offered hereby. Any such short positions could adversely affect future trading prices of the Class B Notes offered hereby. The Initial Purchasers and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Class B Notes offered hereby.

The Class B Notes have not been registered under the U.S. Securities Act or the securities laws of any other applicable jurisdiction and, unless so registered, they may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any other applicable jurisdiction. Accordingly, the Class B Notes offered hereby are being offered and sold only to qualified institutional buyers ("QIBs") in reliance on Rule 144A and to non-U.S. persons outside the United States in offshore transactions (as defined in Regulation S) in reliance on Regulation S.

Each purchaser of Class B Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the Initial Purchasers as follows:

(1) It understands and acknowledges that the Class B Notes have not been registered under the U.S. Securities Act or any other applicable securities law, are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities law, including sales pursuant to Rule 144A, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set out in paragraph (5) below.

(2) It is not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer or acting on the Issuer's behalf and it is either:

(i) a QIB and is aware that any sale of Class B Notes to it will be made in reliance on Rule 144A and the acquisition of Class B Notes will be for its own account or for the account of another QIB; or

(ii) a non-U.S. person purchasing the Class B Notes outside the United States in an offshore transaction in accordance with Regulation S.

(3) It acknowledges that none of the Issuer or the Initial Purchasers, nor any person representing any of them, has made any representation to it with respect to the offering or sale of any Class B Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Class B Notes. It has had access to such financial and other information concerning us and the Issuer, the Class B Note Trust Deed, the Class B Notes and the relevant security documents as you deemed necessary in connection with your decision to purchase any of the Class B Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) It is purchasing the Class B Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any other securities laws, subject to any requirement of law that the disposal of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell Class B Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Class B Notes, and each subsequent holder of the Class B Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Class B Notes only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Class B Notes are eligible pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales to non-U.S. persons that occur outside the United States in compliance with Regulation S, or (vi) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposal of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Class B Note Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (iv) or (vi) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of

the foregoing cases, to require that a certificate of transfer in the form appearing on the other side of the security is completed and delivered by the transferor to the Class B Note Trustee. Each purchaser acknowledges that each Class B Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A ("**RULE 144A**") UNDER THE U.S. SECURITIES ACT OR (B) IT IS NOT A U.S. PERSON, IS NOT ACQUIRING THIS NOTE FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 144A OR RULE 904 OF REGULATION S ("**REGULATION S**") UNDER THE U.S. SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES NOT TO OFFER, SELL OR OTHERWISE TRANSFER THIS CLASS B NOTE EXCEPT (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE CLASS B NOTE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE CLASS B NOTE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

BY ACQUIRING THIS SECURITY (OR INTEREST HEREIN), EACH PURCHASER AND TRANSFEREE (AND IF THE PURCHASER OR TRANSFEREE IS A PLAN (AS DEFINED BELOW), ITS FIDUCIARY) IS DEEMED TO REPRESENT, WARRANT AND COVENANT (AND WILL BE REQUIRED TO REPRESENT, WARRANT AND COVENANT IN WRITING, IN THE CASE OF AN APPROVED PLAN (AS DEFINED BELOW)) THAT (a) EITHER (1) IT IS NOT A PLAN AND IS NOT ACTING ON BEHALF OF ANY PLAN OR (2)(I) IT IS AN APPROVED PLAN AND (II) ITS PURCHASE AND HOLDING OF THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT (A) CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), OR (B) RESULT IN A VIOLATION OF ANY SIMILAR LAW (AS DEFINED BELOW), AND (b) IT WILL NOT TRANSFER THIS SECURITY (OR INTEREST HEREIN) TO ANY TRANSFEREE THAT IS A PLAN OR ANY PERSON ACTING ON BEHALF OF ANY PLAN. THE TERM "**PLAN**" MEANS ANY "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF ERISA THAT IS SUBJECT TO TITLE I OF ERISA, ANY "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE CODE, ANY OTHER PLAN, ACCOUNT OR ARRANGEMENT THAT IS SUBJECT TO ANY LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), AND ANY ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE THE "PLAN ASSETS" (AS DEFINED IN SECTION 3(42) OF ERISA) OF ANY OF THE FOREGOING. AN "**APPROVED PLAN**" IS A PLAN THAT HAS OBTAINED THE WRITTEN APPROVAL OF THE ISSUER TO SUBSCRIBE FOR AND PURCHASE THIS SECURITY (OR AN INTEREST HEREIN) DIRECTLY FROM THE INITIAL PURCHASERS (AS DEFINED IN THE OFFERING MEMORANDUM).

If it purchases Class B Notes, it will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Class B Notes as well as to holders of these Class B Notes.

(6) It agrees that it will give to each person to whom it transfers the Class B Notes notice of any restrictions on transfer of such Class B Notes.

(7) It acknowledges that until 40 days after the commencement of this Offering, any offer or sale of the Class B Notes within the United States by a dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

(8) It acknowledges that the Class B Registrar will not be required to accept for registration of transfer any Class B Notes except upon presentation of evidence satisfactory to us and the Class B Note Trustee that the restrictions set out therein have been complied with.

(9) It acknowledges that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Class B Notes are no longer accurate, it shall promptly notify the Initial Purchasers. If it is acquiring any Class B Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(10) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Class B Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Class B Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Class B Notes will be subject to the selling restrictions set out under the caption "*Plan of Distribution*."

(11) By acquiring a Class B Note (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a Plan, its fiduciary) is deemed to represent, warrant and covenant (and will be required to represent, warrant and covenant in writing, in the case of an Approved Plan) that (a) either (1) it is not a Plan and is not acting on behalf of any Plan or (2)(i) it is an Approved Plan and (ii) its purchase and holding of the Class B Note (or any interest therein) will not (A) constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or (B) result in a violation of any Similar Law, and (b) it will not transfer the Class B Note (or interest therein) to any transferee that is a Plan or any person acting on behalf of any Plan.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed on for us by Latham & Watkins (London) LLP, as to matters of United States federal and New York state law, by Clifford Chance LLP, as to matters of English law, by Mourant Ozannes, as to matters of Jersey law, and by Eversheds, as to matters of Irish law.

Certain legal matters in connection with the Offering will be passed on for the Initial Purchasers by Cravath, Swaine & Moore LLP, as to matters of United States federal and New York state law, by Freshfields Bruckhaus Deringer LLP, as to matters of English law, by Carey Olsen, as to matters of Jersey law, and by Arthur Cox, as to matters of Irish law.

INDEPENDENT AUDITORS

The audited consolidated financial statements of the Company as of and for the financial years ended 31 January 2011, 2012 and 2013, prepared in accordance with UK GAAP and each included elsewhere in this Offering Memorandum, have been audited by Ernst & Young LLP, independent auditors, as stated in their reports appearing herein. Ernst & Young LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

Ernst & Young LLP's audit report is made solely to the Company's members, as a body, in accordance with guidance issued by The Institute of Chartered Accountants in England and Wales and includes the following limitations: "Our audit work has been undertaken so that we might state to the company's members those matters that we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed." The independent auditor's report for the Company for the financial years ended 31 January 2011, 2012 and 2013 is included on page F-14 of this Offering Memorandum. The independent auditor's report for the Company for the financial years ended 31 January 2011, 2012 and 2013 was unqualified.

See *"Risk Factors—Risks Relating to the Class B Notes—The audit reports of Ernst & Young LLP included in this Offering Memorandum include statements purporting to limit the persons that may rely on such reports and the opinions contained therein."*

WHERE TO FIND ADDITIONAL INFORMATION

Each purchaser of Class B Notes from an Initial Purchaser will be furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to the Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on any of the Initial Purchasers or any person affiliated with any of the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to clause (1) above, no person has been authorised to give any information or to make any representation concerning the Class B Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorised by either us or any of the Initial Purchasers.

For so long as any of the Class B Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Issuer will, during any period in which it is not subject to Section 13 or 15(d) under the U.S. Exchange Act, nor exempt from reporting thereunder pursuant to Rule 12g3-2(b), make available to any holder or beneficial holder of a Class B Note, or to any prospective purchaser of a Class B Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act upon the written request of any such holder or beneficial owner. Any such request should be directed to the Issuer at c/o AA Limited, Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, United Kingdom.

The Issuer is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Class B Note Trust Deed, the Issuer will agree to furnish periodic information to the holders of the Class B Notes. See "*Description of the Class B Notes—Certain Covenants—Reports*."

SERVICE OF PROCESS AND ENFORCEMENT OF FOREIGN JUDGMENTS

The Issuer is a public limited liability company incorporated under the laws of Jersey. The Company is a private limited liability company incorporated under the laws of England and Wales. The assets of the Issuer and the Company are located outside of the United States. In addition, none of the directors or officers and other executives of the Issuer or the Company is a resident or citizen of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer, the Company or such persons, or to enforce against them judgments of U.S. federal or state courts predicated upon the civil liability provisions of U.S. federal or state securities laws or otherwise despite the fact that, pursuant to the terms of the Class B Note Trust Deed, the Issuer and the Company have appointed, or will appoint, an agent for the service of process in New York.

If a judgment is obtained in a U.S. federal or state court against any of the Issuer or the Company, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. federal or state court judgments outside the United States is described below for the jurisdictions in which the Issuer and the Company and their assets are located, you should consult with your own advisors in any pertinent jurisdictions as needed for advice on enforcing a judgment in those countries or elsewhere outside the United States.

Jersey

The following summary with respect to the enforceability of certain U.S. court judgments in Jersey is based upon advice provided to us by our Jersey legal advisors. The United States and Jersey currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by a Federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. Federal securities laws, would not automatically be recognised or enforceable in Jersey. In order to enforce any such U.S. judgment in Jersey, proceedings must first be initiated before a court of competent jurisdiction in Jersey. In such action, a Jersey court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by a Jersey court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to Jersey conflicts of laws principles;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money (although there are circumstances where non-money judgments can also be enforced);
- the U.S. judgment not contravening Jersey public policy;
- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine;
- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying, a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the United Kingdom Protection of Trading Interests Act 1980 (as extended to Jersey by the Protection of Trading Interests Act 1980 (Jersey) Order 1983);
- the U.S. Judgment not having been obtained by fraud or in breach of Jersey principles of natural justice; and
- there not having been a prior inconsistent decision of a Jersey court in respect of the same matter.

Subject to the foregoing, investors may be able to enforce in Jersey judgments in civil and commercial matters that have been obtained from U.S. Federal or state courts. However, we cannot assure you that those judgments will be recognised or enforceable in Jersey. In addition, it is questionable whether a Jersey court would accept jurisdiction and impose civil liability if the original action was commenced in Jersey, instead of the United States, and predicated solely upon U.S. Federal securities laws.

England and Wales

The following discussion with respect to the enforceability of certain U.S. court judgments in England and Wales (excluding judgments in the context of insolvency, which are considered separately) is based upon advice provided to us by our English legal advisors. The United States and the United Kingdom currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment of a U.S. federal or state court in relation to the obligations of the Issuer and the Company

under the Class B Note Trust Deed, the Purchase Agreement and the Class B Notes will not be automatically enforceable in England and Wales, but a final and conclusive judgment for a debt or definite sum of money will be recognised and enforced in England and Wales; *provided that* the party against whom the judgment was given properly submitted to the jurisdiction of the relevant courts, which had jurisdiction under their own laws (otherwise Section 32 of the Civil Jurisdiction and Judgments Act 1982 prevents recognition and enforcement of a foreign judgment), and none of the following circumstances apply:

- the judgment was procured by fraud;
- judgment was given contrary to the English rules of natural justice, in that a defendant was deprived of notice of, or an adequate opportunity to take part in the proceedings, or substantial justice, in that the defendant did not have the opportunity to correct procedural irregularities under the laws of the court giving judgment;
- recognition of the judgment would be contrary to English public policy;
- recognition of the judgment would violate the Human Rights Act 1998;
- the judgment conflicts with an English judgment or a foreign judgment given earlier in time that is enforceable in an English court;
- the proceedings that resulted in the judgment were brought in breach of a binding arbitration agreement;
- enforcement of the judgment would involve the enforcement of a foreign penal (which involves payment to the State as distinct from an individual) or revenue or other public law;
- enforcement of the judgment would contravene the Protection of Trading Interests Act 1980, Section 5 of which precludes, among other things, the enforcement in the United Kingdom of any judgment given by a court of an overseas country which is a judgment for multiple damages which exceed the compensatory element of the judgment award; or
- recognition or enforcement of the judgment would be contrary to the terms of the Administration of Justice Act 1920 or the Foreign Judgments (Reciprocal Enforcement) Act 1933.

Subject to the foregoing, investors may be able to enforce in England and Wales judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be recognised or enforceable in England and Wales. In addition, an English court may decline to accept jurisdiction and impose civil liability if the original action was commenced in England and Wales, instead of the United States, and was predicated solely upon a law other than the law of England and Wales.

Ireland

The following summary with respect to the enforceability of certain U.S. court judgments in Ireland is based upon advice provided to us by Irish legal advisors. The United States and Ireland currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any Federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. Federal securities laws, would not automatically be recognised or enforceable in Ireland. In order to enforce any such U.S. judgment in Ireland, proceedings must first be initiated before a court of competent jurisdiction in Ireland. In such an action, an Irish court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by an Irish court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to Irish conflicts of laws principles;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money;
- the U.S. judgment not contravening Irish public policy;
- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine;
- the U.S. judgment not having been obtained or alleged to have been obtained by fraud or a trick;
- the U.S. judgment and the enforcement thereof were not and would not be contrary to natural or constitutional justice under Irish law;

- there not having been a prior inconsistent decision of an Irish court between the same parties;
- the procedural rules of the U.S. courts and the Irish courts having been observed; and
- the Irish enforcement proceedings being commenced within six years from the date of the U.S. judgment.

Subject to the foregoing, investors may be able to enforce in Ireland judgments in civil and commercial matters that have been obtained from U.S. Federal or state courts. However, we cannot assure you that those judgments will be recognised or enforceable in Ireland. In addition, it is questionable whether an Irish court would accept jurisdiction and impose civil liability if the original action was commenced in Ireland, instead of the United States, and predicated solely upon U.S. Federal securities laws.

LISTING AND GENERAL INFORMATION

Listing

Application has been made for the Class B Notes to be listed on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market. The Issuer does not intend to provide to the public post-issuance transaction information regarding the securities to be admitted to trading or the performance of the underlying assets. For so long as the Class B Notes are listed on the Irish Stock Exchange and the rules of that exchange require, copies of the following documents may be inspected and obtained at the office of AA Ireland Limited, 56 Drury Street, Dublin 2, Ireland, during normal business hours on any weekday:

- the organisational documents of the Issuer;
- the Issuer's most recent audited consolidated financial statements, and any interim financial statements published by us; and
- the Class B Note Trust Deed relating to the Class B Notes (which includes the form of the Class B Notes).

The Issuer has appointed Arthur Cox Listing Services Limited as Irish listing agent with address at Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland, Deutsche Bank Luxembourg S.A. as transfer agent and registrar and Deutsche Bank AG, London Branch as paying agent. The Class B Note Trustee is Deutsche Trustee Company Limited and its address is Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom. The Class B Note Trustee will be acting in its capacity of trustee for the holders of the Class B Notes and will provide such services to the holders of the Class B Notes as described in the Class B Note Trust Deed. We reserve the right to change these appointments.

Application may be made to the Irish Stock Exchange to have the Class B Notes removed from listing on the Irish Stock Exchange, including if necessary to avoid any new withholding taxes in connection with the listing. No assurance can be given that this application will be granted, and we cannot assure you that an active trading market for the Class B Notes will develop.

So long as the Class B Notes are listed on the Irish Stock Exchange, the Class B Notes will be freely transferable and negotiable in accordance with the rules of the Irish Stock Exchange.

The estimated expenses related to admission to trading will be approximately €5,000.

Clearing Reference Numbers

The Class B Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. The ISIN and Common Codes for the Class B Notes are as follows:

Note	ISIN	Common Code
Rule 144A Global Note	XS0946709002	094670900
Regulation S Global Note	XS0946708889	094670888

Interests of Natural and Legal Persons Involved in the Issuance of the Class B Notes

Save as discussed in "*Plan of Distribution*," so far as the Issuer is aware, no person involved in the offer of the Class B Notes has an interest material to such offer.

Incorporation of the Issuer

AA Bond Co Limited, a public limited liability company incorporated under the laws of Jersey, has its registered office at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands. The Issuer was incorporated on 14 May, 2013. The issuer was registered by the Jersey registrar of companies in Jersey under registration number 112992 and its telephone number is +44 1534 676000.

Corporate Authority

The Issuer obtained all necessary consents, approvals and authorisations in connection with the issuance and performance of the Class B Notes on 31 May 2013.

Persons Responsible

The Issuer accepts, responsibility for the information contained in this Offering Memorandum. To the best of the Issuer's knowledge and belief, the information contained in this Offering Memorandum is in accordance with the facts and

does not omit anything likely to affect the import of such information. However, the information set forth under the headings "*Exchange Rate Information," "Summary," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry"* and "*Business*" includes extracts from information and data, including industry and market data, released by publicly available sources in the United Kingdom and elsewhere. While the Issuer accepts responsibility for the accurate extraction and summarisation of such information and data, the Issuer has not independently verified the accuracy of such information and data and does not accept further responsibility in respect thereof. As far as the Issuer is aware and able to ascertain from information published by such sources, no facts have been omitted which would render such information inaccurate or misleading.

Absence of Significant Changes

Since the date of its incorporation, the Issuer has not entered into any contract or arrangement not being in the ordinary course of business other than the Issuer Transaction Documents.

Since 14 May 2013 (being the date of incorporation of Issuer), there has been (a) no material adverse change in the financial position or prospects of the Issuer and (b) no significant change in the financial or trading position of the Issuer.

There has been (a) no significant change in the financial or trading position of the Borrower since 30 April 2013 and (b) no material adverse change in the prospects of the Borrower since 31 January 2013.

There has been (a) no significant change in the financial or trading position of the Company since 30 April 2013 and (b) no material adverse change in the prospects of the Company since 31 January 2013.

Third-Party Information

The information contained in this Offering Memorandum which has been sourced from third parties has been correctly reproduced, and, as far as the Issuer is aware and able to ascertain from information published by that third-party, no facts have been omitted that could render the reproduced information inaccurate or misleading. See "*Industry and Market Data*."

Periodic Reporting Under the Exchange Act

The Issuer is not currently subject to the periodic reporting and other information requirements of the Exchange Act

[THIS PAGE INTENTIONALLY LEFT BLANK]

DEFINITIONS AND GLOSSARY

The following terms used in this Offering Memorandum have the meaning assigned to them below (unless the context requires otherwise):

"2010 PD Amending Directive"	EC Council Directive 2003/71/EC.
"2013 Valuation"	The triennial valuation for the AA UK Pension Scheme with an effective date as at 31 March 2013.
"AA," "AA Group," "Automobile Association," "Group," "our," "own," "us," and "we"	(i) AA Limited and its subsidiaries as a whole or any one or more of its subsidiaries with respect to historical results of operation, including business operations, and (ii) Topco and its subsidiaries as a whole or any one or more of its subsidiaries with respect to future results of operations, including business operations, in each case as the context requires.
"AA Corporation"	AA Corporation Limited, a limited liability company incorporated in England and Wales with registered number 3797747.
"AA DriveTech"	DriveTech (UK) Limited and its subsidiaries.
"AA Ireland Pension Agreement"	The pension agreement between the Borrower and the AA Ireland Pension Trustee to be dated on or around the Closing Date.
"AA Ireland Pension Scheme"	The AA Ireland pension scheme, which is currently governed by a trust deed and rules dated 4 April 2002 (as amended).
"AA Ireland Pension Trustee	AA Ireland Pension Trustees Limited in its capacity as trustee of the AA Ireland Pension Scheme.
"AA Ireland Secured Pension Liabilities"	The amount not exceeding £10 million due and payable as "Priority Pensions Liabilities" (as that term is defined in the AA Ireland Pension Agreement as of the date of this Offering Memorandum) in accordance with the AA Ireland Pension Agreement.
"AA Pension Schemes"	Together, the AA UK Pension Scheme and the AA Ireland Pension Scheme.
"AA Pension Trustees"	The AA UK Pension Trustee and the AA Ireland Pension Trustee.
"AA UK Pension Agreement"	The pension agreement between the Borrower and the AA UK Pension Trustee to be dated on or around the Closing Date.
"AA UK Pension Scheme"	The AA pension scheme, which is currently governed by a trust deed dated 28 March 2006 (as amended) and the rules dated 27 March 2007 (as amended).
"AA UK Pension Trustee"	AA Pensions Trustees Limited in its capacity as trustee of the AA UK Pension Scheme and any successor thereto who has acceded to the STID as AA UK Pension Trustee.
"AA UK Secured Pension Liabilities"	Prior to the ABF Implementation Date, the amount not exceeding £150 million due and payable as "Priority Pension Liabilities" (as defined in the AA UK Pension Agreement as at the date of this Offering Memorandum) in accordance with the AA UK Pension Agreement or, with effect from the ABF Implementation Date, £0.
"AADL"	Automobile Association Developments Limited.
"AAICL"	Automobile Association Insurance Company Limited.
"AAISL"	Automobile Association Insurance Services Limited.
"AAPMP"	Our unfunded Post-retirement Private Medical Plan scheme.
"AAUL"	AA Underwriting Limited.

"AAUSL"	Automobile Association Underwriting Services Limited.
"ABF"	The asset-backed funding structure intended to be entered into in the context of the actuarial valuation of the AA UK Pension Scheme as at 31 March 2013, as referred to in the AA UK Pension Agreement. See "*Summary—Recent Developments—AA Pension Schemes*."
"ABF Implementation Date"	The date of implementation of the ABF by the execution of the amended and restated partnership agreement establishing the Partnership on the terms set out in the AA UK Pension Agreement.
"ABF Intercreditor Deed"	The intercreditor deed entitled the "ABF Intercreditor Deed" to be entered into by, amongst others, the Partnership, IP Co and the Obligor Security Trustee.
"ABF Security Agreement"	The security agreement entitled the "ABF Security Agreement" to be entered into by, amongst others, the Partnership, IP Co and the Obligor Security Trustee.
"ABF Transaction Documents"	The documents to be entered into in the context of implementing the ABF, including the ABF Intercreditor Deed, the ABF Security Agreement and the loan note between IP Co and the Partnership.
"ABI"	Association of British Insurers.
"Acceptable Bank"	A bank or financial institution which has a rating for its long term unsecured and non-credit enhanced debt obligations of: (a) in relation to any bank account opened by an Obligor or the Issuer on or prior to the Closing Date, BBB- or higher by S&P; or (b) in relation to any bank account opened by an Obligor or the Issuer after the Closing Date, BBB or higher by S&P on the date such account is opened, or, in each case, such lower rating as may be agreed between the Borrower and the Rating Agency provided that any such lower rating would not lead to any downgrade, withdrawal or the placing on "credit watch negative" (or equivalent) of the then current ratings of the Class A Notes.
"Account"	Any bank account of any Obligor or the Issuer.
"Accounting Principles"	Generally accepted accounting principles, in the case of an Obligor other than the Irish Obligor, in the United Kingdom, and in the case of the Irish Obligor, in Ireland, and in each case as at the date of this Offering Memorandum.
"Accounting Reference Date"	31 January in each year, except as adjusted in accordance with the Common Terms Agreement.
"Acromas Group"	Acromas Holdings Limited and its subsidiaries, other than Topco, the Holdco Group and the Saga Group.
"ACTA"	ACTA Assistance.
"Additional Amounts"	In respect of: (i) the Class B IBLA, such term has the meaning set forth in "*Description of the Class B IBLA*"; and (ii) in relation to any other Class B Authorised Credit Facility, such term has the meaning set forth in "*Description of Certain Financing Arrangements—Additional Authorised Credit Facilities*."
"Additional Class A Note Amounts"	All Make-Whole Amounts and all other amounts (that do not constitute interest or principal) payable by the Issuer under the Class A Conditions.
"Additional Class B Note Amounts"	All Additional Amounts and all other amounts (that do not constitute interest or principal) payable by the Issuer under the Class B Conditions.

"Additional Financial Indebtedness" . . . . . Financial Indebtedness incurred by the Borrower after the Closing Date under an Authorised Credit Facility and provided by an Obligor Secured Creditor in accordance with the terms of the CTA and the STID (excluding any Liquidity Facility); *provided that*:

(a) to the extent such Authorised Credit Facility is for the purpose of refinancing any then existing Financial Indebtedness or replacing any then existing commitments in respect of Financial Indebtedness that:

(i) the Class A FCF DSCR for the most recent Test Period (in respect of which a Compliance Certificate has been delivered) prior to the date such Authorised Credit Facility is entered into shall not be less than the Trigger Event Ratio Level, calculated on a *pro forma* basis (x) assuming such refinancing and/or replacement took place at the beginning of that Test Period (and in respect of any refinancing or replacement of a Working Capital Facility with another Working Capital Facility, that such replacement Working Capital Facility was utilised to the same extent as that refinanced or replaced Working Capital Facility during that period) and (y) taking into account any other Authorised Credit Facility entered into since the end of that Test Period on the same basis as the calculations provided in respect of that Authorised Credit Facility;

(ii) there is no CTA Event of Default outstanding or continuing at the date the relevant Authorised Credit Facility is entered into and, on such date, no CTA Event of Default would occur as a result of the utilisation in full of the relevant Authorised Credit Facility;

(iii) other than in relation to the refinancing or replacement of any Working Capital Facility with another Working Capital Facility for the same or a lesser principal amount and with an availability period which expires after the Final Maturity Date of the Working Capital Facility it refinances or replaces, the Rating Agency has confirmed that any Class A Notes then outstanding would immediately following (and taking into account) such refinancing or replacement be rated: (x) if the Authorised Credit Facility being refinanced or replaced is a Class B Authorised Credit Facility, at least the Initial Rating of the first series of Class A Notes from the Rating Agency; or (y) if the Authorised Credit Facility being refinanced or replaced is a Class A Authorised Credit Facility, at least the lower of the then current rating of those Class A Notes and the Initial Rating of the first series of Class A Notes from the Rating Agency; and

(iv) such Authorised Credit Facility shall rank *pari passu* with or junior to the existing Financial Indebtedness it refinances;

(b) to the extent such Authorised Credit Facility is for the purpose of providing incremental Financial Indebtedness or commitments in respect of Financial Indebtedness (in each case in excess of such amounts at that time) or is for the purpose of refinancing or replacing Financial Indebtedness referred to in paragraph (d) of the definition of Permitted Financial Indebtedness:

(i) such Authorised Credit Facility shall rank *pari passu* with any other Authorised Credit Facility of the same class (other than a Liquidity Facility);

(ii) the Class A FCF DSCR for the most recent Test Period (in respect of which a Compliance Certificate has been delivered) prior to the date such Authorised Credit Facility is entered into shall not be less than the Trigger Event Ratio Level, calculated on a *pro forma* basis (x) assuming utilisation in full of such Authorised Credit Facility at the beginning of that Test Period and (y) taking into account any other Authorised Credit Facility entered into since the end of that Test Period on the same basis as the calculations provided in respect of that Authorised Credit Facility;

(iii) there is no CTA Event of Default outstanding or continuing as at the date the relevant Authorised Credit Facility is entered into and, on such date, no CTA Event of Default would occur as a result of the utilisation in full of the relevant Authorised Credit Facility;

(iv) utilising such Authorised Credit Facility in full would not cause the ratio of Total Class A Net Debt as at the most recent Test Date (in respect of which a Compliance Certificate has been delivered) to EBITDA for the Test Period ending on that date to exceed 5.5:1.0, calculated on a pro forma basis (x) assuming utilisation in full of such Authorised Credit Facility on that Test Date but not taking account of any proceeds of that Authorised Credit Facility as Cash or Cash Equivalent Investments, (y) taking into account any other Authorised Credit Facility referred to in this paragraph (b) entered into since the end of that Test Period on the same basis as provided for in this paragraph and (z) taking into account any other Authorised Credit Facility which has been repaid or refinanced since the end of that Test Period; and

(v) the Rating Agency has confirmed the Class A Notes then outstanding would, immediately following (and having taken into account) the utilisation in full of such Authorised Credit Facility, be rated at least the Initial Rating of the first Series of Class A Notes from the Rating Agency.

"Additional Obligor" . . . . . Any member of the Holdco Group wishing or required to become an Obligor who accedes to the CTA and the STID.

"Additional Obligor Secured Creditor" . . . . . Any person not already an Obligor Secured Creditor which becomes an Obligor Secured Creditor.

"administrative receiver" . . . . . An administrative receiver as defined in Section 29(2) of the Insolvency Act 1986.

"Affected Obligor Secured Creditor" . . . . . Each Obligor Secured Creditor (and where the Issuer is the relevant Affected Obligor Secured Creditor, each Issuer Secured Creditor (the "**Affected Issuer Secured Creditor**")) who is affected by an Entrenched Right.

"Affiliate" . . . . . In relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company; *provided that* in relation to The Royal Bank of Scotland plc, the term "Affiliate" shall not include (i) the UK government or any member or instrumentality thereof, including Her Majesty's Treasury and UK Financial Investments Limited (or any directors, officers, employee or entities thereof) or (ii) any persons or entities controlled by or under common control with the UK government or any members or instrumentality thereof (including Her Majesty's Treasury and UK Financial Investments Limited) and which are not part of The Royal Bank of Scotland Group plc and its subsidiaries or subsidiary undertakings.

"Agency Agreement" . . . . . The Class A Agency Agreement or the Class B Agency Agreement.

"Agent"	Each of the Principal Paying Agents, the Transfer Agents, the Calculation Agent, the Class A Agent Bank, the Registrars or any other agent appointed by the Issuer pursuant to any Agency Agreement or a Calculation Agency Agreement and "**Agents**" means all of them.
"AICL"	Acromas Insurance Company Limited.
"all of its rights"	(a) The benefit of all covenants, undertakings, representations, warranties and indemnities; (b) all powers and remedies of enforcement and/or protection; (c) all rights to receive payment of all amounts assured or payable (or to become payable), all rights to serve notices and/or to make demands and all rights to take such steps as are required to cause payment to become due and payable; and (d) all causes and rights of action in respect of any breach and all rights to receive damages or obtain other relief in respect thereof, in each case in respect of the relevant Issuer Secured Property.
"Annual Financial Statements"	Consolidated audited Annual Financial Statements of the Holdco Group prepared as if the members of the Holdco Group and the Issuer constituted a statutory group for consolidation purposes, and related accountants' reports, as soon as they are available but in any event within 150 days after the end of each Financial Year.
"Anticipated Cost Savings"	In relation to a Permitted Acquisition, the identifiable and quantifiable net cost savings (excluding non-recurring costs) that are reasonably anticipated by Holdco to be realised by the Holdco Group in the 12-month period following such Permitted Acquisition but only to the extent such anticipated cost savings and the assumptions underlying them (together with reasonably detailed calculations in respect of them) have been reviewed and certified as reasonable by (i) the finance director of Holdco if such cost savings are less than £5 million (Indexed) (or its equivalent); or (ii) the auditors of Holdco (or such other third party professional accountants or advisers acceptable to the Obligor Security Trustee) if such cost savings are £5 million (Indexed) (or its equivalent) or more.
"ARCL"	Acromas Reinsurance Company Limited.
"Authorisations"	An authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.
"Authorised Credit Facility"	Any Class A Authorised Credit Facility or any Class B Authorised Credit Facility.
"Authorised Credit Provider"	A Class A Authorised Credit Provider or a Class B Authorised Credit Provider.
"AVAs"	Added value accounts.
"Available Enforcement Proceeds"	On any date, all monies received or recovered by the Obligor Security Trustee (or any Receiver, administrative receiver or administrator appointed by it) in respect of the Obligor Security and under the guarantees from the Obligors (but excluding any amounts standing to the credit of or recovered by the Obligor Security Trustee from the Defeasance Account, the Mandatory Prepayment Account, any Liquidity Facility Standby Account and, for the avoidance of doubt, any Borrower Hedge Replacement Premium in respect of a Hedging Transaction).
"B2B"	Business-to-business.
"B2B customer"	A policy holder (typically an individual) who indirectly receives roadside assistance coverage as an "add-on" or complementary service to a product purchased from certain of our B2B partners in the B2B market.
"B2B market"	The market made-up of B2B partners.

"B2B partner"	A third-party company or other organisation that offers "add-on" or complementary products and services to its own customers.
"B2C"	Business-to-customer.
"B2C market"	The market made up of individuals that directly subscribe for or purchase roadside assistance cover or other products and services.
"Bank Debt Sweep Period"	Each period ending on the last day of a Financial Year specified in a Class A Authorised Credit Facility in respect of which Excess Cashflow is required to be applied towards prepaying the outstanding principal amount under that Class A Authorised Credit Facility on each Cash Sweep Payment Date, subject to and in accordance with the Obligor Pre-Acceleration Priority of Payments.
"Bank Instructing Group"	The Qualifying Obligor Secured Senior Creditors excluding the Issuer in its capacity as the Class A Authorised Credit Provider under any Class A IBLA.
"Base Currency"	Pounds sterling.
"Block Voting Instruction"	A document in the English language issued by a Class A Paying Agent or a Class B Paying Agent, as applicable: (a) certifying that the Deposited Class A Notes or the Deposited Class B Notes, as applicable, have been deposited with such Class A Paying Agent or Class B Paying Agent, as applicable, (or to its order at a bank or other depositary) or blocked in an account with a clearing system and will not be released until the earlier of: (i) close of business (London time) on the Voting Date; and (ii) the surrender to such Class A Paying Agent or Class B Paying Agent, as applicable, not less than 24 hours before the Voting Date of the receipt for the Deposited Class A Notes or the Deposited Class B Notes, as applicable, and notification thereof by such Class A Paying Agent or Class B Paying Agent, as applicable to the Class A Note Trustee or the Class B Note Trustee, as applicable; (b) certifying that the depositor of each Deposited Class A Note or Class B Note, as applicable, or a duly authorised person on its behalf has instructed the relevant Class A Paying Agent that the Votes attributable to such Deposited Class A Note or Deposited Class B Note, as applicable, are to be cast in a particular way on a Class A Voting Matter or Class B Voting Matter, as applicable and that, until the end of the Voting Period, such instructions may not be amended or revoked; (c) listing the aggregate principal amount and (if in definitive form) the serial numbers of the Deposited Class A Notes or Deposited Class B Notes, as applicable, distinguishing between those in respect of which instructions have been given to Vote for, or against, such Class A Voting Matter or Class B Voting Matter, as applicable; and (d) authorising the Class A Note Trustee or the Class B Note Trustee, as applicable, to vote in respect of the Deposited Class A Notes or Deposited Class B Notes, as applicable, in connection with such Class A Voting Matter or Class B Voting Matter, as applicable, in accordance with such instructions and the provisions the Class A Note Trust Deed.
"BMI"	Business Monitor International.
"Borrower"	AA Senior Co Limited, an indirect subsidiary of Holdco.
"Borrower Account Bank"	Barclays Bank PLC (or any successor account bank appointed pursuant to the Borrower Account Bank Agreement).

"Borrower Account Bank Agreement"	The account bank agreement dated on or about the Closing Date between the Borrower, the Borrower Account Bank and the Obligor Security Trustee.
"Borrower Hedge Counterparty"	Each Borrower Hedge Counterparty and any entity which becomes a party as a Hedge Counterparty to a Borrower Hedging Agreement and accedes as a Hedge Counterparty to the STID and the Common Terms Agreement (together, the "**Borrower Hedge Counterparties**").
"Borrower Hedge Replacement Premium"	A premium or upfront payment received by the Borrower from a replacement hedge counterparty under a replacement hedge agreement entered into with the Borrower to the extent of any termination payment due to a Borrower Hedge Counterparty under a Borrower Hedging Agreement.
"Borrower Hedging Agreement"	Each ISDA Master Agreement substantially in the form of the *Pro forma* Hedging Agreement to the Hedging Policy (as amended from time to time) entered into by the Borrower and a Borrower Hedge Counterparty in accordance with the Hedging Policy (in the form in effect at the time each relevant Borrower Hedging Transaction is entered into) and which governs the Borrower Hedging Transactions between such parties, and such term includes the schedule to the relevant ISDA Master Agreement and the confirmations evidencing the Borrower Hedging Transactions entered into under such ISDA Master Agreement.
"Borrower Hedging Transaction"	Any Treasury Transaction with respect to the Relevant Debt governed by a Borrower Hedging Agreement and, in each case, entered into with the Borrower in accordance with the Hedging Policy.
"Borrower Liquidity Facility Standby Account"	The Liquidity Facility Standby Account in the name of the Borrower.
"Borrower Liquidity Shortfall"	After taking into account Cash Available to the Borrower, with respect to any LF Interest Payment Date (as determined by the Cash Manager on the Determination Date in respect of that LF Interest Payment Date), there will be insufficient funds to pay on such LF Interest Payment Date any of the amounts to be paid in respect of items (1) to (7) (inclusive) (excluding (i) any principal payable under any working capital facility, (ii) all amounts payable under any Class A IBLA (including any Facility Fees), (iii) any amount payable under items 6, 7(b) and 7(c)) of the Obligor Pre-Acceleration Priority of Payments. See "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Obligor Priorities of Payment—Obligor Pre-Acceleration Priority of Payments*."
"BSM"	British School of Motoring.
"Business Day"	A day (other than a Saturday or a Sunday) on which banks are open for general business in London and Dublin.
"Business Transfer Deed"	The deed to be entered into between TAAL and AADL on or prior to the Closing Date relating to the sale of the business, assets and undertaking of TAAL to AADL.
"CAGR"	Compound annual growth rate.
"Calculation Agency Agreement"	In relation to the Class A Notes of any Sub-Class, means an agreement in or substantially in the form set out in the Class A Agency Agreement.
"Calculation Agent"	In relation to any Sub-Class of Class A Notes, the person appointed as calculation agent in relation to such Sub-Class of Class A Notes by the Issuer pursuant to the provisions of a Calculation Agency Agreement (or any other agreement) and shall include any successor calculation agent appointed in respect of such Sub-Class of Class A Notes.
"Capital Expenditure"	Expenditure which, in accordance with the Accounting Principles, is treated as capital expenditure.

"Capital Resources" . . . . . (a) For the purposes of the definition of "Restricted Cash", means capital resources calculated in accordance with INSPRU, GENPRU or MIPRU as applicable; and

(b) for the purposes of the definition of "Permitted Payment", means capital resources calculated in accordance with the applicable rules in the relevant jurisdiction.

"Cash" . . . . . At any time, cash denominated in sterling, dollars or euro in hand or at bank and (in the latter case) credited to an account in the name of the Borrower or another Obligor with an Acceptable Bank and to which the Borrower or other Obligor is alone beneficially entitled and for so long as:

(a) that cash is repayable on demand or within 90 Business Days after demand;

(b) repayment of that cash is not contingent on the prior discharge of any other indebtedness of the Borrower or other Obligor or of any other person whatsoever or on the satisfaction of any other condition;

(c) there is no Security Interest over that cash except under the Obligor Security Documents or any Permitted Security constituted by a netting or set-off arrangement entered into by the Borrower or other Obligor in the ordinary course of their banking arrangements;

(d) that cash is freely and (except as referred to in paragraph (a) above) immediately available to be applied in repayment or prepayment of the Obligor Secured Liabilities; and

(e) that cash is not Restricted Cash.

"Cash Accumulation Period" . . . . . The period of 12 months prior to Final Maturity Date of any Class A Authorised Credit Facility designated as a Cash Accumulation Period in such Class A Note or Class A Authorised Credit Facility.

"Cash Available to the Borrower" . . . . . In respect of any Determination Date under a Liquidity Facility Agreement, the funds available for drawing from the Debt Service Payment Account on such Determination Date.

"Cash Available to the Issuer" . . . . . In respect of any Determination Date under a Liquidity Facility Agreement, the sum of (i) the funds available for drawing from the Issuer Transaction Accounts on such Determination Date; and (ii) the amount to be paid to the Issuer on the immediately succeeding LF Interest Payment Date.

"Cash Equivalent Investments" . . . . . At any time:

(a) certificates of deposit maturing within one year after the relevant date of calculation and issued by an Acceptable Bank;

(b) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America, the United Kingdom, France, Germany or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;

(c) commercial paper not convertible or exchangeable to any other security:

(i) for which a recognised trading market exists;

(ii) issued by an issuer incorporated in the United States of America or the United Kingdom;

(iii) which matures within one year after the relevant date of calculation; and

(iv) which has a credit rating of A-1 or higher by S&P, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;

(d) sterling bills of exchange eligible for rediscount at the Bank of England and accepted by an Acceptable Bank (or their dematerialised equivalent);

(e) any investment in money market funds which (i) have a credit rating of A-1 or higher by S&P, (ii) invest substantially all their assets in securities of the types described in paragraphs (a) to (d) above and (iii) can be turned into cash on not more than 90 days' notice; and

(f) in the case of the Obligors, any other debt security approved by the Obligor Security Trustee in accordance with the STID and in the case of the Issuer, any other debt security approved by the Issuer Security Trustee in accordance with the Issuer Deed of Charge,

in each case, to which any member of the Holdco Group is alone (or together with other members of the Holdco Group) beneficially entitled at that time and which is not issued or guaranteed by any member of the Holdco Group or any of its Affiliates or subject to any Security Interest (other than in the case of the Obligors a Security Interest arising under the Obligor Security Documents and in the case of the Issuer a Security Interest arising under the Issuer Security Documents).

"Cash Manager"	Automobile Association Developments Limited, a company registered in England and Wales with registered number 1878835, or any substitute cash manager.
"Cash Sweep Payment Date"	31 July in each Financial Year (or, if that day is not a Business Day, the preceding Business Day) if the preceding Financial Year was a Bank Debt Sweep Period.
"CCP"	A central clearing house under Article 14 of EMIR or recognised under Article 25 of EMIR.
"CCP Service"	In respect of a CCP, an over-the-counter derivative clearing service offered by such CCP.
"CGB"	A Class A Temporary Bearer Global Note or a Class A Permanent Bearer Global Note, in either case where the applicable Final Terms specify that the Class A Notes are in CGB form.
"Charterhouse"	Charterhouse Capital Partners.
"Chief Financial Officer"	Holdco's finance director or any statutory director of the Borrower, acting as that officer's deputy in that capacity or performing those functions.
"Class"	With respect to each class of Notes, the available Classes of Notes at the Issue Date, being Class A Notes and Class B Notes.
"Class A Agency Agreement"	The agreement dated on or about the Issue Date as amended, supplemented or restated from time to time, pursuant to which the Issuer has appointed the Class A Principal Paying Agent, the other Class A Paying Agents, the Class A Registrar, Class A Agent Bank and Class A Transfer Agents in relation to all or any Sub-Class of Class A Notes, and any other agreement for the time being in force appointing further or other Class A Paying Agents or Class A Transfer Agents or other Class A Principal Paying Agent, Class A Agent Bank or Class A Registrar in relation to all or any Sub-Class of

	Class A Notes, or in connection with their duties, unless permitted under the Class A Agency Agreement, where necessary with the prior written approval of the Class A Note Trustee, together with any agreement for the time being in force amending or modifying any of the aforesaid agreements.
"Class A Agent"	The Class A Paying Agent and the Class A Registrar.
"Class A Agent Bank"	In relation to the Class A Notes of any relevant Sub-Class, the bank initially appointed as agent bank in relation to such Sub-Class of Class A Notes by the Issuer pursuant to the Class A Agency Agreement or, if applicable, any Successor agent bank in relation to such Class A Notes.
"Class A Authorised Credit Facility"	Any credit agreement entered into by the Borrower and any other agreement under which the Borrower incurs any Financial Indebtedness (excluding any Class B Authorised Credit Facility) with one or more persons as permitted by the terms of the CTA, the providers of which are parties to or have acceded to the STID, the CTA and the Master Definitions Agreement, including any Class A IBLA, the Working Capital Facility Agreement, the Senior Term Facility Agreement, the Liquidity Facility Agreement, the Borrower Hedging Agreements and any fee letter, arrangement letter or commitment letter entered into in connection with the foregoing facilities or agreements or the transactions contemplated in the foregoing facilities, which in each case (other than a Liquidity Facility Agreement) ranks *pari passu* with the Class A IBLA, the Working Capital Facility Agreement or the Senior Term Facility Agreement and has been designated as a document that should be deemed to be a Class A Authorised Credit Facility for the purposes of this definition by the parties thereto.
"Class A Authorised Credit Provider"	A lender or other provider of credit or financial accommodation under any Class A Authorised Credit Facility.
"Class A Basic Terms Modification"	See "*Description of Certain Financing Arrangements—Class A Note Trust Deed—Modification*."
"Class A Bearer Note"	Those Class A Notes which are for the time being in bearer form.
"Class A Bearer Definitive Note"	A Class A Bearer Note in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Class A Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Class A Agency Agreement and the Class A Note Trust Deed in exchange for either a Class A Temporary Bearer Global Note or part thereof or a Class A Permanent Bearer Global Note or part thereof (all as indicated in the applicable Final Terms), such Class A Bearer Note in definitive form being in the form or substantially in the form set out in the Class A Note Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Sub-Class of Class A Notes may be issued or sold from time to time or as otherwise agreed between the Issuer, the Class A Principal Paying Agent, the Class A Note Trustee and the relevant Dealer(s) and having the Class A Conditions endorsed thereon or, if permitted by the relevant stock exchange, incorporating the Class A Conditions by reference as indicated in the applicable Final Terms and having the relevant information supplementing, replacing or modifying the Class A Conditions appearing in the applicable Final Terms endorsed thereon or attached thereto and having Class A Coupons and, where appropriate, Class A Receipts and/or Class A Talons attached thereto on issue.
"Class A Conditions"	In relation to the Class A Notes of any Sub-Class, the terms and conditions endorsed on or incorporated by reference into the Class A Note or Class A Notes constituting such Sub-Class, such terms and conditions being substantially in the form set out in the Class A Note Trust Deed or in such other form, having regard to the terms of the Class A Notes of the relevant Sub-Class, as may be agreed between the Issuer, the Class A Note Trustee and the relevant Dealer(s) as completed by the Final Terms applicable to the Class A Notes of the relevant Sub-Class, in each case as from time to time modified in accordance with the provisions of the Class A Note Trust Deed and any reference in the Class A Note Trust Deed.

"Class A Coupon"	an interest coupon appertaining to a Class A Bearer Definitive Note, such coupon being: (a) if appertaining to a Fixed Rate Class A Note or Floating Rate Class A Note, in the form or substantially in the form set out in the Class A Note Trust Deed or in such other form, having regard to the terms of issue of the Class A Notes of the relevant Sub-Class, as may be required in any jurisdiction in which a particular Sub-Class of Class A Notes may be issued or sold from time to time or as otherwise agreed between the Issuer, the Class A Principal Paying Agent, the Class A Note Trustee and the relevant Dealer(s); or (b) if appertaining to a Class A Bearer Definitive Note which is neither a Fixed Rate Class A Note nor a Floating Rate Class A Note, in such form as may be required in any jurisdiction in which a particular Sub-Class of Class A Notes may be issued or sold from time to time or as otherwise agreed between the Issuer, the Class A Principal Paying Agent, the Class A Note Trustee and the relevant Dealer(s), and includes, where applicable, the Class A Talon(s) appertaining thereto and any replacements for Class A Coupons and Class A Talons.
"Class A Couponholder"	Any person holding a Class A Coupon.
"Class A Dealership Agreement"	The agreement dated on or around the Closing Date between the Issuer, Holdco, the Borrower, the Arranger and the Dealers named therein (or deemed named therein) concerning the purchase of Class A Notes to be issued pursuant to the Programme together with any agreement for the time being in force amending, replacing, novating or modifying such agreement and any accession letters or agreements supplemental thereto.
"Class A Definitive Note"	A Class A Bearer Definitive Note or, as the context may require, a Class A Registered Definitive Note.
"Class A Extraordinary Resolution"	(a) a resolution approved by the Class A Noteholders by a majority of not less than 75% of the aggregate Principal Amount Outstanding of the Class A Notes of a Sub-Class who (i) for the time being are entitled to receive notice of a Class A Voting Matter and (ii) have participated in the approval process in respect of such resolution, subject to the quorum requirements set out in the Class A Note Trust Deed; or (b) a resolution in writing signed by or on behalf of the holders of not less than 75% of the aggregate Principal Amount Outstanding of the Class A Notes of a Sub-Class who for the time being are entitled to receive notice of a Class A Voting Matter, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Class A Noteholders of such Sub-Class.
"Class A FCF DSCR"	The ratio of FCF to Class A Total Debt Service Charges.
"Class A Global Note"	A Class A Temporary Bearer Global Note or a Class A Permanent Bearer Global Note issued in respect of the Class A Notes of any Sub-Class or a Class A Registered Global Note, as the context may require.
"Class A IBLA"	The loan agreement entered into between the Issuer and the Borrower on the Closing Date entitled "Initial Class A Issuer/Borrower Loan Agreement" and any additional loan agreement entered into between the Issuer and the Borrower after the Closing Date on substantially the same terms as the Class A IBLA dated the Closing Date.
"Class A Instructing Group"	The Qualifying Obligor Senior Creditors.
"Class A Loans"	One or more term loans under the Class A IBLAs.
"Class A Note"	a Note issued pursuant to the Programme and includes any replacements for a Class A Note (whether a Class A Bearer Note or a Registered Note, as the case may be) issued pursuant to the Class A Conditions.

"Class A Note Acceleration Notice"	A notice issued by the Class A Note Trustee to the Issuer declaring all of the Class A Notes immediately due and payable following a Class A Note Event of Default which is continuing.
"Class A Note Event of Default"	Each of the following events constitutes a Class A Note Event of Default: (A) default is made by the Issuer for a period of five Business Days in the payment of interest or principal on any Sub-Class of the Class A Notes when due in accordance with the Class A Conditions; (B) default is made by the Issuer in the performance or observance of any other obligation, condition, provision, representation or warranty binding upon or made by it under the Class A Notes or the Issuer Class A Transaction Documents (other than any obligation whose breach would give rise to the Class A Note Event of Default under (A) above and, except where in the opinion of the Class A Note Trustee that such default is not capable of remedy, such default continues for a period of 30 Business Days (Subject to the Class A Note Trustee determining that such event is materially prejudicial to the Class A Noteholders); (C) an Issuer Insolvency Event occurs; or (D) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Class A Notes or the Issuer Class A Transaction Documents.
"Class A Note Interest Payment Date"	The date(s) specified as such in the relevant Final Terms or Drawdown Prospectus.
"Class A Note Trust Deed"	The note trust deed entered into on the Issue Date between the Issuer and the Class A Note Trustee in respect of the Class A Notes.
"Class A Note Trustee"	Deutsche Trustee Company Limited or any other or additional trustee appointed pursuant to the Class A Note Trust Deed, for and on behalf of the Class A Noteholders, the Class A Receiptholders and the Class A Couponholders.
"Class A Noteholder"	The several persons who are for the time being holders of the outstanding Class A Notes and the expressions "**Class A Noteholder**," "**holder**" and "**holder of the Class A Notes**" and related expressions shall (where appropriate) be construed accordingly.
"Class A Paying Agent"	Deutsche Bank AG, London Branch and Deutsche Bank Trust Company Americas.
"Class A Permanent Bearer Global Note" . . .	A global note in the form or substantially in the form set out the Class A Note Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Sub-Class of Class A Notes may be issued or sold from time to time or as otherwise agreed between the Issuer, the Class A Principal Paying Agent, the Class A Note Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms annexed thereto, comprising some or all of the Class A Bearer Notes of the same Sub-Class, issued by the Issuer pursuant to the Class A Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Class A Agency Agreement and the Class A Note Trust Deed either on issue or in exchange for the whole or part of any Class A Temporary Bearer Global Note issued in respect of such Class A Bearer Notes.
"Class A Principal Paying Agent"	Deutsche Bank AG, London Branch or, if applicable, any Successor principal paying agent appointed in relation to the Class A Notes.
"Class A Receipt"	A receipt attached on issue to a Class A Bearer Definitive Note redeemable in instalments for the payment of an instalment of principal, such receipt being in the form or substantially in the form set out in the Class A Note Trust Deed or in such other form as may be required in any jurisdiction in which a particular Sub-Class of Class A Notes may be issued or sold from time to time or as otherwise agreed between the Issuer, the Class A Principal Paying Agent, the Class A Note Trustee and the relevant Dealer(s) and includes any replacements for Class A Receipts.

"Class A Receiptholder"	Any person holding a Class A Receipt.
"Class A Register"	A register of the holders of the Class A Registered Notes which shall show (i) the nominal amount of Class A Notes represented by each Class A Registered Global Note, (ii) the nominal amounts and the serial numbers of the Class A Registered Definitive Notes, (iii) the dates of issue of all Class A Registered Notes, (iv) all subsequent transfers and changes of ownership of Class A Registered Notes, (v) the names and addresses of the holders of the Class A Registered Notes, (vi) all cancellations of Class A Registered Notes, whether because of their purchase and surrender for cancellation by the Issuer or an Obligor, replacement or otherwise and (vii) all replacements of Class A Registered Notes.
"Class A Registered Note"	Those Class A Notes (if any) which are for the time being in registered form.
"Class A Registered Definitive Note"	A Class A Registered Note in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Class A Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Class A Agency Agreement and the Class A Note Trust Deed either on issue or in exchange for a Class A Registered Global Note or part thereof (all as indicated in the applicable Final Terms), such Class A Registered Definitive Note being in the form or substantially in the form set out the Class A Note Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Sub-Class of Class A Notes may be issued or sold from time to time or as otherwise agreed between the Issuer, the Class A Registrar, the Class A Note Trustee and the relevant Dealer(s) and having the Class A Conditions endorsed thereon or, if permitted by the relevant Stock Exchange, incorporating the Class A Conditions by reference as indicated in the applicable Final Terms and having the relevant information supplementing, replacing or modifying the Class A Conditions appearing in the applicable Final Terms endorsed thereon or attached thereto and having a Form of Transfer endorsed thereon.
"Class A Registered Global Note"	A Class A Regulation S Global Note or a Class A Rule 144A Global Note.
"Class A Registrar"	Deutsche Bank Trust Company Americas or, if applicable, any Successor registrar appointed in relation to the Class A Notes.
"Class A Regulation S Global Note"	A registered global Note in the form or substantially in the form set out in the Class A Note Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Sub-Class of Class A Notes may be issued or sold from time to time or as otherwise agreed between the Issuer, the Class A Registrar, the Class A Note Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms annexed thereto, comprising some or all of the Class A Registered Notes of the same Sub-Class sold to non-US persons outside the United States in reliance on Regulation S under the Securities Act, issued by the Issuer pursuant to the Class A Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Class A Agency Agreement and the Class A Note Trustee.
"Class A Regulation S Registered Definitive Note"	A registered definitive note in the form or substantially in the form set out in the Class A Note Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Sub-Class of Class A Notes may be issued or sold from time to time or as otherwise agreed between the Issuer, the Class A Registrar, the Class A Note Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms annexed thereto, comprising some or all of the Class A Registered Notes of the same Sub-Class sold to non-US persons outside the United States in reliance on Regulation S under the Securities Act, issued by the Issuer pursuant to the Class A Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Class A Agency Agreement and the Class A Note Trustee.

"Class A Restricted Payment Condition"	(a)	No CTA Event of Default or Potential CTA Event of Default is subsisting or would result from making any proposed Restricted Payment; or
	(b)	No Trigger Event is subsisting or would result from making any proposed Restricted Payment.
"Class A Rule 144 Global Note"	A registered global note in the form or substantially in the form set out in the Class A Note Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Sub-Class of Class A Notes may be issued or sold from time to time or as otherwise agreed between the Issuer, the Class A Registrar, the Class A Note Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms annexed thereto, comprising some or all of the Class A Registered Notes of the same Sub-Class sold into the United States in reliance on Rule 144A under the Securities Act, issued by the Issuer pursuant to the Class A Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Class A Agency Agreement and the Class A Note Trustee.	
"Class A Talon"	The talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Class A Coupons appertaining to, the Class A Bearer Definitive Notes, such talons being in the form or substantially in the form set out in the Class A Note Trust Deed or in such other form as may be required in any jurisdiction in which a particular Sub-Class of Class A Notes may be issued or sold from time to time or as otherwise agreed between the Issuer, the Class A Principal Paying Agent, the Class A Note Trustee and the relevant Dealer(s) and includes any replacements for Talons.	
"Class A Temporary Bearer Global Note" . . .	A temporary global note in the form or substantially in the form set out the Class A Note Trust Deed together with the copy of the applicable Final Terms annexed thereto with such modifications (if any) as may be required in any jurisdiction in which a particular Sub-Class of Class A Notes may be issued or sold from time to time or as otherwise agreed between the Issuer, the Class A Principal Paying Agent, the Class A Note Trustee and the relevant Dealer(s), comprising some or all of the Class A Bearer Notes of the same Sub-Class, issued by the Issuer pursuant to the Class A Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Class A Agency Agreement and the Class A Note Trust Deed.	
"Class A Total Debt Service Charges"	in respect of any relevant period, the amount equal to:	
	(a)	the aggregate of:
		(i) any accrued interest (whether paid or not or capitalised) and scheduled amortisation of principal (whether paid or not) payable in respect of any Financial Indebtedness incurred in connection with any Class A Authorised Credit Facility (excluding, in the case of any non-fully amortising facility, any principal amount falling due on the Final Maturity Date under that Class A Authorised Credit Facility) and any other Obligor Senior Secured Liabilities that rank *pari passu* with, or senior to, a Class A Authorised Credit Facility, including any commission, fees, discounts and other finance payments payable by (and deducting any such amounts payable to) any member of the Holdco Group under any interest rate hedging arrangements in respect of such Financial Indebtedness and disregarding Subordinated Liquidity Amounts and Subordinated Hedge Amounts (in each case owing by the Borrower or any other Obligor); and

(ii) any fees, commission, costs, discounts, premiums, charges or any other finance payments payable to any Obligor Senior Secured Creditor under any Senior Finance Document and which rank *pari passu* with, or senior to, any interest payable under any Class A Authorised Credit Facility;

less

(b) any interest received on any bank accounts or in respect of Cash Equivalent Investments by any member of in the Holdco Group during such relevant period,

but excluding:

(i) any fees, costs and expenses incurred in connection with the raising of any Financial Indebtedness or any amortisation thereof;

(ii) the amount of any discount amortised and other non-cash interest charges accrued during the relevant period;

(iii) any break costs;

(iv) the marked to market value of any Treasury Transactions;

(v) any interest or equivalent finance charge accrued in respect of Financial Indebtedness between companies in the Holdco Group including any such interest or finance charges in respect of loans made by the AA Pension Trustees to any other member of the Holdco Group; and

(vi) any Subordinated Liquidity Amounts accruing during the relevant period.

"Class A Transfer Agents" . . . . . Deutsche Bank Trust Company Americas.

"Class A Voting Matter" . . . . . Any matter which is required to be approved by the Class A Noteholders, including, without limitation:

(a) any STID Proposal which requires the approval of the Class A Noteholders;

(b) any direction to be given by the Class A Noteholders to the Class A Note Trustee (in its capacity as the Secured Creditor Representative of the Class A Noteholders) to challenge the determination of the voting category made by the Holdco Group Agent in a STID Proposal, and/or (where the Issuer is an Affected Obligor Secured Creditor) whether a STID Proposal gives rise to an Entrenched Right;

(c) any directions required or entitled to be given by Class A Noteholders pursuant to the Issuer Class A Transaction Documents; and

(d) any other matter which requires the approval of or consent of the Class A Noteholders.

"Class B Agency Agreement" . . . . . The agreement dated on or about the Issue Date as amended, supplemented or restated from time to time, pursuant to which the Issuer has appointed the Class B Principal Paying Agent, the other Class B Paying Agents, the Class B Registrar and Class B Transfer Agents in relation to all or any Class B Notes, and any other agreement for the time being in force appointing further or other Class B Paying Agents, Class B Transfer Agents, Class B Principal Paying Agent or Class B Registrar in relation to all or any sub-classes of Class B Notes, together with any agreement for the time being in force amending or modifying any of the aforesaid agreements.

"Class B Authorised Credit Facility"	Any credit agreement entered into by the Borrower and any other agreement under which the Borrower incurs any Financial Indebtedness (excluding any Class A Authorised Credit Facility) with one or more persons, the providers of which are parties to or have acceded to the STID and the Master Definitions Agreement, including the Class B IBLA entered into on the Closing Date and any fee letter, arrangement letter or commitment letter entered into in connection with the foregoing facilities or agreements or the transactions contemplated in the foregoing facilities, which in each case ranks *pari passu* with the Class B IBLA entered into on the Closing Date and has been designated as a document that should be deemed to be a Class B Authorised Credit Facility for the purposes of this definition by the parties thereto.
"Class B Authorised Credit Provider"	A lender or other provider of credit or financial accommodation under any Class B Authorised Credit Facility.
"Class B Basic Terms Modification"	Any modification to the Class B Notes to: (a) reduce the principal amount of the Class B Notes whose holders must consent to an amendment, supplement or waiver; (b) reduce the principal or interest on, or change the fixed maturity of, any Class B Notes or altering the provisions with respect to the redemption of the Class B Notes; (c) reduce the rate of, or change the timing for the payment of interest, including default interest or making any Class B Note payable in a currency other than sterling; (d) impair the right of any Class B Noteholder to receive payment of principal and interest on such Class B Notes on or after the due date therefor; (e) waive a redemption payment with respect to any Class B Notes; (f) make any change in the Class B Conditions relating to waivers of defaults or Share Enforcement Events or the rights of holders of Class B Notes to receive payments of principal of, or interest, or Additional Amounts or premium, if any, on the Class B Notes; (g) impair the rights of the Class B Noteholders to institute a suit for the enforcement of any payment on or with respect to the Class B Notes or the Topco Security; (h) release Topco from its obligations under the Topco Payment Undertaking, except as provided in the Class B Note Trust Deed, the Class B IBLA or other Issuer Class B Transaction Documents; (i) release any Issuer Security, except as provided in the Class B Note Trust Deed, the Issuer Deed of Charge or other security documents; (j) amend, change or modify the Topco Payment Undertaking in a manner that adversely affects the Class B Noteholders; (k) except as provided for in the Class B Conditions and the Class B Note Trust Deed, waive a default or an event of default in the payment of principal of or interest on the Class B Notes; or (l) make any change in to this definition.
"Class B Call Option"	See *"Description of Certain Financing Agreements—Issuer Deed of Charge—Class B Call Option."*
"Class B Conditions"	The terms and conditions to the Class B Note Trust Deed. See "*Description of the Class B Notes*."

"Class B Definitive Note"	A Class B Regulation S Definitive Note or a Class B Rule 144A Definitive Note, as the context requires.
"Class B Event of Default"	A Class B Note Event of Default or a Class B Loan Event of Default as defined under any Class B Authorised Credit Facility.
"Class B FCF DSCR"	The ratio (expressed as a percentage) of free cash flow to total debt service charges the Obligors are required to maintain under the Class B IBLA, which is required to be not less than 100% on each Financial Covenant Test Date, subject to certain cure rights in the event that the Class B FCF DSCR is less than 100%. See *"Description of the Class B IBLA—Class B Financial Covenant."*
"Class B Global Note"	A Class B Regulation S Global Note or a Class B Rule 144A Global Note.
"Class B IBLA"	The Class B Issuer/Borrower Loan Agreement to be entered into between the Issuer and the Borrower on the Issue Date, pursuant to which the Issuer will loan the proceeds of the Class B Notes to the Borrower.
"Class B IBLA Advance"	Any advance made under any Class B IBLA.
"Class B Loan"	The term loan under the Class B IBLA.
"Class B Loan Event of Default"	A Class B loan event of default as described under *"Description of the Class B IBLA—Share Enforcement Event and Class B Loan Event of Default."*
"Class B Loan Maturity Date"	31 July 2019.
"Class B Note Acceleration Notice"	A notice from the Class B Note Trustee to the Issuer declaring all of the Class B Notes immediately due and repayable at any time after the occurrence of a Class B Note Event of Default.
"Class B Note Event of Default"	Under the Class B Note Trust Deed, the occurrence of any of the following events or circumstances specified below: (a) default being made in the payment of principal or other amounts (other than those set out in paragraph (b) below) on any Class B Notes, when due; (b) default being made for a period of 30 days or more in the payment of interest or Additional Amounts (if any), on the Class B Notes, when due; (c) the Issuer failing to duly perform or observe any other obligation, condition, provision, representation or warranty binding on it under the Class B Notes, the Class B Note Trust Deed, the Issuer Deed of Charge or any of the other Issuer Class B Transaction Documents and such failure being in the opinion of the Class B Note Trustee (or, in the case of the Issuer Deed of Charge, the Issuer Security Trustee), capable of remedy, but which remains unremedied for a period of 21 days following the giving of notice by the Class B Note Trustee (or the Issuer Security Trustee, as applicable) to the Issuer requiring the same to be remedied and, in either case; *provided that* the Class B Note Trustee shall have determined that such event is, in its opinion, materially prejudicial to the interests of the Class B Noteholders; or (d) an Issuer Insolvency Event; (e) the delivery of the Class A Note Acceleration Notice in accordance with the Class A Conditions; or (f) it is or will become unlawful for the Issuer to perform or comply with its obligations under or in respect of these Class B Conditions or any Issuer Class B Transaction Documents to which it is a party.
"Class B Note Expected Maturity Date"	31 July 2019, the date on which the Class B Notes are expected to be redeemed in full.

"Class B Note Final Maturity Date"	31 July 2043, the final legal maturity date for the Class B Notes.
"Class B Note Interest Payment Date"	Each 31 January and 31 July, commencing on 31 January 2014.
"Class B Note Step-Down Date"	31 July 2021.
"Class B Note Trust Deed"	The note trust deed to be entered into on the Issue Date between the Issuer and the note trustee in respect of the Class B Notes.
"Class B Note Trustee"	Deutsche Trustee Company Limited, or any other or additional trustee appointed pursuant to the Class B Note Trust Deed, for and on behalf the Class B Noteholders.
"Class B Noteholder"	The holder of any Class B Note.
"Class B Notes"	£655,000,000 aggregate principal amount of the Issuer's 9.50% Class B Secured Notes due 2043 offered hereby, together with any additional Class B Notes that may be issued under the Class B Note Trust Deed from time to time.
"Class B Paying Agent"	Deutsche Bank AG, London Branch.
"Class B Principal Paying Agent"	Deutsche Bank AG, London Branch.
"Class B Register"	A register of the holders of the Class B Notes which shall show (i) the nominal amount of Class B Notes represented by each Class B Global Note, (ii) the nominal amounts and the serial numbers of the Class B Definitive Notes, (iii) the dates of issue of all Class B Notes, (iv) all subsequent transfers and changes of ownership of Class B Notes, (v) the names and addresses of the holders of the Class B Notes, (vi) all cancellations of Class B Notes, whether because of their purchase and surrender for cancellation by the Issuer or an Obligor, replacement or otherwise and (vii) all replacements of Class B Notes.
"Class B Registrar"	Deutsche Bank Luxembourg S.A. or any Successor registrar appointed in respect of the Class B Notes.
"Class B Regulation S Definitive Note"	A definitive note in the form or substantially in the form set out in the Class B Note Trust Deed comprising some or all of the Class B Notes sold to non-US persons outside the United States in reliance on Regulation S under the Securities Act.
"Class B Regulation S Global Note"	A registered global note in the form or substantially in the form set out in the Class B Note Trust Deed with such modifications (if any) as may be required in any jurisdiction in which Class B Notes may be issued or sold from time to time comprising some or all of the Class B Notes sold to non-US persons outside the United States in reliance on Regulation S under the Securities Act.
"Class B Rule 144A Definitive Note"	A definitive note in the form or substantially in the form set out in the Class B Note Trust Deed comprising some or all of the Class B Notes sold in the United States in reliance on Rule 144A under the Securities Act.
"Class B Rule 144A Global Note"	A global note in the form or substantially in the form set out in the Class B Note Trust Deed comprising some or all of the Class B Notes sold in the United States in reliance on Rule 144A under the Securities Act.
"Class B Transfer Agent"	Deutsche Bank Luxembourg S.A. and any other person appointed under the Class B Agency Agreement.
"Class B Trigger Event"	See "*Description of the Class B Notes—Redemption, Purchase and Cancellation—Redemption*."

"Class B Voting Matter"	Any matter which is required to be approved by the Class B Noteholders including, without limitation: (a) any STID Proposal which requires the approval of the Class B Noteholders; (b) any direction to be given by the Class B Noteholders to the Class B Note Trustee (in its capacity as the Secured Creditor Representative of the Class B Noteholders) to challenge the determination of the voting category made by the Holdco Group Agent in a STID Proposal, and/or (where the Issuer is an Affected Obligor Secured Creditor) whether a STID Proposal gives rise to an Entrenched Right; (c) any directions required or entitled to be given by Class B Noteholders pursuant to the Issuer Class B Transaction Documents; and (d) any other matter which requires the approval of or consent of the Class B Noteholders.
"Cleared"	In respect of a transaction, that such transaction has been submitted (including where details of such transaction are submitted) to a CCP for clearing in a relevant CCP Service and that such CCP has become a party to a resulting or corresponding transaction, as applicable, pursuant to such CCP's Rule Set.
"Clearing Systems"	The rules, regulations and procedures for Clearstream and Euroclear.
"Clearstream"	Clearstream Banking, *société anonyme*.
"Closing Date"	The date on which (a) all conditions precedent under the CTA are satisfied or waived; (b) all conditions precedent to the establishment of the Programme as set forth in the Class A Dealership Agreement have been satisfied; (c) the first series of Class A Notes and the Class B Notes are issued by the Issuer; and (d) the partial refinancing of the Existing Indebtedness occurs in accordance with the Transaction Documents.
"Code"	The United States Internal Revenue Code of 1986 and the regulations promulgated and rulings issued thereunder, as amended.
"Codes of Practice"	The Codes of Practice for General Insurance Mediation Business issued by the Jersey Financial Services Commission.
"Commodity Hedge Counterparty"	A hedge counterparty under an OCB Secured Hedging Agreement which has acceded as an Obligor Secured Creditor to the STID and the CTA.
"Commodity Hedging Transaction"	A Treasury Transaction, referencing, *inter alios*, the price of commodities governed by an OCB Secured Hedging Agreement and entered into by an Obligor and a Commodity Hedge Counterparty.
"Common Depositary"	The agent appointed by the International Central Securities Depositaries to act as the common depositary for Euroclear and Clearstream, in respect of the Notes.
"Common Documents"	The Obligor Security Documents, the CTA, the Master Definitions Agreement, the STID and the Tax Deed of Covenant.
"Companies Act"	The Companies Act 2006.
"Company"	(i) AA Limited, our parent company, which does not form part of the restricted group for purposes of the Class B IBLA, and its subsidiaries as a whole or any one of its subsidiaries with respect to our historical results of operation, including business operations, and (ii) AA Mid Co Limited and its subsidiaries as a whole or any one or more of its subsidiaries with respect to future results of operations, including business operations, in each case as the context requires.

"Compliance Certificate"	A certificate, substantially in the form set out in the Common Terms Agreement.
"contribution notice"	A contribution notice issued by the Pension Regulator under section 43 of the Pensions Act 2004.
"CTA" or "Common Terms Agreement"	The common terms agreement to be entered into between, among others, the Obligors, the Issuer Cash Manager, the Issuer and the Obligor Security Trustee to be dated on or about the Closing Date.
"CTA Default"	(a) a CTA Event of Default; or (b) a Potential CTA Event of Default.
"CTA Event of Default"	See "*Description of Certain Financing Arrangements—Common Terms Agreement—CTA Events of Default*."
"CVC"	CVC Capital Partners.
"Dealers"	Each of the Initial Dealers, any New Dealer (as defined in the Class A Dealership Agreement) appointed in accordance with the Class A Dealership Agreement and excludes any entity whose appointment has been terminated pursuant to the Class A Dealership Agreement and references in the Class A Dealership Agreement to the relevant Dealer shall, in relation to any Class A Note, be references to the Dealer or Dealers with whom the Issuer has agreed the initial issue and purchase of such Class A Note.
"Dealership Agreement"	The agreement dated on or about the date hereof between the Issuer, Holdco, the Borrower and the Dealers named therein (or deemed named therein) concerning the purchase of Class A Notes to be issued pursuant to the Programme together with any agreement for the time being in force amending, replacing, novating or modifying such agreement and any accession letters and/or agreements supplemental thereto.
"Debt Purchase Transaction"	Any transaction where a person: (a) purchases by way of assignment or transfer; (b) enters into any sub-participation in respect of; or (c) enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of, any commitment or amount outstanding under an Authorised Credit Facility, any Class A Notes, Class B Notes, PP Notes or any equivalent transaction having a similar economic effect.
"Debt Service Reserve Account"	(a) In respect of the Borrower, the Borrower Debt Service Reserve Account; and (b) in respect of the Issuer, the Issuer Debt Service Reserve Account.
"Decision Period"	The period of time within which the approval of the Obligor Security Trustee is sought as specified in relation to each type of voting matter in the STID.
"Deemed Available Enforcement Proceeds"	See "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Deemed Available Enforcement Proceeds*."
"Defeasance Amount"	Amounts standing to the credit of the Defeasance Account or any amount representing proceeds of withdrawal from the Defeasance Account (other than amounts permitted to be withdrawn from the Defeasance Account in accordance with the terms of the Common Terms Agreement and/or the STID).

"Defeased Cash Note Purchase"	The purchase by the Borrower of Class A Notes pursuant to a public tender offer, in accordance with the CTA.
"Definitive Note"	A Class A Definitive Note and/or, as the context may require, a Class B Definitive Note.
"Deposited Class A Notes"	Certain specified Class A Bearer Notes which have been deposited with a Class A Paying Agent (or its order at a bank or other depositary) or blocked account with a clearing system, for the purposes of the issuance of a Block Voting Instruction.
"Determination Date"	The date which is two Business Days prior to each LF Interest Payment Date.
"DfT"	UK Department for Transport.
"Direction Notice"	In respect of any matter which is not the subject of a STID Proposal, Qualifying Obligor Secured Creditor Instruction Notice, an Enforcement Instruction Notice or a Further Enforcement Instruction Notice and except where expressly provided for otherwise in the STID, a notice from the Obligor Security Trustee requesting an instruction from the Qualifying Obligor Secured Creditors as to whether the Obligor Security Trustee should agree to a consent, waiver or modification or exercise a right or discretion pursuant to the Finance Documents and the manner in which it should do so.
"Discretion Matter"	A matter in which the Obligor Security Trustee may exercise its discretion to approve any request made in a STID Proposal without any requirement to seek the approval of any Obligor Secured Creditor, Issuer Secured Creditor or any of their Secured Creditor Representatives.
"DISL"	Drakefield Insurance Services Limited, an indirect subsidiary of AAISL.
"Disposal"	A sale, lease, licence, transfer, loan or other disposal by a person of any asset, undertaking or business (whether by voluntary or involuntary single transaction or series of transactions).
"Disposal Proceeds"	The consideration receivable by any member of the Holdco Group (including any amount receivable in repayment of intercompany debt) for any Disposal made by any member of the Holdco Group after deducting: (a) any reasonable expenses which are incurred by a member of the Holdco Group with respect to that Disposal to persons who are not members of the Holdco Group; and (b) any Tax incurred and required to be paid by the seller in connection with that Disposal (as reasonably determined by the seller, on the basis of existing rates and taking account of any available credit, deduction or allowance).
"Disruption Event"	Either or both of: (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Authorised Credit Facilities (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party: (i) from performing its payment obligations under the Finance Documents; or (ii) from communicating with other Parties in accordance with the terms of the Finance Documents, (and which (in either such case)) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

"Dissenting Creditors"	Qualifying Obligor Secured Creditors (acting through their Secured Creditor Representatives) representing at least 10% of the Qualifying Obligor Secured Liabilities and any Obligor Secured Creditors (acting through its Secured Creditor Representative, respectively) challenging the Holdco Group Agent is determinations in compliance with certain, procedural requirements under the STID, as the case may be.
"Distressed Disposal"	A disposal of an asset of a member of the Holdco Group which is: (a) being approved or consented to by way of Qualifying Obligor Secured Creditors pursuant to the STID in circumstances where the Obligor Security has become enforceable; or (b) being effected by enforcement of the Obligor Security.
"Distribution Date"	Each day on which Available Enforcement Proceeds are available to be applied by or on behalf of the Obligor Security Trustee (or any Receiver) in or towards satisfaction of the Obligor Secured Liabilities in accordance with the Obligor Post-Acceleration Priority of Payments.
"double cover"	The provision of roadside assistance coverage to an individual who is both a personal member and a B2B customer.
"Early Termination Date"	Has the meaning given thereto in the relevant Hedging Agreement or the relevant OCB Secured Hedging Agreement (as applicable).
"EBC"	European Breakdown Cover.
"EBITDA"	For any relevant period, the consolidated operating profits of the Holdco Group arising from ordinary activities for that period before taxation: (a) before deducting Total Debt Service Charges and any interest or equivalent finance charge in respect of Permitted Financial Indebtedness not comprised within Total Debt Service Charges for which any member of the Holdco Group is liable and including any interest or equivalent finance charge paid by any member of the Holdco Group to the AA Pension Schemes or implied interest on balance sheet provisions in the Holdco consolidated financial statements; (b) before taking into account any accrued interest owing to any member of the Holdco Group; (c) before taking into account any items (positive or negative) of a one-off, non-recurring, extraordinary, unusual or exceptional nature (including the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring, disposals, revaluations or impairment of non-current assets, disposals of assets associated with discontinued operations and the costs associated with any aborted Permitted Acquisitions or aborted equity or debt securities offering); (d) before deducting any amount attributable to the amortisation of goodwill or intangible assets or acquisition costs or the depreciation of tangible assets; (e) before adding or deducting any amount attributable to any movement in the fair value of financial instruments held by any member of the Holdco Group (except to the extent provided for in paragraph (n) below); (f) before deducting amounts payable under a deficit reduction programme as agreed from time to time with the AA Pension Trustees;

(g) after taking into account the employer cash contribution to current service costs of the AA Pension Schemes only;

(h) before taking into account the agreed transaction costs associated with the financing contemplated by the Transaction Documents;

(i) before taking into account any gain arising from any Debt Purchase Transaction entered into by any member of the Holdco Group;

(j) after deducting (to the extent otherwise included) any gain over book value arising in favour of a member of the Holdco Group in the disposal of any asset (not being any disposal made in the ordinary course of trading) during such period and any gain arising on any revaluation of any asset during such period;

(k) after adding back (to the extent otherwise deducted) any loss against book value incurred by a member of the Holdco Group on the disposal or write down of any asset (not being any disposals made in the ordinary course of trading) during such period and any loss arising on any revaluation of any asset during such period;

(l) after adding (to the extent not otherwise included) the amount of any dividends or other profit distributions (net of withholding tax) received in cash by any member of the Holdco Group during such period from Joint Ventures in which a member of Holdco Group has an interest;

(m) after adding (to the extent not otherwise included) the realised gains or deducting (to the extent not otherwise deducted) the realised losses arising at maturity or on termination of forward foreign exchange and currency hedging contracts entered into with respect to the operational cash flows of the Holdco Group (but taking no account of any unrealised gains or loss on any hedging or other derivative instrument whatsoever and excluding any IAS 39 timing differences relating to changes in the unrealised par value of derivatives);

(n) after adding back (to the extent otherwise deducted) any fees, costs or charges of a non-recurring nature related to any compensation payments to departing management, investments (including any Joint Venture Investment) or Permitted Financial Indebtedness (whether or not successful);

(o) after adding back (to the extent otherwise deducted) any costs or provisions relating to any share option or management incentive schemes of the Holdco Group;

(p) after adding (to the extent not otherwise included) any insurance proceeds received in cash by any member of the Holdco Group in respect of business interruption loss (to be applied to cover operating losses in respect of which the relevant insurance claim was made) or third party liability (to the extent such amounts are not subsequently paid to a third party);

(q) after deducting any profit and adding back any loss attributable solely to exchange rate movements on translation of balance sheet assets and liabilities in the Holdco consolidated financial statements; and

(r) for the avoidance of doubt, before deducting the amount of any Capital Expenditure (to the extent deducted in calculating consolidated operating profits),

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Holdco Group from its ordinary activities.

"EIOPA"	European Insurance and Occupational Pensions Authority.
"EMIR"	Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012.
"Employer"	TAAL.
"Enforcement Action"	(a) Demanding payment of any Obligor Secured Liabilities; (b) accelerating any of the Obligor Secured Liabilities or otherwise declaring any Obligor Secured Liabilities prematurely due and payable or payable on demand or the premature termination or close-out of any Obligor Secured Liabilities under a Borrower Hedging Agreement (other than such a close out on a voluntary basis which would not result in a breach of the CTA or the STID); (c) enforcing any Obligor Secured Liabilities by attachment, set-off, execution, diligence, arrestment or otherwise; (d) crystallising, or requiring the Obligor Security Trustee to crystallise, any floating charge in the Obligor Security Documents; (e) enforcing, or requiring the Obligor Security Trustee to enforce, any Obligor Security; (f) initiating or supporting or taking any action or step with a view to: (i) any insolvency, bankruptcy, liquidation, reorganisation, winding up, judicial composition, dissolution proceedings or any analogous proceedings in relation to any Obligor in any jurisdiction; (ii) any voluntary arrangement, scheme of arrangement or assignment for the benefit of creditors; or (iii) any similar proceedings involving any Obligor whether by petition, convening a meeting, voting for a resolution or otherwise; (g) initiating or supporting or taking any action or step with a view to any administration, receivership or administrative receivership or any analogous proceedings in relation to any Obligor in any jurisdiction; (h) bringing or joining any legal proceedings against any Obligor (or any of its Subsidiaries) to recover any Obligor Secured Liabilities; (i) exercising any right to require any insurance proceeds to be applied in reinstatement of any asset subject to any Obligor Security; or (j) otherwise exercising any other remedy for the recovery of any Obligor Secured Liabilities or the preservation of any Obligor Secured Property.
"Enforcement Instruction Notice"	See "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Enforcement and Acceleration*."
"Entrenched Rights"	Matters which: (a) would delay the date fixed for payment of principal or interest in respect of the relevant Obligor Secured Creditor's debt or would reduce the amount of principal or the rate of interest payable in respect of such debt;

(b) would bring forward the date fixed for payment of principal or interest in respect of an Obligor Secured Creditor's debt or would increase the amount of principal or the rate of interest payable on any date in respect of the Obligor Secured Creditor's debt;

(c) would have the effect of adversely changing the Obligor Post-Acceleration Priority of Payments, the Obligor Pre-Acceleration Priority of Payments or application thereof in respect of an Obligor Secured Creditor (including, in the case of the Issuer, any Issuer Secured Creditor that would be adversely affected by such change);

(d) would have the effect of adversely changing the application of any proceeds of enforcement of the Obligor Security Documents;

(e) would result in the exchange of the relevant Obligor Secured Creditor's debt for, or the conversion of such debt into, shares, notes or other obligations of any other person;

(f) would change or would relate to the currency of payment due under the relevant Obligor Secured Creditors debt (other than due to the U.K. adopting the euro);

(g) would change or have the effect of changing any of the requirements described in the section "*Description of Certain Financing Arrangements—Common Terms Agreement—Cash Management*" which could reasonably be expected to result in an Obligor Secured Creditor's position being adversely affected thereby;

(h) would change or would relate to any existing obligation of an Obligor to gross up any payment in respect of the relevant Obligor Secured Creditor's debt in the event of the imposition of withholding taxes (including, in the case of the Issuer, any Issuer Secured Creditor that would be adversely affected by such change);

(i) would change or would have the effect of changing: (i) any of the following definitions: Qualifying Obligor Secured Creditors, Qualifying Obligor Senior Secured Liabilities, Qualifying Obligor Senior Creditors, Qualifying Obligor Junior Secured Liabilities, Qualifying Obligor Junior Creditors, STID Proposal, Discretion Matter, Ordinary Voting Matter, Extraordinary Voting Matter, Voted Qualifying Obligor Secured Liabilities, Reserved Matter or Entrenched Right; (ii) the Decision Period, Quorum Requirement or voting majority required in respect of any Ordinary Voting Matter, Extraordinary Voting Matter, Qualifying Obligor Secured Creditor Instruction Notice, Enforcement Instruction Notice or Further Enforcement Instruction Notice; (iii) any of the matters that give rise to Entrenched Rights under the STID; or (iv) the scope of Entrenched Rights under the STID;

(j) would change or have the effect of changing the relationship between Qualifying Obligor Senior Secured Liabilities and Qualifying Obligor Junior Secured Liabilities under the STID (as described in the section "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Qualifying Obligor Secured Liabilities*";

(k) would change or have the effect of changing the Reserved Matters under the STID;

(l) in respect of each Obligor Secured Creditor that is a Topco Secured Creditor, would change or would have the effect of changing: (i) the definitions of Topco Demand Notice Instruction or Topco Enforcement Instruction; or (ii) the quorum requirement or voting majority required in respect of any Topco Demand Notice Instruction or Topco Enforcement Instruction;

(m) in respect of each Hedge Counterparty:

(i) would change or would have the effect of changing any of the following definitions: Borrower Hedge Replacement Premium, Issuer Hedge Replacement Premium, Hedging Agreement or Issuer Secured Creditor Entrenched Right;

(ii) would change or would have the effect of changing the limits specified in the paragraphs "*OCB Secured Capped Hedging Transactions*", "*Currency Risk Principles*" and "*Interest Rate Risk Principles*" described in the section "*Description of Certain Financing Arrangements—Common Terms Agreement—Hedging Policy*";

(iii) would change or have the effect of changing the definition of Permitted Hedge Termination or any of the Hedge Counterparties' rights to terminate the Hedging Agreements as set out in the Hedging Agreements but only to the extent that the Hedge Counterparties' rights to terminate would be further restricted by such change;

(iv) would change or have the effect of changing the CTA Events of Default;

(v) would change or have the effect of changing a Hedge Counterparty's voting entitlement as described in the section *"Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed"* and "*Voting in Respect of Borrower Hedging Transactions by Borrower Hedge Counterparties*";

(vi) would change or have the effect of changing the definitions of Loan Acceleration Notice or Loan Enforcement Notice or would change or have the effect of changing the consequences of the delivery of Loan Acceleration Notice or the priority of payments following the delivery of a Loan Acceleration Notice;

(vii) would change or have the effect of changing the purpose of the Liquidity Facility so as to result in it no longer being available to service payments due under the Hedging Agreements; and

(viii) would change or have the effect of changing covenants in the Common Terms Agreement relating to disposals; and

(n) in respect of the AA Pension Trustees (in addition to those rights specified in paragraphs (a) to (f), (i) and (k) above), (i) may impose new, increased or additional obligations on or reduce the rights of the AA Pension Trustees, (ii) would result in the AA Pension Trustees being entitled to be paid an aggregate amount under the STID less than the AA UK Secured Pension Liabilities or the AA Ireland Secured Pension Liabilities, as applicable, (iii) would change or have the effect of changing the AA UK Pension Agreement (in respect of the AA UK Pension Trustee) or the AA Ireland Pension Agreement (in respect of the AA Ireland Pension Trustee), (iv) would have the effect of granting security to any person that would rank in priority to the security it granted to the AA Pension Trustees other than in respect of those classes of Obligor Secured Creditors ranking in priority to the AA Pension Trustees as at the Closing Date, and/or (v) would amend or result in an amendment of this paragraph (n) or would change or would have the effect of changing the definitions of AA UK Secured Pension Liabilities or AA Ireland Secured Pension Liabilities.

"Equivalent Amount"	In respect of any amount which is not denominated in the Base Currency, such amount expressed in the Base Currency as calculated on the basis of the Exchange Rate.
"ERISA"	The Employee Retirement Income Security Act of 1974 and the regulations promulgated thereunder.
"ERISA Affiliate"	Any trade or business (whether or not incorporated) that, together with any Obligor, is treated as a single employer under section 414 of the Code.
"EU Insolvency Regulation"	The EC Regulation on Insolvency Proceedings 2000 (Council Regulation (EC) No. 1346/2000 of 29 May 2000).
"EU Savings Directive"	EC Council Directive 2003/48/EC.
"euro", "EUR" or "€"	The lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty establishing the European Union, as amended.
"Euro Exchange Date"	The date on which the Issuer gives the Euro Exchange Notice to the Class B Noteholders and the Class B Note Trustee.
"Euro Exchange Notice"	The notice given by the Issuer to the Class B Noteholders and the Class B Note Trustee stating that replacement Class B Notes denominated in euros are available for exchange (*provided that* such Class B Notes are available) and no payments will be made in respect thereof.
"Euroclear"	Euroclear Bank SA/NV.
"European Union" or "EU"	The economic and political union established in 1993 by the Maastricht Treaty, with the aim of achieving closer economic and political union between member states that are primarily located in Europe.
"Excess Cashflow"	In respect of any relevant period, FCF for that relevant period after:

(a) adding the amount of any cash receipts (and deducting the amount of any cash payments) during that relevant period in respect of any items treated as one off, non-recurring, extraordinary, unusual or exceptional items not already taken account of in calculating FCF for any relevant period but without deducting the agreed transaction costs associated with the financing contemplated by the Transaction Documents;

(b) deducting the amount of any Capital Expenditure actually made in cash during that relevant period by any member of the Holdco Group (to the extent such amount exceeds the Minimum Capital Maintenance Spend Amount required to be spent or reserved in relation to that period) except to the extent funded from any Disposal Proceeds or the proceeds of any insurance claims permitted to be retained for this purpose, Retained Excess Cashflow, New Shareholder Injections or Investor Funding Loans, Permitted Financial Indebtedness or Joint Venture Receipts;

(c) deducting the aggregate of any cash consideration paid for, or the cash cost of, any Permitted Acquisitions and any Permitted Joint Venture Investment except (in each case) to the extent funded from any Disposal Proceeds or the proceeds of any insurance claims permitted to be retained for this purpose, Retained Excess Cashflow, New Shareholder Injections or Investor Funding Loans, Permitted Financial Indebtedness or Joint Venture Receipts;

(d) deducting the amount of any cash costs payable under a deficit reduction programme as agreed from time to time with the AA Pension Trustees during that relevant period and payments under the medical benefits scheme during that relevant period, in each case to the extent not taken into account in establishing EBITDA;

(e) deducting the aggregate of Total Debt Service Charges for the relevant period, any voluntary and mandatory prepayments in respect of Permitted Financial Indebtedness and any other payments in respect of Permitted Financial Indebtedness including under any finance leases, any amount applied to fund any Debt Purchase Transaction (or to acquire any person referred to in the CTA) (and any termination payments made under any Hedging Agreements during the relevant period, in each case other than:

(i) any mandatory prepayment from Excess Cashflow made in the relevant period in respect of Excess Cashflow for the previous relevant period;

(ii) any amounts under any overdraft or revolving facility which are available for simultaneous redrawing according to the terms of that facility; and

(iii) any such payment to the extent funded from any Disposal Proceeds or the proceeds of any insurance claims permitted to be retained for this purpose, Retained Excess Cashflow, New Shareholder Injection, Investor Funding Loan or Permitted Financial Indebtedness or Joint Venture Receipts,

and adding the proceeds received by any member of the Holdco Group in respect of any Debt Purchase Transaction (undertaken by a member of the Holdco Group as seller, grantor or equivalent);

(f) deducting the amount of any dividends paid in cash during the relevant period to minority shareholders in members of the Holdco Group;

(g) deducting the amount required to be retained by the Holdco Group to meet reasonably anticipated net operating expenses for the next relevant period (which amount shall not exceed £10 million in respect of any relevant period of 12 months and £5 million in respect of any relevant period of six months) but adding back the amount retained by the Holdco Group at the end of the last relevant period to meet reasonably anticipated net operating expenses for the relevant period;

(h) deducting any payment made during the relevant period pursuant to paragraph (a) of the definition of "Permitted Payment";

(i) deducting tax accrued in the financial statements of such relevant period but not paid and adding the amount of any tax paid in cash in the relevant period that was deducted pursuant to this paragraph in the calculation of Excess Cashflow for the previous relevant period;

(j) deducting (to the extent included in EBITDA for the relevant period) the proceeds of any business interruption or third party liability insurances;

(k) deducting amounts excluded from EBITDA under paragraphs (n) and (o) of the definition of EBITDA; and

(l) deducting, to the extent not treated as Total Debt Service Charges, any Facility Fee paid during such relevant period,

and so that no amount shall be added (or deducted) more than once.

"Exchange Act" . . . . . The United States Securities Exchange Act of 1934.

"Exchange Rate"	The strike rate specified in any related Hedging Agreement or, failing that, the spot rate for the conversion of the Non-Base Currency into the Base Currency as quoted by the Borrower Account Bank as at 11.00 a.m.: (a) for the purposes of the STID, on the date that the STID Voting Request, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Direction Notice or a Qualifying Obligor Secured Creditor Instruction Notice (as the case may be) is dated; and (b) in any other case, on the date as of which calculation of the Equivalent Amount of the Outstanding Principal Amount is required, and, in each case, as notified by the Borrower Account Bank to each Note Trustee and the Obligor Security Trustee.
"Excluded Group Entity"	Any direct or indirect shareholder of a member of the Holdco Group and any Affiliate of any such person which in each case is not a member of the Holdco Group.
"Excluded Insurance Proceeds"	Any proceeds of an insurance claim which the Holdco Group Agent notifies the Obligor Security Trustee are, or are to be applied: (a) to meet a third party claim; (b) to cover operating losses in respect of which the relevant insurance claim was made; or (c) in the replacement, reinstatement or repair of the assets or otherwise in amelioration of the loss in respect of which the relevant insurance claim was made, in each case as soon as possible (but in any event within six months of receipt, or such longer period as the Obligor Security Trustee may agree) after receipt.
"Excluded Tax"	In relation to any person, any: (a) Tax imposed on or calculated by reference to the net income, profits or gains of that person, in each case excluding any deemed income, profits or gains of that person other than to the extent such deemed income, profits or gains are matched by any actual income, profits or gains of an Affiliate of that person; (b) Tax that arises from the fraud, gross negligence or wilful default of the relevant person; or (c) stamp duty or stamp duty reserve tax arising under sections 67, 70, 93 or 96 of the Finance Act 1986 but only to the extent the Tax in question exceeds the Tax that would have arisen but for the existence and effect of those sections (*provided that* this paragraph (c) shall not apply in relation to the Obligor Security Trustee, the Issuer Security Trustee or the Note Trustee), in each case including any related costs, fines, penalties or interest (if any).
"Existing Facilities"	(a) The facilities under the senior facilities agreement dated 17 September 2007 (as amended and/or restated from time to time) made between, amongst others, Spring & Alpha Mid Co Limited (since renamed as Acromas Mid Co Limited) as the parent and Barclays Bank PLC as facility agent and security trustee; and (b) The facilities under the mezzanine facilities agreement dated 17 September 2007 (as amended and/or restated from time to time)

		made between amongst others, Spring & Alpha MidCo Limited (since renamed as Acromas Mid Co Limited) as the parent and Mizuho Corporate Bank, Ltd as facility agent and Barclays Bank PLC as security trustee.
"Existing Indebtedness"	Any amounts owed under or in respect of the Existing Facilities.	
"Existing Joint Venture"	(a)	A.C.T.A. Assistance SA;
	(b)	A.C.T.A .Assurance SA;
	(c)	A.C.T.A. SA; and
	(d)	ARC Europe SA.
"Existing Mezzanine Facility Agreement" . .	The mezzanine facilities agreement dated 17 September 2007 (as amended and/or restated from time to time) by and among, *inter alios*, Spring & Alpha Mid Co Limited (since renamed as Acromas Mid Co Limited) as the parent and Mizuho Corporate Bank, Ltd as facility agent and Barclays Bank PLC as security trustee.	
"Existing Senior Facility Agreement"	The senior facilities agreement dated 17 September 2007 (as amended and/or restated from time to time) by and among, *inter alios*, Spring & Alpha Mid Co Limited (since renamed as Acromas Mid Co Limited) as the parent and Barclays Bank PLC as facility agent and security trustee.	
"Expected Maturity Date	(a)	In relation to the Class B Notes, 31 July 2019; and
	(b)	in relation to any Sub-Class of Class A Notes, the date specified as such in the Final Terms relating to such Sub-Class of Class A Notes.
"Extraordinary Resolution"	Class A Extraordinary Resolution or Class B Extraordinary Resolution, as applicable.	
"Extraordinary STID Resolution"	A resolution in respect of an Extraordinary Voting Matter.	
"Extraordinary Voting Matters"	Matters which:	
	(a)	would change any CTA Event of Default or any Trigger Event each in relation to non-payment, the making of Restricted Payments or financial ratios;
	(b)	would relate to the waiver of any CTA Event of Default or any Trigger Event each in relation to non-payment, the making of Restricted Payments or financial ratios;
	(c)	would change in any adverse respect for the Qualifying Obligor Secured Creditors the restrictions and the permissions described in "*Merger*", "*Change of Business*", "*Acquisitions*", "*Joint Ventures*", "*Negative Pledge*", "*Disposals*", "*Loans or Credit*" "*No Guarantees or Indemnities*", "*Restricted Payments*", "*Financial Indebtedness*" and "*Amendments to Senior Finance Documents and Umbrella Services Agreement*" in the section "*Description of Certain Financing Arrangements—Common Terms Agreement*" and the related definitions applicable thereto (or consent to action which pursuant to the relevant definition, is permitted to be undertaken with the consent of the Obligor Security Trustee);
	(d)	would materially change or have the effect of materially changing the definition of Permitted Business;
	(e)	would change or have the effect of changing the provisions relating to or relate to the waiver of the Additional Financial Indebtedness conditions set out in the definition thereof contained herein;

(f) would result in the Aggregate Available Liquidity being less than the Liquidity Required Amount and, to the extent that the passing of an Extraordinary STID Resolution on the matters referred to in this sub-paragraph (f) necessitates an amendment to any Trigger Event, the amendment to that Trigger Event shall be an Extraordinary Voting Matter;

(g) would bring forward the scheduled maturity date of any Financial Indebtedness following the occurrence of a Trigger Event which is continuing;

(h) would release any of the Obligor Security (unless equivalent replacement security is taken at the same time) unless such release is permitted in accordance with the terms of the Common Documents;

(i) would change or have the effect of changing the definition of Qualifying Public Offering and/or the conditions contained therein, or would relate to the waiver of any of the foregoing;

(j) would relate to (i) a change to the terms sheet relating to the ABF set out in the AA UK Pension Agreement or (ii) the implementation of any change with respect to the ABF which is adverse to the Qualifying Obligor Secured Creditors or (iii) once entered into, any change to or waiver of any provision in the ABF Transaction Documents which is adverse to the Qualifying Obligor Secured Creditors; and

(k) would change or waive or have the effect of changing or waiving the Obligor Coverage Test contained in the CTA or the nature and scope of the guarantee and indemnity granted by the Obligors under the STID.

"Facility Agent" . . . . . As the context requires, any or all of the STF Agent, the WCF Agent, the Liquidity Facility Agent, or their successors, and any agent, trustee or other representative appointed in respect of any other Authorised Credit Facility.

"Facility Fees" . . . . . The facility fees payable by the Borrower under the Class A IBLA and under the Class B IBLA, respectively; *provided that* if any Class A Notes are outstanding, all such fees shall be payable under the Class A IBLA, and such facility fees shall comprise of:

(a) the First Facility Fee;

(b) the Second Facility Fee;

(c) the Third Facility Fee;

(d) the Fourth Facility Fee;

(e) the Fifth Facility Fee;

(f) the Sixth Facility Fee; and

(g) the Seventh Facility Fee,

or any of them, as applicable and as the context may so require.

"Facility Interest Payment Date" . . . . . An interest payment date under the Working Capital Facility Agreement or the Senior Term Facility Agreement (or any Additional Financial Indebtedness incurred by the Borrower to refinance the Senior Term Facility Agreement).

"Fairness Opinion" . . . . . In respect of a proposed disposal of any Obligor Secured Property, an opinion of a Financial Adviser that the proposed consideration for the disposal to which such opinion relates is fair from a financial point of view taking into account all relevant circumstances including the method and timing of enforcement.

"FATCA" . . . . . Sections 1471 through 1474 of the Code and any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto.

"FCA" . . . . . Financial Conduct Authority or any successor from time to time.

"FCF" or "Free Cash Flow" . . . . . In relation to any period, the amount equal to the difference between:

(a) the aggregate of:

(i) EBITDA for such period; and

(ii) the amount of any royalty payments and any other income from a Joint Venture not included in EBITDA received in cash by any member of the Holdco Group during such period from Joint Ventures in which a member of the Holdco Group has an interest; and

(b) (unless already taken into account in calculating EBITDA) the aggregate of:

(i) any cash tax actually paid (including any purchase of tax losses) or irrecoverable VAT suffered by the Holdco Group during such period less the amount of any rebate, refund or credit in respect of any tax on profits, gains or income actually received in cash by any member of the Holdco Group during such period;

(ii) any increase in Working Capital for the relevant period (*provided that*, in the event that there has been a decrease in Working Capital, such decreased amount shall be deducted from the aggregate amount calculated under this paragraph (b));

(iii) an amount equal to the Minimum Capital Maintenance Spend Amount required to be spent or reserved in relation to that period; and

(iv) any increase in Restricted Cash (*provided that* any decrease in such cash shall be deducted from the aggregate amount calculated under this paragraph (b)) in that period;

(v) to the extent not included in EBITDA, any real estate related lease payments made by members of the Holdco Group in respect of real estate not occupied by members of the Holdco Group in that period; and

(vi) the difference between (A) the amount of any increase in provisions, other non-cash debits and other non-cash charges (which are not current assets or current liabilities) and (B) the amount of any non-cash credits (which are not current assets or current liabilities) in each case to the extent taken into account in establishing EBITDA for such period,

and so that no amount shall be added (or deducted) more than once.

"Fifth Facility Fee"	The ongoing facility fee payable by the Borrower to the Issuer equal to: (a) before a Note Acceleration Notice has been given, all amounts due and payable by the Issuer under paragraph 5(b) of the Issuer Pre-Acceleration Priority of Payments; and (b) after a Note Acceleration Notice has been given, there shall be no Fifth Facility Fee payable; as applicable and as the context may so require.
"Final Maturity Date"	(a) In relation to a Note, the final date on which that Note is expressed to be redeemable; and (b) In relation to any Authorised Credit Facility, the date on which all financial accommodation made available under that Authorised Credit Facility is expressed to be repayable or terminated in full (without any further obligation of the relevant Authorised Credit Provider to continue to make available such financial accommodation).
"Final Terms"	The final terms issued in relation to each Sub-Class of Class A Notes as a supplement to the Class A Conditions and giving details of the Sub-Class.
"Finance Documents"	The Senior Finance Documents and the Junior Finance Documents.
"Finance Party"	Any person providing credit pursuant to an Authorised Credit Facility including all arrangers, agents, representatives and trustees appointed in connection with any such Authorised Credit Facilities.
"Financial Adviser"	A reputable internationally or nationally recognised investment bank, international accounting firm or any other reputable internationally or nationally recognised third-party professional firm (including any other reputable independent expert of international or national standing, which is engaged in providing valuations of businesses or assets of the type owned and operated by the Holdco Group) and appointed by the Obligor Security Trustee in accordance with the STID.
"Financial Indebtedness"	Any indebtedness for or in respect of: (a) moneys borrowed and debit balances at banks or other financial institutions; (b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent); (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument; (d) the amount of any liability in respect of finance leases; (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market loss to the Holdco Group (or, if any actual amount is due from the Holdco Group as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account); (g) any counter indemnity obligation in respect of any guarantee, indemnity, bond, standby or documentary letter of credit or other instrument issued by a bank or financial institution;

(h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the issuer) before the Final Maturity Date or are otherwise classified as borrowings under the Accounting Principles;

(i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 180 days after the date of supply; or

(j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the Accounting Principles; and

(k) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above,

but in each case without double counting.

"Financial Statements" . . . . . At any time, the financial statements of an Obligor and, in the case of Holdco, additionally consolidated financial statements of itself and its subsidiaries, most recently delivered to the Obligor Security Trustee.

"Financial Year" . . . . . The annual accounting period of the Holdco Group ending on an Accounting Reference Date.

"First Facility Fee" . . . . . The ongoing facility fee payable by the Borrower to the Issuer equal to:

(a) before a Note Acceleration Notice has been given, all amounts due and payable under paragraph 1 of the Issuer Pre-Acceleration Priority of Payments; and

(b) after a Note Acceleration Notice has been given, all amounts due and payable under paragraph (a) of the Issuer Post-Acceleration Priority of Payments,

as applicable and as the context may so require.

"Fixed Rate Class A Note" . . . . . A Class A Note by which interest is calculated at a fixed rate (as indicated in the Final Terms.

"Fixed Rate Note" . . . . . A Fixed Rate Class A Note or the Class B Notes.

"Form of Transfer" . . . . . The form of transfer endorsed on a Registered Definitive Note in the form or substantially in the form set out in the Class A Note Trust Deed.

"Fourth Facility Fee" . . . . . The ongoing facility fee payable by the Borrower to the Issuer equal to:

(a) before a Note Acceleration Notice has been given, all amounts due and payable under paragraph 4 of the Issuer Pre-Acceleration Priority of Payments; and

(b) after a Note Acceleration Notice has been given, all amounts due and payable under paragraph (c) of the Issuer Post-Acceleration Priority of Payments,

as applicable and as the context may so require.

"FSA" . . . . . The Financial Services Authority and predecessor to the FCA and the PRA.

"FSD" . . . . . The financial support direction.

"FSMA" . . . . . The Financial Services and Markets Act 2000.

"Further Enforcement Instruction Notice"	See "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Qualifying Obligor Secured Liabilities*."
"FX Hedge Counterparty"	A hedge counterparty under an OCB Secured Hedging Agreement which has acceded as an Obligor Secured Creditor to the STID and the Common Terms Agreement.
"FX Hedging Transaction"	A Treasury Transaction, referencing, inter alia, foreign exchange rates, governed by an OCB Secured Hedging Agreement and entered into by an Obligor and an FX Hedge Counterparty.
"GBP Interest Rate Hedging Transaction"	An Interest Rate Hedging Transaction under which all payments are denominated in GBP.
"GDPR"	European General Data Protection Regulation.
"GENPRU"	The General Prudential Sourcebook of the PRA Handbook and the FCA Handbook.
"Global Note"	A Class A Global Note or a Class B Global Note.
"Governmental Authority"	Any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.
"Group Relief"	The surrender of losses or other amounts eligible for surrender under Part 5 of the Corporation Taxes Act 2010.
"Guarantee"	See "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Guarantee*."
"Guarantors"	Collectively, the subsidiaries of Topco that will guarantee, among other things, payment of the Class B Loan.
"GWP"	Gross written premiums.
"Hedge Counterparties"	Each Borrower Hedge Counterparty and each Issuer Hedge Counterparty and "Hedge Counterparty" means any such party.
"Hedging Agreement"	Each Borrower Hedging Agreement and each Issuer Hedging Agreement.
"Hedging Policy"	See "*Description of Certain Financing Arrangements—Common Terms Agreement—Hedging Policy*."
"Hedging Transaction"	Any Borrower Hedging Transaction or an Issuer Hedging Transaction or, where the context requires, each of the above.
"HMRC" or "HM Revenue & Customs"	Her Majesty's Revenue & Customs.
"Holdco"	AA Intermediate Co Limited, a company incorporated in England and Wales with limited liability (registered number 5148845).
"Holdco Group"	Holdco and each Subsidiary of Holdco (other than the Issuer).
"Holdco Group Agent"	AADL or such other person as may be appointed as Holdco Group Agent.
"Holding Company"	A holding company within the meaning of section 1159 of the Companies Act or in respect of the Irish Obligor means a holding company within the meaning of section 155 of the Irish Companies Act 1963, of Ireland.
"IASB"	International Accounting Standards Board.
"IBLA(s)" or "Issuer/Borrower Loan Agreement(s)"	Any loan agreement entered into between the Issuer and the Borrower, including the Class A IBLA and the Class B IBLA.
"IBLA Advance"	Any advance made under any IBLA.
"ICSDs"	Clearstream, Luxembourg and Euroclear.

"ICOBS"	Insurance Conduct of Business Sourcebook.
"IDS"	Intelligent Data Systems (UK) Limited.
"IDU"	Independent Democratic Union.
"IFRS"	International Financial Reporting Standards as adopted by the European Union.
"Indexed"	In respect of any reference to that amount, an amount to that amount (as previously indexed) as such amount may be adjusted up or down at the beginning of each calendar year by a percentage equal to the amount of percentage increase or, as the case may be, decrease in the Retail Price Index for such year or as is otherwise specified in the relevant Finance Document.
"Initial Dealers"	Barclays Bank PLC, Deutsche Bank AG, London Branch, HSBC Bank plc, Lloyds TSB Bank plc, Merrill Lynch International, Mitsubishi UFJ Securities International plc, RBC Europe Ltd., The Royal Bank of Scotland plc and UBS Limited.
"Initial Purchasers"	Deutsche Bank AG, London Branch, The Royal Bank of Scotland plc, Barclays Bank PLC, Mizuho International plc, HSBC Bank plc, Lloyds TSB Bank plc, Merrill Lynch International, Mitsubishi UFJ Securities International plc, RBC Europe Limited and UBS Limited.
"Initial Rating"	The credit rating of the Class A Notes on the Closing Date or, from the date on which the Rating Agency assigns a credit rating (disregarding, at the Issuer's request, the ability of the Borrower to incur Additional Financial Indebtedness with a rating equal to the credit rating of the Class A Notes on the Closing Date) of BBB or above to the Class A Notes a credit rating from the Rating Agency of BBB.
"Insolvency Act"	The Insolvency Act 1986.
"Insolvency Event"	In respect of any Company:

(a) the initiation of or consent to Insolvency Proceedings by such company or any other person or the presentation of a petition or application for the making of an administration order which proceedings (other than in the case of the Issuer) are not, in the opinion of the Obligor Security Trustee or the Issuer Security Trustee (as the case may be), being disputed in good faith with a reasonable prospect of success or which are or frivolous or vexatious and discharged, stayed or dismissed within 21 days of commencement or, if earlier, the date on which it is advertised;

(b) the giving of notice of appointment of an administrator or the making of an administration order or an administrator being appointed in respect of such company (other than in relation to an Insolvency Event of the Issuer under a Liquidity Facility Agreement, any such giving of notice, making of an administration order or appointment of an administrator which is commenced by action taken by the company itself (or its directors) under paragraphs 12(1)(a) and (b) or paragraph 22 of Schedule B1 to the Insolvency Act;

(c) an encumbrancer (excluding, in relation to the Issuer, the Issuer Security Trustee or any Receiver appointed by the Issuer Security Trustee) taking possession of the whole or any part of the undertaking or assets of such company;

(d) any distress, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any substantial part of the undertaking or assets of such company (excluding, in relation to the Issuer, the Issuer Security Trustee or any Receiver

appointed by the Issuer Security Trustee) and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within 21 days;

(e) a composition, compromise, assignment or arrangement with creditors of such company (as part of a general composition, compromise, assignment or arrangement affecting such company's creditors generally) other than a composition compromise, assignment or arrangement with respect to any subordinated Financial Indebtedness, any intragroup loan or guarantee;

(f) the passing by such company of an effective resolution or the making of an order by a court of competent jurisdiction for the winding up, liquidation or dissolution of such company (except, in the case of the Issuer, a winding up for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Class A Note Trustee, the Class B Note Trustee or by a Class A Extraordinary Resolution or a Class B Extraordinary Resolution);

(g) the appointment of an Insolvency Official in relation to such company or in relation to the whole or any substantial part of the undertaking or assets of such company;

(h) (in the case of an Irish Obligor only) the presentation of a petition to appoint an examiner to, or the appointment of an examiner (including an interim examiner) to, such company;

(i) save as permitted in the STID, the cessation or suspension of payment of its debts generally or a public announcement by such company of an intention to do so; or

(j) save as provided in the STID, a moratorium is declared in respect of any indebtedness of such company.

"Insolvency Official" . . . . . In connection with any Insolvency Proceedings in relation to a company, a liquidator, provisional liquidator, administrator, examiner, administrative receiver, Receiver, manager, nominee, supervisor, trustee, conservator, guardian, the Viscount of the Royal Court of Jersey or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors.

"Insolvency Proceedings" . . . . . In respect of any company, the winding up, liquidation, dissolution, administration or bankruptcy (within the meaning of Article 8 of the Interpretation (Jersey) Law 1954) of such company, or any equivalent or analogous proceedings under the law of the jurisdiction in which such company is incorporated or of any jurisdiction in which such company, carries on business including the seeking of liquidation, winding up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors (and including, in the case of any Irish Obligor, the petitioning for the appointment, or the appointment (including on an interim basis), of an examiner).

"INSPRU" . . . . . The Prudential Sourcebook for Insurers of the PRA Handbook.

"Instructing Group" . . . . . The Class A Instructing Group, the Bank Instructing Group and the Note Instructing Group.

"Insurance" . . . . . As the context may require, any contract of insurance described in or taken out pursuant to the CTA and any other contract or policy of insurance taken out by or on behalf of an Obligor from time to time, including in each case any future renewal or replacement of any such insurance whether with the same or different insurers and whether on the same or different term.

"Insurance Proceeds"	The proceeds of any insurance claim under any insurance maintained by any member of the Holdco Group except for Excluded Insurance Proceeds and after deducting any reasonable expenses in relation to that claim which are incurred by any member of the Holdco Group to persons who are not members of the Holdco Group.
"Insurer"	Each insurer from time to time of, or in relation to, any Insurances.
"Intellectual Property"	Any right in: (a) copyright (including rights in software and preparatory design materials), get up, trade names, internet domain names, patents, inventions, rights in confidential information, database rights, moral rights, semiconductor topography rights, trade secrets, know how, trademarks, service marks, logos, registered designs and design rights (each whether registered or unregistered); (b) applications for registration and the right to apply for registration, for any of the above; and (c) all other intellectual property rights in each case whether registered or unregistered and including applications for registration and all rights or equivalent or similar forms of protection having equivalent or similar effect anywhere in the world.
"Interest Commencement Date"	In the case of interest bearing Notes, the date specified in the applicable Final Terms from (and including) which such Notes bear interest, which may or may not be the Issue Date.
"Interest Period"	In respect of (i) the Class B Notes, see "*Description of the Class B Notes*", (ii) the Class A Notes, see "*Description of Certain Financing Arrangements—The Class A Note Programme—Interest*" and (iii) an Authorised Credit Facility, see "*Description of Certain Financing Arrangements—Additional Authorised Credit Facilities*."
"Interest Rate Hedging Transaction"	Any Hedging Transaction entered into by the Borrower, the Issuer or the PP Note Issuer and a Hedge Counterparty in respect of any interest rate hedging.
"Intermediate Holdco"	AA Acquisition Co Limited, a limited liability company incorporated in England and Wales with registered number 5018987.
"Interpolated Screen Rate"	In relation to LIBOR for any loan, the rate which results from interpolating on a linear basis between: (a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of that loan; and (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that loan, each as of the Specified Time on the Quotation Day for the currency of that loan.
"Investment Company Act"	The United States Investment Company Act of 1940.
"Investor"	Topco, each of its Holding Companies, each Sponsor and any other direct or indirect shareholder in Holdco and any other Affiliate of such person and any other person who is issued or holds an Investor Funding Loan at any time, in each case that is not a member of the Holdco Group.
"Investor Debt"	The amount outstanding, from time to time, under any Investor Funding Loan.
"Investor Funding Loan"	Any loan made or deemed to be made by any Investor to Holdco, provided the Investor is party to the STID as a Subordinated Investor.

"IP Co"	The wholly owned subsidiary of Holdco that is the designated transferee of the intellectual property to be transferred under the ABF.
"Ireland"	Ireland, excluding, for the avoidance of doubt, Northern Ireland and "**Irish**" shall be construed accordingly.
"Irish Obligor"	Any Obligor incorporated in Ireland.
"Irish Prospectus Regulations"	Irish Prospectus (Directive 2003/71/EC) Regulations 2005.
"Irish Security Agreement"	The Irish law debenture dated on or around the date of the Master Definitions Agreement between AA Ireland Limited and the Obligor Security Trustee.
"Irish Share Pledge"	The Irish law deed of charge dated on or around the date of the Master Definitions Agreement between AA Corporation and the Obligor Security Trustee in respect of the shares in AA Ireland Limited.
"Irish Stock Exchange"	The Irish Stock Exchange Limited or any other body to which its functions have been transferred.
"ISDA Master Agreement"	An agreement in the form of the 2002 ISDA Master Agreement (including the schedule and any credit support annex thereto) or any successor thereto published by ISDA unless otherwise agreed by the Security Trustee acting in accordance with the STID.
"Issue Date"	(a) In respect of any Class A Note, the date of issue and purchase of such Note pursuant to and in accordance with the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) and (b) in respect of the Class B Notes, on or about 2 July 2013.
"Issue Price"	In respect of the Class A Notes the price as stated in the relevant Final Terms, generally means, in respect of the Class A Notes the price as stated in the relevant Final Terms, generally expressed as a percentage of the nominal amount of the Class A Notes, at which the Class A Notes will be issued and, in respect of the Class B Notes, the Issue Price stated in this Offering Memorandum.
"Issuer"	AA Bond Co Limited, a company incorporated in Jersey (registered number 112992).
"Issuer Account Bank"	Barclays Bank PLC (or any successor account bank appointed pursuant to the Issuer Account Bank Agreement).
"Issuer Account Bank Agreement"	The account bank agreement dated on or about the Closing Date between the Issuer, the Issuer Account Bank, and the Issuer Security Trustee.
"Issuer Accounts"	The Issuer Transaction Accounts, the Issuer Debt Service Reserve Account, the Issuer Liquidity Facility Standby Account together with any other account of the Issuer that may be opened from time to time (each an "**Issuer Account**").
"Issuer Cash Manager"	AADL, or any substitute cash manager.
"Issuer Cash Management Agreement"	The cash management agreement to be dated on or about the Closing Date by and among, *inter alios*, the Issuer, the Issuer Cash Manager and the Issuer Security Trustee.
"Issuer Charged Documents"	The Issuer Transaction Documents and the Finance Documents to which the Issuer is a party and all other contracts, documents, agreements and deeds to which it is, or may become, a party (other than the Issuer Deed of Charge, each Note Trust Deed and the Issuer Jersey Corporate Services Agreement).
"Issuer Class A Transaction Documents"	The Class A Notes, the Class A Coupon and any Final Terms relating to the Class A Notes, the Class A Note Trust Deed (including the Class A Conditions), the Issuer Jersey Corporate Services Agreement, the Class A Agency Agreement, each Issuer Security Document, the Issuer Account Bank

	Agreement, the Common Terms Agreement, the STID, the Master Definitions Agreement, the Class A IBLA, the Liquidity Facility Agreement, the Issuer Hedging Agreements, the Issuer Corporate Officer Agreement, the Tax Deed of Covenant, any back-to-back hedging agreement between the Issuer and the Borrower and any other agreement, instrument or deed designated as such by the Issuer and the Class A Note Trustee.
"Issuer Class B Transaction Documents" . . .	The Class B Notes, the Class B Note Trust Deed (including the Class B Conditions), the Class B Agency Agreement, the Class B IBLA, the Issuer Jersey Corporate Services Agreement, each Issuer Security Document, the Issuer Account Bank Agreement, the STID, the Master Definitions Agreement, the Issuer Corporate Officer Agreement, the Tax Deed of Covenant, and any other agreement, instrument or deed designated as such by the Issuer and the Class B Note Trustee.
"Issuer Common Documents"	(a) Each Issuer Security Document; (b) The Issuer Cash Management Agreement; (c) The Issuer Account Bank Agreement; (d) The Issuer Corporate Officer Agreement; (e) The Issuer Jersey Corporate Services Agreement; and (f) Any other agreement, instrument or deed designated as such by the Issuer and the Issuer Security Trustee.
"Issuer Corporate Officer Agreement"	The corporate officer agreement to be dated on or about the Closing Date between the Issuer and the Issuer Corporate Officer Provider.
"Issuer Corporate Officer Provider	Structured Finance Management Limited and any successors thereto.
"Issuer Debt Service Reserve Account"	Any account opened and maintained by the Issuer which may be credited with a cash reserve for satisfying all or part of the minimum debt service funding requirements set out in the CTA, or such other account as may be opened, with the consent of the Issuer Security Trustee, at any branch of the Issuer Account Bank in replacement of such account.
"Issuer Deed of Charge"	The deed of charge to be entered into between the Issuer, the Issuer Security Trustee, the Class A Note Trustee, the Class B Note Trustee, the Class A Principal Paying Agent, the Class B Principal Paying Agent, the Class A Agent Bank, the Class A Transfer Agent, the Class B Transfer Agent, the Class A Registrar, the Class B Registrar and the Cash Manager, the Issuer Account Bank, the Liquidity Facility Agent and the Issuer Corporate Officer Provider on or about the Closing Date.
"Issuer Hedge Counterparty"	Any entity which becomes a Party as a Hedge Counterparty to an Issuer Hedging Agreement and accedes as a Hedge Counterparty to the Issuer Deed of Charge.
"Issuer Hedge Replacement Premium"	A premium or upfront payment received by the Issuer from a replacement hedge counterparty under a replacement hedge agreement with the Issuer to the extent of any termination payment due to an Issuer Hedge Counterparty under an Issuer Hedging Agreement.
"Issuer Hedging Agreement"	Each ISDA Master Agreement substantially in the form of the *Pro forma* Hedging Agreement to the Hedging Policy (as amended from time to time) entered into by the Issuer and an Issuer Hedge Counterparty in accordance with the Hedging Policy (in the form in effect at the time each relevant Issuer Hedging Transaction is entered into) and which governs the Issuer Hedging Transactions between such parties, and such term includes the schedule to the relevant ISDA Master Agreement and the confirmations evidencing the Issuer Hedging Transactions entered into under such ISDA Master Agreement.
"Issuer Hedging Transaction"	Any Treasury Transaction with respect to the Relevant Debt governed by an Issuer Hedging Agreement and entered into with the Issuer in accordance with the Hedging Policy.

"Issuer Insolvency Event"	(a) The Issuer is unable or admits inability to pay its debts as they fall due, or suspends making payments on any of its debts after taking into account amounts available to it under the Liquidity Facility Agreement at the relevant time; (b) a moratorium is declared in respect of any indebtedness of the Issuer; (c) the commencement of negotiations by the Issuer with one or more creditors of the Issuer with a view to rescheduling any indebtedness of the Issuer; (d) the Issuer becomes "bankrupt" within the meaning of Article 8 of the Interpretation (Jersey) Law 1954; (e) any corporate action, legal proceedings or other procedure or step is taken (whether out of court or otherwise) in relation to: (i) the appointment of an Insolvency Official (excluding the Issuer Security Trustee or a Receiver appointed by the Issuer Security Trustee pursuant to the Issuer Deed of Charge) in relation to the Issuer or in relation to the whole or any part of the undertaking of the Issuer; (ii) an encumbrancer (excluding the Issuer Security Trustee or any Receiver appointed by the Issuer Security Trustee pursuant to the Issuer Deed of Charge) taking possession of the whole or any part of the undertaking or assets of the Issuer; (iii) the making of an arrangement, composition or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditors (or any class of creditors) of the Issuer, a reorganisation of the Issuer, the winding up of the Issuer, a conveyance to or assignment for the benefit of creditors of the Issuer (or any class of creditors) or the making of an application to a court of competent jurisdiction for protection from the creditors of the Issuer (or any class of creditors); (iv) any analogous procedure or step is taken in any jurisdiction; or (f) Any distress, execution, diligence, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of the Issuer (excluding by the Issuer Security Trustee or any Receiver appointed by the Issuer Security Trustee pursuant to the Issuer Deed of Charge) and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within 30 days.
"Issuer Jersey Corporate Services Agreement"	The Jersey law governed corporate services agreement letter entered into between, amongst others, the Issuer and the Issuer Jersey Corporate Services Provider on or about the Closing Date.
"Issuer Jersey Corporate Services Provider"	Mourant Ozannes Corporate Services (Jersey) Limited.
"Issuer Jersey Share Security Agreement"	Means the security interest agreement dated on or about the Closing Date between Holdco and the Issuer Security Trustee in respect of the shares in the Issuer.
"Issuer Liquidity Facility Standby Account"	The liquidity standby account in the name of the Issuer.

"Issuer Liquidity Shortfall"	After taking into account Cash Available to the Issuer, with respect to any LF Interest Payment Date (as determined by the Cash Manager on the Determination Date in respect of that LF Interest Payment Date), there will be insufficient funds to pay on such LF Interest Payment Date any of the amounts to be paid in respect of items (1) to (6) (inclusive but in the case of item 6, only including payments of principal that are part of the scheduled amortisation of Class A Notes but excluding any final payment on any Final Maturity Date and any Additional Class A Note Amounts and all termination payments and all other unscheduled amounts payable to any Issuer Hedge Counterparty payable under item 6(a) and 6(b)) of the Issuer Pre-Acceleration Priority of Payments.
"Issuer Payment Priorities"	The Issuer Pre-Acceleration Priority of Payments and the Issuer Post-Acceleration Priority of Payments.
"Issuer Post-Acceleration Priority of Payments"	See *"Description of Certain Financing Arrangements—Issuer Deed of Charge—Priority of payments upon acceleration."*
"Issuer Pre-Acceleration Priority of Payments"	See *"Description of Certain Financing Arrangements—Issuer Cash Management Agreement—Pre-Acceleration Priority of Payments."*
"Issuer Profit Amount"	£1,200 per annum to be retained by the Issuer as profit.
"Issuer Secured Creditor Entrenched Right"	In respect of an Issuer Secured Creditor, any modification, consent, direction or waiver in respect of an Issuer Transaction Document that would: (a) result in an increase in or would adversely modify such Issuer Secured Creditor's obligations or liabilities under such Issuer Transaction Document; (b) have the effect of adversely changing the Issuer Payment Priorities or application thereof in respect of such Issuer Secured Creditor; (c) release any Issuer Security (except where such release is expressly permitted by the Issuer Deed of Charge); (d) alter adversely the voting entitlement of such Issuer Secured Creditor under the STID or the Class A Conditions; (e) in respect of an Issuer Hedge Counterparty, constitute an Entrenched Right pursuant to the definition of Entrenched Right; or (f) amend this definition.
"Issuer Secured Creditors"	(a) The Class A Noteholders; (b) The Class B Noteholders; (c) The Class A Note Trustee; (d) The Class B Note Trustee; (e) The Issuer Security Trustee (for itself and on behalf of the other Issuer Secured Creditors) under the Issuer Security Documents; (f) Each Issuer Hedge Counterparty under its Issuer Hedging Agreement; (g) Each Liquidity Facility Provider and the Liquidity Facility Agent under the Liquidity Facility Agreement in respect of amounts owed to each of them by the Issuer from time to time;

	(h) The Issuer Account Bank under the Issuer Account Bank Agreement;
	(i) The Class A Principal Paying Agent, Class B Principal Paying Agent, Class A Transfer Agent, Class B Transfer Agent, Class A Registrar, Class B Registrar and Class A Agent Bank under the Agency Agreements and any Calculation Agent under a Calculation Agency Agreement and any additional agents appointed by the Issuer from time to time;
	(j) The Issuer Cash Manager under the Issuer Cash Management Agreement;
	(k) The Issuer Corporate Officer Provider under the Issuer Corporate Officer Agreement;
	(l) The Issuer Jersey Corporate Service Provider; and
	(m) Any other person which accedes to the Issuer Deed of Charge as an Issuer Secured Creditor after the Closing Date or who becomes a Noteholder after the Closing Date.
"Issuer Secured Liabilities"	All present and future obligations and liabilities (whether actual or contingent) of the Issuer to any Issuer Secured Creditor under each Issuer Transaction Document.
"Issuer Security"	The Security Interests constituted by the Issuer Security Documents.
"Issuer Security Document"	(a) The Issuer Deed of Charge; and
	(b) The Issuer Jersey Share Security Interest Agreement
"Issuer Security Trustee"	Deutsche Trustee Company Limited (or any successor trustee appointed pursuant to the Issuer Deed of Charge) as security trustee for the Issuer Secured Creditors.
"Issuer Senior Debt"	Any financial accommodation that is, for the purposes of the STID, to be treated as Issuer Senior Debt and includes:
	(a) the Class A Notes;
	(b) the liabilities under the Issuer Hedging Agreements; and
	(c) any further debt incurred in due course which ranks *pari passu* with the debt specified in (a) and (b) above.
"Issuer Senior Discharge Date"	The date on which all of the Qualifying Issuer Senior Debt has been irrevocably discharged in full.
"Issuer Senior Secured Creditors"	The Issuer Secured Creditors other than the Class B Noteholders.
"Issuer Transaction Accounts"	Those bank accounts of the Issuer opened with the Issuer Account Bank in accordance with the Issuer Account Bank Agreement but excluding the Issuer Debt Service Reserve Account and the Issuer Liquidity Facility Standby Account.
"Issuer Transaction Documents"	The Issuer Class A Transaction Documents and the Class B Transaction Documents.
"IT"	Information technology.
"Jersey Commission"	Jersey Financial Services Commission.
"Joint Venture"	As used in "*Description of the Class B IBLA*," any joint venture entity, partnership or similar person, the ownership of or other interest in which does

not require any member of the Holdco Group to consolidate the results of that person with its own as a Subsidiary

"Joint Venture Receipts" . . . . . Amounts received by any member of the Holdco Group in respect of repayments, redemptions, interest or distribution from, and Disposal Proceeds in respect of shares in, a Joint Venture.

"Junior Finance Document" . . . . . (a) The Class B IBLA;

(b) each other Class B Authorised Credit Facility;

(c) the Obligor Security Documents;

(d) the MDA;

(e) the Borrower Account Bank Agreement;

(f) any fee letter, commitment letter, arrangement letter, or request entered into in connection with (i) the facilities referred to in paragraphs (a) and (b) above or the transactions contemplated in such facilities and (B) any other document that has been entered into in connection with such facilities or the transactions contemplated thereby that has been designated as a Junior Finance Document by the parties thereto (including the Borrower);

(g) any amendment or restatement agreement relating to any of the above documents; and

(h) the Tax Deed of Covenant.

"Junior Finance Party" . . . . . Any Class B Authorised Credit Provider and any person which is a Finance Party under a Class B Authorised Facility.

"Lead Manager" . . . . . In relation to any Sub-Class of Class A Notes, each person named as a lead manager in the relevant Subscription Agreement.

"Letter of Credit" . . . . . A letter of credit under any Authorised Credit Facility.

"LF Arrangers" . . . . . Deutsche Bank AG, London Branch, The Royal Bank of Scotland plc, Banc of America Securities Limited, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Barclays Bank PLC, HSBC Bank plc, Lloyds TSB Bank plc, Royal Bank of Canada and UBS Limited.

"LF Interest Payment Date" . . . . . The meaning given to the term "LF Interest Payment Date" in each Liquidity Facility Agreement, as the context requires.

"LIBOR" . . . . . In relation to any loan or any Liquidity Drawing (as applicable):

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the Interest Period of that loan or drawdown of liquidy) the Interpolated Screen Rate for that loan or drawdown of liquidy; or

(c) if:

(i) no Screen Rate is available for that currency of the loan or Liquidity Drawing; or

(ii) no Screen Rate is available for the Interest Period of that loan or Liquidity Drawing and it is not possible to calculate an Interpolated Screen Rate for that loan or Liquidity Drawing, the Reference Bank Rate, as of, in the case of paragraphs (a) and (c) above, the Specified Time

	on the Quotation Day for the currency of that loan and for a period comparable in length to the Interest Period of that loan or Liquidity Drawing.
"Limitation Acts"	The Limitation Act 1980 and the Foreign Limitation Periods Act 1984.
"Liquidity Drawing"	A Liquidity Loan Drawing or a Standby Drawing (as applicable).
"Liquidity Facility"	The liquidity facility provided under the Liquidity Facility Agreement.
"Liquidity Facility Agent"	Deutsche Bank AG, London Branch and any agent appointed pursuant to a Liquidity Facility Agreement.
"Liquidity Facility Agreement"	The liquidity facility agreement to be dated on or about the Closing Date entered into between, among others, the Borrower, the Issuer, and the Liquidity Facility Provider(s); and each other liquidity facility agreement the terms of means the Liquidity Facility Agreement and each other liquidity facility agreement the terms of which shall require that the relevant liquidity facility provider(s) has/have a rating for its long term unsecured non-credit enhanced debt obligations of BBB or higher by the Rating Agency and which shall be substantially in the form of the Liquidity Facility Agreement having regard to the then customary market practice for such liquidity facilities and the requirements of the Rating Agency.
"Liquidity Facility Providers"	Those financial institutions party to the Liquidity Facility Agreement as a liquidity facility provider or any other party that accedes to the Liquidity Facility Agreement as a liquidity facility provider.
"Liquidity Facility Standby Account"	The respective reserve accounts to be opened, if required, in the name each of the Issuer and the Borrower (as applicable) and held at the applicable Liquidity Facility Provider in respect of whom the Standby Drawing has been made or, if such Liquidity Facility Provider does not have the Requisite Rating, at the Account Bank.
"Liquidity Loan Drawing"	Unless otherwise stated in the Liquidity Facility Agreement, the principal amount of each borrowing under the Liquidity Facility Agreement which is not a Standing Drawing (and, for the avoidance of doubt, the term Liquidity Loan Drawing shall include any Liquidity Facility Standby Account Drawing) or the principal amount outstanding of that borrowing.
"Liquidity Required Amount"	In respect of the Borrower and the Issuer, an amount (calculated on a rolling basis on each Test Date) which, in aggregate, is equal to the respective projected interest and commitment commission payments and payments of principal that are part of the scheduled amortisation (excluding any final payment on a Final Maturity Date) in respect of the: (a) the Senior Term Facility and any other Obligor Senior Secured Liabilities which rank from time to time *pari passu* with the Senior Term Facility or any other Class A Authorised Credit Facility (excluding in each case principal payments under the Working Capital Facility and any payments under any Class A IBLA), (b) the Class A Notes and (c) scheduled payments under any Hedging Agreements to which the Borrower or, as the case may be, the Issuer is a party (excluding any termination payments and all other unscheduled amounts payable to any Issuer Hedge Counterparty or Borrower Hedge Counterparty) for a period of (i) if prior to a Qualifying Public Offering, 18 months following the relevant Test Date and (ii) upon and following a Qualifying Public Offering, 12 months (or such greater period not exceeding 18 months in order to maintain the then current rating of the Class A Notes) following the relevant Test Date under a Liquidity Facility Agreement.
"Liquidity Shortfall"	A Borrower Liquidity Shortfall or an Issuer Liquidity Shortfall, as applicable.
"Liquidity Standby Account"	The respective reserve accounts to be opened, if required, in the name each of the Issuer and the Borrower (as applicable) and held at the applicable

	Liquidity Facility Provider in respect of whom the Standby Drawing has been made or, if such Liquidity Facility Provider does not have the Requisite Rating, at the Account Bank.
"LMA"	The Loan Market Association.
"Loan Acceleration Notice"	A notice delivered by the Obligor Security Trustee pursuant to the STID by which the Obligor Security Trustee declares that some or all Obligor Secured Liabilities shall be accelerated.
"Loan Enforcement Notice"	A notice delivered by the Obligor Security Trustee in accordance with the STID by which the Obligor Security Trustee declares that the Obligor Security has become enforceable.
"Loan Interest Payment Date"	Each interest payment date under each IBLA.
"Maintenance Capital Expenditure"	In respect of the Holdco Group and in respect of any period, any expenditure used to maintain and operate the assets of the Holdco Group and which should be treated as capital expenditure in the financial statements of the person incurring such expenditure in accordance with the Accounting Principles and including, of the avoidance of doubt, any expenditure on finance leases. For the avoidance of doubt, expenditure for the acquisition of businesses or arising from operating leases as defined in UK GAAP as at the date of the Master Definitions Agreement shall not constitute Maintenance Capital Expenditure for the purposes of this definition.
"Make-Whole Amount"	Any premium payable on redemption of any Obligor Senior Secured Liabilities or Issuer Senior Debt in excess of: (a) the principal amount outstanding of such debt; plus (b) accrued interest on such debt.
"Mandate and Syndication Letter"	The mandate and syndication letter dated on or around the date of the Master Definitions Agreement between the Mandate Parties (as defined therein) and Holdco as the same may be amended and re-executed from time to time.
"Margin Regulations"	Regulations U and X issued by the Board of Governors of the United States Federal Reserve System.
"Master Definitions Agreement" or "MDA"	The master definitions agreement entered into by, among others the Obligor Security Trustee, the Issuer Security Trustee, the Class A Note Trustee, the Issuer, the Borrower, the Holdco Group Agent, the Issuer Cash Manager, Holdco and Topco on or about the Closing Date.
"Material Company"	At any time: (a) a Subsidiary of Holdco (other than IP Co) which has earnings before interest, tax, depreciation and amortisation, calculated on the same basis as EBITDA, representing 5% or more of EBITDA; and (b) any member of the Holdco Group (other than IP Co) to which a Material Company disposes all or any substantial part of its assets.
"Member State"	A member state of the European Union;
"Minimum Capital Maintenance Spend Amount"	£25 million per annum, subject to any adjustment in accordance with the terms of the CTA.
"Minimum Long Term Rating"	A BBB rating by S&P.
"MIPRU"	The Prudential Sourcebook for Mortgage and House Finance Firms and Insurance Intermediaries of the PRA Handbook and the FCA Handbook.

"Moody's"	Moody's Investors Services Limited or any successor to its rating business.
"Nationwide"	Nationwide 4x4 Ltd.
"NDORS"	National Driver Offender Retraining Scheme.
"New Class B Notes"	See "*Description of the Class B Notes—Further Notes and New Notes*."
"New Shareholder Injections"	The aggregate amount subscribed for by Topco for ordinary shares issued by Holdco; *provided that* such shares are paid for in full in cash upon issue and which by their terms are not redeemable and become subject to the same Security on the same terms as the existing shares.
"NFC Representation"	The representation given by the Issuer and the Borrower to the Hedge Counterparty under the schedule to the relevant Hedging Agreement that on each date and at each time on which the Borrower or the Issuer (as applicable) enters into a Borrower Hedging Transaction or Issuer Hedging Transaction (as applicable) (which representation will be deemed to be repeated by the Issuer or the Borrower (as applicable) at all times while such Borrower Hedging Transaction or Issuer Hedging Transaction (as applicable) remains outstanding) that: (a) it is either (i) a non-financial counterparty (as such term is defined in EMIR) or (ii) an entity established outside the EU that, to the best of its knowledge and belief, having given due and proper consideration to its status, would constitute a non-financial counterparty (as such term is defined in EMIR) if it were established in the EU; and (b) it is not subject to a clearing obligation pursuant to EMIR (or, in respect of an entity under subparagraph (a)(ii) above, would not be subject to the clearing obligation if it were established in the EU) in respect of such Borrower Hedging Transaction or Issuer Hedging Transaction (as applicable). For the purposes of this subparagraph (b), it is assumed that the Borrower Hedging Transaction or Issuer Hedging Transaction (as applicable) is of a type that has been declared to be subject to the clearing obligation in accordance with Article 5 of EMIR and is subject to the clearing obligation in accordance with Article 4 of EMIR (whether or not in fact this is the case), and that any transitional provisions in EMIR are ignored.
"NGB" or "New Global Note"	A Class A Temporary Bearer Global Note or a Class A Permanent Bearer Global Note, in either case in respect of which the applicable Final Terms indicates is a New Global Note (including, for the avoidance of doubt, both Eurosystem-eligible NGBs and Non-eligible NGBs).
"Non-Base Currency"	A currency other than pounds sterling.
"Non-eligible NGB"	A NGB which is not intended to be held in a manner which would allow Eurosystem eligibility, as stated in the applicable Final Terms.
"Notes"	The Class A Notes and the Class B Notes.
"Note Acceleration Notice"	A Class A Note Acceleration Notice and/or a Class B Note Acceleration Notice.
"Note Documents"	The Class A Note Documents and the Class B Note Documents.
"Note Event of Default"	A Class A Note Event of Default and/or a Class B Note Event of Default.
"Note Instructing Group"	The Issuer in its capacity as the Class A Authorised Credit Provider under any Class A IBLA.
"Note Interest Payment Date"	A Class A Note Interest Payment Date and/or a Class B Note Interest Payment Date, as the case may be.

"Note Trustee"	The Class A Note Trustee and/or the Class B Note Trustee as the context requires.
"Note Trust Deed"	The Class A Note Trust Deed or the Class B Note Trust Deed, as the case may be.
"Noteholders"	A holder of either Class A Notes or Class B Notes, as the case may be and as the context requires.
"Notice of Drawdown"	Has the meaning given to it in each IBLA.
"Obligations"	All of the obligations of the Issuer created by or arising under the Notes and the Issuer Transaction Documents.
"Obligor"	Each Original Obligor and such other Holdco Group members who become an Obligor and accede to the CTA and the STID.
"Obligor Accounts"	The Designated Accounts and any account that may be opened from time to time by an Additional Obligor pursuant to in accordance with any Senior Finance Document (including any sub-account or sub-accounts relating to that account and any replacement account from time to time).
"Obligor Junior Secured Creditors"	The Obligor Secured Creditors to whom Obligor Junior Secured Liabilities are owed.
"Obligor Junior Secured Liabilities"	All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to any Obligor Secured Creditor under each Junior Finance Document to which such Obligor is a party.
"Obligor Operating Accounts"	Those bank accounts of the Obligors opened in accordance with the CTA but excluding any Designated Account.
"Obligor Post-Acceleration Priority of Payments"	The provisions relating to the order of priority of payments set out in "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Obligor Priority of Payments Following the Delivery of the A Loan Acceleration Notice*" and "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Obligor Priorities of Payments—Obligor Post-Acceleration Priority of Payments*."
"Obligor Pre-Acceleration Priority of Payments"	The provisions relating to the order of priority of payments set out in "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Obligor Priorities of Payments—Obligor Post-Acceleration Priority of Payments*."
"Obligor Priorities of Payments"	The Obligor Pre-Acceleration Priority of Payments and the Obligor Post-Acceleration Priority of Payments.
"Obligor Secured Creditors"	(a) the Obligor Security Trustee (in its own capacity and on behalf of the other Obligor Secured Creditors); (b) the Issuer; (c) the STF Lenders; (d) the WCF Lenders; (e) the WCF Agent; (f) the STF Agent; (g) the WCF Arrangers;

(h) the STF Arrangers;

(i) each Borrower Hedge Counterparty;

(j) each OCB Secured Hedge Counterparty;

(k) each Liquidity Facility Provider, each LF Arranger and the Liquidity Facility Agent under the Liquidity Facility Agreement in respect of amounts owed to each of them by the Borrower from time to time;

(l) the Borrower Account Bank;

(m) any replacement Issuer Cash Manager who is not a member of the Holdco Group or an Affiliate thereof;

(n) each other Authorised Credit Provider;

(o) the AA Ireland Pension Trustee;

(p) the AA UK Pension Trustee, until the ABF Implementation Date (if such date occurs);

(q) any Additional Obligor Secured Creditors; and

(r) any Receiver or delegate of a Receiver or Obligor Secured Creditor, and "Obligor Secured Creditor" means any one of them.

"Obligor Secured Liabilities" . . . . . The Obligor Senior Secured Liabilities and the Obligor Junior Secured Liabilities.

"Obligor Secured Property" . . . . . The property, assets, rights and undertaking of each Obligor that are the subject of the Security Interests created in or pursuant to the Obligor Security Documents and includes, for the avoidance of doubt, each Obligor's rights to or interests in any chose in action and each Obligor's rights under the Transaction Documents.

"Obligor Security" . . . . . The Security Interests created or expressed to be created in favour of the Obligor Security Trustee or any other Obligor Secured Creditor pursuant to the Obligor Security Documents.

"Obligor Security Agreement" . . . . . The English law-governed security agreement dated on or about the Closing Date and between, among others, Holdco, Intermediate Holdco, the Borrower and the Obligor Security Trustee.

"Obligor Security Documents" . . . . . (a) The Obligor Security Agreement;

(b) the TAAL Share Security Interest Agreement;

(c) the Irish Security Agreement;

(d) the Irish Share Pledge;

(e) the STID and each deed of accession thereto; and

(f) any other document evidencing or creating security over any asset of an Obligor to secure any obligation of any Obligor to an Obligor Secured Creditor in respect of the Obligor Secured Liabilities.

"Obligor Security Trustee" . . . . . Deutsche Trustee Company Limited or any successor appointed as security trustee pursuant to the STID.

"Obligor Senior Discharge Date" . . . . . The date on which all of the Obligor Senior Secured Liabilities (excluding Obligor Senior Secured Liabilities (a) owing under any OCB Secured

	Hedging Agreement, (b) owing to the AA UK Pension Trustee in respect of the AA UK Secured Pensions Liabilities and to the AA Ireland Pension Trustee in respect of the AA Ireland Secured Pension Liabilities and (c) for the purpose of paragraph 9 of Part A of the Obligor Pre-Acceleration Priority of Payments only, constituting Subordinated Liquidity Amounts and Subordinated Hedge Amounts owing by the Borrower and any amounts under the Seventh Facility Fee owing by the Borrower) have been irrevocably discharged in full.
"Obligor Senior Secured Creditors"	The Obligor Secured Creditors to whom Obligor Senior Secured liabilities are owed.
"Obligor Senior Secured Liabilities"	All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor (i) to any Obligor Secured Creditor under each Senior Finance Document to which such Obligor is a party; and (ii) to the AA UK Pension Trustee in respect of the AA UK Secured Pension Liabilities and to the AA Ireland Pension Trustee in respect of the AA Ireland Secured Pension Liabilities.
"Obligor STID Proposal"	(a) An Ordinary Voting Matter; (b) an Extraordinary Voting Matter; (c) a Direction Notice; (d) an Enforcement Instruction Notice; (e) a Further Enforcement Instruction Notice; (f) a Qualifying Obligor Secured Creditor Instruction Notice; (g) a proposal giving rise to an Entrenched Right in respect of which the Issuer is an Affected Obligor Secured Creditor; (h) an instruction required in accordance with the STID; and/or (i) a request in accordance with the STID to hold a physical meeting of Obligor Secured Creditors.
"OCB Secured Capped Hedging Transaction"	OCB Treasury Transactions that are Commodity Hedging Transactions and/or FX Hedging Transactions for the purpose of hedging risks arising in the ordinary course of business from exposures to fluctuations in the price of commodities and/or foreign exchange rates.
"OCB Secured Hedging Agreement"	An ISDA Master Agreement entered into by an Obligor and a Commodity Hedge Counterparty, an FX Hedge Counterparty or an OCB Treasury Counterparty (as applicable) in accordance with the Hedging Policy (in the form in effect at the time each relevant OCB Secured Hedging Transaction forming part thereof is entered into) and which governs the relevant OCB Secured Hedging Transaction between such parties, and such term includes the schedule to the relevant ISDA Master Agreement and the confirmations evidencing the relevant OCB Secured Hedging Transaction entered into under such ISDA Master Agreement.
"OCB Secured Hedging Transactions"	Each OCB Secured Capped Hedging Transaction and each OCB Treasury Transaction;
"OCB Treasury Counterparty"	A hedge counterparty under an OCB Secured Hedging Agreement which has acceded as an Obligor Secured Creditor to the STID and the Common Terms Agreement.

"OCB Treasury Transaction"	Any Treasury Transaction (that is not a Hedging Transaction) entered into by an Obligor and an OCB Treasury Counterparty for the purposes of hedging risks arising in the ordinary course of business.
"Offering"	The offering of the Class B Notes hereby.
"Official List"	The official list of the Irish Stock Exchange Limited.
"Offsetting Transaction"	In respect of a Treasury Transaction (the "**Primary Transaction**") and the amounts determined pursuant to its terms by reference to a certain rate, measure or price, another Treasury Transaction pursuant to whose terms amounts are determined by reference to the same rate, measure or price, as specified in the Primary Transaction, and which therefore offset all of the amounts determined under the Primary Transaction in whole or in part (where any partial offset results solely from a difference between the Primary Transaction and the Offsetting Transaction in terms of quantum of the calculation amount and/or the quantum of the rate, measure or price specified), provided that where (a) the Primary Transaction forms part of a Hedging Agreement, the Offsetting Transaction shall also form part of a Hedging Agreement; and (b) where the Primary Transaction forms part of an OCB Secured Hedging Agreement, the Offsetting Transaction shall also form part of an OCB Secured Hedging Agreement.
"Ordinary STID Resolution"	A resolution in respect of an Ordinary Voting Matter.
"Ordinary Voting Matters"	Matters which are not Discretion Matters, matters which are not the subject of an Enforcement Instruction Notice or Further Enforcement Instruction Notice or Extraordinary Voting Matters.
"Original Obligor"	(a) Holdco; (b) AA Acquisition Co Limited; (c) AA Senior Co Limited; (d) AA Corporation Limited; (e) The Automobile Association Limited; (f) Automobile Association Developments Limited; (g) Automobile Association Insurance Services Limited; (h) Automobile Association Insurance Services Holdings Limited; (i) AA Financial Services Limited; (j) AA Media Limited; (k) DriveTech (UK) Limited; (l) Intelligent Data Systems (UK) Limited; and (m) AA Ireland Limited.
"Original STF Lenders"	Deutsche Bank AG, London Branch, The Royal Bank of Scotland plc, Bank of America, N.A., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Barclays Bank PLC, HSBC Bank plc, Lloyds TSB Bank plc, Royal Bank of Canada and UBS AG, London Branch, as original bank lenders of the Senior Term Facility Agreement.
"Original WCF Lenders"	Deutsche Bank AG, London Branch, The Royal Bank of Scotland plc, Bank of America, N.A., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Barclays Bank PLC, HSBC Bank plc, Lloyds TSB Bank plc, Royal Bank of Canada and UBS AG, London Branch.

"outstanding" . . . . . (a) In relation to the Class A Notes of all or any Sub-Class, all the Notes of such Sub-Class issued other than:

(i) those Class A Notes which have been redeemed in full or purchased, and cancelled, in accordance with Class A Condition 7 ("*Redemption, Purchase and Cancellation*") or otherwise under the Class A Note Trust Deed;

(ii) those Class A Notes in respect of which the date (including, where applicable, any deferred date) for redemption in accordance with the Class A Conditions has occurred and the redemption monies for which (including premium (if any) and all interest payable thereon) have been duly paid to the Class A Note Trustee or to the Class A Principal Paying Agent or Class A Registrar, as applicable, in the manner provided in the Class A Agency Agreement (and where appropriate notice to that effect has been provided or published in accordance with Class A Condition 16 ("*Notices*")) and remain available for payment against presentation of the relevant Class A Notes or Class A Coupons or Class A Receipts;

(iii) those Class A Notes which have become void or in respect of which claims have become prescribed, in each case, under Class A Condition 12 ("*Prescription*");

(iv) in the case of Class A Bearer Notes, those mutilated or defaced Class A Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Class A Condition 13 ("*Replacement of Class A Notes, Class A Coupons, Class A Receipts and Class A Talons*");

(v) in the case of Class A Bearer Notes (for the purpose only of ascertaining the Principal Amount Outstanding of the Class A Notes and without prejudice to the status for any other purpose of the relevant Class A Notes) those Class A Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Class A Condition 13 ("*Replacement of Class A Notes, Class A Coupons, Class A Receipts and Class A Talons*");

(vi) the Class A Temporary Bearer Global Notes to the extent that they have been exchanged for Class A Permanent Bearer Global Notes or Class A Definitive Notes pursuant to the provisions contained therein;

(vii) the Class A Permanent Bearer Global Notes that remain in escrow pending exchange of the Class A Temporary Bearer Global Notes therefor, pursuant to the provisions contained therein;

(viii) the Class A Permanent Bearer Global Notes to the extent that they have been exchanged for Class A Bearer Definitive Notes pursuant to the provisions contained therein; and

(ix) the Class A Bearer Notes to the extent that they have been exchanged for Class A Registered Notes pursuant to the provisions contained therein;

provided that for each of the following purposes, namely:

(A) the right to vote on a Class A Voting Matter as envisaged by the Class A Note Trust Deed;

(B) the determination of how many and which Class A Notes are for the time being outstanding for the purposes of the Class A Note Trust Deed and the Class A Conditions;

(C) any discretion, power or authority (whether contained in the Class A Note Trust Deed or vested by operation of law) which the Class A Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Class A Noteholders or any of them;

(D) the determination by the Class A Note Trustee whether any of the events specified in Class A Condition 10 ("*Class A Note Events of Default*") is materially prejudicial to the interests of the holders of the Class A Notes then outstanding,

those Class A Notes of the relevant Sub-Class (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Borrower or any member of the Holdco Group, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

(b) In relation to the Class B Notes, all the Class B Notes other than:

(i) those Class B Notes which have been redeemed in full or purchased, and cancelled, in accordance with Class B Condition 5 ("*Redemption, Purchase and Cancellation*") or otherwise under the Class B Note Trust Deed;

(ii) those Class B Notes in respect of which the date (including, where applicable, any deferred date) for redemption in accordance with the Class B Conditions has occurred and the redemption monies for which (including premium (if any) and all interest payable thereon) have been duly paid to the Class B Note Trustee or to the Class B Registrar in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been provided or published in accordance with Class B Condition 17 ("*Notice to Class B Noteholders*") and remain available for payment against presentation of the relevant Class B Notes;

(iii) those Class B Notes which have become void or in respect of which claims have become prescribed, in each case, under Class B Condition 8 ("*Prescription*");

(iv) the Principal Amount Outstanding of (and without prejudice to the status for any other purpose of the relevant Class B Notes) those Class B Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to the Class B Conditions;

provided that for each of the following purposes, namely:

(A) the right to vote on a Class B Voting Matter as envisaged by the Class B Note Trust Deed;

(B) the determination of how many and which Class B Notes are for the time being outstanding for the purposes of the Class B Note Trust Deed and the Class B Conditions;

(C) any discretion, power or authority (whether contained in the Class B Note Trust Deed or vested by operation of law) which the Class B Note Trustee is required,

expressly or impliedly, to exercise in or by reference to the interests of the Class B Noteholders or any of them; and

(D) the determination by the Class B Note Trustee whether any of the events specified in Class B Condition 11 ("*Enforcement*") is materially prejudicial to the interests of the holders of the Class B Notes then outstanding,

those Class B Notes which are for the time being held by or on behalf of or for the benefit of the Borrower or any other member of the Holdco Group, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

"Outstanding Principal Amount" . . . . . (a) In respect of each Authorised Credit Facility that is a loan, the principal amount (or the Equivalent Amount) of any drawn amounts that are outstanding or committed under such Authorised Credit Facility;

(b) in respect of each Issuer Hedge Counterparty, the net value (if greater than zero) of all Issuer Hedging Transactions arising under the Issuer Hedging Agreements of such Issuer Hedge Counterparty determined in accordance with the STID;

(c) in respect of each Borrower Hedge Counterparty, the net value (if greater than zero) of all Borrower Hedging Transactions arising under the Borrower Hedging Agreements of such Borrower Hedge Counterparty determined in accordance with the STID;

(d) in respect of each OCB Secured Hedge Counterparty, the net value (if greater than zero) of all OCB Secured Hedging Transactions arising under the OCB Secured Hedging Agreements of such OCB Secured Hedge Counterparty determined in accordance with the STID; and

(e) in respect of any other Obligor Secured Liabilities, the outstanding principal amount (or the Equivalent Amount) of such debt on such date in accordance with the relevant Finance Document,

on the date on which (i) the Qualifying Obligor Secured Creditors have been notified of a STID Voting Request, an Enforcement Instruction Notice, a Further Enforcement Instruction Notice, a Qualifying Obligor Secured Creditor Instruction Notice (or when the Qualifying Obligor Secured Creditors intend to deliver a Qualifying Obligor Secured Creditor Instruction Notice) or a Direction Notice or as otherwise required pursuant to the STID, as the case may be, all as most recently certified or notified to the Obligor Security Trustee, where applicable, pursuant to the STID or (ii) the CTA as at the latest practicable date prior to any challenge of a Compliance Certificate.

"Overlay Transaction" . . . . . In respect of a Treasury Transaction (the "**Overlaid Transaction**") and the amounts determined pursuant to its terms by reference to a certain rate, measure or price, another Treasury Transaction pursuant to whose terms some amounts are determined by reference to the same rate, measure or price, as specified in the Overlaid Transaction, and other amounts are determined by reference to a different rate, measure or price and therefore offset some but not all of the amounts determined under the Overlaid Transaction in whole or in part (where any partial offset results solely from a difference between the Overlaid Transaction and the Overlay Transaction in terms of quantum of the calculation amount and/or the quantum of the rate, measure or price specified), provided that where (a) the Overlaid Transaction forms part of a Hedging Agreement, the Overlay Transaction shall also form part of a Hedging Agreement; and (b) where the Overlaid Transaction forms part of an OCB Secured Hedging Agreement, the Overlay Transaction shall also form part of an OCB Secured Hedging Agreement.

"Participating Member State" . . . . . A member state of the EU that adopts and continues to adopt euro as its lawful currency under the legislation of the EU for European Monetary Union.

"Participating Qualifying Obligor Secured Creditors"	The Qualifying Obligor Secured Creditors which participate in a vote on any STID Proposal or other matter pursuant to the STID.
"Partnership"	The Scottish limited partnership to be established in connection with the implementation of the ABF.
"Paying Agents"	In relation to all or any of the Notes, the several institutions (including where the context permits the Principal Paying Agents) at their respective specified offices initially appointed as paying agents in relation to such Notes by the Issuer pursuant to the relevant Agency Agreement or, if applicable, any Successor paying agents at their respective specified offices in relation to all or any of the Notes as well as any additional paying agents appointed under supplemental agency agreements as may be required in any jurisdiction in which Notes may be issued or sold from time to time.
"Payment"	In respect of any liabilities or obligations, a payment, prepayment, repayment, redemption, purchase, voluntary termination, defeasance or discharge of those liabilities or obligations and Pay has a corresponding meaning.
"Payment Date"	In respect of an Authorised Credit Facility, each date on which a payment is made or is scheduled to be made by an Obligor in respect of any obligations or liability under such Authorised Credit Facility.
"PCWs"	Price comparison websites.
"Peak Performance"	Peak Performance Management Limited.
"Pensions Regulator"	The regulator of occupational pension schemes in the United Kingdom, which was established pursuant to the Pensions Act 2004.
"Perfection Requirements"	The making or procuring of the appropriate registrations, filings and/or notifications of the Obligor Security Documents, Issuer Security Documents and/or Topco Security Documents and for the Security Interests created by them.
"Permira"	Permira Advisers.
"Permitted Acquisition"	(a) an acquisition by a member of the Holdco Group of an asset sold, leased, transferred or otherwise disposed of by another member of the Holdco Group in circumstances constituting a Permitted Disposal or a Permitted Transaction; (b) an acquisition of shares or securities pursuant to a Permitted Share Issue or in respect of a Permitted Joint Venture Investment; (c) an acquisition of securities which are Cash Equivalent Investments; (d) an acquisition by a member of the Holdco Group other than Holdco of (x) more than 50% of the issued share capital of a limited liability company or (y) a business or undertaking (or part of a business or undertaking) carried on as a going concern) where in each case (in relation to both (x) and (y)) the following conditions are satisfied and certified as such in a certificate executed by the finance director of Holdco and delivered to the Obligor Security Trustee and any Facility Agent together with all relevant supporting documentation: (i) no Trigger Event has occurred and is continuing on the date of completion of the acquisition or would occur as a result of the acquisition; (ii) the acquired company (and its Subsidiaries), business or undertaking, or any interest therein, (the "Acquisition

Target") is incorporated or established, and carries on its principal business in the United Kingdom or Ireland and is engaged in a business which is a Permitted Business;

(iii) where the Acquisition Target has negative earnings before interest, tax, depreciation and amortisation for its most recently completed four consecutive financial quarters prior to completion of the acquisition, after taking into account Anticipated Cost Savings (a "Negative Earnings Acquisition Target"), the aggregate of (a) such negative earnings and (b) the total negative earnings (for the four consecutive financial quarters prior to their acquisitions taking into account Anticipated Cost Savings as certified at that time) of all other Negative Earnings Acquisition Targets acquired by the Holdco Group (or any member thereof) in any three year period after the Closing Date, shall not exceed £10 million (Indexed) (or its equivalent);

(iv) the Acquisition Target has no material contingent liabilities which are outside the ordinary course of trading except to the extent (i) reflected in the purchase price agreed with the vendor; (ii) indemnified by the relevant vendor; (iii) adequate insurance is maintained or (iv) funds are held by the relevant member of the Holdco Group in a blocked account for the sole purpose of meeting such liabilities;

(v) Holdco delivers any due diligence reports in relation to the Acquisition Target to the extent prepared which, in the case of any single acquisition (or series of related acquisitions) the Purchase Price of which is equal to or greater than £75 million (or its equivalent) (Indexed), must include an independent legal due diligence report in relation to the Acquisition Target prepared by appropriately experienced legal advisers and a financial due diligence report in relation to the Acquisition Target prepared by an appropriately experienced accountancy firm (and Holdco shall use best endeavours to provide reliance letters in respect of such legal and financial due diligence reports in form and substance satisfactory to the Obligor Security Trustee);

(vi) save for any acquisition made in the periods referred to in paragraphs (viii) (A) and (B) below, any acquisition made during a Bank Debt Sweep Period or a Cash Accumulation Period is funded solely from Retained Excess Cashflow, a New Shareholder Injection, an Investor Funding Loan and/or Additional Financial Indebtedness;

(vii) (prior to the completion of the acquisition) the Acquisition Target is not owned directly or indirectly by any non-Holdco Group member of the Acromas Group or an Affiliate thereof; and

(viii) the consideration (including associated costs and expenses and any deferred consideration) for the acquisition including any Financial Indebtedness and other actual or contingent liabilities remaining in the Acquisition Target or assumed or settled by a member of the Holdco Group at the date of the acquisition (together the "Purchase Price") when aggregated with the Purchase

Price for any other acquisition made pursuant to this paragraph (d) does not exceed:

(A) in the period until the end of the Financial Year ending 31 January 2014, when aggregated with any Joint Venture Investment made during that period, £30 million (or its equivalent) (Indexed);

(B) in the Financial Year ending 31 January 2015, when aggregated with any Joint Venture Investment made during that period, £60 million (or its equivalent) (Indexed); and

(C) in any three year period after the Closing Date, when aggregated with any Joint Venture Investment made during that period, £250 million (or its equivalent) (Indexed);

(e) the acquisition of the issued share capital of a limited liability company or limited liability partnership (including by way of formation) which has not traded or incurred any liabilities prior to the date of the acquisition;

(f) any acquisition by a member of the Holdco Group of shares and loan notes of directors and employees whose appointment and/or contract is terminated; *provided that* the maximum aggregate consideration or principal of all such acquisitions does not exceed £10 million (Indexed) (or its equivalent) in any period of three years after the Closing Date;

(g) any acquisition pursuant to a Permitted Tax Transaction;

(h) any acquisition required to implement a Permitted Reorganisation; and

(i) any acquisition to which the Obligor Security Trustee has given its prior written consent in accordance with the STID.

"Permitted Business" . . . . . The business of:

(a) roadside assistance;

(b) driving services;

(c) media and advertising;

(d) home emergency services;

(e) insurance broking;

(f) financial services intermediation; and

(g) activities which are deemed by the directors of the Borrower to be aligned to the brand of the Borrower and/or the strategic objectives of the Holdco Group operating as a whole; *provided that* undertaking such activities would not result in a substantial change to the general nature of the business of the Holdco Group as conducted at the Closing Date,

provided that:

(i) (with the exception of the Existing Joint Ventures) the activities set out in paragraphs (a) to (g) above shall be

undertaken solely within the United Kingdom and Ireland and, with respect to the activities set out in paragraphs (a) and (f) above only to the extent the same is carried out as at the date of this Offering Memorandum, Jersey; and

(ii) without prejudice to any requirement resulting from any change in law or regulation in respect of any activity carried on by a member of the Holdco Group which would otherwise be Permitted Business, no member of the Holdco Group shall undertake any underwriting or banking or financing activities that would require any member of the Holdco Group to comply with regulatory capital or capital maintenance requirements (in each case other than any such activities to the extent they are carried out as at the Closing Date).

"Permitted Disposal" . . . . . A disposal:

(a) of trading stock made by any member of the Holdco Group in the ordinary course of business of the disposing entity;

(b) of any asset (including any shares in a member of the Holdco Group) by a member of the Holdco Group (the "**Disposing Company**") to another member of the Holdco Group (the "**Acquiring Company**"), but only if:

(i) where the Disposing Company is an Obligor and the Acquiring Company is not an Obligor, the Disposal is on arm's length terms and the aggregate net consideration receivable in respect of any such Disposal does not exceed £20 million (Indexed) (or its equivalent) in any period of three years after the Closing Date; and

(ii) where the Disposing Company is an Obligor and the Acquiring Company is an Obligor, if the asset was subject to a Security Interest from the Disposing Company, upon the acquisition it is subject to an equivalent Security Interest given from the Acquiring Company;

(c) of assets (other than Shares, businesses, Real Property and Intellectual Property) in exchange for other assets of comparable or superior quality for use in connection with the Permitted Business;

(d) of vehicles, plant and equipment or other fixed assets which in each case are obsolete or redundant;

(e) of Cash Equivalent Investments for cash or in exchange for other Cash Equivalent Investments;

(f) constituted by a licence of intellectual property rights permitted by the Common Terms Agreement;

(g) constituting a Permitted Joint Venture Investment;

(h) arising as a result of any Permitted Security or Permitted Reorganisation;

(i) by a member of Holdco Group compulsorily required by law or regulation having the force of law or any order of any government entity made thereunder and having the force of law; *provided that* and to the extent permitted by such law or regulation:

(i) such Disposal is made for fair market value; and

(ii) such Disposal does not have a Material Adverse Effect;

(j) of cash in the ordinary course of trading or not otherwise prohibited under the Senior Finance Documents (including by way of Restricted Payment);

(k) by way of the granting of easements or wayleaves over Real Property, or any part of them, in the ordinary course of trading of the disposing entity;

(l) or any other Disposal approved or consented to by way of an Extraordinary STID Resolution pursuant to the STID (see "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Types of Voting Categories—Common Documents—Extraordinary Voting Matters*");

(m) of a Permitted Business (including any shares in any member of the Holdco Group that is a subsidiary of the Borrower) other than any part of the UK roadside assistance business); *provided that* unless a Qualifying Public Offering has occurred prior to the date of completion of the Disposal (in which case the following sub-paragraphs shall not apply):

(i) where the aggregate Disposal Proceeds for that Financial Year are equal to or less than £25 million (or its equivalent) (Indexed), the Disposal Proceeds from that Disposal are committed for reinvestment in a Permitted Business within 12 months of that Disposal and applied in such reinvestment within 18 months of that Disposal or, if not committed within 12 months and/or applied within 18 months, applied in prepayment of the Obligor Senior Secured Liabilities;

(ii) to the extent aggregate Disposal Proceeds from that Financial Year from Disposals made pursuant to this paragraph (m) exceed £25 million (Indexed) (or its equivalent) the excess Disposal Proceeds shall be applied in accordance with *"Description of Certain Financing Arrangements—Common Terms Agreement—Cash Management"*; and

(iii) notwithstanding paragraphs (m)(i) and (ii), where a Trigger Event has occurred and is subsisting all Disposal Proceeds from a Disposal made pursuant to this paragraph (m) shall be applied in prepayment of the Obligor Senior Secured Liabilities;

(n) of shares in any member of Holdco Group which is a dormant company for the purposes of the Companies Act 2006;

(o) which is a Permitted Tax Transaction;

(p) made in accordance with the PwC Structure Memorandum;

(q) which is a lease or licence of Real Property in the ordinary course of business;

(r) arising under sale/leaseback arrangements up to a maximum capitalised value of £10 million (Indexed) (or its equivalent) at any time; and

(s) of any assets that are otherwise permitted to be disposed of pursuant to paragraphs (d) or (m) of this definition to a limited liability special purpose vehicle established to acquire those assets on behalf of the Holdco Group, and the subsequent Disposal of that special

purpose vehicle where the assets transferred to that special purpose vehicle are the only material assets thereof.

"Permitted Financial Indebtedness" . . . . . Financial Indebtedness:

(a) incurred on the Closing Date under the Transaction Documents;

(b) which is Additional Financial Indebtedness;

(c) arising under any Investor Funding Loan;

(d) arising under a Permitted Loan or under or in respect of a Permitted Guarantee, Permitted Joint Venture Investment or as permitted by the CTA;

(e) of any person acquired by a member of the Holdco Group after the Closing Date which is incurred under arrangements in existence at the date of acquisition, but not incurred or increased or having its maturity date extended in contemplation of, or since, that acquisition, and outstanding only for a period of six months following the date of acquisition;

(f) under finance or capital leases of vehicles, plant, equipment or computers, or other assets useful for the business of the Holdco Group; *provided that* the aggregate capital value of all such items so leased under outstanding leases by members of the Holdco Group does not exceed £60 million (Indexed) (or its equivalent) at any time subject to the CTA;

(g) arising as a result of daylight exposures of any member of the Holdco Group in respect of net balance transfer arrangements made available on customary terms to members of the Holdco Group by its banks;

(h) arising under sale/leaseback arrangements to the extent such arrangements are permitted under paragraph (r) of the definition of "Permitted Disposal";

(i) until the Closing Date, the Existing Indebtedness;

(j) the indebtedness incurred by IP Co in relation to the ABF in accordance with the terms of the AA UK Pension Agreement;

(k) any other Financial Indebtedness approved or consented to by way of an Extraordinary STID Resolution pursuant to the STID; and

(l) not permitted by the preceding paragraphs and the outstanding principal amount of which, when aggregated with the aggregate principal amount guaranteed pursuant to paragraph (q) of the definition of "Permitted Guarantee" does not exceed:

(i) £20 million (or its equivalent) (Indexed) in aggregate for the Holdco Group at any time; or

(ii) following the completion of a Qualifying Public Offering, £50 million (or its equivalent) (Indexed) in aggregate for the Holdco Group at any time.

"Permitted Guarantee" . . . . . (a) The endorsement of negotiable instruments in the ordinary course of trade;

(b) any performance or similar Note, guarantee or indemnity or undertaking guaranteeing performance by a member of the Holdco Group under any contract entered into in the ordinary course of

business not being Financial Indebtedness (including any such contract entered into in undertaking the Permitted Business);

(c) any guarantee permitted by the Common Terms Agreement;

(d) any guarantee given in respect of the netting or set-off arrangements permitted pursuant to paragraph (d) of the definition of "Permitted Security";

(e) any guarantee granted under the Finance Documents;

(f) any guarantee given by a member of the Holdco Group in relation to an Obligor's obligations; *provided that* if the relevant member of the Holdco Group granting the guarantee is not an Obligor it has unconditionally and irrevocably waived its rights of subrogation and to require contribution from such Obligor thereunder or otherwise subordinated such claims under the STID;

(g) any guarantee by an Obligor of leasehold rental obligations of an Obligor (not being in respect of Financial Indebtedness);

(h) any other guarantee approved or consented to by way of an Extraordinary STID Resolution;

(i) any indemnity given in the ordinary course of an acquisition or Disposal which is a Permitted Acquisition or Permitted Disposal which indemnity is in customary form and subject to customary limitations;

(j) guarantees granted (prior to the relevant acquisition) by persons or undertakings acquired pursuant to a Permitted Acquisition (*provided that* such guarantees are not incurred, increased, or have their maturity date(s) extended in contemplation of, or following, the relevant acquisition) for a period of six months after the date of completion of the relevant acquisition;

(k) any guarantee which, were it an extension of credit, would be permitted under the definition of "Permitted Loan" to the extent that the issuer of the relevant guarantee would have been entitled to make a loan in an equivalent amount under the definition of "Permitted Loan" to the person whose obligations are being guaranteed (other than a Permitted Loan under paragraph (b) of the definition of Permitted Loan);

(l) indemnities given in favour of directors and officers of any member of the Holdco Group in respect of liabilities they may incur in discharging their duties as such;

(m) indemnities given to professional advisers and consultants in the ordinary course of business or to the Rating Agency;

(n) the guarantee dated 26 March 2009 (as amended on 26 March 2012) given by Automobile Association Insurance Services Limited to the AA UK Pension Trustees, the guarantees granted to the AA UK Pension Trustee under the AA UK Pension Agreement and the guarantee granted to the AA Ireland Pension Trustee under the AA Ireland Pension Agreement;

(o) any indemnity granted to the trustee of any employee share option or unit trust scheme, in each case related to the Holdco Group;

(p) any guarantee from TAAL in favour of a commercial counterparty or landlord in respect of obligations owing to such commercial

counterparty or landlord which are novated from TAAL to AADL in accordance with the Business Transfer Deed; and

(q) any guarantee not otherwise permitted under the preceding paragraphs, provided the outstanding principal amount guaranteed by all such guarantees, when aggregated with the aggregate of all loans made under paragraph (l) of the definition of "Permitted Loan", does not exceed:

(i) £20 million (or its equivalent) (Indexed) in aggregate for the Holdco Group at any time; or

(ii) following the completion of a Qualifying Public Offering, £50 million (or its equivalent) (Indexed) in aggregate for the Holdco Group at any time.

"Permitted Hedge Termination" . . . . . The termination of a Hedging Transaction or an OCB Secured Hedging Transaction permitted in accordance with the relevant Hedging Agreement, OCB Secured Hedging Agreement or Hedging Policy as applicable.

"Permitted Joint Venture Investment" . . . . . (a) Any investment in any Existing Joint Venture;

(b) any investment in the Joint Venture to be entered into by a member of the Holdco Group with law firms practicing personal injury claims in relation to the establishment of an "alternative business structure" law firm; and

(c) any other investment in any Joint Venture in respect of which no member of the Holdco Group has unlimited liability to contribute funds to the Joint Venture, *provided that*, in each case:

(i) the Joint Venture carries on its principal business in the United Kingdom, Ireland or, in respect of the Existing Joint Ventures, France and Belgium;

(ii) the Joint Venture is engaged in a Permitted Business;

(iii) save for any investment made in the period from the Closing Date until the end of the Financial Year ending 31 January 2015, any Joint Venture Investment made during a Bank Debt Sweep Period or a Cash Accumulation Period is funded solely from Retained Excess Cashflow, a New Shareholder Injection, an Investor Funding Loan, Additional Financial Indebtedness or Joint Venture Receipts;

(iv) the aggregate of all amounts subscribed for shares in, lent to, or invested in all such Joint Ventures by any member of the Holdco Group (each such subscription, loan, investment being a "**Joint Venture Investment**") does not exceed £30 million (or its equivalent) (Indexed) in any three year period after the Closing Date;

(v) no Trigger Event is subsisting or would result from the making of that Joint Venture Investment; and

(vi) no Sponsor and no Affiliate of any of the Sponsors or of any member of the Holdco Group has any interest in that Joint Venture.

"Permitted Loan" . . . . . (a) Any trade credit extended by any member of the Holdco Group to its customers, tenants or licensees, on normal commercial terms and in the ordinary course of trade;

(b) a loan that is a Permitted Joint Venture Investment;

(c) a loan made by an Obligor to another Obligor or made by a member of the Holdco Group which is not an Obligor to another member of the Holdco Group (*provided that* any such loan from a member of the Holdco Group that is not an Obligor to an Obligor is subordinated pursuant to the STID);

(d) any loan made by an Obligor to a member of the Holdco Group which is not an Obligor so long as the aggregate amount of the Financial Indebtedness under any such loans does not exceed £25 million (Indexed) (or its equivalent) at any time;

(e) a loan made by a member of the Holdco Group to an employee or director of any member of the Holdco Group, or a loan to a trust or special purpose vehicle to fund the acquisition of shares and loan notes of directors and employees whose appointment and/or contract is terminated, or any employee share scheme or unit trust scheme, if the principal amount of that loan (when aggregated with the amount of all other loans made pursuant to this paragraph by members of the Holdco Group) does not exceed £5 million (Indexed) (or its equivalent) at any time;

(f) any loan made by a member of the Holdco Group to an Excluded Group Entity in accordance with the Class A Restricted Payments Condition which is permitted to be made under the CTA;

(g) a loan pursuant to a facility agreement entered into by AA Corporation Limited or any other member of the Holdco Group in connection with a marketing collaboration agreement with Used Car Sites Limited or any of its Affiliates to facilitate the entry by the Holdco Group into the used car sales market; *provided that* the total commitments under such facility agreement shall at no time exceed £1 million;

(h) any loans described in the PwC Structure Memorandum;

(i) any deferred consideration in respect of a Permitted Disposal in an amount not exceeding the lower of £10 million (Indexed) (or its equivalent) and 20% of the sale consideration;

(j) any other loans or grant of credit approved or consented to by way of an Extraordinary STID Resolution;

(k) any loan from the Borrower to the Issuer funded from Retained Excess Cashflow, Additional Financial Indebtedness, New Shareholder Injection or Investor Funding Loan for the purpose of crediting the Issuer Debt Service Reserve Account for the purposes of satisfying the minimum liquidity requirements set out in the CTA; and

(l) any loan not permitted pursuant to one of the proceeding paragraphs so long as the aggregate amount of the Financial Indebtedness under any such loans does not exceed £5 million (Indexed) (or its equivalent) at any time.

"Permitted Payment" . . . . . Any payment:

(a) to Automobile Association Insurance Company Limited (Gibraltar) or Acromas Reinsurance Company Limited (Guernsey) for the purpose of providing Capital Resources to such entity to ensure that it meets its Regulatory Capital Requirements at the relevant time, provided the aggregate of all such payments made pursuant to this paragraph while any Obligor Senior Secured Liabilities are outstanding does not exceed £40 million; and *provided that*, in respect of each such payment:

(i) the Class A FCF DSCR in respect of the most recent Test Period is not less than the Trigger Event Ratio Level;

(ii) no Trigger Event has occurred and is subsisting at the time the payment is made; and

(iii) the payment is made within 90 days of the date of the most recent Compliance Certificate;

(b) to any Excluded Group Entity other than pursuant to paragraph (a) above; *provided that*:

(i) either no amounts under the Senior Term Facility are outstanding or a Qualifying Public Offering has occurred;

(ii) unless a Qualifying Public Offering has occurred, no Cash Accumulation Period is continuing;

(iii) the Class A FCF DSCR in respect of the most recent Test Period is not less than the Trigger Event Ratio Level;

(iv) the ratio of Total Class A Net Debt as at the most recent Test Date to EBITDA in respect of the Test Period ending on that Test Date calculated pro forma for such payment does not exceed 5.5:1.0;

(v) no Trigger Event has occurred and is subsisting at the time the payment is made;

(vi) the payment is funded from Retained Excess Cashflow or Additional Financial Indebtedness; and

(vii) the payment is made within 90 days of the date of the most recent Compliance Certificate delivered (x) with Financial Statements (where the payment is funded from Retained Excess Cashflow) or (y) pursuant to the CTA (where the payment is funded from Additional Financial Indebtedness);

(c) under any Class B Authorised Credit Facility; *provided that* either:

(i) the Class A FCF DSCR in respect of the most recent Test Period is not less than the Trigger Event Ratio Level and no Trigger Event has occurred and is subsisting at the time the payment is made; or

(ii) the payment is funded from amounts referred to in and made in accordance with paragraph (a)(ii) of Clause 42 (Payments under Class A IBLA and Class B Authorised Credit Facility) of Part C (General Covenants) of Schedule 3 (Holdco Group Covenants) to the Common Terms Agreement,

and in either case the payment is made on an Loan Interest Payment Date in respect of a Class A IBLA falling on or prior to the Final Maturity Date in respect of that Class B Authorised Credit Facility; or

(d) to any Class A Authorised Credit Provider under any Class A Authorised Credit Facility in accordance with the Finance Documents.

"Permitted Reorganisation" . . . . . (a) A reorganisation, on a solvent basis, involving the business or assets of, or shares of (or equivalent ownership interests in), any member of the Holdco Group (other than Holdco, Intermediate Holdco, the Borrower and AA Corporation) where:

(i) no CTA Event of Default is subsisting or would result from the reorganisation;

(ii) all of the business, assets and shares of (or other equivalent ownership in) the relevant member of the Holdco Group continue to be owned directly or indirectly by Holdco in the same or a greater percentage as prior to such reorganisation save for:

(A) the shares of (or equivalent ownership interests in) any member of the Holdco Group which has been merged into another member of the Holdco Group or which has otherwise ceased to exist (including by way of the collapse of a solvent partnership or solvent winding up of a corporate entity) as a result of a reorganisation which is otherwise permitted in accordance with this definition; or

(B) the business, assets and shares of (or equivalent ownership interests in) relevant members of the Holdco Group which cease to be owned:

(I) as a result of a Permitted Disposal or merger permitted under, but subject always to the terms of the Senior Finance Documents; or

(II) as a result of a cessation of business or solvent winding-up of the relevant member of the Holdco Group in conjunction with a distribution of all or substantially all of its assets remaining after settlement of its liabilities to its immediate shareholder(s) or other persons directly holding equivalent ownership interests in it; or

(III) as a result of a Disposal of shares (or equivalent ownership interests) in a member of the Holdco Group required to comply with applicable laws; *provided that* any such Disposal is limited to the minimum amount required to comply with such applicable laws; and

(iii) the Obligor Secured Creditors (or the Obligor Security Trustee on their behalf) will continue to have the same or substantially equivalent guarantees and security (ignoring for the purpose of assessing such equivalency any security from any entity which has ceased to exist as contemplated in sub-paragraph (a)(ii)(A) above) over the same or substantially equivalent assets and shares (or equivalent ownership interests) than over any shares (or equivalent ownership interests) which have ceased to exist as contemplated in sub-paragraph (a)(ii)(A) above), in each case to the extent such assets, shares or equivalent ownership interests are not disposed of as permitted under, but subject always to, the terms of the Senior Finance Documents; *provided that*, in all cases:

(A) in the case of any transfer of shares, such shares are subject to security in favour of the Obligor Secured Creditors (or the Obligor Security Trustee on their behalf) which is equivalent to any security applicable to such shares immediately prior to such reorganisation;

(B) the Obligor Security Trustee shall receive:

(I) a copy of all relevant corporate authorisations of relevant member of the Holdco Group authorising the reorganisation; and

(II) a copy of any other authorisation or other document, opinion or assurance (including the execution (or re-execution) of any Obligor Security Document) which the Obligor Security Trustee may specify in connection with the entry into and implementation of the reorganisation;

(b) the reorganisation of The Automobile Association Limited's business in Jersey on the terms contained in the Business Transfer Deed;

(c) implementation of the ABF on terms which conform in all material respects to the terms applicable to those documents as described in schedule 3 of the AA UK Pension Agreement;

(d) any reorganisation contemplated by the PwC Structure Memorandum; and

(e) any other reorganisation involving one or more members of the Holdco Group approved by the Obligor Security Trustee in accordance with the STID.

"Permitted Security" . . . . . (a) Any Security Interest created pursuant to the Obligor Security Documents;

(b) with effect from the ABF Implementation Date, any Security Interests granted in favour of the Partnership in all material respects in accordance with the terms set out in the AA UK Pension Agreement securing Financial Indebtedness owed by IP Co to the Partnership in respect of the ABF in an amount not exceeding £200 million;

(c) any Security Interest or quasi-security arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Holdco Group;

(d) any netting or set-off arrangement entered into by any member of the Holdco Group with an Acceptable Bank in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the Holdco Group but only so long as (i) such arrangement does not permit credit balances of Obligors to be netted or set off against debit balances of members of the Holdco Group which are not Obligors and (ii) such arrangement does not give rise to other Security Interests over the assets of Obligors in support of liabilities of members of the Holdco Group which are not Obligors (except in the case of (i) and (ii), to the extent such netting, set off or Security Interest relates to or is granted in support of, a loan permitted pursuant to paragraph (d) of the definition of "Permitted Loan");

(e) rights of set-off existing in the ordinary course of trading between any member of the Holdco Group and its customers;

(f) any Security Interest or quasi-security over or affecting any asset acquired by a member of the Holdco Group after the Closing Date if:

(i) the Security Interest or quasi-security was not created in contemplation of the acquisition of that asset by a member of the Holdco Group;

(ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Holdco Group; and

(iii) the Security Interest or quasi-security is removed or discharged within six months of the date of acquisition of such asset;

(g) any Security Interest or quasi-security over or affecting any asset of any company which becomes a member of the Holdco Group after the Closing Date, where the Security Interest or quasi-security is created prior to the date on which that company becomes a member of the Holdco Group if:

(i) the Security Interest or quasi-security was not created in contemplation of the acquisition of that company;

(ii) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and

(iii) the Security Interest or quasi-security is removed or discharged within six months of that company becoming a member of the Holdco Group;

(h) any Security Interest or quasi-security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Holdco Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Holdco Group;

(i) any quasi-security arising as a result of a Disposal which is a Permitted Disposal;

(j) any Security or quasi-security arising under any escrow arrangements put in place in relation to consideration payable by a member of the Holdco Group in respect of a Permitted Acquisition;

(k) any Security Interest or quasi-security arising as a consequence of any finance or capital lease permitted pursuant to (e) of the definition of "Permitted Financial Indebtedness";

(l) any netting or set-off arrangement under any ISDA Master Agreement entered into in respect of any Hedging Transaction or Treasury Transaction for the purposes of determining its obligations by reference to its net exposure under that agreement (and for the avoidance of doubt, not as a credit support provider under any such agreement);

(m) any netting or set-off arrangement or quasi-security constituting a Permitted Transaction;

(n) any Security Interest or quasi-security arising in the ordinary course of trade over documents of title or goods as part of a letter of credit transaction or in respect of other Permitted Financial Indebtedness;

(o) any Security over any rental deposits in respect of any Real Property leased or licensed by a member of the Holdco Group in the ordinary course of business;

(p) any Security over documents of title and goods as part of a documentary credit transaction;

(q) any Security Interest or quasi-security over bank accounts (other than the Designated Accounts) of a member of the Holdco Group in favour of the account holding bank with whom that member of the Holdco Group maintains a banking relationship in the ordinary course of trade and granted as part of that bank's standard terms and conditions;

(r) any Security Interest or quasi-security approved or consented to by way of an Extraordinary STID Resolution;

(s) any Security Interest arising under statute or by operation of law in favour of any government, state or local authority in respect of taxes, assessments or government charges which are being contested by the relevant member of the Holdco Group in good faith and with a reasonable prospect of success;

(t) any Security Interest created in respect of any pre-judgment legal process or any judgment or judicial award relating to security for costs, where the relevant proceedings are being contested in good faith by the relevant member of the Holdco Group by appropriate procedures and with a reasonable prospect of success;

(u) any Security Interest in respect of the Existing Financial Indebtedness provided such Security Interests are discharged in full on the Closing Date;

(v) any Security Interest which has been registered with the Registrar of Companies of England and Wales in respect of Financial Indebtedness which was irrevocably paid and discharged in full and all related commitment cancelled and in relation to which there is no obligation on the relevant creditor to provide any further financial accommodation; *provided that* Holdco shall procure that the relevant member of the Holdco Group registered as chargor uses its best endeavours to file a statement with the Registrar of Companies of England and Wales that the whole of the property charged has been released from the charge in the form of Form OSMG03 (or another equivalent form) as soon as reasonably practicable after the Closing Date;

(w) any Security Interest created pursuant to the Issuer Jersey Share Agreement; and

(x) any Security Interest or quasi-security securing indebtedness the outstanding principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of Security Interest given by any member of the Holdco Group other than any permitted under paragraphs (a) to (w) above) does not exceed:

(i) £20 million (Indexed) (or its equivalent) at any time; or

(ii) following the completion of a Qualifying Public Offering, £50 million (Indexed) (or its equivalent) at any time;

but, in each case other than paragraphs (a) and (b), excluding any such Security Interest or quasi-security over any Intellectual Property.

"Permitted Share Issue" . . . . . (a) An issue of shares by Holdco to its immediate Holding Company paid for in full in cash upon issue and which by their terms are not redeemable;

(b) any issue of shares by a member of the Holdco Group to another member of the Holdco Group; *provided that* if the shares of the issuer are subject to a Security Interest under the Obligor Security Documents the newly issued shares are made subject to the same Security Interest within 45 days of their issuance;

(c) where the issue is described in the PwC Structure Memorandum or constitutes a Permitted Transaction;

(d) any issue of shares by a member of the Holdco Group that has been acquired pursuant to paragraph (e) of the definition of "Permitted Acquisition"; *provided that* such member of the Holdco Group has not traded prior to such issue and does not own any assets at the time of such issue; and *provided that*, upon such issue, that member of the Holdco Group ceases to be a Subsidiary of Holdco; and

(e) any other issue of shares approved or consented to by way of an Extraordinary STID Resolution.

"Permitted Tax Transaction" . . . . . Any Group Relief transaction or payment for Group Relief or agreement relating to any tax benefit or relief or any other agreement in relation to tax between any Restricted Group Company and any other member of the Acromas Group or the Saga Group (including, without limitation, (a) any payment (i) from any Restricted Group Company to Saga Services Limited of an amount that would otherwise be due from that Restricted Group Company to HMRC on account of that Restricted Group Company's corporation tax liability or (ii) from Saga Services Limited to any Restricted Group Company of an amount that would otherwise be due from HMRC to that Restricted Group Company on account of a repayment of corporation tax or (b) any payment between any Restricted Group Company and Saga Group Limited in relation to such Restricted Group Company's membership of the Acromas VAT Group), in each case subject to and in accordance with the Tax Deed of Covenant.

"Permitted Transaction" . . . . . (a) Any Disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security Interest or quasi-security given, or other transaction arising, under the Transaction Documents;

(b) arrangements constituting a Permitted Reorganisation;

(c) where necessary to comply with tax or other legislation, any conversion of Subordinated Intragroup Liabilities into distributable reserves or, if required to so comply, registered share capital; *provided that* where the Subordinated Intragroup Liabilities were subject to a Security Interest under the Obligor Security Documents the share capital that Subordinated Intragroup Liability is converted into is subject to the same, or materially similar, Security Interest within 60 days of the conversion;

(d) any Permitted Tax Transaction; or

(e) any other transaction approved or consented to by way of an Extraordinary STID Resolution pursuant to the STID.

"personal member" . . . . . An individual who directly subscribes for roadside assistance coverage directly through a membership agreement with us within the B2C market.

"PFU" . . . . . Pay-for-use.

"Plan" . . . . . Any employee pension benefit plan subject to the provisions of Title IV of ERISA or section 412 of the Code or section 302 that is sponsored, maintained or contributed to by any member of the Holdco Group or any ERISA Affiliate.

"Potential Class A Note Event of Default" . . Any event which, with the lapse of time and/or the giving of any notice and/or the making of any determination (in each case where the lapse of time

	and/or giving of notice and/or determination is provided for in the terms of such Class A Note Event of Default, and assuming no intervening remedy), will become a Class A Note Event of Default.
"Potential Class B Note Event of Default" . .	Any event which, with the lapse of time and/or the giving of any notice and/or the making of any determination (in each case where the lapse of time and/or giving of notice and/or determination is provided for in the terms of such Class B Note Event of Default, and assuming no intervening remedy), will become a Class B Note Event of Default.
"Potential CTA Event of Default"	Any event which, with the lapse of time and/or the giving of any notice and/or the making of any determination (in each case where the lapse of time and/or giving of notice and/or determination is provided for in the terms of such CTA Event of Default, and assuming no intervening remedy), will become a CTA Event of Default.
"PP Note Issuer"	Such member of the Holdco Group which issues PP Notes from time to time.
"PP Note Issuer Hedging Agreement"	An ISDA Master Agreement substantially in the form of the Pro Forma Hedging Agreement to the Hedging Policy (as amended from time to time) entered into by the PP Note Issuer and a PP Note Issuer Hedge Counterparty in accordance with the Hedging Policy (in the form in effect at the time each relevant PP Note Issuer Hedging Transaction is entered into) and which governs the PP Note Issuer Hedging Transactions between such parties, and such term includes the schedule to the relevant ISDA Master Agreement and the confirmations evidencing the PP Note Issuer Hedging Transactions entered into under such ISDA Master Agreement.
"PP Note Issuer Hedging Transaction"	Any Treasury Transaction with respect to the Relevant Debt governed by a PP Note Issuer Hedging Agreement and entered into with the PP Note Issuer in accordance with the Hedging Policy.
"PP Note Purchase Agreement"	A note purchase agreement pursuant to which the PP Note Issuer issues PP Notes from time to time.
"PP Note SCR Agreement"	Each secured creditor representative agency deed authorising a party to act, and be named in the relevant accession memorandum, as Secured Creditor Representative for the relevant PP Noteholders.
"PP Note Secured Creditor Representative"	Any other person who is appointed as Secured Creditor Representative for PP Noteholders and authorised to act as such under a PP Note SCR Agreement.
"PP Noteholders"	Those institutions which hold PP Notes from time to time.
"PP Notes"	The privately placed notes issued by the PP Note Issuer from time to time under and pursuant to a PP Note Purchase Agreement.
"PPF"	Pension Protection Fund.
"PPNIBLA"	Any loan agreement entered into between the PP Note Issuer and the Borrower from time to time.
"PRA"	Prudential Regulation Authority or any successor from time to time.
"Principal Amount Outstanding"	In relation to a Note or Sub-Class, the original face value thereof less any repayment of principal made to the holder(s) thereof in respect of such Note or Sub-Class.
"Principal Paying Agents"	The Class A Principal Paying Agent and/or the Class B Principal Paying Agent, as the case may be.
"Programme"	The £5.0 billion multicurrency Note programme established under, or otherwise contemplated in, the Class A Dealership Agreement.
"Prospectus Directive"	Directive 2003/71/EC as amended by Directive 2010/73/EU.

"PwC Structure Memorandum"	The structure and tax memorandum entitled "Project Acorn—Proposed Refinancing of Debt" by PricewaterhouseCoopers LLP dated on or about the Closing Date.
"QIB"	The meaning given to it in Rule 144A under the U.S. Securities Act 1933.
"Qualifying Issuer Senior Creditors"	The holders of the Class A Notes and each Issuer Hedge Counterparty that is party to an Issuer Hedging Agreement in respect of the Class A Notes.
"Qualifying Issuer Senior Debt"	The sum of (a) the Principal Amount Outstanding of the Class A Notes and (b) the mark-to-market value of all transactions arising under Issuer Hedging Agreements in respect of the Class A Notes to the extent that such value represents an amount which would be payable to the relevant Issuer Hedge Counterparties if an early termination date was designated at relevant date in respect of such transactions as determined by the relevant Issuer Hedge Counterparty in accordance with the Issuer Hedging Agreements, as certified by the relevant Issuer Hedge Counterparty to the Class A Note Trustee.
"Qualifying Obligor Junior Creditors"	Each Obligor Secured Creditor to which Qualifying Obligor Junior Secured Liabilities are owed, acting through its Secured Creditor Representative(s).
"Qualifying Obligor Junior Secured Liabilities"	(a) The Outstanding Principal Amount under any Class B IBLA at such time; (b) the Outstanding Principal Amount under any other Class B Authorised Credit Facility at such time; and (c) following the Obligor Senior Discharge Date, subject to Entrenched Rights which apply at all times, in respect of each OCB Secured Hedge Counterparty and the matters described in the STID only, the Outstanding Principal Amount under the OCB Secured Hedging Transactions of that OCB Secured Hedge Counterparty at such time.
"Qualifying Obligor Secured Creditor Instruction Notice"	In respect of any matter which is not the subject of a STID Proposal or an Enforcement Instruction Notice or a Further Enforcement Instruction Notice and except where expressly provided for otherwise in the STID, an instruction to the Obligor Security Trustee from any Qualifying Obligor Secured Creditor which by itself or together with any other Qualifying Obligor Secured Creditor(s) is or are owed. Qualifying Obligor Secured Liabilities having an aggregate Outstanding Principal Amount of at least 20% (or such other percentage as may be required pursuant to the Common Terms Agreement) of the aggregate Outstanding Principal Amount of all Qualifying Obligor Secured Liabilities.
"Qualifying Obligor Secured Creditors"	(a) Each Obligor Secured Creditor to which Qualifying Obligor Senior Secured Liabilities are owed, acting through its Secured Creditor Representative(s) and (b) each Issuer Hedge Counterparty for the purposes of paragraph (c) of the definition of "Qualifying Obligor Senior Secured Liabilities."
"Qualifying Obligor Secured Liabilities" . . .	Having an aggregate Outstanding Principal Amount of at least 20% (or such other percentage as may be required pursuant to the Common Terms Agreement) of the aggregate Outstanding Principal Amount of all Qualifying Obligor Secured Liabilities.
"Qualifying Obligor Senior Creditors"	(i) Each Obligor Secured Creditor to which Qualifying Obligor Senior Secured Liabilities are owed, acting through its Secured Creditor Representative(s) and (ii) each Issuer Hedge Counterparty for the purposes of paragraph (c) of the definition of Qualifying Obligor Senior Secured Liabilities;

"Qualifying Obligor Senior Secured Liabilities:	(a)	The Outstanding Principal Amount under any Class A IBLA at such time;
	(b)	the Outstanding Principal Amount under each other Class A Authorised Credit Facility (including any PP Note Purchase Agreement where the Borrower is the PP Note Issuer or PPNIBLA constituting a Class A Authorities Credit Facility but excluding any Liquidity Facility Agreement and the Borrower Hedging Agreements) at such time;
	(c)	Subject to Entrenched Rights which apply at all times, in respect of each Issuer Hedge Counterparty and the matters described under "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Qualified Obligor Secured Liabilities*" only, the Outstanding Principal Amount under the Issuer Hedging Transactions of that Issuer Hedge Counterparty at such time;
	(d)	Subject to Entrenched Rights which apply at all times, in respect of each Borrower Hedge Counterparty and the matters described under "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Qualified Obligor Secured Liabilities*" only, the Outstanding Principal Amount under the Borrower Hedging Transactions of that Borrower Hedge Counterparty at such time; and
	(e)	Prior to the Obligor Senior Discharge Date, subject to Entrenched Rights which apply at all times, in respect of each OCB Secured Hedge Counterparty and the matters described under "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Qualified Obligor Secured Liabilities*" only, the Outstanding Principal Amount under the OCB Secured Hedging Transactions of the OCB Secured Hedge Counterparty at such time.
"Qualifying Public Offering"	A listing of all or any part of the share capital of Holdco or any of the Holding Companies of Holdco (other than any such Holding Company that is also a Holding Company of the Saga Group) on any recognised investment exchange (as that term is defined in the Financial Services and Markets Act 2000 (England and Wales)) or other exchange or market in any jurisdiction or country; *provided that*:	
	(a)	the ratio of Total Net Debt to EBITDA for the most recent Test Period (calculated on a pro forma basis to take account of any prepayment of the Obligor Secured Liabilities from the proceeds of such listing (but not taking account of such proceeds in the calculation of Total Net Debt to the extent that such proceeds are not applied in prepayment) and to take into account any Restricted Payment to be made on or around completion of that listing to the extent funded by Cash or Cash Equivalent Investments of the Holdco Group) is less than 4.25:1.00; and
	(b)	the Ratings Agency confirmed, on or about the time of the offering, in a form and substance reasonably satisfactory to the Obligor Security Trustee, that the rating of the Class A Notes would, following the proposed listing, be BBB or higher.
"Quotation Day"	In relation to any period for which an interest rate is to be determined, the first day of that period unless market practice differs in the Relevant Interbank Market for a currency, in which case the Quotation Day for that currency will be determined by the relevant Facility Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).	
"Rating Agency"	Means S&P and any successor.	

"Rating Confirmation"	In respect of a proposed action means a confirmation in writing by the Rating Agency from time to time (who gives such Rating Confirmations as a part of its mandate), in respect of each Class or Sub-Class of the relevant Notes, to the effect that the then rating on such Class or Sub-Class of Notes would not be reduced below the lower of (a) the Initial Rating of such Notes or (b) the then current credit rating (before the proposed action).
"Real Property"	(a) Any freehold, leasehold or immovable property; and (b) Any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of that freehold, leasehold or immovable property.
"Receiver"	Any receiver, manager, receiver and manager or administrative receiver who (in the case of an administrative receiver) is a qualified person in accordance with the Insolvency Act 1986 and who is appointed: (a) by the Obligor Security Trustee under the Obligor Security Documents in respect of the whole or any part of the Obligor Security; (b) by the Issuer Security Trustee under the Issuer Deed of Charge in respect of the whole or any part of the Issuer Security; or (c) by the Obligor Security Trustee, under the Topco Security Documents in respect of whole or part of the Topco Security.
"Refinancing"	The repayment of the facilities under each of (i) the Existing Senior Facility Agreement and (ii) the Existing Mezzanine Facilities Agreement with the proceeds from the Senior Term Facility, the Offering and the offering of the Class A Notes.
"Register"	The Class A Register or the Class B Register, as the case may be.
"Registered Note"	A Class A Registered Note or a Class B Note.
"Registered Definitive Note"	A Class A Registered Definitive Note or a Class B Registered Definitive Note.
"Registrars"	The Class A Registrar and/or the Class B Registrar, as the case may be.
"Regulations"	(a) In respect of the Class A Notes, the regulations concerning the transfer of Class A Notes as the same may be promulgated from time to time by the Issuer and approved by the Class A Registrar and the Class A Note Trustee (the initial such regulations being set out in the Class A Agency Agreement) and (b) in respect of the Class B Notes, the regulations concerning the transfer of Class B Notes as the same may be promulgated from time to time by the Issuer and approved by the Class B Registrar and the Class B Note Trustee (the initial such regulations being set out in the Class B Agency Agreement).
"Regulation S"	Regulation S adopted by the SEC under the U.S. Securities Act.
"Regulation S Global Note"	A Class A Regulation S Global Note or a Class B Regulation S Global Note.
"Regulatory Capital Requirements"	For the purposes of the definition of "Restricted Cash", means in relation to an authorised person the minimum Capital Resources which it is required to maintain at a solo level and a consolidated level (i) under INSPRU 6, GENPRU 2.1 or MIPRU 4.2 as applicable or, if greater, (ii) pursuant to individual capital guidance given by the PRA or the FCA, as the case may be.
"Regulatory Direction"	In relation to any person, a direction or requirement of any Governmental Authority with whose direction or requirements such person is accustomed to comply.
"Relevant Debt"	Any principal amount outstanding (without double counting) under the Senior Term Facility Agreement, the PP Notes, the Working Capital Facility

	Agreement, the Class A Notes, the Class A IBLA, any debt incurred under any other Class A Authorised Credit Facility and any other debt incurred by the Issuer, the Borrower and/or the PP Note Issuer from time to time that bears interest at a floating rate and is denominated in a foreign currency and bears interest at a fixed rate and in either case that ranks *pari passu* with the foregoing debt, (other than (i) any Liquidity Facility, (ii) any Hedging Agreement, (iii) any OCB Secured Hedging Agreement, (iv) any amounts payable to the Issuer by way of the Fifth Facility Fee, (v) any amounts payable to the Issuer by way of the Sixth Facility Fee and (vi) any back-to-back hedge agreement entered into between the Issuer and the Borrower).
"Relevant Interbank Market"	The London interbank market.
"Relevant Jurisdiction"	In relation to an Obligor: (a) its jurisdiction of incorporation; (b) any jurisdiction where any asset subject to or intended to be subject to the Obligor Security Documents to be created by it is situated; (c) any jurisdiction where it conducts its business; and (d) the jurisdiction whose laws govern the perfection of any of the Obligor Security Documents entered into by it.
"Relevant Time"	11.00 a.m., in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR.
"Relevant Transaction"	Any transaction between the parties which is subject to the clearing obligation pursuant to Article 4 of EMIR.
"Relevant Transaction Clearing Deadline Date"	The date by which the transaction is or was required to be Cleared under and in accordance with EMIR.
"repeat business"	Income from renewing personal members and insurance customers, multi-year B2B roadside assistance contracts and driving services contracts, and driving school franchisees that contribute to turnover.
"Required Accumulation Percentage"	In respect of any Cash Accumulation Period, the percentage of Projected Excess Cashflow (as specified in the relevant Authorised Credit Facility) required to be deposited into the Excess Cashflow Account on each applicable date in accordance with the terms set forth under "*Description of Certain Financing Arrangements—Common Terms Agreement—Cash Management—Excess Cashflow Account.*"
"Required Sweep Percentage"	In respect of a Cash Sweep Payment Date, the percentage of Excess Cashflow (as specified in the relevant Class A Authorised Credit Facility with a then-existing Bank Debt Sweep Period) required to be applied towards prepaying the Outstanding Principal Amount under the relevant Class A Authorised Credit Facility on that Cash Sweep Payment Date, subject to and in accordance with the Obligor Pre-Acceleration Priority of Payments.
"Requisite Ratings"	In respect of any person, such person's long term unsecured debt obligations being rated by the Rating Agency at least BBB- or such lower rating as may be agreed between the Borrower, the Obligor Security Trustee, the Issuer Security Trustee and the Rating Agency; *provided that* any such lower rating would not lead to any downgrade, withdrawal or the placing on "credit watch negative" (or equivalent) of the then current ratings of the Class A Notes.
"Reservations"	(a) The principle that equitable remedies are remedies which may be granted or refused at the discretion of the court, the limitation of enforcement by laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws generally affecting the rights of creditors; (b) The time barring of claims under applicable limitation laws (including the Limitation Acts), the possibility that an undertaking

to assume liability for or to indemnify a person against non-payment of stamp duty may be void, defences of set off or counterclaim; and

(c) Any other general principles which are set out as qualifications as to matters of law in any Opinion.

"Restricted Cash" . . . . . Cash held by any member of the Holdco Group to the extent that depriving such member of the Holdco Group of that cash would cause any authorised person in the Holdco Group to fail to satisfy its Regulatory Capital Requirements.

"Restricted Group Company" . . . . . Topco and each Subsidiary of Topco.

"Restricted Payment" . . . . . (a) Any payment (in cash or in kind) of a dividend, charge, fee or other distribution on or in respect of its shares or share capital (or any class of it), any funds from any of their premium account or any management, advisory, servicing or other fee or any other payment by an Obligor to or to the order of any Excluded Group Entity;

(b) Any payment or repayment of interest, principal, fees of other amounts under any Investor Funding Loan or other loan made by a member of the Holdco Group to an Excluded Group Entity; or

(c) Any payment of any amount under any Class B Authorised Credit Facility.

"Retail Prices Index" . . . . . The all items retail prices index for the United Kingdom published by the Office for National Statistics as made available by the Bank of England (at http://www.bankofengland.co.uk/publications/inflationreport/irlatest.htm) or if the retail prices index ceases to exist, such other indexation procedure as the Obligor Security Trustee may approve on recommendation of the Holdco Group Agent.

"Retained Excess Cashflow" . . . . . At any time, the cumulative aggregate amount of Excess Cashflow released and made available to the Holdco Group from the Excess Cashflow Account after each Loan Interest Payment Date falling in July in accordance with the Obligor Pre-Acceleration Priority of Payments, to the extent unspent at that time.

"Rule 144A" . . . . . Rule 144A adopted by the SEC under the U.S. Securities Act.

"Rule Set" . . . . . With respect to a CCP Service, the relevant rules, conditions, procedures, regulations, standard terms, membership agreements, collateral addenda, notices, guidance, policies or other such documents promulgated by the relevant CCP and amended and supplemented from time to time.

"S&P" . . . . . Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. or any successor to its rating business.

"Saga Group" . . . . . Saga Leisure Limited and its subsidiaries.

"Saga Pension Scheme" . . . . . The Saga Group pension and life assurance scheme which is currently governed by a trust deed and rules dated 18 August 2003 (as amended).

"Screen Rate" . . . . . In relation to LIBOR, the London interbank offered rate administered by the British Bankers Association (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Reuters screen (or any replacement Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters. If such page or service ceases to be available, the Facility Agent, or if none, the relevant Authorised Credit Provider under the relevant Authorised Credit Facility may specify another page or service displaying the relevant rate after consultation with the Borrower.

"SEC" . . . . . Securities and Exchange Commission.

"Second Facility Fee" . . . . . The ongoing facility fee payable by the Borrower to the Issuer equal to:

(a) before a Note Acceleration Notice has been given, all amounts due and payable by the Issuer under paragraph 2 of the Issuer Pre-Acceleration Priority of Payments; and

(b) after a Note Acceleration Notice has been given, all amounts due and payable by the Issuer under paragraph (b) of the Issuer Post-Acceleration Priority of Payments,

as applicable and as the context may so require.

"Secured Creditor Representative" . . . . . The representative of an Obligor Secured Creditor or Topco Secured Creditor appointed in accordance with the STID.

"Secured Creditors" . . . . . The Obligor Secured Creditors and the Issuer Secured Creditors.

"Secured Pensions Liabilities" . . . . . The AA UK Secured Pension Liabilities and the AA Ireland Secured Pension Liabilities.

"Securities Act" . . . . . The United States Securities Act of 1933, as amended.

"Security Interest" . . . . . A mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"Semi-Annual Financial Statements" . . . . . Consolidated unaudited Semi-Annual Financial Statements of the Holdco Group prepared as if the members of the Holdco Group and the Issuer constituted a statutory group for consolidation purposes for the first financial half year in each Financial Year, as soon as they are available but in any event within 90 days after the end of such financial half year.

"Senior Finance Documents" . . . . . (a) Any Class A IBLA;

(b) The CTA;

(c) Any STF Finance Documents;

(d) Any WCF Finance Documents;

(e) The Liquidity Facility Agreement;

(f) The Borrower Hedging Agreements;

(g) The OCB Secured Hedging Agreements;

(h) The Obligor Security Documents;

(i) The Master Definitions Agreement;

(j) The Borrower Account Bank Agreement;

(k) Each other Class A Authorised Credit Facility;

(l) (A) Any fee letter, commitment letter, arrangement letter, or request entered into in connection with the facilities referred to in paragraphs (a), (c), (d), (e) and (k) above or the transactions contemplated in such facilities and (B) any other document that has been entered into in connection with such facilities or the transactions contemplated thereby that has been designated as a Senior Finance Document by the parties thereto (including at least one Obligor);

(m) The Tax Deed of Covenant;

(n) Each agreement or other instrument designated as a Senior Finance Document by the Holdco Group Agent, the Obligor Security Trustee and, if applicable, such additional Obligor Secured Creditor

	in the accession memorandum for such additional Obligor Secured Creditor; and (o) Any amendment and/or restatement agreement relating to any of the above documents.
"Senior Finance Party"	A Class A Authorised Credit Provider or any other person which is a Finance Party under a Class A Authorised Credit Facility.
"Senior Term Facility"	The senior term facility provided under the Senior Term Facility Agreement.
"Senior Term Facility Agreement"	The senior term facility agreement entered into on or about the Closing Date between, amongst others, the Borrower, the STF Agent, the STF Arrangers and the Original STF Lenders.
"Separation"	The separation of the AA Group's operations from the Acromas Group and the Saga Group to be undertaken in connection with the Refinancing. See *"The Transactions—The Separation.*"
"Seventh Facility Fee"	The ongoing facility fee payable by the Borrower to the Issuer equal to: (a) before a Note Acceleration Notice has been given, all amounts due and payable by the Issuer under paragraph 9 of the Issuer Pre-Acceleration Priority of Payments; and (b) after a Note Acceleration Notice has been given, all amounts due and payable by the Issuer under paragraph (g) of the Issuer Post-Acceleration Priority of Payments, as applicable and as the context may so require.
"Share Enforcement Event"	The events set forth in the Class B IBLA which permit the Obligor Security Trustee acting upon the instructions of the Topco Secured Creditors under and in accordance with the STID, to enforce the Topco Payment Undertaking and the Topco Security Documents.
"Sixth Facility Fee"	The ongoing facility fee payable by the Borrower to the Issuer equal to: (a) before a Note Acceleration Notice has been given, all amounts due and payable by the Issuer under paragraph 6(a) of the Issuer Pre-Acceleration Priority of Payments; and (b) after a Note Acceleration Notice has been given, all amounts due and payable by the Issuer under paragraph (e)(ii) of the Issuer Post-Acceleration Priority of Payments, as applicable and as the context may so require.
"Specified Time"	11.00 a.m., in the case of a determination of LIBOR, or 11.00 a.m. Brussels time, in the case of a determination of EURIBOR.
"Special Regulated Entity"	Any of AA Underwriting Limited, Automobile Association Underwriting Services Limited, Automobile Association Insurance Services Limited and Drakefield Insurance Services Limited.
"Sponsors"	(a) Charterhouse, CVC, Permira Advisers; and (b) Any fund, partnership or other entity managed and controlled by any of the persons referred to in paragraph (a) above or their Affiliates.
"Standby Drawing"	A drawing made under the Liquidity Facility Agreement (i) as a result of a downgrade of a Liquidity Facility Provider below the Requisite Rating or

	(ii) in the event that the Liquidity Facility Provider fails to renew its commitment.
"Sterling" and "£"	The lawful currency for the time being of the UK.
"STF Agent"	Deutsche Bank AG, London Branch.
"STF Arrangers"	Deutsche Bank AG, London Branch, The Royal Bank of Scotland plc, Banc of America Securities Limited, The Bank of Tokyo–Mitsubishi UFJ, Ltd., Barclays Bank PLC, HSBC Bank plc, Lloyds TSB Bank plc, Royal Bank of Canada and UBS Limited.
"STF Finance Document"	The Senior Term Facility Agreement the fee letters in respect of and in relation to the Senior Term Facility Agreement, the Common Documents and any other document designated as such by the Initial STF Agent and the Holdco Group Agent. See "*Description of Certain Financing Arrangements—Senior Term Facility*."
"STF Lender"	(a) Any Original STF Lender; and (b) Any bank, financial institution, trust, fund or other entity which has become a Party as an "STF Lender" in accordance the Senior Term Facility Agreement, which in each case has not ceased to be an STF Lender in accordance with the terms of the Senior Term Facility Agreement.
"STF Loan"	A term loan under the Senior Term Facility.
"STID"	The security trust and intercreditor deed between, amongst others, the Issuer, the Borrower, the initial Obligors, the Obligor Security Trustee, each Note Trustee and the Issuer Security Trustee entered into on the Closing Date.
"STID Proposal"	A proposal or request made by the Holdco Group Agent in accordance with the STID proposing or requesting the Obligor Security Trustee to concur in making any modification, giving any consent or granting any waiver under or in respect of any Common Document.
"Stock Exchange"	The Irish Stock Exchange or any other or further stock exchange(s) on which any Notes may from time to time be listed, and references to the "relevant Stock Exchange" shall, in relation to any Notes, be references to the Stock Exchange on which such Notes are, from time to time, or are intended to be, listed.
"Sub-Class"	With respect to the Class A Notes, those Class A Notes which are identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Price, such Sub-Class comprising one or more Sub-Classes of Class A Notes.
"Subordinated Hedge Amounts"	Any termination payment due or overdue to: (a) a Borrower Hedge Counterparty under any Borrower Hedging Agreement; or (b) an Issuer Hedge Counterparty under any Issuer Hedging Agreement; or (c) an OCB Secured Hedge Counterparty under any OCB Secured Hedging Agreement, which arises as a result of the occurrence of an Event of Default (as defined in the relevant Hedging Agreement or OCB Secured Hedging Agreement, as applicable) where the relevant Hedge Counterparty or OCB Secured Hedge

	Counterparty is the Defaulting Party (as defined in the relevant Hedging Agreement or OCB Secured Hedging Agreement, as applicable).
"Subordinated Intragroup Creditor"	The Borrower, Holdco, each other Obligor, Autowindshields (UK) Limited and any other member of the Holdco Group which is a party or accedes to the STID as a Subordinated Intragroup Creditor.
"Subordinated Intragroup Liabilities"	All present and future liabilities at any time of any Obligor to a Subordinated Intragroup Creditor in respect of any Financial Indebtedness.
"Subordinated Investor"	Each Investor which is party, or accedes, to the STID as a Subordinated Investor.
"Subordinated Liquidity Amount"	The proportion of any amount of interest payable in respect of any Liquidity Drawing which is attributable to the step-up margin.
"Subscription Agreement"	An agreement supplemental to the Class A Dealership Agreement (by whatever name called) substantially in the form set out in the Class A Dealership Agreement or in such other form as may be agreed between, among others, the Issuer and the Lead Manager or one or more Dealers (as the case may be).
"Subsidiary"	(a) A subsidiary within the meaning of section 1159 (and Schedule 6) of the Companies Act 2006; (b) unless the context otherwise requires, a "Subsidiary Undertaking" within the meaning of section 1162 (and Schedule 7) of the Companies Act 2006; (c) in respect of any Obligor, a subsidiary within the meaning of Section 155 of the Companies Act 1963 or Ireland; and (d) in respect of the Issuer, a subsidiary within the meaning of Articles 2 and 2A of the Companies (Jersey) Law 1991, *provided that*, for the purposes of the Common Terms Agreement the Issuer shall not be considered to be a subsidiary of Holdco or any member of the Holdco Group.
"Successor"	In relation to the Principal Paying Agents, the other Paying Agents, the Reference Banks, the Registrars, the Transfer Agents, the Class A Agent Bank and the Calculation Agent, any successor to any one or more of them in relation to the Notes of the relevant Class which shall become such pursuant to the provisions of the Class A Note Trust Deed, Class B Note Trust Deed, the Class A Agency Agreement or Class B Agency Agreement (as the case may be) and/or such other or further principal paying agent, paying agents, reference banks, registrar, transfer agent, agent bank and calculation agent (as the case may be) in relation to the Notes as may from time to time be appointed as such, and/or, if applicable, such other or further specified offices (in the case of the Principal Paying Agents and the Registrars being within the same city as the office(s) for which it is substituted) as may from time to time be nominated, in each case by the Issuer and the Obligors, and (except in the case of the initial appointments and specified offices made under and specified in the Class A Conditions, Class B Conditions, the Class A Agency Agreement and/or Class B Agency Agreement, as the case may be) notice of whose appointment or, as the case may be, nomination has been given to the Noteholders.
"TAAL"	The Automobile Association Limited, a limited liability company registered in Jersey with registration number 73356.
"TAAL Business Transfer Implementation Date"	The date on which the final transfer of the business, assets and undertakings of TAAL to AADL completes in accordance with the Business Transfer Deed.
"TAAL Share Security Agreement"	The security interest agreement dated on or around the Closing Date between AA Corporation Limited and the Obligor Security Trustee in respect of the shares in TAAL.

"Tax"	Any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest) and Taxes, taxation, taxable and comparable expressions will be construed accordingly.
"Tax Covenantors"	Acromas Holdings Limited, AA Limited, Topco, Holdco, AA Acquisition Co Limited, the Borrower, AA Corporation Limited and the Issuer.
"Tax Deed of Covenant"	The deed to be entered into on or about the Closing Date by (among others) the Tax Covenantors, the Issuer, the Obligor Security Trustee and the Issuer Security Trustee regulating certain tax related issues including, but not limited to, group payment arrangements, VAT tax grouping, tax de-grouping and Group Relief.
"TDC Breach"	Any breach of a covenant, representation, warranty or other obligation contained in the Tax Deed of Covenant, provided that any matter or circumstance (the "Relevant Matter or Circumstance") which would, ignoring paragraphs (a) to (e) below, result in a TDC Breach shall not give rise to a TDC Breach to the extent that: (a) the Relevant Matter or Circumstance arises as a result of entering into the ABF; (b) AA Limited has made any payment(s) fully in compliance with the Tax Deed of Covenant which compensate(s) for the effect of such Relevant Matter or Circumstance; (c) AA Limited compensates the relevant Restricted Group Company (or procures that it is compensated) in accordance with the Tax Deed of Covenant in such a way that the Restricted Group Companies are left in the same overall economic position that they would have been in had the Tax liability not arisen and the Relevant Matter or Circumstance not occurred; (d) the aggregate Tax liabilities for which any Restricted Group Company has or could (including, without limitation, upon a subsequent enforcement over the shares in any Restricted Group Company) become liable as a result of the Relevant Matter or Circumstance (together with any other matters or circumstances arising in the period of three years prior to the Relevant Matter or Circumstance which would, ignoring this paragraph (d), result in a TDC Breach) are equal to or less than £25 million; or (e) the Obligor Security Trustee and the Issuer Security Trustee have consented to any action undertaken by any person which gives rise to the Relevant Matter or Circumstance in advance and in writing in response to a request for consent setting out all material details of the nature of the potential breach and a quantification of the Tax liabilities that would arise in consequence of such breach.
"Test Date"	31 January and 31 July in each year or such other dates as may be agreed as a result of a change in Accounting Reference Date (and associated change in the calculation of financial covenants) relating to any Obligor and the Holdco Group.
"Test Period"	The 12 month period ending on a Test Date.
"Third Facility Fee"	The ongoing facility fee payable by the Borrower to the Issuer equal to: (a) before a Note Acceleration Notice has been given, all amounts due and payable by the Issuer under paragraph 3 of the Issuer Pre-Acceleration Priority of Payments; and (b) after a Note Acceleration Notice has been given, there shall be no Third Facility Fee payable, as applicable and as the context may so require.

"Topco"	AA Mid Co Limited, a limited liability company registered in England and Wales with registration number 5088289.
"Topco Enforcement Instruction"	See *"Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed— Enforcement of the Topco Security—Instructions to Enforce."*
"Topco Payment Undertaking"	The English law deed of undertaking dated on or about the Closing Date between Topco, the Issuer and the Obligor Security Trustee.
"Topco Secured Creditor"	(a) The Obligor Security Trustee; (b) The Issuer; (c) Each other Class B Authorised Credit Provider; (d) Any Receiver or administrative receiver appointed by the Obligor Security Trustee in respect of the Topco Security; and (e) Each Facility Agent under any Class B Authorised Credit Facility.
"Topco Secured Liabilities"	All present and future obligations and liabilities (whether actual or contingent) of Topco to any Topco Secured Creditor under each Topco Transaction Document.
"Topco Secured Property"	The whole of the right, title, benefit and interest of Topco in the property, rights and assets of Topco secured by or pursuant to the Topco Security.
"Topco Security"	The security interest constituted by the Topco Security Documents.
"Topco Security Agreement"	The English law security agreement dated on or about the Issue Date between the Topco Obligor, the Issuer and the Obligor Security Trustee.
"Topco Security Documents"	(a) The Topco Security Agreement; (b) The STID and each deed of accession thereto, together with any agreement or deed supplemental to the STID; (c) Any document evidencing or creating security over any asset of Topco to secure any obligation of Topco to a Topco Secured Creditor in respect of any Topco Secured Liabilities; and (d) Any other document or agreement designated as a "Topco Security Document" by Topco, the Issuer and the Obligor Security Trustee. or any of them, as applicable and as the context may so require.
"Topco Security Enforcement Condition"	The meaning given to it in the STID (see *"Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed— Enforcement of the Topco Security—Topco Security Enforcement Condition"*).
"Topco Transaction Documents"	(a) The Topco Payment Undertaking; (b) The Topco Security Documents; (c) Any accession memorandum in respect of an additional Topco Secured Creditor; and (d) Any other document designated as a "Topco Transaction Document" by a Class B Authorised Credit Provider and the Obligor Security Trustee.
"Total Class A Net Debt"	At any time, the aggregate amount of all obligations of members of the Holdco Group for or in respect of Financial Indebtedness incurred in

connection with the Class A IBLA, the Senior Term Facility, the Working Capital Facility, the Liquidity Facility and any other Obligor Senior Secured Liabilities that ranks *pari passu* with, or senior to, the Class A IBLA, the Senior Term Facility, the Working Capital Facility and the Liquidity Facility at that time but:

(a) excluding any such obligations to any other member of the Holdco Group;

(b) deducting the aggregate amount of Cash and Cash Equivalent Investments held by any member of the Holdco Group at that time;

(c) excluding any liabilities under any Hedging Agreements and the OCB Secured Hedging Agreement; and

(d) and so that no amount shall be included or excluded more than once.

"Total Debt Service Charges" . . . . . In respect of any relevant period, the amount equal to:

(a) the aggregate of (i) any accrued interest (whether paid or not or capitalised) and scheduled amortisation of principal (whether paid or not) payable by any member of the Holdco Group in respect of any Financial Indebtedness incurred by any member of the Holdco Group; and (ii) any fees, commission, costs, discounts, premiums, charges or any other finance payments payable by any member of the Holdco Group in respect of any Financial Indebtedness incurred by any member of the Holdco Group, in each case disregarding any amount not permitted to be paid pursuant to the Common Documents; less

(b) any interest received on any bank accounts or in respect of Cash Equivalent Investments by any member of the Holdco Group during such relevant period.

"Total Net Debt" . . . . . At any time, the aggregate amount of all obligations of members of the Holdco Group for or in respect of Financial Indebtedness at that time but:

(a) excluding any such obligations to any other member of the Holdco Group;

(b) deducting the aggregate amount of Cash and Cash Equivalent Investments held by any member of the Holdco Group at that time;

(c) excluding any such obligations under any Investor Funding Loan that is subordinated pursuant to the STID; and

(d) excluding any liabilities under any Hedging Agreements and the OCB Secured Hedging Agreement,

and so that no amount shall be included or excluded more than once.

"Transaction Documents" . . . . . (a) The Finance Documents;

(b) the Issuer Transaction Documents; and

(c) the Topco Transaction Documents.

"Transfer Agent" . . . . . In relation to all or any relevant Registered Notes, the several institutions at their respective specified offices initially appointed as transfer agents in relation to such Notes by the Issuer pursuant to the relative Agency Agreement or, if applicable, any Successor transfer agents at their respective specified offices in relation to all or any Registered Notes.

"Treasury Transaction" . . . . . Any currency or interest rate purchase, cap or collar agreement, forward rate agreement, interest rate agreement, index linked agreement, interest rate or

	currency or future or option contract, foreign exchange or currency purchase or sale agreement, interest rate swap, currency swap, commodity swap, or combined similar agreement or any derivative transaction protecting against or benefiting from fluctuations in any rate or price.
"Treaty"	The Treaty establishing the European Union.
"Trigger Event"	See "*Description of Certain Financing Arrangements—Common Terms Agreement—CTA Trigger Events and Lock Up*".
"Trigger Event Ratio Level"	1.35:1.00.
"UK"	The United Kingdom of Great Britain and Northern Ireland.
"UK GAAP"	Generally accepted accounting principles in the United Kingdom.
"Umbrella Services Agreement"	An inter-group services agreement to be dated on or about the Issue Date by and among, *inter alios*, the Company and Acromas Holdings Limited governing the relationship between certain members of the AA Group, the Saga Group and the Acromas Group and the terms and conditions on which services will be provided between such members.
"UNCITRAL Implementing Regulations"	The Cross-Border Insolvency Regulations 2006 (SI 2006/1030).
"Utilisation"	A loan under an Authorised Credit Facility or a Letter of Credit.
"Utilisation Date"	In relation to each Authorised Credit Facility, each date on which the relevant Authorised Credit Facility is utilised, as applicable.
"VAT"	(a) In respect of any agreement which contains a definition of VAT, has the meaning given thereto in such agreement; and (b) in any other case, means value added tax as imposed by VATA and legislation and regulations supplemental thereto and includes any other tax of a similar fiscal nature whether imposed in the UK (instead of, or in addition to, value added tax) or elsewhere from time to time.
"VAT Group"	A group for the purposes of the VAT Grouping Legislation.
"VAT Grouping Legislation"	Sections 43 to 43D VATA and the VAT (Groups: eligibility) Order 2004.
"VATA"	The Value Added Tax Act 1994.
"Vehicle Master Contract"	Commercial Vehicle Master Contract Hire Agreement.
"Vote"	In respect of the Class A Notes, see *"Description of Certain Financing Arrangements—Class A Note Trust Deed*" and, in respect of the Class B Notes, see "*Description of the Class B Notes*."
"Voting Closure Date"	(a) In relation to an Ordinary STID Resolution, the date on which the Obligor Security Trustee has received votes sufficient to pass such Ordinary STID Resolution pursuant to the STID (see "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Types of Voting Categories—Common Documents—Ordinary Voting Matters*"); and (b) In relation to an Extraordinary STID Resolution, the date on which the Obligor Security Trustee has received votes sufficient to pass such Extraordinary STID Resolution pursuant to the STID (see "*Description of Certain Financing Arrangements—Security Trust and Intercreditor Deed—Types of Voting Categories—Common Documents—Ordinary Voting Matters*").
"Voting Date"	In respect of the Class A Notes see *"Description of Certain Financing Arrangements—Class A Note Trust Deed*" and, in respect of the Class B Notes, see "*Description of the Class B Notes*."

"Voting Period"	In respect of the Class A Notes see *"Description of Certain Financing Arrangements—Class A Note Trust Deed*" and, in respect of the Class B Notes, see "*Description of the Class B Notes*."
"Voted Qualifying Obligor Secured Liabilities"	The Outstanding Principal Amount actually voted by the Qualifying Obligor Secured Creditors.
"WCF Agent"	Deutsche Bank AG, London Branch.
"WCF Arrangers"	Deutsche Bank AG, London Branch, The Royal Bank of Scotland plc, Banc of America Securities Limited, The Bank of Tokyo–Mitsubishi UFJ, Ltd., Barclays Bank PLC, HSBC Bank plc, Lloyds TSB Bank plc, Royal Bank of Canada and UBS Limited.
"WCF Finance Documents"	The Working Capital Facility Agreement, any ancillary facility documentation, the fee letters in respect of and in relation to the WCF Facility Agreement, the Common Documents and any other document designated as such by the WCF Agent and the Holdco Group Agent.
"WCF Lender"	(a) Any Original WCF Lender; and (b) any bank, financial institution, trust, fund or other entity which has become a Party as a Lender, which in each case, has not ceased to be an WCF Lender in accordance with the terms of the WCF Loan.
"WCF Loan"	A loan made or to be made under the Working Credit Facility or the principal amount outstanding for the time being of that loan.
"Working Capital"	The amount equal to the difference between the current assets and the current liabilities as shown in the management accounts prepared in relation to any accounting period of three months (excluding, (a) when determining the amount of current assets, Cash and Cash Equivalent Investments of the Holdco Group and (b), when determining the amount of current liabilities: (i) any amounts in respect of interest costs payable by the Holdco Group; and (ii) any amounts in respect of Capital Expenditure required to be paid or reserved during such period).
"Working Capital Facility"	The working capital facility of an aggregate facility amount of up to £150 million to be made available to the Borrower by the Original WCF Lenders on the Closing Date pursuant to the Working Capital Facility Agreement and each other working capital facility which may be made available to the Borrower.
"Working Capital Facility Agreement"	The working capital facility agreement to be entered into on or about the Issue Date by and among, *inter alios*, the Borrower, the WCF Agent, the WCF Arrangers and the Original WCF Lenders in connection with the Refinancing, and each facility agreement pursuant to which a Working Capital Facility is made available to the Borrowers.
"XCCY Interest Rate Hedging Transaction"	In respect of Relevant Debt denominated in a Foreign Currency, an Interest Rate Hedging Transaction under which at least one calculation amount is denominated in such Foreign Currency.

INDEX TO FINANCIAL STATEMENTS

Interim condensed consolidated profit and loss account for the quarter ended 30 April 2013

	Note	Quarter ended April 2013	Quarter ended April 2012	Year ended January 2013
		£m	£m	£m
Turnover	2	238.2	234.3	968.0
Cost of sales		(85.3)	(85.9)	(349.4)
Gross profit		152.9	148.4	618.6
Administrative and marketing expenses		(91.3)	(92.2)	(391.3)
Other operating income		—	0.5	1.4
Operating profit before share of profit in associates		61.6	56.7	228.7
Share of profit in associates		—	—	0.7
Operating profit		61.6	56.7	229.4
Trading EBITDA	2	98.9	92.7	394.6
Items not allocated to a segment	2	(3.3)	(3.3)	(4.3)
Depreciation	5	(9.6)	(9.5)	(37.9)
Goodwill amortisation		(23.2)	(23.2)	(93.0)
Exceptional items		(1.2)	—	(30.0)
Operating profit		61.6	56.7	229.4
Profit on sale of joint venture		—	3.1	3.1
		61.6	59.8	232.5
Net interest payable and similar charges	3	(10.1)	(9.7)	(43.0)
Profit on ordinary activities before taxation		51.5	50.1	189.5
Taxation	4	(17.5)	(16.7)	(69.0)
Profit for the financial period		34.0	33.4	120.5

All amounts relate to continuing operations.

Interim condensed consolidated statement of total recognised gains and losses for the three months ended 30 April 2013

	Quarter ended April 2013	Quarter ended April 2012	Year ended January 2013
	£m	£m	£m
Profit for the period	34.0	33.4	120.5
Actuarial (losses)/gains recognised on defined benefit pension schemes	(87.1)	21.3	(26.9)
Movement on deferred tax relating to defined benefit pension schemes	19.8	(6.4)	5.6
Exchange losses	—	(0.2)	(0.9)
Total recognised losses and gains relating to the period	(33.3)	48.1	98.3

Reconciliation of movements in consolidated shareholders' funds/(deficit)

	Quarter ended April 2013	Quarter ended April 2012	Year ended January 2013
	£m	£m	£m
Total recognised losses and gains relating to the period	(33.3)	48.1	98.3
Shareholders' funds/(deficit) brought forward	54.2	(44.1)	(44.1)
Shareholders' funds carried forward	20.9	4.0	54.2

Interim condensed consolidated balance sheet as at 30 April 2013

	Note	April 2013	April 2012	January 2013
		£m	£m	£m
Fixed assets				
Intangible fixed assets		1,077.2	1,167.7	1,100.5
Tangible fixed assets	5	121.8	128.3	126.0
Investments		4.4	3.9	4.4
		1,203.4	1,299.9	1,230.9
Current assets				
Stocks		5.0	6.1	5.3
Debtors	6	1,531.7	1,367.3	1,585.6
Cash at bank and in hand		50.9	64.5	43.6
		1,587.6	1,437.9	1,634.5
Creditors falling due within one year	7	(2,233.9)	(2,304.7)	(2,341.9)
Net current liabilities		(646.3)	(866.8)	(707.4)
Total assets less current liabilities		557.1	433.1	523.5
Creditors falling due after more than one year	8	(287.8)	(257.4)	(280.4)
Insurance technical provisions		(3.0)	(36.6)	(3.2)
Provisions for liabilities		(41.1)	(38.2)	(49.8)
Net assets excluding pensions		225.2	100.9	190.1
Defined benefit pension liabilities	12	(204.3)	(96.9)	(135.9)
Net assets including pensions		20.9	4.0	54.2
Capital and reserves				
Called up share capital		0.2	0.2	0.2
Share premium		0.8	0.8	0.8
Currency translation reserve		(0.6)	0.1	(0.6)
Profit and loss account		20.5	2.9	53.8
Total capital employed		20.9	4.0	54.2

These interim condensed consolidated financial statements are not the Company's statutory accounts.

These interim condensed consolidated financial statements were approved by the Board on the 7th of June 2013.

Interim condensed consolidated cash flow statement for the three months ended 30 April 2013

	Note	Quarter ended April 2013	Quarter ended April 2012	Year ended January 2013
		£m	£m	£m
Net cash inflow from operating activities	9	105.6	80.9	353.9
Returns on investments and servicing of finance	10	(0.7)	(1.0)	(3.8)
Taxation				
Corporation tax paid		(7.0)	—	(56.1)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(5.5)	(5.2)	(21.9)
Acquisitions and disposals	10	—	2.5	(6.2)
Net cash inflow before financing		92.4	77.2	265.9
Financing				
Repayment of capital element of finance lease agreements		(6.0)	(3.4)	(12.0)
Payments to group treasury (note 10)		(79.0)	(69.2)	(270.9)
Net cash outflow from financing		(85.0)	(72.6)	(282.9)
Overall increase in cash	11	7.4	4.6	(17.0)

Notes to the financial statements

1 Accounting policies

a Accounting convention

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United Kingdom and in accordance with pronouncements on interim reporting issued by the Financial Reporting Council (FRC). Accordingly, they do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 January 2013.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 January 2013 and have been applied consistently across all periods. These interim condensed consolidated financial statements are not the Company's statutory accounts.

The Group has long-term contracts with a number of suppliers across different industries and has relied solely on operating cash flows to provide the funds required for operations and has not needed to rely on external borrowings. The Group has obtained an undertaking from the directors of Acromas Bid Co Limited that in the event of the proposed refinancing transaction not completing, it will not demand repayment of the amount owed to it by the Company until at least 1 June 2014, unless otherwise jointly agreed by both parties. The Directors have considered this together with projected cash flows and have concluded that the Group has sufficient funds to continue trading for this period, and the foreseeable future. Therefore, the interim condensed consolidated financial statements have been prepared using the going concern basis.

The nature of the Group's operations means that for management's decision making and internal performance management the key performance metric is earnings before interest, tax, depreciation and amortisation (EBITDA) by trading segment which excludes certain unallocated items (referred to as Trading EBITDA). Items not allocated to a segment relate to transactions that do not form part of the ongoing segment performance and include transactions which are one-off in nature or relate to the element of management charges from the Acromas Holdings Limited group for accessing group services. Trading EBITDA is further analysed as part of the segmental analysis in note 2.

b Basis of consolidation

The interim condensed consolidated financial statements incorporate the financial statements of the Company and each of its subsidiaries. The results of undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Certain of the Group's activities are conducted through joint arrangements that are not entities and are included in the consolidated financial statements in proportion to the Group's interest in the income, expenses, assets and liabilities of these joint arrangements.

2 Segmental analysis

Turnover	Quarter ended April 2013	Quarter ended April 2012	Year ended January 2013
	£m	£m	£m
Roadside Assistance	170.5	165.3	674.1
Insurance Services	37.5	39.3	162.1
Driving Services	20.5	21.6	96.5
AA Ireland	9.7	9.6	38.3
Insurance Underwriting	—	—	—
Trading turnover	238.2	235.8	971.0
Turnover not allocated to a segment	—	(1.5)	(3.0)
Turnover	238.2	234.3	968.0

Operating profit	Quarter ended April 2013	Quarter ended April 2012	Year ended January 2013
	£m	£m	£m
Roadside Assistance	77.5	72.4	295.5
Insurance Services	20.1	18.3	89.2
Driving Services	2.7	2.7	15.4
AA Ireland	2.3	2.1	9.9
Insurance Underwriting	—	0.5	0.6
Head Office Costs	(14.0)	(13.5)	(56.9)
Trading operating profit	88.6	82.5	353.7
Amortisation not allocated to a segment	(22.5)	(22.5)	(90.0)
Items not allocated to a segment	(3.3)	(3.3)	(4.3)
Exceptional items	(1.2)	—	(30.0)
Operating profit	61.6	56.7	229.4

Items not allocated to a segment relate to transactions that do not form part of the on-going segment performance and include transactions which are one-off in nature or relate to the element of management charges from Acromas group for accessing group services.

Exceptional items mainly relate to restructuring expenditure from the re-organising of Group operations.

Reconciliation of trading operating profit to trading EBITDA	Quarter ended April 2013	Quarter ended April 2012	Year ended January 2013
	£m	£m	£m
Trading operating profit	88.6	82.5	353.7
Depreciation	9.6	9.5	37.9
Amortisation included in the segments	0.7	0.7	3.0
Trading EBITDA	98.9	92.7	394.6

Trading EBITDA	Quarter ended April 2013	Quarter ended April 2012	Year ended January 2013
	£m	£m	£m
Roadside Assistance	83.0	78.3	317.6
Insurance Services	21.1	19.1	93.1
Driving Services	3.7	3.7	19.6
AA Ireland	3.1	2.8	13.0
Insurance Underwriting	—	0.5	0.6
Head Office Costs	(12.0)	(11.7)	(49.3)
Trading EBITDA	98.9	92.7	394.6

Turnover by destination is not materially different from turnover by origin.

With the exception of Ireland, all other segments operate wholly in the UK.

3 Net interest payable and similar charges

	Quarter ended April 2013	Quarter ended April 2012	Year ended January 2013
	£m	£m	£m
Cash interest			
Bank loans and overdrafts—cash interest	—	—	(0.1)
Finance charges payable under finance lease agreements	(0.7)	(1.1)	(4.6)
	(0.7)	(1.1)	(4.7)
Non-cash interest			
Interest on shareholder loans	(10.0)	(8.7)	(37.7)
Unwinding of discount rate on provisions	(0.1)	(0.2)	(0.3)
Other finance income/(costs) in respect of pensions	0.7	0.4	(0.6)
Other finance (charges)/income	—	(0.1)	0.3
	(9.4)	(8.6)	(38.3)
Total net interest payable and similar charges	(10.1)	(9.7)	(43.0)

4 Taxation

The Group tax charge is made up as follows:

	Quarter ended April 2013	Quarter ended April 2012	Year ended January 2013
	£m	£m	£m
Current tax:			
UK corporation tax at 23.16% (April 2012: 24.33%, January 2013: 24.33%)	17.0	—	0.1
Group relief payable	—	16.1	61.8
Adjustments relating to prior years	—	—	1.0
Foreign tax	0.2	0.2	1.0
Share of associate current tax	—	—	0.2
Group current tax	17.2	16.3	64.1
Deferred tax charge/(credit)	0.3	0.4	4.9
Tax on profit on ordinary activities	17.5	16.7	69.0

The tax credit relating to exceptional items amounts to £2.3m (April 2012: £0.3m, January 2013: £4.3m).

5 Tangible fixed assets

	Freehold Land & Buildings	Long Leasehold Land & Buildings	Vehicles	Other Assets	Total
	£m	£m	£m	£m	£m
Cost					
At 1 February 2012	23.9	8.4	74.8	156.4	263.5
Additions	—	—	0.5	5.1	5.6
Disposals	—	—	(2.2)	—	(2.2)
Exchange adjustment	—	—	—	(0.2)	(0.2)
At 30 April 2012	23.9	8.4	73.1	161.3	266.7
At 1 February 2013	23.9	8.3	69.4	177.4	279.0
Additions	—	0.1	—	5.3	5.4
Disposals	—	—	(0.1)	(0.1)	(0.2)
Exchange adjustment	—	—	—	(0.2)	(0.2)
At 30 April 2013	23.9	8.4	69.3	182.4	284.0
Depreciation					
At 1 February 2012	4.3	2.4	37.9	86.7	131.3
Provided during the period	0.2	0.1	4.1	5.1	9.5
Disposals	—	—	(2.3)	—	(2.3)
Exchange adjustment	—	—	—	(0.1)	(0.1)
At 30 April 2012	4.5	2.5	39.7	91.7	138.4
At 1 February 2013	4.9	2.9	37.1	108.1	153.0
Provided during the period	0.2	0.1	3.6	5.7	9.6
Disposals	—	—	(0.1)	(0.1)	(0.2)
Exchange adjustment	—	—	—	(0.2)	(0.2)
At 30 April 2013	5.1	3.0	40.6	113.5	162.2
Net book amounts At 30 April 2013	18.8	5.4	28.7	68.9	121.8
At 30 April 2012	19.4	5.9	33.4	69.6	128.3

6 Debtors

	April 2013	April 2012	January 2013
	£m	£m	£m
Trade debtors	144.7	172.8	147.9
Amounts owed by group undertakings	1,331.7	1,135.8	1,372.7
Other debtors	13.6	9.5	15.0
Prepayments and accrued income	20.0	25.6	28.0
Deferred tax	21.7	23.6	22.0
	1,531.7	1,367.3	1,585.6

Amounts owed by group undertakings mainly arise as the Group's cash balances are swept centrally by Acromas treasury in order to efficiently manage all of the Acromas Holdings Limited group cash balances. These amounts represent cumulative cash earnings paid to a fellow Acromas group company resulting from trading throughout the year. As these amounts do not arise directly from transactions relating to trading or operating activities they have been treated as a financing cash flow within the consolidated cash flow statement.

The amounts owed by group undertakings are unsecured, have no repayment terms and bear no interest.

All amounts above are due in less than one year, except for deferred tax.

7 Creditors falling due within one year

	April 2013	April 2012	January 2013
	£m	£m	£m
Obligations under finance lease agreements	14.7	12.1	17.8
Trade creditors	111.9	141.4	112.0
Amounts owed to group undertakings	1,796.3	1,807.8	1,884.6
Corporation tax	0.3	21.3	7.0
Other taxes and social security costs	23.9	24.0	21.6
Other creditors	29.1	36.8	28.4
Accruals and deferred income	257.7	261.3	270.5
	2,233.9	2,304.7	2,341.9

Upon the acquisition of the Group by the Acromas Holdings Limited group, Acromas Holdings Limited provided cash to the Group to pay off the external bank debt outstanding at the time of acquisition. This amount of £1,760.9m is held within amounts owed to group undertakings. The amounts owed to group undertakings are unsecured, have no repayment terms and bear no interest.

8 Creditors falling due after more than one year

	April 2013	April 2012	January 2013
	£m	£m	£m
Shareholder loans (inter-company)	275.6	236.5	265.5
Obligations under finance lease agreements	10.7	18.5	13.6
Other creditors	1.5	2.4	1.3
	287.8	257.4	280.4

Upon the acquisition of the Group by the Acromas Holdings Limited group, the Acromas Holdings Limited group took on the subordinated preference certificates that were previously held by third parties. The subordinated preference certificates are redeemable on 30 September 2015. Interest is charged to the profit and loss account over the term of the instrument at an effective rate of 16.5% per annum and is added to the loan value each year. The certificates are unsecured.

Other creditors are all due within five years of the balance sheet date.

9 Reconciliation of operating profit to net cash flow from operating activities

	Quarter ended April 2013	Quarter ended April 2012	Year ended January 2013
	£m	£m	£m
Operating profit	61.6	56.7	229.4
Amortisation of goodwill	23.2	23.2	93.0
Depreciation of tangible fixed assets	9.5	9.5	37.9
Less other operating income	—	(0.5)	(1.4)
Less share of profits in associates	—	—	(0.7)
Decrease/(increase) in stock	0.3	(0.9)	—
Decrease in debtors	16.7	11.8	2.4
Increase/(decrease) in creditors	1.2	(15.8)	25.5
(Decrease)/increase in provisions	(8.8)	(0.9)	11.0
Decrease in underwriting technical insurance provisions	(0.2)	(3.3)	(36.6)
Difference between pension charge and cash contributions	2.1	1.1	(6.6)
Change in working capital	11.3	(8.0)	(4.3)
Net cash inflow from operating activities	105.6	80.9	353.9

The cash inflow from operating activities is stated net of cash outflows relating to exceptional items of £10.0m (April 2012: £1.4m, January 2013: £17.8m). This relates to restructuring expenditure costs from the re-organising of Group operations of £8.9m (April 2012: £0.7m, January 2013: £13.4m) and onerous property provision future lease costs in respect of vacant properties of £1.1m (April 2012: £0.7m, January 2013: £4.4m).

Analysis of movement in working capital split between available and restricted

	Quarter ended April 2013	Quarter ended April 2012	Year ended January 2013
	£m	£m	£m
Change in working capital:			
Available	11.3	(8.2)	(4.9)
Restricted	—	0.2	0.6
Overall change in working capital	11.3	(8.0)	(4.3)

Analysis of cash flow from operating activities between available and restricted

	Quarter ended April 2013	Quarter ended April 2012	Year ended January 2013
	£m	£m	£m
Cash flows from operating activities:			
Available	107.1	79.3	372.2
Restricted	(1.5)	1.6	(18.3)
Net cash inflow from operating activities	105.6	80.9	353.9

10 Analysis of cash flows

	Quarter ended April 2013	Quarter ended April 2012	Year ended January 2013
	£m	£m	£m
Returns on investment and servicing of finance			
Interest received	—	0.1	0.9
Interest paid	—	—	(0.1)
Interest element of finance lease agreements	(0.7)	(1.1)	(4.6)
	(0.7)	(1.0)	(3.8)
Acquisitions and disposals			
Purchase of subsidiary undertakings	—	(0.6)	(9.7)
Proceeds from disposal of joint venture	—	3.1	3.1
Net cash acquired with subsidiary undertakings	—	—	0.4
	—	2.5	(6.2)

In the year ended 31 January 2010, the Group sold its interest in its joint venture, Automobile Association Personal Finance Limited, and continues to receive proceeds from this sale.

11 Analysis of net debt

	Available cash	Restricted cash	Cash in hand and at bank	Share-holder loan	Finance Lease	Payments to group treasury	Other inter-company	Net debt
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 February 2012	7.5	52.6	60.1	(227.8)	(33.5)	979.9	(1,700.6)	(921.9)
Cash flows	2.9	1.7	4.6	—	3.4	69.2	—	77.2
Exchange differences	—	(0.2)	(0.2)	—	—	—	—	(0.2)
Other non-cash movement	—	—	—	(8.7)	(0.5)	—	(20.5)	(29.7)
At 30 April 2012	10.4	54.1	64.5	(236.5)	(30.6)	1,049.1	(1,721.1)	(874.6)
At 1 February 2013	8.8	34.8	43.6	(265.5)	(31.4)	1,250.8	(1,762.7)	(765.2)
Cash flows	8.9	(1.5)	7.4	—	6.0	79.0	—	92.4
Exchange differences	—	(0.1)	(0.1)	—	—	—	—	(0.1)
Other non-cash movement	—	—	—	(10.1)	—	—	(31.7)	(41.8)
At 30 April 2013	17.7	33.2	50.9	(275.6)	(25.4)	1,329.8	(1,794.4)	(714.7)

Payments to Acromas group treasury—reconciliation to the balance sheet

	April 2013	April 2012	January 2013
	£m	£m	£m
Payments to Acromas group treasury	1,329.8	1,049.1	1,250.8
Other amounts owed by group undertakings	1.9	86.7	121.9
Amounts owed by group undertakings	1,331.7	1,135.8	1,372.7

Other inter-company—reconciliation to the balance sheet

	April 2013	April 2012	January 2013
	£m	£m	£m
Amounts owed to group undertakings	(1,796.3)	(1,807.8)	(1,884.6)
Other amounts owed by group undertakings (see above)	1.9	86.7	121.9
Other inter-company	(1,794.4)	(1,721.1)	(1,762.7)

12 Pension costs and other post-retirement benefits

The amounts recognised in the balance sheet are as follows:

	As at 30 April 2013			
	AAUK	AAROI	AAPMP	Total
	£m	£m	£m	£m
Fair value of scheme assets	1,570.0	35.7	—	1,605.7
Present value of defined benefit obligation	(1,750.0)	(60.0)	(50.0)	(1,860.0)
Defined benefit scheme liability	(180.0)	(24.3)	(50.0)	(254.3)
Related deferred tax asset	41.7	3.0	5.3	50.0
Liability recognised in balance sheet	(138.3)	(21.3)	(44.7)	(204.3)

	As at 30 April 2012			
	AAUK	AAROI	AAPMP	Total
	£m	£m	£m	£m
Fair value of scheme assets	1,390.0	29.8	—	1,419.8
Present value of defined benefit obligation	(1,450.2)	(42.6)	(44.6)	(1,537.4)
Defined benefit scheme liability	(60.2)	(12.8)	(44.6)	(117.6)
Related deferred tax asset	15.2	1.6	3.9	20.7
Liability recognised in balance sheet	(45.0)	(11.2)	(40.7)	(96.9)

	As at 31 January 2013			
	AAUK	AAROI	AAPMP	Total
	£m	£m	£m	£m
Fair value of scheme assets	1,501.7	33.7	—	1,535.4
Present value of defined benefit obligation	(1,598.5)	(55.1)	(47.5)	(1,701.1)
Defined benefit scheme liability	(96.8)	(21.4)	(47.5)	(165.7)
Related deferred tax asset	22.3	2.8	4.7	29.8
Liability recognised in balance sheet	(74.5)	(18.6)	(42.8)	(135.9)

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under FRS17 (Retirement benefits) are set out below:

	April 2013	April 2012	January 2013
Discount rate	4.2%	4.9%	4.7%
Inflation assumption	3.3%	3.2%	3.4%
Medical premium inflation (AAPMP scheme only)	7.4%	7.0%	7.4%

The increase in the pension liability from January 2013 to April 2013 is mainly driven by the reduction in the discount rate assumption.

13 Cross company guarantees

The Company, along with certain of its key subsidiaries and other substantial companies across the Acromas Group, acts as Obligor on bank loans made to Acromas Mid Co Limited. At the balance sheet date, the principal, accrued interest, guarantees and other facilities outstanding on these bank loans was £5,144.5m (April 2012: £5,109.0m, January 2013: £5,132.1m).

14 Post balance sheet events

The AA is actively considering a debt refinancing of its business which is estimated to be of the order of £3 billion. The proceeds of any refinancing would be remitted to Acromas group to partially repay its bank debt, in return for the release of the current guarantees provided by the AA in respect of the current Acromas facilities.

Should such a refinancing go ahead the AA would no longer remit cash to Acromas group treasury and will provide security to the new lenders via a combination of fixed and floating charges.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AA LIMITED

We have audited the financial statements of AA Limited for the years ended 31 January 2011, 2012 and 2013 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Consolidated Shareholders' Funds/(Deficit) and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards.

This report is made solely to the Company's members, as a body, in accordance with our engagement letter dated 22 May 2013. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and the Company's affairs as at 31 January 2011, 2012 and 2013 and of its consolidated profits for the years then ended; and

- have been properly prepared in accordance with United Kingdom accounting standards.

/s/ Ernst & Young LLP

Ernst & Young LLP, Statutory Auditor

London

24 May 2013

Consolidated profit and loss account for the year ended 31 January 2013

	Note	2013	2012	2011
		£m	£m	£m
Turnover	2	968.0	973.9	944.4
Cost of sales	4	(349.4)	(385.2)	(359.1)
Gross profit		618.6	588.7	585.3
Administrative and marketing expenses	4	(391.3)	(374.7)	(302.7)
Other operating income	3	1.4	2.4	2.8
Operating profit before share of profits in associates		228.7	216.4	285.4
Share of profits in associates		0.7	0.4	0.2
Operating profit	4	229.4	216.8	285.6
Trading EBITDA	2	394.6	368.1	370.8
Items not allocated to a segment	2	(4.3)	(5.0)	(2.6)
Depreciation	11	(37.9)	(36.7)	(30.0)
Goodwill amortisation	10	(93.0)	(92.9)	(92.6)
Exceptional items	4	(30.0)	(16.7)	(6.2)
Pension curtailment gain	4	—	—	46.2
Operating profit		229.4	216.8	285.6
Profit on sale of joint venture		3.1	0.6	—
		232.5	217.4	285.6
Net interest payable and similar charges	6	(43.0)	(35.2)	(90.4)
Profit on ordinary activities before taxation		189.5	182.2	195.2
Taxation	9	(69.0)	(69.1)	(75.6)
Profit for the financial year	22	120.5	113.1	119.6

All amounts relate to continuing operations.

The notes on pages F-20 to F-41 form an integral part of these financial statements.

Consolidated statement of total recognised gains and losses for the year ended 31 January 2013

	Note	2013	2012	2011
		£m	£m	£m
Profit for the financial year		120.5	113.1	119.6
Actuarial (losses)/gains recognised on defined benefit pension schemes	26	(26.9)	(33.8)	86.0
Movement on deferred tax relating to defined benefit pension schemes	9	5.6	7.8	(22.9)
Exchange (losses)/gains		(0.9)	(0.1)	0.1
Total recognised gains and losses relating to the year		98.3	87.0	182.8

Reconciliation of movements in consolidated shareholders' funds/(deficit)

	2013	2012	2011
	£m	£m	£m
Total recognised gains and losses relating to the year	98.3	87.0	182.8
Shareholders' deficit brought forward	(44.1)	(131.1)	(313.9)
Shareholders' funds/(deficit) carried forward	54.2	(44.1)	(131.1)

The notes on pages F-20 to F-41 form an integral part of these financial statements.

Consolidated balance sheet as at 31 January 2013

	Note	2013	2012	2011
		£m	£m	£m
Fixed assets				
Intangible fixed assets	10	1,100.5	1,191.0	1,280.4
Tangible fixed assets	11	126.0	132.2	123.2
Investments	12	4.4	3.9	3.5
		1,230.9	1,327.1	1,407.1
Current assets				
Stocks	13	5.3	5.3	5.8
Debtors	14	1,585.6	1,312.9	1,061.0
Cash at bank and in hand	15	43.6	60.1	89.8
		1,634.5	1,378.3	1,156.6
Creditors falling due within one year	16	(2,341.9)	(2,305.5)	(2,284.1)
Net current liabilities		(707.4)	(927.2)	(1,127.5)
Total assets less current liabilities		523.5	399.9	279.6
Creditors falling due after more than one year	17	(280.4)	(252.8)	(226.0)
Insurance technical provisions	19	(3.2)	(39.8)	(49.6)
Provisions for liabilities	20	(49.8)	(38.8)	(42.0)
Net assets/(liabilities) excluding pensions		190.1	68.5	(38.0)
Defined benefit pension liabilities	26	(135.9)	(112.6)	(93.1)
Net assets/(liabilities) including pensions		54.2	(44.1)	(131.1)
Capital and reserves				
Called up share capital	21	0.2	0.2	0.2
Share premium		0.8	0.8	0.8
Currency translation reserve	22	(0.6)	0.3	0.4
Profit and loss account	22	53.8	(45.4)	(132.5)
Total capital employed		54.2	(44.1)	(131.1)

These financial statements are not the Company's statutory accounts,

The statutory accounts of the Company for the years ended 31 January 2011 and 2012 only have been delivered to the registrar. The audit opinion on those accounts was unqualified.

These consolidated financial statements were approved by the Board on the 24th of May 2013.

The notes on pages F-20 to F-41 form an integral part of these financial statements.

Consolidated cash flow statement for the year ended 31 January 2013

	Note	2013	2012	2011
		£m	£m	£m
Net cash inflow from operating activities	23	353.9	331.3	415.7
Returns on investments and servicing of finance	24	(3.8)	(3.1)	(64.1)
Taxation	24	(56.1)	(60.8)	(49.3)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(21.9)	(26.6)	(28.0)
Acquisitions and disposals	24	(6.2)	(3.0)	(4.7)
Net cash inflow before financing		265.9	237.8	269.6
Financing				
Repayment of capital element of finance lease agreements		(12.0)	(18.2)	(19.3)
Payments to group treasury (see note 14)		(270.9)	(248.9)	(250.0)
		(282.9)	(267.1)	(269.3)
Overall (decrease)/increase in cash	25	(17.0)	(29.3)	0.3

The notes on pages F-20 to F-41 form an integral part of these financial statements.

Company balance sheet as at 31 January 2013

	Note	2013	2012	2011
		£m	£m	£m
Fixed assets				
Investment in subsidiaries	12	20.5	20.5	20.5
		20.5	20.5	20.5
Current assets				
Debtors	14	1,719.6	1,719.6	1,719.6
		1,719.6	1,719.6	1,719.6
Creditors—amounts falling due within one year	16	(1,739.0)	(1,739.0)	(1,739.0)
Net current liabilities		(19.4)	(19.4)	(19.4)
Total assets less current liabilities		1.1	1.1	1.1
Capital and reserves				
Called up share capital	21	0.2	0.2	0.2
Share premium		0.8	0.8	0.8
Profit and loss account		0.1	0.1	0.1
Shareholders' funds		1.1	1.1	1.1

The Company did not have any transactions or other recognised gains or losses for the year to 31 January 2013 (2012: £nil, 2011: £nil) and therefore has not shown a profit and loss account or statement of total recognised gains and losses.

The Company Balance Sheet was approved by the Board on the 24th of May 2013.

The notes on pages F-20 to F-41 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

a Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable UK generally accepted accounting standards as defined in the Companies Act 2006 s.464 and have been applied consistently across all periods. These financial statements are not the Company's statutory accounts as the Company previously took the exemption not to prepare consolidated financial statements for the years ended 31 January 2012 and 2011. The comparative periods for the years ended 31 January 2012 and 2011 have been prepared on the same basis as statutory consolidated accounts as required by the Companies Act 2006.

The Group has long-term contracts with a number of suppliers across different industries and has relied solely on operating cash flows to provide the funds required for operations and has not needed to rely on external borrowings. The Group has obtained an undertaking from the directors of Acromas Bid Co Limited that in the event of the proposed re-financing transaction not completing, it will not demand repayment of the amount owed to it by the Company until at least 1 June 2014, unless otherwise jointly agreed by both parties. The Directors have considered this together with projected cash flows for a period of one year from the date of signing of these financial statements under both scenarios where the proposed re-financing transaction may or may not complete. The Directors have concluded that the Group has sufficient funds to continue trading for this period, and the foreseeable future. Therefore, the financial statements have been prepared using the going concern basis.

The nature of the Group's operations means that for management's decision making and internal performance management the key performance metric is earnings before interest, tax, depreciation and amortisation (EBITDA) by trading segment which excludes certain unallocated items (referred to as Trading EBITDA). Items not allocated to a segment relate to transactions that do not form part of the on-going segment performance and include transactions which are one-off in nature or relate to the element of management charges from the Acromas Holdings Limited group for accessing group services. Trading EBITDA is further analysed as part of the segmental analysis in note 2.

b Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and each of its subsidiaries. The results of undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

An associate is an undertaking in which the Group has a long-term equity interest and over which it exercises significant influence. In the consolidated financial statements, associates are accounted for using the equity method.

Certain of the Group's activities are conducted through joint arrangements that are not entities and are included in the consolidated financial statements in proportion to the Group's interest in the income, expenses, assets and liabilities of these joint arrangements.

In the parent company financial statements investments in subsidiaries are accounted for at the lower of cost and net realisable value.

c Use of estimates

All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions. Actual results may differ from those estimates.

The list below sets out those items management considers particularly susceptible to changes in estimates and assumptions, and the relevant accounting policy.

- Deferred tax (note 1(h))
- Pension benefits (note 1(j))
- Goodwill (note 1(k))
- Provisions for liabilities (note 1(m))

d Revenue recognition

Turnover represents amounts receivable for goods and services provided, excluding value added tax, insurance premium tax, trade discounts and transactions between companies within the Group.

Roadside membership subscriptions and premiums receivable on underwritten insurance products are apportioned on a time basis over the period where the Group is liable for risk cover. The unrecognised element of subscriptions and premiums receivable, relating to future periods, is held within creditors as deferred income.

Commission income from insurers external to the Group, either third party insurers or insurers that are also part of the Acromas Holdings Limited group, is recognised at the commencement of the period of risk.

Income from credit products is recognised over the period of the loan in proportion to the outstanding loan balance.

Interest income is recognised as interest accrues.

For all other revenue, income is recognised at point of delivery of goods or on provision of service. This includes work which has not yet been fully invoiced, provided that it is considered to be fully recoverable.

e Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended. The cost of fixed assets less their expected residual value is depreciated by equal instalments over their useful economic lives. These lives are as follows:

Buildings, properties and related fixtures:

Buildings	50 years
Related fittings	3 — 20 years
Leasehold properties	over the period of the lease
IT Systems	3 — 5 years
Plant, vehicles and other equipment	3 — 10 years

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

f Leased assets and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful life. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable and receivable under operating leases are charged, or credited, to the profit and loss account on a straight line basis over the lease term.

Incentives received in connection with entering into operating leases are recognised on a straight line basis over the period of the lease.

g Stocks

Stocks are stated at the lower of cost and net realisable value. Costs include all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

h Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay

less or to receive more, tax. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that the Directors consider it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

i Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

The financial statements of overseas subsidiaries have been translated using the net investment method. Under the net investment method the balance sheets have been translated at year end rates and the profit and loss accounts at weighted average rates for the year. Resultant translation differences are taken to reserves.

j Pension benefits

For defined benefit schemes, the amounts charged to operating profit are the current costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised on a straight line basis over the period until vesting occurs. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in interest payable. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes (with the exception of the AAPMP scheme) are funded, with assets of the schemes held separately from those of the Group, in separate trustee administered funds. Defined benefit pension scheme assets are measured using market values. Defined benefit pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Full actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of related deferred tax, is presented separately after other net assets and liabilities on the face of the balance sheet. The value of a net pension benefit asset is restricted to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

For defined contribution schemes, the amounts charged to the profit and loss account are the contributions payable in the year.

k Goodwill

Goodwill is the difference between the fair value of the consideration paid for an acquired entity and the aggregate of the fair values of that entity's separately identifiable assets and liabilities. Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life through the profit and loss account. The useful economic life of goodwill has been estimated to be 20 years. The Directors review the appropriateness of this useful life at the end of each year and revise it if necessary.

Additionally, the Directors review goodwill for impairment at the end of the first full financial year following the acquisition and at other times should events indicate that the carrying values may not be recoverable.

l Insurance technical provisions

The provision for outstanding claims is set on an individual claim basis and is based on the ultimate cost of all claims notified but not settled less amounts already paid by the balance sheet date, together with a provision for related claims handling costs. The provision also includes the estimated cost of claims incurred but not reported at the balance sheet date. Claims estimates represent a point within a range of possible outcomes.

Differences between the provisions at the balance sheet date and settlements and provisions in the following year (known as 'run off deviations') are recognised in the profit and loss account for that year.

m Provisions for liabilities

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision is made on a discounted basis where the time value of money is expected to be material.

n Investments

Other fixed asset investments are included in the balance sheet at cost, less any provisions for permanent impairment.

In the Company balance sheet, investments in Group undertakings are stated at the lower of cost and net realisable value.

2 Segmental analysis

Turnover	**2013**	**2012**	**2011**
	£m	**£m**	**£m**
Roadside Assistance	674.1	645.3	625.8
Insurance Services	162.1	168.4	170.6
Driving Services	96.5	96.9	66.9
AA Ireland	38.3	42.3	42.5
Insurance Underwriting	—	25.8	37.4
Trading Turnover	971.0	978.7	943.2
Turnover not allocated to a segment	(3.0)	(4.8)	1.2
Turnover	968.0	973.9	944.4

Operating profit	**2013**	**2012**	**2011**
	£m	**£m**	**£m**
Roadside Assistance	295.5	275.5	273.5
Insurance Services	89.2	84.6	90.9
Driving Services	15.4	11.6	11.2
AA Ireland	9.9	11.2	13.5
Insurance Underwriting	0.6	2.0	2.4
Head Office Costs	(56.9)	(56.4)	(53.3)
Trading operating profit	353.7	328.5	338.2
Amortisation not allocated to a segment	(90.0)	(90.0)	(90.0)
Items not allocated to a segment	(4.3)	(5.0)	(2.6)
Exceptional items	(30.0)	(16.7)	(6.2)
Pension curtailment gain (see note 4)	—	—	46.2
Operating profit	229.4	216.8	285.6

Items not allocated to a segment relate to transactions that do not form part of the on-going segment performance and include transactions which are one-off in nature or relate to the element of management charges from Acromas group for accessing group services.

Reconciliation of trading operating profit to trading EBITDA	**2013**	**2012**	**2011**
	£m	**£m**	**£m**
Trading operating profit	353.7	328.5	338.2
Depreciation	37.9	36.7	30.0
Amortisation included in the segments	3.0	2.9	2.6
Trading EBITDA	394.6	368.1	370.8

Trading EBITDA	**2013**	**2012**	**2011**
	£m	**£m**	**£m**
Roadside Assistance	317.6	298.9	294.4
Insurance Services	93.1	87.3	92.4
Driving Services	19.6	15.1	14.0
AA Ireland	13.0	14.2	15.2
Insurance Underwriting	0.6	2.0	2.4
Head Office Costs	(49.3)	(49.4)	(47.6)
Trading EBITDA	394.6	368.1	370.8

Net assets/(liabilities)	2013	2012	2011
	£m	£m	£m
Roadside Assistance	(169.0)	(180.5)	(173.5)
Insurance Services	14.4	19.9	12.9
Driving Services	29.2	33.8	31.9
AA Ireland	2.3	(4.5)	(6.2)
Insurance Underwriting	(1.8)	(38.6)	(47.7)
Head Office Costs	(28.4)	(24.5)	(32.2)
Net trading liabilities	(153.3)	(194.4)	(214.8)
Unallocated assets/(liabilities)			
Goodwill not allocated to a segment	1,048.7	1,138.7	1,228.9
Net inter-company balances	(511.9)	(720.7)	(978.3)
Shareholder loans	(265.5)	(227.8)	(195.5)
Defined benefit pension liabilities	(135.9)	(112.6)	(93.1)
Other unallocated assets/(liabilities)	72.1	72.7	121.7
	207.5	150.3	83.7
Total net assets/(liabilities)	54.2	(44.1)	(131.1)

Unallocated assets included investments, deferred tax asset, cash and tax creditors.

Turnover by destination is not materially different from turnover by origin.

With the exception of Ireland, all other segments operate wholly in the UK.

3 Other operating income

	2013	2012	2011
	£m	£m	£m
Interest on restricted cash	0.7	1.2	1.3
Interest on inter-company balances relating to Insurance underwriting	0.7	1.2	1.5
	1.4	2.4	2.8

Further information on restricted cash balances is in note 15.

4 Operating profit

	2013	2012	2011
	£m	£m	£m
Operating profit is stated after charging/(crediting):			
Amortisation of goodwill	93.0	92.9	92.6
Depreciation of owned tangible fixed assets	22.5	19.0	13.1
Depreciation of leased tangible fixed assets	15.4	17.7	16.9
Operating lease rentals payable—land and buildings	4.8	4.8	4.6
Operating lease rentals payable—plant and machinery	10.7	11.6	6.0
Exceptional item—cost of sales	—	7.4	—
Exceptional item—administrative and marketing expenses	30.0	9.3	6.2
Pension curtailment gain	—	—	(46.2)
Total exceptional items	30.0	16.7	6.2

The cost of sales exceptional items relate to onerous lease contract costs within the Group's Driving Services operations.

The overhead exceptional items relate mainly to restructuring expenditure costs in respect of redundancy payments and onerous property lease costs from the re-organising of Group operations.

The reduction in costs in 2011 relating to pension curtailments is included within administrative and marketing expenses and reflects the impact of certain changes to the method by which previously earned pension benefits increase over time as part of the AAUK pension scheme.

5 Auditors remuneration

The remuneration of the auditors is further analysed as follows:

	2013 £000	2012 £000	2011 £000
Audit of the financial statements	620	619	635
Audit related assurance services	13	13	13
Total auditors' remuneration	633	632	648

£3,000 (2012: £3,000, 2011: £3,000) of the audit of the financial statements relates to the Company.

Other fees payable to the auditors of the Group are disclosed in the accounts of Acromas Holdings Limited.

6 Net interest payable and similar charges

	2013 £m	2012 £m	2011 £m
Cash interest			
Interest receivable and similar income	—	0.1	0.1
Bank loans and overdrafts—cash interest	(0.1)	(0.1)	(0.1)
Finance charges payable under finance lease agreements	(4.6)	(4.4)	(3.5)
	(4.7)	(4.4)	(3.5)
Interest rate swap expense	—	—	(54.8)
	(4.7)	(4.4)	(58.3)
Non-cash interest			
Interest on shareholder loans	(37.7)	(32.3)	(27.7)
Unwinding of discount rate on provisions (note 20)	(0.3)	(0.8)	(0.9)
Other finance costs in respect of pensions (note 26)	(0.6)	2.1	(3.2)
Other finance charges	0.3	0.2	(0.3)
	(38.3)	(30.8)	(32.1)
Total net interest payable and similar charges	(43.0)	(35.2)	(90.4)

7 Staff costs

	2013 £m	2012 £m	2011 £m
Wages and salaries	248.6	250.9	238.2
Social security costs	23.1	23.3	20.2
Other pension costs	24.8	18.9	21.4
	296.5	293.1	279.8

The average monthly number of persons employed under contracts of service during the year was:

	2013 No.	2012 No.	2011 No.
Operational	7,154	7,156	6,558
Management and Administration	1,548	1,422	1,302
	8,702	8,578	7,860

8 Directors' remuneration

	2013 £000	2012 £000	2011 £000
Aggregate remuneration in respect of qualifying services	1,194	933	882

	2013	2012	2011
Members of defined benefit pension scheme	2	2	2

The amounts paid in respect of the highest paid Director were as follows:

	2013 £000	2012 £000	2011 £000
Remuneration	645	501	460

	2013 £000	2012 £000	2011 £000
Defined benefit pension scheme:			
Accrued pension at end of year	28	25	22

A K Boland served as a de facto director of the Company until the date of his formal appointment on 25 January 2013.

J A Goodsell and S M Howard are also directors of the ultimate holding company and fellow subsidiaries and received total remuneration for the year of £2.4m (2012: £2.4m, 2011: £2.3m), all of which was paid by Saga Group Limited. Neither of these directors received any remuneration during the current or comparative years in respect of their services as directors of AA Limited or its subsidiaries and it would not be practicable to apportion their remuneration between their services as directors of the Acromas group and their services as directors of AA Limited and its subsidiaries.

9 Taxation

The Group tax charge is made up as follows:

	2013 £m	2012 £m	2011 £m
Current tax:			
UK corporation tax at 24.33% (2012: 26.32%, 2011: 28.00%)	0.1	18.6	0.8
Group relief payable	61.8	40.0	60.2
Adjustments relating to prior years	1.0	1.2	(0.5)
Foreign tax	1.0	1.3	1.3
Share of associate current tax	0.2	0.1	0.1
Group current tax	64.1	61.2	61.9
Deferred tax:			
Effect of tax rate change on opening balance	4.0	3.8	3.1
Origination and reversal of timing differences—current year	1.5	3.7	10.3
Origination and reversal of timing differences—prior years	(0.6)	0.4	0.3
Group deferred tax	4.9	7.9	13.7
Tax on profit on ordinary activities	69.0	69.1	75.6

Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the year of 24.33% (2012: 26.32%, 2011: 28.00%). The differences are reconciled below:

	2013 £m	2012 £m	2011 £m
Profit on ordinary activities before taxation	189.5	182.2	195.2
UK Corporation tax at standard rates on profit for the year	46.1	48.0	54.6
Non-deductible amortisation of goodwill	22.5	24.2	25.8
Accelerated capital allowances	(2.4)	(4.9)	(5.4)
Permanent differences	0.7	(3.0)	(3.8)
Other timing differences	0.2	(3.2)	(7.3)
Lower rate of foreign tax	(0.6)	(1.1)	(1.5)
Utilisation of losses	(3.4)	—	—
Adjustments relating to prior years	1.0	1.2	(0.5)
	64.1	61.2	61.9

The tax credit relating to exceptional items amounts to £4.3m (2012: £4.8m, 2011: £3.8m).

The Group's foreign tax rates are lower than those in the UK primarily because profits earned in AA Ireland Limited are taxed at a rate of 12.5% (2012: 12.5%, 2011: 12.5%).

Factors that may affect future tax charges

The Finance Act 2012 reduced the main rate of corporation tax from 26% to 24% with effect from 1 April 2012, and further reduced it from 24% to 23% with effect from 1 April 2013. As this reduction was substantively enacted on 3 July 2012, the deferred tax balance at 31 January 2013 has been stated at 23%.

Further reductions in the rate of UK Corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015 were announced in December 2012 and March 2013. The Directors estimate that the effect of these proposed rate changes will reduce the Group's deferred tax asset by £4.3m.

Other than this, there are no circumstances foreseen that are expected to materially impact future tax charges.

Deferred tax

The deferred tax included in the consolidated balance sheet is as follows:

	2013	2012	2011
	£m	£m	£m
Included in debtors (note 14)	22.0	25.5	29.7
Included in net defined benefit pension liability (note 26)	29.8	25.6	21.5
	51.8	51.1	51.2

	2013	2012	2011
	£m	£m	£m
At 1 February	51.1	51.2	87.8
Deferred tax charge in the consolidated profit and loss account	(4.9)	(7.9)	(13.7)
Deferred tax credit/(charge) in the consolidated statement of total recognised gains and losses	5.6	7.8	(22.9)
At 31 January	51.8	51.1	51.2

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable.

Deferred tax comprises an excess of depreciation over capital allowances of £14.0m (2012: £17.7m, 2011: £26.4m), short-term differences of £4.8m (2012: £4.1m, 2011: £3.2m) and unused tax losses of £3.2m (2012: £3.7m, 2011: £0.1m).

The Group has an unrecognised deferred tax asset of £31.2m (2012: £37.4m, 2011: £48.1m) relating to unutilised tax losses. This asset will be recoverable in the event of suitable profits becoming available.

10 Intangible fixed assets

	2013	2012	2011
	£m	£m	£m
Goodwill			
Cost			
At 1 February	1,856.6	1,853.1	1,843.0
Additions	2.5	3.5	10.1
At 31 January	1,859.1	1,856.6	1,853.1
Amortisation			
At 1 February	665.6	572.7	480.1
Charge for the year	93.0	92.9	92.6
At 31 January	758.6	665.6	572.7
Net book amount			
At 31 January	1,100.5	1,191.0	1,280.4

Acquisitions during the year

On 25 September 2012 the Group acquired the entire share capital of Peak Performance Management Limited, a provider of driving services. The consideration for the transaction (including costs) of £1.7m was settled in cash, with the exception of £0.4m deferred consideration which will be settled in the future. Goodwill arising on acquisition was £1.3m. The acquisition generated turnover of £0.2m in the four month period ended 31 January 2013.

Acquisitions in prior periods

On 2 August 2011 the Group acquired the entire share capital of Intelligent Data Systems (UK) Limited, a provider of driving services. The consideration for the transaction (including costs) of £7.1m was settled in cash at the time, with the exception of £3.1m deferred consideration which was to be settled at a future date. Goodwill arising on acquisition was £6.0m. The acquisition generated turnover of £1.4m and created operating profits of £0.5m in the six month period ended 31 January 2012.

On 31 January 2011 the Group acquired the trade and assets of the British School of Motoring, a provider of driving school services. The consideration for the transaction (including costs) of £1.0m was settled in cash. Goodwill arising on acquisition was £7.6m. The acquisition did not contribute to the Group turnover and operating profit for the year ended 31 January 2011.

In addition to the above, sundry adjustments relating to acquisitions made in prior periods resulted in an increase to goodwill of £1.2m (2012: £1.5m reduction, 2011: £2.4m increase).

All of the acquisitions described above have been included in the Group balance sheet at their fair value at the date of acquisition. The fair values of all of the above acquisitions were not materially different to book value. The business combinations have all been accounted for using Acquisition accounting. There were no recognised gains and losses in the post-acquisition period other than those described above.

Goodwill additions	**2013**	**2012**	**2011**
	£m	**£m**	**£m**
Peak Performance Management Limited	1.3	—	—
Intelligent Data Systems (UK) Limited	—	5.0	—
British School of Motoring	—	—	6.9
Drakefield—Purchase of minority interest			0.8
Adjustments relating to previous acquisitions	1.2	(1.5)	2.4
	2.5	3.5	10.1

11 Tangible fixed assets

	Freehold Land & Buildings	Long Leasehold Land & Buildings	Vehicles	Other Assets	Total
	£m	£m	£m	£m	£m
Cost					
At 1 February 2011	23.9	8.6	74.7	129.2	236.4
Additions	—	0.1	19.3	27.6	47.0
Disposals	—	—	(19.1)	(0.4)	(19.5)
Exchange adjustment	—	—	(0.1)	(0.3)	(0.4)
Reclassification adjustments	—	(0.3)	—	0.3	—
At 31 January 2012	23.9	8.4	74.8	156.4	263.5
Additions	—	—	10.6	21.7	32.3
Disposals	—	—	(16.1)	(1.2)	(17.3)
Exchange adjustment	—	—	0.1	0.4	0.5
Reclassification adjustments	—	(0.1)	—	0.1	—
At 31 January 2013	23.9	8.3	69.4	177.4	279.0
Depreciation					
At 1 February 2011	3.7	2.1	39.2	68.2	113.2
Provided during the year	0.6	0.5	17.2	18.4	36.7
Disposals	—	—	(18.4)	—	(18.4)
Exchange adjustment	—	—	(0.1)	(0.1)	(0.2)
Reclassification adjustments	—	(0.2)	—	0.2	—
At 31 January 2012	4.3	2.4	37.9	86.7	131.3
Provided during the year	0.6	0.6	14.8	21.9	37.9
Disposals	—	—	(15.7)	(0.8)	(16.5)
Exchange adjustment	—	—	0.1	0.2	0.3
Reclassification adjustments	—	(0.1)	—	0.1	—
At 31 January 2013	4.9	2.9	37.1	108.1	153.0
Net book amounts					
At 31 January 2013	19.0	5.4	32.3	69.3	126.0
At 31 January 2012	19.6	6.0	36.9	69.7	132.2
At 31 January 2011	20.2	6.5	35.5	61.0	123.2

The net book amount of Vehicles includes £30.0m (2012: £33.8m, 2011: £32.1m) held under finance lease agreements. The accumulated depreciation on these assets is £36.2m (2012: £36.0m, 2011: £37.3m).

The net book amount of Other Assets includes £3.3m (2012: £4.8m, 2011: £6.0m) in respect of plant & machinery held under finance lease agreements. The accumulated depreciation on these assets is £4.5m (2012: £2.9m, 2011: £1.4m).

12 Investments

Group	2013	2012	2011
	£m	£m	£m
Associates	3.4	2.9	2.5
Other fixed asset investments	1.0	1.0	1.0
At 31 January	4.4	3.9	3.5

Company	2013	2012	2011
	£m	£m	£m
Investment in subsidiary undertaking at cost			
At 1 February and 31 January	20.5	20.5	20.5

The principal operating subsidiary undertakings of AA Limited, all of which are wholly owned except where stated, are listed below. There is no difference between the percentage holding and percentage voting rights in ordinary shares. All of the principal subsidiary undertakings of AA Limited are indirectly held by the Company, with the exception of AA Mid Co Limited which is directly held.

Company	Country of registration	Nature of business
Subsidiary undertakings		
The Automobile Association Limited	Jersey	Roadside services
Autowindshields (UK) Limited	England	Roadside services
Automobile Association Insurance Services Limited	England	Roadside & insurance broking
Drakefield Insurance Services Limited	England	Insurance broking
AA Financial Services Limited	England	Financial services
Automobile Association Developments Limited	England	Driving services
Drivetech (UK) Limited	England	Driving services
AA Media Limited	England	Driving services
AA Ireland Limited	Ireland	Roadside & insurance services
AA Corporation Limited	England	Head office functions
Automobile Association Underwriting Services Limited	England	Roadside & insurance services
Acromas Reinsurance Company Limited	Guernsey	Insurance underwriting
AA Mid Co Limited	England	Holding company
AA Intermediate Co Limited	England	Holding company
AA Acquisition Co Limited	England	Holding company
AA Senior Co Limited	England	Holding company
Associates (20% interest held)	(a)	
ARC Europe S.A.	Belgium	Roadside services
Associates (22% interest held)	(a)	
A.C.T.A. Assistance S.A.	France	Roadside services
A.C.T.A. Assurance S.A.	France	Roadside & insurance services
A.C.T.A. S.A.	France	Roadside services

(a) The Group holds these associate undertakings directly with the exception of A.C.T.A. S.A. and A.C.T.A. Assurance S.A., which are both subsidiaries of A.C.T.A. Assistance S.A. There is no difference between percentage holding and percentage voting rights in ordinary shares.

13 Stocks

	2013	2012	2011
	£m	£m	£m
Work in progress	0.1	1.2	1.4
Finished goods	5.2	4.1	4.4
	5.3	5.3	5.8

14 Debtors

Group	2013	2012	2011
	£m	£m	£m
Trade debtors	147.9	181.2	195.8
Amounts owed by group undertakings	1,372.7	1,070.2	809.0
Other debtors	15.0	9.1	4.2
Prepayments and accrued income	28.0	26.9	22.3
Deferred tax (note 9)	22.0	25.5	29.7
	1,585.6	1,312.9	1,061.0

Amounts owed by group undertakings mainly arises as the Group's cash balances are swept centrally by Acromas treasury in order to efficiently manage all of the Acromas Holdings Limited group cash balances. These amounts represent cumulative cash earnings paid to a fellow Acromas group company resulting from trading throughout the year. As these amounts do not arise directly from transactions relating to trading or operating activities they have been treated as a financing cash flow within the consolidated cash flow statement.

The amounts owed by group undertakings are unsecured, had no repayment terms and bore no interest.

All amounts above are due in less than one year, except for deferred tax.

Company	2013	2012	2011
	£m	£m	£m
Amounts owed by group undertakings	1,719.6	1,719.6	1,719.6
	1,719.6	1,719.6	1,719.6

The amounts owed by group undertakings are unsecured, had no repayment terms and bore no interest.

15 Cash at bank and in hand

	2013	2012	2011
	Group	Group	Group
	£m	£m	£m
Cash at bank and in hand—available	8.8	7.5	20.3
Cash at bank and in hand—restricted	34.8	52.6	69.5
	43.6	60.1	89.8

Cash at bank and in hand includes £34.8m (2012: £52.6m, 2011: £69.5m) held by and on behalf of the Group's insurance businesses which are subject to contractual or regulatory restrictions. These amounts held are not readily available to be used for other purposes within the Group.

16 Creditors falling due within one year

Group	2013	2012	2011
	£m	£m	£m
Obligations under finance lease agreements (note 18)	17.8	10.7	11.5
Trade creditors	112.0	152.0	166.1
Amounts owed to group undertakings	1,884.6	1,790.9	1,787.3
Corporation tax	7.0	20.9	0.2
Other taxes and social security costs	21.6	23.4	19.4
Other creditors	28.4	36.4	24.2
Accruals and deferred income	270.5	271.2	275.4
	2,341.9	2,305.5	2,284.1

Company	2013	2012	2011
	£m	£m	£m
Amounts owed to group undertakings	1,739.0	1,739.0	1,739.0
	1,739.0	1,739.0	1,739.0

Upon the acquisition of the Group by the Acromas Holdings Limited group, Acromas Holdings Limited provided cash to the Group to pay off the external bank debt outstanding at the time of acquisition. This amount of £1,760.9m is held within amounts owed to group undertakings. The amounts owed to group undertakings are unsecured, had no repayment terms and bore no interest.

17 Creditors falling due after more than one year

Group	2013	2012	2011
	£m	£m	£m
Shareholder loans (inter-company)	265.5	227.8	195.5
Obligations under finance lease agreements (note 18)	13.6	22.8	20.6
Other creditors	1.3	2.2	9.9
	280.4	252.8	226.0

Upon the acquisition of the Group by the Acromas Holdings Limited group, the Acromas Holdings Limited group took on the subordinated preference certificates that were previously held by third parties. The subordinated preference certificates are redeemable on 30 September 2015. Interest is charged to the profit and loss account over the term of the instrument at an effective rate of 16.5% per annum and is added to the loan value each year. The certificates are unsecured.

Other creditors are all due within 5 years of the balance sheet date.

18 Obligations under finance lease agreements

	2013	2012	2011
	£m	£m	£m
Amounts payable under finance lease agreements:			
Within one year (note 16)	17.8	10.7	11.5
Within two to five years (note 17)	13.6	22.8	20.6
	31.4	33.5	32.1

19 Insurance technical provisions

	2013	2012	2011
	£m	£m	£m
Outstanding claims provisions	2.9	19.8	28.8
Other technical provisions—provisions for incurred but not reported claims	0.3	20.0	20.8
	3.2	39.8	49.6

Provision is made for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported. The estimated cost of claims includes expenses to be incurred in settling claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provision, it is likely that the final outcome will prove to be different from the original liability established.

20 Provisions for liabilities

Group	Property leases	Restructuring	Other	Total
	£m	£m	£m	£m
At 1 February 2011	37.9	0.8	3.3	42.0
Utilised during the year	(4.5)	(0.8)	(4.1)	(9.4)
Released unutilised during the year	—	(0.2)	—	(0.2)
Unwinding of discount rate (note 6)	0.8	—	—	0.8
Charge for the year	0.1	2.8	2.7	5.6
Balance at 31 January 2012	34.3	2.6	1.9	38.8
Utilised during the year	(4.4)	(1.9)	(1.3)	(7.6)
Released unutilised during the year	(3.6)	(0.6)	(0.6)	(4.8)
Unwinding of discount rate (note 6)	0.3	—	—	0.3
Charge for the year	8.7	13.6	0.8	23.1
Balance at 31 January 2013	35.3	13.7	0.8	49.8

The property lease provision relates to future onerous lease costs of vacant properties for the remaining period of the lease, net of expected sub-letting income. A significant element of this provision relates to Service Centre sites not transferred to a third party. These sums are mainly expected to be paid out annually over the next 15 years however it will take 40 years to fully pay out all amounts provided for. The provision has been calculated on a pre-tax discounted basis.

The restructuring provision relates to redundancy and other related costs following the restructuring of operations in the current and prior periods. In the year ended 31 January 2013 this included the closure of two call centres.

Other provisions primarily comprise provision for rewards in our financial services division. These items are reviewed and updated annually. For the year ended 31 January 2011, there was also a deferred tax provision of £0.2m included within other provisions.

21 Called up share capital

Group and Company	2013	2012	2011
	£	£	£
Allotted, called up and fully paid			
1,000,000 'A' ordinary shares of £0.10 each	100,000	100,000	100,000
1,015,344 'B' ordinary shares of £0.10 each	101,534	101,534	101,534
	201,534	201,534	201,534

The voting rights of the holders of all ordinary shares are the same and all ordinary shares rank pari passu on a winding up.

22 Reserves

Group	Currency translation reserve	Profit and loss account	Total
	£m	£m	£m
At 1 February 2011	0.4	(132.5)	(132.1)
Retained profit for the year	—	113.1	113.1
Exchange differences on retranslation of net assets of subsidiary undertakings	(0.1)	—	(0.1)
Actuarial gains and losses recognised on defined benefit pension schemes (note 26)	—	(33.8)	(33.8)
Movement in deferred tax relating to defined benefit pension schemes (note 9)	—	7.8	7.8
At 31 January 2012	0.3	(45.4)	(45.1)
Retained profit for the year	—	120.5	120.5
Exchange differences on retranslation of net assets of subsidiary undertakings	(0.9)	—	(0.9)
Actuarial gains and losses recognised on defined benefit pension schemes (note 26)	—	(26.9)	(26.9)
Movement in deferred tax relating to defined benefit pension schemes (note 9)	—	5.6	5.6
At 31 January 2013	(0.6)	53.8	53.2

Company

There was no movement in reserves for the Company.

23 Reconciliation of operating profit to net cash flow from operating activities

	2013	2012	2011
	£m	£m	£m
Operating profit	229.4	216.8	285.6
Amortisation of goodwill	93.0	92.9	92.6
Depreciation of tangible fixed assets	37.9	36.7	30.0
Pension curtailment gain	—	—	(46.2)
Less other operating income	(1.4)	(2.4)	(2.8)
Less share of profits in associates	(0.7)	(0.4)	(0.2)
Decrease/(increase) in stock	—	0.5	(0.9)
Decrease/(increase) in debtors	2.4	(4.0)	(6.3)
Increase in creditors	25.5	17.3	79.9
Increase/(decrease) in provisions	11.0	(3.8)	(4.9)
Decrease in underwriting technical insurance provisions	(36.6)	(9.8)	(9.6)
Difference between pension charge and cash contributions	(6.6)	(12.5)	(1.5)
Change in working capital	(4.3)	(12.3)	56.7
Net cash inflow from operating activities	353.9	331.3	415.7

The cash inflow from operating activities is stated net of cash outflows relating to exceptional items of £17.8m (2012: £19.1m, 2011: £14.4m). This relates to restructuring expenditure costs from the re-organising of Group operations of £13.4m (2012: £8.5m, 2011: £8.9m); onerous property provision future lease costs in respect of vacant properties of £4.4m (2012: £4.5m, 2011: £5.5m); and onerous lease contract costs of £nil (2012: £6.1m, 2011: £nil).

In the year ended 31 January 2011, the Group sold its investment in subsidiary undertaking, Direct Choice Insurance Services Limited to another entity in the Acromas group. The sale was at the net book value of the investment of £53.6m and transferred through the inter-company account and therefore had no cash impact for the Group.

Analysis of movement in working capital split between available and restricted

	2013 £m	2012 £m	2011 £m
Change in working capital:			
Available	(4.9)	(10.1)	59.3
Restricted	0.6	(2.2)	(2.6)
Overall change in working capital	(4.3)	(12.3)	56.7

Analysis of cash flow from operating activities between available and restricted

	2013 £m	2012 £m	2011 £m
Cash flows from operating activities:			
Available	372.2	348.9	418.5
Restricted	(18.3)	(17.6)	(2.8)
Net cash inflow from operating activities	353.9	331.3	415.7

24 Analysis of cash flows

	2013 £m	2012 £m	2011 £m
Returns on investment and servicing of finance			
Interest received	0.9	1.3	1.2
Interest paid	(0.1)	(0.1)	(0.1)
Interest rate swap expense	—	—	(61.8)
Interest element of finance lease agreements	(4.6)	(4.3)	(3.4)
	(3.8)	(3.1)	(64.1)
Taxation			
Corporation tax paid	(2.8)	0.4	(0.6)
Group relief paid to other entities in the Acromas group	(52.3)	(60.1)	(47.1)
Overseas tax paid	(1.0)	(1.1)	(1.6)
	(56.1)	(60.8)	(49.3)
Acquisitions and disposals			
Purchase of subsidiary undertakings	(9.7)	(4.2)	(6.2)
Purchase of interest in associate undertaking	—	(0.3)	—
Proceeds from disposal of joint venture	3.1	0.6	1.5
Net cash acquired with subsidiary undertakings	0.4	0.9	—
	(6.2)	(3.0)	(4.7)

In the year ended 31 January 2010, the Group sold its interest in its joint venture, Automobile Association Personal Finance Limited and continues to receive proceeds from this sale.

25 Analysis of net debt

	Available cash	Restricted cash	Cash at hand and at bank	Share-holder loan	Finance Lease	Payments to group treasury	Other inter-company	Net debt
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 February 2010	18.6	71.2	89.8	(167.8)	(28.3)	481.0	(1,727.9)	(1,353.2)
Cash flows	1.8	(1.5)	0.3	—	19.3	250.0	—	269.6
Exchange differences	(0.1)	(0.2)	(0.3)	—	—	—	—	(0.3)
Other non-cash movement	—	—	—	(27.7)	(23.1)	—	18.6	(32.2)
At 31 January 2011	20.3	69.5	89.8	(195.5)	(32.1)	731.0	(1,709.3)	(1,116.1)
Cash flows	(12.8)	(16.5)	(29.3)	—	18.2	248.9	—	237.8
Exchange differences	—	(0.4)	(0.4)	—	—	—	—	(0.4)
Other non-cash movement	—	—	—	(32.3)	(19.6)	—	8.7	(43.2)
At 31 January 2012	7.5	52.6	60.1	(227.8)	(33.5)	979.9	(1,700.6)	(921.9)
Cash flows	1.2	(18.2)	(17.0)	—	12.0	270.9	—	265.9
Exchange differences	0.1	0.4	0.5	—	—	—	—	0.5
Other non-cash movement	—	—	—	(37.7)	(9.9)	—	(62.1)	(109.7)
At 31 January 2013	8.8	34.8	43.6	(265.5)	(31.4)	1,250.8	(1,762.7)	(765.2)

Payments to Acromas group treasury—reconciliation to the balance sheet

	2013	2012	2011
	£m	£m	£m
Payments to Acromas group treasury	1,250.8	979.9	731.0
Other amounts owed by group undertakings	121.9	90.3	78.0
Amounts owed by group undertakings	1,372.7	1,070.2	809.0

Other inter-company—reconciliation to the balance sheet

	2013	2012	2011
	£m	£m	£m
Amounts owed to group undertakings	(1,884.6)	(1,790.9)	(1,787.3)
Other amounts owed by group undertakings (see above)	121.9	90.3	78.0
Other inter-company	(1,762.7)	(1,700.6)	(1,709.3)

26 Pension costs and other post retirement benefits

The Group operates two wholly funded defined benefit pension schemes: the AA UK Pension Scheme (AAUK) and the AA Ireland Pension Scheme (AAROI). The assets of the schemes are held separately from those of the Group in independently administered funds. New entrants to the AA schemes accrue benefits on a career average salary basis. The AA schemes have final salary sections that are closed to new entrants but open to future accrual for existing members.

Certain AA employees are also members of an unfunded post-retirement Private Medical Plan scheme (AAPMP), which is a defined benefit scheme. The scheme is not open to new entrants.

Regular employer contributions to the pension schemes in the year to 31 January 2014 are estimated to be £26.1m. Further additional employer contributions will be required if there are any redundancies or augmentations during the year.

The valuations used for FRS17 (Retirement benefits) disclosures have been based on a full assessment of the liabilities of the schemes. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method.

Actuarial gains and losses have been recognised in the year in which they occur through the Statement of Total Recognised Gains and Losses (STRGL).

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under FRS17 (Retirement benefits) are set out below:

	2013	2012	2011
Real rate of increase in salaries	0.0%	0.0%	2.0%
Real rate of increase of pensions in payment	0.0%	0.0%	0.0%
Real rate of increase of pensions in deferment	0.0%	0.0%	0.0%
Discount rate	4.7%	4.6%	5.7%
Inflation assumption	3.4%	3.0%	3.6%
Medical premium inflation (AAPMP scheme only)	7.4%	7.0%	7.6%

Mortality assumptions are set using standard tables based on scheme specific experience where available. Each scheme's mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The AA schemes' assumptions are that an active male retiring in normal health currently aged 60 will live on average for a further 27 years and an active female retiring in normal health currently aged 60 will live on average for a further 30 years.

The amounts recognised in the balance sheet are as follows:

	As at 31 January 2013			
	AAUK	AAROI	AAPMP	Total
	£m	£m	£m	£m
Fair value of scheme assets	1,501.7	33.7	—	1,535.4
Present value of defined benefit obligation	(1,598.5)	(55.1)	(47.5)	(1,701.1)
Defined benefit scheme liability	(96.8)	(21.4)	(47.5)	(165.7)
Related deferred tax asset	22.3	2.8	4.7	29.8
Liability recognised in balance sheet	(74.5)	(18.6)	(42.8)	(135.9)

	As at 31 January 2012			
	AAUK	AAROI	AAPMP	Total
	£m	£m	£m	£m
Fair value of scheme assets	1,393.1	30.3	—	1,423.4
Present value of defined benefit obligation	(1,473.3)	(43.5)	(44.8)	(1,561.6)
Defined benefit scheme liability	(80.2)	(13.2)	(44.8)	(138.2)
Related deferred tax asset	20.1	1.6	3.9	25.6
Liability recognised in balance sheet	(60.1)	(11.6)	(40.9)	(112.6)

	As at 31 January 2011			
	AAUK	AAROI	AAPMP	Total
	£m	£m	£m	£m
Fair value of scheme assets	1,236.7	32.3	—	1,269.0
Present value of defined benefit obligation	(1,301.0)	(41.5)	(41.1)	(1,383.6)
Defined benefit scheme liability	(64.3)	(9.2)	(41.1)	(114.6)
Related deferred tax asset	17.4	1.1	3.0	21.5
Liability recognised in balance sheet	(46.9)	(8.1)	(38.1)	(93.1)

The amounts recognised in the balance sheet are reconciled as follows:

	AAUK	AA ROI	AAPMP	Total
	£m	£m	£m	£m
Defined benefit liability as at 1 February 2010	(188.9)	(12.5)	(44.2)	(245.6)
Profit and loss income/(expense)	26.1	(1.8)	(2.7)	21.6
Contributions by employer	19.2	2.8	1.2	23.2
Gain recognised via the STRGL	79.3	2.3	4.6	86.2
Defined benefit liability as at 31 January 2011	**(64.3)**	**(9.2)**	**(41.1)**	**(114.6)**
Profit and loss expense	(13.2)	(1.1)	(2.5)	(16.8)
Contributions by employer	23.7	1.5	1.2	26.4
Loss recognised via the STRGL	(26.4)	(4.4)	(2.4)	(33.2)
Defined benefit liability as at 31 January 2012	**(80.2)**	**(13.2)**	**(44.8)**	**(138.2)**
Profit and loss expense	(22.1)	(1.0)	(2.3)	(25.4)
Contributions by employer	23.6	1.4	1.0	26.0
Loss recognised via the STRGL	(18.1)	(8.6)	(1.4)	(28.1)
Defined benefit liability as at 31 January 2013	**(96.8)**	**(21.4)**	**(47.5)**	**(165.7)**

Included within debtors, there is a pension escrow account of £10.0m (2012: £5.0m, 2011: £nil). This relates to payments that have been made to an escrow account in relation to the pension scheme.

The changes in the present value of the defined benefit obligation are as follows:

	AAUK	AAROI	AAPMP	Total
	£m	£m	£m	£m
Defined benefit obligation as at 1 February 2010	1,354.7	41.2	44.2	1,440.1
Current service cost	19.9	1.3	0.2	21.4
Interest cost	73.6	1.9	2.5	78.0
Contributions by scheme participants	1.1	0.3	—	1.4
Changes in assumptions underlying the present value of scheme liabilities	(68.2)	(1.0)	(4.6)	(73.8)
Net benefits paid out	(33.9)	(1.6)	(1.2)	(36.7)
Curtailments	(46.2)	—	—	(46.2)
Currency loss	—	(0.6)	—	(0.6)
Defined benefit obligation as at 31 January 2011	**1,301.0**	**41.5**	**41.1**	**1,383.6**
Current service cost	18.0	0.7	0.2	18.9
Interest cost	73.8	2.0	2.3	78.1
Contributions by scheme participants	1.3	0.3	—	1.6
Changes in assumptions underlying the present value of scheme liabilities	115.3	1.9	2.4	119.6
Net benefits paid out	(36.1)	(1.4)	(1.2)	(38.7)
Currency loss	—	(1.5)	—	(1.5)
Defined benefit obligation as at 31 January 2012	**1,473.3**	**43.5**	**44.8**	**1,561.6**
Current service cost	23.9	0.7	0.2	24.8
Interest cost	67.5	1.8	2.1	71.4
Contributions by scheme participants	1.2	0.3	—	1.5
Changes in assumptions underlying the present value of scheme liabilities	70.5	7.8	1.4	79.7
Net benefits paid out	(37.9)	(1.3)	(1.0)	(40.2)
Currency gain	—	2.3	—	2.3
Defined benefit obligation as at 31 January 2013	**1,598.5**	**55.1**	**47.5**	**1,701.1**

The changes in the fair value of scheme assets during the year are as follows:

	AAUK	AAROI	APMP	Total
	£m	£m	£m	£m
Fair value of scheme assets as at 1 February 2010	1,165.8	28.7	—	1,194.5
Expected return on scheme assets	73.4	1.4	—	74.8
Actuarial gains on scheme assets	11.1	1.1	—	12.2
Contributions by employer	19.2	2.8	1.2	23.2
Contributions by scheme participants	1.1	0.3	—	1.4
Net benefits paid out	(33.9)	(1.6)	(1.2)	(36.7)
Currency loss	—	(0.4)	—	(0.4)
Fair value of scheme assets as at 31 January 2011	**1,236.7**	**32.3**	**—**	**1,269.0**
Expected return on scheme assets	78.6	1.6	—	80.2
Actuarial gains/(losses) on scheme assets	88.9	(3.1)	—	85.8
Contributions by employer	23.7	1.5	1.2	26.4
Contributions by scheme participants	1.3	0.3	—	1.6
Net benefits paid out	(36.1)	(1.4)	(1.2)	(38.7)
Currency loss	—	(0.9)	—	(0.9)
Fair value of scheme assets as at 31 January 2012	**1,393.1**	**30.3**	**—**	**1,423.4**
Expected return on scheme assets	69.3	1.5	—	70.8
Actuarial gains on scheme assets	52.4	0.4	—	52.8
Contributions by employer	23.6	1.4	1.0	26.0
Contributions by scheme participants	1.2	0.3	—	1.5
Net benefits paid out	(37.9)	(1.3)	(1.0)	(40.2)
Currency gain	—	1.1	—	1.1
Fair value of scheme assets as at 31 January 2013	**1,501.7**	**33.7**	**—**	**1,535.4**

The fair value of scheme assets by percentage is as follows:

	AAUK			AAROI		
	2013	2012	2011	2013	2012	2011
Equities	29%	33%	36%	57%	55%	54%
Bonds	43%	41%	36%	40%	39%	37%
Property	7%	8%	9%	3%	6%	6%
Hedge Funds	20%	15%	18%	—	—	—
Other	1%	3%	1%	—	—	3%
Total	100%	100%	100%	100%	100%	100%

The analysis of amounts recognised in the profit and loss account are as follows:

Year to 31 January 2013	AAUK	AAROI	AAPMP	Total
	£m	£m	£m	£m
Current service cost	23.9	0.7	0.2	24.8
Interest cost	67.5	1.8	2.1	71.4
Expected return on scheme assets	(69.3)	(1.5)	—	(70.8)
Net finance (return)/cost recognised	(1.8)	0.3	2.1	0.6
Expense taken in the profit and loss account	22.1	1.0	2.3	25.4

Year to 31 January 2012	AAUK	AAROI	AAPMP	Total
	£m	£m	£m	£m
Current service cost	18.0	0.7	0.2	18.9
Interest cost	73.8	2.0	2.3	78.1
Expected return on scheme assets	(78.6)	(1.6)	—	(80.2)
Net finance (return)/cost recognised	(4.8)	0.4	2.3	(2.1)
Expense taken in the profit and loss account	13.2	1.1	2.5	16.8

Year to 31 January 2011	AAUK	AAROI	AAPMP	Total
	£m	£m	£m	£m
Current service cost	19.9	1.3	0.2	21.4
Pension curtailment gain	(46.2)	—	—	(46.2)
	(26.3)	1.3	0.2	(24.8)
Interest cost	73.6	1.9	2.5	78.0
Expected return on scheme assets	(73.4)	(1.4)	—	(74.8)
Net finance (return)/cost recognised	0.2	0.5	2.5	3.2
Income taken in the profit and loss account	(26.1)	1.8	2.7	(21.6)

The analysis of amounts recognised in the STRGL are as follows:

Year ended 31 January 2013	AAUK	AAROI	AAPMP	Total
	£m	£m	£m	£m
Changes in assumptions underlying the present value of scheme liabilities	(70.5)	(7.8)	(1.4)	(79.7)
Actuarial gains on scheme assets	52.4	0.4	—	52.8
Actuarial losses recognised	(18.1)	(7.4)	(1.4)	(26.9)
Exchange loss	—	(1.2)	—	(1.2)
Total loss in STRGL	(18.1)	(8.6)	(1.4)	(28.1)

Year ended 31 January 2012	AAUK	AAROI	AAPMP	Total
	£m	£m	£m	£m
Changes in assumptions underlying the present value of scheme liabilities	(115.3)	(1.9)	(2.4)	(119.6)
Actuarial gains/(losses) on scheme assets	88.9	(3.1)	—	85.8
Actuarial losses recognised	(26.4)	(5.0)	(2.4)	(33.8)
Exchange gain	—	0.6	—	0.6
Total loss in STRGL	(26.4)	(4.4)	(2.4)	(33.2)

Year ended 31 January 2011	AAUK	AAROI	AAPMP	Total
	£m	£m	£m	£m
Changes in assumptions underlying the present value of scheme liabilities	68.2	1.0	4.6	73.8
Actuarial gains on scheme assets	11.1	1.1	—	12.2
Actuarial gains recognised	79.3	2.1	4.6	86.0
Exchange gain	—	0.2	—	0.2
Total gain in STRGL	79.3	2.3	4.6	86.2

Cumulative actuarial losses reported in the consolidated statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 are £486.2m (2012: £400.0m; 2011: £433.2m).

Analysis of actual return on scheme assets

Year ended 31 January 2013	AAUK	AAROI	APMP	Total
	£m	£m	£m	£m
Expected return on scheme assets	69.3	1.5	—	70.8
Actuarial gains on scheme assets	52.4	0.4	—	52.8
Actual return on scheme assets	121.7	1.9	—	123.6

Year ended 31 January 2012	AAUK	AAROI	APMP	Total
	£m	£m	£m	£m
Expected return on scheme assets	78.6	1.6	—	80.2
Actuarial gains/(losses) on scheme assets	88.9	(3.1)	—	85.8
Actual return on scheme assets	167.5	(1.5)	—	166.0

Year ended 31 January 2011	AAUK	AAROI	APMP	Total
	£m	£m	£m	£m
Expected return on scheme assets	73.4	1.4	—	74.8
Actuarial gains on scheme assets	11.1	1.1	—	12.2
Actual return on scheme assets	84.5	2.5	—	87.0

Five year history and experience gains and losses

	2013	2012	2011	2010	2009
	£m	£m	£m	£m	£m
Fair value of scheme assets	1,535.4	1,423.4	1,269.0	1,194.5	1,031.2
Present value of scheme liabilities	(1,701.1)	(1,561.6)	(1,383.6)	(1,440.1)	(1,059.1)
Defined benefit scheme liability	(165.7)	(138.2)	(114.6)	(245.6)	(27.9)

	2013	2012	2011	2010	2009
	£m	£m	£m	£m	£m
Experience adjustments arising on plan liabilities	2.8	(2.9)	17.8	11.4	(0.9)
Experience adjustments arising on plan assets	52.8	85.8	12.2	106.9	(281.5)

There are no experience adjustments arising on the AAPMP scheme.

The effect of changes in assumed medical cost trend are as follows:

	Medical cost trend rates adopted	Medical cost trend rates of 1% pa lower	Medical cost trend rates of 1% pa higher
	£m	£m	£m
Actuarial value of AAPMP liabilities at 31 January 2013	47.5	(5.8)	7.0
Total of interest cost and service cost for the year to 31 January 2013	2.3	(0.4)	0.4

27 Related party transactions

The Group has taken advantage of the exemption within FRS 8 (Related party disclosures) in not disclosing transactions with other entities in the Acromas group of companies

Transactions with Associates

	Type of transactions	2013	2012	2011
		£m	£m	£m
A.C.T.A. S.A.	Call handling fees paid	1.9	2.2	2.5
	Amounts payable as at 31 January	0.1	—	0.2
ARC Europe S.A.	Registration fees paid	0.5	0.5	0.5
	Amounts payable as at 31 January	0.2	0.3	0.2

28 Lease commitments

The annual commitment under non-cancellable operating leases is as follows:

	Land and Buildings			Plant and Machinery		
	2013 Group	2012 Group	2011 Group	2013 Group	2012 Group	2011 Group
	£m	£m	£m	£m	£m	£m
Leases expiring:						
Within one year	0.4	0.4	0.3	3.3	1.7	2.9
Between two and five years	0.4	1.4	1.4	0.8	0.5	0.2
After five years	2.6	2.7	2.7	—	—	—
	3.4	4.5	4.4	4.1	2.2	3.1

29 Contingent liabilities and cross company guarantees

The Company, along with certain of its key subsidiaries and other substantial companies across the Acromas Group, acts as Obligor on bank loans made to Acromas Mid Co Limited. At the balance sheet date, the principal, accrued interest, guarantees and other facilities outstanding on these bank loans was £5,132.1m (2012: £5,098.2m, 2011: £5,034.7m).

30 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £1.3m (2012: £2.9m, 2011: £3.0m).

31 Post balance sheet events

The AA is actively considering a debt refinancing of its business which is estimated to be of the order of £3 billion. The proceeds of any refinancing would be remitted to Acromas group to partially repay its bank debt, in return for the release of the current guarantees provided by the AA in respect of the current Acromas facilities (as disclosed in note 29).

Should such a refinancing go ahead the AA would no longer remit cash to Acromas group treasury and will provide security to the new lenders via a combination of fixed and floating charges.

32 Ultimate parent undertaking

The Company is a wholly owned subsidiary of Acromas Bid Co Limited, a company registered in England and Wales.

The ultimate parent undertaking, which is also the parent of the smallest and largest group to consolidate these financial statements is Acromas Holdings Limited whose registered office is at Enbrook Park, Folkestone, Kent CT20 3SE. Copies of the financial statements of Acromas Holdings Limited are available from the Company Secretary at this address.

33 Ultimate controlling party

The Directors consider the ultimate controlling party to be funds advised by Charterhouse Capital Partners, CVC Capital Partners and Permira Advisers acting in concert.

THE ISSUER

AA Bond Co Limited
22 Grenville Street
St Helier
Jersey JE4 8PX
Channel Islands

LEGAL ADVISORS TO THE ISSUER

As to U.S. federal and New York law
Latham & Watkins
99 Bishopsgate
London EC2M 3XF
United Kingdom

As to English law
Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

As to Jersey law
Mourant Ozannes
22 Grenville Street
St Helier
Jersey JE4 8PX
Channel Islands

As to Irish law
Eversheds
One Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

LEGAL ADVISORS TO THE INITIAL PURCHASERS

As to U.S. federal and New York law
Cravath, Swaine & Moore LLP
CityPoint
One Ropemaker Street
London EC2Y 9HR
United Kingdom

As to English law
Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London EC4Y 1HS
United Kingdom

As to Jersey law
Carey Olsen
47 Esplanade
St Helier
Jersey JE1 0BD
Channel Islands

As to Irish law
Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

INDEPENDENT AUDITORS

Ernst & Young LLP
1 More London Place
London SE1 2AF
United Kingdom

CLASS B NOTE TRUSTEE, ISSUER SECURITY TRUSTEE AND OBLIGOR SECURITY TRUSTEE

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

CLASS B REGISTRAR AND CLASS B TRANSFER AGENT

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-115 Luxembourg

CLASS B PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

LEGAL ADVISOR TO THE CLASS B NOTE TRUSTEE, THE ISSUER SECURITY TRUSTEE AND THE OBLIGOR SECURITY TRUSTEE

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

IRISH LISTING AGENT

Arthur Cox Listing Services Limited
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland


AA
AA

No person has been authorised to give any information or to make any representations other than those contained in this Offering Memorandum. This Offering Memorandum does not offer to sell or ask for offers to buy any Class B Notes in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the Class B Notes.

TABLE OF CONTENTS

OFFERING MEMORANDUM

AA Bond Co Limited

£655,000,000

9.50% Class B Secured Notes due 2043

Joint Global Coordinators and Joint Physical Bookrunners

Deutsche Bank | **The Royal Bank of Scotland**

Joint Bookrunners

Barclays | **Mizuho Securities**

Joint Bookrunners

BofA Merrill Lynch | **HSBC** | **Lloyds Bank** | **Mitsubishi UFJ Securities** | **RBC Capital Markets** | **UBS Investment Bank**

25 June 2013

£655,000,000 9.50% Class B Secured Notes due 2043