IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES OR TO ANY U.S. PERSON EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS ("QIBs") UNDER RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR OTHERWISE THAN TO PERSONS TO WHOM IT CAN BE LAWFULLY DISTRIBUTED.

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE CLASS A NOTES DESCRIBED IN THE BASE PROSPECTUS (THE "CLASS A NOTES") IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE CLASS A NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE CLASS A NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT IN CERTAIN TRANSACTIONS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

WITHIN THE UNITED KINGDOM, THE BASE PROSPECTUS MAY NOT BE PASSED ON EXCEPT TO INVESTMENT PROFESSIONALS OR OTHER PERSONS IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED) DOES NOT APPLY TO THE ISSUER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THE BASE PROSPECTUS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THE BASE PROSPECTUS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

THE BASE PROSPECTUS 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 SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of Your Representation: In order to be eligible to view this Base Prospectus or make an investment decision with respect to the Class A Notes, you must: (i) not be a U.S. person (within the meaning of Regulation S under the Securities Act) and be outside the United States; or (ii) be a "qualified institutional buyer" (within the meaning of Rule 144A under the U.S. Securities Act). You have been sent the attached Base Prospectus on the basis that you have confirmed to the Arranger, the Global Coordinators, the Bookrunner and to the Dealers (collectively, the "Dealers") set forth in the attached Base Prospectus, being the sender or senders of the attached, that either: (A)(i) you and any customers you represent are not U.S. persons; and (ii) the electronic mail (or e-mail) address to which it has been delivered is not located in the United States of America, its territories and possessions, any state of the United States and the District of Columbia; "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands; or (B) you and any customers you represent are "qualified institutional buyers" and, in either case, that you consent to delivery by electronic transmission.

You are reminded that the Base Prospectus has been delivered to you on the basis that you are a person into whose possession the Base Prospectus 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 Base Prospectus 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 an arranger or any affiliate of an arranger is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by an arranger or such affiliate on behalf of the issuer in such jurisdiction.

Recipients of the Base Prospectus who intend to subscribe or purchase any of the Class A Notes are reminded that any subscription or purchase may only be made on the basis of information contained in the Base Prospectus in combination with any relevant drawdown prospectus or final terms (if applicable). The Base Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer (as defined below).

The Base Prospectus 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 no Dealer, Arranger, the Global Coordinators or the Bookrunner, nor any person who controls the Arranger, the Global Coordinators, the Bookrunner or any Dealer, nor any director, officer, employee or agent or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Prospectus distributed to you in electronic format herewith and the hard copy version available to you on request from the Issuer.

NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

AA Bond Co Limited

(a public limited company incorporated in Jersey with registered no. 112992)

£5,000,000,000
Multicurrency Programme for the Issuance of Class A Notes

AA Bond Co Limited (the "**Issuer**") has authorised the establishment of a multicurrency programme for the issuance of a single class of Class A Notes designated as the Class A Notes (the "**Programme**"). There is no provision under the Programme for the issuance of other classes of notes.

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under EU Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in the Relevant Member State) (the "**Prospectus Directive**"). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Class A Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. Application will be made to the Irish Stock Exchange (the "**Irish Stock Exchange**") for certain Class A Notes issued under the Programme within 12 months of the date of this Base Prospectus to be admitted to the official list (the "**Official List**") and trading on its regulated market (the "**Main Securities Market**").

The Programme provides that the Class A Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer (as defined below). The Issuer may also issue unlisted Class A Notes.

The Class A Notes may be issued, on a continuing basis, to one or more of the Dealers specified under "*Overview—Key Characteristics of the Programme—Dealers*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Class A Notes being (or intended to be) subscribed by more than one Dealer or in respect of which subscriptions will be procured by more than one Dealer, be to all Dealers agreeing to subscribe for such Class A Notes or to procure subscriptions for such Class A Notes, as the case may be.

The Class A Notes issued under the Programme have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States and are being offered and sold, (A) to "qualified institutional buyers" ("**QIBs**") **as defined in Rule 144A under the Securities Act** ("**Rule 144A**") **in reliance upon the exemption provided by Section 4(2) of the Securities Act and (B) outside the United States to certain persons in reliance upon Regulation S under the Securities Act** ("**Regulation S**")**. Prospective purchasers are hereby notified that the seller of the Class A Notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Each purchaser of the Class A Notes in making its purchase will be deemed to have made certain acknowledgements, representations and agreements (see "*Subscription and Sale*" in this Base Prospectus).**

See "*Risk Factors*" to read about certain factors that prospective investors should consider before buying any of the Class A Notes.

Deutsche Bank	**The Royal Bank of Scotland**	**Barclays**
Global Coordinator	*Global Coordinator and Arranger*	*Bookrunner*

Dealers

Barclays
Deutsche Bank
Lloyds Bank
RBC Capital Markets

BofA Merrill Lynch
HSBC
Mitsubishi UFJ Securities
The Royal Bank of Scotland

UBS Investment Bank

Base Prospectus dated 24 June 2013

In this Base Prospectus, the terms "**we**", "**our**", "**us**", the "**Company**", the "**Automobile Association**" or the "**AA**" with respect to our historical results of operation refer to AA Limited and its subsidiaries as a whole or to any one or more of its subsidiaries.

Under the Programme, the Issuer may, subject to all applicable legal and regulatory requirements, from time to time issue Class A Notes in bearer or registered form (respectively "**Class A Bearer Notes**" and "**Class A Registered Notes**"). Copies of the final terms for each Sub-Class of Class A Notes (the "**Final Terms**") will be available (in the case of all Class A Notes) from the specified office set out below of Deutsche Trustee Company Limited as Class A note trustee (the "**Class A Note Trustee**"), (in the case of Class A Bearer Notes) from the specified office set out below of each of the Class A Paying Agents and (in the case of Class A Registered Notes) from the specified office set out below of each of the Class A Registrar and the Class A Transfer Agent.

Class A Notes issued under the Programme shall comprise a single class (the "**Class A Notes**"). Class A Notes will be issued in tranches on each Issue Date. The Class A Notes may comprise one or more sub-classes (each a "**Sub-Class**") 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 under the Programme will not exceed £5,000,000,000 (or its equivalent in other currencies calculated as described in this Base Prospectus) unless increased from time to time by the Issuer.

Details of the aggregate principal amount, interest (if any) payable, the issue price and any other conditions not contained in this Base Prospectus, which are applicable to each Sub-Class of Class A Notes will be set forth in a set of Final Terms, or in a separate prospectus specific to such Sub-Class (a "**Drawdown Prospectus**"), see "*Final Terms and Drawdown Prospectuses*" below. In the case of Class A Notes to be admitted to the Official List, the Final Terms will be delivered to the Central Bank on or before the relevant date of issue of the Class A Notes of such Sub-Class.

Ratings ascribed to all of the Class A Notes reflect only the views of Standard and Poor's Credit Market Services Europe Limited, a division of The McGraw Hill Companies ("**S&P**") (the "**Rating Agency**") and any further or replacement rating agency appointed by the Issuer. 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 Rating Agency. A suspension, reduction or withdrawal of the rating assigned to any of the Class A Notes may adversely affect the market price of such Class A Notes.

S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**").

If any withholding or deduction for or on account of Tax is applicable to the Class A Notes, payments on the Class A Notes will be made subject to such withholding or deduction, without the Issuer being obliged to pay any additional amounts in consequence.

In the case of Class A Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be EUR 100,000 or not less than the equivalent of EUR 100,000 in any other currency as at the date of issue of such Class A Notes.

If specified under the relevant Final Terms or relevant Drawdown Prospectus, Class A Notes that are Class A Bearer Notes may be represented initially by one or more temporary global Class A Notes (each a "**Temporary Class A Global Note**") (which may be held either in new global note form or classic global note form), without interest coupons or principal receipts, which will be deposited with a Common Depositary (in the case of Temporary Class A Global Notes in classic global note form) or a Common Safekeeper (in the case of Temporary Class A Global Notes in new global note form) for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") on or about the Issue Date of such Sub-Class. Each such Temporary Class A Global Note will be exchangeable for a permanent global note (each a "**Permanent Class A Global Note**") or definitive Class A Notes in bearer form as specified in the relevant Final Terms or relevant Drawdown Prospectus following the expiration of 40 days after the later of the commencement of the offering and the relevant Issue Date, upon certification as to non-U.S. beneficial ownership and as may be required by U.S. tax laws and regulations, as described in the section "*Forms of the Class A Notes*". Class A Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Class A Bearer Notes may not be offered, sold or delivered within the United States or to United States persons.

If specified under the relevant Final Terms or relevant Drawdown Prospectus, Class A Registered Notes that are initially offered and sold in reliance on Regulation S will be represented on issue by beneficial interests in one or more global notes (each a "**Class A Regulation S Global Note**"), in fully registered form, without interest coupons or principal receipts attached, which will be deposited with, and registered in the name of, a Common Depositary (where not held under the New Safekeeping Structure) or a Common Safekeeper (where held under the New Safekeeping Structure) for Euroclear and

Clearstream, Luxembourg. Class A Registered Notes that are initially offered and sold in reliance on Rule 144A will be represented on issue by beneficial interests in one or more global certificates (each a "**Class A Rule 144A Global Note**" and, together with the Class A Regulation S Global Notes, the "**Class A Registered Global Notes**"), in fully registered form, without interest coupons or principal receipts attached, which will either be (i) deposited with, and registered in the name of, a Common Depositary (where not held under the New Safekeeping Structure) or a Common Safekeeper (where held under the New Safekeeping Structure) for Euroclear and Clearstream, Luxembourg or (ii) will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company ("**DTC**"). Ownership interests in the Class A Registered Global Notes will be shown on, and transfers thereof will only be effected through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their respective participants. Class A Notes in definitive, certificated and fully registered form will be issued only in the limited circumstances described in this Base Prospectus. In each case, purchasers and transferees of Class A Notes will be deemed to have made certain representations and agreements. See "*Subscription and Sale*" and "*Transfer Restrictions*" below.

IMPORTANT NOTICES

This Base Prospectus is being distributed only to, and is directed only at, persons who (i) are outside the UK or (ii) are persons who have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) are high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(1) of the Order (all such persons together being referred to as "**relevant persons**"). Neither this Base Prospectus, nor any of its contents, may be acted upon or relied upon by persons who are not relevant persons. Any investment or investment activity to which this Base Prospectus relates is available only to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such investments will be engaged in only with, relevant persons.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Class A Note shall in any circumstances imply that the information contained in this Base Prospectus concerning the Issuer or the Obligors at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct or that there has been no adverse change in the financial position of the Issuer or the Obligors as of any time subsequent to the date indicated in the document containing such information. None of the Arranger, the Global Coordinators, the Bookrunner, the Dealers, the Class A Note Trustee, the Obligor Security Trustee, the Issuer Security Trustee, any of the Hedge Counterparties, any of the OCB Secured Hedge Counterparties, the Original STF Lenders, the Original WC Lenders, the Class A Agents, the Liquidity Facility Providers, the Issuer Account Bank or the Borrower Account Bank undertakes to review the financial condition or affairs of any of the Issuer and the Obligors during the life of the Programme or the life of the arrangements contemplated by this Base Prospectus or to advise any investor or potential investor in the Class A Notes of any information coming to their attention.

This Base Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, any member of the Holdco Group, the Arranger, the Global Coordinators, the Bookrunner, the Dealers, the Class A Note Trustee, the Issuer Security Trustee or the Obligor Security Trustee that any recipient of this Base Prospectus should purchase any of the Class A Notes issued under the Programme. Save for the Issuer no other party has separately verified the information contained in this Base Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Arranger, the Global Coordinators, the Dealers, the Bookrunner, the Class A Note Trustee, the Issuer Security Trustee, the Obligor Security Trustee, any of the Hedge Counterparties, any of the OCB Secured Hedge Counterparties, the Original STF Parties, the Original WC Parties, the Class A Agents, the Liquidity Facility Providers, the Issuer Account Bank or the Borrower Account Bank as to the accuracy or completeness of the information contained in this Base Prospectus or any other information supplied in connection with the Class A Notes or their distribution. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer. Each person receiving this Base Prospectus acknowledges that such person has not relied on the Arranger, the Global Coordinators, the Dealers, the Bookrunner, the Class A Note Trustee, the Issuer Security Trustee, the Obligor Security Trustee, any of the Hedge Counterparties, any of the OCB Secured Hedge Counterparties, the Original STF Parties, the Original WC Parties, the Agents, the Liquidity Facility Providers, the Issuer Account Bank or the Borrower Account Bank to review the financial condition or affairs of any of the Issuer or the Obligors, nor on any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision.

The distribution of this Base Prospectus and the offering, sale or delivery of the Class A Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Arranger, the Global Coordinators, the Bookrunner, the Dealers to inform themselves about and to observe any such restrictions. This Base Prospectus does not constitute, and may not be used for the purposes of, an offer to or solicitation by any person to subscribe or purchase any Class A Notes in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

The Class A Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and within the United States to "Qualified Institutional Buyers" (the "**QIBs**") in reliance on Rule 144A under the Securities Act ("**Rule 144A**"). Prospective purchasers are hereby notified that sellers of the Class A Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions see "*Subscription and Sale*".

The Class A Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is unlawful.

This Base Prospectus may be distributed on a confidential basis in the United States only to QIBs solely in connection with the consideration of the purchase of the Class A Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Class A Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from the registration requirements under the Securities Act. Each U.S. purchaser of Class A Registered Notes is hereby notified that the offer and sale of any Class A Registered Notes to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Each purchaser or holder of Class A Notes represented by a Class A Regulation S Global Note or a Class A Rule 144A Global Note, or any Class A Notes issued in registered form in exchange or substitution therefor (together "**Restricted Notes**") will be deemed, by its acceptance or purchase of any such Restricted Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Class A Notes as set out in "*Subscription and Sale*" and "*Transfer Restrictions*".

AVAILABLE INFORMATION UNDER RULE 144A

For so long as any of the Class A Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is not subject to Section 13 or Section 15(d) under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of a Class A Note, or to any prospective purchaser of a Class A Note designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

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") 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.

Certain Sub-Classes of Class A Notes issued in NGN form or under the NSS (each as defined in "*Forms of the Class A Notes*" below) may be held in a manner which will allow Eurosystem eligibility. This simply means that the Class A Notes are intended upon issue to be delivered to one of Euroclear or Clearstream, Luxembourg as Common Safekeeper and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Class A Notes and the other financing arrangements described in this Base Prospectus to be entered into by the Issuer will be obligations solely of the Issuer.

In connection with the issue of any Sub-Class of Class A Notes, one or more relevant Dealers (the "**Stabilising Manager**") (or persons acting on behalf of the Stabilising Manager(s)) may over-allot such Class A Notes or effect transactions with a view to supporting the market price of Class A Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Sub-Class of Class A Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Sub-Class of Class A Notes and 60 days after the date of the allotment of the relevant Sub-Class of Class A Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of the Stabilising Manager(s)) in accordance with all applicable laws and rules.

The Jersey Financial Services Commission (the "**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 Class A Notes by the Issuer. The 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 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.

If you are in any doubt about the contents of this Base Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial advisor. It should be remembered that the price of securities and the income from them can go down as well as up.

Any individual intending to invest in any investment described in this Base Prospectus should consult his or her professional adviser and ensure that he or she fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.

All references in this Base Prospectus to "**pounds**", "**sterling**", "**£**" or "**GBP**" are to the lawful currency of the UK, all references to "**$**", "**U.S.$**", "**U.S. dollars**", "**dollars**" and "**USD**" are to the lawful currency of the United States of America and references to "**€**", "**euro**" or "**EUR**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, from time to time.

RESPONSIBILITY STATEMENTS

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer and the Obligors which, according to the particular nature of the Issuer, the Obligors and the Class A Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Base Prospectus and in any Final Terms which complete this Base Prospectus for each Sub-Class of Class A Notes issued hereunder. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer has accurately reproduced the information contained in the section entitled "*Description of Initial Liquidity Facility Providers*" (the "**ILFP Information**") from information provided to it by the Initial Liquidity Facility Providers but it has not independently verified such information. So far as the Issuer is aware and is able to ascertain from information published by the Initial Liquidity Facility Providers, no facts have been omitted which would render the ILFP Information inaccurate or misleading.

No person has been authorised to give any information or to make representations other than the information or the representations contained in this Base Prospectus in connection with the issue of the Class A Notes, any member of the Holdco Group, Topco, any holding company of Topco or the offering or sale of the Class A Notes and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer, any member of the Holdco Group, Topco, any holding company of Topco, the Obligor Security Trustee, the Class A Note Trustee, the Issuer Security Trustee, the directors of the Issuer, the Arranger, the Global Coordinators, the Bookrunner, the Dealers, any of the Hedge Counterparties, any of the OCB Secured Hedge Counterparties, the Original STF Parties, the Original WC Parties, the Class A Agents, the Liquidity Facility Providers, the Issuer Account Bank or the Borrower Account Bank. Neither the delivery of this Base Prospectus nor any offering or sale of Class A Notes made in connection herewith shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or any member of the Holdco Group since the date hereof. Unless otherwise indicated herein, all information in this Base Prospectus is given as of the date of this Base Prospectus. This Base Prospectus does not constitute an offer of, or an invitation by, or on behalf of, the Issuer or any Dealer to subscribe for, or purchase, any of the Class A Notes.

None of the Issuer, the Obligors, the Arranger, the Global Coordinators, the Dealers, the Bookrunner, the Class A Note Trustee, the Issuer Security Trustee, the Obligor Security Trustee, the Class A Note Trustee, the Issuer Security Trustee, any of the Hedge Counterparties, any of the OCB Secured Hedge Counterparties, the Original STF Parties, the Original WC Parties, the Class A Agents, the Liquidity Facility Providers, the Issuer Account Bank or the Borrower Account Bank accept responsibility to investors for the regulatory treatment of their investment in the Class A Notes (including (but not limited to) whether any transaction or transactions pursuant to which Class A Notes are issued from time to time is or will be regarded as constituting a "securitisation" for the purposes of the CRD and the application of Article 122a to any such transaction) in any jurisdiction or by any regulatory authority. If the regulatory treatment of an investment in the Class A Notes is relevant to an investor's decision whether or not to invest, the investor should make its own determination as to such treatment and for this purpose seek professional advice and consult its regulator. Prospective investors are referred to the "*Risk Factors—Risks relating to the Notes—Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Class A Notes*" section of this Base Prospectus for further information on Article 122a.

SUPPLEMENTARY BASE PROSPECTUS

The Issuer has undertaken, in connection with the admission of the Class A Notes to the Official List and to trading on the Main Securities Market of any issue of Class A Notes, that, if there shall occur between the time when this Base Prospectus is approved and the final closing of any offer of Class A Notes to the public, or as the case may be, the time when trading on the Main Securities Market begins, any significant new factor, material mistake or inaccuracy relating to

information included in this Base Prospectus for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the Obligors and the rights attaching to the Class A Notes, the Issuer shall prepare a supplement to this Base Prospectus or publish a replacement base prospectus for use in connection with any subsequent issue by the Issuer of Class A Notes and will supply to each Dealer and the Class A Note Trustee such number of copies of such supplement hereto or replacement base prospectus as such Dealer and Class A Note Trustee may reasonably request. The Issuer will also supply to the Central Bank such number of copies of such supplement hereto or replacement base prospectus as may be required by the Central Bank and will make copies available, free of charge, upon oral or written request, at the specified offices of the Class A Paying Agents and in respect of Class A Registered Notes, the Class A Registrar and the Class A Transfer Agent.

If the terms of the Programme are modified or amended in a manner which would make this Base Prospectus, as so modified or amended, inaccurate or misleading, in any material respect, the Issuer shall prepare a supplement to this Base Prospectus or publish a replacement base prospectus for use in connection with any subsequent issue by the Issuer of Class A Notes.

If at any time the Issuer shall be required to prepare a supplementary base prospectus, the Issuer shall prepare and make available an appropriate supplement to this Base Prospectus or a further base prospectus which, in respect of any subsequent issue of Class A Notes to be admitted on the Official List and trading on the Main Securities Market, shall constitute a supplementary base prospectus.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "**necessary information**" means, in relation to any Sub-Class of Class A Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Obligors and of the rights attaching to the Class A Notes. In relation to the different types of Class A Notes which may be issued under the Programme, the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Class A Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Sub-Class of Class A Notes.

Any information relating to the Class A Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Sub-Class of Class A Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus. For a Sub-Class of Class A Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Sub-Class only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions of the Class A Notes as set out herein (the "**Class A Conditions**") as completed by Part A of the relevant Final Terms are the terms and conditions applicable to any particular Sub-Class of Class A Notes which is the subject of such Final Terms.

The Class A Conditions as completed by the relevant Drawdown Prospectus are the terms and conditions applicable to any particular Sub-Class of Class A Notes which is the subject of a Drawdown Prospectus. Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Sub-Class(s) of Class A Notes.

FORWARD-LOOKING STATEMENTS

This Base Prospectus 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 Base Prospectus, including, without limitation, in the sections entitled "*Overview*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry*", "*Regulatory Overview*", 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 Base Prospectus. 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 Base Prospectus, 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, the Acromas Group or the Saga Group;
- adverse changes in the laws and regulations governing our business;
- risks relating our pension schemes;
- 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 from those set out in the forward looking statements, 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 Base Prospectus. We urge you to read this Base Prospectus, including the sections entitled "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Business*" and "*Industry*" 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 Base Prospectus. 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 Base Prospectus, including those set forth under the caption "*Risk Factors*".

INDUSTRY AND MARKET DATA

In this Base Prospectus, 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 Base Prospectus 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 Dealers, the Arranger, the Global Coordinators nor the Bookrunner 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 Base Prospectus 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 Base Prospectus is the property of its respective holder.

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OVERVIEW

The following does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus.

Overview of our Business

We are the largest roadside assistance provider in the UK, representing over 40 per cent. 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 UK. 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 per cent. 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 compound annual growth rate ("**CAGR**") of 2.1 per cent.. Our business generates attractive margins, with a Trading EBITDA margin of 40.6 per cent. 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 per cent., 94.8 per cent. and 94.3 per cent. 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 per cent. of our turnover and approximately 92 per cent. 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 per cent. 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 per cent. 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 per cent. of our total turnover, and Trading EBITDA of £317.6 million, or 71.5 per cent. 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 UK, 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 UK 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 per cent. of our motor insurance customers are also personal members, only approximately 11 per cent. 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 per cent. 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 per cent. of our total turnover, and Trading EBITDA of £93.1 million, or 21.0 per cent. 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 per cent. of our total turnover, and Trading EBITDA of £19.6 million, or 4.4 per cent. 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 per cent. of our total turnover, and Trading EBITDA of £13.0 million, or 2.9 per cent. 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 by one of our affiliates, insured by Acromas Insurance Company Limited ("**AICL**"). On or prior to the Closing Date, we intend to transfer the entire share capital of ARCL, from The Automobile Association Limited ("**TAAL**") to AA Limited (the "**Company**"). The terms of the Transaction Documents will require us to prepare and present future audited consolidated financial statements for Holdco and its subsidiaries rather than for AA Limited, the Issuer or Topco. As a result of the above, and thus the results of operations of ARCL will not be reflected in our results of operations or reported on going forward.

Overview of the Programme

The Programme	The Issuer is establishing the Programme to raise finance in the capital markets (i) to fund advances to the Borrower under the Class A IBLAs (as defined below) to enable the Borrower to directly or indirectly refinance Existing Indebtedness and/or to raise new indebtedness for any purpose permitted by the Transaction Documents and (ii) for general corporate purposes including the funding of acquisitions and the making of Restricted Payments subject to the applicable conditions. The Class A IBLAs will form part of the capital structure of the Holdco Group which will also incorporate revolving bank facilities, medium term bank debt and risk management hedging which will rank *pari passu* with the Class A IBLAs. In addition, the Issuer will, on the Closing Date, issue Class B Notes and may over time issue further Class B Notes subject to the satisfaction of certain conditions. For so long as any Class A Notes are outstanding, the Class B Notes will be subordinated to the Class A Notes.
The Issuer	The Issuer has been incorporated as a special purpose company for the purpose of (i) issuing notes under the Programme described in this Base Prospectus, (ii) issuing the Class B Notes and (iii) on lending the proceeds of such issuances to the Borrower in accordance with the Class A IBLAs and Class B IBLAs. For further details of the Issuer, see the section entitled "*The Issuer*".
The Initial Class A IBLA and Use of Proceeds	On the Closing Date, the Borrower and the Issuer will enter into a Class A issuer/borrower loan agreement (the "**Initial Class A IBLA**") pursuant to which the Issuer will on-lend the proceeds of the Class A Notes issued on the Closing Date to the Borrower by way of one or more advances. The Borrower will use the proceeds of the Class A IBLA Advances made under the Initial Class A IBLA (a) to refinance the Existing Indebtedness and (b) towards fees, costs, expenses, stamp, registration and other Taxes incurred in connection with the above (but not for any other purpose, including, without limitation, dividend payments to shareholders). On or prior to any further Issue Date (excluding the Closing Date) on which the Issuer issues Class A Notes (the proceeds of which are intended to be on-lent to the Borrower) if such Class A Notes are not fungible with an existing Sub-Class of Class A Notes, then a new Class A IBLA will be entered into by the Issuer and the Borrower on substantially the same terms as the Initial Class A IBLA (subsequent Class A IBLAs along with the Initial Class A IBLA being the "**Class A IBLAs**" and each a **"Class A IBLA**"). If on any further Issue Date (excluding the Closing Date) the Issuer issues Class A Notes which are fungible with an existing Sub-Class of Class A Notes, the proceeds of such issue will be lent to the Borrower as a further advance under the Class A IBLA corresponding to such Sub-Class of Class A Notes. The maturity date, redemption premium, interest rates and payment dates with respect to each advance made by the Issuer to the Borrower under a Class A IBLA (a "**Class A IBLA Advance**") including any sub-advances ("**Class A IBLA Sub-Advance**") will correspond to the terms of the corresponding Sub-Class of Class A Notes and any Issuer Hedging Agreement in respect of which no back-to-back hedging arrangement has been entered into with Borrower. 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 the corresponding Class A IBLA and payments received under any related Issuer Hedging Agreement and any back-to-back hedging arrangements entered into with the Borrower in respect of such Issuer Hedging Agreement. The Obligors' assets which secure the Borrower's obligations to pay under the Class A IBLAs, have characteristics that demonstrate capacity to produce funds to service any payments due and payable under the Class A IBLAs and consequently, on the Class A Notes.

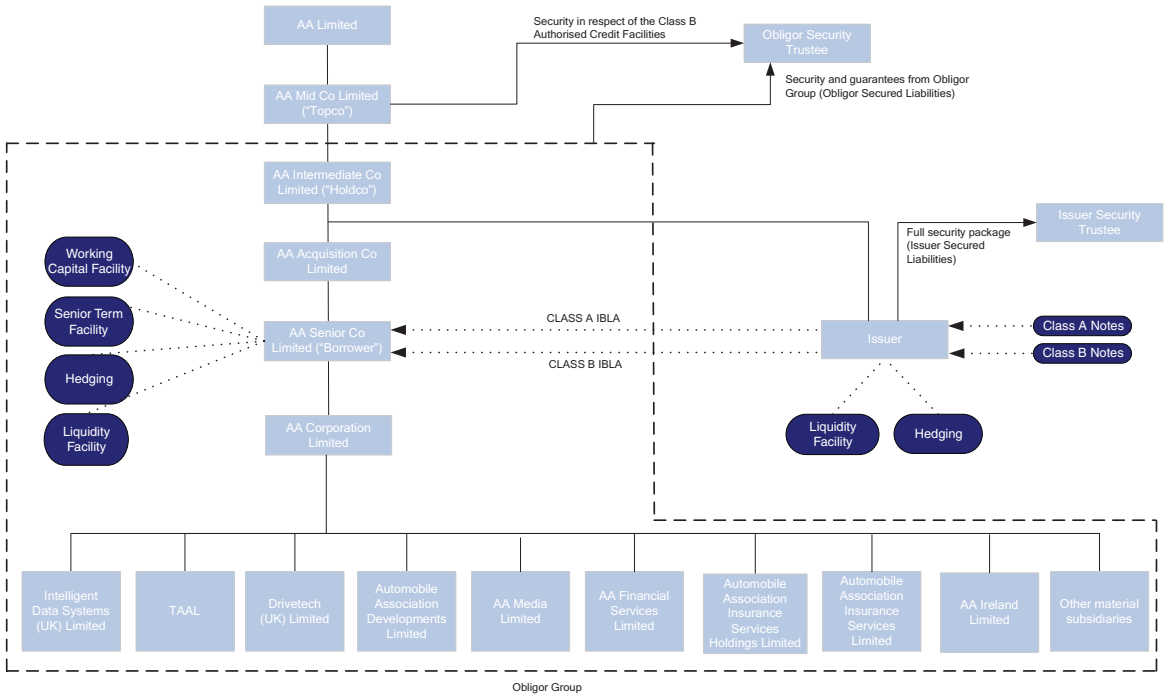
	Failure of the Borrower to repay a Class A IBLA Advance on the expected final maturity date in respect of such Class A IBLA Loan will be a CTA Event of Default, although it will not, of itself, constitute a Class A Note Event of Default (as defined below). For further details of the Initial Class A IBLA, see the section entitled "*Summary of the Finance Documents—Initial Class A IBLA*".
The Initial Senior Term Facility	On the Closing Date, the Borrower will enter into an initial senior term facility (the "**Initial Senior Term Facility**") pursuant to an initial senior term facility agreement (the "**Initial Senior Term Facility Agreement**") with, amongst others, the Initial STF Arrangers and the Original Initial STF Lenders. The Borrower will use the sums advanced under the Initial Senior Term Facility (a) to refinance the Existing Indebtedness and (b) towards fees, costs, expenses and stamp, registration and other Taxes incurred in connection with the above. For further details of the Initial Senior Term Facility, see the section entitled "*Summary of the Finance Documents—Initial Senior Term Facility*".
The Initial Working Capital Facility	On the Closing Date, the Borrower will enter into an initial working capital facility of up to £150.0 million (the "**Initial WC Facility**") pursuant to an initial working capital facility agreement (the "**Initial Working Capital Facility Agreement**") with, amongst others, the Initial WCF Arrangers and the Original Initial WCF Lenders. The Borrower will use the sums advanced under the Initial WC Facility to fund the general working capital requirements of the Holdco Group. For further details of the Initial WC Facility, see the section entitled "*Summary of the Finance Documents—Initial Working Capital Facility*".
The Initial Liquidity Facility and the Debt Service Reserve Account	The Borrower and the Issuer will have the benefit of a liquidity facility provided pursuant to an initial liquidity facility agreement of up to £220.0 million (the "**Initial Liquidity Facility Agreement**") with certain lenders (each an "**Initial Liquidity Facility Provider**" and together the "**Initial Liquidity Facility Providers**"). As an alternative to, or in addition to the Initial Liquidity Facility Agreement, the Issuer and the Borrower may satisfy the requirement to have the Liquidity Required Amount by maintaining a debt service reserve account (the "**Debt Service Reserve Account**") which is funded in an amount which is, when taken together with any other liquidity facility arrangement then available to them, equal to the Liquidity Required Amount. The facility provided pursuant to the Initial Liquidity Facility Agreement or the amounts standing to the credit of the Debt Service Reserve Account will be required in an amount which is sufficient to provide liquidity support to the Issuer and the Borrower, for a period of 18 months from the Closing Date or, following a Qualifying Public Offering, 12 months (or such greater amount not exceeding 18 months, as required in order to maintain the then current rating of the Class A Notes), in respect of scheduled payments of amortisation, interest and fee amounts payable in respect of the Initial Senior Term Facility (and any other Obligor Senior Secured Liabilities ranking *pari passu* with the Initial Senior Term Facility (excluding payments under a WC Facility and the Class A IBLAs)), Class A Notes and certain other payments due to the Obligor Senior Secured Creditors and the Issuer Senior Secured Creditors taking into account the amounts of any payments to be made or received under any Hedging Agreements.
Common Terms Agreement	On the Closing Date, each of the Obligors and the Obligor Senior Secured Creditors will enter into a common terms agreement (the "**CTA**" or "**Common Terms Agreement**"). The CTA will set out the representations, covenants (positive, negative and financial), Trigger Events and CTA Events of Default which will apply to each Class A Authorised Credit Facility (other than each Liquidity Facility, each Borrower Hedging Agreement and each OCB Hedging Agreement).

	For further details of the Common Terms Agreement, see the section entitled "*Summary of the Common Documents—Common Terms Agreement*".
Security Trust and Intercreditor Deed	On the Closing Date, each of the Obligors and the Obligor Secured Creditors will enter into a security trust and intercreditor deed (the "**STID**" or the "**Security Trust and Intercreditor Deed**"). The STID will set out the intercreditor arrangements in respect of the Holdco Group and the Obligor Secured Creditors (the "**Intercreditor Arrangements**"). The Intercreditor Arrangements will bind each of the Obligor Secured Creditors and each of the Obligors. The purpose of the Intercreditor Arrangements is to regulate, among other things: (a) the claims of the Obligor Secured Creditors; (b) the exercise, acceleration and enforcement of rights by the Obligor Secured Creditors; (c) the rights of the Obligor Secured Creditors to instruct the Obligor Security Trustee; (d) the Entrenched Rights and the Reserved Matters of the Obligor Secured Creditors; and (e) the giving of consents and waivers and the making of modifications to 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. For further details of the STID, see the section entitled "*Summary of the Common Documents—Security Trust and Intercreditor Deed*". In addition, the STID will regulate Topco and the Topco Secured Creditors including the enforcement of the Topco Security. For further details, see the section entitled "*Description of Other Indebtedness*".
Guarantee	The Obligors shall cross-guarantee the Borrower's obligations under the Obligor Secured Liabilities to the extent required to ensure that the aggregate EBITDA of the Obligors shall at no time fall below 90 per cent. of the consolidated EBITDA of the Holdco Group. In addition, each member of the Holdco Group which represents 5 per cent. or more of the consolidated EBITDA of the Holdco Group will be required to become an Obligor.
Principal Security for the Obligors' Obligations	The Obligor Secured Liabilities will be secured principally pursuant to a security agreement to be dated the Closing Date (the "**Obligor Security Agreement**") between, among others, the Obligors (other than the Irish Obligor, which will be party to the Irish Security Agreement) and Deutsche Trustee Company Limited (in its capacity as security trustee for the Obligor Secured Creditors (as defined below)) (the "**Obligor Security Trustee**"). For further details of the security for the obligations of the Obligors under the Finance Documents, see the section entitled "*Summary of the Finance Documents—Obligor Security Agreement*".
Hedging	Pursuant to the Common Terms Agreement, the Borrower, each other member of the Holdco Group and the Issuer will be subject to a hedging policy (the "**Hedging Policy**") such that (unless the Hedging Policy requires or permits otherwise) at all times the Borrower and the Issuer (taken together) are hedged as regards interest rate risk in relation to the total outstanding Relevant Debt denominated in GBP so that (a) a minimum of 75 per cent. of the total outstanding Relevant Debt denominated in GBP is hedged pursuant to Hedging Transactions for a term no less than the shorter of (i) the average maturity of the Relevant Debt denominated in GBP and (ii) 3 years, and (b) at all times, the aggregate notional amount of Hedging Transactions in respect of interest rate risk does not exceed 110 per cent. of the total Relevant Debt denominated in GBP. In respect of the currency risk in relation to 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**"), at all times the Borrower and the Issuer (taken together) must hedge such currency risk so that (a) a minimum of 100 per cent. of the total outstanding Relevant Debt denominated in a Foreign Currency is

	hedged pursuant to Hedging Transactions for a term no less than the shorter of (i) the average maturity of the Relevant Debt which is denominated in a Foreign Currency and (ii) 3 years, and (b) at all times, the aggregate notional amount of Hedging Transactions does not exceed 110 per cent. of the total Relevant Debt denominated in a Foreign Currency. The Obligors may also enter into 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**") subject to the OCB Secured Transaction Cap as determined pursuant to the Hedging Policy (after taking into account any Offsetting Transaction or any Overlay Transaction). The Borrower and each other member of the Holdco Group may also enter into Treasury Transactions for the purposes of hedging other risks arising in the ordinary course at the Holdco Group's business (the "**OCB Treasury Transactions**"). The obligations of the Obligors under the OCB Secured Capped Hedging Transactions and OCB Treasury Transactions (collectively, "**OCB Secured Hedging Transactions**") will be secured by the Obligor Security. For further details of the Treasury Transactions, see the section entitled "*Summary of the Common Documents—Common Terms Agreement—Hedging Policy*". For the purposes of the above, "**Relevant Debt**" means any principal amount outstanding (without double counting) under the Initial Senior Term Facility Agreement, any PP Notes, the Initial Working Capital Facility Agreement, the Class A Notes, each Class A IBLAs, any debt under any other Class A Authorised Credit Facility and any other debt incurred by the Issuer, the Borrower and/or any PP Note Issuer from time to time that bears interest at a floating rate or is denominated in a Foreign Currency and in either case that rank *pari passu* with the foregoing (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 in accordance the STID, (v) any amounts payable to the Issuer by way of the Sixth Facility Fee in accordance with STID and (vi) any back-to-back hedge agreement entered into between the Issuer and the Borrower). For further details of the Hedging Policy, see the section entitled "*Summary of the Common Documents—Common Terms Agreement—Hedging Policy*".
Class B Notes	On the Closing Date, in addition to the issue of Class A Notes and the entry into of the Initial Senior Term Facility Agreement, the Initial Working Capital Facility Agreement, the Initial Liquidity Facility Agreement and the other Transaction Documents, the Issuer will issue Class B Notes and on-lend the proceeds to the Borrower under the Initial Class B IBLA. For so long as any Class A Notes are outstanding, the Class B Notes will be subordinated to the Class A Notes. For so long as any Class A Authorised Credit Facility is outstanding (other than where the amounts outstanding under the Class A Authorised Credit Facilities relate to Subordinated Liquidity Amounts or Subordinated Hedge Amounts), the Class B IBLA will be subordinated to the Class A Authorised Credit Facilities. For further details see the section "*Description of Other Indebtedness*".
Issuer Security	The Issuer will give first-ranking security over all of its assets to the Issuer Security Trustee for the benefit of the Issuer Secured Creditors including the Class A Noteholders and, on a contractually subordinated basis, the Class B Noteholders. In addition to the Issuer Security, the Class B Noteholders will benefit indirectly from security granted by Topco to the Obligor Security Trustee over the entire issued share capital of Holdco.

Governing law	The Common Documents (other than the TAAL Share Security Agreement, the Irish Security Agreement and the Irish Share Pledge) and the Issuer Transaction Documents (other than the Issuer Jersey Share Security Agreement) and any non-contractual obligations arising out of or in connection therewith will be governed by English law. The TAAL Share Security Agreement and the Issuer Jersey Share Security Agreement will be governed by Jersey law. The Irish Security Agreement and the Irish Share Pledge will be governed by Irish law.

TRANSACTION STRUCTURE DIAGRAM



Key Characteristics of the Programme

Issuer	AA Bond Co Limited, a public limited company incorporated in Jersey with limited liability (registration number 112992) having its registered office at 22 Grenville Street, St Helier, Jersey, JE4 8PX, Channel Islands. The shares of the Issuer are 100 per cent. legally and beneficially owned by Holdco. The Issuer is tax resident in the UK.
The Borrower	AA Senior Co Limited, a private company incorporated in England and Wales with limited liability (registration number 05663655), having its registered office at Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA. The shares of the Borrower are 100 per cent. legally and beneficially owned by Intermediate Holdco. The Borrower is tax resident in the UK.
Intermediate Holdco	AA Acquisitions Co Limited, a private company incorporated in England and Wales with limited liability (registration number 5018987), having its registered office at Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA. The shares of Intermediate Holdco are 100 per cent. legally and beneficially owned by Holdco. Intermediate Holdco is tax resident in the UK.
Holdco	AA Intermediate Co Limited, a private company incorporated in England and Wales with limited liability (registration number 05148845) having its registered office at Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA. The shares of Holdco are 100 per cent. legally and beneficially owned by Topco. Holdco is tax resident in the UK.
Holdco Group	Holdco and each of its Subsidiaries (other than the Issuer) (the "**Holdco Group**").
Holdco Security Group	The Borrower and each other Obligor (the "**Holdco Security Group**").
Holdco Group Agent	Automobile Association Developments Limited (the "**Holdco Group Agent**").
Guarantee of Obligor Secured Liabilities	On and from the Closing Date, each member of the Holdco Security Group shall cross-guarantee the Borrower's and Obligors' obligations under the Obligor Secured Liabilities to the extent required to ensure that the aggregate EBITDA of the Obligors shall at no time fall below 90 per cent. of the consolidated EBITDA of the Holdco Group to the Obligor Security Trustee. Holdco and Intermediate Holdco will also be Obligors. None of the Obligors and no other member of the Holdco Group will guarantee the obligations of the Issuer under the Class A Notes.
Obligors	The Borrower and each other member of the Holdco Group that is party to the CTA and the STID as an Obligor in accordance with the terms of the Transaction Documents (each an "**Obligor**" and together the "**Obligors**").
Arranger	The Royal Bank of Scotland plc
Global Coordinators	Deutsche Bank AG, London Branch and The Royal Bank of Scotland plc
Bookrunner	Barclays Bank PLC
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 Limited, The Royal Bank of Scotland plc and UBS Limited.
Class A Noteholders	Holders of the Class A Notes issued by the Issuer from time to time (each a "**Class A Noteholder**" and together the "**Class A Noteholders**").
Original Initial STF Lenders	The original lenders under the Initial Senior Term Facility (the "**Original Initial STF Lenders**").
Original Initial WCF Lenders	The original lenders under the Initial Working Capital Facility (the "**Original Initial WCF Lenders**").
Initial STF Agent	Deutsche Bank AG, London Branch (the "**Initial STF Agent**").
Initial WCF Agent	Deutsche Bank AG, London Branch (the "**Initial WCF Agent**").

Class A Authorised Credit Providers	The "**Class A Authorised Credit Providers**" will comprise lenders or other providers of credit or financial accommodation under any Class A Authorised Credit Facility (and will include, on or around the Closing Date, the Issuer, the Initial STF Lenders, the Initial WC Facility Lenders, the Initial Liquidity Facility Providers and the Borrower Hedge Counterparties).
Obligor Senior Secured Creditors	The Obligor Secured Creditors other than the Issuer in respect of the Class B IBLA(s) and any other Class B Authorised Credit Provider. "**Obligor Senior Secured Creditor**" means any one of them.
Obligor Secured Creditors	The secured creditors of the Obligors (the "**Obligor Secured Creditors**") will comprise the Obligor Security Trustee (in its own capacity and on behalf of the other Obligor Secured Creditors, the Issuer, the Initial STF Lenders, the Initial WCF Lenders, the Initial WCF Agent, the Initial STF Agent, the Initial WCF Arrangers, the Initial STF Arrangers, each Borrower Hedge Counterparty, each OCB Secured Hedge Counterparty, each Liquidity Facility Provider and the Liquidity Facility Agent under each Liquidity Facility Agreement in respect of amounts owed to each of them by the Borrower from time to time, the Borrower Account Bank, any replacement Cash Manager who is not a member of the Holdco Group, each other Authorised Credit Provider, the AA Ireland Pensions Trustee, the AA UK Pension Trustee, until the ABF Implementation Date (if such date occurs) as the secured obligations owed to the AA UK Pension Trustee are released on the implementation of the ABF, any Additional Obligor Secured Creditors, any Receiver or delegate of a Receiver or Obligor Secured Creditor and any other entity which provides funding to the Borrower and accedes to the STID from time to time (excluding, for the avoidance of doubt, Subordinated Intragroup Creditors and Subordinated Investors).
Issuer Secured Creditors	The secured creditors of the Issuer (the "**Issuer Secured Creditors**") will comprise the Class A Noteholders, the Class B Noteholders, the Class A Note Trustee, the Class B Note Trustee, the Issuer Security Trustee (for itself and on behalf of the other Issuer Secured Creditors), each Issuer Hedge Counterparty, 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, the Issuer Account Bank, 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 and any Calculation Agent under a Calculation Agency Agreement and any additional agents appointed by the Issuer from time to time, the Cash Manager under the Issuer Cash Management Agreement, the Issuer Jersey Corporate Services Provider, the Issuer Corporate Officer Provider or any other person which accedes to the Issuer Deed of Charge as an Issuer Secured Creditor after the Closing Date or who becomes a Class A Noteholder or a Class B Noteholder after the Closing Date.
Obligor Security Trustee	Deutsche Trustee Company Limited (or any successor trustee appointed pursuant to terms of the Obligor Security Agreement, the STID and 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 (the "**Obligor Security Documents**")) will act as security trustee for itself and on behalf of the Obligor Secured Creditors and will hold, and will be entitled to enforce, the security provided by the Obligors subject to the terms of the Obligor Security Documents.
Class A Note Trustee	Deutsche Trustee Company Limited (or any successor trustee appointed pursuant to the Class A Note Trust Deed) will act as Class A Note Trustee for and on behalf of the Class A Noteholders.
Issuer Security Trustee	Deutsche Trustee Company Limited (or any successor trustee appointed pursuant to the Issuer Deed of Charge) will act as security trustee (the "**Issuer Security Trustee**") for itself and on behalf of the Issuer Secured Creditors and will hold, and will be entitled to enforce, the Issuer Security subject to the terms of the Issuer Security Documents.

Hedge Counterparties	Each Issuer Hedge Counterparty or, as the context may require, each Borrower Hedge Counterparty (each a "**Hedge Counterparty**, and together the "**Hedge Counterparties**").
Borrower Hedge Counterparties	Any hedge counterparty to any Borrower Hedging Agreement which has acceded as a Hedge Counterparty to the STID and to the CTA (each an "**Borrower Hedge Counterparty**" and together the "**Borrower Hedge Counterparties**") from time to time. A "**Borrower Hedging Agreement**" means an ISDA Master Agreement, substantially in the form of the pro-forma Hedging Agreement (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.
Issuer Hedge Counterparties	Any counterparty to any Issuer Hedging Agreement which has acceded as a hedge counterparty to the Issue Deed of Charge (each an "**Issuer Hedge Counterparty**" and together the "**Issuer Hedge Counterparties**") from time to time. An "**Issuer Hedging Agreement**" means 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.
OCB Secured Hedge Counterparty	An "**OCB Secured Hedge Counterparty**" means each Commodity Hedge Counterparty, each FX Hedge Counterparty and each OCB Treasury Counterparty.
OCB Treasury Counterparty	An "**OCB Treasury Counterparty**" means 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. An "**OCB Secured Hedging Agreement**" means 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.
Commodity Hedge Counterparty	A "**Commodity Hedge Counterparty**" means 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. A "**Commodity Hedging Transaction**" means a Treasury Transaction, referencing, *inter alia*, the price of commodities, governed by an OCB Secured Hedging Agreement and entered into by an Obligor and a Commodity Hedge Counterparty.
FX Hedge Counterparty	An "**FX Hedge Counterparty**" means 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. An "**FX Hedging Transaction**" means 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.

Issuer Account Bank	Barclays Bank PLC (or any successor account bank appointed pursuant to the Issuer Account Bank Agreement) (the "**Issuer Account Bank**").
Borrower Account Bank	Barclays Bank PLC (or any successor account bank appointed pursuant to the Borrower Account Bank Agreement) (the "**Borrower Account Bank**").
Cash Manager and Issuer Cash Manager	Automobile Association Developments Limited, a company registered in England and Wales with registered number 1878835, or any substitute cash manager appointed in accordance with the Common Terms Agreement.
Liquidity Facility Provider(s)	The lenders under the Liquidity Facility Agreement from time to time.
Class A Registrar	In relation to any Sub-Class of Class A Registered Notes, Deutsche Bank Trust Company Americas or, if applicable, any successor registrar appointed in relation to any Sub-Class of Class A Notes.
Class A Transfer Agent	Deutsche Bank Trust Company Americas (or any successor Class A Transfer Agent appointed pursuant to the Transaction Documents) will act as Class A Transfer Agent and will provide certain transfer agency services to the Issuer in respect of any Sub-Class of Class A Notes issued in registered form.
Class A Principal Paying Agent	Deutsche Bank AG, London Branch will act as Class A Principal Paying Agent (or any successor Class A Principal Paying Agent appointed pursuant to the Class A Agency Agreement) (the "**Class A Principal Paying Agent**") and, together with any other paying agent appointed by the Issuer from time to time (each a "**Class A Paying Agent**"), will provide certain issue and paying agency services to the Issuer in respect of the Class A Notes.
Rating Agency	S&P.
Programme Size	Up to £5,000,000,000 (or its equivalent in other currencies) aggregate nominal amount of Class A Notes outstanding at any time as increased from time to time by the Issuer.
Purpose	The Issuer is entering into the Programme: (a) to fund advances to the Borrower under the Class A IBLAs to enable it directly or indirectly to refinance Existing Indebtedness and/or to raise new indebtedness for any purpose permitted by the Transaction Documents; and (b) for general corporate purposes including the funding of acquisitions and the making of Restricted Payments subject to the applicable conditions.
Issuance in tranches and Sub-Classes	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. Class A Notes issued after the initial issuance may be fungible with the Class A Notes issued on or after the Closing Date or may be issued on different terms in accordance with the Class A Note Trust Deed. On each Issue Date, the Issuer will issue the Sub-Classes of Class A Notes set out in the Final Terms or relevant Drawdown Prospectus published on the relevant Issue Date.
Certain Restrictions	Each issue of Class A Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time including the restrictions applicable at the date of this Base Prospectus. See "*Subscription and Sale*" and "*Transfer Restrictions*". Class A Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (as amended) ("**FSMA**") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*" and "*Transfer Restrictions*".

Form and Status of Class A Notes	The Class A Notes will constitute unconditional obligations of the Issuer. Class A Notes will rank *pari passu* without preference or priority in point of security amongst themselves and will be issued in bearer or registered form. Class A Notes issued in registered form shall not be exchangeable for Class A Notes issued in bearer form. The Class A Notes represent the right of the holders of such Class A Notes to receive interest (where applicable) and principal payments from the Issuer in accordance with the terms and conditions of the Class A Notes and the Class A Note Trust Deed entered into by the Issuer and the Class A Note Trustee in connection with the Programme (the "**Class A Note Trust Deed**").
Currencies	Sterling and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.
Final Terms or Drawdown Prospectus	Class A Notes issued under the Programme may be issued either (a) pursuant to this Base Prospectus and associated Final Terms, or (b) pursuant to a Drawdown Prospectus.
Denomination of Class A Notes	Class A Notes will be issued in such denominations as may be specified in the relevant Final Terms or Drawdown Prospectus, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements applicable to the currency of the relevant Sub-Class of Class A Notes. Class A Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, shall have a minimum Specified Denomination of £100,000, €100,000, U.S.$200,000 or not less than the equivalent of €100,000 in any other currency as at the date of issue of the relevant Class A Notes.
Redenomination	The applicable Final Terms or Drawdown Prospectus may provide that certain Class A Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination will be contained in Class A Condition 18 (see "*Terms and Conditions of the Class A Notes—European Economic and Monetary Union*").
Maturities	Subject to any applicable law or regulation applicable to the Issuer or the relevant specified currency, 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 or Drawdown Prospectus. In certain circumstances, where Class A Notes have a maturity of less than one year, such Class A Notes will be subject to limitations to ensure the Issuer complies with section 19 of the FSMA. For further details please see the United Kingdom selling restrictions as set out in the "*Subscription and Sale*" section of this Base Prospectus and the Final Terms or the relevant Drawdown Prospectus for any particular Sub-Class of Class A Notes.
Issue Price	Class A Notes will be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par, as set out in the relevant Final Terms or Drawdown Prospectus.
Interest	Class A Notes will be interest-bearing and interest will be calculated (unless otherwise specified in the relevant Final Terms or Drawdown Prospectus) on the Principal Amount Outstanding (as defined in the Class A Conditions) 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 or Drawdown Prospectus.
Fixed Rate Class A Notes	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer. Class A Notes may accrue interest at a different fixed rate following the Expected Maturity Date of the relevant Sub-Class of Class A Notes.

Floating Rate Class A Notes	Floating Rate Class A Notes will bear interest at a rate determined on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service plus the applicable margin (if any). The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Sub-Class of Floating Rate Class A Notes and will be set out in the relevant Final Terms or Drawdown Prospectus. The Floating Rate Class A Notes may also have a maximum interest rate, a minimum interest rate, a step-up in the interest rate after a certain date (or any combination of the foregoing).
Class A Note Interest Periods and Payment Dates	Such interest periods and interest payment dates as the Issuer and the relevant Dealer may agree in relation to a particular Sub-Class of Class A Notes.
Expected Maturity	As set out in Class A Condition 7(a) (see "*Terms and Conditions of the Class A Notes—Expected Maturity*"), unless previously redeemed in full, purchased or cancelled, each Sub-Class of Class A Notes is scheduled to be redeemed on the Expected Maturity Date for such Sub-Class of Class A Notes. However, if an Expected Maturity Date (falling prior to the Final Maturity Date) is specified in respect of a Sub-Class of Class A Notes in the applicable Final Terms or Drawdown Prospectus and they are not redeemed on the Expected Maturity Date, no Class A Note Event of Default will occur as a result of any Class A Notes not being redeemed on their Expected Maturity Date and such Class A Notes will thereafter accrue interest at a different rate as set out in the Final Terms or Drawdown Prospectus applicable to such Class A Notes.
Final Redemption	As set out in Class A Condition 7(b) (see "*Terms and Conditions of the Class A Notes—Final Redemption*"), if a Sub-Class of Class A Notes has not previously been redeemed in full, purchased or cancelled, such Sub-Class shall be finally redeemed at its Principal Amount Outstanding plus accrued but unpaid interest on the Final Maturity Date as specified in the applicable Final Terms or Drawdown Prospectus. If a Sub-Class of Class A Notes are not redeemed in full by their Final Maturity there will be Class A Note Event of Default.
Optional Redemption	As set out in Class A Condition 7(c) (see "*Terms and Conditions of the Class A Notes—Optional Redemption*"), the Issuer may (prior to the Expected Maturity Date applicable to a particular Sub-Class of Class A Notes) redeem any Sub-Class of Class A Notes in whole or in part (but on a *pro rata* basis only) upon giving not more than 60 nor less than 15 days' prior written notice to the Class A Note Trustee, the Issuer Secured Creditors and the Class A Noteholders on any Class A Note Interest Payment Date at their Redemption Amount (as defined in the Class A Conditions). If and for so long as the Borrower has not satisfied the Class A Restricted Payment Condition, any optional redemption of the Class A Notes will be required to be made on a *pro rata* basis. An optional redemption will be subject to the payment of the Redemption Amount and there being no Class A Note Event of Default, CTA Event of Default or CTA Potential Event of Default.
Early Redemption on Prepayment of Class A IBLA	As set out in Class A Condition 7(e) (see "*Terms and Conditions of the Class A Notes—Early Redemption on Prepayment of a Class A IBLA*"), if: (a) the Borrower gives notice to the Issuer under a Class A IBLA that it intends to voluntarily prepay all or part of any Class A IBLA Advance or the Borrower is required to prepay all or part of any Class A IBLA Advance; and (b) in each case, such advance was funded by the Issuer from the proceeds of a Sub-Class of Class A Notes,

	the Issuer shall, upon giving not more than 10 nor less than 5 Business Days' notice to the Class A Note Trustee, the Issuer Secured Creditors and the Class A Noteholders, (where such advance is being prepaid in whole) 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 which the proposed prepayment amount bears to the amount of the relevant advance at the applicable amount. In the case of a voluntary prepayment of all or part of any Class A IBLA Advance and in certain other circumstances the Borrower shall pay to the Issuer an amount equal to the Redemption Amount plus accrued but unpaid interest on the relevant Class A IBLA Advance to the date of prepayment.
Early Redemption following Loan Enforcement Notice	As set out in Class A Condition 7(f) (see "*Terms and Conditions of the Class A Notes—Early redemption following Loan Enforcement Notice*") if the Issuer receives (or is to receive) any monies from any Obligor following the service of a Loan Enforcement Notice in repayment of all or any part of a Class A IBLA Advance in accordance with the STID, the Issuer shall, upon giving not more than 10 nor less than 5 days' notice to the Class A Note Trustee, the Issuer Secured Creditors and the Class A Noteholders apply such moneys to redeem the then outstanding Class A Notes corresponding to the Class A IBLA Advance at their Principal Amount Outstanding plus accrued but unpaid interest on the next Class A Note Interest Payment Date (or, if sooner, Final Maturity Date).
Mandatory Redemption	If a Sub-Class of Class A Notes is not redeemed in full on the Expected Maturity Date of such Sub-Class, such Class A Notes will be redeemed at par in an amount corresponding to amounts (if any) received from the Borrower under the Class A IBLA from time to time.
Redemption for Taxation and Other Reasons	As more particularly set out in Class A Condition 7(d) (see "*Terms and Conditions of the Class A Notes—Redemption for Taxation and Other Reasons*"), if the Issuer satisfies the Class A Note Trustee that: (a) the Issuer would become obliged to deduct or withhold from any payment of interest or principal in respect of the Class A Notes (other than in respect of default interest), any amount for or on account of Taxes by the laws or regulations of the UK or Jersey or any political subdivision thereof, or any other authority thereof by reason of any change in or amendment to such laws or regulations or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction); (b) 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) (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 such Regulations; (c) 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 Borrower would on the next Class A Interest Payment Date be required to make any withholding or deduction for or on account of any Taxes from payments in respect of a Class A IBLA; (d) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, an Issuer Hedge Counterparty would be entitled to terminate a Hedging Agreement in accordance with its terms as a

result of the Issuer or the Issuer Hedge Counterparty being required to make any withholding or deduction for or on account of any Taxes from payments in respect of an Issuer Hedging Agreement; or

(e) 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 become unlawful for the Issuer to perform any of its obligations under any Class A IBLA or to fund or to maintain its participation in the Class A IBLA Advances,

the Issuer may, upon giving not more than 15 nor less than 5 Business Days' prior written notice to the Class A Note Trustee, the Issuer Secured Creditors and the Class A Noteholders in accordance with Class A Condition 16 (see "*Terms and Conditions of the Class A Notes—Notices*"), redeem all (but not some only) of the affected Sub-Class of Class A Notes on any Interest Payment Date at their Principal Amount Outstanding plus accrued but unpaid interest thereon.

Class A Note Purchases . . . . . As set out in Class A Condition 7(g) (see "*Terms and Conditions of the Class A Notes—Purchase of Class A Notes*"), provided no CTA Event of Default has occurred and is continuing, the Issuer, the Borrower and any other members of the Holdco Group will be permitted to purchase any of the Class A Notes in the open market. If the purchaser of the Class A Notes is the Issuer, it shall cancel such Class A Notes and, if the purchaser of the Class A Notes is the Borrower or any other member of the Holdco Group, it shall surrender the Class A Notes to the Issuer and the Issuer shall cancel such Class A Notes and, in each case, 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 at par.

Any Class A Note purchased by or on behalf of the Issuer, the Borrower or any other member of the Holdco Group shall, for so long as it is held by, or on behalf of, the Issuer, the Borrower or any other member of the Holdco Group, cease to have any voting rights and shall be excluded from any quorum or voting calculations set out in the Class A Conditions, the Class A Note Trust Deed or the STID, as the case may be.

Class B Note Call Option . . . . . As set out in Class A Condition 7(h) (see "*Terms and Conditions of the Class A Notes—Class B Call Option*") and subject to the conditions described therein, upon the occurrence of a Class B Call Option Trigger Event, the Class B Noteholders have the option (the "**Class B Call Option**") to purchase all (but not some only) of the Class A Notes and the Class A Authorised Credit Facilities (excluding any Class A IBLA) subject to certain conditions. If the Class B Call Option is exercised, the relevant Class A Noteholders and the relevant Class A Authorised Credit Provider, as the case may be, will be obliged to sell all (but not some only) of their holdings of such Class A Notes and such Class A Authorised Credit Facility to the relevant Class B Noteholders.

For further details of the Class B Call Option see *"Summary of the Issuer Class A Transaction Documents—Issuer Deed of Charge—Class B Call Option"*.

Taxation . . . . . All payments in respect of Class A Notes will be made free and clear of, and 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.

ERISA . . . . . See "*Certain ERISA Considerations*".

Issuer Security . . . . . The obligations of the Issuer (including, on a contractually subordinated basis, the obligations of the Issuer under the Class B Notes) are secured pursuant to the Issuer Deed of Charge and the Other Issuer Security Documents. The Issuer will grant first-ranking security by way of, among other things, (i) assignments by way of security of its rights under the Class A IBLAs, the

	Liquidity Facility Agreement and the other Transaction Documents to which it is a party, (ii) a fixed (which may take effect as a floating) charge over the Issuer Accounts (depending on the relevant account), and over Cash Equivalent Investments together with (iii) a floating charge over all of 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.
Covenants	The representations, warranties, covenants and events of default which will apply to the Class A Notes are set out in the Class A Note Trust Deed (see "*Summary of the Issuer Class A Transaction Documents—Class A Note Trust Deed*").
Distribution	Class A Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Listing	It is expected that the Class A Notes issued under the Programme will be admitted to the Official List and trading on the Main Securities Market of the Irish Stock Exchange.
Ratings	The rating assigned to the Class A Notes by the Rating Agency reflect only the views of the Rating Agency. The rating of a particular Sub-Class of Class A Notes will be specified in the relevant Final Terms or Drawdown Prospectus. S&P is established in the European Union and is registered under the CRA Regulation. As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and will depend, among other things, on certain underlying characteristics of the business and financial condition of the Holdco Group. A rating may be subject to suspension, change or withdrawal at any time by the assigning Rating Agency.
Class A Note Events of Default	Each of the following events of default constitutes a "**Class A Note Event of Default**": (a) **non-payment:** default is made by the Issuer for a period of 5 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) **breach of other obligations:** 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 provided for in Class A Condition 10(a)(i) (see "*Terms and Conditions of the Class A Notes—Non-payment*")) 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 and, in either case, provided that the Class A Note Trustee shall have determined that such event is, in its opinion, materially prejudicial to the interests of the Class A Noteholders; (c) **Issuer Insolvency Event:** an Issuer Insolvency Event occurs; or (d) **unlawfulness**: 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 (as defined in the Class A Conditions).
Selling Restrictions	The Class A Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S). The Class A Notes may be offered and sold

	(i) within the United States to QIBs in reliance on the exemption from registration provided by Rule 144A and (ii) to non-U.S. persons in offshore transactions in reliance on Regulation S. There are also restrictions on the offer, sale and transfer of the Class A Notes in the United Kingdom, Ireland and such other restrictions as may be required in connection with the offering and sale of a particular Sub-Class of Class A Notes. See *"Subscription and Sale"* and "*Transfer Restrictions*" below.
Investor Information	The Holdco Group Agent, is required to produce an Investor Report semi-annually on each Reporting Date which will be posted on the Designated Website. The Holdco Group Agent is also required to publish annual audited accounts and an auditors' report along with semi-annual unaudited accounts and compliance certificates.

RISK FACTORS

An investment in the Class A Notes involves a high degree of risk. Investors should carefully consider the following risk factors and the other information contained in this Base Prospectus before making an investment decision. The risks described below may not be the only ones the Holdco Group faces. Additional risks not presently known to the Holdco Group or that it currently believes to be immaterial may also adversely affect its business. If any such risks or any other matters or unforeseen events actually occur, the Holdco Group's business, financial condition and results of operations could be materially adversely affected. In any of such cases, the value of the Class A Notes could decline, and the Holdco Group may not be able to pay all or part of the interest or principal on the Class A Notes and investors may lose all or part of their investment. This Base Prospectus also contains forward-looking statements that involve risks and uncertainties. The Holdco Group's actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks faced by the Holdco Group described below and elsewhere in this Base Prospectus. 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 per cent. of our total turnover, of which the single largest partner is Lloyds Banking Group. Lloyds Banking Group accounted for 9.3 per cent. 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 unresolved 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 of 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 inquiries and 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 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 and privacy laws in the UK and the European Union ("**EU**"). Those laws impose certain requirements on us in respect of the collection, use and processing of such personal information. 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 operate effective data collection laws could potentially lead to regulatory censure, fines and 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 date 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 data protection regulations, 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 European data privacy regime may also impact our operations. These changes will be implemented through a new European General Data Protection Regulation ("**GDPR**"), which will 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 adversely affected individuals of 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 UK 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 per cent. of our total Trading EBITDA in the UK. As we operate almost exclusively in the UK 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 UK 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 note 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 note 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 UK 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 UK, 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 UK 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—UK Roadside Assistance Market*". 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 on-going 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 Group and Saga Group entities currently provide us with certain services, including services related to IT, treasury, legal, tax and risk management, internal audit and corporate insurance. We also maintain trading relationships with Acromas and Saga entities. 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 Group and Saga Group 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. 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 Group entity which has failed to perform its obligations under the Umbrella Services Agreement. In addition, if the Acromas Group or Saga Group no longer required the provision of these services, 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 disrupting 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.

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 Facilities Agreement and Existing Mezzanine Facility Agreement and costs and expenses relating to each of the Acromas Group and Saga Group. Following the Separation, we will no longer remit cash to the Acromas Group treasury function. If the Acromas Group or Saga Group are unable to repay their existing indebtedness as it becomes due or fund their ongoing liquidity needs, this may 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.

Other potential costs from operating as a stand-alone business and one-off and exceptional costs in connection with the Separation have not been fully assessed. 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 per cent. 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 co-operative 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 A Notes.

The interests of our principal shareholders may conflict with your interests as holders of the Class A Notes. As of the date of this Base Prospectus, funds controlled by Charterhouse, CVC and Permira (the "**Principal Shareholders**") indirectly owned 36 per cent., 20 per cent. and 20 per cent., respectively, of the AA's shares. See "*Business—Our Strategy—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 IBLAs, 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 A 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 A 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 A Notes. In addition, our Principal Shareholders own the Acromas Group and the Saga Group 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 and 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 £1,222.0 million and a funding deficit of approximately £87.0 million (although the actuary allowed for a reduction of approximately £71.0 million in the deficit as a result of switching to the Consumer Price 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 was approximately £16.0 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, (£5.0 million was paid in May 2013) in addition to on-going 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 3 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 (draft 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 £180.0 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 £150.0 million in respect of certain liabilities relating to the AA UK Pension Scheme. Concurrently with the Closing Date, 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 £150.0 million and £10.0 million, respectively. On enforcement of the security and in certain other circumstances the secured claims of each of the AA Pensions 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 to the Borrower.

It is intended that the £150.0 million of super senior security 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 ("**IPCo**"). The royalties payable by the AA Group to IPCo for the use of the brands will fund the loan note payments from IPCo to the partnership, and such payments will be secured by a first-ranking charge (the "**First Ranking Security**") over the AA Group's brands, up to a value of £200 million with the Obligor Secured Creditors holding a second interest over the AA Group's brands through IPCo. 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 £200.0 million, regardless of that outcome. An increased amount of security protection (£200.0 million rather than £150.0 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. Upon entering into the ABF, the AA UK Pension Trustee will automatically cease to have any interest in the Obligor Security. 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 Closing Date (the "**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. 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 notwithstanding the implementation of 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 First Ranking Security from IPCo of £200.0 million in respect of our brands to secure payments under the loan note. 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 IPCo for £200.0 million will rank ahead of other claims, including the Class A Notes and the Scottish limited partnership will have the right to enforce the £200.0 million first-ranking security interest against IPCo 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 IPCo. 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 AADL at the point in time at which TAAL's employees are transferred to AADL 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 £724.0 million as at 31 March 2010 (though this number will be volatile over time). In connection with the Separation and concurrently with the Closing Date, the Borrower will provide a guarantee under the 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 Pension Agreement.

A section 75 debt is an unsecured debt. However, the AA UK Pension Trustee of the AA UK Pension Scheme will, with effect from the Closing Date, have the benefit of super senior security up to the value of £150.0 million, which will remain in place if the ABF is not implemented and which will rank ahead of the Class A Notes. Alternatively, if the ABF is finally agreed and implemented, the existing £150.0 million super senior security will be released and the ABF will provide first-ranking security from IPCo (of up to £200.0 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 £150.0 million (or the AA UK Pension Trustee's indirect claim through its partnership interest for £200.0 million against IPCo if the ABF is implemented) will rank ahead of other claims, including the Class A Notes.

The Pensions Regulator in the United Kingdom has power in certain circumstances to issue CNs or FSDs which, if issued, could result in us incurring significant liabilities.

Under the Pensions Act 2004, the Pensions Regulator may issue a 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 "**CN**"). A CN 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 CN.

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 an FSD 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 per cent. 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 per cent. 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 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 UK 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 Saga Pension Scheme had an estimated funding deficit of £37.3 million.

The Pensions Regulator may only issue CNs or FSDs where it believes it is reasonable to do so. In relation to FSDs, the Pensions Regulator determines reasonableness by having regard to a number of factors, a non-exhaustive list of which is set out in the 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 CNs or FSDs 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 CNs or FSDs 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 A 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 A 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 UK or Ireland (whether imposed by local law or EU law 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 Financing Structure

The Borrower's ability to meet its obligations in respect of the Obligor Senior Secured Liabilities will depend primarily on the performance of the business of the Holdco Group and the Holdco Group may not be able to generate sufficient cash flows to meet such obligations.

The Borrower's ability to meet its scheduled payment obligations under the Obligor Senior Secured Liabilities will depend upon the financial condition and performance of the Holdco Group as a whole and its general financial condition and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond its control. The obligations of the Borrower to make payments under the Obligor Senior Secured Liabilities are full-recourse obligations and are not limited. Future performance of the Holdco Group may not be similar to the performance results of operations of the Holdco Group prior to date stated in this Base Prospectus.

In relation to the Class A IBLA(s), unless previously repaid in full, the Borrower will be required to repay each Class A IBLA Advance on its Final Maturity Date. A failure to repay the relevant Class A IBLA Advance on its Final Maturity Date will constitute a CTA Event of Default. However such failure to repay will not give rise to a Class A Note Event of Default or an obligation on the part of the Obligor Security Trustee to accelerate the Class A IBLA and the other Obligor Senior Secured Liabilities outstanding under other Class A Authorised Credit Facilities unless instructed to do so by the Qualifying Obligor Senior Secured Creditors pursuant to the STID.

The ability of the Issuer to redeem the Class A Notes on their Expected Maturity Date is dependent on the repayment in full of the corresponding Class A IBLA Advance by the Borrower. The Borrower cannot assure Class A Noteholders that the business of the Holdco Group will generate sufficient cash flow from operations or that future sources of capital will be available to it in an amount sufficient to enable the Borrower to service its indebtedness, including the Class A IBLA Advances, or to fund the other liquidity needs of the Holdco Group.

If the Holdco Group is unable to generate sufficient cash flow to satisfy the Borrower's debt obligations, it may have to undertake alternative financing plans, such as refinancing or restructuring the Borrower's debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital to enable repayment of the Class A IBLA Advances and/or the other Obligor Senior Secured Liabilities. Any refinancing by the Borrower and/or the Issuer is subject to certain conditions (including, without limitation, the then prevailing market conditions for that type of transaction and in particular the availability or absence of liquidity in the debt capital markets and/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.

Investors should also note that any additional financing may not be obtained on acceptable terms, if at all. The CTA will regulate the ability of members of the Holdco Group to dispose of assets and use the proceeds from any such disposition. The inability of the Holdco Group to generate sufficient cash flows to satisfy its debt obligations, or to refinance any indebtedness on commercially reasonable terms, would materially and adversely affect the Holdco Group's financial condition and results of operations and the ability of the Borrower to pay the principal and interest on its indebtedness and ultimately the repayment of the Class A Notes. Failure of the Borrower to refinance by the Final Maturity Date of a Class A IBLA Advance will result in a CTA Event of Default . Such a default could result in the enforcement of security and the Class A Noteholders may receive an amount less than the Principal Amount Outstanding on their Class A Notes. See "*Risk Factors—Risks in relation to Security, Enforcement and Insolvency*".

Furthermore, under the terms of the CTA the Borrower is permitted to incur further indebtedness and such indebtedness can be used to, among other things, to refinance existing debt, to purchase additional assets, Permitted Businesses and/or investments in Permitted Joint Ventures and/or for the payment of dividends, subject to satisfaction of certain conditions. Any increase in borrowings as contemplated above could cause the Holdco Group to become over-indebted and may cause substantial financial stress to the Holdco Group. See further "*Summary of the Common Documents*", "*Summary of the Finance Documents*" and "*Description of Other Indebtedness*".

Amounts in the Defeasance Account may be released to the Borrower

As an alternative to prepayment or redemption of the relevant Class A Notes or Class A Authorised Credit Facilities, the Borrower may credit amounts to the Defeasance Account in certain circumstances. Those amounts include:

- amounts in respect of Excess Cashflow credited to the Defeasance Account pursuant to paragraph 2 of Part B of the Obligor Pre-Acceleration Priority of Payments while a Trigger Event is continuing—see further "*Description of the Common Documents—Common Terms Agreement—Cash Management—Defeasance Account*" *and* "*Description of the Common Documents—Security Trust and Intercreditor Agreement—Obligor Priorities of Payments*";

- amounts attributable to an Equity Cure Amount credited to the Defeasance Account pursuant to the terms of the CTA;

- amounts required to be paid into the Defeasance Account pursuant to the CTA where a voluntary prepayment or Debt Purchase Transaction is made while a Trigger Event is continuing; and

- amounts in respect of Disposal Proceeds and Insurance Proceeds required to be applied in prepayment of Class A Authorised Credit Facilities while a Trigger Event is continuing.

Amounts credited to the Defeasance Account are held for the pro rata benefit of the Class A Authorised Credit Providers under any fixed rate Class A Authorised Credit Facilities (and therefore indirectly the Class A Noteholders which hold Fixed Rate Class A Notes) in respect of which the relevant amounts were credited. However such amounts may be released from the Defeasance Account where the event or circumstance giving rise to the requirement to credit such amounts to the Defeasance Account is no longer continuing. See further "*Description of the Common Documents —Common Terms Agreement—Cash Management—Defeasance Account*". Consequently, amounts available in the Defeasance Account will not in all circumstances be applied to repay any Class A IBLA and therefore Class A Noteholders and may be released to the Borrower.

The Holdco Group has significant leverage which could adversely affect the Borrower's financial condition and its ability to service its payment obligations under the Obligor Senior Secured Liabilities including the Class A IBLA Advances under the Class A IBLAs and therefore the ability of the Issuer to service its payment obligations under the Class A Notes.

The Holdco Group has consolidated indebtedness that is substantial in relation to its shareholders' equity. After giving effect to the offering and the application of the proceeds thereof, the Holdco Group's total debt as at the Closing Date will be significant. In addition, given the programmatic nature of the Programme, further Class A Notes may be issued in the future and the Holdco Group may incur further indebtedness as permitted pursuant to the CTA. The Holdco Group's relatively high level of debt could:

- make it more difficult for the Borrower to satisfy its obligations with respect to the Obligor Senior Secured Liabilities including the Class A IBLAs and ultimately for the Issuer to satisfy its obligations with respect to the Class A Notes;
- increase the Holdco Group's vulnerability to general adverse economic and industry conditions, including rises in interest rates;
- restrict the Holdco Group from making strategic acquisitions or exploiting business opportunities;
- along with the financial and other restrictive covenants under the Holdco Group's indebtedness, limit its ability to obtain additional financing, dispose of assets or pay cash dividends other than as permitted in accordance with the CTA;
- require the Holdco Group to dedicate a substantial portion of its cash flow from operations to service its indebtedness, thereby reducing the availability of its cash flow to fund future working capital, capital expenditures, other general corporate requirements and dividends;
- require the Holdco Group to sell or otherwise transfer assets used in its business in order to fund its debt service obligations;
- limit the Holdco Group's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;
- place the Holdco Group at a competitive disadvantage compared to its competitors that have less debt; and
- increase its cost of borrowing.

Any failure to pay amounts due and payable under any Class A Authorised Credit Facility including a Class A IBLA could give rise to an event of default and the Obligor Security Trustee may, in such circumstances, elect (or shall be required to do so if so instructed by the required majority of those Obligor Senior Secured Creditors which are entitled to participate in any vote in relation thereto (see further "*Summary of the Common Documents—Security Trust and Intercreditor Deed*") to declare all amounts outstanding under those agreements to be immediately due and payable and initiate enforcement proceedings against the collateral provided by the Obligors to secure its obligations under such agreements.

The Holdco Group is exposed to the creditworthiness of third-party financial institutions.

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) institution could lead to significant market-wide liquidity and credit problems and/or losses or defaults by other institutions. This may adversely affect the financial institutions, such as banks and insurance providers, with which the Holdco Group interacts on a regular basis, and therefore could adversely affect its ability to raise needed funds or access liquidity.

CTA Events of Default may occur without the knowledge of the Obligor Security Trustee if the Borrower fails to notify the Obligor Security Trustee of such event.

The Security Trust and Intercreditor Deed provides 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 or Potential CTA Event of Default has occurred and is continuing. The Obligor Security Trustee will not itself monitor whether any such event has occurred. It will fall to the Borrower 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 the Borrower or any Obligor fails to notify the Obligor Security Trustee of the occurrence of a CTA Event of Default or a Potential CTA Event of Default, it is likely that neither the Obligor Security Trustee, any Obligor Secured Creditor nor any Issuer Secured Creditor (including the Class A

Noteholders) would know that a CTA Event of Default or a Potential CTA Event of Default has occurred, the occurrence of which may indicate that an individual Obligor or the Holdco Group as a whole are experiencing financial or other difficulties. The absence of such notice may result in the Obligor Security Trustee, any Obligor Secured Creditor and any Issuer Secured Creditor (including the Class A Noteholders) being unable to enforce their rights under the Transaction Documents 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 Borrower when such notice might have first been delivered.

Certain other payments will rank ahead of the Class A IBLAs (and therefore indirectly the Class A Notes) in respect of the payment waterfalls under the Security Trust and Intercreditor Deed.

Amounts payable to certain other secured creditors will rank senior to interest and principal payments on the Class A IBLA Advances (and therefore indirectly the Class A Notes). In particular, the liabilities of certain members of the Holdco Group to each of the AA Pension Trustees will be secured by the Obligor Security and upon the delivery of a Loan Acceleration Notice (or, if earlier, upon a disposal in the circumstances described in the section "*Deemed Available Enforcement Proceeds*" under "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Obligor Priorities of Payments*") will rank in priority to any other claims of the Obligor Senior Secured Creditors (excluding the Obligor Security Trustee in respect of itself, any Receiver and certain other creditors such as the Borrower Account Bank) in an amount not exceeding the Secured Pensions Liabilities owing to it. The Secured Pensions Liabilities of the AA Ireland Pension Trustee is an amount not exceeding £10.0 million. The Secured Pensions Liabilities of the AA UK Pension Trustee is an amount not exceeding £150.0 million (prior to any implementation of the ABF). Prior to the delivery of a Loan Acceleration Notice amounts payable to the AA Pension Trustees will be payable by the relevant members of the Holdco Group in the ordinary course of business and not in accordance with the Obligor Pre-Acceleration Priority of Payments.

If the ABF is implemented, the AA UK Pension Trustee will cease to be an Obligor Secured Creditor and the Secured Pensions Liabilities owing to it will cease to be secured by the Obligor Security. Instead the liabilities owing to the AA UK Pension Trustee (or its successor in respect of the AA UK Pension Scheme) will be secured exclusively by fixed and floating charge security to be granted by IPCo over the AA brands held by it, which will rank in priority up to an amount not exceeding £200.0 million to second ranking fixed and floating charge security of the Obligor Security Trustee (for itself and on behalf of the other Obligor Secured Creditors). The ABF does not relate to the AA Ireland Pension Trustee, which will remain an Obligor Secured Creditor following any implementation of the ABF.

Pursuant to the STID, each of the AA Pension Trustees acknowledges that its rights in relation to Obligor Security are passive rights and relate solely to the right to receive Available Enforcement Proceeds applied in accordance with the Obligor Post-Acceleration Priority of Payments (or Deemed Available Enforcement Proceeds, for further information see "*Deemed Available Enforcement Proceeds*" under "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Obligor Priorities of Payments*") in or towards payment of any Secured Pensions Liabilities due and payable to it. No AA Pension Trustee will have the right to require the Obligor Security Trustee to enforce or refrain from enforcing or take or refrain from taking any other action in relation to the STID, the Obligor Security Documents or any other Transaction Documents.

Furthermore, amounts due with respect to, amongst other things, certain Facility Fees and the Liquidity Facility Agreement (other than any step-up margin) will rank at all times senior to interest and principal on the Class A IBLA Advances and consequently the Class A Notes. Please see "*Risk Factors—Risks Relating to our Pension Schemes and Post-Retirement Medical Plan*" in relation to the implementation of the ABF and the security to be granted to the AA UK Pension Trustee and "*Summary of the Common Documents—Security Trust and Intercreditor Deed*" in relation to the payment priorities.

See "*Risk Factors—Risks Relating to our Pension Schemes and Post-Retirement Medical Plan*", "*Summary of the Finance Documents—Initial Class A IBLA*" and "*Description of Other Indebtedness—Class B Notes*" for further details.

Hedging Risks

The Holdco Group and the Issuer will have a Hedging Policy in place to mitigate the risks arising from mismatches in cash flows received and payable from time to time. For more detail on the Hedging Policy, see "*Summary of the Common Documents—Common Terms Agreement—Hedging Policy*".

In order to address, *inter alia*, commodity price risks, interest rate risks and/or currency risks, the Holdco Group and the Issuer will operate a hedging programme in accordance with the Hedging Policy and will be permitted to enter into Treasury Transactions (for non-speculative purposes only). However, there can be no assurance that the Hedging Agreements and/or the OCB Secured Hedging Agreements will adequately address the above mentioned risks that the Holdco Group, and/or the Issuer will face from time to time. In addition the Holdco Group, the Borrower and/or the Issuer could find itself over-hedged or under-hedged which could lead to financial stress (see the section entitled "*Summary of the Common Documents—Common Terms Agreement—Hedging Policy*").

The Holdco Group's and Issuer's hedging contracts expose the Holdco Group and the Issuer to contingent liabilities that are volatile and may crystallise into cash obligations in the future.

The Holdco Group's and the Issuer's interest rate, currency and/or commodity price hedging strategies involve entering into derivative contracts that require the Holdco Group (and, if the Issuer enters into any Hedging Agreement in the future, the Issuer) to fund cash payments in certain circumstances. The extent of these liabilities depend on financial market conditions and expectations of future rate and price movements that are beyond the Holdco Group's and the Issuer's control. These payments are contingent liabilities and therefore may not appear on the Holdco Group's and/or the Issuer's balance sheet.

The Holdco Group and the Issuer are subject to the creditworthiness of, and in certain circumstances early termination of the Hedging Agreements by Hedge Counterparties or, the OCB Secured Hedging Agreements by OCB Secured Hedge Counterparties. If a Hedging Agreement or an OCB Secured Hedging Agreement is terminated and the Holdco Group and/or the Issuer (as applicable) is unable to find a replacement Hedge Counterparty or a replacement OCB Secured Hedge Counterparty, the funds available to the Holdco Group and/or the Issuer may be insufficient to meet their respective obligations in full as a result of adverse fluctuations in *inter alia* interest rates, exchange rates and/or commodity prices or making any termination payments to the relevant Hedge Counterparty and/or OCB Secured Hedge Counterparty.

The Holdco Group's and the Issuer's ability to fund their respective contingent liabilities will depend on the liquidity of the Holdco Group's and the Issuer's assets and access to capital at the time, and the need to fund these contingent liabilities could adversely impact the Holdco Group's and/or the Issuer's financial condition.

For details of the Holdco Group's and the Issuer's option to terminate under the Hedging Agreements and the OCB Secured Hedging Agreements, see the section headed "*Summary of the Common Documents—Common Terms Agreement—Hedging Policy*".

Absence of credit rating triggers in Hedging Agreements and OCB Secured Hedging Agreements.

Although the Holdco Group and the Issuer will only be permitted to enter into Hedging Transactions and OCB Secured Hedging Transactions with suitably rated counterparties the rating of which is to be tested only on the entry into each Hedging Transaction or OCB Secured Hedging Transaction, as applicable (see "*Summary of the Common Documents—Common Terms Agreement—Hedging Policy—Principles relating to Hedging Agreements*"), the Hedging Agreements and the OCB Secured Hedging Agreements will not include early termination triggers referencing the credit ratings of the relevant Hedge Counterparties or OCB Secured Hedge Counterparties. As a consequence, the Holdco Group and the Issuer will not be entitled to replace Hedge Counterparties or OCB Secured Hedge Counterparties (as applicable) with more creditworthy counterparties in the event they are downgraded and the Hedge Counterparties or OCB Secured Hedge Counterparties (as applicable) will not be obliged to post collateral under such circumstances. Such downgrades may lead to the credit ratings of the Class A Notes being downgraded.

European Market Infrastructure Regulation (EMIR).

The Issuer and certain of its affiliates may be entering into OTC derivative contracts. Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 ("**EMIR**") establishes certain requirements for OTC derivatives contracts including mandatory clearing obligations, bilateral risk-management requirements and reporting requirements. Although not all the regulatory technical standards specifying the risk-management procedures, including the levels and type of collateral and segregation arrangements, required to give effect to EMIR are yet to be finalised and it is therefore not possible to be definitive, investors should be aware that it is likely that certain provisions of EMIR would impose obligations on the Issuer and certain of its affiliates including the Borrower in relation to the OTC derivative contracts including, without limitation, in relation to reporting transactions to a trade repository or the European Securities and Markets Authority.

Other Legal Risks

A change of law could have a negative impact on Class A Noteholders.

The transactions described in this Base Prospectus (including the issue of the Class A Notes) and the ratings which are assigned to the Class A Notes are based on the relevant law and administrative practice in effect as at the date of this document, and having regard to the expected tax treatment of all relevant entities under such law and practice. It is possible that, whether as a result of case law or through statute, changes in law or regulations, or their interpretation or application may result in either the Issuer's or the Holdco Group's debt financing arrangements as originally structured no longer having the effect anticipated or which could have a material adverse effect on the Issuer's or the Holdco Group's business, financial condition and results of operation and/or could adversely affect the rights, priorities of payments and/or treatment of holdings in the Class A Notes of the Class A Noteholders.

Challenges by secured creditors of the financing transactions described in this Base Prospectus could have a negative impact on other secured creditors.

The financing transactions described in this Base Prospectus have been structured based on English law and practice as in effect on the date of this Base Prospectus. It is possible that a secured creditor which is subject to laws other than the laws of England and Wales may seek to challenge the validity and/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 but not limited to, 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 Class A Noteholders, the market value of the Class A Notes and/or the ability of the Issuer to make interest and principal payments on the Class A Notes.

A derogation has been granted by the CBI in relation to the Borrower.

Under Annex IX of the European Commission Regulation (EC) No 809/2004, as amended, a borrower must disclose information about itself as if it were the issuer of debt securities. This normally requires the inclusion of a borrower's individual financial statements in the Base Prospectus relating to such securities. The Issuer has applied to the CBI for derogation from the requirement for the Borrower to include its individual financial statements in this Base Prospectus. Under Regulation 25(c) of the Prospectus (Directive 2003/71/EC) Regulations 2005, the CBI has granted such a derogation. The equivalent information is included in the financial statements included in this Base Prospectus.

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 Closing 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.

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 A Notes, the ratings that are to be assigned to them and the statements in relation to taxation set out in this Base Prospectus are based on current law and the published practice of the relevant authorities in force or applied as at the date of this Base Prospectus. 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 Base Prospectus.

Potential secondary and joint and several tax liabilities of members of the Security Group.

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 been 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 covenant that no steps will be taken, by any person which would directly, or might reasonably be expected to upon the occurrence of any subsequent event or the subsequent non-payment of any Tax liability, give rise to any secondary tax liability in any member of the Security Group. In addition, AA Limited covenants to compensate or to procure compensation of the Security Group Companies in respect of any secondary tax liabilities caused by any person that is not a Security Group Company and Acromas Holdings guarantees the obligations of AA Limited 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 an Acromas Group or Saga 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 Security 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 H.M. Revenue & Customs ("**HMRC**") for any VAT chargeable on any supply made by or to any member 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 Security Group Companies, application will be made to HMRC to split up the VAT group such that no company that is not a Security Group Company is in the same VAT group as a Security Group Company. However, members of the Security 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 Acromas Group or 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 A IBLA and consequently the Issuer's ability to make payments of interest and principal under the Class A Notes.

Future latent tax charges on any disposal of certain members of the Security Group.

Based on intra-group transactions undertaken to date, no material de-grouping charges should arise in any member of the AA Group upon a sale of the shares in AA Limited, Topco, Holdco or AA Acquisition Co Limited, e.g. in the event that the security granted as part of the Transaction is enforced through a sale of the shares in Holdco or AA Acquisition Co Limited (provided that both TAAL (Jersey) and AADL remain (indirect) subsidiaries of AA Limited, 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 Saga Group to any AA Group company which could in consequence of the enforcement of security over the shares in that AA Group company (or the shares in a company of which that AA Group company is a direct or indirect subsidiary), cause any AA 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. In addition, AA Limited covenants to compensate or to procure compensation of the AA Group companies in respect of any such de-grouping charges and Acromas Holdings guarantees the obligations of AA Limited under the Tax Deed of Covenant.

Group payment arrangement.

Saga Services Limited pays sums on account of corporation tax to HMRC on behalf of various companies, including members of the Security Group, pursuant to a group payment arrangement. The Tax Deed of Covenant requires any Security 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 Security Group Company. The Tax Deed of Covenant further requires procurement of payment by Saga Services Limited to a Security 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 Security 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

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

Surrender of tax losses.

The Tax Deed of Covenant allows members of the Security 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 Security 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, AA Limited covenants to compensate or to procure compensation of the Security 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 guarantees the obligations of AA Limited under the Tax Deed of Covenant. If, however, Security 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 Security Group Companies are not repaid or indemnified in accordance with the Tax Deed of Covenant, the Security Group Companies could be adversely affected.

The Borrower's UK tax position may change which may adversely affect the ability of the Borrower to repay the Class A IBLA and so the ability of the Issuer to repay the Class A 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 A IBLA. 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 A IBLA. If, in turn, the Issuer does not receive all amounts due from the Borrower under the Class A IBLA, the Issuer may not have sufficient funds to enable it to meet its payment obligations under the Class A Notes and/or any other payment obligations ranking in priority to, or equally with, the Class A Notes.

Withholding tax in respect of the Class A Notes.

All payments made under the Class A 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 Main Securities Market of the Irish Stock Exchange (see "*Taxation—United Kingdom Taxation*" below).

In respect of the Class A Notes, in the event that any withholding or deduction for or on account of Tax is required to be made from payments due under the Class A Notes, neither the Issuer, any Class A Paying Agent nor any other person will be obliged to pay any additional amounts to Class A Noteholders or, if Class A Definitive Notes are issued, Class A Couponholders, or otherwise to compensate Class A Noteholders or Class A Couponholders (as the case may be) for the reduction in the amounts they will receive as a result of such withholding or deduction.

If, as a result of a change in tax law, a withholding or deduction is required to be made in respect of payments of principal or interest or other amounts due and payable under the Class A Notes, the Issuer will have the option (but not the obligation) of redeeming all (but not some only) of the outstanding Class A Notes in full at the Principal Amount Outstanding together with accrued but unpaid interest. For the avoidance of doubt, none of the Class A Note Trustee, Class A Noteholders or Class A Couponholders will have the right to require the Issuer to redeem the Class A Notes in these circumstances.

See "*Taxation—United Kingdom Taxation*" for further discussion of withholding tax in respect of the Class A Notes.

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

The Borrower will be entitled to make payments of interest to the Issuer under the Class A IBLA 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 Closing 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 A IBLA, 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 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 A IBLA, the Borrower will have the option (but not the obligation) to prepay all relevant outstanding advances made under the Class A IBLA in full. If the Borrower chooses to prepay the advances made under the Class A IBLA, the Issuer will then be required to redeem the Class A Notes. Such a redemption would be for a redemption price calculated in accordance with Class A Condition 7 ("*Terms and Conditions of the Class A Notes—Redemption, Purchase and Cancellation*"). If the Borrower does not have sufficient funds to enable it to either repay the Class A IBLA or to make increased payments to the Issuer, the Issuer's ability to make timely payments of interest and principal under the Class A Notes could be adversely affected.

Withholding tax in respect of the Hedging Agreements and the OCB Secured 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 Agreement 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 or OCB Secured 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 A 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 A Notes could be disallowed for UK 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 A 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) to redeem all of the affected Sub-Class of Class A Notes in full.

EU Savings Directive.

Under EC Council Directive 2003/48/EC (the "**EU Savings Directive**") on the taxation of savings income, member states of the EU (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 system and an amount of, or in respect of Tax were to be withheld from that payment, neither the Issuer nor any Class A Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Class A Notes as a result of the imposition of such withholding tax. However, the Issuer is required to maintain a Class A Paying Agent in a Member State that is not obliged to withhold or deduct Tax pursuant to the EU Savings Directive.

U.S. Foreign Account Tax Compliance.

While the Class A Notes are in global form and held within the Clearing Systems, it is not expected that FATCA will affect the amount of any payment received by the Clearing Systems (see "*Tax Considerations*"). 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 A Notes are discharged once it has paid the Common Depositary or Common Safekeeper for the Clearing Systems (as the holder of the Class A Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the Clearing Systems and custodians or intermediaries.

Risks in relation to Security, Enforcement and Insolvency

Certain events could trigger a change of control which may require a prepayment of certain indebtedness.

Certain members of the Saga Group are parties as obligors (the "**Saga Obligors**") to a senior term and revolving facilities agreement (the "**Saga SFA**") dated 17 September 2007 (as amended and restated on or prior to the Closing Date) made between, amongst others, Acromas Mid Co Limited and Acromas Bid Co Limited as borrowers and Barclays Bank PLC as security trustee (the "**Saga Security Trustee**") and have granted guarantees and security in favour of the creditors under the Saga SFA (the "**Saga Finance Parties**"). The Saga Obligors include Acromas Mid Co Limited, Acromas Bid Co Limited and AA Limited, each of which has 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 Saga SFA, the Saga Finance Parties may direct the Saga Security Trustee to enforce the security granted by the Saga Obligors, including by way of enforcing the fixed charge security granted by (a) Acromas Mid Co Limited over the entire issued share capital of Acromas Bid Co Limited, (b) Acromas Bid Co Limited over the entire issued share capital of AA Limited or (c) AA Limited over the entire issued share capital of AA Mid Co Limited (together, the "**Saga Share Security**"). Any such enforcement of the Saga Share Security of the Holdco Group would trigger a change of control mandatory prepayment under a Class A Authorised Credit Facility were it to contain such a clause. As of the Closing Date, each of the Initial Senior Team Facility Agreement, the Working Capital Facility and the Class B IBLA will contain a change of control mandatory prepayment provision, which would be triggered upon the enforcement of the Initial Existing Senior Facility Agreement.

In addition, following the occurrence of a Share Enforcement Event, the Obligor Security Trustee may, at the direction of the Topco Secured Creditors, including the holders of the Class B Notes, enforce the Topco Security. In the event that the Topco Security is enforced this could also give rise to a change of control mandatory prepayment obligation under any Class A Authorised Credit Facility which contains such provision. In the case of the Initial Senior Term Facility Agreement, the Initial Senior Term Facility Lenders will have the right to demand prepayment of their loans as a consequence of a change of control.

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

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

If we are unable to generate sufficient cash flow to satisfy the Borrower's debt obligations (including the mandatory prepayment of indebtedness arising from a change of control), it may have to undertake alternative financing plans, such as refinancing or restructuring its debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. Any refinancing by us is subject to certain conditions (including, without limitation, the then prevailing market conditions for that type of transaction and in particular the availability or absence of liquidity in the debt capital markets and/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 the Borrower may not have sufficient funds to make any mandatory prepayment as and when it is required to be made and, ultimately, the Issuer may be unable to satisfy its obligations with respect to the Class A Notes.

It is not unusual for contracts with commercial counterparties to provide rights of termination upon a change of control occurring with respect to their commercial counterparty. Accordingly, in addition to the mandatory prepayment obligations described above, certain commercial counterparties contracting with members of the Holdco Group may exercise their right to terminate the contractual agreement of a change of control of the Holdco Group were to occur. In such circumstances we may not be able to find alternative commercial counterparties to replace the terminated arrangements or we may not be able to find alternatives with equally advantageous commercial terms.

The enforcement and disposal of the Obligor Security by the Obligor Security Trustee may be subject to the Security Trustee obtaining a fairness opinion.

On an enforcement of the Obligor Security under the Obligor Security Documents, the Qualifying Obligor Senior Creditors, subject to having passed the necessary resolution in accordance with the STID (see "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Enforcement and Acceleration*"), will have the right to instruct the Obligor Security Trustee to enforce the Obligor Security and dispose of assets and/or the shares in the Obligors without the approval of any Obligor Junior Secured Creditors (including the Class B Noteholders via the Issuer). However, if there are Obligor Junior Secured Liabilities outstanding at the time under any Class B Authorised Credit Facility (including the Class B IBLA), the Obligor Security Trustee may only dispose of any Obligor Secured Property with a value above £10.0 million if a fairness opinion from a financial advisor has been first commissioned unless certain exceptions apply. For further information see "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Enforcement and Acceleration*". Any requirement to obtain a fairness opinion could delay the realisation of the Obligor Secured Property upon an enforcement of the Obligor Security.

Enforcement and/or acceleration of Obligor Security.

The STID will provide that, except where the Obligor Security Trustee is mandatorily required to appoint an Administrative Receiver, the Obligor Security Trustee may only take enforcement action in respect of the Obligor Security if so instructed by the Qualifying Obligor Secured Creditors in accordance with the STID. As long as there are Qualifying Obligor Senior Secured Liabilities outstanding, the Qualifying Obligor Secured Creditors will comprise the providers of any Class A Authorised Credit Facility (including the Initial STF Providers, the Original WCF Lenders and the Issuer as the lender under any Class A IBLA but excluding the Liquidity Facility Providers) and, the Hedge Counterparties and the OCB Secured Hedge Counterparties (for the purposes of voting on enforcement). If the proposed enforcement action includes serving a Loan Acceleration Notice on the Borrower to accelerate the Obligor Secured Liabilities or to approve any Distressed Disposal of a Permitted Business or the shares in a member of the Holdco Group subject to the Obligor Security and the Outstanding Principal Amount under all Class A IBLAs is less than or equal to £1,250.0 million at the relevant time, then the resolution to direct the Obligor Security Trustee to take such action must be approved by both the Bank Instructing Group and the Note Instructing Group. If the Outstanding Principal Amount under all Class A IBLAs is greater than £1,250.0 million, then such resolution must be approved by the Class A Instructing Group. See the section "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Enforcement and Acceleration*" for further information. The AA Pension Trustees will not form part of the Qualifying Obligor Secured Creditors. The Obligor Senior Secured Creditors in respect of the Senior Term Facility and the Working Capital Facility may have interests and views which compete with those of the Class A Noteholders. As a result, the Class A Noteholders (via the Issuer) may not be able to instruct the Obligor Security Trustee to take enforcement action in respect of the Obligor Security and the Obligors (see the section entitled "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Qualifying Obligor Secured Liabilities*").

Guarantees and security may constitute a transaction at an undervalue or a preference under English law.

A liquidator or administrator of an Obligor incorporated in England could apply to the court to unwind the issuance of its guarantee or the grant of security, provided that this guarantee or security was granted during the two years before the onset of insolvency, if such liquidator or administrator believed that the issuance or grant constituted a transaction at an undervalue. The Holdco Group has been advised based on English law applicable at the date of this Base Prospectus that each guarantee and the grant of the security will not be a transaction at an undervalue and further believes that each guarantee and/or security will be provided in good faith for the purposes of carrying on the business of each Obligor incorporated in England and its subsidiaries and that there are reasonable grounds for believing that the transactions will benefit each such Obligor. However, there can be no assurance that the provision of the guarantees and/or the grant of the security will not be challenged by a liquidator or administrator or that a court would support the Holdco Group analysis. If the provisions of the guarantees 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 those guarantees and/or the grant of the security had not been given or made.

Furthermore, if the liquidator or administrator can show that any of the one of the Obligors have 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 giving the preference, the relevant Obligor 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 action had not been taken. 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 any of the Obligors during the relevant period prior to the liquidation or administration of 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. 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.

Insolvency laws and security enforcement in Ireland.

The security granted in respect of the assets of any Irish Obligor and any guarantees given by an Irish Obligor may be capable of being discharged under Irish insolvency law.

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: The granting of security and/or giving of a guarantee by an Irish Obligor may also be capable of being challenged, inter alia, if it can be shown that the security or guarantee was granted or given (i) without corporate benefit accruing to the Irish Obligor or (ii) in breach of laws prohibiting financial assistance.

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 appointment of an examiner may effect the ability of the Obligor Security Trustee to enforce security in respect of the assets of any Irish Obligor.

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 3 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 (resulting in a write down of its 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 Obligor 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 Obligor to secured creditors.

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

A transfer of AA Ireland's shares requires Central Bank approval

AA Ireland is authorised by the Central Bank as an insurance intermediary under the Investment Intermediaries Act 1995, as amended of Ireland. As a result, any direct or indirect acquisition by a person of 10 per cent. 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). This requirement for Central Bank approval would affect the ability of the Obligor Security Trustee to enforce the security over the shares of AA Ireland taken under the Obligor Security Documents.

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

On an enforcement of the Security 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 an authorised person under the Financial Services and Markets Act 2000, such a sale will be subject to the consent of the Prudential Regulation Authority ("**PRA**") and/or the Financial Conduct Authority ("**FCA**"). Any purchaser of such Obligor or such Holding Company which owns such Obligor would be required to meet a fit and proper person test. In such case, the PRA and/or the FCA, as applicable, will have a period of 60 business days from the date on which it acknowledges receipt of a complete application extendable up to 90 business days if the regulator asks for further information. The withholding or delay of the consent of the PRA and/or the FCA could adversely affect the interests of the Class A Noteholders in an enforcement scenario.

On an enforcement of security over the assets of an Obligor which is an authorised person, the enforcement rights may not be exercised to the extent that any such enforcement action would cause the relevant Obligor to have regulatory capital which is less than a specified amount (the amount being its regulatory capital requirement or in certain circumstances a lower amount).

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 TAAL and the Issuer are incorporated in Jersey, they are and will each be a tax resident in the United Kingdom (from where they are and will be controlled and all management functions are and will be operated).

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 their COMI was in England), the Issuer's and TAAL's COMI will be considered to be 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 1986.

Even if the Issuer's or TAAL's COMI were in England, or section 426 of the Insolvency Act 1986 applied, it is unlikely that it will be possible to appoint an administrative receiver in respect of the Issuer or the 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, none of the Issuer or TAAL is likely to be considered to be a "company" under section 28 and for the purposes of Chapter 1 of the Insolvency Act 1986 since it is not formed under one of the UK Companies Acts.

With respect to TAAL, it is expected that the Obligor Security Trustee will, as the holder of a qualifying floating charge from TAAL, be entitled to appoint, in the circumstances where it would otherwise be required pursuant to the terms of the STID to appoint an Administrative Receiver to an English Obligor, an administrator over TAAL. On the Closing 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 Class A Noteholders in the event of the Obligor Security becoming enforceable. See "*The Transactions—The Migration*" for further details.

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 (as defined below) 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 impact upon the availability of certain types of creditor action in England and Wales and/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 EUIR), 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.

Insolvency laws and security enforcement in Jersey.

The Issuer and TAAL 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.

Insolvency.

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 or 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 the 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.

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 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.

However, under Article 49(1) of the Jersey Bankruptcy Law, the Courts of Jersey may assist the courts of prescribed countries and territories, including the UK, in all matters relating to the insolvency of any person to the extent that the Courts of Jersey think fit. Further, in doing so, the Courts of Jersey 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.

If insolvency proceedings have been commenced in another jurisdiction in relation to a company, the nature and extent of the co-operation from Jersey is likely to depend on the nature of the requesting country's insolvency regime.

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 Courts of Jersey. It would also be wrong to assume for European countries that the position will be in accordance with the EUIR. Jersey does not form part of the European Community for the purposes of implementation of its directions. Accordingly, the EUIR 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.

As noted below, the appointment of an administrator in relation to TAAL in the event of its bankruptcy would be subject to the prior approval of the Jersey Financial Services Commission (the **"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 and laws in relation to transactions at an undervalue, preferences, extortionate credit transactions, disclaimer of overseas property and fraudulant dispositions also apply in Jersey.

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. 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 registered by the Commission to carry on general insurance mediation business, it is subject to the restrictions imposed on a registered person and changes of 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 the exercise of certain rights granted to the Obligor Security Trustee in connection with the security granted in respect of the shares in TAAL (including enforcement rights) would trigger a requirement to obtain prior confirmation that the Commission has no objection to such exercise. 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 Commission's confirmation. In addition, given the broad application of the Financial Services (Jersey) Law 1998, the exercise of certain rights granted to the Obligor Security Trustee in connection with the security granted in respect of the shares in TAAL's direct and indirect holding companies may trigger a requirement to obtain prior confirmation that the Commission has no objection to such exercise.

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 as a result the full proceeds of enforcement may not be available to repay the Obligor Secured Liabilities or the Issuer Secured Liabilities.

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 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.

The Borrower and the other Obligors have interests in a number of accounts, including accounts established in accordance with the terms of the Transaction Documents. The Borrower and the other Obligors party to the Obligor Security Agreement have, pursuant to the terms of the Obligor Security Agreement, granted security over all of their interests in the accounts, which security is expressed to be by way of a fixed charge. Furthermore, under the Issuer Deed of Charge, the Issuer will grant security over all of its bank accounts, which will also be expressed to be fixed security.

Although the various bank accounts are stated to be subject to certain degrees of control (in certain cases only on the giving of notice following delivery of a Loan Enforcement Notice), 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 by way of fixed charge, over certain other assets including certain real property, shares in certain members of the Holdco Group, intra-group loans and intellectual property. 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] FHWC 1517 (ch) a court could determine that the nature and extent of the rights and obligations which the parties intended to create, as evidenced by the Transaction Documents, are 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, the Issuer in respect of that part of the English Obligor's net property which is ring-fenced in accordance with the amendments to the Insolvency Act 1986 pursuant to the Enterprise Act 2002 (the "**Enterprise Act**") and (ii) certain statutorily defined preferential creditors of the relevant English Obligor, 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 section 176A of the Insolvency Act 1986. To the extent that the assets of the Issuer 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 or the Obligor 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 as set out in the Insolvency Act 1986 (Prescribed Part) Order 2003. As a result, the full amount of the proceeds of enforcement of the security may not be available to repay the Class A Notes.

On 6 April 2008, section 115 of the 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, floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Issuer Deed of Charge and/or the Obligor Security Agreement will be reduced by at least a significant proportion of any administration or liquidation expenses.

Floating charges given by the English Obligors 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 within a period of up to two years (the "**relevant time**") commencing upon the date on which the Issuer or that Obligor, as the case may be, grants a floating charge, the floating charge granted by the Issuer or that Obligor, as the case may be, will be invalid pursuant to section 245 of the Insolvency Act 1986 except to the extent of the value 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 and will receive the subscription monies therefor) and the Borrower will have received such consideration (namely, the Borrower will draw under the Class A IBLA and the other Authorised Credit Facilities). As such, during the relevant time the floating charge granted by the Issuer will be valid to the extent of the amount of the Class A Notes and Class B Notes issued by the Issuer, the floating charge granted by the Borrower will be valid to the extent of the amount drawn by the Borrower under the Authorised Credit Facilities including the Class A IBLA. 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 consideration received by the Obligors which qualifies as valid consideration for the purposes of Section 245 of the Insolvency Act 1986 and 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. 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 to be invalidated under section 245 of the Insolvency Act 1986.

The ability of the Obligor Secured Creditors to appoint an administrative receiver may be hindered by the application of the Enterprise Act 2002 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 £50.0 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 and/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 Base Prospectus, will not be detrimental to the interests of the Class A Noteholders.

Certain members of the Obligor group 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, any of the Obligors may, at any given time, come within the ambit of the small companies provisions, such that 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 £10.0 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 £10.0 million of debt, the granting of security to a Issuer Security 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 Obligor Security to the extent that, first, any of the Obligors fall within the criteria for eligibility for a moratorium at the time a moratorium is sought; second, if the directors of any such Obligor seeks a moratorium in advance of a company voluntary arrangement; and, third, if 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 Class A Noteholders.

Risks relating to the Class A Notes

The Class A Notes may not be a suitable investment for all investors.

Each potential investor in the Class A Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Class A Notes, the merits and risks of investing in the Class A Notes and the information contained in this Base Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Class A Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Class A Notes, including Class A Notes where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Class A Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible economic and interest rate scenarios and other factors that may affect its investment and its ability to bear the applicable risks.

The Class A Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A

potential investor should not invest in Class A Notes that are complex financial instruments unless it has the expertise (either alone or with a financial advisor) to evaluate how the Class A Notes will perform under changing conditions, the resulting effects on the value of the Class A Notes and the impact this investment will have on the potential investor's overall investment portfolio.

In addition, the market value of the Class A Notes may fluctuate for a number of reasons including due to prevailing market conditions, current interest rates and the perceived creditworthiness of the Issuer and the Obligors. Any perceived threat of insolvency or other financial difficulties of the Obligors could result in a downgrade of ratings and/or a decline in market value of the Class A Notes.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent Class A Notes are legal investments for it. The Class A Notes can be used as security for indebtedness and other restrictions apply to the purchase or pledge of any of the Class A Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Class A Notes under any applicable risk-based capital or similar rules.

The Issuer is a special purpose company with no business operations or assets.

The Class A Notes will be limited recourse obligations of the Issuer. The Issuer is a special purpose company with no business operations other than the issue of the Class A Notes, the Class B Notes and the transactions ancillary thereto.

The Class A Notes will not be obligations or responsibilities of, and will not be guaranteed by, the Class A Note Trustee, the Class B Note Trustee, the Issuer Security Trustee, the Bookrunner, the Dealers, the Arranger, the Global Coordinators, the Liquidity Facility Providers the Liquidity Facility Agent, the STF Agent, the STF Lenders the Original STF Parties, the Original WCF Parties the WCF Agent, the WCF Lenders, the Issuer Cash Manager, the Class A Paying Agents, the Issuer Account Bank, the Borrower Account Bank, the Obligor Security Trustee, the Hedge Counterparties, the OCB Hedge Counterparties any of the Obligors or any company in the same group of companies as, or affiliated to, Holdco (other than the Issuer itself but without prejudice to the Borrower's obligations to the Issuer under any Class A IBLA). Furthermore, no such person other than the Issuer will accept any liability whatsoever to Class A Noteholders in respect of any failure by the Issuer to pay any amounts due under the Class A Notes.

The ability of the Issuer to meet its obligations under the Class A Notes will be dependent on:

(a) the receipt by it of funds from the Borrower under the Class A IBLAs; and

(b) the receipt by it of interest (if any) from monies standing to the credit of the Issuer Transaction Account, or otherwise from certain Eligible Investments (each as defined below) made by it or on its behalf; and

(c) the receipt by it of amounts in accordance with the terms of Issuer Hedging Agreements and related back-to-back hedging arrangements in place between the Issuer and the Borrower (if any), (if any).

In the event that the Issuer is unable on any Class A Note Interest Payment Date to pay in full (to the extent required to be paid on any such date) items 1 to 6 (inclusive but excluding any final payment on any Final Maturity Date and any Additional Class A Note Amounts and all termination amounts or other unscheduled amounts due and payable pursuant to items 6(a) and 6(b)) specified in the Issuer Pre-Acceleration Priority of Payments, the Issuer will (subject to satisfaction of the conditions for drawing) have available to it funds under the Liquidity Facility. Other than the foregoing, the Issuer will not have any other funds available to it to meet its obligations under the Class A Notes and/or any other payment obligation ranking in priority to, or equally with, the Class A Notes.

The expected maturity date of each Sub-Class of the Class A Notes is earlier than the respective final maturity date of each Sub-Class of the Class A Notes.

There is no guarantee that the Issuer will have sufficient funds to redeem each Sub-Class of Class A Notes on its respective Expected Maturity Date and such redemption is dependent on the repayment in full of the corresponding Class A IBLA Advance by the Borrower on its Final Maturity Date (which will coincide with the Expected Maturity Date of the corresponding Sub-Class or Class A Note).

Accordingly, whilst a failure to repay the Class A IBLA Advance on its Final Maturity Date will result in a CTA Event of Default, the Class A Notes will not default at that time and will not default until the earlier of the Class A Note Final Maturity Date and a failure to pay interest thereon.

The Issuer may, over time, issue other Sub-Classes or series of Class A Notes in relation to which the expected maturity date of such Class A Notes is earlier that the Expected Maturity Date and/or the Final Maturity date of Class A Notes which are already outstanding at that time.

The Class A Authorised Credit Facilities will rank behind certain third parties in respect of certain obligations of the Issuer and the Borrower.

Although the Issuer Security Trustee will hold the benefit of the Issuer Security on trust for the Class A Noteholders and the Obligor Security Trustee will hold the benefit of the Obligor Security on trust for the Obligor Secured Creditors, such security interests will also be held on trust for certain third parties. Certain obligations of the Issuer to third parties rank ahead of the Class A Noteholders. Such persons include, among others, the Class A Note Trustee, the Issuer Security Trustee (in its individual capacity), the Liquidity Facility Providers, the Class A Paying Agents and the Issuer Account Bank in respect of certain amounts owed to them. To the extent that significant amounts are owing to any such persons, the amounts available to Class A Noteholders will be reduced. See further the risk factor *"Certain other payments will rank ahead of the Class A IBLAs (and therefore indirectly the Class A Notes) in respect of the payment waterfalls under the Security Trust and Intercreditor Deed*" above.

The Issuer is dependent on third parties for the provision of certain services in relation to the Class A Notes.

The Issuer is a party to contracts with a number of third parties who have agreed to perform certain services in relation to, amongst other things, the Class A Notes. For example, the Initial Liquidity Facility Providers have agreed to provide the Initial Liquidity Facility, the Issuer Corporate Officer have agreed to provide an independent director to the Issuer, and the Cash Manager, the Issuer Account Bank and the Class A Paying Agents have agreed to provide, amongst other things, payment, administration and calculation services in connection with the Class A Notes. In the event that any relevant third-party fails to perform its obligations under the respective agreements to which it is a party, the Class A Noteholders may be adversely affected.

Although the Issuer has funds available to it under the Initial Liquidity Facility they may not be sufficient and the Initial Liquidity Facility may not be available.

Under the terms of the CTA, the Obligor must use its reasonable endeavours to ensure that for so long as, *inter alia*, any Class A Notes remain outstanding, the Borrower and Issuer has available a Liquidity Facility and/or a liquidity reserve of an aggregate amount equal to its projected interest payments and certain other senior expenses in respect of Obligor Senior Secured Liabilities (excluding principal payments under any Working Capital Facility) including net payments under the Hedging Agreements to which it is a party for the following (prior to a Qualifying Public Offering) 18 months and (upon and following a Qualifying Public Offering and subject to a rating agency confirmation confirming the then current rating of the Class A Notes) 12 months debt service.

Pursuant to the terms of the Liquidity Facility Agreement, the Issuer will be entitled to make drawings under the Liquidity Facility Agreement from time to time to cover shortfalls in the amounts available to the Issuer to make payments in respect of items 1 to 6 (inclusive but excluding any final payment on any Final Maturity Date and any Additional Class A Note Amounts and all termination amounts or other unscheduled amounts due and payable pursuant to items 6(a) and 6(b)) of the Issuer Pre-Acceleration Priority of Payments.

In the event that one or more of certain events of default by the Issuer is outstanding under the Liquidity Facility Agreement, including non-payment of amounts payable by the Issuer to one or more Liquidity Facility Provider(s), such Liquidity Facility Provider(s) may cancel its commitments to make advances to the Issuer.

The Initial Liquidity Facility Agreement will expire 364 days after the Closing Date, although it is renewable subject to certain conditions. The Initial Liquidity Facility Providers are not obliged to extend or renew the Initial Liquidity Facility at its expiry, but if an Initial Liquidity Facility Provider does not renew or extend the Initial Liquidity Facility on request then the Issuer will, subject to certain terms, be required to make a Standby Drawing and place the proceeds of that drawing on deposit in the Liquidity Facility Standby Account.

The Liquidity Facility Providers will be entitled to receive interest and repayments of principal on drawings made under the Liquidity Facility Agreement in priority to payments to be made to Class A Noteholders (which may ultimately reduce the amount available for distribution to Class A Noteholders). Interest under the Liquidity Facility Agreement to be entered into on the Closing Date will be at a rate equal to 2.50 per cent. per annum subject to a step up of 0.50 per cent. every 6 months on drawn amounts. 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.

In the event that there are four consecutive annual renewals of the Liquidity Facility by a Liquidity Facility Provider, unless such 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.

(See "*Summary of the Credit and Liquidity Support Documents—Initial Liquidity Facility*".)

There may be conflicts of interest between the holders of the different Series of the Class A Notes.

The Class A Note Trustee will be required to have regard only to the interests of the holders of existing Class A Notes, and any Class A New Notes issued after the Closing Date as if they formed a single class of Class A Notes when exercising his powers, trusts, authorities, duties and discretions (except in certain circumstances as set out in the Class A Note Trust Deed). Class A Noteholders may find their voting powers diluted by the Issue of further Series of Class A Notes.

Voting by the Class A Noteholders in respect of a STID Proposal.

The Class A Noteholders exercise their right to vote by "blocking" their Class A Notes in the clearing system and delivering irrevocable instructions to the Class A Registrar or the Class A Principal Paying Agent that the votes in respect of their Class A Notes are to be cast in a particular way. In respect of modifications, consents and waivers to the Common Documents, the Class A Note Trustee (as Secured Creditor Representative) is required to notify the Obligor Security Trustee of each vote received by the Class A Registrar or the Class A Principal Paying Agent no later than the Business Day on which any vote is received. The STID provides that as soon as the Obligor Security Trustee has received sufficient votes from the Obligor Secured Creditors (including the Class A Note Trustee as Secured Creditor Representative of the Class A Noteholders) in favour of a consent, modification or waiver of a Common Document, the Decision Period will be closed and no further votes will be taken into account by the Obligor Security Trustee.

Accordingly, unless a Class A Noteholder exercises its right to vote at the beginning of a Decision Period, it is possible that a consent, modification or waiver of a Common Document may be approved by the Obligor Secured Creditors before such Class A Noteholder has participated in any vote and any consent, modification or waiver of a Common Document duly approved by the Obligor Secured Creditors shall be binding on all of the Class A Noteholders.

Modifications, waivers and consents in respect of the Common Documents, the Finance Documents and the Issuer Transaction Documents.

The Obligor Security Trustee may as requested by the Holdco Group Agent by way of a STID Proposal designated by the Holdco Group Agent as being in respect of a 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 (i) 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 (ii) such modification, consent or waiver is not, in the opinion of the Obligor Security Trustee, materially prejudicial to the interests of any of the Qualifying Obligor Secured Creditors.

The Issuer may also request the Class A Note Trustee to agree to any modification to, or to give its consent to any event, matter or thing, or grant any waiver in respect of the Issuer Transaction Documents (subject to the STID in relation to any Common Documents and the Issuer Deed of Charge in relation to the Issuer Common Documents) without the consent or sanction of the Class A Noteholders or (subject to the below) any other Issuer Secured Creditor.

The Class A Note Trustee may without the consent or sanction of Class A Noteholders and the other Issuer Secured Creditors, concur with, or instruct the Issuer Security Trustee to concur with the Issuer or any other relevant parties in making (i) any modification to the Class A Conditions or the Issuer Transaction Documents (subject to the STID in relation to any Common Documents and the Issuer Deed of Charge in relation to the Issuer Common Documents) or other document to which it is a party or in respect of which the Issuer Security Trustee holds security if, in the opinion of the Class A Note Trustee, such modification is made to correct a manifest error, or an error in respect of which an English court would reasonably be expected to make a rectification order, or is of a formal, minor, administrative or technical nature, or (ii) any modification (other than in respect of a Class A Basic Terms Modification) to the Class A Conditions or any Issuer Transaction Document (subject to the STID in relation to any Common Documents and the Issuer Deed of Charge in relation to the Issuer Common Document) or other document to which it is a party or in respect of which the Issuer Security Trustee holds security if the Class A Note Trustee is of the opinion that such modification is not materially prejudicial (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 A Notes on the relevant due date for payment therefor) to the interests of the Class A Noteholders provided that to the extent such modification under (ii) above relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent.

The Class A Note Trustee may, without prejudice to its rights in respect of any subsequent breach or Class A Note Event of Default, from time to time and at any time but only if and in so far as in its opinion the interests of the Class A Noteholders shall not be materially prejudiced (where "materially prejudiced" means that such 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 A Notes on the relevant due date for payment therefor) thereby, waive or authorise (or instruct the Issuer Security Trustee to waive or authorise) any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Class A Conditions or any Issuer Transaction Document (subject to the STID in relation to any Common Documents and the Issuer Deed of Charge in relation to the Issuer Common Documents) to which it is a party or in respect of which it holds security or determine that any event which would otherwise constitute a Class A Note Event of Default shall not be treated as such for the purposes of the Class A Note Trust Deed provided that to the extent such event, matter or thing relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent.

Pursuant to the Class A Note Trust Deed and Issuer Deed of Charge, the Class A Note Trustee will be authorised to execute and deliver on behalf of each such Issuer Secured Creditor all documentation required to implement such modification. Such execution and delivery by the Class A Note Trustee will bind each of the Issuer Secured Creditors as if such documentation had been duly executed by it.

There can be no assurance that any modification, consent or waiver in respect of the Common Documents or Issuer Transaction Documents will be favourable to all Class A Noteholders. Such changes may be detrimental to the interests of some or all Class A Noteholders, despite the ratings of such Class A Notes being affirmed.

The conditions of the Class A Notes contain provisions for voting by Class A Noteholders to vote on matters affecting their interests generally (other than matters which concern the enforcement of the Obligor Security or modifications to the Common Documents, which matters may only be addressed in accordance with the procedures set out in the STID as described above). These provisions permit defined majorities to bind all Class A Noteholders including Class A Noteholders who do not vote on the relevant matter and Class A Noteholders who voted in a manner contrary to the majority.

Class A Noteholders may have less control over STID Proposals than other Qualifying Obligor Secured Creditors.

In respect of modifications, waivers or consents relating to the provisions of the Common Documents, the votes of the Class A Noteholders will be treated as a single class on a pound for pound basis with the other Qualifying Obligor Secured Creditors.

The votes of the Class A Noteholders cannot constitute a majority in respect of any Ordinary Voting Matter or Extraordinary Voting Matter unless the Principal Amount Outstanding under the Class A Notes is sufficiently greater than the amounts outstanding under all the other Voted Qualifying Obligor Secured Liabilities (including the Class A Authorised Credit Facilities) to do so. On the Closing Date, the Issuer (and indirectly the Class A Noteholders) will represent a minority among the holders of Qualifying Obligor Secured Liabilities and, therefore, the Class A Noteholders will initially have less control over decisions taken at the level of the Obligors compared with the other Qualifying Obligor Secured Creditors, although this may change over time as further Series of Class A Notes are issued.

This is made more acute by the fact that only the votes of those Class A Noteholders who participate within the specified Decision Period will be taken into account in relation to any Ordinary Voting Matter or Extraordinary Voting Matter; whereas the entire outstanding principal amount under any Authorised Credit Facility will be counted to both the numerator and the denominator in respect of the Quorum Requirement and majority required once the requisite minimum quorum and voting requirement has been met in respect of such facility. This right with respect to the other Authorised Credit Providers is referred to as a "drag-along right". It is possible that the interests of certain Qualifying Obligor Secured Creditors will not be aligned with the interests of a Series or Sub-Class of Class A Noteholders, and it is possible that, in relation to votes on certain matters, by reason of the relative size of Qualifying Obligor Secured Liabilities that are capable of being voted by the Qualifying Obligor Secured Creditors other than the Issuer and the drag-along rights with respect to the other Qualifying Obligor Secured Liabilities, the Obligor Security Trustee is given an instruction which is not in the interests of Class A Noteholders.

The STID also contains "snooze you lose" provisions with the consequence that Obligor Secured Creditors (including, indirectly, the Class A Noteholders) which fail to participate in a vote or fail to assert an Entrenched Right within the applicable time period are not counted for the purposes of determining whether voting thresholds have been reached and are prevented from later asserting any applicable Entrenched Right respectively.

Irrespective of the result of voting at a meeting of Class A Noteholders in relation to a proposed STID Proposal, any STID Proposal duly approved shall be binding on all of the Class A Noteholders.

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 A 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/or the incentives for certain investors to invest in securities issued under such structures, and may thereby 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 per cent. 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 A 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 A Notes.

However, investors should be aware that the regulatory capital treatment of any investment in the Class A 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 A 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/or certain hedge fund managers.

Investors in the Class A 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 A Notes and therefore prospective investors should not rely on the Issuer's interpretation set out above. Further, the Arranger, Global Coordinators, Bookrunner and Dealers do not make any representation in respect of the application of Article 122a to any investment in the Class A 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 A Notes.

Article 122a and/or any further changes to the regulation or regulatory treatment of the Class A 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 A Notes in the secondary market.

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

The Class A Notes will be new securities for which there is no established trading market.

Application has been made to the Central Bank, as competent authority under the Prospectus Directive, for this Base Prospectus to be approved as a prospectus, and to the Irish Stock Exchange for the Class A Notes to be admitted to the Official List and trading on its regulated market. The Class A Notes are a new issue of securities for which there is currently no market. The Arranger and/or the Dealers may make a market in the Class A Notes as permitted by applicable laws and regulations. However neither the Arranger nor the Dealers are obligated to make a market in the Class A Notes and they may

discontinue their market-making activities at any time without notice. Therefore, the Holdco Group cannot assure any investor as to the development or liquidity of any trading market for the Class A Notes. The liquidity of any market for the Class A Notes will depend on a number of factors, including:

(i) the number of Class A Noteholders;

(ii) the operating performance and financial condition of the Holdco Group;

(iii) the market for similar securities;

(iv) the interest of securities dealers in making a market in the Class A Notes; and

(v) prevailing interest rates.

Historically, the debt capital markets have been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Class A Notes. The Holdco Group cannot assure investors that the market, if any, for the Class A Notes will be free from similar disruptions or that any such disruptions may not adversely affect the prices at which the investors may sell the Class A Notes. Therefore, the Holdco Group cannot assure investors that they will be able to sell the Class A Notes at a particular time nor that the Class A Notes will receive a favourable price from such sale. Consequently, investors in the Class A Notes should be aware that they may have to hold the Class A Notes until their maturity.

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

Rating Agency assessments, downgrades and changes to Rating Agency criteria may result in ratings volatility on the Class A Notes.

The ratings assigned to the Class A Notes by S&P address the likelihood of full and timely payment to the Class A Noteholders of all payments of interest due on each Class A Note Interest Payment Date and the full repayment of the principal amount of the Class A Notes on or before the relevant Final Maturity Date. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agency as a result of changes in or unavailability of information or if, in the Rating Agency's judgement, circumstances so warrant. Rating organisations other than the Rating Agency could seek to rate the Class A Notes and, if such "unsolicited ratings" are lower than the comparable rating assigned to the Class A Notes by the Rating Agency, such "shadow ratings" could have an adverse effect on the value of the Class A Notes.

In addition, future events, including events affecting the Holdco Group, could have an adverse effect on the rating of the Class A Notes.

Where a particular matter (including the determination of material prejudice by a Trustee) involves S&P being requested to confirm that a proposed action would not result in a downgrade or a CreditWatch placement, such confirmation is given at the sole discretion of the Rating Agency. Depending on the timing of the delivery of the request and any relevant information, there is a risk that the Rating Agency will not be able to provide its confirmation in the time available or at all. The Rating Agency will not be responsible for the consequences of any failure to deliver a rating confirmation 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 A Notes form part since the Closing Date. A confirmation of ratings represents only a restatement of the opinions given at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction or as confirmation that an event or amendment is in the best interest of, or not materially prejudicial to the interests of, the Class A Noteholders. No assurance can be given that a requirement to seek a ratings confirmation will not have a subsequent impact upon the business of the Issuer.

Under the terms of the Note Trust Deeds, each of the Note Trustees will acknowledge that they do not have any right of recourse to or against the Rating Agency in respect of a ratings confirmation which either Note Trustee relies upon.

Reliance by the Issuer Security Trustee or the Obligor Security Trustee, the Class A Note Trustee or the Class B Note Trustee on any Ratings Assessment will not create, impose on or extend to the Rating Agency any actual or contingent liability to any person (including, without limitation, the Issuer Security Trustee, the Obligor Security Trustee, the Class A Note Trustee or the Class B Note Trustee and/or any Class A Noteholder) or create any legal relations between the Rating Agency and the Issuer Security Trustee, the Obligor Security Trustee, the Class A Note Trustee or the Class B Note Trustee any Class A Noteholder or any other person whether by way of contract or otherwise.

A ratings confirmation will be a point-in-time assessment which:

(a) will not constitute a credit rating by the Rating Agency;

(b) will not be monitored by the Rating Agency and therefore will not be updated to reflect changed circumstances or information that may affect the rating confirmation; and

(c) will not address other matters that may be of relevance to the Class A Noteholders,

and such ratings confirmation will be issued on the basis that the Issuer Security Trustee, the Obligor Security Trustee, the Class A Note Trustee or the Class B Note Trustee and each Class A Noteholder will be deemed to have acknowledged and agreed to the above terms.

None of the Issuer Security Trustee, the Obligor Security Trustee, the Class A Note Trustee or the Class B Note Trustee or any Class A Noteholder will have any right of recourse to or against the Rating Agency in respect of a ratings confirmation which is relied upon by the Issuer Security Trustee or the Obligor Security Trustee, the Class A Note Trustee or the Class B Note Trustee.

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.

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

The Class A Notes have a denomination consisting of a minimum authorised denomination of £100,000 (or the equivalent in other currencies) plus higher integral multiples of £1,000 up to £199,000. Accordingly, it is possible that the Class A 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 Class A Definitive Notes are required to be issued, a Class A Noteholder who holds a principal amount less than the minimum authorised denomination at the relevant time may not receive a Class A Definitive Notes in respect of such holding and may need to purchase a principal amount of Class A Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount).

If Class A Definitive Notes are issued, Class A Noteholders should be aware that Class A Definitive Notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

Class A Notes in book-entry form will be subject to the rules of DTC, Euroclear or Clearstream (as applicable) respectively, which may not be adequate to ensure the owners their timely exercise of rights under the Class A Notes.

The Class A Notes will initially only be issued in global form and deposited with a Common Safekeeper or depositary for DTC, Euroclear or Clearstream, Luxembourg, as applicable. Interests in the Class A Global Notes and Class A Global Notes Certificates will trade in book-entry form only. The Common Safekeeper or depositary, or its nominee, for DTC, Euroclear or Clearstream, Luxembourg as applicable will be the sole holder of the Class A Global Notes and Class A Global Notes Certificates representing the Class A Notes. Accordingly, owners of book-entry interests must rely on the procedures of DTC, Euroclear or Clearstream, Luxembourg, as applicable, and non-participants in DTC, Euroclear or Clearstream, Luxembourg as applicable, must rely on the procedures of the participant through which they own their interests, to exercise any rights and obligations of a holder of Class A Notes.

Unlike the holders of the Class A Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Class A Notes. The procedures to be implemented through DTC, Euroclear and Clearstream, Luxembourg, as applicable, may not be adequate to ensure the timely exercise of rights under the Class A Notes.

Repayment of the Class A Notes in the event that the UK becomes a participating member state in the European Economic and Monetary Union.

It is possible that, prior to the maturity of the Class A Notes, the UK may become a participating member state in the European Economic and Monetary Union and the euro may become the lawful currency of the UK. In that event: (a) all amounts payable in respect of any Class A 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 A Notes into euro and take additional measures in respect of such Class A 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 A 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, the adoption of the euro by the United Kingdom would have on investors in the Class A Notes.

Prepayment of A Class A IBLA Advances may negatively affect the projected yield to maturity of the corresponding Class A Notes.

The yield to maturity of the Class A Notes will depend on, amongst other things, the amount and timing of the repayment and prepayment of principal on the corresponding Class A IBLA Advance and the price paid by the Class A Noteholders. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayment on the applicable Class A IBLA Advance. The rate of prepayment of the applicable Class A IBLA Advance cannot be predicted and will be influenced by a wide variety of economic and other factors including, prevailing interest rates, the state of the UK economy and the availability of alternative financing. Therefore, no assurance can be given as to the level of prepayment that will be experienced.

Purchase of the Class A Notes by the Class B Noteholders in the event that the Class B Noteholders exercise the Class B Call Option may negatively affect the yield to maturity of the Class A Notes.

Any one or more of the Class B Noteholders shall, following the occurrence of a Class B Call Option Trigger Event, be entitled to purchase all, but not some only, of the Class A Notes and any Class A Authorised Credit Facility within the Class B Call Option Period in return for the payment of the Class B Call Option Purchase Price in immediately transferable funds to the existing Class A Noteholders and the relevant Class A Authorised Credit Providers. Any such exercise by the Class B Noteholders of the Class B Call Option may impact, *inter alia*, the yield to maturity on the Class A Notes. See "*Summary of the Class A Transaction Documents—Issuer Deed of Charge—Class B Call Option*". For further details in relation to the Class B Call Option, please see the section "*Summary of the Issuer Class A Transaction Documents—Class B Call Option*" below. This section sets out a fuller description of the conditions and circumstances which must be satisfied in order for the Class B Noteholders to be able to exercise the Class B Call Option.

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 per cent.), funds controlled by CVC (20 per cent.), funds controlled by Permira (20 per cent.), the employees (20 per cent.) and others (4 per cent.). 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 information technology, legal services, financial services and treasury administration. In addition, the AA Group, Acromas Group and 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 Separation will occur concurrently with the Closing Date. However, the AA Group will continue to be owned by Acromas and have certain shared responsibilities and trading relationships with Acromas Group and Saga Group, as described below. To formalise the Separation and help facilitate a smooth transition, whereby the AA Group, Saga Group 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 (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 mailing; printing services; credit hire; and claims management services provided by 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 Closing Date, we intend to transfer the entire share capital of ARCL from TAAL to the Company. Furthermore, under the terms of the Transaction, 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, the results of operations of ARCL 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 Closing Date, 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 Security Group, such transactions are regulated under the Tax Deed of Covenant. The surrender of available tax losses from Security 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 Security 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 Security 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.

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 Security 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 £1,222.0 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 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 trustee of the Saga Pension Scheme 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 IPCo. The royalties payable by the AA Group to IPCo for the use of the AA Group's brands will fund the loan note payments from IPCo 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.

Upon entering into the ABF, the AA UK Pension Trustee will automatically cease to have any interest in the Obligor Security. 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 and, in the interim, the AA UK Pension Trustee will be granted first-ranking super senior security from certain subsidiaries of Topco comprising the Obligors up to a value of £150 million (with the AA Ireland Pension Trustee being granted first-ranking super senior security, pari passu with the AA UK Pension Trustee up to a value of £10 million, which will remain in place irrespective of the implementation of the ABF). If the ABF is not finally agreed and implemented, (i) the AA UK Pension Trustee's 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.

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 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 by 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 foregoing constitutes a summary of the key terms of the 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 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 notwithstanding the implementation of 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 Financial Services 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 Commission, to transfer direct or indirect ownership in TAAL or appoint a liquidator or an administrator, or to perfect any assignment of the 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 A Notes, including the appointment of an Administrative Receiver, on or prior to the Closing 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, substantially all of the roadside assistance business of TAAL as a going concern and legal and beneficial title to substantially all of the assets of TAAL owned or operated by TAAL in connection with that business. In connection with the sale, AADL will assume all the liabilities of TAAL from the signing of the Business Transfer Deed, as well as agree to pay the book value of the assets to be transferred upon their transfer.

Substantially all assets of TAAL will be transferred in accordance with the terms of and in accordance with the timings 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. 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 Closing 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 per cent. of EBITDA, the Borrower shall apply 100 per cent. 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 transfer of assets from TAAL to AADL, the Business Transfer Deed provides that TAAL shall hold all income producing assets related to the roadside assistance business and which form part of the sale on trust for AADL absolutely. Accordingly, TAAL will hold all such monies, goods, services or other benefits under the income producing assets 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 purpose of perfecting the transfers contemplated by the Business Transfer Deed which is exercisable in the case of TAAL's default under the Business Transfer Deed or on TAAL's insolvency. The risk and reward in relation to the assets shall pass to AADL on the Closing Date notwithstanding that title to the relevant assets shall only pass on completion of the transfer of the relevant asset.

PRESENTATION OF 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 offered hereby 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 Base Prospectus.

Unless otherwise indicated, this Base Prospectus 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 respectively, 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 Closing 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 Transaction Documents, 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, the results of operations for ARCL will not be reflected in our results of operations 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 Base Prospectus. See "*The Transactions—The Separation*".

Non-UK GAAP Financial Measures

We present in this Base Prospectus various financial measures that are not measures of financial performance or liquidity under UK GAAP, including the following.

(i) Trading turnover, which we define as turnover from our roadside assistance, insurance service, driving service, AA Ireland and insurance undertaking service and excluding turnover not allocated to a segment.

(ii) 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 Base Prospectus.

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

(iv) 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*".

(v) 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*".

(vi) 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 Base Prospectus 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:

(i) they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

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

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

(iv) 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

(v) 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 Base Prospectus 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 Base Prospectus 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.

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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 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 A Notes, you should rely upon your own examination of the terms of this offering and the financial information contained in this Base Prospectus. 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 Base Prospectus.

Adjustments

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

Certain Terms Used

For definitions of certain terms used in this Base Prospectus, as well as a glossary of other terms used in this Base Prospectus, see the "*Glossary*".

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 2013, 2012 and 2011, have been derived from the audited consolidated financial statements of the Company as of and for each of the years ended 31 January 2013, 2012 and 2011, as prepared in accordance with UK GAAP and included elsewhere in this Base Prospectus. 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 Base Prospectus. In addition, this Base Prospectus 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 Closing Date, we intend to transfer the entire share capital and assets of ARCL from TAAL to the Company. Furthermore, under the terms of the Transaction Documents, we will require us to prepare and present future consolidated financial statements for Holdco and its subsidiaries rather than for AA Limited, the Issuer or Topco. As a result, the results of operations of ARCL will not be reflected in our results of operations or reported on going forward. Historically, ARCL made up the entity of our insurance underwriting segment in our result 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 Facilities 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 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 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 summary consolidated data should be read in conjunction with the audited consolidated financial statements and accompanying notes included elsewhere in this Base Prospectus and discussed in "*Presentation of Financial 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[2]	(359.1)	(385.2)	(349.4)
Gross profit	**585.3**	**588.7**	**618.6**
Administrative and marketing expenses[2]	(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 the 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)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(28.0)	(26.6)	(21.9)
Acquisitions and disposals	(4.7)	(3.0)	(6.2)
Net cash inflow/(outflow) before financing	**269.6**	**237.8**	**265.9**
Financing 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 per cent.)[2]	39.3	37.6	40.6
Available cash inflow from operating activities[3]	418.5	348.9	372.2
Cash conversion (in per cent.)[4]	112.9	94.8	94.3
Capital expenditure[5]	51.0	46.3	31.8
Working capital[6]	(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 Trading EBITDA attributable to 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 Base Prospectus. See "*Presentation of Financial Information*". Trading EBITDA as presented in this Base Prospectus differs from the definition of EBITDA contained in the Glossary. 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*" above.

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

(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 Information*".

(3) 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 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.

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

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

(6) We define Working Capital as stock, plus amounts due from debtors, less amounts due to creditors (including 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 per cent. of turnover)	(£ in millions)	(in per cent. of turnover)	(£ in millions)	(in per cent. of turnover)	(£ in millions)	(in per cent. of turnover)	(£ in millions)	(in per cent. 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 Closing Date, we intend to transfer the entire share capital and assets of ARCL, from TAAL to AA Limited. As a result, the results of operations of ARCL 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 per cent. of Trading EBITDA)	(£ in millions)	(in per cent. of Trading EBITDA)	(£ in millions)	(in per cent. of Trading EBITDA)	(£ in millions)	(in per cent. of Trading EBITDA)	(£ in millions)	(in per cent. 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 5 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 Closing Date, we intend to transfer the entire share capital and assets of ARCL from TAAL to the Company. As a result of the above, the results of operations of ARCL 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.

During the financial year ended 31 January 2013, the AA Group took a number of actions to remove costs from the business on an ongoing basis, including the closing of two call centres and rationalisation of head office processes. The element of these costs that is included within the 2013 Trading EBITDA is: staff costs removed and not replaced, £7.7 million; marketing and sponsorship activities that have been discontinued, £1.7 million; property costs related to buildings that are no longer used, £1.9 million; legal and transaction fees £1.2 million; an irrecoverable supplier credit note £0.4 million; and costs relating to IT support contracts that have since been terminated, £0.2 million. The Trading EBITDA from Insurance Underwriting relates entirely to Acromas Reinsurance Company Limited, which is being transferred out of the Holdco Group prior to the proposed transaction.

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.

	As of and for the year ended 31 January		
	2011	2012	2013[1]
	(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 (£)[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 or period, as applicable.

(2) Number of business customers represents the average number of roadside assistance B2B customers during our financial year or period, as applicable. 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 or period, as applicable.

(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 or period, as applicable.

CAPITALISATION

The following table sets forth the consolidated cash and cash equivalents and the capitalisation of AA Limited, 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 Base Prospectus.

You should read this table in conjunction with the "*The Transactions*", "*Use of Proceeds*", "*Summary Consolidated Financial, Operating and Other Data*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Summary of the Common Documents*", "*Summary of the Finance Documents*", "*Summary of the Credit and Liquidity Support Documents*", "*Description of Other Indebtedness*" and the consolidated financial statements and the accompanying notes of the Company appearing elsewhere in this Base Prospectus. Except as set forth below, there have been no other material changes to the capitalisation of AA Limited since 30 April 2013.

Capitalisation

	AA Limited (£ in millions)
Cash at bank and in hand[1]	17.7
Financial debt[2]	25.4
Intercompany loans[3]	704.1
Total debt[4]	729.5
Capital and reserves	
Called up share capital	0.2
Share premium	0.8
Currency translation reserve	(0.6)
Profit and loss account[5]	20.5
Total capital employed	20.9
Total capitalisation	**750.4**

(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) 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.

(3) 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 Closing Date and the remaining balance of £703.9 million will be repaid in full on the Closing Date with proceeds from the offering of the Class A Notes, the Class B 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.

(4) 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 Closing Date.

(5) Following the repayment in full of intercompany loans in the amount of £703.9 million, the remaining proceeds of the offering of the Class A Notes, the Class B Notes and the Senior Term Facility, will be distributed to Acromas Bid Co in the amount of £2,260.9 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.

On or prior to the Closing Date, the Issuer, the Borrower and other members of the Holdco Group will enter into the Transaction Documents for the purpose of borrowing under the Initial Senior Term Facility, the Initial WC Facility, the Initial Liquidity Facility and issuing the Class A Notes and the Class B Notes (the proceeds of which will be on-lent to the Borrower under the Initial Class A IBLA and the Initial Class B IBLA, respectively). On the Closing Date, the Issuer and the Borrower, as applicable is expected to borrow or issue the following amounts:

	Capital Structure (£ in millions)
Class A Authorised Credit Facilities[1]	2,400.0
Initial Working Capital Facility[2]	150.0
Initial Liquidity Facility[3]	220.0
Class B Notes[4]	655.0
Total debt[5]	**3,055.0**

(1) The Class A Authorised Credit Facilities will comprise on the Closing Date the Senior Term Facility and the Initial Class A IBLA (corresponding to the Class A Notes), the proceeds of which will be used to partially repay amounts due under the Existing Senior Facility and fully repay amounts due under the Existing Mezzanine Facility. To the extent additional Class A Notes are issued after the Closing Date, the amount borrowed under the Senior Term Facility will decrease.

(2) Substantially concurrently with the issuance of the Class A Notes and the Class B Notes, the Borrower will enter into the £150 million Initial Working Capital Facility. On or around the Closing 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 Closing 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.

(3) Substantially 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 Initial Liquidity Facility. The Liquidity Facility does not permit any drawing to be made on the Closing Date.

(4) The Class B Notes will be issued on the Closing Date and on-lent to the Borrower under the Initial Class B IBLA, in amount of £655,000,000.

(5) We expect to incur finance costs of approximately £90 million in connection with the offering of the Class A Notes and the Class B Notes and the entry into the Senior Term Facility, the Initial Working Capital Facility and the Initial Liquidity Facility.

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 Base Prospectus. 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" below. You should also review the information in the section "Presentation of Financial 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 Base Prospectus 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 Base Prospectus 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 Closing Date, we intend to transfer the entire share capital of ARCL from TAAL to the Company. Furthermore, under the terms of the Transaction Documents, 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, the results of operations of ARCL 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 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 per cent. 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 per cent. 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 compound annual growth rate ("**CAGR**") of 2.1 per cent.. Our business generates attractive margins, with a Trading EBITDA margin of 40.6 per cent. 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 per cent., 94.8 per cent. and 94.3 per cent. 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 per cent. of our

turnover and approximately 92 per cent. 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 per cent. of our turnover and 92 per cent. 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, impacts 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 per cent. 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 per cent. 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. For the year ended 31 January 2013 pension contributions amounted to £10.4 million, of which the Company contributed 9.2 per cent. 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.

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 Acromas Reinsurance Company Limited ("**ARCL**"), the entire share capital and assets of which will be transferred from TAAL to AA Limited. As a result, the results of operations of ARCL 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 Security 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 Security Group, such transactions are regulated under the Tax Deed of Covenant. The surrender of available tax losses from Security Group Companies to Acromas Group or Saga 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 Security 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 security 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*" 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. To mitigate our

exposure to, *inter alia*, interest rate and foreign exchange 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

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 ended 30 April 2012 and 2013.

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.

	As of and 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	114	118	114	119
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 added value accounts or "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 Base Prospectus.

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 travelling 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 per cent.. 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 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 30 April 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 expenses, primarily relating to redundancy costs.

Turnover

Our turnover increased by £3.9 million, or 1.7 per cent., 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 per cent. of turnover)	(£ in millions)	(in per cent. 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 per cent., 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 per cent., 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 B2C members and B2B customers.

Driving services: Our turnover from driving services decreased by £1.1 million, or 5.1 per cent., 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 per cent., 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 per cent., 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 was 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 per cent., 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 per cent., 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 per cent., 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 per cent., 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 per cent., 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 per cent. in the three months ended 30 April 2012 to 41.5 per cent. 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 per cent. of Trading EBITDA)	(£ in millions)	(in per cent. 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 per cent., 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 per cent. in the three months ended 30 April 2012 to 48.7 per cent. 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 call outs, 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 per cent., 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 per cent. in the three months ended 30 April 2012 to 56.3 per cent. 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 per cent. in the three months ended 30 April 2012 to 18.0 per cent. 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 per cent., 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 per cent. in the three months ended 30 April 2012 to 32.0 per cent. in the three months ended 30 April 2013.

Head office costs: Our head office costs increased by £0.3 million, or 2.6 per cent., 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 inter-group 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 Other Indebtedness*." 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**") and AA Underwriting Limited ("**AAUL**") and ARLL. 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 Closing Date. As a result, the results of ACCL 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 compared 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, Acromas Group and 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)[1]	(349.4)
Gross profit	**588.7**	**618.6**
Administrative and marketing expenses	(374.7)[1]	(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 the 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 per cent., 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 per cent., 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 per cent. of turnover)	(£ in millions)	(in per cent. 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 per cent., 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 call outs, 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 per cent., 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 per cent., 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 per cent. 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 per cent., from £25.8 million in the year ended 31 January 2012 to £0.0 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 per cent., 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 per cent., 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 per cent., 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 per cent., 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 per cent., 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 per cent., 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 per cent., 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 Trading turnover, Trading EBITDA increased from 37.6 per cent. in the year ended 31 January 2012 to 40.6 per cent. 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 per cent. of Trading EBITDA)	(£ in millions)	(in per cent. 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 per cent., 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 per cent. in the year ended 31 January 2012 to 47.1 per cent. 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 and average income from personal members. 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 per cent., 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 per cent. in the year ended 31 January 2012 to 57.4 per cent. 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 per cent., 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 per cent. in the year ended 31 January 2012 to 20.3 per cent. 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 per cent., 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 per cent. in the year ended 31 January 2012 to 33.9 per cent. in the year ended 31 January 2013.

Insurance underwriting: Our Trading EBITDA from insurance underwriting decreased by £1.4 million, or 70.0 per cent., 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 per cent. in the year ended 31 January 2012 to 0.0 per cent. 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 the 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 per cent., 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 per cent. of turnover)	(£ in millions)	(in per cent. 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 per cent., 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 per cent., 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 per cent., 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 per cent., 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 per cent., 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 per cent., 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 per cent., 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 UK 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 per cent. 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 per cent., 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 per cent., 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 per cent., 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 per cent., 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 per cent., 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 Trading turnover, Trading EBITDA decreased from 39.3 per cent. in the year ended 31 January 2011 to 37.6 per cent. 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 per cent. of Trading EBITDA)	(£ in millions)	(in per cent. 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 per cent., 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 per cent. in the year ended 31 January 2011 to 46.3 per cent. 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 per cent., 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 per cent. in the year ended 31 January 2011 to 51.8 per cent. 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 per cent., 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 per cent. in the year ended 31 January 2011 to 15.6 per cent. 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 per cent., 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 per cent. in the year ended 31 January 2011 to 33.6 per cent. in the year ended 31 January 2012.

Insurance underwriting: Our Trading EBITDA from insurance underwriting decreased by £0.4 million, or 16.6 per cent., 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 per cent. in the year ended 31 January 2011 to 7.8 per cent. 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 per cent., 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 inter-group 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 WC Facility and £220.0 million Liquidity Facility and other borrowings. See "*Summary of the Common Documents*", "*Summary of the Finance Documents*", "*Summary of the Credit and Liquidity Support Documents*". 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 two 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 Closing Date. As a result, the results of ARCL operations 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 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 described 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, Acromas Group and 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 inter-group arrangements between the AA Group, Acromas Group and 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 "*Management of Discussion and Analysis of Financial Condition and Results of Operations*".

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:

(i) *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;

(ii) *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;

(iii) *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 capital expenditure funded by leasing	*(23.0)*	*(19.7)*	*(9.9)*
Capital expenditure in tangible and intangible assets net after leasing	**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 per cent., 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 per cent., 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 the year ended 31 January 2013, which is disclosed as amounts owed by group undertakings on our balance sheet and will be repaid on the Closing Date. 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 WC Facility and £220.0 million Liquidity Facility, neither of which will have been drawn as of the Closing Date.

For a description of the material terms of our existing long-term financing arrangements and our anticipated long-term financing arrangements, see "*Description of Other Indebtedness*".

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 Contract**") 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 and assets of £1,222.0 million.

In addition, we operate we operate an unfunded Post-retirement Medical Plan scheme (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 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. For further information see "*The Transactions—AA Pension Schemes*".

As at 30 April 2013 our defined benefit pension liabilities recognised in the balance sheet 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)			
AA Drive Tech	1.0	—	—	1.0
IDS	3.1	1.2	1.8	—
Peak Performance	0.4	0.4	—	—
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 WC Facility and £220.0 million Liquidity Facility and potential other borrowings. See "*Summary of the Common Documents*", "*Summary of the Finance Documents*" and "*Summary of the Credit and Liquidity Support Documents*".

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 deriving from the incurrence of the Relevant Debt, we will enter into derivatives transactions. We intend to hedge all our floating rate debt (excluding the WC 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 "*Summary of the Common Documents*", "*Summary of the Finance Documents*" and "*Summary of the Credit and Liquidity Support Documents*". Our interest expense will increase if, 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 Term 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.

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 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 notwithstanding the implementation of the ABF, which may result in materially higher payments to the AA UK Pension Scheme being required to be made 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 per cent. in excess of current market expectations over the next five years, our funding deficit would decrease by approximately £160.0 million. Conversely, if gilt yields were to decrease by the same amount, our funding deficit would increase by approximately £215.0 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 and balance sheet are negatively affected by fluctuations in exchange rates.

Transaction Exposure—Operational Flows

For the year ended 31 January 2013, approximately 96 per cent. 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 five per cent. 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 £21.0 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 per cent. 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 course of the year ending of 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 Base Prospectus 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 Closing Date, we intend to transfer the entire share capital in ARCL from TAAL to the Company. As a result of the above, the results of ARCL operations will not be reflected in our results of operations or reported on going forward. In addition, the AA Group contains two 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 Base Prospectus. 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 note 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
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 per cent. and 79 per cent. 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 per cent., 26 per cent. and 12 per cent. of B2C memberships and 42 per cent., 23 per cent. and 14 per cent. 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 which entered the market in 1971 and, according to industry sources, currently accounts for approximately 12 per cent. and approximately 14 per cent. 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 per cent., followed by the RAC and Green Flag with market shares of approximately 26 per cent. and 12 per cent., 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 UK 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 per cent. 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 per cent.

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 per cent. of the B2B market), the car manufacturers channel covered approximately 6 million policies (30 per cent. of the B2B market), the fleet channel covered 3 million policies (15 per cent. of the B2B market) and the insurance channel covered 3 million policies (15 per cent. 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 per cent. market share based on number of B2B customers, followed by the RAC and Green Flag, with approximately 23 per cent. and 14 per cent. 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 per cent. 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 per cent. between 2005 and 2011. Despite an average decline of 4 per cent. 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 2010 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 per cent. since 2001. GWPs have increased by approximately 6.3 per cent. and 10.1 per cent. 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 per cent. 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 per cent. 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 per cent. (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 million households in the United Kingdom within the home emergency market. In addition, according to estimates by HomeServe as of June 2010, approximately 32 per cent. 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 per cent. 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 per cent. 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 per cent. 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 compound annual growth rate ("**CAGR**") of 2.1 per cent.. Our business generates attractive margins, with a Trading EBITDA margin of 40.6 per cent. 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 per cent., 94.8 per cent. and 94.3 per cent. 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 per cent. of our turnover and approximately 92 per cent. 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 9 million B2B customers, representing approximately 44 per cent. and 42 per cent. 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 per cent. 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 per cent. of the B2C market and approximately 14 per cent. 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 per cent. of UK households, subscribed to at least one AA product or service and approximately 55 per cent. 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 per cent. of our approximately 700,000 motor insurance customers also have a roadside assistance membership, only approximately 11 per cent. 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 per cent. and 44 per cent., 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 per cent. of home emergency members already subscribing to our roadside assistance services as of 31 January 2013.

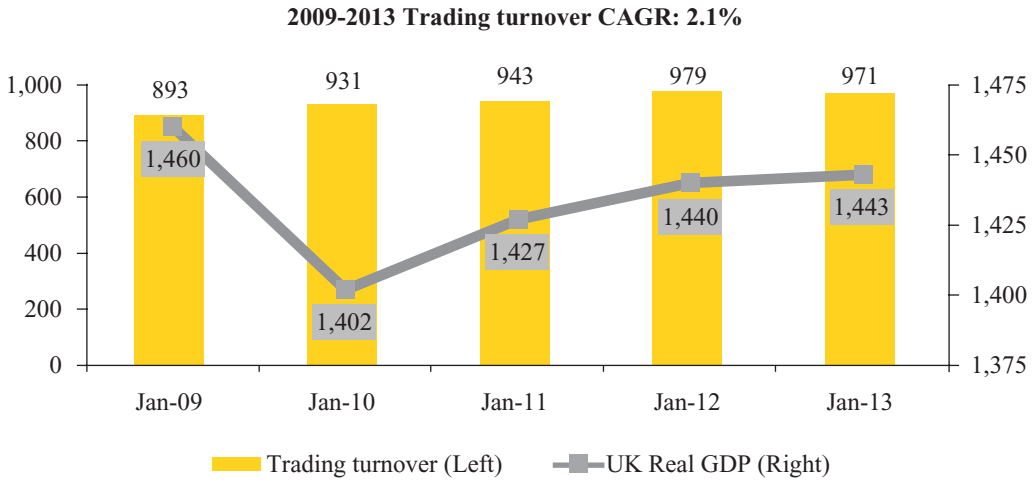
We are the largest driving school in the United Kingdom based on market share according to industry sources, with approximately 2,900 franchised instructors teaching individuals to drive or how to become driving instructors.

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:

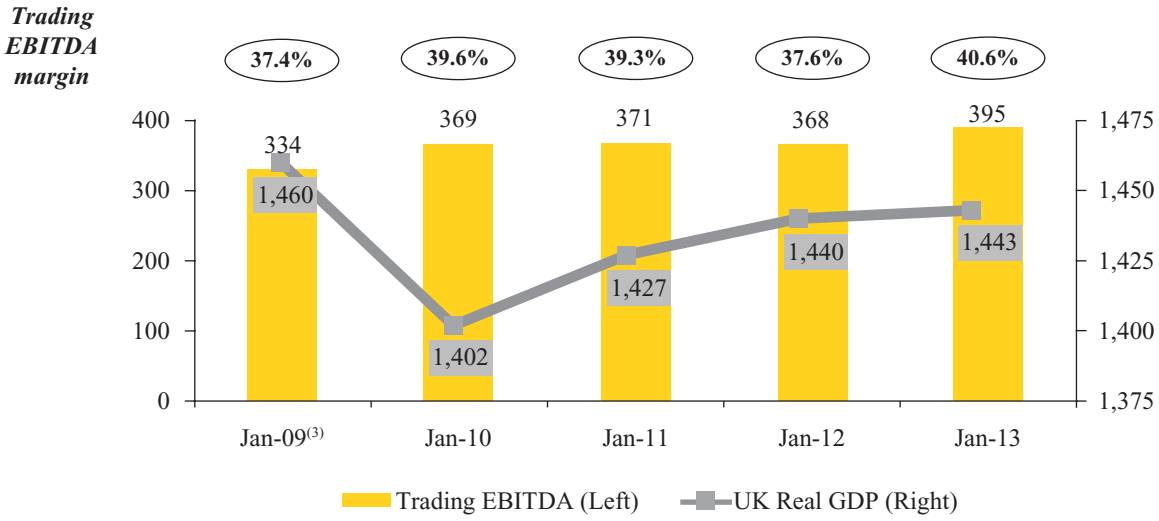
Trading turnover[(1)] (£ in million) and UK Real GDP[(2)] (£ in billions)



(1) Trading turnover includes turnover from insurance underwriting. Trading turnover for the financial years ended 31 January 2009 and 2010 was derived from 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 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 per cent. of our turnover and approximately 92 per cent. 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 per cent. 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 per cent. 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 per cent., 94.8 per cent. and 94.3 per cent. 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 per cent., 6 per cent. and 7 per cent. 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 per cent. of our motor insurance, 44 per cent. of our home insurance and 62 per cent. 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 capitalising 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 per cent. 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 an approximately 20 per cent. 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 maximising 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 per cent.), funds controlled by CVC Capital Partners ("**CVC**") (20 per cent.), funds controlled by Permira Advisers ("**Permira**") (20 per cent.), employees (20 per cent.) and others (4 per cent.).

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 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 per cent.), funds controlled by CVC (20 per cent.), funds controlled by Permira (20 per cent.), employees (20 per cent.) and others (4 per cent.). 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, Acromas Group and the Saga Group, including with respect to information technology, legal services, financial services and treasury administration.

Concurrently with the Closing Date, 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 to 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 inter-group services will be provided between such members. See "*The Transactions—The Separation*".

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 Holdco 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 Security Group, such transactions are regulated under the Tax Deed of Covenant: the surrender of available tax losses from Security 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 Security 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 Security 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*" for a description of our business following the refinancing.

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 £87.0 million and assets of £1,222.0 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 trustee of the AA UK Pension Scheme (the "**AA UK Pension Trustee**") was granted super senior security over assets up to a value of £150.0 million in respect of certain liabilities relating to the AA UK Pension Scheme and the trustee of the Saga Pension Scheme 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 £150.0 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 £200.0 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. However, there can be no assurance that the funding deficit will not increase notwithstanding implementation of the ABF. 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 £150.0 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 security from the Obligors up to a value of £150.0 million. If the ABF is not finally agreed and implemented, the AA UK Pension Trustee's security will remain at its present value of £150.0 million. Concurrently with the offering, the AA Ireland Pension Trustee will also be granted first-ranking security from the Obligors up to a value of £10.0 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 already been agreed with the AA UK Pension Trustee and will be appended to the 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 by 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.

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 notwithstanding implementation of 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 Financial Services 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 A Notes, including the appointment of an Administrative Receiver, concurrently with the Closing Date, TAAL and Automobile Association Developments Limited ("**AADL**") 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, substantially all the roadside assistance business of TAAL as a going concern and the legal and beneficial title to substantially all the assets of TAAL owned or operated by TAAL in relation to that business. In connection with the sale, AADL will assume all the liabilities of TAAL from the date of signing of the Business Transfer Deed, as well as agree to pay the book value of the assets to be transferred.

Substantially all assets of TAAL related to the roadside assistance business 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 per cent. 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 per cent.), funds controlled by CVC (20 per cent.), funds controlled by Permira (20 per cent.), employees (20 per cent.) and others (4 per cent.).

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 per cent. 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 per cent. of breakdowns are attended to by our national network of AA branded patrols and approximately 10 per cent. 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 per cent. of our personal members pay their annual membership fee in advance, while the remaining 11 per cent. 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 per cent. 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 per cent. 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 per cent. 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 per cent. 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 per cent. of our total turnover and Lloyds Banking Group, being our largest B2B partner, accounts for 9.3 per cent. 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 per cent. 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 per cent. of our motor insurance customers were also personal members, but only 11 per cent. 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 per cent. of our home insurance customers were also personal members, but only 6 per cent. 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 per cent. 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 per cent. of our home emergency customers were also personal members, but only 7 per cent. 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 per cent. 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 service 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 per cent. 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 per cent. 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 per cent. 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 materials 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 Closing Date, we intend to transfer the entire share capital of ARCL from TAAL to the Company. Furthermore, under the terms of the Transaction Documents, 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, the results of operations of ARCL 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 AA Limited, our ultimate parent company that is outside the Holdco 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 per cent. 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 per cent. 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 per cent. 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 per cent. 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 per cent. 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 and assets of £1,222.0 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 a 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 £150.0 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 IPCo. The royalties payable by the AA Group to IPCo for the use of the our brands will fund the loan note payments from IPCo 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, 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 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 per cent. 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 contains two authorised insurers in England, AAUL and, AAUSL. However, AAUL ceased underwriting insurance policies in August 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*".

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 Financial Services 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 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.

For further details on the regulatory regime affecting the AA Group, see "*Regulatory Overview*".

Material Contracts

For the year ended 31 January 2013, our 10 largest B2B partners accounted for 13.1 per cent. of our total turnover, of which the single largest partner is Lloyds Banking Group. Lloyds Banking Group accounted for 9.3 per cent. 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 under the Financial Services (Jersey) Law 1998.

General

Regulation of the financial services industry in the United Kingdom is set out in the 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 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 contains two authorised insurance underwriting companies, 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, who are both authorised and regulated by the FCA, AAISL and DISL. 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 per cent. 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 UK and 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 UK or Ireland, in most circumstances, by the provider's own work force under its direction rather than through an outsourcing arrangement.

Approved Person

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 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.

TAAL is regulated by the 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 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 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 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 the grounds that it is an appointed representative of an insurance intermediary that is authorised under FSMA.

The Jersey Insurance Law sets out the insurance business which, if carried out in or from within Jersey or by a Jersey company, such as TAAL, anywhere in the world, would require the person carrying on the business to be an authorised person regulated in Jersey by the 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 Commission under 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:

(a) that, subject to such restrictions as may be set out in the contract, the assistance shall normally be available on demand;

(b) 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;

(c) that the assistance may take any one or more of the following forms:

(i) repairs to the relevant vehicle at the roadside;

(ii) removal of the relevant vehicle to another place;

(iii) conveyance of the relevant vehicle's occupants to another place;

(iv) delivery of parts, fuel, oil, water or keys to the relevant vehicle; and

(v) 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.

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.

As mentioned above, it is intended that the roadside assistance business of TAAL will be transferred to a UK company, AADL in connection with the Separation, and that the UK company will also operate the AA Group's roadside assistance business under the same Article 2 exemption.

MANAGEMENT

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.

AA Limited

AA Limited is a private limited 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 AA Limited 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 AA Limited 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 AA Limited.

The following is a summary of the business experience of the current board of directors of AA Limited, 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. Besides 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 Base Prospectus.

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 AA Group, 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 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 AA Limited for the purposes of monitoring our activities.

Audit Committee

AA Limited expects to implement an audit committee that will be responsible for: monitoring and reviewing the 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

AA Limited expects to implement a remuneration committee following the Closing 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 AA Limited 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 "*Business—Principal Shareholders*".

THE ISSUER

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 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 IBLA following the issue of the Class A Notes and the Class B Notes, along with borrowing under the Liquidity Facility and entering into the Issuer Hedging Agreements.

On or around the Closing 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, UK	Director
Andy Boland	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, UK	Director
Jonathan Keighley	35 Great St Helens, London EC3A 6AP	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 company and their private interest or other duties as listed above.

Pursuant to the engagement letter with accompanying terms and conditions, Mourant Ozannes Secretaries (Jersey) Limited whose registered office is at 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands has agreed to provide company secretarial services to the Issuer.

Pursuant to the Issuer Corporate Officer Agreement, Structured Finance Management Limited, whose registered office is at 35 Great St Helen's, London, EC3A 6AP, has agreed to provide independent director services to the Issuer.

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

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 up. Since the date of incorporation, no option to acquire shares have been issued or authorised. Since its incorporation up to the date of this Prospectus, 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.

BORROWER

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.

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.

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

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.

HOLDCO

Holdco was incorporated under the Companies Act 2006 and registered in England and Wales on 9 June 2005 as a private limited company with number 05148845. Holdco'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 Holdco may be inspected at the registered office of Holdco.

Directors and Company Secretary

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

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

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

Principal Activities

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

Holdco does not own or operate any of the operating assets of the group. Consequently, the ability of Holdco to meet its financial obligations is dependent on the receipt of dividends from its sole subsidiary, AA Acquisition Co Limited.

Management and Control

Holdco is managed and controlled in the United Kingdom.

Share Capital

Holdco is a wholly owned subsidiary of Topco and its issued share capital is £20000002, divided into 20000002 £1 shares.

Auditors

The auditors of Holdco 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 has audited Holdco's accounts, without qualification, in accordance with generally accepted auditing standards in the UK for the financial year ended on 31 January 2013.

TOPCO

Topco was incorporated under the Companies Act 2006 and registered in England and Wales on 30 March 2004 as a private limited company with number 05088289. Topco'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 Topco may be inspected at the registered office of Topco.

Directors and Company Secretary

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

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

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

Principal Activities

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

Topco does not own or operate any of the operating assets of the group. Consequently, the ability of Topco to meet its financial obligations is dependent on the receipt of dividends from its sole subsidiary Holdco.

Management and Control

Topco is managed and controlled in the United Kingdom.

Share Capital

Topco is a wholly owned subsidiary of AA Limited and its issued share capital is £20547950, divided into 20547950 £1 shares.

Auditors

The auditors of Topco 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 has audited Topco's accounts, without qualification, in accordance with generally accepted auditing standards in the UK for the financial year ended on 31 January 2013.

THE AUTOMOBILE ASSOCIATION LIMITED

The Automobile Association Limited ("**TAAL**") was incorporated and registered in Jersey on 20 January 1999 (with registered number 73356) as a private company of unlimited duration and with limited liability, re-registered as a public company on 25 February 1999 and re-registered as a private company on 29 April 2004 under the Companies (Jersey) Law 1991. The registered office of TAAL is 22 Grenville Street, St Helier, Jersey JE4 8PX and its telephone number is +44 1534 676000. The memorandum and articles of association of TAAL may be inspected at the registered office of TAAL.

Directors and Company Secretary

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

Name	Business Address	Principal Activities
James Austin	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, UK	Director
Andy Boland	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, UK	Director
Michael Cutbill	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, UK	Director
Steven Dewey	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, UK	Director
Simon Douglas	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, UK	Director
Andrew Goodsell	1 Enbrook Park, Folkestone, Kent, CT20 3SE, United Kingdom	Director
Stuart Howard	1 Enbrook Park, Folkestone, Kent, CT20 3SE, United Kingdom	Director
Andrew Strong	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, UK	Director
Andrew Stringer	1 Enbrook Park, Folkestone, Kent, CT20 3SE, UK	Company Secretary

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

Principal Activities

TAAL's principal activity is the provision of roadside assistance and to carry on any other business activity in connection or conjunction with such business.

TAAL also carries on insurance intermediation business as an appointed representative of AAISL and as a registered person authorised to carry on general insurance mediation business in Jersey.

Management and Control

TAAL is managed and controlled in England, at Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA the United Kingdom.

Share Capital

TAAL is a wholly owned subsidiary of AA Corporation Limited and its issued share capital is 50,000, divided into 50,000 £1 ordinary shares.

Auditors

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

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 has audited TAAL's accounts, without qualification, in accordance with generally accepted auditing standards in the UK for the financial year ended on 31 January 2013.

AUTOMOBILE ASSOCIATION INSURANCE SERVICES LIMITED

Automobile Association Insurance Services Limited ("**AAISL**") was incorporated under the Companies Act 2006 and registered in England and Wales on 17 August 1989 as a private limited company with number 02414212. AAISL'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 AAISL may be inspected at the registered office of AAISL.

Directors and Company Secretary

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

Name	Business Address	Principal Activities
Andy Boland	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, UK	Director
Michael Cutbill	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, UK	Director
Simon Douglas	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, UK	Director
Andrew Goodsell	Enbrook Park, Sandgate, Folkestone, Kent, CT20 3SE, UK	Director
Stuart Howard	Enbrook Park, Sandgate, Folkestone, Kent, CT20 3SE, UK	Director
Peter Robson	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, UK	Director
Andrew Strong	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, UK	Director
Ashok Gupta	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, UK	Director
Jonathan Roe	Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, UK	Director
Andrew Stringer	Enbrook Park, Sandgate, Folkestone, Kent, CT20 3SE, UK	Secretary

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

Principal Activities

AAISL was established as a private limited company and its principal activities are to carry on all or any businesses of a general commercial company and to carry on any other business activity in connection or conjunction with such business.

Management and Control

AAISL is managed and controlled in the United Kingdom.

Share Capital

AAISL is a wholly owned subsidiary of AA Corporation Limited and its issued share capital is £19000000, divided into 19000000 £1 shares.

Auditors

The auditors of AAISL 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.

SUMMARY OF THE COMMON DOCUMENTS

The following is a summary of certain provisions of the principal documents relating to the transactions described in this Base Prospectus.

General overview

The Senior Finance Parties (which includes the Issuer) all benefit from common terms set out in the CTA under their relevant debt instrument. The Junior Finance Parties are not party to the CTA but have their own terms as set out in the relevant Class B Authorised Credit Facility. The Senior Finance Parties and the Junior Finance Parties benefit from a common security package granted by the Borrower, Holdco and certain of Holdco's subsidiaries (as Obligors under the CTA). It is a requirement of the CTA that any future provider of a Class A Authorised Credit Facility must accede to and be bound by the terms of the CTA (see "*Summary of the Common Documents—Common Terms Agreement*" below). Any future provider of any Authorised Credit Facility must also accede to the intercreditor arrangements contained in the STID (see "*Summary of the Common Documents—Security Trust and Intercreditor Deed*" below). The Issuer, as provider of each loan to the Borrower corresponding to the proceeds of an issuance of Class A Notes or Class B Notes, will also be party to and be bound by the CTA (in respect of the Class A Notes only) and the STID.

The CTA sets out the common terms applicable to each Class A IBLA and each other Class A Authorised Credit Facility (other than each Liquidity Facility, each Borrower Hedging Agreement and each OCB Secured Hedging Agreement) into which the Borrower enters. Save for certain limited exceptions, no Senior Finance Party can have additional representations, covenants, trigger events or loan events of default beyond the common terms deemed to be incorporated by reference into their Class A Authorised Credit Facilities through their execution of, or accession to, the CTA.

The STID regulates among other things: (i) the claims of the Obligor Secured Creditors; (ii) the exercise and enforcement of rights by the Obligor Secured Creditors; and (iii) the giving of instructions, consents and waivers and, in particular, the basis on which votes of the Obligor Secured Creditors will be counted.

All agreements listed below and non-contractual obligations arising out of or in connection with them will be governed by English law and subject to the exclusive jurisdiction of the English courts.

Common Terms Agreement

General

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 Initial STF Arrangers, the Original Initial STF Lenders, Initial STF Agent, the Initial WCF Arrangers, the Original Initial WCF Lenders, the Initial WCF Agent, the Initial LF Arrangers, the Initial Liquidity Facility Providers, Initial Liquidity Facility Agent, the Initial 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 which 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 a Class A Authorised Credit Facility but excluding any Hedging Agreement and OCB Secured Hedging Agreement).

It is a term of the CTA that any representation, covenant, Trigger Event or CTA Event of Default contained in any Class A Authorised Credit Facility (other than any Liquidity Facility Agreement, Hedging Agreement and OCB Secured Hedging Agreement) which is in addition to those in the CTA will be unenforceable (save for limited exceptions which, among other things, include tax representations and covenants relating to "know your customer" checks, the delivery of documents to allow payments to be made without deduction of Tax, the purpose of the relevant facility, provisions as to illegality, information undertakings, indemnities, covenants to pay, voluntary prepayments, cash sweep, equity cure rights, mandatory prepayments or mandatory "clean-down" provisions (other than upon or following the occurrence of any event of default howsoever worded in a Class A Authorised Credit Facility) and covenants relating to remuneration, costs and expenses) unless they are also offered to all of the parties to the CTA on the same basis and for the duration of the relevant facility. In addition, subject to certain conditions, further representations, covenants, Trigger Events and CTA Events of Default may be included where they are extended to all of the Senior Finance Parties including the Issuer.

It is a requirement of the CTA that future providers of Class A Authorised Credit Facilities 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 representations, covenants, Trigger Events and CTA Events of Default included in the CTA is set out below.

Representations

On the Closing Date and the first Utilisation Date of the Initial Senior Term Facility and the Initial WC Facility, each Obligor will make a number of representations in respect of itself and if applicable, its Subsidiaries to each Senior Finance Party. These representations include (subject, in some cases, to agreed exceptions and qualifications as to materiality and reservations of law) representations as to:

(a) its due incorporation, valid existence, power and authority to own its assets and carry on its business as it is being conducted;

(b) power to enter into, deliver and perform the Senior Finance Documents and other Transaction Documents;

(c) all Authorisations required to enable it to enter into, exercise its rights and perform its obligations under the Transaction Documents and make them admissible in evidence in certain relevant proceedings are in effect or will be obtained before the Closing Date and all Authorisations required for the conduct of its and its Subsidiaries' business including the Permitted Business have been obtained or effected and are in full force and effect;

(d) its obligations under the Senior Finance Documents are legal, valid, binding and enforceable;

(e) no conflict with laws, regulations, regulatory or governmental clearances, licences, constitutional documents and other documents;

(f) ownership or licensing of material intellectual property that is required for its business;

(g) matters relating to insurances;

(h) good, valid and marketable title and valid licences and authorisations to use the assets necessary to carry on their business including the Permitted Business as presently conducted;

(i) absence of Insolvency Events;

(j) absence of CTA Defaults and Trigger Events;

(k) matters relating to Taxes;

(l) the accuracy of certain information including financial statements and information contained in each Information Memorandum or Information Package;

(m) that the projections and assumptions used to calculate certain relevant financial ratios were arrived at after careful consideration and prepared in good faith and based on reasonable assumptions and recent historic information;

(n) no contingent liabilities or commitments not disclosed in relevant financial statements;

(o) all occupational pension schemes are funded in accordance with applicable law, no warning notice, contribution notice or financial support direction has been made and the Holdco Group is not currently required to contribute to the AA UK Pension Scheme and the AA Ireland Pension Scheme in excess of the amounts disclosed in writing prior to the Closing Date;

(p) the Holdco Group structure chart supplied as part of the conditions precedent is true, accurate and complete;

(q) choice of governing law to govern the Senior Finance Documents and enforcement of judgements;

(r) matters relating to centre of main interest;

(s) matters relating to compliance with laws, regulations, licences including environmental compliance, anti-money laundering, anti-bribery and sanctions compliance and compliance with ERISA, Margin Regulations and the United States Investment Company Act;

(t) absence of litigation, arbitration, administrative proceedings or environmental claims;

(u) ranking of claims;

(v) no security over assets of the Holdco Group other than Permitted Security and no financial indebtedness other than Permitted Financial Indebtedness;

(w) the shares of any member of the Holdco Group subject to security are fully paid and not subject to any option to purchase or similar rights;

(x) the security granted by the Obligor Security Documents has the ranking expressed in those documents and is not subject to any prior ranking or *pari passu* ranking;

(y) matters relating to Holding Companies; and

(z) matters relating to the status of Material Companies as Obligors on the Closing Date and compliance with the Obligor Coverage Test.

In addition, on each date on which any other new Class A Authorised Credit Facility (including any future Class A IBLA) is entered into, each Obligor will repeat certain of such representations (the "**Initial Date Representation**").

On each Payment Date, on each date of a request for a borrowing and, on the first date on which any Utilisation is made, after the Closing Date each Obligor shall make certain repeating representations (the "**Repeated Representations**"). An Obligor acceding to a Class A Authorised Credit Facility shall make the Repeated Representations on the date of such accession.

Covenants

The CTA contains certain covenants from each of the Obligors. A summary of the covenants is set out below.

Information Covenants

Financial Statements

(a) The Holdco Group Agent will undertake to supply to the Obligor Security Trustee, the Issuer Security Trustee, the Initial STF Agent and any other Facility Agent, the Borrower Hedge Counterparties, the Rating Agency and the Class A Note Trustee and, if requested by the Obligor Security Trustee, in sufficient copies for all Obligor Senior Secured Creditors:

(i) consolidated audited Annual Financial Statements of Holdco 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;

(ii) consolidated unaudited Semi-Annual Financial Statements of Holdco 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; and

(iii) annual Financial Statements of each member of the Holdco Group representing 5 per cent. or more of the EBITDA of the Holdco Group (audited to the extent available), as soon as they are available but in any event within 150 days after the end of each of its Financial Years.

(b) The Holdco Group Agent must ensure that:

(i) each set of Financial Statements is prepared in accordance with the Accounting Principles and includes a cashflow statement, a profit and loss statement and a balance sheet and gives a true and fair view of or, in the case of any unaudited Semi-Annual Financial Statement, fairly presents its financial condition (consolidated or otherwise) as at the date to which those Financial Statements were drawn up and of the results of its operations during such period;

(ii) it notifies the Obligor Security Trustee of any material change to the basis on which its audited consolidated Annual Financial Statements and the unaudited consolidated Semi-Annual Financial Statements of Holdco are prepared (including a change of the Accounting Principles or the accounting practices) and deliver a description of any change necessary to be made for those financial statements to reflect the Accounting Principles or accounting practices upon which the Original Financial Statements were prepared and sufficient information to determine the calculation of the financial ratios and Excess Cashflow in respect of any relevant period and to make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements;

(iii) if the change is expected to result in a deviation above 5 per cent. from the result of the calculation of the relevant financial ratio or Excess Cashflow, the Holdco Group Agent shall

appoint an international firm of auditors to determine the amendments required to be made to the relevant financial ratios and associated definitions. Prior to the Holdco Group Agent appointing such auditors, the Obligor Security Trustee shall, if directed in accordance with the STID, enter into discussions with a view to agreeing any amendments required to be made to the financial ratios and associated definitions and the definition of Excess Cashflow to place the Holdco Group and the Obligor Security Trustee in a comparable position.

Notification of CTA Default or Trigger Event

(c) Unless the Obligor Security Trustee has already been so notified by another Obligor, each Obligor (or the Holdco Group Agent on its behalf) must notify the Obligor Security Trustee of any CTA Default or Trigger Event under the Senior Finance Documents relating to it (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

Compliance Certificate

(d) The Holdco Group Agent shall supply to the Obligor Security Trustee, the Issuer Security Trustee, the Initial STF Agent, the Initial WCF Agent and any other Facility Agent, the Issuer, the Borrower Hedge Counterparties and the Rating Agency a Compliance Certificate (i) with each set of Financial Statements of Holdco; (ii) not less than 5 Business Days prior to Holdco Group entering into an Authorised Credit Facility referred to in the definition of "Additional Financial Indebtedness"; and (iii) upon completion of a Qualifying Public Offering.

(e) Such Compliance Certificate shall include (i) the Class A FCF DSCR and calculations thereof in reasonable detail; (ii) the maximum amount of Permitted Investor Payments that may be made in the 90 days following the date of required delivery of the relevant Compliance Certificate (including calculations in reasonable detail demonstrating that 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 any payment of such maximum amount would not exceed 5.5:1); (iii) in respect of any Additional Financial Indebtedness proposed to be incurred, the Class A FCF DSCR and (if required by paragraph (b) of the definition of "Additional Financial Indebtedness") the ratio of Total Class A Net Debt to EBITDA (in each case calculated on a pro forma basis as provided for in that definition) and calculations thereof in reasonable detail confirming that the requirements of that definition are met; (iv) in respect of a Qualifying Public Offering, the ratio of Total Net Debt to EBITDA (calculated as provided in the definition of "Qualifying Public Offering") and calculations thereof in reasonable detail, (v) with each set of Annual Financial Statements, the amount and calculations in reasonable detail of the Excess Cashflow for the applicable Financial Year; (vi) with each set of Annual Financial Statements confirmation of the Holdco Group's compliance with the Obligor Coverage Test; (vii) with each set of Annual Financial Statements, a list of the Material Companies; (viii) with each set of Financial Statements, the amount of Retained Excess Cashflow as at the date of the relevant Compliance Certificate; (ix) details of any payments made out of Retained Excess Cashflow in the period since the date of the most recent Compliance Certificate delivered with a set of Financial Statements and used to fund: (i) any Permitted Acquisition under paragraph (d) of the definition of "Permitted Acquisition"; (ii) any Permitted Joint Venture Investment; (iii) any other amounts referenced in paragraphs (b) to (m) of the definition of "Excess Cashflow" to the extent funded from Retained Excess Cashflow (and not already separately reported in the relevant Compliance Certificate); (iv) any Permitted Investor Payment; (v) any payment in respect of a Class B Authorised Credit Facility permitted under the CTA and Class A IBLA; and (vi) any loan made pursuant to paragraph (k) of the definition of Permitted Loan, in each case to be set out separately and in aggregate; (x) with each set of Financial Statements summary details of any acquisition or disposal of Subsidiaries, Subsidiary Undertakings or interest in any Joint Venture by any member of the Holdco Group and of any company or business or material asset disposals by any member of the Holdco Group, in each case since the previously delivered Compliance Certificate (or, if none, the Closing Date); (xi) with each set of Financial Statements, confirmation that the Holdco Group is in compliance with the clean down provisions in any WC Facility insofar as such provisions required a clean down during the relevant period; (xii) confirmation that the statements in such Compliance Certificate is accurate in all material respects; (xiii) confirmation that no CTA Default or Trigger Event has occurred or is continuing, or if a CTA Default or Trigger Event has occurred and is continuing, the steps (which shall be specified) being taken to remedy such CTA Default or Trigger Event; and (xiv) confirmation that the Holdco Group is in compliance with the Hedging Policy.

The Obligor Security Trustee may, acting on the written instructions of the Qualifying Obligor Senior Creditors holding an aggregate Outstanding Principal Amount of at least 20 per cent. of the aggregate Outstanding Principal Amount of all Qualifying Obligor Senior Secured Liabilities then outstanding challenge a statement(s), calculation(s) or ratio(s) in a Compliance Certificate and call for other substantiating evidence. No Obligor may make a Restricted Payment during the period starting on (and

including) the date on which a Compliance Certificate is delivered and ending on (and excluding) the date falling 15 Business Days from such date; and in the event that the Compliance Certificate is challenged by the Obligor Security Trustee in accordance with the provisions above, the period starting on (and including) the date of the challenge until the earlier of: (A) the date on which investigations in respect of the challenge are completed to the reasonable satisfaction of the Obligor Security Trustee; (B) the date on which the independent expert appointed to investigate such statement(s), calculation(s) or ratio(s) announces its conclusions that the relevant statement(s) or calculation(s) or ratio(s) that were the subject of the challenge were not materially inaccurate or misleading in a manner that resulted in there being no subsistence of a Trigger Event; and (C) 2 Business Days after a re-stated Compliance Certificate which is accurate in all material respects (taking into account the findings of the independent expert (if applicable)) has been delivered.

Investor Report

(f) The Holdco Group Agent (on behalf of each Obligor) must supply, at the same time as a Compliance Certificate is provided, to the Obligor Security Trustee, the Issuer Security Trustee, the Initial STF Agent, the Initial WCF Agent and any other Facility Agent, the Issuer, the Borrower Hedge Counterparties, the Rating Agency and the Class A Note Trustee, and if requested by the Obligor Security Trustee, in sufficient copies for all of the relevant Obligor Senior Secured Creditors and Issuer Secured Creditors, an Investor Report.

(g) Each Investor Report must include (i) the Class A FCF DSCR and calculations thereof in reasonable detail; (ii) if any Permitted Investor Payments have been made since the date of the immediately preceding Investor Report (or, if none, since the Closing Date), the amount of such Permitted Investor Payments and calculations in reasonable detail demonstrating that the ratio of Total Class A Net Debt as at the relevant Test Date to EBITDA in respect of the Test Period ending on that Test Date calculated pro forma for such Permitted Investor Payment did not exceed 5.5; (iii) if any Additional Financial Indebtedness was incurred since the date of the immediately preceding Investor Report (or, if none, since the Closing Date), the Class A FCF DSCR and (if required by paragraph (b) of the definition of "Additional Financial Indebtedness") the ratio of Total Class A Net Debt to EBITDA in each case calculated on a pro forma basis as provided for in the definition of "Additional Financial Indebtedness" and calculations thereof in reasonable detail confirming that the requirements of the definition were met; (iv) if a Qualifying Public Offering has occurred since the date of the last Investor Report, the ratio of Total Net Debt to EBITDA (calculated as provided in the definition of "Qualifying Public Offering") and calculations thereof in reasonable detail; (v) when delivered with each set of Annual Financial Statements, the amount and calculation in reasonable detail of Excess Cashflow for the applicable Financial Year; (vi) when delivered with each set of Financial Statements, the amount of Retained Excess Cashflow as at the date of the relevant Investor Report; (vii) when delivered at the same time as the Annual Financial Statements (a) a confirmation of Holdco Group's compliance with the Obligor Coverage Test, (b) a list of the Material Companies; and (viii) when delivered with each set of Financial Statements a general update and details on (A) a general overview of the Permitted Business; (B) details of any material regulatory changes and business developments; (C) details of any Capital Expenditure (excluding Maintenance Capital Expenditure) in an amount exceeding £5,000,000 (Indexed) (or equivalent in other currency or currencies); (D) details of the current financing position; (E) summary details of any acquisitions or disposals in each case in an amount exceeding £5,000,000 (Indexed) (or equivalent in other currency or currencies); and (F) summary of the current hedging position, and (ix) confirmation that (A) the contents of the Investor Report is accurate in all material respects; (B) no CTA Default or Trigger Event has occurred and is continuing, or if a CTA Default or Trigger Event has occurred and is continuing, the steps (which shall be specified) being taken to remedy such Default or Trigger Event; and (C) the Holdco Group is in compliance with the Hedging Policy.

Annual Investor Call and Annual Presentation

(h) The Holdco Group Agent must hold annually an open one-way investor update conference call with the Obligor Senior Secured Creditors and the Class A Noteholders for the purpose of senior management addressing the information contained in the most recent Investor Report.

(i) The Holdco Group Agent must hold each year a presentation on the ongoing business and financial performance of the Holdco Group made by at least one director of the Holdco Group Agent to the Obligor Senior Secured Creditors.

Pensions Update

(j) The Holdco Group Agent shall promptly notify the Obligor Security Trustee and the Rating Agency of (i) prior to the ABF Implementation Date, (x) any material amendments to the agreed form term sheet for the ABF or any material delay in, or a decision not to proceed with, the implementation of the ABF, and

(y) at the reasonable request of the Obligor Security Trustee, any information in relation to the status of the discussions with the AA UK Pension Trustee, in relation to the ABF, in each case save that at no time shall any member of the Holdco Group be required to disclose information which is confidential or could materially and adversely impact on the conduct of any negotiations with the AA UK Pension Trustee; and (ii) details of any actual or proposed changes to the schedule of contributions or any other financial support proposed to be put in place for the AA UK Pension Scheme which has the effect of increasing such contributions or other financial support by more than £10,000,000 per annum or for the AA Ireland Pension Scheme which has the effect of increasing such contributions or other financial support by more than €5,000,000 per annum.

Prospectus

(k) Each Obligor shall ensure that the Prospectus of the Issuer is updated as required under applicable laws or market practice before the Issuer seeks to issue any further series or tranches of Class A Notes after the validity period following the filing of the latest update (or, if none, the original filing of the Prospectus) has expired.

Obligor Information

(l) Subject to any duty of confidentiality and any applicable legal or regulatory restrictions, each Obligor must supply to the Obligor Security Trustee and any Facility Agent:

(i) all documents despatched by it to its creditors generally or any class of them at the same time as they are dispatched;

(ii) as soon as reasonably practicable after becoming aware of the same, details of any litigation, arbitration or administrative proceedings which are current or threatened in writing against any Obligor where such proceedings are reasonably likely to be adversely determined and, if so determined, would or are reasonably likely to have a Material Adverse Effect;

(iii) as soon as reasonably practicable after becoming aware of the same, details of any insurance claims in respect of a loss that exceeds £5,000,000 (Indexed) (or its equivalent in other currencies);

(iv) as soon as reasonably practicable after becoming aware of the same, details of any investigation or proceeding with, from or involving any regulator or other governmental authority into the activities of the Holdco Group which are reasonably likely to be adversely determined and, if so determined, would or are reasonably likely to have a Material Adverse Effect;

(v) such material information about the business and financial condition of the Holdco Group and the Issuer which can be requested by the Obligor Security Trustee on the instructions of Qualifying Obligor Senior Creditors (acting reasonably) holding at least 20 per cent. by value of the Qualifying Obligor Senior Secured Liabilities, provided that, at any time when no CTA Event of Default or Trigger Event has occurred and is subsisting, a maximum of one such request for information may be made, in any 12 month period save that nothing shall oblige any Obligor to disclose any information which in its reasonable opinion is commercially sensitive information;

(vi) as soon as reasonably practicable after becoming aware thereof details of any material risk to the preservation and maintenance of the Intellectual Property;

(vii) any proposed amendments to the Senior Finance Documents which are subject to the amendment regime set out in the STID; and

(viii) as soon as reasonably practicable after becoming aware thereof details of any downgrade action by the Rating Agency in respect of the Class A Notes.

(m) If any duty of confidentiality would preclude disclosure of the relevant details to the Obligor Security Trustee, the Issuer Security Trustee, the Class A Note Trustee, the Issuer, the Initial STF Agent, the Initial WCF Agent and any other Facility Agent, the Borrower Hedge Counterparties, the Rating Agency, the Holdco Group Agent shall use its reasonable endeavours to obtain the consent (where relevant) of the applicable third-party to such disclosure on the basis that such information shall be kept confidential by each such recipient and shall not be disclosed by any such recipient for so long as such information remains confidential.

(n) In addition, the Holdco Group Agent shall maintain an open investor website (the "**Designated Website**") on which information to be provided pursuant to the CTA to the Obligor Secured Creditors and the Issuer

Secured Creditors shall be published. Notwithstanding the foregoing the Holdco Group Agent may designate a third-party to operate and manage the Designated Website on its behalf. Holdco Group Agent must promptly upon becoming aware of its occurrence, notify the Obligor Security Trustee and the Class A Note Trustee if the Designated Website cannot be accessed or the Designated Website or any information on it is infected for a period of 5 Business Days, in which case the Obligors must supply the Obligor Security Trustee and the Class A Note Trustee with all information required under the CTA in paper form with copies as requested by any Senior Finance Party or any Issuer Secured Creditor.

Financial covenant and Equity Cure

(a) Subject to the Equity Cure below, the Holdco Group Agent shall ensure that the Class A FCF DSCR in respect of the each Test Period shall not be less than the Class A Default Ratio Level.

(b) If:

(i) a Compliance Certificate delivered to the Obligor Security Trustee for any period shows that as at a Test Date, the Class A FCF DSCR is less than the Class A Default Ratio Level;

(ii) within the period of 30 days after the required date for delivery of a Compliance Certificate showing the non-compliance with the requirements of paragraph (a) above, a New Shareholder Injection or Investor Funding Loan is made and the Borrower applies the amount of such New Shareholder Injection or Investor Funding Loan (the "**Equity Cure Amount**"):

(A) unless a Trigger Event (other than as a result of the failure to comply with the requirements of paragraph (a) above in respect of which the Equity Cure is being effected) is subsisting at that time as follows:

(I) if the Initial Senior Term Facility is outstanding, towards prepayment of the Initial Senior Term Facility (including any related swap termination amounts, break costs and redemption premia); and

(II) if the Initial Senior Term Facility is not outstanding, at the discretion of the Borrower 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 Liquidity Facility and any Hedging Agreement) and to pay any related swap termination amounts under any Hedging Agreements, break costs and redemption premia payable in connection therewith; or

(B) if a Trigger Event (other than as a result of the Class A FCF DSCR in respect of which the Equity Cure is being effected) is subsisting at that time, *pro rata* as provided for in paragraph (c) ("*Summary of the Common Documents—Common Terms Agreement—Triggers Events—Trigger Event Consequences—Voluntary Prepayment*"), below; and

(iii) the Class A FCF DSCR for the relevant Test Period, recalculated assuming the application of the Equity Cure Amount had taken place at the beginning of the relevant Test Period, is not less than the Class A Default Ratio Level,

then for all purposes thereafter (including, without limitation, as to any determination of the occurrence of a CTA Event of Default) the Class A FCF DSCR as at the relevant Test Date shall be deemed to have been the same as the Recalculated Class A FCF DSCR (the "**Equity Cure**"). For this purpose "**Recalculated Class A FCF DSCR**" means the Class A FCF DSCR for the relevant Test Period calculated assuming that the transactions funded by the relevant Equity Cure Amount referred to in this paragraph took place at the beginning of the relevant Test Period.

(c) 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 Test Date, consent to the release of funds from the Defeasance Account (deposited in the Defeasance Account) if and to the extent that, following such release, the Class A FCF DSCR (disregarding the Equity Cure Amount (if any), requested to be so released) remains at or greater than the Class A Default Ratio Level (as certified by the Holdco Group Agent in the Compliance Certificate to be provided in connection with such relevant Test Date).

(d) 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 Test Periods.

General Covenants

Pursuant to the CTA, the Obligors will give covenants which are customary for a financing of this type (with customary carve-outs, thresholds and caveats) including in relation to compliance with laws, conduct of business and maintenance of licences and authorisations. In particular, the Obligors will give the following covenants:

Authorisations

(a) to obtain, comply with and do all that is necessary to maintain in full force and effect, any material Authorisation required under any law or regulation of a Relevant Jurisdiction to enable it to perform its obligations under the Transaction Documents and ensure, subject to the Reservations, the legality, validity, enforceability or admissibility in evidence of any Transaction Document and to obtain, comply with and do (and Holdco shall procure that each other member of the Holdco group obtains, complies and does) all that is necessary to maintain in full force and effect any Authorisation required under any law or regulation of a Relevant Jurisdiction to carry on its and its Subsidiaries' business where (other than in the case of the Transaction Documents) failure to do so would or is reasonably likely to have a Material Adverse Effect, and supply certified copies of any such Authorisation to the Obligor Security Trustee upon request;

Compliance with Laws

(b) to comply (and Holdco shall procure that each member of the Holdco Group will comply) in all respects with all laws to which it may be subject, if failure so to comply would or is reasonably likely to have a Material Adverse Effect;

Environmental Compliance and Claims

(c) to comply (and Holdco shall procure that each other member of the Holdco Group will comply) with all Environmental Laws and obtain and ensure compliance with all requisite Environmental Permits where failure to do so would or is reasonably likely to have a Material Adverse Effect;

(d) promptly upon becoming aware to inform (and Holdco shall procure that each other member of the Holdco Group will inform) the Obligor Security Trustee in writing of any Environmental Claim against any member of the Holdco Group which is current, pending or threatened in writing where the claim, if determined against that member of the Holdco Group, would or is reasonably likely to have a Material Adverse Effect;

Anti-money Laundering Laws, Anti-bribery Laws and Sanctions

(e) to conduct (and Holdco shall procure that each member of the Holdco Group will conduct) its operations at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the money laundering laws of all applicable jurisdictions and any related rules, regulations or guidelines issued, administered or enforced by any governmental agency;

(f) not to (and Holdco shall procure that each member of the Holdco Group will not) use the proceeds of the Obligor Senior Secured Liabilities to make any unlawful payments which would breach the Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 or other similar legislation in other relevant jurisdictions in any material respect and shall institute and maintain policies and procedures designed to ensure continued compliance with applicable anti–money laundering and anti–bribery laws;

(g) not to (and Holdco shall procure that no other member of the Holdco Group will) knowingly engage in any transaction or business with any individual or entity that is a Restricted Person, use any revenue or benefit derived from any activity or dealing with a Restricted Person to be used in discharging any obligation due or owing to an Obligor Secured Creditor, and will not use any product or services offered to it by an Obligor Secured Creditor in a manner which is reasonably likely to cause such Obligor Secured Creditor to be in breach of Sanctions, directly or indirectly use the proceeds of the Obligor Senior Secured Liabilities or lend, contribute or otherwise make available such proceeds to any Subsidiary, Joint Venture, partner or other person (a) for the purpose of funding any activities of or business with any Restricted Person, or in any country or territory that at the time of such use, loan, contribution or making available such proceeds is the subject of any Sanctions, or (b) in any other manner that would result in a violation by any person of any Sanction or such person becoming a Restricted Person;

(h) to ensure that it is not (and Holdco will procure that any other member of the Holdco Group, or any director, officer, agent, employee or person acting on behalf of the foregoing is not) a Restricted Person

and does not act directly or indirectly on behalf of a Restricted Person, to the extent permitted by law shall promptly upon becoming aware of them supply to the Obligor Security Trustee details of any claim, action, suit, proceedings or investigation against it with respect to Sanctions by any Sanctions Authority, and comply in all respect with all Sanctions;

Taxation

(i) to (and Holdco shall procure that each other member of the Holdco Group will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:

(i) such payment is being contested in good faith;

(ii) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest Financial Statements delivered to the Obligor Security Trustee; and

(iii) such payment can be lawfully withheld and failure to pay those Taxes would not have or is not reasonably likely to have a Material Adverse Effect,

and not to change its residence for Tax purposes;

Merger

(j) not to (and Holdco shall procure that no other member of the Holdco Group will) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than a Permitted Transaction;

Change of Business

(k) to (and Holdco undertakes to procure that each other member of the Holdco Group will) carry on only Permitted Business;

Acquisitions

(l) not to (and Holdco shall procure that no other member of the Holdco Group will) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate a company other than an acquisition of a company, of shares, securities or a business or undertaking (or, in each case, any interest in any of them) or the incorporation of a company which is a Permitted Acquisition or a Permitted Transaction;

Joint Ventures

(m) not to (and Holdco shall procure that no other member of the Holdco Group will) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture or transfer any assets or lend to or guarantee or give an indemnity for or give any Security Interest for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing) other than any acquisition of (or agreement to acquire) any interest in a Joint Venture or transfer of assets (or agreement to transfer assets) to a Joint Venture or loan made to a Joint Venture that is a Permitted Joint Venture Investment;

Holding Companies

(n) Holdco, Intermediate Holdco and the Borrower shall not trade, carry on any business, own any assets or incur any liabilities except for:

(i) the provision of administrative services (other than treasury services) to other members of the Holdco Group of a type customarily provided by a holding company to its Subsidiaries;

(ii) ownership of the shares in Subsidiaries or any other shares acquired in connection with a Permitted Acquisition or a Permitted Joint Venture Investment;

(iii) credit balances in bank accounts, cash and Cash Equivalent Investments;

(iv) intra-Holdco Group debit and credit balances;

(v) any assets and liabilities and performing obligations 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; and

(vi) incurring liability to pay Tax and paying the Tax, and

shall not at any time own shares in any person that is a member of the Holdco Group other than the member of the Holdco Group that is its direct subsidiaries on the Closing Date or, in the case of the Borrower, a wholly-owned Subsidiary established for the purpose of issuing PP Notes;

(o) IPCo and the Partnership shall not trade, carry on any business, own any assets or incur any liabilities except pursuant to the ABF;

Preservation of Assets and Minimum Capital Maintenance Spend Amount

(p) to (and shall procure that each other member of the Holdco Group will) maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary or desirable in the conduct of its business where failure to do so would or is reasonably likely to have a Material Adverse Effect;

(q) to ensure that:

(i) the Holdco Group shall spend the Minimum Capital Maintenance Spend Amount annually on Maintenance Capital Expenditure for the maintenance and preservation of the assets of the Holdco Group necessary or desirable in the conduct of its business constituting Permitted Business;

(ii) at the end of each Financial Year, to the extent that the Obligors have not spent an amount equal to the Minimum Capital Maintenance Spend Amount during such Financial Year, the Borrower shall procure that an amount equal to the difference between the Minimum Capital Maintenance Spend Amount and the amount of Maintenance Capital Expenditure actually spent by the Obligors for such Financial Year (such difference, the "**Unused Capital Maintenance Spend Amount**") is transferred to the Maintenance Capex Reserve Account;

(iii) any amounts standing to the credit of the Maintenance Capex Reserve Account may only be utilised in connection with a payment of expenditure incurred in respect of Maintenance Capital Expenditure in respect of future Financial Years, provided that any such amounts spent under this paragraph shall not count towards the Minimum Capital Maintenance Spend Amount for the Financial Year in which it is spent, and

(r) After every consecutive period of 5 Financial Years (with effect from the end of the Financial Year ending 31 January 2018), the Holdco Group Agent shall determine a new Minimum Capital Maintenance Spend Amount to apply for the following five Financial Years. Provided such new Minimum Capital Maintenance Spend Amount is approved by an independent expert appointed by the Holdco Group Agent as being a reasonable estimate of the likely minimum capital expenditure requirements of the Holdco Group for the following five Financial Years (such independent expert having had regard, amongst others, to the reasonableness of the assumptions contained in the business plan on which such determination was based) the new Minimum Capital Spend Amount as determined by the Holdco Group Agent will apply from the next Financial Year for the following five Financial Years. If the independent expert does not approve the determination of the Holdco Group Agent then the amount determined by the independent expert after consultation with the Holdco Group Agent as being a reasonable pre-estimate of the likely minimum capital expenditure requirements of the Holdco Group for the following five Financial Years will apply instead. In the event that the amount standing on the Maintenance Capex Reserve Account is in excess of the new minimum amount of Maintenance Capital Expenditure so determined by the independent expert the Obligors shall not be permitted to release any such excess from the Maintenance Capex Reserve Account and all amounts (including, for the avoidance of doubt, such excess) standing to the Maintenance Capex Reserve Account must be spent on Maintenance Capital Expenditure;

Pari passu ranking

(s) to ensure that at all times any unsecured and unsubordinated claims of an Obligor Secured Creditor against it under the Senior Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies;

Negative Pledge

(t) not to (and Holdco shall procure that no other member of the Holdco Group will):

(i) create or permit to subsist any Security Interest over any of its assets;

(ii) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re acquired by an Obligor;

(iii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;

(iv) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set off or made subject to a combination of accounts; or

(v) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset, other than any Security Interest or quasi-security which is Permitted Security, a Permitted Disposal or a Permitted Transaction;

Disposals

(u) not to (and Holdco shall procure that no other member of the Holdco Group will) enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset other than any sale, lease, transfer or other disposal which is a Permitted Disposal, a Permitted Transaction or a Permitted Payment or disposal giving effect to a Liabilities Acquisition which is permitted by the STID;

Arm's length basis

(v) not to (and Holdco shall procure that no other member of the Holdco Group will) enter into any transaction with any person, except on arm's length terms and for full market value other than:

(i) intra Holdco Group loans and Investor Funding Loans;

(ii) fees, costs and expenses payable under the Transaction Documents in the amounts set out in the Transaction Documents (as applicable);

(iii) a Permitted Transaction;

(iv) transactions between members of the Holdco Group which are not otherwise prohibited by the terms of the Transaction Documents;

(v) any charitable or pro bono activities of the Holdco Group up to £1,000,000 (Indexed) (or equivalent in other currencies) in any consecutive 12 month period; and

(vi) provided that they are on arm's length terms, transactions under the Umbrella Services Agreement and the Business Transfer Deed which are not for full market value;

Loans or Credit

(w) not to (and shall procure that no other member of the Holdco Group will) be a creditor in respect of any Financial Indebtedness other than a Permitted Loan or a Permitted Transaction;

No Guarantees or Indemnities

(x) not to (and Holdco shall procure that no other member of the Holdco Group will) incur or allow to remain outstanding any guarantee in respect of any obligation of any person other than a guarantee which is a Permitted Guarantee or a Permitted Transaction;

Restricted Payments

(y) not to (and Holdco shall procure that no other member of the Holdco Group will) make a Restricted Payment unless (i) such payment is made pursuant to a Permitted Tax Transaction or in respect of any service or contract provided or referred to in the Umbrella Services Agreement or (ii) the Class A

Restricted Payment Condition is satisfied and such payment is a Permitted Payment or a transaction permitted under paragraph (e) of the definition of "Permitted Transaction" provided that where the Class A Restricted Payment Condition is not satisfied solely as a result of a failure to pay principal on the Final Maturity Date under any Class A Authorised Credit Facility, payments may be made under (a) 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 (b) 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 a BBB or higher Rating Agency confirmation was obtained 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, provided that in each case the Class A FCF DSCR is not below the Trigger Event Ratio when the relevant payment is made;

Financial Indebtedness

(z) not to (and Holdco shall procure that no other member of the Holdco Group will) incur or allow to remain outstanding any Financial Indebtedness other than Permitted Financial Indebtedness or a Permitted Transaction. With respect to any Permitted Financial Indebtedness under paragraph (e) of the definition of "Permitted Financial Indebtedness", after every consecutive period of 5 Financial Years (with effect from the end of the Financial Year, ending on 31 January 2018), the Holdco Group Agent may (at its option) determine a new maximum amount for the aggregate capital value of all items leased under outstanding capital or finance leases (the "**Maximum Finance Lease Amount**") to apply for the following five Financial Years. Provided such new Maximum Finance Lease Amount is approved by an independent expert appointed by Holdco Group Agent as being a reasonable estimate of the likely maximum capital and finance lease requirements of the Holdco Group for the following five Financial Years (such independent expert having had regard, among other things, to the reasonableness of the assumptions contained in the business plan on which such determination was based, the impact on financial covenants and the requirement for a reasonable amount of headroom to avoid any unexpected breach of this paragraph in the following five Financial Years) the new Maximum Finance Lease Amount as determined by the Holdco Group Agent will apply from the next Financial Year for the following five Financial Years. If the independent expert does not approve the determination of the Holdco Group Agent then the amount determined by the independent expert after consultation with the Holdco Group Agent as being a reasonable pre-estimate of the likely maximum capital and finance lease requirements of the Holdco Group for the following five years will apply instead;

Share Capital

(aa) not to (and Holdco shall procure that no other member of the Holdco Group will) issue any shares except pursuant to a Permitted Share Issue or a Permitted Transaction;

Insurance

(bb) to (and Holdco shall procure that each other member of the Holdco Group will) maintain insurances on and in relation to its business and assets against those risks and to the extent as is commercially prudent in accordance with good industry practice for such assets for companies carrying on the same or a substantially similar business with (A) reputable independent insurance companies or underwriters or (B) captive insurers which are members of the Holdco Group provided that (i) such captive insurers are incorporated in a jurisdiction approved by an insurance advisor appointed by the Obligor Security Trustee from time to time, at the sole cost of the Obligors, provided that such insurance adviser's approval shall be deemed to have been given in respect of any captive insurer whose jurisdiction of incorporation is the United Kingdom or Ireland, (ii) the relevant Obligors have no financial liabilities to such captive insurers under any policy of insurance or reinsurance, other than the payment of any premium set out therein, and (iii) all policies of insurance or any other contracts between the relevant Obligors and such captive insurer are on arm's length terms and for sufficient consideration. Each Obligor shall take all reasonable and practicable steps to preserve and enforce its rights and remedies under or in respect of its insurance policies and contracts. Each Obligor shall supply to the Obligor Security Trustee on request copies of each insurance policy and contract together with the current applicable premium receipts;

Pensions

(cc) the Holdco Group Agent shall ensure that:

(i) the AA UK Pension Scheme is funded in compliance with Part 3 of the Pensions Act 2004, the provisions of the trust deed and rules governing the AA UK Pension Scheme and that no action or omission (except to comply with Part 3 of the Pensions Act 2004 or other law, provided that

such action or omission is when reasonably practicable notified in advance and in writing to the Obligor Security Trustee) is taken by any member of the Holdco Group in relation to the AA UK Pension Scheme which would or is reasonably likely to have a Material Adverse Effect (including, without limitation, the termination or commencement of winding-up proceedings of any such pension scheme or any member of the Holdco Group ceasing to employ any member of the AA UK Pension Scheme);

(ii) the AA Ireland Pension Scheme is funded in compliance with Irish pensions funding legislation and that no action or omission (except to comply with legal requirements, provided that such action or omission is when reasonably practicable notified in advance and in writing to the Obligor Security Trustee) is taken by any member of the Holdco Group in relation to the AA Ireland Pension Scheme which would or is reasonably likely to have a Material Adverse Effect;

(iii) except for the AA UK Pension Scheme and the AA Ireland Pension Scheme, no member of the Holdco Group is or becomes at any time an employer (for the purposes of sections 38 to 51 of the Pensions Act 2004) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the Pension Schemes Act 1993, though the amendments to the definition of "money purchase scheme" that are made by section 29 of the Pensions Act 2011 will be treated as having taken effect) without the prior written consent of the Obligor Security Trustee;

(iv) it delivers to the Obligor Security Trustee at such times as those reports are prepared in order to comply with the then current statutory or auditing requirements (as applicable either to the trustees of any relevant schemes or to the Holdco Group Agent), actuarial reports in relation to all pension schemes mentioned in paragraphs (i) and (ii) above;

(v) it promptly notifies the Obligor Security Trustee of any material change in the rate of contributions to any pension schemes mentioned in (i) and (ii) above paid or required (by law or otherwise);

(vi) each Obligor immediately notifies the Obligor Security Trustee of any investigation or investigation threatened in writing by the Pensions Regulator which may lead to the issue of a Financial Support Direction or a Contribution Notice (including in respect of the Saga Pension Scheme) to any member of the Holdco Group or if it or any member of the Holdco Group receives a warning notice or Financial Support Direction or a Contribution Notice from the Pensions Regulator or if it or any other member of the Holdco Group enters into any settlement (however described) with the Pensions Regulator; and

(vii) from the ABF Implementation Date and notwithstanding paragraph (t) ("*Summary of the Common Documents—Common Terms Agreement—General Covenants—Disposals*"), Holdco shall procure that the Partnership will not dispose of any Financial Indebtedness owed by IPCo to the Partnership and no member of the Holdco Group will dispose of any right or interest in respect of the Partnership to any person that is not a wholly-owned member of the Holdco Group;

Access

(dd) if a CTA Default is continuing or the Obligor Security Trustee reasonably suspects a CTA Default is continuing, to (and Holdco shall procure that each other member of the Holdco Group will) permit the Obligor Security Trustee and/or accountants or other professional advisers and contractors of the Obligor Security Trustee free access at all reasonable times and on reasonable notice at the risk and cost of such member of the Holdco Group to (a) the premises, assets, books, accounts and records of each member of the Holdco Group and (b) meet and discuss matters with senior management of the Holdco Group;

Intellectual Property

(ee) to (and Holdco shall procure that each other member of the Holdco Group will):

(i) preserve and maintain the subsistence and validity of the Intellectual Property necessary for the business of the relevant member of the Holdco Group;

(ii) use reasonable endeavours to prevent any infringement of the Intellectual Property owned by any member of the Holdco Group;

(iii) make registrations and pay all registration fees and taxes necessary to maintain the Intellectual Property in full force and effect and record its interest in that Intellectual Property;

(iv) not use or permit the Intellectual Property owned by any member of the Holdco Group to be used in a way or take any step or omit to take any step in respect of that Intellectual Property which may materially and adversely affect the existence or value of that Intellectual Property or imperil the right of any member of the Holdco Group to use such Intellectual Property;

(v) not discontinue the use of any registered trade marks owned by each Obligor or any other member of the Holdco Group;

(vi) ensure that all Intellectual Property material in the context of the business of the Holdco Group as a whole is legally owned by an Obligor or, with effect from the ABF Implementation Date, is legally owned by IPCo and is licensed by IPCo to an Obligor: where failure to do so or such use, permission to use, omission or discontinuation, would or is reasonably likely to have a Material Adverse Effect and

(vii) ensure that all Intellectual Property legally owned by an Obligor is subject to Obligor Security;

(viii) ensure that all Intellectual Property legally owned by IPCo is subject to Security Interests pursuant to the ABF Security Agreement; and

(ix) ensure that to the extent Intellectual Property is licensed to an Obligor, the benefit of such licences are subject to Obligor Security.

(ff) save as contemplated in the Umbrella Services Agreement in respect of licensing or use of Intellectual Property to or by the Saga Group, not to (and procure that no other member of the Holdco Group will) licence or permit the use of Intellectual Property used in the Permitted Business outside the Holdco Group. The brand "**AA**" may be licensed outside the Holdco Group for use in businesses which do not compete with any of the Permitted Businesses provided that it is licensed on an arm's length basis at market cost;

Amendments to Senior Finance Documents and Umbrella Services Agreement

(gg) not to amend, vary, novate, supplement, supersede, waive or terminate any term of a Senior Finance Document or the Umbrella Services Agreement, except in accordance with the provisions of the STID and its own terms;

Amendments to Constitutional Documents

(hh) not to amend any provision of its constitutional documents relating to transferability of its shares without the prior written consent of the Obligor Security Trustee unless such amendment would not or is not reasonably likely to have a Material Adverse Effect;

Treasury Transactions

(ii) not to (and Holdco shall procure that no other member of the Holdco Group will) enter into any Treasury Transaction, other than:

(i) the Hedging Transactions documented by the Hedging Agreements in accordance with the Hedging Policy;

(ii) the Treasury Transactions documented by the OCB Secured Hedging Agreements in accordance with the Hedging Policy; and

(iii) Treasury Transactions entered into for the purpose of hedging risks arising in the ordinary course of trading (including offsetting, operational and foreign exchange hedging transactions which at the discretion of the Obligors may or may not be cash collateralised) provided that they are (i) not for speculative purposes and (ii) do not contain any indexation accretion;

(jj) to ensure that, with effect as of the Closing Date, the Borrower shall hedge interest rate risk in relation to the Initial Senior Term Facility to ensure that 100 per cent. of the total outstanding Initial Senior Term Facility is hedged pursuant to GBP Interest Rate Hedging Transactions for the full term of the Initial Senior Term Facility, except that the Borrower may hedge interest rate risk in relation to the Initial Senior Term Facility in an amount greater or less than 100 per cent. of the total outstanding Initial Senior Term Facility for its full term provided that the Borrower first obtains a Ratings Confirmation (which, for the avoidance of doubt, may form part of a Ratings Confirmation required or sought for other matters);

Centre of Main Interest

(kk) not to do anything to change the location of its centre of main interests, for the purposes of Council Regulation (EC) No 1346/2000 of 29 May 2000 on insolvency proceedings;

Further Assurance

(ll) promptly to do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Obligor Security Trustee may reasonably specify (and in such form as the Obligor Security Trustee may reasonably require in favour of the Obligor Security Trustee or any of its nominees):

(i) to perfect the Security Interest created or intended to be created under or evidenced by the Transaction Documents (which may include the execution of a mortgage, charge, assignment or other Security Interest over all or any of the assets which are, or are intended to be, the subject of any Obligor Security Document) or for the exercise of any rights, powers and remedies of the Obligor Security Trustee or the Obligor Secured Creditors provided by or pursuant to the Transaction Documents or by law;

(ii) to confer on the Obligor Security Trustee or confer on the Obligor Secured Creditors Security Interests over any property and assets of that Obligor (as applicable) located in any jurisdiction equivalent or similar to the Security Interest intended to be conferred by or pursuant to any Obligor Security Document; and/or

(iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of any Obligor Security Document;

(mm) to take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security Interest conferred or intended to be conferred on the Obligor Security Trustee or the Obligor Secured Creditors by or pursuant to the Transaction Documents;

Credit Rating

(nn) to use reasonable endeavours to maintain, for as long as there are Class A Notes outstanding, a credit rating from the Rating Agency for the Class A Notes issued by the Issuer and to co-operate with the Rating Agency in connection with any reasonable request for information in respect of the maintenance of a rating and with any review of its business which may be undertaken by the Rating Agency after the Closing Date;

Accounting Reference Date

(oo) not to (and Holdco shall procure that no other member of the Holdco Group will) change its Accounting Reference Date unless each of the following conditions have been met:

(i) the Holdco Group Agent delivers to the Obligor Security Trustee:

(A) written notice of the proposed change to the Accounting Reference Date;

(B) a certificate describing such change and the effect on and consequences for:

(I) the calculation of the Class A FCF DSCR (including the definitions used therein and as applied in the Senior Finance Documents);

(II) the calculation of the ratio of Total Net Debt to EBITDA and the ratio of Total Class A Net Debt to EBITDA (including the definitions used therein and as applied in the Senior Finance Documents);

(III) the delivery of Compliance Certificates;

(IV) the making of Permitted Payments;

(V) the making of a mandatory prepayment from Excess Cashflow and cash trapping in any Cash Accumulation Period; and

(VI) the effect on the provisions of the Senior Finance Documents;

(the "**Relevant Matters**"); and

(ii) the Obligor Security Trustee has received, at the cost and expense of the Obligors, such certificates of the Obligors (signed by two directors of the relevant Obligors) and such accounting and/or legal advice as it reasonably deems necessary to determine, amongst other things, the Relevant Matters;

(iii) the Obligors make such changes (if any) as required by the Obligor Security Trustee (acting reasonably) to the Senior Finance Documents to reflect the consequential changes required as a result of the change of the Accounting Reference Date (and the Obligor Security Trustee is hereby authorised and directed by the Obligor Secured Creditors and the Issuer Secured Creditors to make such changes to the Senior Finance Documents) and to execute any documents required to be entered into in order to make such change;

(iv) if, as a result of any change in the Accounting Reference Date, a Compliance Certificate need not be delivered (pursuant to the provisions of the CTA) within the period which it would have been delivered had such change in the Accounting Reference Date not occurred (the "**Original Period**") then the Obligors shall:

(A) procure that such Financial Statements are prepared so as to allow a Compliance Certificate to be delivered as if the change to Accounting Reference Date had not occurred, and such Compliance Certificate shall be delivered in accordance with the provisions of the Information Covenants ("*Summary of the Common Documents—Common Terms Agreement—Covenants—Information Covenants*"); or

(B) deliver a Compliance Certificate (based on the Financial Statements prepared in respect of the changed Accounting Reference Date) within the Original Period in accordance with the provisions of the Information Covenants ("*Summary of the Common Documents—Common Terms Agreement—Covenants—Information Covenants*");

(v) the Accounting Reference Date has not been changed in the previous five years, unless:

(A) a change in control of an Obligor has occurred and the Accounting Reference Date is changed within 12 months of the effective date of such change of control;

(B) a change in applicable accounting practice has occurred, as a result of which it is necessary or desirable to change the Accounting Reference Date and such change is made within 12 months of the effective date of the change in applicable accounting practice; or

(C) a change in applicable tax law (or in the application or official interpretation of applicable tax law) has occurred, as a result of which it is necessary or desirable to change the Accounting Reference Date and such change is made within 12 months of the effective date of the change in applicable tax law (or in the application or official interpretation of applicable tax law);

(vi) each Obligor has the same Accounting Reference Date;

Auditors

(pp) to retain reputable auditors at all times;

Purchase of Class A Notes or Class B Notes and Authorised Credit Facilities

(qq) not to (and procure that no other member of Holdco Group will) (i) enter into any Debt Purchase Transaction other than in accordance with the other provisions of this paragraph and paragraphs (rr) to (xx) ("*Summary of the Common Documents—Common Terms Agreement—Covenants—General Covenants—Purchase of Class A Notes or Class B Notes and Authorised Credit Facilities*") below; or (ii) beneficially own all or any part of the share capital of a company that is an Authorised Credit Provider or a party to a Debt Purchase Transaction of the type referred to in paragraphs (b) or (c) of the definition of "Debt Purchase Transaction";

(rr) that a member of the Holdco Group may enter into a Debt Purchase Transaction pursuant to and in accordance with the method of transfer set out in the relevant Finance Documents and/or Issuer Transaction Documents (or, subject to the other provisions of the Common Terms Agreement, purchase an interest in a person referred to in paragraph (qq)(ii)) above) provided that:

(i) where such transaction relates to any Class A Authorised Credit Facility or any Class A Notes no CTA Default is continuing and, if a Trigger Event is continuing, such transaction is entered into in accordance with paragraph (c) ("*Summary of the Common Documents—Common Terms Agreement—Triggers Events—Trigger Event Consequences—Voluntary Prepayment*") below;

(ii) where such transaction relates to any Class B Authorised Credit Facility or any Class B Notes such transaction is entered into in accordance with paragraph (hhh) ("*Summary of the Common Documents—Common Terms Agreement—Covenants—General Covenants—Payments under Class A IBLA and Class B Authorised Credit Facility*");

(iii) in respect of any such transaction that is a Defeased Cash Note Purchase to be effected as contemplated by paragraph 2(a)(ii) of Part B of the Obligor Pre-Acceleration Priority of Payments (A) such purchase must be made following a public tender offer (on a *pro rata* basis) to all Class A Noteholders of the Class A Notes referable to the Class A IBLA Advances defeased in accordance with paragraph 2(a)(ii) of Part B of the Obligor Pre-Acceleration Priority of Payments; (B) the purchase price paid by the Borrower for any such Class A Notes must not exceed the Principal Amount Outstanding of such Class A Notes (excluding accrued but unpaid interest); (C) the relevant amounts standing to the credit of the Defeasance Account to be applied towards such purchase may not be withdrawn from the Defeasance Account to be applied towards such purchase until such time as is reasonably required to settle the purchase price of such Class A Notes; and (D) upon any such purchase the Borrower must immediately surrender the relevant Class A Notes to the Issuer for cancellation (with a corresponding amount under any Class A IBLA Advance referable to the cancelled Sub-Class of Class A Notes being treated as repaid).

(ss) In relation to any Debt Purchase Transaction relating to any Class A Authorised Credit Facility entered into pursuant to the terms of the CTA:

(i) on completion of the relevant transfer, the portions of the acquired commitments to which it relates shall be extinguished and such Debt Purchase Transaction and the related extinguishment shall not constitute a prepayment of the relevant Class A Authorised Credit Facility;

(ii) the relevant member of the Holdco Group which is the assignee or transferee shall be deemed to be an entity which fulfils the requirements for an Authorised Credit Provider's assignee or transferee under the relevant Class A Authorised Credit Facility;

(iii) no member of the Holdco Group shall be deemed to be in breach of any provision of the Holdco Group Covenants ("*Summary of the Common Documents—Common Terms Agreement—Covenants—Holdco Group Covenants*") solely by reason of such Debt Purchase Transaction;

(iv) any provisions relating to sharing among the Authorised Credit Providers under the relevant Class A Authorised Credit Facility shall not be applicable to the consideration paid under such Debt Purchase Transaction; and

(v) for the avoidance of doubt, any extinguishment of any part of the acquired commitments shall not affect any amendment or waiver which prior to such extinguishment had been approved by or on behalf of the requisite Authorised Credit Providers under the relevant Authorised Credit Facility;

(tt) that upon the purchase of any Class A Notes or Class B Notes by a member of the Holdco Group, such member of the Holdco Group must surrender the Class A Notes to the Issuer in which case such Class A Notes or Class B Notes shall be cancelled (and a corresponding amount of the IBLA Advances made under the relevant tranche of the IBLA attributable to the relevant sub-class of Class A Notes or Class B Notes respectively will be treated as prepaid at par);

(uu) that any Commitments under any Authorised Credit Facility in respect of which a member of the Holdco Group acquires an interest pursuant to a Debt Purchase Transaction or held by a person referred to in paragraph (qq)(ii) ("*Summary of the Common Documents—Common Terms Agreement—Covenants—General Covenants—Purchase of Class A Notes or Class B Notes and Authorised Credit Facilities*") above, that becomes a member of the Holdco Group must be cancelled or extinguished

(vv) For the purposes of calculating Class A FCF DSCR, the ratio of Total Net Debt to EBITDA and the ratio of Total Class A Net Debt to EBITDA, any Class A Notes or Class B Notes or commitments under any Authorised Credit Facility held by members of the Holdco Group that are cancelled will be taken into account at their face value;

(ww) that for so long as a Permitted Debt Purchase Party (i) beneficially owns a Class A Note or Class B Note or commitment or (ii) has entered into a sub participation agreement relating to a commitment or other agreement or arrangement having a substantially similar economic effect and such agreement or arrangement has not been terminated:

(i) in ascertaining any requisite majority in relation to any request for a consent, waiver, amendment or other vote under any relevant Transaction Document or whether any given percentage of votes (including, for the avoidance of doubt, unanimity) has been obtained to approve any request for a consent, waiver, amendment or other vote under any relevant Transaction Document such Class A Notes or Class B Notes or commitment (as applicable) shall be deemed to be zero; and

(ii) such Permitted Debt Purchase Party or the person with whom it has entered into such sub-participation, other agreement or arrangement shall be deemed not to be a Class A Noteholder or a Class B Noteholder (as applicable), or an Authorised Credit Provider (unless in the case of a person not being a Permitted Debt Purchase Party it is a Class A Noteholder or a Class B Noteholder, or an Authorised Credit Provider by virtue otherwise than by beneficially owning the relevant Class A Notes or Class B Notes or commitment);

(xx) that unless such Debt Purchase Transaction is an assignment or transfer under an Authorised Credit Facility ranking *pari passu* with any Authorised Credit Facility, each Obligor shall promptly notify the Obligor Security Trustee in writing if it or any other member of the Holdco Group knowingly enters (and, to the extent it is aware, that a Permitted Debt Purchase Party other than a member of the Holdco Group enters) into a Debt Purchase Transaction as a Permitted Debt Purchase Party (a "**Notifiable Debt Purchase Transaction**");

(yy) that each Obligor shall promptly notify the Obligor Security Trustee if a Notifiable Debt Purchase Transaction to which it or any other member of the Holdco Group (and, to the extent it is aware, any Permitted Debt Purchase Party other than a member of the Holdco Group) is a party (i) is terminated; or (ii) ceases to be with a Permitted Debt Purchase Party;

(zz) that each Obligor and each Permitted Debt Purchase Party that is a Party in any capacity to the Common Terms Agreement agrees (and Holdco shall procure that any other member of the Holdco Group that it is a Class Noteholder or a Class B Noteholder, or an Authorised Credit Provider will agree) that:

(i) in relation to any meeting or conference call to which all of the Obligor Secured Creditors or the Issuer Secured Creditors are invited to attend or participate, it or such other Permitted Debt Purchase Party shall not attend or participate in the same unless so requested by the Obligor Security Trustee or the Issuer Security Trustee respectively or, unless the Obligor Security Trustee or the Issuer Security Trustee otherwise agrees, be entitled to receive the agenda or any minutes of the same; and

(ii) in its capacity as an Obligor Secured Creditor or an Issuer Secured Creditor, unless the Obligor Security Trustee or the Issuer Security Trustee otherwise agrees, it or such other Permitted Debt Purchase Party shall not be entitled to receive any report or other document prepared at the behest of, or on the instructions of, the Obligor Security Trustee or the Issuer Security Trustee or one or more of the Senior Finance Parties or other Obligor Secured Creditors and Issuer Secured Creditors;

Cash Management

(aaa) that the Cash Manager shall provide the cash management services set out under "*Cash Management*" below;

Liquidity Arrangements

(bbb) to use their reasonable endeavours to ensure that, for so long as any Class A Notes, the Initial Senior Term Facility or any Class A Authorised Credit Facility refinancing the Initial Senior Term Facility remain outstanding, the Borrower and Issuer have available to them either a Liquidity Facility Agreement with one or more Liquidity Facility Providers with at least the Requisite Rating (or with respect to any new Liquidity Facility Provider under any new Liquidity Facility Agreement entered into after the Closing Date, with a rating for its long term unsecured non-credit enhanced debt obligations of BBB or higher by the Rating Agency at the time at which such new Liquidity Facility Agreement is entered into or when a new Liquidity Facility Provider becomes a party to any such new Liquidity Facility Agreement) substantially on the same terms as the Initial Liquidity Facility Agreement entered into on the Closing Date (with the exception of the tenor, margin, commitment, commissions, fees or any other term the

absence of which or modification to is consistent with prevailing market practice for such facilities from time to time) and/or a funded liquidity reserve in the Debt Service Reserve Account in an aggregate amount which is not less than the Liquidity Required Amount determined on each Reporting Date to be utilised by the Borrower and/or Issuer in order to make payments in respect of the Class A Notes, the Initial Senior Term Facility or any Class A Authorised Credit Facility refinancing the Initial Senior Term Facility (taking into account the impact of any related Borrower Hedging Agreements or Issuer Hedging Agreements). If the Holdco Group Agent certifies to the Obligor Security Trustee that it has: (i) informed the Rating Agency that the Liquidity Facility has been withdrawn or reduced; and (ii) received a Rating Agency confirmation that such withdrawal of or reduction in the availability of a Liquidity Facility will not lead to a downgrade, withdrawal or the public placement on review for possible downgrade of, the then current ratings of the Class A Notes then the Obligors will not be required to use such reasonable endeavours to enable the Borrower and the Issuer to maintain a Liquidity Facility on the terms of the Initial Liquidity Facility Agreement (or to have available to them a funded liquidity reserve in the Debt Service Reserve Account), but will instead be obliged to use their reasonable endeavours to maintain such other liquidity facility or reserve in respect of which such Rating Agency confirmation is then given;

Obligors

(ccc) to ensure that at all times after the Closing Date and tested on each Test Date by reference to the most recent Annual Financial Statements delivered for each Test Period ending on an Accounting Reference Date, the aggregate of earnings before interest, tax, depreciation and amortisation (calculated on the same basis as EBITDA) of the Obligors (calculated on an unconsolidated basis and excluding all intra-group items and investments in Subsidiaries of any member of the Holdco Group) for the Test Period ending on that Test Date represents not is less than 90 per cent. of the EBITDA of the Holdco Group for that Test Period (the "**Obligor Coverage Test**"). If, at anytime, a Compliance Certificate demonstrates that the Obligor Coverage Test is not met, Holdco shall procure that such members of the Holdco Group become Obligors as may be required so that the Obligor Coverage Test is then met within 45 days of the date of the relevant Compliance Certificate;

(ddd) Holdco shall procure that any other member of the Holdco Group which is a Material Company shall, as soon as possible after becoming a Material Company and in any event within 45 days of becoming a Material Company, become an Obligor and grant a Security Interest on equivalent terms to the Security Interest granted by the Obligors pursuant to the Obligor Security Documents and shall accede to the STID;

(eee) Holdco shall procure that within 30 days from completion of any Permitted Acquisition under paragraph (d) of the definition of "Permitted Acquisition" or any Permitted Disposal under paragraph (m) of the definition of "Permitted Disposal" shall deliver a certificate confirming:

(i) that the Obligor Coverage Test (calculated on a pro forma basis taking into account the relevant acquisition or disposal) continues to be met or, if the Obligor Coverage Test is no longer met, procure that such members of the Holdco Group become Obligors as may be required so that the Obligor Coverage Test is then met within 45 days of the date of such certificate; and

(ii) whether the acquired entity or the member of the Holdco Group which has acquired the business or undertaking has become as a result of the Permitted Acquisition a Material Company in which case Holdco shall procure that such acquired entity or member of the Holdco Group shall, as soon as possible after completion of such Permitted Acquisition and in any event within 45 days of the date of such certificate, become a Obligor and grant a Security Interest on equivalent terms to the Security Interest granted by the Obligors pursuant to the Obligor Security Documents and shall accede to the STID;

Mandatory Prepayments

(fff) that, unless the CTA or the STID otherwise require, where more than one Class A Authorised Credit Facility (other than a Liquidity Facility) requires an amount to be applied in mandatory prepayment then such amount shall be applied pro rata in prepayment of the Obligor Senior Secured Liabilities under such Class A Authorised Credit Facilities (including any related swap termination amounts under any Hedging Agreement, break costs and redemption premia payable to the Obligors);

Cancellation of Working Capital Facilities

(ggg) the Borrower shall ensure that any notice of cancellation of any available commitments (other than as a result of illegality, Change of Control or other provisions requiring mandatory prepayments) under any WC Facility delivered at any time while amounts under any other Class A Authorised Credit Facility (other than a Liquidity Facility) remain outstanding and/or other commitments remain uncancelled must be accompanied by a certificate from the Borrower that it will have sufficient working capital facilities available to it following such cancellation;

Floating Charge

(hhh) each Obligor party to an English law governed Obligor Security Document shall ensure that the floating charge it has created or purported to create pursuant to that Obligor Security Document is at all times a floating charge which together with the fixed security granted by such Obligor pursuant to that Obligor Security Document relates to the whole or substantially the whole of such Obligor's property;

Conditions Subsequent

(iii) each Obligor shall (and Holdco shall procure that each other member of the Holdco Group will) promptly and in compliance with all relevant laws and regulations and all requirements of relevant regulatory authorities do all such acts or execute all such documents necessary to complete all steps of the corporate reorganisation of the Holdco Group as set out in the PwC Structure Memorandum. From the Closing Date, TAAL and AADL shall use their best endeavours to implement the transfer of the business of TAAL to AADL as soon as reasonably practicable and in accordance with the Business Transfer Deed;

Payments under Class A IBLA and Class B Authorised Credit Facility

(jjj) Holdco shall not (and shall ensure that no other member of the Holdco Group will) Pay any amounts under or in connection with any Class B Authorised Credit Facility other than:

(i) a Payment of interest as permitted and in accordance with the Obligor Pre-Acceleration Priority of Payments and the Obligor Post Acceleration Priority of Payments under the STID; or

(ii) where such Payment is funded from Additional Financial Indebtedness, a New Shareholder Injection or Investor Funding Loan or, to the extent permitted to be paid as a Permitted Investor Payment at that time, Retained Excess Cashflow;

(kkk) Holdco shall ensure that any amounts of principal or interest payable under any Class A IBLA or Class B Authorised Credit Facility are only payable on 31 January and 31 July in each Financial Year (or if that day is not a Business Day, the preceding Business Day);

(lll) the Borrower shall ensure that no part of a Bank Debt Sweep Period occurs during any part of a Cash Accumulation Period;

(mmm) the Borrower shall ensure that the aggregate Required Sweep Percentages applicable to any Bank Debt Sweep Period shall not exceed 100 per cent. at any time;

(nnn) prior to the delivery of a Loan Acceleration Notice by the Obligor Security Trustee, if a drawing is made or any other amount is outstanding under any Liquidity Facility Agreement (other than a Standby Drawing), the Borrower will not be permitted to make any subsequent payment of or in respect of any Authorised Credit Facility or any Restricted Payment unless and until all amounts owing under the relevant Liquidity Facility Agreement have been paid in full. This paragraph shall not operate to suspend or defer any payment in respect of any Authorised Credit Facility which falls due to be paid but which cannot be paid by virtue of the previous sentence prior to the discharge of all amounts outstanding under the relevant Liquidity Facility Agreement;

Umbrella Services Agreement

(ooo) each Obligor shall (and Holdco shall procure that each member of the Holdco Group will) ensure that:

(i) it and each of its Subsidiaries receive all the services necessary for them to carry on their business, including the Permitted Business; and

(ii) any service transition from an existing service provider to a new service provider, or to it or its Subsidiaries, occurs as soon as practicable (and, in respect of any services provided under the Umbrella Services Agreement, within no longer than thirty days), in an orderly manner and in a manner that does not materially affect their business, including the Permitted Business.

ABF

(ppp) Notwithstanding paragraph (t) (*"Summary of Common Documents — Common Terms Agreement — General Covenants — Disposals"*) above, Holdco shall ensure that at all times on and after the ABF Implementation Date:

(i) IPCo is a wholly-owned member of the Holdco Group and a direct Subsidiary of an Obligor; and

(ii) each partner in the Partnership is a wholly-owned member of the Holdco Group.

(qqq) Holdco shall procure that if IPCo or any other member of the Holdco Group enters into the ABF or any ABF Transaction Document:

(i) such ABF Transaction Document may not deviate from the terms set out in schedule 3 of the AA Pension Agreement in any material respect;

(ii) any such ABF Transaction Document may not be amended, in each case in a way which is materially prejudicial to the interest of any Senior Finance Party, unless the Obligor Security Trustee has agreed to such deviation or any amendment in accordance with the terms of the STID provided that such agreement shall not be withheld where there has been a change in law (as set out in the AA UK Pension Agreement) and such deviation or any amendment is required to the ABF Transaction Document to enable the AA UK Pension Trustee to withdraw from the Partnership; and

(iii) on or immediately prior to the ABF Implementation Date Holdco shall certify to the Obligor Security Trustee that ABF Transaction Documents entered or to be entered into in respect of implementation of the ABF (including any licence of Intellectual Property granted by IPCo to any Obligor or other member of the Holdco Group) comply with paragraphs (ppp) to (sss) (*"Summary of Common Documents — Common Terms Agreement — General Covenants — ABF"*);

(rrr) each Obligor shall (and Holdco shall procure that each member of the Holdco Group will) ensure that the transactions contemplated by, and the execution, delivery and performance of, the applicable Senior Finance Documents and the other Transaction Documents shall not result in breach or termination of any co-existence agreement that relates to the Intellectual Property, provided that any breach or right of termination arising on the occurrence of a CTA Event of Default referred to in paragraph (f) (*"Summary of Common Documents — Common Terms Agreement — CTA Trigger Events — Insolvency"*) or the taking of any Enforcement Action shall not be a breach of this paragraph.

(sss) each Obligor shall (and Holdco shall procure that each member of the Holdco Group will) ensure that any licence of any Intellectual Property granted by the IPCo to any Obligor or other member of the Holdco Group shall not deviate from the following terms unless the Obligor Security Trustee has been instructed to agree to such deviation (acting on the instructions of the Qualifying Obligor Secured Creditors pursuant to an Extraordinary STID Resolution):

(i) any quality control or other provisions shall in no way restrict the ability of any Obligor or other member of the Holdco Group to use the licensed Intellectual Property in the ordinary course of its business and, in any event, shall be no more onerous that those used by any Obligor or other member of the Holdco Group (including any internal brand guidelines) during the 12 months prior to the commencement date of the licence agreement;

(ii) subject to (iii) below, the licence shall not be terminable, including in the event of:

(A) the insolvency of any Obligor, IPCo or any other member of the Holdco Group or the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any Obligor, IPCo or any other member of the Holdco Group or any of its assets; or

(B) any change of control of IPCo, any Obligor or any other member of the Holdco Group,

except in the case of material breach by the licensee that is not remediable, or has not been remedied after the licensor has notified the licensee, specifying details of the material breach and the steps required by the licensee to remedy such breach and has afforded the licensee a reasonable opportunity to remedy the breach;

(iii)

(A) in the event the first ranking security granted by IPCo is enforced by the Partnership in respect of a payment default referred to in the AA Pension Agreement, or in certain other circumstances, the licence may terminate in respect of such part of the Intellectual Property as is subject to such enforcement action; and

(B) if whilst the licence is under common control with IPCo there is any dispute between the licensor and licensee as to whether the licensee has committed a material breach, the licence shall not be terminated unless a court of competent jurisdiction has finally determined the existence of a material breach without the possibility of appeal.

(iv) the licence shall not restrict disclosure by any Obligor of the terms of the license to the Obligor Security Trustee if such disclosure is requested by the Obligor Security Trustee;

(v) the licence shall be binding on successors in title to the Intellectual Property; and

(vi) the licence shall require the parties to promptly execute all such documents and do all acts that are required to record the licence in:

(A) the applicable Intellectual Property registers in the UK Intellectual Property Office, the Irish Patents Office and the Office for Harmonization in the Internal Market;

(B) any other applicable Intellectual Property registers, if failure to record the licence on those registers would result in the owner of the Intellectual Property being unable to rely on the licensee's use of the Intellectual Property to support the owner's use of the Intellectual Property.

Trigger Events

The CTA will also set out certain Trigger Events. The specific Trigger Events and the consequences which flow from the occurrence of those events are set out below.

Trigger Events

The occurrence of any of the following events will be a "**Trigger Event**".

Liquidity Required Amount

(a) The sum of the amount of commitments under any Liquidity Facility Agreement at any time and/or the amount credited to the Debt Service Reserve Account is in aggregate less than the Liquidity Required Amount.

Financial Ratio

(b) On any Test Date, the Class A FCF DSCR for the Test Period ending on that Test Date falls below the Trigger Event Ratio Level. In calculating Class A FCF DSCR for these purposes (but not for the purposes of determining whether a CTA Event of Default has occurred) Class A FCF DSCR shall be calculated assuming that any Relevant Class A Debt Transaction that took place during a Relevant Period took place at the beginning of that Relevant Period. For these purposes, "**Relevant Class A Debt Transaction**" means (i) any permanent voluntary prepayment of amounts outstanding under any Class A Authorised Credit Facility that is not a Class A IBLA or a Liquidity Facility; and (ii) any purchase and cancellation or permanent prepayment of any Class A Notes (pursuant to or involving an actual or deemed prepayment of amounts outstanding under any Class A IBLA as applicable); and "**Relevant Period**" means the period beginning on the first day of the relevant Test Period and ending on the date of delivery of the Compliance Certificate in respect of that Test Period.

Drawdown of Liquidity Facility

(c) The Borrower or the Issuer draws down under a Liquidity Facility (excluding any drawing or repayment of 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.

CTA Event of Default

(d) Subject to the expiry of any applicable grace or remedy period, a CTA Event of Default has occurred and is continuing.

Failure to deliver a Compliance Certificate

(e) There is a failure to deliver a Compliance Certificate for a relevant period within the periods prescribed in the CTA.

Trigger Event Consequences

Following the occurrence of a Trigger Event and at any time until such Trigger Event has been waived by the Obligor Security Trustee or remedied in accordance with the Trigger Event Remedies (see "*Trigger Event Remedies*" below) the following provisions ("**Trigger Event Consequences**") will apply.

No Restricted Payments

(a) No member of the Holdco Group may make a Restricted Payment except as provided under (b) below and paragraph (y)(i) under "*—Summary of the Common Documents—Common Terms Agreement—Covenants—General Covenants—Restricted Payments*)".

Class B Authorised Credit Facility

(b) 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 at least BBB 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 Level when the relevant payment is made.

Voluntary Prepayment

(c) If while a Trigger Event is continuing the Borrower (or in respect of paragraph (iii) below, any member of the Holdco Group) wishes to:

(i) make any permanent voluntary prepayment of amounts outstanding under any Class A Authorised Credit Facility that is not a Class A IBLA or a Liquidity Facility;

(ii) make any purchase of Class A Notes or prepayment or defeasance of any Class A IBLA Advance (pursuant to or involving an actual or deemed prepayment of amounts outstanding under any Class A IBLA Advance); or

(iii) undertake any Debt Purchase Transaction,

it shall apply the relevant amount to be used to fund such transactions *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 Agreement) 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 (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) Class A Notes, less an amount which is required to pay any interest rate swap termination amounts and any redemption premia (which amounts shall be applied in satisfaction of such termination amounts and redemption permits).

Once the Trigger Event is no longer continuing any amount credited to the Defeasance Account pursuant to this paragraph shall 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.

Priority of Payments

(d) If a Trigger Event is subsisting on a Loan Interest Payment Date then amounts standing to the credit of the Excess Cashflow Account on that date will be applied in accordance with Part B of the Obligor Pre-Acceleration Priority of Payments.

Further Information

(e) The Holdco Group must provide such information as to the relevant Trigger Event (including its causes and effects) as may be requested by the Obligor Security Trustee acting on the instructions of 20 per cent. or more by value of the Qualifying Obligor Senior Creditors.

Trigger Event Remedies

At any time when an Obligor believes that a Trigger Event has been remedied by virtue of any of the following, it must serve notice on the Obligor Security Trustee to that effect. The Obligor Security Trustee must respond within 10 days (or such longer period as it may reasonably agree with the relevant Obligor (as the case may be)) confirming that the relevant Trigger Event has, in its reasonable opinion, been remedied or setting out its reasons for believing that such Trigger Event has not been remedied (in which case, such event will continue to be a Trigger Event until such time as the Obligor Security Trustee is reasonably satisfied that the Trigger Event has been remedied).

The following shall constitute remedies to the Trigger Events (each, a "**Trigger Event Remedy**"):

Liquidity Required Amount

(a) The occurrence of the Liquidity Required Amount Trigger Event will be remedied if an Obligor provides the Obligor Security Trustee with documentation evidencing the availability of Liquidity Facilities and/or cash credited to the Debt Service Reserve Account up to the Liquidity Required Amount.

Financial ratio

(b) The occurrence of a Trigger Event pursuant to paragraph (b) ("*Summary of the Common Documents—Common Terms Agreement—Trigger Events—Trigger Events—Financial Ratio*"), above, will be remedied if as at a subsequent Test Date the Class A FCF DSCR is not lower than the Trigger Event Ratio Level as stated in the relevant Compliance Certificate (subject to any final determination or dispute procedure in accordance with the terms of the CTA).

Drawdown on Liquidity Facility

(c) The occurrence of a Drawdown on Liquidity Facility Trigger Event will be remedied if the aggregate balance drawn down (other than by way of Standby Drawings) under the Liquidity Facility is restored to zero and an amount equal to any sums withdrawn from the Debt Service Reserve Account is deposited into the Debt Service Reserve Account.

CTA Event of Default or failure to deliver a Compliance Certificate

(d) The occurrence of a CTA Event of Default Trigger Event or a failure to deliver a Compliance Certificate Trigger Event will be remedied if the CTA Event of Default or failure to deliver a Compliance Certificate is waived in accordance with the STID or is remedied to the satisfaction of the Obligor Security Trustee.

CTA Events of Default

CTA Events of Default

The CTA will contain the following of events of default which will constitute the "**CTA Events of Default**" under each Senior Finance Document other than any Liquidity Facility Agreement, any Borrower Hedging Agreement and any OCB Secured Hedging Agreement, each one being a "**CTA Event of Default**":

(a) Non-payment

An Obligor does not pay on the due date any amount payable pursuant to a Senior Finance Document in the manner required under such Senior Finance Document unless its failure to pay is caused by (i) administrative or technical error or (ii) a Disruption Event, and payment is made within 5 Business Days of the due date.

(b) Breach of financial covenant and delivery of Financial Statements

Subject to the Equity Cure, the Class A FCF DSCR falls below the Class A Default Ratio Level or any Financial Statements (and related Compliance Certificates) are not delivered in accordance with the CTA.

(c) Breach of other obligations

An Obligor does not comply with any provision of the Senior Finance Documents (other than those referred to in paragraphs (a) ("*Summary of the Common Documents—Common Terms Agreement—CTA Events of Default—Non-Payment*") and (b) ("*Summary of the Common Documents—Common Terms Agreement—CTA Events of Default—Breach of Financial Covenant and Delivery of Financial Statements*") and the Tax Deed of Covenant) unless (i) the failure to comply is capable of remedy; and (ii) is remedied within twenty-one (21) days of the earlier of (A) the Issuer or the Obligor Security Trustee giving notice of the failure to comply to the Holdco Group Agent or relevant Obligor and (B) the Holdco Group Agent or an Obligor becoming aware of the failure to comply.

(d) Misrepresentation

Any representation or statement made or deemed to be made by an Obligor in the Senior Finance Documents (other than the Tax Deed of Covenant) or any other document delivered by or on behalf of any Obligor under or in connection with any Senior Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made unless (i) the circumstances giving rise to the breach are capable of remedy; and (ii) the breach is remedied within twenty-one (21) days of the earlier of (A) the Issuer or the Obligor Security Trustee giving notice of the misrepresentation or the breach of warranty to the Holdco Group Agent or relevant Obligor and (ii) the Holdco Group Agent or an Obligor becoming aware of the misrepresentation or breach of warranty.

(e) Cross Default

(i) Any Financial Indebtedness of any Obligor, IPCo or any Material Company is not paid when due nor within any originally applicable grace period.

(ii) Any Financial Indebtedness of any Obligor, IPCo or any Material Company is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

(iii) Any commitment for any Financial Indebtedness of any Obligor, IPCo or any Material Company is cancelled or suspended by a creditor of such Obligor, IPCo or Material Company as a result of an event of default (however described).

(iv) Any creditor of any Obligor, IPCo or any Material Company becomes entitled to declare any Financial Indebtedness of such Obligor, IPCo or any Material Company due and payable prior to its specified maturity as a result of an event of default (however described).

(v) No CTA Event of Default will occur under this paragraph (e) ("*Summary of the Common Documents—Common Terms Agreement—CTA Events of Default—Cross Default*") (i) in respect of any Financial Indebtedness under any Class B IBLA or any other Class B Authorised Credit Facility, or (ii) if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraph (i) above at any time is less than £10,000,000 (Indexed) (or equivalent in any other currency or currencies) and falling within paragraphs (ii) to (iv) above at any time is less than £25,000,000 (Indexed) (or equivalent in any other currency or currencies).

(f) Insolvency

(i) An Obligor, IPCo or a Material Company:

(A) is unable or admits inability to pay its debts as they fall due;

(B) is deemed to, or is declared to, be unable to pay its debts under applicable law;

(C) suspends or threatens to suspend making payments on any of its debts; or

(D) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.

(ii) A moratorium is declared in respect of any indebtedness of an Obligor, IPCo or a Material Company. If a moratorium occurs, the ending of the moratorium will not remedy any CTA Event of Default caused by that moratorium.

(g) Insolvency proceedings

Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) or bankruptcy (within the meaning of Article 8 of the Interpretation (Jersey) Law 1954) of any Obligor, IPCo or any Material Company;

(ii) a composition, compromise, assignment or arrangement with any creditor of any Obligor, IPCo or any Material Company;

(iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, Viscount of the Royal Court of Jersey or other similar officer in respect of any Obligor, IPCo or any Material Company or any of its assets; or

(iv) enforcement of any Security Interest over any assets of any Obligor, IPCo or any Material Company over which Security Interest has been granted in favour of the Obligor Security Trustee under the Obligor Security Documents having an aggregate value of £25,000,000 (Indexed) (or equivalent in other currency or currencies),

or any analogous procedure or step is taken in any jurisdiction, in each case other than any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement, or any step or procedure contemplated by paragraph (b) of the definition of "Permitted Transaction".

(h) Creditors' process

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Obligor, IPCo or any Material Company having an aggregate value of £25,000,000 (Indexed) (or equivalent in other currencies) and is not discharged within 21 days.

(i) Unlawfulness and invalidity

(i) It is or becomes unlawful for an Obligor or any other member of the Holdco Group that is a party to the STID to perform any of its obligations under the Senior Finance Documents.

(ii) Any Security Interest created or expressed to be created or evidenced by an Obligor Security Document ceases to be in full force and effect or an Obligor Security Document does not create the Security Interest it purports to create where such cessation or failure (as applicable) would or is reasonably likely to have a Material Adverse Effect.

(iii) Subject to the Reservations, any obligation or obligations of any Obligor under any Senior Finance Document (or any other member of the Holdco Group under the STID) are not or cease to be legal, valid, binding or enforceable.

(iv) Any Security Interest created under the Obligor Security Documents or any subordination created under the STID ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Senior Finance Party) to be ineffective.

(v) Any of the events or circumstances in paragraphs (i) to (iv) occur in respect of IPCo and the ABF Transaction Documents (as if references to an Obligor, Senior Finance Document, STID and Obligor Security Document were references to IPCo, ABF Transaction Documents, ABF Intercreditor Deed and ABF Security Agreement respectively).

(j) Repudiation and recession of agreements

An Obligor (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Senior Finance Document or any Security Interest created under the Obligor Security Documents or evidences an intention to rescind or repudiate a Senior Finance Document or any Security Interest created under the Obligor Security Documents.

(k) Expropriation

All or a substantial part of the assets of a member of the Holdco Group are seized, nationalised, expropriated or compulsorily purchased or an order from the relevant authority has been issued to that effect which, taking into account the amount and timing of any compensation payable for such seizure, nationalisation, expropriation or compulsorily purchase, it would or is reasonably likely to have a Material Adverse Effect.

(l) Cessation of business

An Obligor, IPCo or a Material Company suspends or ceases, or threatens or proposes to cease, to carry on all or a material part of its business except as a result of any Permitted Disposal or where such cessation (or potential cessation) would not or is reasonably likely not to have a Material Adverse Effect.

(m) Litigation

Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened against any member of the Holdco Group or its material assets which, in each case, would be likely to be adversely determined to it and which, if so adversely determined, would or are reasonably likely to have a Material Adverse Effect.

(n) Pensions

The Pension Regulator issues, in respect of one or more members of the Holdco Group, a Financial Support Direction or a Contribution Notice which would or is reasonably likely to have a Material Adverse Effect.

(o) Intellectual Property

Any Intellectual Property ceases to be owned by a member of the Holdco Group and such termination would or is reasonably likely to have a Material Adverse Effect.

(p) Tax Deed of Covenant

A TDC Breach occurs and is continuing.

(q) Non-compliance with STID

Any party to the STID (other than a Senior Finance Party or an Obligor) fails to comply with the provisions of, or does not perform its obligations under, the STID or a representation or warranty given by that party in the STID is incorrect in any material respect unless (i) the non-compliance or circumstances giving rise to the misrepresentation are capable of remedy; and (ii) it is remedied within twenty-one (21) days of the earlier of (A) the Issuer or the Obligor Security Trustee giving notice of the failure to comply to that party and (B) that party becoming aware of the failure to comply or misrepresentation.

(r) Change of ownership

Except in connection with any Permitted Disposal an Obligor (other than Holdco) or a Material Company ceases to be, directly or indirectly, a wholly-owned Subsidiary of Holdco or any of Holdco, Intermediate Holdco or the Borrower ceases to own 100 per cent. of the shares in the member of the Holdco Group that is its direct Subsidiary on the Closing Date.

(s) Class A Note Event of Default

A Class A Note Event of Default occurs and is continuing.

(t) IPCo Breach

(i) IPCo, the Partnership or any partner in the Partnership does not comply with any material provision of any ABF Transaction Document unless (if provided for in the relevant ABF Transaction Document) the failure to comply was remedied in accordance with such ABF Transaction Document.

(ii) Any representation or statement made or deemed to be made by IPCo, the Partnership or any partner in the Partnership in any ABF Transaction Document or any other document delivered by or on behalf of any such person under or in connection with any ABF Transaction Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made unless (if provided for in the relevant ABF Transaction Document) the failure to comply was remedied in accordance with such ABF Transaction Document.

(iii) IPCo (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate an ABF Transaction Document or any Security Interest created under the ABF Security Agreement or evidences an intention to rescind or repudiate an ABF Transaction Document or any Security Interest created under the ABF Security Agreement.

(iv) Any party to the ABF Intercreditor Deed (other than a Senior Finance Party) fails to comply with the provisions of, or does not perform its obligations under, the ABF Intercreditor Deed or a representation or warranty given by that party in the ABF Intercreditor Deed is incorrect in any material respect unless the failure to comply was remedied in accordance with such ABF Transaction Document.

CTA Events of Default Consequences

If a CTA Event of Default occurs and is continuing, it will:

(a) constitute a Trigger Event;

(b) entitle each Qualifying Obligor Senior Creditor to instruct the Obligor Security Trustee, subject to the provisions of the relevant Class A Authorised Credit Facility to which it is a party and subject to the provisions of the STID to:

(i) cancel the total commitments under any Class A Authorised Credit Facilities (other than Liquidity Facilities) whereupon they shall immediately be cancelled;

(ii) declare that all or part of the Utilisations under any Class A Authorised Credit Facilities (other than Liquidity Facilities), together with accrued interest and all other amounts accrued or outstanding under the Senior Finance Documents be immediately due and payable at which time they shall become immediately due and payable;

(iii) declare that all or part of the Utilisations under any Class A Authorised Credit Facilities (other than Liquidity Facilities) be payable on demand, at which time they shall immediately become payable on demand from the relevant Facility Agent, the Issuer or the relevant majority lenders;

(iv) take any other Enforcement Action other than those required to be taken by the Obligor Security Trustee in accordance with the STID;

(v) take any action permitted by the terms of the Hedging Agreements and the OCB Secured Hedging Agreements; and/or

(vi) exercise or direct the relevant Secured Creditor Representative or Obligor Security Trustee to exercise any or all of its rights, remedies, powers or discretions under the Senior Finance Documents; and

(c) entitle the Obligor Security Trustee (at its discretion or on the instructions of the Qualifying Obligor Senior Creditors) to deliver a Loan Enforcement Notice. At any time after the delivery of a Loan Enforcement Notice the Obligor Security Trustee may, and shall if it is instructed to do so in accordance with the STID, exercise any rights under the STID and the Obligor Security Documents.

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 Pensions Liabilities and following the ABF Implementation Date, royalty payments to IPCo under any licence agreements entered into with IPCo) 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 for the Borrower and the Issuer 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 and 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 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) any Liquidity Facility Standby Account shall be repaid to the relevant Liquidity Facility Provider in accordance with the STID; and (iii) the Mandatory Prepayment Account or the Defeasance Account may only be applied 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 Common Terms Agreement provided that such bank accounts are used on a basis substantially consistent with the Holdco Group's treasury practice prior to the Closing Date and on the applicable bank account mandate terms. 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 deliver to it an updated list of the accounts (with details thereof) maintained by it.

(j) Subject to paragraphs (b) above and (k) and (l) below of this section ("*Summary of the Common Documents—Common Terms Agreement—Cash Management—General*"), 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 UK 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 Common Terms Agreement (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; and

(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 3 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 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 IPO has occurred or paragraph (b)(ii), (c) or (d) below applies, Holdco shall deposit into the Excess Cashflow Account within 5 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 (where relevant net of any amount credited to the Excess Cashflow Account pursuant to paragraph (b)(ii) below in respect of the first 6 months of the relevant Financial Year) 100 per cent. 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 5 Business Days after the date of required delivery of the relevant Compliance Certificate:

(i) 100 per cent. of Excess Cashflow for the 6 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 per cent. 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 (where relevant net of any amount credited to the Excess Cashflow Account pursuant to paragraph (b)(i) above in respect of the first 6 months of the relevant Financial Year).

(c) Not less than 5 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 related remains outstanding,

Holdco shall deposit into the Excess Cashflow Account 100 per cent. (or during a Cash Accumulation Period, the aggregate Required Accumulation Percentage) of the Projected Excess Cashflow for the 6 month period ending on that Interest Payment Date. In this paragraph "**Projected Excess Cashflow**"

means Excess Cashflow for the relevant 6 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 5 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 any Unused Capital Maintenance Spend Amount 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 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 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 paragraph (b)(i)(A)(II) ("*Summary of the Common Documents—Common Terms Agreement—Covenants—Financial Covenants and Equity Cure*") above;

(iii) shall credit any amounts required to be paid into the Defeasance Account in accordance with paragraph (c) ("*Summary of the Common Documents—Common Terms Agreement—Trigger Events—Trigger Event Consequences—Voluntary Prepayment*") above. Any such amounts standing to the credit of the Defeasance Account may be applied only in accordance with paragraph (c) ("*Summary of the Common Documents—Common Terms Agreement—Trigger Events—Trigger Event Consequences—Voluntary Prepayment* ") above; 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 any Trigger Event, shall, deposit the proceeds of any Disposal Proceeds or Insurance Proceeds in the Defeasance Account in accordance with "*Summary of the Common Documents—Common Terms Agreement—Cash Management—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 "*Summary of the Common Documents—Common Terms Agreement—Cash Management—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 Class A Authorised Credit Providers under the fixed rate Class A Authorised Credit Facilities in respect of which the relevant amounts 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 Facilities 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 of Class A Notes any amounts credited to the Defeasance Account in respect of the corresponding Class A IBLA Advance must 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 Class A Authorised Credit Providers and the Class A 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) ("*Summary of the Common Documents—Common Terms Agreement—Trigger Events—Trigger Event Remedies—Liquidity Required Amount*") above.

TAAL Migration Condition Account

(a) Unless paragraphs (a), (b) or (c) under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—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 intra-group items and investments in Subsidiaries of any member of the Holdco Group) of TAAL are 10 per cent. 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 per cent. of Excess Cashflow for that Financial Year to the TAAL Migration Condition Account (where relevant net of any amount credited to the Excess Cashflow Account pursuant to paragraph (b)(i) "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Excess Cashflow Account*" above in respect of the first 6 months of the relevant Financial Year) provided that, if paragraphs (a) or (c)(i) "*Summary of the Common Documents—Common Terms Agreement—Cash Management—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 will) 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 Initial 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 Initial Senior Term Facility (including any related swap termination amounts, break costs and redemption premia payable by the Obligors); and

(ii) if the Initial 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 or 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 any 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 any 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) shall be applied as set out in paragraph (a) 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 Transaction"* 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 *"—Risk 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) For the purposes of this paragraph:

"**OCB Commodities Notional Amount**" means, in respect of a Commodity Hedging Transaction and any day, the "Notional Amount" under (and as defined in) such Commodity Hedging Transaction on such day;

"**OCB FX Calculation Amount**" means, in respect of an FX Hedging Transaction and any day, the "Calculation Amount" under (and as defined in) such FX Hedging Transaction on such day;

"**OCB Secured Hedge Counterparties**" means each Commodity Hedge Counterparty, each FX Hedge Counterparty and each OCB Treasury Counterparty;

"**OCB Secured Hedging Agreements**" means each 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**" means each OCB Secured Capped Hedging Transaction and each OCB Treasury Transaction;

"**OCB Secured Transaction Cap**" means:

(i) in respect of Commodity Hedging Transactions, an amount equal to £15,000,000 or the equivalent amount in another currency, converted at the spot rate available to the Borrower at the time of conversion, acting in a commercially reasonable manner; and

(ii) in respect of FX Hedging Transactions, an amount equal to £50,000,000 or the equivalent amount in another currency, converted at the spot rate available to the Borrower at the time of conversion, acting in a commercially reasonable manner;

"**OCB Trade Date**" means a date on which the relevant Obligor proposes to enter into an OCB Secured Capped Hedging Transaction;

"**OCB Treasury Counterparty**" means 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; and

"**OCB Treasury Transaction**" means a 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.

(c) 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) under *"—Risk Arising in Connection with the Relevant Debt"* 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 per cent. 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 per cent. 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 per cent. 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) under *"—Currency Risk Principles"* 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) under *"—Currency Risk Principles"* 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 per cent. 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 per cent. 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 per cent. 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) of *"—Interest Rate Risk Principles"* 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) of *"—Interest Rate Risk Principles"* 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 the 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: "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 5 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 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—Foreign Currency Denominated Debt") 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 (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 calculation amount equal to the Continuing Notional Amount and the other Transaction (an "Excess Transaction" will have a calculation 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 calculation 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 Hedge Counterparty equal to the calculation 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) 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 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, STID and Transaction Documents as applicable.

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**") are contained in the STID. The Intercreditor Arrangements 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 £5.0 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 see the section "*Summary of the Issuer Class A Transaction Documents—The Issuer Deed of Charge*".

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, pursuant to the STID, 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.

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, or 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 "*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 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 Representative(s) 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 and/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 the section entitled "*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 the section entitled "*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 Creditor(s). When the Affected Obligor Secured Creditor is the Issuer, consent must be obtained from the holders of each Class or Sub-Class of Class A Notes then outstanding affected by the Entrenched Right by way of Class A Extraordinary Resolution. If holders of Class B Notes are also affected then consent must also be obtained from the Class B Noteholders in accordance with the Class B Note Trust Deed.

Reserved Matters

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 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 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 materially prejudice 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 per cent. 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 per cent. 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 constituting 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 constituting 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 PPNIBLA 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 the heading "*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 the heading "*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 the heading "*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 the heading "*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 the section "*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 Class A Noteholders).

In the case of paragraphs (a) and (c) of the Qualifying Obligor Senior Secured Liabilities summary as set out under the heading "*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 the sections headed "*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 below 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 A Noteholders or Class B Noteholders of each Class or Sub-Class of Class A Notes or Class B 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 Class A Noteholders or Class B 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 or 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 the headings "*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 the heading "*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 the heading "*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 the sections headed "*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 the heading "*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 the heading "*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 the heading "*Voting of Authorised Credit Facilities (other than PP Notes)*" above,

will apply when determining the quorum requirements and/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 per cent. 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 Common Terms Agreement in respect of, *inter alia*, Security 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 UK),

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 MDA (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 MDA (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 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 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 UK),

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 MDA (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 MDA (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 amendments, 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 Representative) have consented to such amendment, consent or waiver in accordance with the STID.

Enforcement and Acceleration

Notification of CTA Events 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, 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); and/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 under the STID depending on the type of action described in sub-paragraphs (a) to (c) directly above, as described in more detail below.

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 per cent. 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 per cent. 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 per cent. 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 per cent. 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 per cent. 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 per cent. 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 this heading "*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.

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 "*Quorum and voting requirements in respect of a Loan Acceleration Notice etc—Obligor Senior Secured Creditors"* 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 per cent. 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 per cent. 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 per cent.; 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 per cent.; and

(2) in relation to paragraph (b)(ii) directly above, 75 per cent.

Alternatively, a Noteholder Instruction Resolution may be passed in writing signed by or on behalf of the holders of Class A Notes of not less than 75 per cent. of the aggregate Principal Amount Outstanding of all Class A Notes in accordance with Class A Condition 14.

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 "*Quorum and voting requirements in respect of a Loan Acceleration Notice etc—Obligor Senior Secured Creditors*" 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 (i) where, in relation to that Noteholder Instructing Resolution, the quorum, voting majority and participation requirements (including that Class A Noteholders voting in favour of the Noteholder Instructing Resolution represent more than 50 per cent. 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 £1250.0 million"* above and the Relevant Note Instructing Percentage is determined in accordance with paragraphs (B) (1) and (2) of that definition above) or (ii) passed pursuant to a written resolution signed by or on behalf of the holders of Class A Notes of not less than 75 per cent. of the aggregate Principal Amount Outstanding of all Class A Notes in accordance with Class A Condition 14).

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 per cent.; or

(ii) is greater than £1,750.0 million (or the Equivalent Amount), 50 per cent.

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 the headings "*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.

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 "*Summary of the Common Document—Security Trust and Intercreditor Deed—Obligor Priorities of Payment—Obligor Pre-Acceleration Priority of Payments*" for a detailed description.

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 "*Summary of the Common Document—Security Trust and Intercreditor Deed—Obligor Priorities of Payment—Obligor Post-Acceleration Priority of Payments*" for a detailed description.

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 the headings "*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*" above 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 the paragraph "*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 Class B Noteholders) 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) ("*Summary of the Common Documents—Security Trust and Intercreditor Deed—Acceleration and Enforcement—Enforcement if Obligor Junior Secured Liabilities Outstanding*") 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 Class B Noteholders 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 Class B Noteholders, 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 per cent. 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 Class B Noteholders 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 Class B Noteholders, 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 per cent. 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

(i) the Obligor Security Trustee shall not be obliged to commission any Fairness Opinion unless it is indemnified and/or secured and/or prefunded to its satisfaction in respect of any Liabilities incurred by it in connection with commissioning such 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 and/or secured and/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, Initial 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 Initial Senior Term Facility Agreement (or any Additional Financial Indebtedness incurred by the Borrower to refinance the Initial 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 Pensions 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 Pensions 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 Pensions 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:

   (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 and each Note Trustee under any Issuer Transaction Document;

2. *second*, in or towards satisfaction, *pro rata* and *pari passu*, 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;

(v) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Cash Manager incurred under the Issuer Cash Management Agreement; and

(vi) the fees, other remuneration, costs, charges and expenses of the Rating Agency;

3. *third*, 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) 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);

(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 Class A Notes and the Class B 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, *pro rata* and *pari passu*, 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 the Borrower);

5. *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, 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) due and payable under any Class A Authorised Credit Facility (excluding any Liquidity Facility and any Hedging Agreement);

(c) 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:

(i) each Borrower Hedge Counterparty under any Borrower Hedging Agreement; and

(ii) following the delivery of a Loan Enforcement Notice, each OCB Secured Hedge Counterparty under any OCB Secured Hedging Agreement; and

(d) 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:

(a) 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);

(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 on cross-currency swaps, final exchange payments on cross-currency swaps, or other unscheduled sums due and payable to:

(i) each Borrower Hedge Counterparty under any Borrower Hedging Agreement; and

(ii) following the delivery of a Loan Enforcement Notice, 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 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:

(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;

(c) following the delivery of a Loan Enforcement Notice, Subordinated Hedge Amounts due and payable by any Obligor under any OCB Secured Hedging Agreement; and

(d) to the Issuer by way of the Seventh Facility Fee:

(i) Subordinated Liquidity Amounts due and payable by the Issuer under the Liquidity Facility Agreement; and

(ii) 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 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 per cent. 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 per cent. 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 per cent. 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 per cent. of Projected Excess Cashflow for the 6 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 Pensions Liabilities; and

(b) the AA Ireland Pension Trustee in respect of the AA Ireland Secured Pensions 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 per cent. 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 Issuer 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 Obligor 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.

Tax Deed of Covenant

Pursuant to a deed of covenant (the "**Tax Deed of Covenant**") to be dated as of 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 Security 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 the Security Group Companies in respect of certain unforeseen secondary or other tax liabilities caused by or in relation to any person that is not a Security 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 Security Group Companies does not result in a loss of value to the Security Group. The Tax Deed of Covenant also requires any Security 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 and/or VAT to Saga Services Limited and/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 Security Group Company. It further requires procurement of payment by Saga Services Limited or Saga Group Limited, as applicable, to a Security Group Company of amounts equal to any credit, relief or repayment that it receives from HMRC on behalf of that Security 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 Security 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 Security 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 Security 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 and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Initial Class A IBLA

General

On or prior to the Closing Date, the Issuer, the Borrower, the Issuer Security Trustee and the Obligor Security Trustee will enter into an Initial Class A IBLA. The aggregate proceeds of the issuance by the Issuer of a Sub-Class of Class A Notes under the Programme on the Closing Date will be on-lent to the Borrower under such Initial Class A IBLA. Each Class A IBLA Advance under the Initial Class A IBLA (or each Class A IBLA Sub-Advance together making a single Class A IBLA Advance) will correspond to the principal amount of each Sub-Class of Class A Notes issued on the Closing Date such that the economic terms of each Class A IBLA Advance match the economic terms of the corresponding Sub-Class of Class A Notes. Provided that any future issuances of Class A Notes are fungible with the issuance made on the Closing Date, the Issuer will make available further facilities in an aggregate amount equal to the proceeds of each such issuance under the terms of the Initial Class A IBLA. Otherwise, a new Class A IBLA will be entered into for each new issuance by the Issuer of a Sub-Class of Class A Notes and the subsequent Class A IBLA Advance (or Class A IBLA Sub-Advances, as the case may be) to the Borrower, on substantially the same terms as the Initial Class A IBLA. The making of each Class A IBLA Advance will be subject to the satisfaction of the conditions precedent set out in the CTA.

Matching of obligations

As each Class A IBLA Advance is structured and tranched to match the tenor and interest rate of each Sub-Class of Class A Notes, the Class A IBLA Advances have characteristics that demonstrate capacity to produce funds to service any payments due and payable under each Sub-Class of the Class A Notes.

Class A IBLA Advances

All Class A IBLA Advances made or to be made by the Issuer under the Initial Class A IBLA are or will be in amounts and at rates of interest (or such discount) corresponding to amounts and rates set out in the relevant Final Terms or Drawdown Prospectus applicable to the corresponding Sub-Class of Class A Notes and will have interest periods which match the Class A Note Interest Periods for the corresponding Sub-Class of the Class A Notes. Interest on each Class A IBLA Advance made under the Initial Class A IBLA will accrue from the date of such Class A IBLA Advance.

Unless otherwise repaid, prepaid or otherwise discharged earlier, the Borrower shall repay each Class A IBLA Advance on the Final Maturity Date applicable to such Class A IBLA Advance.

If a Class A IBLA Advance is not repaid in full on its Final Maturity Date, on any Loan Interest Payment Date occurring after such Final Maturity Date whilst such Class A IBLA Advance is outstanding, cash standing to the credit of the Excess Cashflow Account and/or the Defeasance Account, as applicable will be applied by the Borrower to mandatorily prepay the relevant Class A IBLA Advance, on the terms and subject to the conditions set out in the applicable Obligor Priorities of Payment and the CTA.

Prepayments

The Borrower will be entitled to effect a voluntary prepayment of all or any part of any Class A IBLA Advance subject to the giving of the requisite period of notice and subject to the payment of an amount equal to the amount required by the Issuer to pay any Additional Class A Note Amounts payable on the redemption of the corresponding Sub-Class of Class A Notes. If a Trigger Event is subsisting at the time when the Borrower wishes to effect a voluntary prepayment, such prepayment has to be applied as described in paragraph (c) under "*Description of the Common Documents—Common Terms Agreement—Trigger Events—Trigger Event Consequences*".

In addition, the Borrower may be required to repay a Class A IBLA Advance if the Issuer has the right to redeem the corresponding Sub-Class of Class A Notes for taxation reasons or illegality pursuant to Class A Condition 7(d) ("*Redemption for Taxation or Other Reasons*"). Such prepayment by the Borrower shall be in an amount equal to the Outstanding Principal Amount of such Class A IBLA Advance together with any accrued by unpaid interest and Facility Fees thereon, in each case to the date of such prepayment.

If the Initial Senior Term Facility is not outstanding and a Trigger Event is subsisting, the Borrower is obliged to effect a mandatory prepayment or defeasance of amounts outstanding under Class A Authorised Credit Facilities out of Disposal Proceeds arising 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 provided that, any Disposal Proceeds shall be applied on a pro rata basis to, among other things, prepay or defease all Class A Authorised Credit Facilities (including the Initial Class A IBLA) as provided for in the CTA.

If the Initial Senior Term Facility is not outstanding and a Trigger Event is subsisting, the Borrower is obliged to effect a mandatory prepayment or defeasance of amounts outstanding under Class A Authorised Credit Facilities out of from Insurance Proceeds. Save that if a Trigger Event is subsisting at the relevant time, such Insurance Proceeds shall be applied on a pro rata basis to, among other things, prepay or defease all Class A Authorised Credit Facilities (including the Initial Class A IBLA) as provided for in the CTA.

Following a Qualifying Public Offering any Disposal Proceeds or Insurance Proceeds may be applied at the discretion of the Borrower.

Accordingly, it is possible that the Borrower may elect or may be required to prepay Initial Class A IBLA Advances in whole or in part to the extent of such proceeds. The Borrower would be required to pay additional amounts to the Issuer to enable the Issuer to redeem the relevant Class A Notes including any Additional Class A Note Amounts.

See "*Summary of Common Documents—Common Terms Agreement—Cash Management*".

Unless a Qualifying Public Offering has occurred, in respect of each Class A IBLA Advance, the 12 month period ending on the Final Maturity Date of such Class A IBLA Advance shall be a Cash Accumulation Period and the Required Accumulation Percentage should be 100 per cent.

Subject to the Common Terms Agreement and the STID, if a Trigger Event has occurred and is continuing on a Loan Interest Payment Date falling on 31 July in each Financial Year then on each such Loan Interest Payment Date, the Borrower shall repay or defease, as the case may be, Class A IBLA Advances in an amount equal to the relevant amount of Excess Cashflow for that year in respect of each such Advance as provided for in the STID.

Fees

Prior to the Closing Date, the Borrower shall pay on behalf of the Issuer by way of the up-front fee, any expenses of the Issuer reasonably incurred in connection with the initial issue of Class A Notes including, *inter alia*, the upfront fees and expenses of the Class A Note Trustee, the Issuer Security Trustee, the Agents, the Issuer Cash Manager, the Issuer Account Bank, the Issuer Corporate Officer Provider, the Dealers, the Liquidity Facility Providers, the Rating Agency and the Issuer's legal advisers, accountants and auditors.

After the Closing Date, the Borrower will pay periodically a fee by way of the Facility Fee which shall meet the ongoing costs, losses and expenses of the Issuer in respect of amounts owed to, *inter alios*, the Class A Note Trustee, the Issuer Security Trustee (and any receiver appointed by the Issuer Security Trustee), the Class A Agents, the Issuer Cash Manager, the Issuer Account Bank, the Issuer Corporate Officer Provider, the Issuer Jersey Corporate Services Provider, the Liquidity Facility Providers, the Rating Agency, the Issuer's legal advisers, accountants and auditors and any amounts payable to the Issuer Hedge Counterparties (if any) (in each case to the extent not covered by the up-front fee) and the Liquidity Facility Providers.

Secured obligations

The obligations of the Borrower under each Class A IBLA will be secured pursuant to the Obligor Security Documents, and such obligations will be guaranteed by each other Obligor in favour of the Obligor Security Trustee, who will hold the benefit of such security and guarantees on trust for the Obligor Secured Creditors (including the Issuer) on the terms of the STID.

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 Class A IBLAs and payments received under any related Issuer Hedging Agreements. Failure of the Borrower to repay a Class A IBLA Advance under the Initial Class A IBLA on the Final Maturity Date in respect of such Class A IBLA Advance 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 IBLA Advance may fall a number of years after the Final Maturity Date of the corresponding Class A IBLA. In the event that a Class A IBLA Advance is not repaid in full on the Final Maturity Date of such Class A IBLA Advance, such Class A IBLA Advance (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.

Withholding/deductions

The Borrower agrees to make all payments to the Issuer free and clear of any withholding on account of Tax unless it is required by law to do so when, in such circumstances, the Borrower will gross-up such payments.

Tax gross-up

In addition, under the terms of the Class A IBLA, the Obligors are required to pay additional amounts if a withholding or deduction for or on account of Tax is imposed on payments required to be made to the Issuer.

Subsequent Class A IBLAs

On or prior to any further Issue Date (excluding the Closing Date) in which the Issuer issues Class A Notes, the proceeds of which are intended to be on-lent to the Borrower, which are not fungible with an existing series of Class A Notes, then a new Class A IBLA will be entered into by the Issuer, the Borrower, the Issuer Security Trustee and the Obligor Security Trustee. Such new Class A IBLA will be entered into substantially on the same terms as set out above (each of these subsequent Class A IBLAs along with the Initial Class A IBLA will constitute the "**Class A IBLAs**" and each a "**Class A IBLA**").

Governing law

Each Class A IBLA and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Initial Senior Term Facility

The Borrower and the Initial STF Arrangers, amongst others, will enter into the Initial Senior Term Facility Agreement on the Closing Date. A credit facility will be made available to the Borrower by the Initial STF Lenders under the Initial Senior Term Facility Agreement which will comprise a senior term facility (the "**Initial Senior Term Facility**") to fund the partial refinancing of the Existing Indebtedness and the payment of fees, costs, expenses, stamp, registration and other Taxes incurred in connection with that refinancing. Subject to satisfaction of applicable conditions precedent, the Initial Senior Term Facility will be available on the Closing Date.

The facility made available under the Initial Senior Term Facility Agreement will mature on 31 July 2018 (the "**Initial STF Final Maturity Date**").

The Borrower may select interest periods of three or six months for the Initial STF Loan. Where the Borrower provides notice to the Initial STF Agent that it reasonably believes that further Class A Notes and/or Class B Notes will be issued or primary syndication of the Initial Senior Term Facility will close within 3 months of that notice, it may, in addition, select periods of one or two months or such other period as the Borrower and the Initial STF Agent (acting on the instructions of all of the Initial STF Lenders) may agree. The Borrower shall ensure that an interest period in respect of the Initial Senior Term Facility ends on each Loan Interest Payment Date that falls on 31 July in each calendar year.

The Obligors will make representations and warranties, covenants and undertakings to (among others) the Initial STF Arrangers, the Initial STF Lenders and the Initial STF Agent on the terms set out in the CTA. (see "*Summary of the Common Documents—Common Terms Agreement—Representations"* and "*Summary of the Common Documents—Common Terms Agreement—Covenants"*). In addition to satisfaction of applicable initial conditions precedent, utilisation of the Initial Senior Term Facility on the Closing Date is 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.

Unless a Qualifying Public Offering has occurred, there will be a mandatory prepayment of the Initial 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 (see "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds"*).

There will be a mandatory prepayment of the Initial 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 (see "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds"*).

There will be a mandatory prepayment of the Initial 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 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 "*Summary of the Common Documents—Common Terms Agreement—Financial Covenants and Equity Cure*).

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 per cent. Unless a Qualifying Public Offering has occurred, the Borrower shall prepay the Initial 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 Initial STF Final Maturity Date will be a Cash Accumulation Period and the Required Accumulation Percentage will be 100 per cent..

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 Initial STF Agent upon becoming aware of that event and the Initial STF Agent shall immediately thereafter notify the Initial STF Lenders;

(b) each Initial STF Lender shall have a period (the "**Initial 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 Initial STF Agent notifies the Initial STF Lenders in accordance with paragraph (a) above during which time the Initial STF Lender may notify the Initial STF Agent that it wishes to cancel its commitment in respect of the Initial Senior Term Facility and declare its participation in the Initial STF Loan, together with accrued interest, and all other amounts accrued under the Initial STF Finance Documents immediately due and payable, and the Initial STF Agent shall immediately thereafter notify the Borrower of each such notification by an Initial STF Lender;

(c) from the first day of any Initial STF Change of Control Notification Period that occurs prior to the making of the Initial STF Loan until, and including, the date falling 10 Business Days after the end of the Initial STF Change of Control Notification Period, an Initial STF Lender shall not be obliged to fund the Initial STF Loan; and

(d) in respect of each Initial STF Lender which notifies the Initial STF Agent pursuant to paragraph (b) above, the commitment of that Initial STF Lender in respect of the Initial Senior Term Facility will be cancelled and the outstanding Initial STF Loan, together with accrued interest, and all other amounts accrued under the Initial STF Finance Documents, will become immediately due and payable 10 Business Days after the end of the Initial STF Change of Control Notification Period.

The margin of the Initial Senior Term Facility will be 2.75 per cent per annum from the Closing Date until and including the date 6 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 Initial Senior Term Facility will increase by 0.25 per cent. 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 Initial Senior Term Facility will be 3.75 per cent. 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 Initial Senior Term Facility will be 4.00 per cent. per annum. From but excluding the date 48 months from the Closing Date, the margin of the Initial Senior Term Facility will be 4.25 per cent. per annum. From such time as the credit rating of the Class A Notes is higher than BBB- by the Rating Agency there will be a 0.25 per cent. reduction in each of the figures specified in this paragraph. The margin of the Initial Senior Term Facility will be subject to customary syndication amendment rights.

On each of the dates falling 24, 36 and 48 months after the date of the Initial Senior Term Facility Agreement the Borrower shall pay a fee (*pro rata* for the account of each Initial STF Lender on that date) in an amount equal to 0.25 per cent. of the Total Commitments under the Initial Senior Term Facility Agreement on each such date.

Prior to the Initial STF Final Maturity Date, if the Borrower fails to pay any amount payable by it under an Initial 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 per cent. higher than the rate which would have been payable if that amount had been a loan under the Initial Senior Term Facility.

With effect from the Initial STF Final Maturity Date, interest shall accrue on each unpaid sum at a 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 having an Expected Maturity Date that is the same as the Initial STF Final Maturity Date).

The CTA Events of Default will apply in respect of the Initial Senior Term Facility (see the section "*Summary of the Common Documents—Common Terms Agreement—CTA Events of Default*").

The ability of the Initial STF Lenders to accelerate any sums owing to them under the Initial Senior Term Facility Agreement upon or following the occurrence of a CTA Event of Default is subject to the STID.

The Borrower may, by giving not fewer than 3 Business Days prior notice to the Initial STF Agent, prepay amounts outstanding under the Initial 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 relevant Facility Agent (acting on the instructions of the Initial STF Lenders holding, in aggregate, commitments under the Initial Senior Term Facility of more than $66^2/_3$ of the total commitments under the Initial Senior Term Facility)).

Initial Working Capital Facility

The Borrower and the Initial WCF Arrangers, amongst others, will enter into the Initial Working Capital Facility Agreement on the Closing Date. A credit facility will be made available to the Borrower by the Initial WCF Lenders under the Initial Working Capital Facility Agreement which will comprise a revolving working capital facility of up to £150.0 million (the "**Initial WC Facility**") (capable of being reborrowed as contemplated by the Initial Working Capital Facility Agreement) to fund working capital purposes. Up to £50.0 million of the Initial WC Facility may be provided by way of ancillary facilities.

The Initial WC Facility will mature on 31 July 2018 (the "**Initial WCF Final Maturity Date**"). The Initial WC Facility will be available from the Closing Date until the date falling one month before the Initial WCF Final Maturity Date.

The margin for the Initial WC Facility is initially 3.25 per cent per annum. The margin will increase to 4.00 per cent. per annum with effect from the date falling 36 months after the Closing Date and will increase to 4.25 per cent. per annum with effect from the date falling 48 months after the Closing Date, in each case unless the Initial WC Facility is repaid or prepaid and cancelled in full by that date. From such time as the credit rating of the Class A Notes is higher than BBB- by the Rating Agency there will be a 0.25 per cent. reduction in each of the figures specified in this paragraph. The margin of the Initial WC Facility will be subject to customary syndication amendment rights.

The Borrower shall pay a commitment fee computed at the rate of 40 per cent. of the margin per annum on the undrawn commitments in respect of the Initial WC Facility. The accrued commitment fee is payable quarterly in arrear and at certain other times.

The Borrower may select interest periods of one, two, three or six months. Where the Borrower provides notice to the Initial WCF Agent that it reasonably believes that further Class A Notes and/or Class B Notes will be issued or primary syndication of the Initial WC Facility will close within 3 months of that notice, it may, in addition, select periods of one or two months or such other periods as the Borrower and the Initial WCF Agent (acting on the instructions of all the Initial WCF Lenders) may agree. The Borrower shall ensure that an interest period in respect of the Initial WC Facility ends on each Loan Interest Period that falls on 31 July in each calendar year.

The Obligors will make representations and warranties, covenants and undertakings to (among others) the Initial WCF Arrangers, the Initial WCF Lenders and the Initial WCF Agent on the terms set out in the CTA (See "*Summary of Common Documents—Common Terms Agreement—Representations*" and "*Summary of Common Documents—Common Terms Agreement—Covenants*"). All utilisations of the Initial WC Facility on the Closing Date are 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 Initial WC Facility shall not be utilised unless the Initial Senior Term Facility has been (or will simultaneously be) utilised.

All utilisations of the Initial WC Facility after the Closing Date are 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 (a) and (b) above shall not apply to any rollover loan unless a Loan Acceleration Notice has been served in accordance with the STID.

The CTA Events of Default under the CTA will apply under the Initial Working Capital Facility Agreement (see the section "*Summary of the Common Documents—Common Terms Agreement—CTA Events of Default*").

The ability of the Initial WCF Lenders to accelerate any sums owing to them under the Initial Working Capital Facility Agreement upon or following the occurrence of a CTA Event of Default is subject to the STID.

The Borrower may, by giving not fewer than 3 Business Days prior notice to the Initial WCF Agent, prepay the whole or any part of any the Initial WC Facility Loan in a minimum amount of £2.0 million (or such lesser amount as may be outstanding or as may be agreed by the Initial WCF Agent (acting on the instructions of the Initial WCF Lenders holding, in aggregate, commitments under the Initial WCF Facility or more than $66^2/_3$ of the total commitments under the Initial WC Facility)).

There will be mandatory prepayments of the Initial WC Facility in respect of Disposal Proceeds, Insurance Proceeds, Excess Cashflow and Equity Cure Amounts in accordance with the provisions of the CTA (see "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*" and "*Summary of the Common Documents—Common Terms Agreement—Financial Covenants and Equity Cure*") and the STID (see "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Obligor Pre-acceleration Priority of Payments—Part B Excess Cashflow*").

Any amount of Excess Cashflow, Equity Cure Amount, Disposal Proceeds or Insurance Proceeds and any amount referred to in "*Summary of the Common Documents—Common Terms Agreement—Financial Covenants and Equity Cure*" that is required to be applied in permanent prepayment of the Initial WC Facility pursuant to the CTA or the STID shall be applied:

(a) first, in prepayment of Initial WCF Loans on a *pro rata* basis (and cancellation of corresponding commitments under the Initial WC 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 Initial WC Facility); and

(c) to the extent that the amount to be prepaid exceeds the Initial WCF Loans and outstanding amounts due under ancillary facilities at that time, the prepayment shall be effected by cancelling unutilised commitments under the Initial WC Facility by an amount equal to the amount to be prepaid.

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 promptly notify the Initial WCF Agent upon becoming aware of that event and the Initial WCF Agent shall immediately thereafter notify the Initial WCF Lenders;

(b) each Initial WCF Lender shall have a period (the "**Initial 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 Initial WCF Agent notifies the Initial WCF Lenders in accordance with paragraph (a) above during which time the Initial WCF Lender may notify the Initial WCF Agent that it wishes to cancel its commitment in respect of the Initial WC Facility and declare its participation in all outstanding Initial WCF Loans, together with accrued interest, and all other amounts accrued under the Initial WCF Finance Documents immediately due and payable, and the Initial WCF Agent shall immediately thereafter notify the Original Borrower of each such notification by an Initial WCF Lender;

(c) from the first day of any Initial WCF Change of Control Notification Period until, and including, the date falling 10 Business Days after the end of that Initial WCF Change of Control Notification Period no Initial WCF Loan may be requested other than a rollover loan; and

(d) in respect of each Initial WCF Lender which notifies the Initial WCF Agent pursuant to paragraph (b) above, the commitment of that Initial WCF Lender will be cancelled and all outstanding Initial WCF Loans, together with accrued interest, and all other amounts accrued under the Initial WCF Finance Documents, will become immediately due and payable 10 Business Days after the end of the Initial WCF Change of Control Notification Period.

The Borrower will be required to ensure that the aggregate amount of all the Initial 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 3 successive Business Days in the period between the Closing Date and the financial year ending 31 January 2014 and in each subsequent financial year after the Closing Date. Not fewer than three months shall elapse between the end of one such clean down period and the beginning of the next.

Obligor Security Agreement

The Borrower and each other Obligor that is party to the Obligor Security Agreement covenants with the Obligor Security Trustee as primary obligor, and not merely as surety, 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(s) is specified) immediately on demand by the Obligor Security Trustee in the manner specified in the relevant Finance Document, the AA Pension Agreement and the AA Ireland Pension Agreement. Each Obligor that is party to the Obligor Security Agreement grants fixed and floating security interests in favour of the Obligor Security Trustee for itself and on behalf of each of the other Obligor Secured Creditors as security for 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) the 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 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 registered 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 for the conduct of their business or part of it;

(viii) monetary claims; and

(ix) any loan made from a Chargor to another member of the Holdco Group.

(c) an assignment by way of security of all of its rights, title and interest 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 and any non-contractual obligations arising out of or in connection with it 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.

Borrower Account Bank Agreement

Pursuant to the Borrower Account Bank Agreement to be dated as of the Closing Date between the Borrower, the Obligor Security Trustee, the 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 and any non-contractual obligations arising out of or in connection with it will be governed by English law.

SUMMARY OF THE CREDIT AND LIQUIDITY SUPPORT DOCUMENTS

Initial Liquidity Facility Agreement

On the Closing Date, the Issuer and the Borrower will enter into the Initial Liquidity Facility Agreement with, among others, the Initial Liquidity Facility Providers, the Initial Liquidity Facility Agent, the Cash Manager, the Issuer Security Trustee and the Obligor Security Trustee, pursuant to which the Initial Liquidity Facility Providers will agree to make the Liquidity Facility available to meet certain Liquidity Shortfalls.

Under the terms of the Initial Liquidity Facility Agreement, the Initial 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 payable in respect of the Class A Notes (but not any final payment on any Final Maturity Date and any Additional Class A Note Amounts) 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 Initial Senior Term Facility, certain payments under the Borrower Hedging Agreements (excluding any termination payments and all other unscheduled amounts payable to any Borrower Hedge Counterparty) and any Class A Authorised Credit Facility (other than any final payment on any Final Maturity Date and any Class A IBLA and any principal outstanding under a Working Capital Facility) together with certain other senior expenses of the Borrower.

The Initial 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 Initial Liquidity Facility Provider to extend the term for a further 364 days. If not renewed or replaced by any Initial Liquidity Facility Provider, the Borrower and 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 Initial Liquidity Facility Provider who does not renew or is not replaced. There will not be an obligation on the Initial Liquidity Facility Provider to extend the facility.

The Initial Liquidity Facility Agreement provides that the amounts drawn by the Issuer and the Borrower (as applicable) and repaid to the Initial Liquidity Facility Providers may be redrawn.

Each Initial Liquidity Facility Provider must be a bank or financial institution having a credit rating of at least BBB- from S&P or such lower rating provided that such lower rating does not negatively affect the then current rating of the Class A Notes (the "**Requisite Rating**").

The Initial Liquidity Facility Agreement provides that if either (a) at any time the rating of the long term, unsecured debt obligations of any Initial Liquidity Facility Provider falls below the Requisite Rating; or (b) any Initial Liquidity Facility Provider refuses to grant an extension of the term, then the Issuer or the Borrower shall use reasonable endeavours to replace any Initial Liquidity Facility Provider or enter into a new liquidity facility agreement on terms substantially similar to the Initial Liquidity Facility Agreement through a commitment to be provided by a new third bank which has a rating for its long term unsecured non-credit enhanced debt obligations of BBB or higher by the Rating Agency and failing this, the Issuer or Borrower shall serve a drawdown notice on the relevant Initial Liquidity Facility Provider to make a drawing of all commitments then available for drawing under the Liquidity Facility from such Initial 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 will accrue on any drawing made under the Liquidity Facility (including any Standby Drawing) at a rate equal to 2.75 per cent. per annum subject to a step up of 0.50 per cent. every 6 months on drawn amounts (provided that the interest rate of 2.75 per cent. per annum will be reduced by 0.25 per cent. from such time as the credit rating of the Class A Notes is higher than BBB- by the Rating Agency). Step up amounts are subordinated and a failure to pay the step up amount will not amount to an event of default under the Initial 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/Borrower (as the case may be) does not make such payment. The margin under the Liquidity Facility will be subject to customary syndication amendment rights.

In the event that there are four consecutive annual renewals of the Liquidity Facility by a Liquidity Facility Provider, unless the Initial 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 Initial Liquidity Facility Provider.

The Initial Liquidity Facility Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Initial Borrower Hedging Agreements

The Borrower may enter into various interest rate and currency swap transactions with the Borrower Hedge Counterparties in conformity with the Hedging Policy (see "*Summary of the Common Documents—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 "*Summary of the Common Documents—Common Terms Agreement—Hedging Policy*"). The Issuer will not enter into any Issuer Hedging Agreements in connection with the Class A Notes or Class B Notes to be issued on the Closing Date.

SUMMARY OF THE ISSUER CLASS A TRANSACTION DOCUMENTS

Class A Note Trust Deed

General

On or before the Closing Date, the Issuer and the Class A Note Trustee will enter into the Class A Note Trust Deed pursuant to which the Class A Notes will be constituted. The Class A Note Trust Deed will include the form of the Class A Notes and contain a covenant from the Issuer to the Class A Notes Trustee to pay all amounts due under the Class A Notes. The Class A Note Trustee will hold the benefit of that covenant on trust for itself and the Class A Noteholders in accordance with their respective interests.

Enforcement

Notwithstanding the provisions of any other Issuer Class A Transaction Document, the Issuer Security shall only become enforceable upon the delivery of a Issuer Security Enforcement Notice in accordance with the Issuer Deed of Charge. Only the Class A Note Trustee may enforce the provisions of the Class A Notes or the Class A Note Trust Deed and no Class A Noteholder, Class A Receiptholder or Class A Couponholder shall be entitled to proceed directly against the Issuer unless the Class A Note Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

Waiver of a Class A Note Event of Default

The Class A Note Trustee may, without the consent or sanction of the Class A Noteholders, the Class A Receiptholders, the Class A Couponholders or any other Issuer Secured Creditor at any time (but only if and so far as in its opinion the interests of the Class A Noteholders shall not be materially prejudiced thereby (where "materially prejudiced" means that such waiver, authorisation or determination 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 A Notes on the relevant due date for payment therefor)) determine that any event which would otherwise constitute a Class A Note Event of Default or Potential Class A Note Event of Default shall not be treated as such for the purposes of the Class A Note Trust Deed provided that the Class A Note Trustee shall not exercise such powers in contravention of any express direction given by Class A Extraordinary Resolution of the Class A Noteholders or of a request in writing made by Class A Noteholders of not less than 25 per cent. in aggregate of the principal amount of the Class A Notes then outstanding, but no such direction or request shall affect any waiver or authorisation previously given or made or so as to authorise or waive any such proposed breach or breach relating to any Class A Basic Terms Modification.

Modification

The Class A Note Trustee may without the consent or sanction of the Class A Noteholders, Class A Receiptholders or Class A Couponholders and without the consent of the other Issuer Secured Creditors (other than any Issuer Secured Creditor which is party to the relevant documents), at any time and from time to time concur with the Issuer and any other person, or direct the Issuer Security Trustee to concur with the Issuer or any other person, in making any modification to:

(a) the Class A Note Trust Deed, the Class A Conditions, the Class A Notes, the Class A Receipts, the Class A Coupons and/or the other Issuer Class A Transaction Documents (other than a Class A Basic Terms Modification) (subject as provided in the STID in relation to any Common Documents and as provided in the Issuer Deed of Charge in relation to any Issuer Common Document) or other document to which it is party or in respect of which it holds security provided that the Class A Note Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Class A Noteholders (where "materially prejudicial" means that such modification 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 A Notes on the relevant due date for payment therefor) and provided further that if any such modification relates to a Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent or, where any Class A Noteholders are affected Issuer Secured Creditors, the holders of each Sub-Class of Class A Notes affected thereby have sanctioned such modification in accordance with the Class A Note Trust Deed; or

(b) the Class A Note Trust Deed, the Class A Conditions, the Class A Notes, the Class A Receipts, the Class A Coupons or the other the Issuer Class A Transaction Documents (subject as provided in the STID in relation to any Common Documents and as provided in the Issuer Deed of Charge in relation to any Issuer Common Document) or other documents to which it is a party or in respect of which it holds security which is, in the opinion of the Class A Note Trustee, of a formal, minor, administrative or technical nature, to correct a manifest error or an error which is, in the opinion of the Class A Note Trustee, proven.

The Class A Note Trust Deed provides that in connection with the exercise by it of any of its trusts, powers, authorities or discretions under the Class A Note Trust Deed (including, without limitation, any modification, waiver, authorisation, determination or substitution) or any other Issuer Class A Transaction Document the Class A Note Trustee shall have regard to the general interests of the Class A Noteholders.

The Class A Note Trustee will be authorised by each Class A Noteholder, to execute and deliver on its behalf all documentation required to implement, or direct the Issuer Security Trustee to implement any waivers, authorisation, modifications or consents which have been granted by the Class A Note Trustee in respect of the Class A Note Trust Deed, the Class A Conditions, the Class A Notes, the Class A Receipts, the Class A Coupons and/or any Issuer Class A Transaction Document or any Common Document ((other than a Class A Basic Terms Modification) subject as provided in the STID in relation to any Common Document) and the Issuer Deed of Charge or other document to which it is a party or in respect of which the Issuer Security Trustee holds security. Such execution and delivery shall bind each Class A Noteholder as if such documentation had been duly executed by it.

The Class A Note Trustee will be empowered by the terms of the Class A Note Trust Deed to make appropriate amendments to the Issuer Class A Transaction Documents (including instructing the Issuer Security Trustee in respect of the Issuer Common Documents) to reflect the appointment by the Issuer of a second rating agency to provide a rating in respect of the Class A Notes.

Action, proceedings and indemnification

The Class A Note Trustee shall not be bound to take any actions, proceedings, or steps in relation to the Class A Notes, the Class A Receipts, the Class A Coupons, any other Issuer Class A Transaction Document or the Class A Note Trust Deed unless respectively directed or requested to do so (i) by a Class A Extraordinary Resolution or (ii) in writing by the Class A Noteholders together holding or representing at least 25 per cent. or more of the aggregate Principal Amount Outstanding of the Class A Notes, and in either case then indemnified and/or secured and/or prefunded to its satisfaction against Liabilities to which it may thereby render itself liable or which it may incur by doing so.

Subject to the Issuer Deed of Charge, only the Class A Note Trustee may enforce the provisions of the Class A Note Trust Deed or the other Issuer Class A Transaction Documents to which it is party.

Issuer representations

The Issuer will make representations (subject to detailed carve-outs, exceptions and qualifications set forth in the Class A Note Trust Deed) in the Class A Note Trust Deed as at the date of the Class A Note Trust Deed and at each Issue Date, including as to:

(a) its corporate status, power and authority and certain other legal matters;

(b) the enforceability of the Issuer Class A Transaction Documents;

(c) the legality and validity of the Class A Notes;

(d) non-conflict with the documents binding on it, its constitutional documents, licences and laws;

(e) no existing Class A Note Event of Default or Potential Class A Note Event of Default;

(f) consents, licences, authorisations and approvals are obtained and complied with;

(g) no current litigation relating to or involving the Issuer;

(h) no Security Interest on any of its present or future revenues or assets other than pursuant to the Issuer Deed of Charge;

(i) no winding up or insolvency event in relation to it; and

(j) the legality, validity, enforceability and binding nature of the Issuer Security.

Issuer covenants

The covenants given by the Issuer in the Class A Note Trust Deed (subject to detailed carve-outs, exceptions and qualifications) include the following:

(a) maintain at all times at least one independent director who is not otherwise affiliated with the Holdco Group or the Sponsors;

(b) conduct its business in accordance with its obligations under the Class A Note Trust Deed;

(c) so far as permitted by applicable law and subject to any binding confidentiality restrictions give the Class A Note Trustee such documents needed to discharge or exercise its powers under the Class A Note Trust Deed or by operation of law;

(d) ensure compliance with accounting requirements as set forth by the relevant Stock Exchange;

(e) keep proper books of account and allow the Class A Note Trustee free access to such books of account;

(f) at all times maintain separate books, records and accounts;

(g) not commingle its assets with the assets of any other entities;

(h) use its own stationery, invoice and cheques;

(i) not grant, create or permit to subsist any Security Interests (unless by operation of law) over its assets other than pursuant to the Issuer Deed of Charge;

(j) not to have any Subsidiaries or any employees or premises;

(k) not to acquire any leasehold, freehold or heritable property;

(l) not dispose of assets save as permitted by the Issuer Class A Transaction Documents;

(m) not merge or legally consolidate save as permitted by the Issuer Class A Transaction Documents;

(n) not to incur any financial indebtedness save as permitted by the Issuer Class A Transaction Documents;

(o) not to pay any dividend or make any distributions to its shareholders save as permitted by the Issuer Class A Transaction Documents;

(p) subject to the Reservations not to permit any of the Issuer Class A Transaction Documents to become invalid;

(q) execute and perform such acts necessary in order for the Class A Note Trustee to discharge its functions under the Class A Note Trust Deed;

(r) procure the Class A Principal Paying Agent and the Class A Registrar notify the Class A Note Trustee in the event they do not receive payment of the full amount due on all Class A Notes, Class A Receipts or Class A Coupons;

(s) if the relevant Final Terms or Drawdown Prospectus indicate that the Class A Notes are to be listed on a relevant Stock Exchange, maintain the quotation or listing on the relevant Stock Exchange of those of the Class A Notes;

(t) send to the Class A Note Trustee and obtain its approval, prior to the date on which any such notice is to be given, the form of every notice to be given to the Class A Noteholders;

(u) notify the Class A Note Trustee if payments by the Issuer become subject to withholding;

(v) deliver to the Class A Note Trustee a certificate setting out the total number and aggregate nominal amount of the Class A Notes which up to and including the date of such certificate have been purchased by the Issuer, the Borrower, or any other member of the Holdco Group and cancelled;

(w) give notice to the Class A Note Trustee of any proposed redemption of the Class A Notes;

(x) minimise Taxes and any other costs arising in connection with its payment obligations in respect of the Class A Notes;

(y) maintain its registered office in Jersey and its COMI/tax residence in the UK;

(z) give notice to the Class A Note Trustee of the occurrence of any Class A Note Event of Default or Potential Class A Note Event of Default; and

(aa) unless Holdco has confirmed to the Issuer and the Class A Note Trustee that it is no longer required under the CTA to ensure that any amounts of principal or interest payable under any Class A Authorised Credit Facility are only payable on 31 January and 31 July in each Financial Year, the Issuer shall not agree with any relevant Dealer to issue any Class A Bonds unless the Class A Note Interest Payment Dates specified in the relevant Final Terms or Drawdown Prospectus are January 31 and July 31 in each year.

Issuer Deed of Charge

General

The Issuer will, on or before the Closing Date, 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 Initial 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 Corporate Officer Provider, the Issuer Jersey Corporate Services Provider, the Class A Transfer Agent, the Class A U.S. 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 Closing 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 and interest and benefit, present and future, into 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;

(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 (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 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; and

(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

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 the Qualifying Issuer Senior Creditors holding at least 25 per cent. of the aggregate Issuer Senior Debt then outstanding (including, in the case of the Class A Notes, the Class A Note Trustee acting on the instructions of the holders of the Class A Notes), provided that the Issuer Security Trustee has been indemnified and/or secured and/or prefunded to its satisfaction against any liabilities.

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.

Modification, Authorisation, Waiver and Consent – Class B conditions

Subject to the satisfaction of certain conditions, the Class B Noteholders can make amendments, modifications or waivers to the Class B Conditions without obtaining the approval of the Class A Noteholders.

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 Class B Noteholders 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 Class B Noteholder(s) 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 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

(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 Class A Condition 7(c) (*"Optional Redemption"*) 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 Class B Noteholders 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 Class B Noteholders 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 Class B Noteholders can, if they wish to exercise the Class B Call Option, do so (including, without limitation, 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 Class B Noteholders and each Principal Paying Agent whether or not any Class B Noteholder has exercised its right to purchase the Class A Notes and any Class A Authorised Credit Facility. If any such Class B Noteholder or Class B Noteholders 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 Class B Noteholder notifies the Issuer that it wishes to exercise the Class B Call Option, then each Class B Noteholder 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 Class B Noteholders 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 Noteholders 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 and/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 and any non-contractual obligations arising out of or in connection with it shall be governed by and constructed in accordance with 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, UK) 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 and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Class A Agency Agreement

Pursuant to the Class A Agency Agreement to be entered into between the Issuer, the Class A Principal Paying Agent, the Class A Agent Bank, the Class A U.S Paying Agent, the Class A Transfer Agent, the Class A Exchange Agent, the Class A Registrar and the Class A Note Trustee, provision will be made for, amongst other things, payment of principal and interest in respect of the Class A Notes.

The Issuer may revoke the appointment of the Class A Principal Paying Agent upon not less than 45 days' prior written notice to the Class A Principal Paying Agent and the Class A Note Trustee. The appointment of the Class A Principal Paying Agent will terminate immediately if the Class A Principal Paying Agent becomes incapable of performing its obligations or upon the occurrence of certain insolvency-related events. In addition, the Class A Principal Paying Agent may resign from its role under the Class A Agency Agreement upon not less than 90 days' prior written notice to the Issuer and the Class A Note Trustee. The termination of the appointment of the Class A 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 A Agency Agreement and any non-contractual obligations arising out of or in connection with it will be governed by and will be construed in accordance with 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 dated on or before the Closing Date. Pursuant to the Issuer Cash Management Agreement, the 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 a Issuer Liquidity Shortfall by applying such amount towards payment of items 1 to 6 (inclusive) of the Issuer Pre-Acceleration Priority of Payments (excluding any final payment on any Final Maturity Date and any termination payments and all other unscheduled amounts payable to any Issuer Hedge Counterparty and any Additional Class A Note Amounts). 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 Class A Condition 10(b) (*Delivery of Note Acceleration Notice*) or Class B Condition 9 (*Class B Note Events of Default*), as the case may be, 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**"):

1. *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.

2. *second*, in or towards satisfaction, *pari passu* and *pro rata*, of 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 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;

(b) the fees, other remuneration, indemnity, payments, costs, charges and expenses of the Agents incurred under any Agency Agreement;

(c) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement;

(d) 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

(e) the fees, other remuneration, costs, charges and expenses of the Rating Agency.

3. *third* in or towards satisfaction, *pari passu* and *pro rata* of:

(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) 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);

(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 Class A 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 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).

5. *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, of

(a) all amounts of interest due and payable under the Class A Notes; and

(b) 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.

6. *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of

(a) 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

(b) all amounts of principal under the Class A Notes and all Additional Class A Note Amounts.

7. *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable under the Class B Notes.

8. *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.

9. *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.

10. *tenth*, any remaining amount *pasi 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 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 dated as of 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 and any non-contractual obligations arising out of or in connection with it will be governed by English law.

DESCRIPTION OF OTHER INDEBTEDNESS

The following summary of the expected material terms of the Class B Notes which we intend to issue on the Closing Date, Topco Payment Undertaking and Topco Security Agreement does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. The terms of the Class B Notes, Topco Payment Undertaking and Topco Security Agreement may differ from the terms described below.

The Class B Notes

The Issuer intends to issue Class B Notes on the Closing Date.

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 pursuant to the terms of the Class B IBLA (the "**Class B IBLA**"). Pursuant to the Class B IBLA, the Issuer will provide to the Borrower a secured facility (the "**Class B Loan**") which will be contractually subordinated to the Class A IBLAs and the Initial Senior Term Facility.

The economic terms and conditions of the Class B IBLA (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.

The Borrower must repay the Class B Loan in full on 31 July 2043 to the extent not repaid, prepaid or otherwise discharged in full prior to that date.

Class B Notes will bear interest at a fixed rate with a rate step down on 31 July 2021. 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 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 Initial Class A IBLA) are repaid in full and (y) 31 July 2043. Interest will accrue on such deferred interest at the rate otherwise payable on unpaid principal of such Class B Loan at such time.

At any time prior to 31 January 2016, the Borrower may prepay up to 40 per cent. of the aggregate principal amount of the Class B IBLA at a specified prepayment price (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts, if any, to the date of prepayment with the proceeds of certain equity offerings. At any time prior to 31 January 2016, the Borrower may, at their option, prepay all or part of the Class B IBLA at a prepayment price equal to 100 per cent. of the principal amount of the Class B IBLA prepaid, plus the applicable premium and accrued and unpaid interest and additional amounts, if any, to the date of prepayment. In addition, on or after 31 January 2016, the Borrower may prepay all or a part of the Class B IBLA at a specified prepayment price (expressed as a percentages of principal amount), plus accrued and unpaid interest and additional amounts, if any, on the Class B IBLA prepaid, to the applicable date of prepayment. Upon the occurrence of certain changes in tax law, the Borrower may prepay all of the Class B IBLA at a price equal to the principal amount plus accrued and unpaid interest.

Under the Class B IBLA, the Borrower 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**") equal to 100 per cent. on each Financial Covenant Test Date. The Borrower will have the benefit of certain cure rights in the event that the Class B FCF DSCR is less than 100 per cent.

The Class B IBLA will limit, among other things, Topco and the Obligors with respect to:

(a) the incurrence or guarantee of additional indebtedness;

(b) the payment of dividends or other distributions on, and the redemption or repurchase of, its equity;

(c) the making of certain restricted payments and investments;

(d) the incurrence of certain liens;

(e) the imposition of restrictions on the ability of subsidiaries to pay dividends and other payments to Topco and its restricted subsidiaries;

(f) the transfer, lease, sale or other disposition of certain assets;

(g) the merger, consolidation with, or sale of substantially all of Topco and its restricted subsidiaries' assets to, other entities;

(h) the entry into certain transactions with affiliates; and

(i) the impairment of the security interest for the holders of Class B Notes.

Each of the covenants is subject to a number of important exceptions and qualifications.

Topco Payment Undertaking

Pursuant to a deed of undertaking, 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;

(b) any accrued but unpaid interest outstanding in respect of each Class B Authorised Credit Facility;

(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,

each, a "**Class B Payment Amount**"), on the date specified in a Demand Notice served by the Obligor Security Trustee on Topco following the occurrence of a Share Enforcement Event or a Class B Event of Default provided that if a Share Enforcement Event or Class B Event of Default relating to the non-payment of principal when due 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 Creditor 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 "*Summary of Common Documents—Security Trust Deed and Intercreditor Deed—Enforcement of the Topco Security*" for a further description of the conditions to enforcement and 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 Security Trust and Intercreditor Deed. 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 and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Topco Security Agreement

Under a security agreement (the "**Topco Security Agreement**") 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 the delivery of a Topco Enforcement Instruction) over the entire issued share capital of Holdco and by way of a fixed charge 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 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 Issuer Deed of Charge.

The Topco Security Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

USE OF PROCEEDS

The proceeds from each issue of Class A Notes under the Programme will be on-lent to the Borrower under the terms of a Class A IBLA. The Borrower will apply the proceeds of the Class A IBLA Advances under the Class A IBLAs:

(a) to refinance the Existing Indebtedness; and

(b) for general corporate purposes and as permitted pursuant to the Transaction Documents.

TERMS AND CONDITIONS OF THE CLASS A NOTES

References herein to the Class A Notes shall be references to the Sub-Class of the Class A Notes and shall mean:

(a) in relation to a Class A Global Note, units of each Specified Denomination in the Specified Currency;

(b) any Class A Global Note;

(c) any Class A Definitive Notes issued in exchange for a Class A Global Note in bearer form; and

(d) Class A Registered Notes (whether or not issued in definitive form and whether or not in exchange for a Class A Global Note in registered form).

AA Bond Co Limited (the "**Issuer**") has established a Note programme (the "**Programme**") for the issuance of Class A Notes (the "**Class A Notes**"). Class A Notes issued under the Programme on a particular Issue Date comprise a Sub-Class of the Class A Notes (each, a "**Sub-Class**") in an aggregate nominal amount from time to time outstanding not exceeding the Programme Limit.

Each Sub-Class of Class A Notes may be denominated in different currencies or have different interest rates, maturity dates or other terms. Each Sub-Class of the Class A Notes may be fixed rate ("**Fixed Rate Class A Notes**") or floating rate ("**Floating Rate Class A Notes**") depending on the method of calculating interest payable in respect of such Class A Notes and may be denominated in sterling, euro, U.S. dollars or in other currencies subject to compliance with applicable law or regulation.

The terms and conditions applicable to the Class A Notes are these terms and conditions (the "**Class A Conditions**") as may be completed by (a) Part A of a set of final terms in relation to each Sub-Class of the Class A Notes ("**Final Terms**") or (b) a prospectus relating to a Sub-Class of Class A Notes (a "**Drawdown Prospectus**"). In the event of any inconsistency between these Class A Conditions and the relevant Final Terms or the Drawdown Prospectus, as the case may be, the relevant Final Terms or Drawdown Prospectus shall prevail.

The Class A Notes will be constituted by a note trust deed to be dated the Closing Date (as defined below) as the same may be amended, supplemented, restated and/or novated from time to time (the "**Class A Note Trust Deed**"), between the Issuer and Deutsche Trustee Company Limited as trustee for the Class A Noteholders (as defined below) (the "**Class A Note Trustee**", which expression includes the trustee or trustees for the time being of the Class A Note Trust Deed).

The Class A Notes have the benefit (to the extent applicable) of an agency agreement (as amended, supplemented and/or restated from time to time, the "**Class A Agency Agreement**") to be dated on or about the Closing Date (to which, among others, the Issuer, the Class A Note Trustee, the Class A Principal Paying Agent and the other Class A Paying Agents or the Class A Transfer Agents and the Class A Registrar are party). As used herein, each of "**Class A Principal Paying Agent**", "**Class A Paying Agents**", "**Class A Agent Bank**", "**Class A Transfer Agent**" and/or "**Class A Registrar**" means, in relation to the Class A Notes, the persons specified in the Class A Agency Agreement as the Class A Principal Paying Agent, Class A Paying Agents, Class A Agent Bank, Class A Transfer Agents and/or Class A Registrar, respectively, and, in each case, any successor to such person in such capacity. The Class A Notes may also have the benefit (to the extent applicable) with respect to Floating Rate Class A Notes of a calculation agency agreement in respect of the Class A Notes (in the form or substantially in the form of schedule 1 to the Class A Agency Agreement, the "**Calculation Agency Agreement**") between, *inter alia*, the Issuer and any calculation agent appointed by the Issuer as calculation agent (the "**Calculation Agent**"). "**Agents**" shall mean the Class A Principal Paying Agent, the Class A Transfer Agent, the Class A Registrar, the Class A Agent Bank, any Calculation Agent (as defined above) appointed thereunder and any additional Class A Paying Agents also appointed thereunder.

On or about the Closing Date, the Issuer will enter into a deed of charge (the "**Issuer Deed of Charge**") with Deutsche Trustee Company Limited (in this capacity the "**Issuer Security Trustee**") as security trustee, pursuant to which the Issuer will grant certain fixed and floating charge security (the "**Issuer Security**") to the Issuer Security Trustee for itself and the other Issuer Secured Creditors (as defined below), 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, each Issuer Hedge Counterparty, each Liquidity Facility Provider, each Principal Paying Agent, each Paying Agent, the Calculation Agent (if any) each Transfer Agent, each Registrar, the Issuer Account Bank, the Class A Agent Bank, the Issuer Cash Manager, the Issuer Jersey Corporate Services Agreement and the Issuer Corporate Officer Provider (each as defined below) (together the "**Issuer Secured Creditors**").

On or before the Closing Date, the Issuer will enter into a dealership agreement (the "**Dealership Agreement"**) with the dealers named therein (the "**Dealers"**) in respect of the Programme, pursuant to which any of the Dealers may enter into subscription agreements (each a "**Subscription Agreement"**) in relation to each Sub-Class of Class A Notes issued by the Issuer, and pursuant to which the Dealers will agree to subscribe for the relevant Class A Notes. In any Subscription Agreement relating to a Sub-Class of Class A Notes, any of the Dealers may agree to procure subscribers to subscribe for the relevant Sub-Class of Class A Notes.

The Issuer may enter into liquidity facility agreements (together, the "**Liquidity Facility Agreements**") with certain liquidity facility providers (each a "**Liquidity Facility Provider**" and together, the "**Liquidity Facility Providers**") pursuant to which the Liquidity Facility Providers agree to make certain facilities available to meet liquidity shortfalls.

The Issuer may enter into certain currency and interest rate hedging agreements (together, the "**Issuer Hedging Agreements**") with certain hedge counterparties (together, the "**Issuer Hedge Counterparties**") in respect of certain Sub-Classes of Class A Notes, pursuant to which the Issuer hedges certain of its currency and interest rate obligations.

On or before the Closing Date, the Issuer will enter into a common terms agreement with amongst others, the Obligors and the Obligor Secured Creditors (the "**CTA**") and a security trust and intercreditor deed between amongst others, the Obligors and the other Obligor Secured Creditors (the "**STID**").

The Class A Note Trust Deed, the Class A Notes (including the applicable Final Terms or Drawdown Prospectus), the Issuer Deed of Charge, the Class A Agency Agreement, the Liquidity Facility Agreement, the Issuer Hedging Agreements, each Class A IBLA, the STID, the CTA, the Issuer Cash Management Agreement, the master definitions agreement between, among others, the Issuer and the Class A Note Trustee to be dated the Closing Date (the "**Master Definitions Agreement**" or "**MDA**"), the account bank agreement between, among others, the Issuer Account Bank, the Issuer and the Class A Note Trustee (the "**Issuer Account Bank Agreement"**), the Tax Deed of Covenant and any related document (each, if not defined above, as defined below) are, in relation to the Class A Notes, together referred to as the "**Issuer Class A Transaction Documents**".

In these Class A Conditions, words denoting the singular number only shall include the plural number also and *vice versa*. Capitalised terms not otherwise defined in these Class A Conditions shall bear the meanings given to them in the MDA and these Class A Conditions shall be construed in accordance with the principles of construction set out in the MDA.

Certain statements in these Class A Conditions are summaries of the detailed provisions appearing on the face of the Class A Notes (which expression shall include the body thereof), in the relevant Final Terms or Drawdown Prospectus or in the Class A Note Trust Deed, the STID, the CTA or the Issuer Deed of Charge. Copies of the Class A Note Trust Deed, STID, CTA, MDA and the Issuer Deed of Charge are available for inspection during normal business hours at the specified offices of the Class A Principal Paying Agent (in the case of Class A Bearer Notes) or the specified offices of the Class A Transfer Agents and the Class A Registrar (in the case of Class A Registered Notes), save that, if the relevant Class A Note is an unlisted Sub-Class of any Class A Notes, the applicable Final Terms or Drawdown Prospectus will only be obtainable by a Class A Noteholder holding one or more unlisted Class A Notes of that Sub-Class and such Class A Noteholder must provide evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Class A Notes and identity.

The Class A Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Class A Note Trust Deed, the Issuer Deed of Charge, the STID, CTA and other Issuer Class A Transaction Documents and the relevant Final Terms or Drawdown Prospectus and to have notice of those provisions of the Class A Agency Agreement and the other Class A Issuer Transaction Documents applicable to them. In the event of any inconsistency between these Class A Conditions and the terms set out in the Class A Note Trust Deed, the STID, the Issuer Deed of Charge and the CTA, the terms of the Class A Note Trust Deed, the STID, the Issuer Deed of Charge or the CTA (as the case may be) shall prevail.

Any reference in these conditions to a matter being "specified" means as the same may be specified in the relevant Final Terms or Drawdown Prospectus.

1. **Form, Denomination and Title**

(a) ***Form and Denomination***

The Class A Notes are in bearer form ("**Class A Bearer Notes**") or in registered form ("**Class A Registered Notes**") as specified in the applicable Final Terms or Drawdown Prospectus and, in the case of Class A Definitive Notes, serially numbered in the Specified Denomination(s) provided that in the case of any Class A Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be £100,000, €100,000, U.S.$200,000 or not less than the equivalent of €100,000 in any other currency as at the date of issue of the relevant Class A Notes (or such other amount required by applicable law from time to time as stated in the applicable Final Terms or Drawdown Prospectus) and in the case of the Class A Notes in respect of which the publication of a prospectus is not required under the Prospectus Directive the minimum Specified Denomination shall not be less than that required by applicable law as stated in the applicable Final Terms or Drawdown Prospectus. Class A Notes may be issued in such denomination and higher integral multiples of a smaller amount if specified in the applicable Final Terms or Drawdown

Prospectus. Class A Notes of one Specified Denomination may not be exchanged for Class A Notes of another Specified Denomination and Class A Registered Notes may not be exchanged for Class A Bearer Notes. References in these Class A Conditions to "**Class A Notes**" include Class A Bearer Notes and Class A Registered Notes and all Sub-Classes of Class A Notes and Sub-Class of Class A Notes.

So long as the Class A Notes are represented by a temporary Class A Global Note or permanent Class A Global Note and the relevant clearing system(s) so permit, the Class A Notes shall be tradable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

The Class A Notes may be Fixed Rate Class A Notes or Floating Rate Class A Notes, as specified in the applicable Final Terms or Drawdown Prospectus.

Interest bearing Class A Bearer Notes are issued with Class A Coupons (as defined below) (and, where appropriate, a Class A Talon (as defined below)) attached. After all the Class A Coupons attached to, or issued in respect of, any Class A Bearer Note which was issued with a Class A Talon have matured, a coupon sheet comprising further Class A Coupons (other than Class A Coupons which would be void) and (if necessary) one further Class A Talon will be issued against presentation of the relevant Class A Talon at the specified office of any Class A Paying Agent. Any Class A Bearer Note the principal amount of which is redeemable in instalments may be issued with one or more Class A Receipts (as defined below) (and, where appropriate, a Class A Talon) attached thereto.

(b) ***Title***

Title to Class A Bearer Notes, Class A Coupons, Class A Receipts and Class A Talons (if any) passes by delivery. Title to Class A Registered Notes passes by registration in the register (the "**Class A Register**"), which the Issuer shall procure to be kept by the Class A Registrar.

In these Class A Conditions, subject as provided below, each reference to "**Class A Noteholder**" (in relation to a Class A Note, Class A Coupon, Class A Receipt or Class A Talon), "**holder**" and "**Holder**" means (i) in relation to a Class A Bearer Note, the bearer of any Class A Bearer Note, Class A Coupon, Class A Receipt or Class A Talon (as the case may be) and (ii) in relation to a Class A Registered Note, the person in whose name a Class A Registered Note is registered, as the case may be. The expressions "**Class A Noteholder**", "**holder**" and "**Holder**" include the holders of instalment receipts ("**Class A Receipts**") appertaining to the payment of principal by instalments (if any) attached to such Class A Notes in bearer form (the "**Class A Receiptholders**"), the holders of the coupons ("**Class A Coupons**") (if any) appertaining to interest bearing Class A Notes in bearer form (the "**Class A Couponholders**"), and the expression Class A Couponholders or Class A Receiptholders includes the holders of talons ("**Class A Talons**") in relation to Class A Coupons or Class A Receipts as applicable.

The bearer of any Class A Bearer Note, Class A Coupon, Class A Receipt or Class A Talon and the registered holder of any Class A Registered Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the relevant Class A Note, or its theft or loss or any express or constructive notice of any claim by any other person of any interest therein other than, in the case of a Class A Registered Note, a duly executed transfer of such Class A Note in the form endorsed on the Class A Note in respect thereof) and no person will be liable for so treating the holder.

Class A Notes which are represented by a Class A Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or Drawdown Prospectus.

(c) ***Further Class A Notes***

The Issuer may, from time to time, without the consent of the Class A Noteholders, Class A Receiptholders or Class A Couponholders, create and issue further Class A Notes having the same terms and conditions as the Sub-Class of Class A Notes in all respects (or in all respects except for the first payment of interest). Accordingly, a Sub-Class of Class A Notes may

comprise a number of tranches in addition to the initial tranche of such Sub-Class of Class A Notes. Such further tranches of the same Sub-Class of Class A Notes will be consolidated and form a single Sub-Class with the prior issues of that Sub-Class of Class A Notes.

2. **Exchanges of Class A Bearer Notes for Class A Registered Notes and Transfers of Class A Registered Notes**

(a) ***Exchange of Class A Notes***

Subject to Class A Condition 2(e) ("*Closed Periods*"), Class A Bearer Notes may, if so specified in the relevant Final Terms or Drawdown Prospectus, be exchanged at the expense of the transferor Class A Noteholder for the same aggregate principal amount of Class A Registered Notes at the request in writing of the relevant Class A Noteholder and upon surrender of the Class A Bearer Note to be exchanged together with all unmatured Class A Coupons, Class A Receipts and Class A Talons (if any) relating to it at the specified office of the Class A Registrar or any Class A Transfer Agent or Class A Paying Agent. Where, however, a Class A Bearer Note is surrendered for exchange after the Record Date (as defined below) for any payment of interest or Class A Note Interest Amount (as defined below), the Class A Coupon in respect of that payment of interest or Class A Note Interest Amount need not be surrendered with it. Class A Registered Notes may not be exchanged for Class A Bearer Notes.

(b) ***Transfer of Class A Registered Notes***

A Class A Registered Note may be transferred upon the surrender of the relevant Class A Registered Definitive Note, together with the form of transfer endorsed on it duly completed and executed, at the specified office of any Class A Transfer Agent or the Class A Registrar. However, a Class A Registered Note may not be transferred unless (i) the principal amount of Class A Registered Notes proposed to be transferred and (ii) the principal amount of the balance of Class A Registered Notes to be retained by the relevant transferor are, in each case, Specified Denominations. In the case of a transfer of part only of a holding of Class A Registered Notes represented by a Class A Registered Definitive Note, a new Class A Registered Definitive Note in respect of the balance not transferred will be issued to the transferor within three business days (in the place of the specified office of the Class A Transfer Agent or the Class A Registrar) of receipt of such form of transfer.

(c) ***Delivery of New Class A Registered Definitive Notes***

Each new Class A Registered Definitive Note to be issued upon exchange of Class A Bearer Notes or transfer of Class A Registered Notes will, within three business days (in the place of the specified office of the Class A Transfer Agent or the Class A Registrar) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Class A Transfer Agent or the Class A Registrar stipulated in the request for exchange or form of transfer, or be mailed at the risk of the Class A Noteholder entitled to the Class A Registered Definitive Note to such address as may be specified in such request for exchange or form of transfer. For these purposes, a form of transfer or request for exchange received by the Class A Registrar after the Record Date (as defined below) in respect of any payment due in respect of Class A Registered Notes shall be deemed not to be effectively received by the Class A Registrar until the Business Day (as defined in Class A Condition 21 ("*Definitions*") below) following the due date for such payment.

(d) ***Exchange at the Expense of Transferor Class A Noteholder***

Registration of Class A Notes on exchange or transfer will be effected at the expense of the transferor Class A Noteholder by or on behalf of the Issuer, the Class A Transfer Agent or the Class A Registrar, and upon payment of (or the giving of such indemnity as the Class A Transfer Agent or the Class A Registrar may require in respect of) any Tax which may be imposed in relation to it.

(e) ***Closed Periods***

No transfer of a Class A Registered Note may be registered, nor may any exchange of a Class A Bearer Note for a Class A Registered Note occur during the period of 15 days ending on the due date for any payment of principal, interest, Class A Note Interest Amount (as defined below) or Redemption Amount (as defined below) on that Class A Note.

(f) ***Regulations Concerning the Transfer of Class A Registered Notes***

All transfers of Class A Registered Notes and entries on the Class A Register are subject to the detailed regulations concerning the transfer of Class A Registered Notes scheduled to the Class A Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Class A Principal Paying Agent, the Class A Note Trustee and the Class A Registrar. A copy of the current regulations will be mailed (free of charge) by the Class A Registrar to any Class A Noteholder who requests in writing a copy of such regulations.

3. **Status of Class A Notes**

(a) ***Status of the Class A Notes***

The Class A Notes, Class A Coupons, Class A Talons and Class A Receipts (if any) are direct and (subject to Class A Condition 19 ("*Limited Recourse*") unconditional obligations of the Issuer, are secured in the manner described in Class A Condition 4 ("*Security, Priority and Relationship with the Issuer Secured Creditors*") and rank *pari passu* without any preference or priority among themselves.

(b) ***Class A Note Trustee not responsible for monitoring compliance***

The Class A Note Trustee shall not be responsible for monitoring compliance by the Issuer with any of its obligations under the Issuer Class A Transaction Documents except by means of receipt of a certificate from the Issuer which will state, among other things, that no Class A Note Event of Default is outstanding. The Class A Note Trustee shall be entitled to rely on such certificates absolutely. The Class A Note Trustee is not responsible for monitoring compliance by any of the parties with their respective obligations under the Issuer Class A Transaction Documents. The Class A Note Trustee may call for and is at liberty to accept as sufficient evidence a certificate signed by any one director of the Issuer, the Obligors (or any of them) or any other party to any Issuer Class A Transaction Document to the effect that any particular dealing, transaction, step or thing is in the opinion of the persons so certifying suitable or expedient or as to any other fact or matter upon which the Class A Note Trustee may require to be satisfied. The Class A Note Trustee is in no way bound to call for further evidence or be responsible for any loss that may be occasioned by acting on any such certificate although the same may contain some error or is not authentic. The Class A Note Trustee is entitled to rely upon any certificate believed by it to be genuine and will not be liable for so acting.

4. **Security, Priority and Relationship with the Issuer Secured Creditors**

(a) ***Security***

As continuing security for the payment or discharge of the Issuer Secured Liabilities (including all moneys payable in respect of the Class A Notes, Class A Coupons and Class A Receipts and otherwise under the Class A Note Trust Deed, the Issuer Deed of Charge (including the remuneration, expenses and other claims of the Class A Note Trustee, the Issuer Security Trustee and any Receiver appointed under the Issuer Deed of Charge), 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:

(i) an assignment by the Issuer by way of a first fixed security of its right, title, interest and benefit, present and future, in, to and under the Issuer Charged Documents;

(ii) a first fixed charge over the Issuer Accounts, and amounts standing to the credit of the Issuer Accounts and charges over investments;

(iii) a first fixed charge over all the rights of the Issuer in respect of all investments in Cash Equivalent Investments of the Issuer; and

(iv) a first floating charge over all the Issuer's assets (other than its rights in respect of the Issuer Jersey Corporate Services Agreement), 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 fixed charge or assignment above,

all as more particularly set out in the Issuer Deed of Charge.

All Class A Notes issued by the Issuer under the Programme will share in the Issuer Security constituted by the Issuer Deed of Charge, upon and subject to the terms thereof.

(b) ***Relationship among Class A Noteholders and with other Issuer Secured Creditors***

The Class A Noteholders from time to time are Issuer Secured Creditors. The Class A Note Trustee is an Issuer Secured Creditor on its own behalf and on behalf of the Class A Noteholders from time to time.

The Class A Note Trust Deed contains provisions detailing the Class A Note Trustee's obligations to consider the interests of Class A Noteholders as regards all discretions of the Class A Note Trustee (except where expressly provided or otherwise referred to in Class A Condition 15 ("*Class A Note Trustee Protections*").

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.

(c) ***Enforceable Security***

In the event of the Issuer Security becoming enforceable as provided in the Issuer Deed of Charge, the Issuer Security Trustee shall, if instructed by the Qualifying Issuer Senior Creditors (in accordance with the terms of the Issuer Deed of Charge) enforce its rights with respect to the Issuer Security, 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 Issuer Secured Creditor, provided that the Issuer Security Trustee shall not be obliged to take any action unless it is indemnified and/or secured and/or prefunded to its satisfaction.

(d) ***Application After Enforcement***

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 Accounts and proceeds of the enforcement of the Issuer Security to make payments in accordance with the Issuer Post-Acceleration Priority of Payments (as set out in the Issuer Deed of Charge).

(e) ***Issuer Security Trustee not liable for security***

The Issuer Security Trustee will not make, and will not be liable for any failure to make, any investigations in relation to the property which is the subject of the Issuer Security, and shall not be bound to enquire into or be liable for any defect or failure in the right or title of the Issuer to the Issuer Security, whether such defect or failure was known to the Issuer Security Trustee or might have been discovered upon examination or enquiry or whether capable of remedy or not, nor will it have any liability for the enforceability of the Issuer Security created under the Issuer Deed of Charge whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such Issuer Security or otherwise. The Issuer Security Trustee shall have no responsibility for the value of any such Issuer Security.

5. **Issuer Covenants**

So long as any of the Class A Notes remains outstanding, the Issuer has agreed to comply with the covenants as set out in the Class A Note Trust Deed.

The Class A 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.

6. **Interest and other Calculations**

(a) ***Interest Rate and Accrual***

Each Class A Note bears interest on its Principal Amount Outstanding as defined below from the Class A Interest Commencement Date (as defined below) at the Class A Interest Rate (as defined below), such interest being payable in arrear (unless otherwise specified in the relevant Final Terms or Drawdown Prospectus) on each Interest Payment Date (as defined below).

Interest will cease to accrue on each Class A Note (or, in the case of the redemption of part only of a Class A Note, that part only of such Class A Note) on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (both before and after judgment) at the Class A Interest Rate that would otherwise apply in respect of unpaid amounts on such Class A Notes at such time to the Class A Note Relevant Date (as defined in Class A Condition 21 ("*Definitions*").

If any maximum rate of interest or minimum rate of interest is specified in the relevant Final Terms or Drawdown Prospectus, then the Class A Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified, as the case may be.

(b) ***Business Day Convention***

If any date referred to in these Class A Conditions or the relevant Final Terms or Drawdown Prospectus is specified to be subject to adjustment in accordance with a Business Day Convention and would otherwise fall on a day which is not a Business Day (as defined in Class A Condition 21 ("*Definitions*")), then if the business day convention specified in the relevant Final Terms or Drawdown Prospectus is:

(i) the "**Following Business Day Convention**", such date shall be postponed to the next day which is a Business Day;

(ii) the "**Modified Following Business Day Convention**", such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

(iii) the "**Preceding Business Day Convention**", such date shall be brought forward to the immediately preceding Business Day.

(c) ***Floating Rate Class A Notes***

This Class A Condition 6(c) is applicable only if the relevant Final Terms or Drawdown Prospectus specify the Class A Notes as Floating Rate Class A Notes and in the limited circumstances set out in Class A Condition 6(d) ("*Fixed Rate Class A Notes*").

If "**Screen Rate Determination**" is specified in the relevant Final Terms or Drawdown Prospectus as the manner in which the Class A Interest Rate(s) is/are to be determined, the Class A Interest Rate applicable to the Class A Notes for each Class A Note Interest Period will be determined by the Class A Agent Bank (or the Calculation Agent, if applicable) on the following basis:

(i) if the Page (as defined below) displays a rate which is a composite quotation or customarily supplied by one entity, the Class A Agent Bank (or the Calculation Agent, if applicable) will determine the Relevant Rate (as defined in Class A Condition 21 ("*Definitions*");

(ii) in any other case, the Class A Agent Bank (or the Calculation Agent, if applicable) will determine the arithmetic mean of the Relevant Rates (as defined below) which appear on the Page as of the Relevant Time (as defined below) on the relevant Class A Interest Determination Date (as defined below) provided that, if five or more offered quotations are available on the relevant Page, the highest (or, if there is more than one highest quotation, one only of those quotations) and the lowest (or, if there is more than one lowest quotation, one only of those quotations) shall be disregarded by the Class A Agent Bank (or Calculation Agent, if applicable) for the purpose of determining the arithmetic mean (rounded as provided above) of the offered quotations);

(iii) if, in the case of (i) above, such rate does not appear on that Page or, in the case of (ii) above, fewer than two such rates appear on that Page or if, in either case, the Page is unavailable, the Class A Agent Bank (or the Calculation Agent, if applicable) will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks (as defined in Class A Condition 21 ("*Definitions*")) to provide a quotation of the Relevant Rate at approximately the Relevant

Time on the relevant Class A Interest Determination Date to prime banks in the Relevant Financial Centre (as defined below) interbank market (or, if appropriate, money market) in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested in Class A Condition 6(c)(iii), the Class A Agent Bank (or the Calculation Agent, if applicable) will determine the arithmetic mean of the rates (being the rates nearest to the Relevant Rate as determined by the Class A Agent Bank (or the Calculation Agent, if applicable)) quoted by the Reference Banks at approximately 11.00 a.m. (local time in the Relevant Financial Centre of the Relevant Currency) on the relevant Class A Interest Determination Date (as defined in Class A Condition 21 ("*Definitions*") for loans in the Relevant Currency to leading European banks for a period equal to the relevant Class A Note Interest Period and in the Representative Amount (as defined in Class A Condition 21 ("*Definitions*"),

and the Class A Interest Rate for such Class A Note Interest Period shall be the sum of the rate or (as the case may be) the arithmetic mean so determined and (a) for any Class A Note Interest Period that ends before the Expected Maturity Date, the Margin and (b) for any Class A Note Interest Period that ends on or after the Expected Maturity Date, the Margin and the Step-Up Floating Fee Rate. However, if the Class A Agent Bank or the Calculation Agent (as applicable) is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Class A Note Interest Period, the Class A Interest Rate applicable to the Class A Notes during such Class A Note Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Class A Notes in respect of a preceding Class A Note Interest Period.

If "**ISDA Determination**" is specified in the relevant Final Terms or Drawdown Prospectus as the manner in which the Class A Interest Rate(s) is/are to be determined, the Class A Interest Rate(s) applicable to the Class A Notes for each Class A Note Interest Period will be the sum of the ISDA Rate and (a) for any Class A Note Interest Period that ends before the Expected Maturity Date, the Margin and (b) for any Class A Note Interest Period that ends on or after the Expected Maturity Date, the Margin and the Step-Up Floating Fee Rate where "**ISDA Rate"** in relation to any Class A Note Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Class A Agent Bank (or the Calculation Agent, if applicable) under an interest rate swap transaction if the Class A Agent Bank (or the Calculation Agent, if applicable) were acting as calculation agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms or Drawdown Prospectus;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is the Specified Duration (as defined in Class A Condition 21 ("*Definitions*")); and

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (1) if the relevant Floating Rate Option is based on London interbank offered rate ("**LIBOR**") for a currency, the first day of that Class A Note Interest Period, (2) if the relevant Floating Rate Option is based on the Euro-zone interbank offered rate ("**EURIBOR**"), the first day of that Class A Note Interest Period or (3) in any other case, as specified in the relevant Final Terms or Drawdown Prospectus.

(d) ***Fixed Rate Class A Notes***

This Class A Condition 6(d) is applicable only if the relevant Final Terms or Drawdown Prospectus specify the Class A Notes as Fixed Rate Class A Notes.

Subject to the next paragraph, the Class A Interest Rate applicable to the Class A Notes for each Class A Note Interest Period will be the Class A Initial Interest Rate specified in the relevant Final Terms or Drawdown Prospectus.

If a Class A Revised Interest Rate is specified in the relevant Final Terms or Drawdown Prospectus, the Class A Interest Rate applicable to the Class A Notes for each Class A Note Interest Period from (and including) the Expected Maturity Date to (and including) the Final Maturity Date will be such Class A Revised Interest Rate.

(e) ***Rounding***

For the purposes of any calculations required pursuant to these Class A Conditions (unless otherwise specified):

(i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with halves being rounded up);

(ii) all figures will be rounded to seven significant figures (with halves being rounded up); and

(iii) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes, "unit" means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro, means 0.01 euro.

(f) ***Calculations***

The amount of interest payable in respect of any Class A Note for each Class A Note Interest Period shall be calculated by applying the Class A Interest Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Class A Note divided by the Calculation Amount (as defined in Class A Condition 21 ("*Definitions*")) unless a Class A Note Interest Amount is specified in respect of such period in the relevant Final Terms or Drawdown Prospectus, in which case the amount of interest payable in respect of such Class A Note for such Class A Note Interest Period will equal such Class A Note Interest Amount.

(g) ***Determination and Publication of Class A Interest Rates, Class A Note Interest Amounts, Redemption Amounts and Instalment Amounts***

As soon as practicable after the Relevant Time on each Class A Interest Determination Date or such other time on such date as the Class A Agent Bank (or the Calculation Agent, if applicable) may be required to calculate any Redemption Amount or the amount of an instalment of scheduled principal (an "**Instalment Amount**"), obtain any quote or make any determination or calculation, the Class A Agent Bank (or the Calculation Agent, if applicable) will determine the Class A Interest Rate and calculate the amount of interest payable (the "**Class A Note Interest Amounts**") in respect of each Specified Denomination of Class A Notes for the relevant Class A Note Interest Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Class A Interest Rate and the Class A Note Interest Amounts for each Class A Note Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount, Principal Amount Outstanding or any Instalment Amount to be notified to, in the case of Class A Bearer Notes, the Class A Paying Agents or in the case of Class A Registered Notes, the Class A Registrar, and, in each case, the Class A Note Trustee, the Issuer, the Class A Noteholders and the relevant Stock Exchange and each other listing authority, stock exchange and/or quotation system by which the relevant Class A Notes have then been admitted to listing, trading and/or quotation as soon as possible after its determination but in no event later than (i) (in case of notification to the relevant Stock Exchange and each other listing authority, stock exchange and/or quotation system by which the relevant Class A Notes have then been admitted to listing, trading and/or quotation) the commencement of the relevant Class A Note Interest Period, if determined prior to such time, in the case of a Class A Interest Rate and Class A Note Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. The Class A Note Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Class A Note Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Class A Notes are for the time being listed or by which they have been admitted to listing, to the Class A Principal Paying Agent, the Class A Note Trustee and to the

Class A Noteholders in accordance with Class A Condition 16 ("*Notices*"). If the Class A Notes become due and payable under Class A Condition 10 ("*Class A Note Events of Default*"), the accrued interest and the Class A Interest Rate payable in respect of the Class A Notes shall nevertheless continue to be calculated as previously provided in accordance with this Class A Condition but no publication of the Class A Interest Rate or the Class A Note Interest Amount so calculated need be made unless otherwise required by the Class A Note Trustee. The determination of each Class A Interest Rate, Class A Note Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Class A Agent Bank (or the Calculation Agent, if applicable) or, as the case may be, the Class A Note Trustee pursuant to this Class A Condition 6 ("*Interest and Other Calculations*"), shall (in the absence of manifest error) be final and binding upon all parties.

(h) ***Class A Agent Bank, Calculation Agent and Reference Banks***

The Issuer will procure that there shall at all times be a Class A Agent Bank (and a Calculation Agent, if applicable) and four Reference Banks selected by the Issuer acting through the Class A Agent Bank (or the Calculation Agent, if applicable) with offices in the Relevant Financial Centre if provision is made for them in these Class A Conditions applicable to the Class A Notes and for so long as any of them are outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer acting through the Class A Agent Bank (or the Calculation Agent, if applicable) will select another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. If the Class A Agent Bank (or the Calculation Agent, if applicable) is unable or unwilling to act as such or if the Class A Agent Bank (or the Calculation Agent, if applicable) fails duly to establish the Class A Interest Rate for any Class A Note Interest Period or to calculate the Class A Note Interest Amounts or any other requirements, the Issuer will appoint (with the prior written consent of the Class A Note Trustee) a successor to act as such in its place. The Class A Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

(i) ***Determination or Calculation by Class A Note Trustee***

If the Class A Agent Bank (or the Calculation Agent, if applicable) does not at any time for any reason determine any Class A Interest Rate, Class A Note Interest Amount, Redemption Amount, Instalment Amount or any other amount to be determined or calculated by it, the Class A Note Trustee shall (without liability to any person for so doing) determine such Class A Interest Rate, Class A Note Interest Amount, Redemption Amount, Instalment Amount or other amount as aforesaid at such rate or in such amount as in its absolute discretion (having regard as it shall think fit to the procedures described above, but subject to (i) any minimum interest rate or maximum interest rate specified in the applicable Final Terms or Drawdown Prospectus; and (ii) the terms of the Class A Note Trust Deed) it shall deem fair and reasonable in all the circumstances or, subject as aforesaid, apply the foregoing provisions of this Class A Condition, with any consequential amendments, to the extent that, in its sole opinion, it can do so and in all other respects it shall do so in such manner as it shall, in its absolute discretion, deem fair and reasonable in the circumstances, and each such determination or calculation shall be deemed to have been made by the Class A Agent Bank (or the Calculation Agent, if applicable). In making any such determination or calculation, the Class A Note Trustee may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute) and any costs in relation there to shall be met by the Issuer. Each such determination or calculation shall be deemed to have been made by the Class A Agent Bank (or Calculation Agent if applicable).

(j) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of Class A Condition 6 ("*Interest and Other Calculations*") whether by the Class A Principal Paying Agent or the Class A Agent Bank (or the Calculation Agent, if applicable) shall (in the absence of wilful default, gross negligence, bad faith or manifest error) be binding on the Issuer, each Obligor, the Class A Agent Bank, the Class A Note Trustee, the Class A Principal Paying Agent, the other Agents and all Class A Noteholders, Class A Receiptholders and Class A Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Obligors, the Class A Note Trustee, the Class A Noteholders, the Class A Receiptholders or the Class A Couponholders shall attach to the Class A Principal Paying Agent, the Class A Agent Bank or, if applicable, the Calculation Agent in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

7. **Redemption, Purchase and Cancellation**

(a) ***Expected Maturity***

Unless previously redeemed in full, or purchased and cancelled as provided below, or unless such Class A Note is stated in the relevant Final Terms or Drawdown Prospectus as having no fixed Expected Maturity Date, the Class A Notes will be redeemed on their Expected Maturity Date as follows and to the following extent:

(i) if, by the Expected Maturity Date, the Issuer has received repayment of the related advance (in accordance with the provisions of the relevant Class A IBLA) of a principal amount equal to the Principal Amount Outstanding, then the relevant Class A Notes will be redeemed in full (after exchange of such principal amount to the relevant currency pursuant to any Issuer Hedging Agreement, if such Issuer Hedging Agreement has been entered into); and

(ii) if, by the Expected Maturity Date, the Issuer has received repayment of the related advance (in accordance with the provisions of the relevant Class A IBLA) of a principal amount less than the Principal Amount Outstanding, then the relevant Class A Notes will be redeemed *pro rata* in part to the extent of the amount which is so deposited (after exchange of such principal amount to the relevant currency pursuant to the relevant Issuer Hedging Agreement, if such a Issuer Hedging Agreement has been entered into).

If the relevant Class A Notes are not redeemed in full by the Expected Maturity Date, then on each Interest Payment Date which thereafter occurs, the Class A Notes will be redeemed in full or, as the case may be, *pro rata* in part to the extent of the principal amount (after exchange of such principal amount to the relevant currency pursuant to the relevant Issuer Hedging Agreement, if such an Issuer Hedging Agreement has been entered into or, if there is no longer an Issuer Hedging Agreement in place and the Class A Notes are denominated in a currency other than the currency of the related advance, at a spot rate of exchange) which, if any, is received by the Issuer in repayment of the related advance(s) (in accordance with the provisions the relevant Class A IBLA) until the earlier of (a) such time as the Class A Notes are redeemed in full or (b) the Final Maturity Date specified in the relevant Final Terms or Drawdown Prospectus for the Class A Notes.

(b) ***Final Redemption***

If the Sub-Class of the Class A Notes have not previously been redeemed in full, or purchased and cancelled, the Sub-Class of Class A Notes will be finally redeemed at the then Principal Amount Outstanding plus accrued but unpaid interest on the Final Maturity Date as specified in the relevant Final Terms or Drawdown Prospectus for such Sub-Class of Class A Notes.

(c) ***Optional Redemption***

Subject as provided below, and provided that there is no Class A Note Event of Default or CTA Event of Default or Potential Event of Default then outstanding, upon giving not more than 60 nor less than 15 days' prior written notice (which notice shall be irrevocable) to the Class A Note Trustee, the Issuer Secured Creditors and the Class A Noteholders, the Issuer may (prior to the Expected Maturity Date applicable to a particular Sub-Class of Class A Notes) redeem any Sub-Class of Class A Notes in whole or in part (but on a *pro rata* basis only) on any Class A Note Interest Payment Date applicable to such Sub-Class of Class A Notes at their Redemption Amount, as follows:

(i) In respect of Fixed Rate Class A Notes denominated in sterling, the Redemption Amount will, unless otherwise specified in the relevant Final Terms, be an amount equal to the higher of (i) their Principal Amount Outstanding and (ii) the price determined to be appropriate by a financial adviser in London (selected by the Issuer and approved by the Class A Note Trustee) as being the price at which the Gross Redemption Yield (as defined below) on such Sub-Class of Class A Notes on the Reference Date (as defined below) is equal to the Gross Redemption Yield at 3:00 p.m. (London time) on the Reference Date on the Reference Gilt (as defined below) while that stock is in issue, and thereafter such UK government stock as the Issuer may, with the advice of three persons operating in the gilt edged market (selected by the Issuer and approved by the Class A Note Trustee) determine to be appropriate, plus accrued but unpaid interest on the Principal Amount Outstanding.

For the purposes of this Class A Condition 7(c))(i), "**Gross Redemption Yield**" means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the United Kingdom Debt Management Office publication "Formulae for Calculating Gilt Prices from Yields" published on 8 June 1998 with effect from 1 November 1998 and updated on 15 January 2002, page 5 or any replacement therefor and, for the purposes of such calculation, the date of redemption of the relevant Fixed Rate Class A Notes shall be assumed to be the Expected Maturity Date and not Final Maturity Date and "**Reference Gilt**" means the treasury stock specified in the relevant Final Terms or Drawdown Prospectus, or if no such security is specified, the Treasury stock whose modified duration most closely matches that of the Sub-Class of Class A Notes on the Reference Date with the advice of three persons operating in the gilt-edged market (selected by the Issuer and approved by the Class A Note Trustee).

(ii) In respect of Floating Rate Class A Notes, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Drawdown Prospectus, be the Principal Amount Outstanding plus any accrued but unpaid interest on the Principal Amount Outstanding.

(iii) In respect of Fixed Rate Class A Notes denominated in euro, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Drawdown Prospectus, be an amount equal to the higher of (i) their Principal Amount Outstanding and (ii) the present value at the Reference Date (as defined below) of (A) their Principal Amount Outstanding plus (B) all required interest payments due on the Sub-Class of Class A Notes (excluding accrued but unpaid interest to the date on which the Class A Notes are to be redeemed (the "**Redemption Date**"), computed using a discount rate equal to the Bund Rate as of the Reference Date and assuming the relevant Fixed Rate Notes would otherwise have been redeemed on the Expected Maturity Date, plus, in either case, accrued but unpaid interest to the Redemption Date.

For the purposes of this Class A Condition 7(c)(iii), "**Bund Rate**" means, with respect to any Reference Date, the rate per annum equal to the equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price on such date of determination; "**Comparable German Bund Issue**" means the German Bundesanleihe security specified in the relevant Final Terms or Drawdown Prospectus or, if no such security is specified or the specified security is no longer in issue, the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such Reference Date to the Expected Maturity Date and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then Principal Amount Outstanding of the Sub-Class of Class A Notes and of a maturity most nearly equal to the Expected Maturity Date provided, however, that if the period from such Redemption Date to the Expected Maturity Date is less than one year, a fixed maturity of one year shall be used; "**Comparable German Bund Price**" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations or, if the Financial Adviser obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations; "**Financial Adviser**" means a financial adviser in Frankfurt (selected by the Issuer and approved by the Class A Note Trustee); "**Reference German Bund Dealer**" means any dealer of German Bundesanleihe securities appointed by the Financial Adviser; and "**Reference German Bund Dealer Quotations**" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Financial Adviser of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Financial Adviser by such Reference German Bund Dealer at or about 3:30 p.m. (Frankfurt, Germany time) on the Reference Date.

(iv) In respect of Fixed Rate Class A Notes denominated in U.S. dollars, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Drawdown Prospectus, be an amount equal to (i) the Principal Amount Outstanding plus (ii) the

accrued but unpaid interest on the Principal Amount Outstanding, plus the greater of (A) one per cent. of the Principal Amount Outstanding and (B) the excess of: (1) the present value at as of the Reference Date of the redemption price of the Sub-Class of Class A Notes at the Expected Maturity Date, plus all required interest payments, that would otherwise be due to be paid on the Sub-Class of Class A Notes during the period between such Reference Date and the Expected Maturity Date, excluding accrued but unpaid interest, computed using a discount rate equal to the Treasury Rate (as defined below) at such Reference Date plus 50 basis points, over (2) the Principal Amount Outstanding on such Reference Date.

"**Treasury Rate**" means, with respect to any Reference Date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities", for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Expected Maturity Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date, where:

"**Comparable Treasury Issue**" means the U.S. Treasury security selected by any Reference Treasury Dealer as having a maturity comparable to the remaining term of the Sub-Class of Class A Notes from the Reference Date to the Expected Maturity Date, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity most nearly equal to the Expected Maturity Date;

"**Comparable Treasury Price**" means, with respect to any redemption date, if clause (ii) of the definition of "Treasury Rate" is applicable, the average of all Reference Treasury Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference Treasury Dealer Quotations, of if the Issuer obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations;

"**Federal Reserve System**" means the central banking system of the United States;

"**Reference Treasury Dealer**" means any primary U.S. government securities dealer appointed by the Issuer; and

"**Reference Treasury Dealer Quotations**" means with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Issuer, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Issuer by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day immediately preceding such redemption date.

In any case, prior to giving any such notice, the Issuer must certify (as further specified in the Finance Documents) to the Class A Note Trustee that it will have the funds, not subject to any interest (other than under the Issuer Security) of any other person, required to redeem the Class A Notes as aforesaid and the Class A Note Trustee shall be entitled to rely on such certificate without liability to any person.

In the case of a partial redemption of a Sub-Class of Class A Notes represented by a Class A Global Note (as defined in the Class A Note Trust Deed) pursuant to this Class A Condition, the Class A Notes to be redeemed (the "**Redeemed Class A Notes**") will be selected in accordance with the rules and procedures of DTC, Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of DTC,

Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Class A Notes in definitive form, a list of the serial numbers of such Redeemed Class A Notes will be published in accordance with Class A Condition 16 ("*Notices*") not less than 15 days (or such shorter period as is specified in the applicable Final Terms or Drawdown Prospectus) prior to the date fixed for redemption. No exchange of the relevant Class A 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 Class A Condition 7(c) and notice to that effect shall be given by the Issuer to the Class A Noteholders in accordance with Class A Condition 16 ("*Notices*") at least five days (or such shorter period as is specified in the applicable Final Terms or Drawdown Prospectus) prior to the Selection Date.

(d) ***Redemption for Taxation or Other Reasons***

In addition, if at any time the Issuer satisfies the Class A Note Trustee:

(i) that the Issuer would become obliged to deduct or withhold from any payment of interest or principal in respect of the Class A Notes (other than in respect of default interest), any amount for or on account of Taxes by the laws or regulations of the UK or Jersey or any political subdivision thereof, or any other authority thereof by reason of any change in or amendment to such laws or regulations or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction),

(ii) that, 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 this Class A Condition 7(d)(ii), 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;

(iii) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date that the Borrower would on the next Class A Note Interest Payment Date be required to make any withholding or deduction for or on account of any Taxes from payments in respect of a Class A IBLA;

(iv) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date that an Issuer Hedge Counterparty would be entitled to terminate a Hedging Agreement in accordance with its terms as a result of the Issuer or the Issuer Hedge Counterparty being required to make any withholding or deduction for or on account of any Taxes from payments in respect of an Issuer Hedging Agreement; or

(v) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date that it has or will have the result that it will become unlawful for the Issuer to perform any of its obligations under any Class A IBLA or to fund or to maintain its participation in the Class A IBLA Advances,

then the Issuer may, in consultation with the Borrower and the Class A Note Trustee and in order to avoid the relevant deductions, withholding or illegality but is not obliged to, (i) use its reasonable endeavours to arrange the substitution of a company incorporated under the laws of another jurisdiction approved by the Class A Note Trustee as principal debtor under the Class A Notes and as lender under a Class A IBLA upon satisfying the conditions for substitution of the Issuer as set out in Class A Condition 14 ("*Passing of resolutions by Class A Noteholders, Modification, Waiver and Substitution*") or (ii) exchange any Class A Bearer Notes into Class A Registered Notes in accordance with Class A Condition 2(a) ("*Exchange of Class A Notes*") if such exchange will be effective to avoid the relevant deduction or withholding or illegality. If the Issuer elects not to seek to avoid the relevant deductions, or is unable to arrange a substitution as described above having used reasonable endeavours to do so or an exchange of Class A Bearer Notes to Class A Registered Notes would not prevent any withholding or

deduction or illegality and, as a result, the relevant deduction or withholding or illegality is continuing then the Issuer may, upon giving not more than 15 nor less than 5 Business Days' prior written notice (which notice shall be irrevocable) to the Class A Note Trustee, the Issuer Secured Creditors and the Class A Noteholders in accordance with Class A Condition 16 ("*Notices*"), redeem all (but not some only) of the affected Sub-Class of Class A Notes on any Interest Payment Date at their Principal Amount Outstanding plus accrued but unpaid interest thereon up to but excluding the date of redemption.

If the Issuer satisfies the Class A Note Trustee immediately before giving the notice referred to below, that one or more of the events described in this Class A Condition 7(d) 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 A Note Interest Payment Date and having given not more than 60 nor less than 30 days' notice (which notice shall be irrevocable), (or, in the case of an event described in this Class A Condition 7(d)(iv) above, such shorter period expiring on or before the latest date permitted by relevant law) to the Class A Note Trustee and the Class A Noteholders in accordance with Class A Condition 16 ("*Notices*"), redeem all, but not some only, of the Class A 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 pursuant to Class A Condition 7(c) ("*Optional Redemption*") and Class A Condition 7(d) ("*Redemption for Taxation and Other Reasons*"), the Issuer shall deliver to the Class A Note Trustee (A) a certificate signed by two directors of the Issuer stating that (x) one or more of the events described in (a) 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 A Notes on the relevant Class A Note Interest Payment Date and to discharge all other amounts required to be paid by it on the relevant Class A Note Interest Payment Date in priority to, or *pari passu* with, the Class A Notes under the Issuer Priority of Payments; and (B) if required by the Class A Note Trustee, an opinion (in form and substance satisfactory to the Class A Note Trustee) of independent legal advisors of recognised standing opining on the relevant event described in (d). The Class A 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 A Noteholders.

The Class A Note Trustee shall be entitled to accept and rely without further enquiry on any certificate referred to in this Class A Condition 7(d) as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Class A Noteholders, the Class A Receiptholders and the Class A Couponholders.

(e) ***Early Redemption on Prepayment of a Class A IBLA***

If:

(i) the Borrower gives notice to the Issuer under a Class A IBLA that it intends to voluntarily prepay all or part of any advance made under such Class A IBLA or the Borrower is required to prepay all or part of any advance made under any Class A IBLA; and

(ii) in each case, such advance was funded by the Issuer from the proceeds of a Sub-Class of Class A Notes,

the Issuer shall, upon giving not more than 10 nor less than 5 Business Days' notice (which notice shall be irrevocable) to the Class A Note Trustee, the Issuer Secured Creditors and the Class A Noteholders in accordance with Class A Condition 16 ("*Notices*"), (where such advance is being prepaid in whole) 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 which the proposed prepayment amount bears to the amount of the relevant advance.

Other than where a prepayment or redemption is being effected as contemplated by Class A Condition 7(a) ("*Expected Maturity*"), Class A Condition 7(d) ("*Redemption for Taxation or Other Reasons*") or Class A Condition 7(f) ("*Early redemption following Loan Enforcement Notice*"), any early redemption of the relevant Sub-Class of Class A Notes as a result of a prepayment of a Class A IBLA Advance will be effected at its Redemption Amount determined in accordance with Class A Condition 7(c) ("*Optional Redemption*") plus accrued but unpaid interest on the relevant Sub-Class of Class A Notes up to the date of redemption.

Notwithstanding the foregoing, no redemption of Call Protected Floating Rate Class A Notes shall be made in respect of any Sub-Class of Call Protected Floating Rate Class A Notes at such Redemption Amount unless sanctioned by an Extraordinary Resolution of the Class A Noteholders of the relevant Sub-Class of Call Protected Floating Rate Class A Notes, duly passed in accordance with the Class A Note Trust Deed. For the purposes of this Class A Condition 7(e) "**Call Protected Floating Rate Class A Notes**" means any Floating Rate Class A Notes, the Final Terms or Drawdown Prospectus in respect of which, at the proposal date of redemption, would oblige the Issuer to pay a premium to par upon the optional early redemption of such Floating Rate Class A Notes.

(f) ***Early redemption following Loan Enforcement Notice***

If the Issuer receives (or is to receive) any monies from any Obligor following the service of an Loan Enforcement Notice in repayment of all or any part of a Class A IBLA Advance, the Issuer shall, upon giving not more than 10 nor less than 5 days' notice (which notice shall be irrevocable) to the Class A Note Trustee, the Issuer Secured Creditors and the Class A Noteholders in accordance with Class A Condition 16 ("*Notices*") apply such monies to redeem the then outstanding relevant Sub-Class of Class A Notes corresponding to the advance under a Class A IBLA which is prepaid at their Principal Amount Outstanding plus accrued but unpaid interest on the next Interest Payment Date (or, if sooner, Final Maturity Date) in accordance with the relevant Issuer Priority of Payments. In the event that there are insufficient monies to redeem all of the particular outstanding Sub-Class of Class A Notes, the Sub-Class of Class A Notes shall be redeemed in part in the proportion which the Principal Amount Outstanding of such Sub-Class of Class A Notes to be redeemed bears to the Principal Amount Outstanding of such Sub-Class of Class A Notes.

(g) ***Purchase of Class A Notes***

Provided that no Class A Note Event of Default has occurred and is continuing, the Issuer, the Borrower and any other members of the Holdco Group will be permitted, subject, in the case of the Borrower and any other member of the Holdco Group to the terms of the CTA, to purchase any of the Class A Notes (together with all unmatured Class A Receipts and Class A Coupons) in the open market. If the purchaser of the Class A Notes is the Issuer, it shall cancel such Class A Notes and, if the purchaser of the Class A Notes is the Borrower or any other member of the Holdco Group, it shall surrender such Class A Notes to the Issuer and the Issuer shall cancel such Class A Notes and, in each case, a corresponding amount of the advances made under the relevant Class A IBLA attributable to the relevant Sub-Class of Class A Notes will be treated as prepaid at par.

Any Class A Note purchased by or on behalf of the Issuer, the Borrower or any other member of the Holdco Group shall, for so long as it is held by or on behalf of the Issuer, the Borrower or any member of the Holdco Group, cease to have any voting rights attributed thereto and shall be excluded from any quorum or voting calculations set out in the Class A Conditions, the Class A Note Trust Deed, the Issuer Deed of Charge or the STID, as the case may be.

(h) ***Class B Call Option***

(i) The Class A Notes are issued subject to the provisions of the Class B Call Option (as defined in and set out in the Issuer Deed of Charge). By holding any Class A Note, each Class A Noteholder acknowledges and agrees (A) that it is bound by the terms of the Class B Call Option and (B) that the Class A Note Trustee is party to the Issuer Deed of Charge and bound by the provisions thereof relating, *inter alia*, to the Class B Call Option.

(ii) If a Class B Call Option Trigger Event set out in paragraph (a) of the definition thereof occurs and the Class B Call Option is exercised during the Class B Call Option Period under the terms of the Issuer Deed of Charge, then:

(A) the relevant Class B Noteholders will be obliged to purchase all (but not some) of (x) the Sub-Class of Class A Notes which have not been paid on their Expected Maturity Date and such Class A Noteholders will be obliged to sell all (but not some only) of their holdings of such Sub-Class A Notes to the relevant Class B Noteholders, in accordance with the terms of the Issuer Deed of Charge, 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 any Class A IBLA) which is due to mature on such Expected Maturity Date and such Class A Authorised Credit Provider will be obliged to assign or otherwise transfer all (but not some only) of their interest in such Class A Authorised Credit Facility to the relevant Class B Noteholders, in accordance with the terms of the Issuer Deed of Charge, 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 is not, and, following exercise of the Class B Call Option, will not be, connected with the Borrower for purposes of Section 363 of the Corporation Tax Act 2009; and

(B) the relevant Class B Noteholder(s) may:

(I) surrender such Class A Notes to the Issuer for cancellation (and a corresponding amount of the Class A IBLA Advances made under the relevant Class A IBLA attributable to the relevant Sub-Class of Class A Notes 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). 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 in the case of the surrender of the Class A Notes and the deemed prepayment of the related 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

(II) purchase all (but not some only) of each other Sub-Class of Class A Notes then outstanding at a price equal to:

(1) in the case of any 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 (the Make Whole) 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 sub-paragraph (II): 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;

(2) in the case of any Fixed Rate Class A Notes denominated in euro or U.S. dollars, 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

(3) in the case of any 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.

(iii) 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 during the Class B Call Option Period under the terms of the Issuer Deed of Charge, then the relevant Class B Noteholders will be obliged to purchase all (but not some) of (x) the Class A Notes then outstanding and the Class A Noteholders will be obliged to sell all (but not some only) of their holdings of such Class A Notes to the relevant Class B Noteholders, in accordance with the terms of the Issuer Deed of Charge, 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 and such Class A Authorised Credit Provider will be obliged to assign or otherwise transfer all (but not some only) of their interest in such Class A Authorised Credit Facility to the relevant Class B Noteholders, in accordance with the terms of the STID, 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, will not be, connected with the Borrower for purposes of Section 363 of the Corporation Tax Act 2009.

(iv) The Issuer will be required, under the terms of the Issuer Deed of Charge, to notify the Class A Noteholders in accordance with Class A Condition 16 ("*Notices*") and by publication on a Regulatory Information Service, with a copy to the Class A Note Trustee and the Class A Paying Agents, of any forthcoming actual or possible exercise of the Class B Call Option. Such notice will specify the arrangements for the settlement of the transfer of the Class A Notes and the settlement of the purchase price payable to the Class A Noteholders.

(i) ***Redemption by Instalments***

Unless previously redeemed or purchased and cancelled as provided in this Class A Condition 7, each Class A Note which provides for Instalment Dates (as specified in the relevant Final Terms or Drawdown Prospectus) and Instalment Amounts (as specified in the relevant Final Terms or Drawdown Prospectus) will be partially redeemed on each Instalment Date at the Instalment Amount.

(j) ***Cancellation***

Any Class A Bearer Notes or Class A Registered Notes which are: (i) redeemed by the Issuer; (ii) purchased or held by or on behalf of the Issuer or any other person specified in Class A Condition 7(g) ("*Purchase of Class A Notes*") following a CTA Event of Default; or (iii) purchased by or on behalf of the Issuer or a Obligor or any equivalent or similar provision in any Authorised Credit Facility to the extent required to cure a Trigger Event in accordance with the CTA, shall, in each case, be surrendered to or to the order of the Class A Principal Paying Agent or the Class A Registrar, as the case may be, for cancellation and, if so surrendered, will, together with all Class A Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Class A Bearer Notes, all unmatured Class A Receipts and Class A Coupons and unexchanged Class A Talons attached thereto or surrendered therewith). Any Class A Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Class A Notes shall be discharged.

8. **Payments**

(a) ***Class A Bearer Notes***

Payments to the Class A Noteholders of principal (or, as the case may be, Redemption Amounts or other amounts payable on redemption) and interest (or, as the case may be, Class A Note Interest Amounts) in respect of Class A Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Class A Receipts (in the case of payment of Instalment Amounts other than on the due date for final redemption and provided that the Class A Receipt is presented for payment together with its relative Class A Note), Class A Notes (in the case of all other payments of principal and, in the case of interest, as specified in Class A Condition 8(f) ("*Unmatured Class A Coupons and Class A Receipts and Unexchanged Class A Talons*") or Class A Coupons (in the case of interest, save as specified in Class A Condition 8(f) ("*Unmatured Class A Coupons and Class A Receipts and Unexchanged Class A Talons*"), as the case may be, at the specified office of any Class A Paying Agent outside the United States of America by transfer to an account denominated in the currency in which such payment is due with, or (in the case of Class A Notes in definitive form only) a cheque payable in that currency drawn on, a bank in (i) the principal financial centre of that currency provided that such currency is not euro, or (ii) the principal financial centre of any Participating Member State if that currency is euro.

No payment of principal and/or interest in respect of a Class A Bearer Note with an original maturity of more than 1 year will be made by a transfer of funds into an account maintained by the payee in the United States or by mailing a cheque to an address in the United States, except as provided in Class A Condition 8(c) ("*Payments in the United States of America*").

(b) ***Class A Registered Notes***

Payments of principal (or, as the case may be, Redemption Amounts) in respect of Class A Registered Notes will be made to the holder (or the first named of joint holders) of such Class A Note against presentation and surrender of the relevant Class A Registered Note at the specified office of the Class A Registrar and in the manner provided in Class A Condition 8(a) ("*Class A Bearer Notes*").

Payments of instalments in respect of Class A Registered Notes will be made to the holder (or the first named of joint holders) of such Class A Note against presentation of the relevant Class A Registered Note at the specified office of the Class A Registrar in the manner provided in Class A Condition 8(a) ("*Class A Bearer Notes*") above and annotation of such payment on the Class A Register and the relevant Class A Note certificate.

Interest (or, as the case may be, Class A Note Interest Amounts) on Class A Registered Notes payable on any 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 or Class A Note Interest Amounts on each Class A Registered Note will be made in the currency in which such payment is due by cheque drawn on a bank in (a) the principal financial centre of the country of the currency concerned, provided that such currency is not euro, or (b) the principal financial centre of any Participating Member State if that currency is euro and mailed to the holder (or to the first named of joint holders) of such Class A Note at its address appearing in the Class A Register. Upon application by the Class A Noteholder to the specified office of the Class A Registrar before the relevant Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in (a) the principal financial centre of the country of that currency provided that such currency is not euro, or (b) the principal financial centre of any Participating Member State if that currency is euro.

A record of each payment so made will be endorsed on the schedule to the Class A Global Note by or on behalf of the Class A Principal Paying Agent or the Class A Registrar, as the case may be, which endorsement shall be prima facie evidence that such payment has been made.

(c) ***Payments in the United States of America***

Notwithstanding the foregoing, if any Class A Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Class A Paying Agent in New York City in the same manner as aforesaid if:

(i) the Issuer shall have appointed Class A Paying Agents with specified offices outside the United States of America with the reasonable expectation that such Class A Paying Agents would be able to make payment of the amounts on the Class A Notes in the manner provided above when due;

(ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts; and

(iii) such payment is then permitted by the law of the United States of America, without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(d) ***Payments subject to fiscal laws; payments on Bearer Class A Global Notes and Registered Class A Global Notes***

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of this Class A Condition 8. No commission or expenses shall be charged to the Class A Noteholders, Class A Couponholders or Class A Receiptholders (if any) 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 of 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 Condition 9 (*"Taxation*")) any law implementing an intergovernmental approach thereto ("**FATCA**").

The holder of a Class A Global Note shall be the only person entitled to receive payments of principal (or Redemption Amounts) and interest (or Class A Note Interest Amounts) on the Class A Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Class A Global Note in respect of each amount paid.

(e) ***Appointment of the Agents***

The Agents appointed by the Issuer (and their respective specified offices) are listed in the Class A Agency Agreement. Any Calculation Agent will be listed in the relevant Final Terms or Drawdown Prospectus and will be appointed pursuant to a Calculation Agency Agreement. The Agents act solely as agents of the Issuer (and, in the circumstances set out in the Class A Agency Agreement, the Class A Note Trustee) and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right, with the prior written consent of the Class A Note Trustee at any time to vary or terminate the appointment of any Agent, and to appoint additional or other Agents, provided that the Issuer will at all times maintain (i) a Class A Principal Paying Agent (in the case of Class A Bearer Notes), (ii) a Class A Registrar (in the case of Class A Registered Notes), (iii) a Class A Agent Bank or

Calculation Agent (as specified in the relevant Final Terms or Drawdown Prospectus) (in the case of Floating Rate Class A Notes), (iv) a Class A Paying Agent with a specified office in a European Union member state 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 to conform to, such Directive; and (v) if and for so long as the Class A Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Class A Paying Agent, Class A Transfer Agent or Class A Registrar in any particular place, a Class A Paying Agent, Class A Transfer Agent and/or Class A Registrar, as applicable, having its specified office in the place required by such listing authority, stock exchange and/or quotation system, which, while any Class A Notes are admitted to the Official List and trading on the Irish Stock Exchange, shall be London. Notice of any such variation, termination or appointment will be given in accordance with Class A Condition 16 ("*Notices*").

(f) ***Unmatured Class A Coupons and Class A Receipts and Unexchanged Class A Talons***

(i) Subject to the provisions of the relevant Final Terms or Drawdown Prospectus, upon the due date for redemption of any Class A Note which is a Class A Bearer Note (other than a Fixed Rate Class A Note, unless it has all unmatured Class A Coupons attached), unmatured Class A Coupons and Class A Receipts relating to such Class A Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(ii) Upon the date for redemption of any Class A Note, any unmatured Class A Talon relating to such Class A Note (whether or not attached) shall become void and no Class A Coupon shall be delivered in respect of such Class A Talon.

(iii) Upon the due date for redemption of any Class A Note which is redeemable in instalments, all Class A Receipts relating to such Class A Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(iv) Where any Class A Note, which is a Class A Bearer Note and is a Fixed Rate Class A Note, is presented for redemption without all unmatured Class A Coupons and any unexchanged Class A Talon relating to it, a sum equal to the aggregate amount of the missing unmatured Class A Coupons will be deducted from the amount of principal due for payment and, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption of any Class A Note is not an Interest Payment Date, interest accrued from the preceding Interest Payment Date or the Class A Interest Commencement Date, as the case may be, or the Class A Note Interest Amount payable on such date for redemption shall only be payable against presentation (and surrender if appropriate) of the relevant Class A Note and Class A Coupon.

(g) ***Payment Business Days***

(i) *Class A Bearer Notes*: If the due date for payment of any amount in respect of any Class A Bearer Note or Class A Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(ii) *Class A Registered Notes*: 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 Payment Business Day, for value the next succeeding 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 A Note is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Class A 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 A Registered 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 Payment Business Day or (B) a cheque mailed in accordance with this Class A Condition 8(g) arriving after the due date for payment or being lost in the mail.

(h) ***Class A Talons***

On or after the Interest Payment Date for the final Class A Coupon forming part of a coupon sheet issued in respect of any Class A Note, the Class A Talon forming part of such coupon sheet may be surrendered at the specified office of any Class A Paying Agent in exchange for a further coupon sheet (and if necessary another Class A Talon for a further coupon sheet) (but excluding any Class A Coupons which may have become void pursuant to Class A Condition 12 ("*Prescription*").

9. **Taxation**

All payments in respect of the Class A Notes, Class A Receipts or Class A Coupons will be made (whether by the Issuer, any Class A Paying Agent, the Class A Registrar or the Class A Note Trustee) 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, such Class A Paying Agent, the Class A Registrar or the Class A Note Trustee, as the case may be, shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. None of the Issuer, any Class A Paying Agent, the Class A Registrar or the Class A Note Trustee will be obliged to make any additional payments to the Class A Noteholders, Class A Receiptholders or the Class A Couponholders in respect of such withholding or deduction. The Issuer, any Class A Paying Agent, the Class A Registrar or the Class A Note Trustee may require holders to provide such certifications and other documents as required by applicable law in order to qualify for exemptions from applicable tax laws.

10. **Class A Note Events of Default**

(a) ***Class A Note Event of Default***

Each and any of the following events shall be treated as a "**Class A Note Event of Default**":

(i) *Non payment*: default is made by the Issuer for a period of 5 Business Days in the payment of interest or principal on any Sub-Class of the Class A Notes when due in accordance with these Class A Conditions;

(ii) *Breach of other obligations*: 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 provided for in Class A Condition 10(a)(i) ("*Non Payment*") and, except where in the opinion of the Class A Note Trustee the such default is not capable of remedy, such default continues for a period of 30 Business Days and, in either case, provided that the Class A Note Trustee shall have determined that such event is, in its opinion, materially prejudicial to the interests of the Class A Noteholders;

(iii) *Issuer Insolvency Event*: an Issuer Insolvency Event occurs; or

(iv) *Unlawfulness*: 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.

(b) ***Delivery of Class A Note Acceleration Notice***

If any Class A Note Event of Default occurs and is continuing, the Class A Note Trustee (i) may, at any time, at its discretion and (ii) shall, upon being so directed in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of all of the Class A Notes then outstanding or if so directed by a Class A Extraordinary Resolution of all the Class A Noteholders, deliver a notice (a "**Class A Note Acceleration Notice**") to the Issuer declaring all of the Class A Notes immediately due and payable provided that, in either case, it is indemnified and/or secured and/or prefunded to its satisfaction. Upon the delivery of a Class A Note Acceleration Notice, the Class A Notes shall become immediately due and payable at their Principal Amount Outstanding together with accrued and unpaid interest.

(c) ***Enforcement of the Issuer Security***

Subject to the Issuer Deed of Charge, at any time after the service of a Class A Note Acceleration Notice by the Class A Note Trustee in accordance with Class A Condition 10(a)

("*Class A Note Event of Default*") above, the Issuer Security Trustee at its absolute discretion may, and if so directed in writing by Qualifying Issuer Senior Creditors holdings at least 25 per cent. of the aggregate Qualifying Issuer Senior Debt then outstanding, shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction in accordance with the Issuer Deed of Charge take enforcement steps in relation to the Issuer Security.

Under the terms of the Issuer Deed of Charge, if the Issuer Security Trustee is directed 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.

(d) ***Confirmation of no Class A Note Event of Default***

The Issuer, pursuant to the terms of the Class A Note Trust Deed, shall provide written confirmation to the Class A Note Trustee, on an annual basis (and at any other time on request of the Class A Note Trustee), that no Class A Note Event of Default has occurred.

11. **Enforcement Against Issuer**

No Class A Noteholder, Class A Receiptholder, Class A Couponholder or other Issuer Secured Creditor is entitled to take any action against the Issuer or any other member of the Holdco Group or against any assets of the Issuer or any other member of the Holdco Group to enforce its rights in respect of the Class A Notes or to enforce any of the Issuer Security unless the Class A Note Trustee or, as the case may be, the Issuer Security Trustee, having become bound so to proceed, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. The Issuer Security Trustee shall, subject to being indemnified and/or secured and/or pre-funded to its satisfaction against all fees, costs, expenses, liabilities, claims and demands to which it may thereby become liable or which it may incur by so doing, upon being so directed in writing by the Qualifying Issuer Senior Creditors together holding or representing at least 25 per cent. or more of the Qualifying Issuer Senior Debt, enforce the Issuer Security in accordance with the Issuer Deed of Charge.

None of the Class A Note Trustee, the Issuer Security Trustee, the Class A Noteholders, the Class A Receiptholders, the Class A Couponholders or the other Issuer Secured Creditors may institute against, or join any person in instituting against, the Issuer or any other member of the Holdco Group any bankruptcy, winding up, re organisation, arrangement, insolvency or liquidation proceeding (except for the taking of any enforcement action under the Issuer Deed of Charge including the appointment of a Receiver pursuant to the terms of the Issuer Deed of Charge) or other proceeding under any similar law for so long as any Class A Notes are outstanding or for two years and a day after the latest Final Maturity Date on which any Sub-Class of Class A Notes is due to mature.

12. **Prescription**

Claims against the Issuer for payment in respect of the Class A Notes, Class A Receipts or Class A Coupons (which, for this purpose, shall not include Class A Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Class A Note Relevant Date (as defined in Class A Condition 21 ("*Definitions*")) in respect thereof.

13. **Replacement of Class A Notes, Class A Coupons, Class A Receipts and Class A Talons**

If any Class A Bearer Note, Class A Registered Note, Class A Receipt, Class A Coupon or Class A Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and requirements of the Stock Exchange (in the case of listed Class A Notes) (and each other listing authority, stock exchange and or quotation system upon which the relevant Class A Notes have then been admitted to listing, trading and/or quotation), at the specified office of the Class A Principal Paying Agent or, as the case may be, the Class A Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require. Mutilated or defaced Class A Notes, Class A Receipts, Class A Coupons or Class A Talons must be surrendered before replacements will be issued.

14. **Passing of resolutions by Class A Noteholders, Modification, Waiver and Substitution**

(a) ***Passing of resolutions by Class A Noteholders, Modifications and Waiver***

No physical meetings will be required in respect of any Class A Voting Matter and a Class A Noteholder may only Vote in respect of any Class A Voting Matter by means of a Block Voting

Instruction. However, the Class A Note Trustee may, without the consent of the Issuer or the Class A Noteholders, prescribe such further regulations regarding voting by the Class A Noteholders in respect of all Class A Voting Matters except Obligor STID Proposals as the Class A Note Trustee may in its sole discretion think fit, including the calling of one or more meetings of Class A Noteholders in order to approve any resolution to be put to the Class A Noteholders where the Class A Note Trustee, in its sole discretion, considers it to be appropriate to hold a meeting.

In respect of any Obligor STID Proposal (other then a NIG LAN Notice or a STID Proposal which relates to an Entrenched Right as to which the Issuer is an affected Obligor Secured Creditor):

(i) each Class A Noteholder may only vote on such Obligor STID Proposal by way of Block Voting Instruction and each Class A Noteholder shall have one vote in respect of each £1 (or its equivalent expressed in sterling on the basis of the Exchange Rate) of the Principal Amount Outstanding of Class A Notes held by it;

(ii) each Class A Noteholder must vote on or prior to the time specified by the Class A Principal Paying Agent or, as the case may be, Class A Registrar and/or relevant clearing system in order to enable the Class A Principal Paying Agent or, as the case may be, a Class A Paying Agent or the Class A Registrar to issue a Block Voting Instruction on the Voting Date, provided that if a Class A Noteholder does not vote in sufficient time to allow the Class A Principal Paying Agent, or, as the case may be, a Class A Paying Agent or the Class A Registrar to issue a Block Voting Instruction in respect of its Class A Notes prior to the end of the Voting Period, the Votes of such Class A Noteholder may not be counted;

(iii) in respect of such Obligor STID Proposal, the Class A Note Trustee shall vote as the Secured Creditor Representative of the Class A Noteholders in respect of each Sub-Class of Class A 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 A Paying Agent or the Class A Registrar on or prior to the Voting Date (or, if earlier the relevant Voting Closure Date); and

(iv) such Obligor STID Proposal duly approved by the Qualifying Obligor Secured Creditors in accordance with the STID shall be binding on all Class A Noteholders, Class A Receiptholders and Class A Couponholders (subject as provided in the STID). The Issuer Trustee shall, following receipt from the Holdco Group Agent of the result of any vote in respect of such Obligor STID Proposal, promptly notify the Class A Noteholders in accordance with Class A Condition 16 ("*Notices*").

In respect of (a) an Obligor 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 A Voting Matter which is not a Obligor STID Proposal (an "**Other Class A Voting Matter**"):

(i) the Issuer or the Class A Note Trustee may at any time, and the Class A Note Trustee must if (a) it receives an Entrenched Right STID Proposal which gives rise to an Entrenched Right in respect of which the Issuer is an Affected Obligor Secured Creditor; or (b) directed to do so by Class A Noteholders representing not less than 10 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes, request that such Other Class A Voting Matter be considered by the Class A Noteholders. The Issuer or the Class A Note Trustee shall send a notice (a "**Voting Notice**") to the Class A Noteholders of each affected Sub-Class of Class A Notes, specifying the Voting Date (which shall initially be set with at least 21 days' notice) and the Other Class A Voting Matter(s) including the terms of any resolution to be proposed;

(ii) each Class A Noteholder shall have one vote in respect of each £1 (or its equivalent expressed in Sterling on the basis of the Exchange Rate) of Principal Amount Outstanding of the Class A Notes held or represented by it;

(iii) each Class A 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

(iv) on or before the Business Day immediately preceding the last day of the Decision Period, the Class A Note Trustee shall notify the Obligor Security Trustee, the Issuer and the Issuer Security Trustee in writing of whether or not the holders of each affected Sub-Class of Class A Notes then outstanding have passed an Extraordinary Resolution approving the relevant STID Proposal.

In order for an Extraordinary Resolution to be approved by the Class A Noteholders (subject as provided below), one or more Class A Noteholders representing 50 per cent. or more of the aggregate Principal Amount Outstanding of the Class A Notes for the time being outstanding, who for the time being are entitled to receive notice of an Other Class A Voting Matter, need to participate in any initial Vote, provided that in respect of any Other Class A Voting Matter the business of which includes any of the following matters (each of which, a "**Class A Basic Terms Modification**" and which shall only be capable of being effected after having been approved by a Class A Extraordinary Resolution) namely:

(i) to change any date fixed for payment of principal or interest in respect of any Sub-Class of Class A Notes, to reduce or cancel the amount of principal or interest payable on any date in respect of any Sub-Class of Class A Notes or (other than as specified in Class A Condition 7 ("*Redemption, Purchase and Cancellation*")) to alter the method of calculating the amount of any payment in respect of any Sub-Class of Class A Notes on redemption or maturity;

(ii) to effect the exchange, conversion or substitution of any Sub-Class of Class A Notes for, or their conversion into, shares, notes or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;

(iii) to change the currency in which amounts due in respect of any Sub-Class of Class A Notes are payable other than pursuant to redenomination into euro pursuant to Class A Condition 18 ("*European Economic and Monetary Union*");

(iv) to alter any of the Issuer Payment Priorities insofar as such alteration would affect any Sub-Class of Class A Notes;

(v) to change the quorum required or the majority required to pass an Extraordinary Resolution; or

(vi) to amend this definition or this Class A Condition 14(a),

one or more Class A Noteholders representing 75 per cent. or more of the aggregate Principal Amount Outstanding of Class A Notes for the time being outstanding, who, for the time being are entitled to receive notice of such an Other Class A Voting Matter, need to participate in any initial Vote.

The above percentage requirements of Class A Noteholders who need to participate in a particular Other Class A Voting Matter are referred to herein as the "**Extraordinary Class A Note Quorum Requirements**".

If, on a Voting Date, the Extraordinary Class A Note Quorum Requirements are not satisfied for the transaction of any particular business then, subject and without prejudice to the transaction of the business (if any) for which the Extraordinary Class A Note Quorum Requirements are satisfied, such Voting Date shall be postponed to the same day in the next week (or if such day is a public holiday the next succeeding business day) (an "**Adjourned Voting Date**") except where a Class A Extraordinary Resolution is to be proposed in which case the Adjourned Voting Date shall be a day (being a business day) during the period, being not less than 7 clear days nor more than 14 clear days, subsequent to such Voting Date, and approved by the Class A Note Trustee. On any Adjourned Voting Date, one or more Votes (whatever the Principal Amount Outstanding of the Class A Notes then outstanding so held or represented by them) shall (subject as provided below) form a quorum and shall have the power to pass any Class A Extraordinary Resolution or Class A Ordinary Resolution and to decide upon all matters which could properly have been dealt with through the original Vote had the requisite Extraordinary Class A Note Quorum Requirements been met, provided that on any Adjourned Voting Date the Extraordinary Class A Note Quorum Requirements for the transaction of business comprising any of the matters specified to be a Class A Basic Terms Modification shall be at least 25 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes for the time being outstanding, who for the time being are entitled to receive notice of an Other Class A Voting Matter, need to participate in such Vote.

Notice of any Adjourned Voting Date at which a Class A Extraordinary Resolution is to be voted upon shall be given in the same manner as a Voting Notice but as if 5 days' notice were substituted for 21 days' notice discussed above (in respect of an Other Class A Voting Matter) and such notice shall state the relevant quorum. Subject as aforesaid it shall not be necessary to give any notice of an Adjourned Voting Date.

Any resolution approved by the Class A Noteholders in accordance with the terms hereof shall be binding upon all the Class A Noteholders whether or not voting and upon all relevant Class A Couponholders and each of them shall be bound to give effect thereto accordingly and the approval of any such resolution shall be conclusive evidence that the circumstances justify the approval thereof. Notice of the result of the voting on any resolution duly approved by the Class A Noteholders shall be published in accordance with Class A Condition 16 (*Notices*) by the Class A Principal Paying Agent or the Class A Registrar, as applicable, on behalf of the Issuer within 7 days of such result being known, provided that the non-publication of such notice shall not invalidate such result.

If and whenever the Issuer shall have issued and have outstanding more than one Sub-Class of Class A Notes the foregoing provisions of this Class A Condition shall have effect subject to the following modifications:

(i) a resolution which in the opinion of the Class A Note Trustee affects only one Sub-Class of Class A Notes shall be deemed to have been duly approved if approved through a separate Vote of the holders of that Sub-Class of Class A Notes;

(ii) a resolution which in the opinion of the Class A Note Trustee affects holders of more than one Sub-Class of Class A Notes but does not give rise to a conflict of interest between the holders of any of the Sub-Classes of Class A Notes so affected shall be deemed to have been duly approved if approved through a separate Vote of the holders of all the Sub-Classes of the Class A Notes so affected;

(iii) a resolution which in the opinion of the Class A Note Trustee affects more than one Sub-Class of Class A Notes and gives or may give rise to a conflict of interest between the holders of one Sub-Class of Class A Notes so affected and the holders of another Sub-Class of Class A Notes shall be deemed to have been duly approved only if approved through separate Votes of the holders of each Sub-Class of Class A Notes;

(iv) in respect of all such approvals all the preceding provisions of this Class A Condition shall apply *mutatis mutandis* as though references therein to Class A Notes and Class A Noteholders were references to the Sub-Class of Class A Notes in question or to the holders of such Sub-Class of Class A Notes, as the case may be;

(v) no Class A Extraordinary Resolution involving a Class A Basic Terms Modification (other than where such Class A Basic Terms Modification is of the kind specified in limb (i) of the definition thereof and where such Class A Basic Terms Modification is passed by the holders of all affected Sub-Class of Class A Notes in accordance with (vi) below) that is approved by the holders of one Sub-Class of Class A Notes shall be effective unless it is sanctioned by a Class A Extraordinary Resolution of the holders of each of the other Sub-Classes of Class A Notes (to the extent that there are Class A Notes outstanding in each such other Sub-Class); and

(vi) a Class A Extraordinary Resolution involving a Class A Basic Terms Modification of the kind specified in limb (i) of the definition thereof may be approved by the holders of all Sub-Classes of Class A Notes adversely affected by such Class A Basic Terms Modification (but need not be approved by the holders of Sub-Classes of Class A Notes which are not affected thereby).

In respect of an Obligor STID Proposal that relates to a NIG LAN Notice:

(i) if the Class A Note Trustee it receives a NIG LAN Notice it must request that such NIG LAN Notice be considered by the Class A Noteholders. The Issuer or the Class A Note Trustee shall send a notice (a "**Voting Notice**") to the Class A Noteholders, specifying the Voting Date (which shall be set with at least 21 days' notice) and the details of the proposed NIG LAN Resolution;

(ii) each Class A Noteholder shall have one vote in respect of each £1 (or its equivalent expressed in Sterling on the basis of the Exchange Rate) of Principal Amount Outstanding of the Class A Notes held or represented by it;

(iii) each Class A 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

(iv) on or before the Business Day immediately preceding the last day of the Decision Period, the Class A 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 A Notes then outstanding have passed a NIG LAN Resolution approving the relevant NIG LAN Notice.

In order for a NIG LAN Resolution to be approved by the Class A Noteholders (subject as provided below), one or more Class A Noteholders representing:

(i) if the aggregate Principal Amount Outstanding of the Class A Notes at the time of the relevant resolution is greater than zero but less than or equal to £750.0 million (or its equivalent expressed in Sterling on the basis of the Exchange Rate), 75 per cent. or more of the aggregate Principal Amount Outstanding of the Class A Notes for the time being outstanding; or

(ii) if the aggregate Principal Amount Outstanding of the Class A Notes at the time of the relevant resolution is greater than £750.0 million (or, in each case, its equivalent expressed in Sterling on the basis of the Exchange Rate), 50 per cent. or more of the aggregate Principal Amount Outstanding of the Class A Notes for the time being outstanding,

need to participate in any Vote.

Any NIG LAN Resolution approved by the Class A Noteholders in accordance with the terms hereof shall be binding upon all the Class A Noteholders whether or not voting and upon all relevant Class A Couponholders and each of them shall be bound to give effect thereto accordingly and the approval of any such resolution shall be conclusive evidence that the circumstances justify the approval thereof. Notice of the result of the voting on any NIG LAN Resoluion duly approved by the Class A Noteholders shall be published in accordance with Class A Condition 16 ("*Notices*") by the Class A Principal Paying Agent or the Class A Registrar, as applicable, on behalf of the Issuer within 7 days of such result being known, provided that the non-publication of such notice shall not invalidate such result.

(b) ***Modification, waiver and substitution***

As set out in the Class A Note Trust Deed and the Issuer Deed of Charge (and subject to the conditions and qualifications therein), the Class A Note Trustee may, without the consent of the Class A Noteholders, Class A Couponholders and the Class A Receiptholders or (subject as provided below) any other Issuer Secured Creditor (other than any Issuer Secured Creditor which is party to the relevant documents), concur with the Issuer or any other person or direct the Issuer Security Trustee to concur with the Issuer or any other person in making (i) any modification to the Class A Note Trust Deed, the Class A Conditions, the Class A Notes, the Class A Receipts, the Class A Coupons and/or the Issuer Class A Transaction Documents (other than a Class A Basic Terms Modification) (subject (A) as provided in the STID in relation to any Common Documents and (B) as provided in the Issuer Deed of Charge in relation to the Issuer Common Document) or other document to which it is a party or in respect of which it holds security provided that the Class A Note Trustee is of the opinion that such modification will not be materially prejudicial (where materially prejudicial means that such modification 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 A Notes on the relevant due date for payment therefor) to the interests of the Class A Noteholders and provided further that if any such modification relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent in accordance with the Issuer Deed of Charge or, where any Class A Noteholders are affected Issuer Secured Creditors, the holders of each Sub-Class of the Class A Notes affected thereby have sanctioned such modification in accordance with the Class A Note Trust Deed or (ii) any modification to the Class A Note Trust Deed, the Class A Conditions, the Class A Notes, the Class A Receipts, the Class A Coupons or the other Issuer Class A Transaction Documents (subject (A) as provided in the STID in relation to any Common Documents and (B) as provided in the Issuer Deed of Charge in relation to any Issuer Common Document) or other documents to which it is a party or in respect of which it holds security which is, in the opinion of the Class A Note Trustee, of a formal, minor administrative or

technical nature, to correct a manifest error or an error which is, in the opinion of the Trustee, proven. Any such modification may be made on such terms and subject to such conditions (if any) as the Class A Note Trustee may determine, shall be binding upon the Class A Noteholders, the related Class A Receiptholders and/or the Class A Couponholders and, unless the Class A Note Trustee agrees otherwise, shall be notified by the Issuer to the Class A Noteholders in accordance with Class A Condition 16 ("*Notices*") as soon as practicable thereafter.

Where the Class A Note Trustee is required to have regard to the interests of the Class A Noteholders, it shall have regard to the interests of such Class A 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 A Noteholders (whatever their number) and in particular but without limitation shall not have regard to the consequences of such exercise for individual Class A 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 A Note Trustee shall not be entitled to require, nor shall any Class A Noteholder be entitled to claim, from the Issuer, the Class A 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 A Noteholders.

As more fully set out in the Class A Note Trust Deed and the Issuer Deed of Charge (and subject to the conditions and qualifications therein), the Class A Note Trustee may, without the consent of the Class A Noteholders (subject as provided below) or any other Issuer Secured Creditor and without prejudice to its rights in respect of any subsequent breach or Class A Note Event of Default, 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 A Notes then outstanding shall not be materially prejudiced thereby (where "materially prejudiced" means that such waiver or authorisation 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 A Notes on the relevant due date for payment therefor), waive or authorise (or instruct the Issuer Security Trustee to waive or authorise) any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Class A Conditions or any Issuer Class A Transaction Document (other than a Common Document or any Issuer Common Document) to which it is a party or in respect of which it holds security or determine that any event which would otherwise constitute a Class A Note Event of Default shall not be treated as such for the purposes of the Class A Note Trust Deed provided that to the extent such event, matter or thing relates to a Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent and provided further that the Class A Note Trustee shall not exercise such powers in contravention of any express direction given by a Class A Extraordinary Resolution (or of a request in writing made by, holders of not less than one quarter in aggregate of the principal amount of the Class A Notes then outstanding) but no such direction or request shall affect any waiver or authorisation previously given or made or so as to authorise or waive any such proposed breach or breach relating to any Class A Basic Terms Modification.

Any such modification, waiver or authorisation shall be binding on the Class A Noteholders of each relevant Sub-Class of Class A Notes and the holders of all relevant Class A Receipts and Class A Coupons and the other Issuer Secured Creditors and, unless the Class A Note Trustee agrees otherwise, notice thereof shall be given by the Issuer to the Class A Noteholders as soon as practicable thereafter.

Notwithstanding that none of the Class A Note Trustee, the Class A Noteholders or the other Issuer Secured Creditors may have any right of recourse against the Rating Agency in respect of any Rating Confirmation given by them and relied upon by the Class A Note Trustee, the Class A Note Trustee shall be entitled to assume without liability, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Class A Notes or any Issuer Class A Transaction Document, that such exercise will not be materially prejudicial to the interests of the Class A Noteholders if any Rating Agency has provided a Rating Confirmation. The Class A Note Trustee and the Class A Noteholders agree and acknowledge that being entitled to rely on the fact that the Rating Agency has delivered a Rating Confirmation does not impose or extend any actual or contingent liability for such Rating Agency to the Class A Note Trustee, the Class A Noteholders, any other Issuer Secured Creditor or any other person or create any legal relations between such Rating Agency and the Class A Note Trustee, the Class A Noteholders, any other Issuer Secured Creditor or any other person whether by way of contract or otherwise.

As more fully set forth in the Class A Note Trust Deed (and subject to the conditions and qualifications therein), the Class A Note Trustee may, without the consent of the Class A Noteholders or any other Issuer Secured Creditor, also agree with the Issuer to the substitution of another corporation in place of the Issuer as principal debtor in respect of the Class A Note Trust Deed and the Class A Notes.

The Class A Note Trustee will be empowered by the terms of the Class A Note Trust Deed to make appropriate amendments to the Issuer Class A Transaction Documents (including instructing the Issuer Security Trustee in respect of the Issuer Common Documents) to reflect the appointment by the Issuer of a second rating agency to provide a rating in respect of the Class A Notes.

15. **Class A Note Trustee Protections**

(a) ***Trustee considerations***

Subject to Class A Condition 15(b) ("*Exercise of rights by Class A Note Trustee*"), in connection with the exercise, under these Class A Conditions, the Class A Note Trust Deed, any Issuer Class A Transaction Document, of its rights, powers, trusts, authorities and discretions (including any modification, consent, waiver or authorisation), the Class A Note Trustee shall have regard to the interests of the holders of the Class A Notes then outstanding provided that, if, in the Class A Note Trustee's opinion, there is a conflict of interest between the holders of two or more Sub-Classes of Class A Notes, it shall have regard to the interests of the holders of the Sub-Class of Class A Notes then outstanding with the greatest Principal Amount Outstanding and will not have regard to the consequences of such exercise for the holders of other Sub-Classes of Class A Notes or, in any event, have regard to the consequences for individual Class A Noteholders, resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. The Class A Note Trustee shall not be entitled to require from the Issuer, nor shall any Class A Noteholders be entitled to claim from the Issuer, the Class A Note Trustee, any indemnification or other payment in respect of any consequence (including any tax consequence) for individual Class A Noteholders of any such exercise.

(b) ***Exercise of rights by Class A Note Trustee***

Subject as provided in these Class A Conditions and the Class A Note Trust Deed, the Class A Note Trustee will exercise its rights under, or in relation to, the Class A Note Trust Deed, the Class A Conditions, and any Issuer Class A Transaction Documents in accordance with the directions of the relevant Class A Noteholders, but the Class A Note Trustee shall not be bound to take any such action unless it has (i) (a) been so requested in writing by the holders of at least 25 per cent. in nominal amount of the Class A Notes outstanding or (b) been so directed by a Class A Extraordinary Resolution and (ii) been indemnified and/or secured and/or prefunded to its satisfaction.

16. **Notices**

Notices to holders of Class A Registered Notes will be posted to them at their respective addresses in the Class A Register and deemed to have been given on the date of posting. Other notices to Class A Noteholders will be valid if published in a leading daily newspaper having general circulation in London and Ireland (which is expected to be the *Financial Times* and the *Irish Times*, respectively). The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of the relevant Stock Exchange and any other listing authority, stock exchange and/or quotation system on which the Class A Notes are for the time being listed. Any such notice (other than to holders of Class A Registered Notes as specified above) shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Class A Couponholders and Class A Receiptholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Class A Bearer Notes in accordance with this Class A Condition 16.

So long as any Class A Notes are represented by Class A Global Notes, notices in respect of those Class A Notes may be given only by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or any other relevant clearing system as specified in the relevant Final Terms or Drawdown Prospectus for communication by them to entitled account holders in substitution for publication in a daily newspaper with general circulation in London and Ireland (which is expected to be the *Financial Times* and the *Irish Times*, respectively). Such notices shall be deemed to have been received by the Class A Noteholders on the day of delivery to such clearing systems.

The Class A Note Trustee will provide the Rating Agency, at its request, from time to time and provided that the Class A Note Trustee will not contravene any law or regulation in so doing, with all notices, written information and reports that the Class A Note Trustee makes available to the Class A Noteholders except to the extent that such notices, information or reports, contain information confidential to third parties.

17. **Indemnification Of The Class A Note Trustee and the Issuer Security Trustee**

(a) ***Indemnification of the Class A Note Trustee***

The Class A Note Trust Deed contains provisions for indemnification of the Class A Note Trustee, and for its relief from responsibility, including provisions relieving it from taking any action including taking proceedings against the Issuer and/or any other person unless indemnified and/or secured and/or prefunded to its satisfaction. The Issuer Deed of Charge contains provisions for indemnification of the Issuer Security Trustee and for its relief from responsibility, including provisions relieving it from enforcing the Issuer Security unless it has been indemnified and/or secured and/or prefunded to its satisfaction.

The Class A Note Trust Deed and the Issuer Deed of Charge also contain provisions pursuant to which the Class A 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 A 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 A 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 A 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.

(b) ***Directions, Duties and Liabilities***

The Class A Note Trustee, in the absence of its own wilful default, gross negligence or fraud, and in all cases when acting as directed by or subject to the agreement of the Class A Noteholders shall not in any way be responsible for any loss, costs, damages or expenses or other liability, which may result from the exercise or non exercise of any consent, waiver, power, trust, authority or discretion vested in the Class A Note Trustee pursuant to these Class A Conditions, any Issuer Class A Transaction Document or any ancillary document.

18. **European Economic and Monetary Union**

(a) ***Notice of redenomination***

The Issuer may, without the consent of the Class A Noteholders, and on giving at least 30 days' prior notice to the Class A Noteholders, the Class A Note Trustee and the Class A Principal Paying Agent, designate a date (the "**Redenomination Date**"), being an Interest Payment Date under the Class A Notes falling on or after the date on which the UK becomes a Participating Member State.

(b) ***Redenomination***

Notwithstanding the other provisions of these Class A Conditions, with effect from the Redenomination Date:

(i) the Class A Notes denominated in sterling (the "**Sterling Class A Notes**") shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Class A Note equal to the principal amount of that Class A 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, with the agreement of the Class A Note Trustee, that the then current market practice in respect of the redenomination into euro 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 A Noteholders, the relevant Stock Exchange and any stock exchange (if any) on which the Class A Notes are then listed and the Class A Principal Paying Agent of such deemed amendments;

(ii) if Class A Notes have been issued in definitive form:

(A) all Class A 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 A Noteholders and the Class A Note Trustee that replacement Class A Notes denominated in euro are available for exchange (provided that such Class A Notes are available) and no payments will be made in respect thereof;

(B) the payment obligations contained in all Class A 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 A Notes in accordance with this Class A Condition 18 ("*European Economic and Monetary Union*")) shall remain in full force and effect; and

(C) new Class A Notes denominated in euro will be issued in exchange for Sterling Class A Notes in such manner as the Class A Principal Paying Agent or the Class A Registrar, as the case may be, may specify and as shall be notified to the Class A Noteholders in the Euro Exchange Notice;

(iii) all payments in respect of the Sterling Class A Notes (other than, unless the Redenomination Date is on or after such date as sterling ceases to be a sub division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro by cheque drawn on, or 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 Participating Member State; and

(iv) a Class A Note may only be presented for payment on a day which is a business day in the place of presentation.

(c) ***Interest***

Following redenomination of the Class A Notes pursuant to this Class A Condition 18 ("*European Economic and Monetary Union*"), where Sterling Class A Notes have been issued in definitive form, the amount of interest due in respect of the Sterling Class A Notes will be calculated by reference to the aggregate principal amount of the Sterling Class A Notes presented for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01.

19. **Limited Recourse**

Notwithstanding any other Class A Condition or any provision of any Issuer Class A Transaction Document, all obligations of the Issuer to the Class A 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, following any Class A Note Event of Default (whether on a Final Maturity Date or before) and the deliver of an Issuer Security Enforcement Notice, all sums due under the Class A Notes have not been repaid in full and:

(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 specified in, and 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, in accordance with the provisions of the Issuer Deed of Charge, all amounts outstanding under the Class A Notes (including payments of principal and interest),

then the Class A 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 A Notes) and such unpaid amounts shall be discharged in full and any relevant payment rights shall be deemed to cease.

20. **Miscellaneous**

(a) ***Governing Law***

The Class A Note Trust Deed, the Issuer Deed of Charge, the Class A Notes, the Class A Coupons, the Class A Receipts, the Class A Talons (if any) and the other Issuer Class A

Transaction Documents (other than the Issuer Jersey Share Security Agreement) and all non-contractual or other obligations arising from or in connection with such documents are governed by, and shall be construed in accordance with, English law. The Issuer Jersey Share Security Agreement shall be governed by, and shall be construed in accordance with, Jersey law.

(b) ***Jurisdiction***

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute that may arise out of or in connection with the Class A Note Trust Deed, the Issuer Deed of Charge, the Class A Notes, the Class A Coupons, the Class A Receipts, the Class A Talons and the other Issuer Class A Transaction Documents (other than the Issuer Jersey Share Security Agreement which is governed by Jersey law) and accordingly any legal action or proceedings arising out of or in connection with the Class A Notes, the Class A Coupons, the Class A Receipts, the Class A Talons (if any) and/or the Issuer Class A Transaction Documents may be brought in such courts. the Issuer has in each of the Issuer Class A Transaction Documents to which it is a party irrevocably submitted to the jurisdiction of such courts.

(c) ***Third-Party Rights***

No person shall have any right to enforce any term or condition of the Class A Notes or the Class A Note Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

(d) ***Rights Against the Issuer***

Under the Class A Note Trust Deed, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to interests in the Class A Notes will (subject to the terms of the Class A Note Trust Deed) acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Class A Global Note became void, they had been the registered holders of Class A Notes in an aggregate principal amount equal to the principal amount of Class A Notes they were shown as holding in the records of Euroclear, Clearstream, Luxembourg or any other relevant clearing system (as the case may be).

(e) ***Clearing System Accountholders***

References in the Class A Conditions of the Class A Notes to "**Noteholder**" are references to the bearer of the relevant Bearer Global Note or the registered holder of a Class A Registered Global Note.

Each of the persons shown in the records of DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, as being entitled to an interest in a Class A Global Note (each an "**Accountholder**") must look solely to DTC, Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer, to such Accountholder and in relation to all other rights arising under the Class A Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Class A Global Note will be determined by the respective rules and procedures of DTC, Euroclear and Clearstream, Luxembourg and any other relevant clearing system (as the case may be) from time to time. For so long as the relevant Class A Notes are represented by a Class A Global Note, Accountholders shall have no claim directly against the Issuer.

21. **Definitions**

In these Class A Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below.

"**Block Voting Instruction**" means:

(a) in relation to voting by the holders of Class A Bearer Notes:

(i) a document in the English language issued by a Class A Paying Agent;

(ii) certifying that the Deposited Class A Notes have been deposited with such Class A Paying Agent (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:

(A) close of business (London time) on the Voting Date; and

(B) the surrender to such Class A Paying Agent, not less than 24 hours before the Voting Date of the receipt for the Deposited Class A Notes and notification thereof by such Class A Paying Agent to the Class A Note Trustee;

(iii) certifying that the depositor of each Deposited Class A Note 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 are to be cast in a particular way on a Class A Voting Matter and that, until the end of the Voting Period, such instructions may not be amended or revoked;

(iv) listing the aggregate principal amount and (if in definitive form) the serial numbers of the Deposited Class A Notes, distinguishing between those in respect of which instructions have been given to Vote for, or against, such Class A Voting Matter; and

(v) authorising the Class A Note Trustee to vote in respect of the Deposited Class A Notes in connection with such Class A Voting Matter in accordance with such instructions and the provisions of the Class A Note Trust Deed.

(b) in relation to voting by the holders of Class A Registered Notes:

(i) a document in the English language issued by the Class A Registrar or the Class A Principal Paying Agent;

(ii) certifying:

(A) (where the Class A Registered Notes are represented by a Global Note) that certain specified Class A Registered Notes (each a "**Blocked Note**") have been blocked in an account with a clearing system and will not be released until close of business (London time) on the Voting Date and that the holder of each Blocked Note or a duly authorised person on its behalf has instructed the Class A Registrar that the Votes attributable to such Blocked Note are to be cast in a particular way on a Class A Voting Matter; or

(B) (where the Class A Registered Notes are represented by Class A Registered Definitive Notes) that each registered holder of certain specified Class A Registered Notes (each a "**Relevant Note**") or a duly authorised person on its behalf has instructed the Class A Registrar that that Votes attributable to each Relevant Note held by it are to be cast in a particular way on such Class A Voting Matter; and

in each case that, until the end of the Voting Period, such instructions may not be amended or revoked;

(iii) listing the aggregate principal amount of the Blocked Class A Notes and the Relevant Class A Notes, distinguishing between those in respect of which instructions have been given to Vote for, or against, such Class A Voting Matter; and

(iv) authorising the Class A Note Trustee to vote in respect of the Blocked Class A Notes and the Relevant Class A Notes in connection with such Class A Voting Matter in accordance with such instructions and the provisions of the Class A Note Trust Deed.

"**Business Day**" means:

(a) in relation to any sum payable in sterling, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange currency deposits in London);

(b) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in London and each (if any) additional city or cities specified in the relevant Final Terms or Drawdown Prospectus;

(c) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments, in the principal financial centre of the Relevant Currency (which in the case of a payment in U.S. Dollars shall be New York) and in each (if any) additional city or cities specified in the relevant Final Terms or Drawdown Prospectus; and

(d) otherwise, a day (other than a Saturday or Sunday) on which banks are open for general business in London.

"**Business Day Convention**" means the business day convention specified in the Final Terms or Drawdown Prospectus.

"**Note Relevant Date**" means, in respect of any Sub-Class of the Class A Notes, the earlier of (a) the date on which all amounts in respect of the Class A Notes have been paid, and (b) five days after the date on which all of the Principal Amount Outstanding has been received by the Class A Principal Paying Agent or the Class A Registrar, as the case may be, and notice to that effect has been given to the Class A Noteholders in accordance with Class A Condition 16 ("*Notices*").

"**Calculation Amount**" means the amount specified as such in the relevant Final Terms or Drawdown Prospectus.

"**Class A Interest Commencement Date**" means the Issue Date or such other date as may be specified in the relevant Final Terms or Drawdown Prospectus.

"**Class A Interest Determination Date**" means, with respect to a Class A Interest Rate and a Class A Note Interest Period, the date specified as such in the relevant Final Terms or Drawdown Prospectus or, if none is so specified, the day falling two Business Days in London prior to the first day of such Class A Note Interest Period (or if the specified currency is sterling the first day of such Class A Note Interest Period) (as adjusted in accordance with any Business Day Convention (as defined above) specified in the relevant Final Terms or Drawdown Prospectus).

"**Class A Note Interest Period"** means the period beginning on (and including) the Class A Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"**Class A Initial Interest Rate**" means the rate specified as such in the relevant Final Terms or Drawdown Prospectus.

"**Class A Interest Rate"** means (a) in respect of Fixed Rate Class A Notes, the Class A Initial Interest Rate or the Class A Revised Interest Rate, as the case may be and (b) in respect of Floating Rate Class A Notes, the rate of interest payable from time to time in respect of the Class A Notes and which is either specified as such in, or calculated in accordance with the provisions of, these Class A Conditions and/or the relevant Final Terms or Drawdown Prospectus.

"**Class A Revised Interest Rate**" means the rate specified as such in the relevant Final Terms or Drawdown Prospectus.

"**Class A Voting Matter**" means any matter which is required to be approved by the Class A Noteholders including, without limitation:

(a) any Obligor 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 Obligor 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.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting a Class A Note Interest Period, the "**Calculation Period**"):

(a) if "**Actual/Actual (ICMA)**" is specified:

(i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(ii) if the Calculation Period is longer than one Determination Period, the sum of:

(A) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means, the date specified as such in the Final Terms or Drawdown Prospectus or, if none if is so specified the Interest Payment Date;

(b) if "**Actual/365**" or "**Actual/Actual**" is specified, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366, and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(c) if "**Actual/365 (Fixed)**" is specified, the actual number of days in the Calculation Period divided by 365;

(d) if "**Actual/360**" is specified, the actual number of days in the Calculation Period divided by 360;

(e) if "**30/360**", "**360/360**" or "**Note Basis**" is specified, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 months of 30 days (unless (1) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30 day month, or (2) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month)); and

(f) if "**30E/360**" or "**EuroNote Basis**" is specified, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 months of 30 days, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the last day of such period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month).

"**euro**" means the lawful currency of the Participating Member States.

"**Expected Maturity Date**" has, in respect of any Sub-Class of Class A Notes, the meaning given to it in the applicable Final Terms or Drawdown Prospectus.

"**Final Maturity Date**" means the date specified in the relevant Final Terms or Drawdown Prospectus as the final date on which the principal amount of the Class A Note is due and payable.

"**Interest Payment Date**" means the date(s) specified as such in the relevant Final Terms or Drawdown Prospectus.

"**ISDA Definitions**" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Sub-Class of Class A Notes as published by the International Swaps and Derivatives Association, Inc.).

"**Issue Date**" means the date specified as such in the relevant Final Terms or Drawdown Prospectus.

"**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.

"**Margin**" means the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Drawdown Prospectus.

"**NIG LAN Notice**" means a notice from the Obligor Security Trustee to the Qualifying Obligor Secured Creditors requesting an instruction from the Note Instructing Group or the Class A Instructing Group, as the case may be, in the form of a resolution of the Note Instructing Group or the Class A Instructing Group, as applicable as to whether it should consent to or approve a Distressed Disposal of a Permitted Business and/or deliver a Loan Acceleration Notice to accelerate all of the Obligor Secured Liabilities.

"**NIG LAN Resolution**" means:

(a) a resolution approved by the Class A Noteholders by a majority of not less than 75 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes of a Sub-Class who have participated in the vote on such NIG LAN Resolution, provided that the aggregate Principal Amount Outstanding of the Class A Notes which have approved such NIG LAN Resolution represents more than 50 per cent. of all Class A Notes then outstanding; or

(b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the aggregate Principal Amount Outstanding of the outstanding Class A 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 A Noteholders.

"**Obligor STID Proposal**" means, for the purposes of the Class A Noteholder voting mechanics in the Class A Note Trust Deed:

(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 NIG LAN Notice;

(h) a proposal giving rise to an Entrenched Right in respect of which the Issuer is an Affected Secured Creditor;

(i) an instruction required in accordance with the STID; and

(j) a request under the STID to hold a physical meeting of Qualifying Obligor Secured Creditors.

"**Page**" means such page, section, caption, column or other part of a particular information service (including the Reuters Money 3000 Service ("**Reuters**")) as may be specified in the relevant Final Terms or Drawdown Prospectus, or such other page, section, caption, column or other part as may replace the same on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying comparable rates or prices.

"**Participating Member State**" means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty establishing the European Communities (as amended), and "**Participating Member States**" means all of them.

"**Payment Business Day**" means:

(a) if the currency of payment is euro, any day which is:

  (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

  (ii) in the case of payment by transfer to an account, a day on which the TARGET2 system is open and a day on which dealings in foreign currencies may be carried on in each (if any) Relevant Financial Centre; or

(b) if the currency of payment is not euro, any day which is:

  (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies;

  (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Relevant Financial Centre.

"**Principal Amount Outstanding**" means in relation to a Class A Note or a Sub-Class, the original face value thereof less any repayment of principal made to the relevant Class A Noteholders in respect of such Class A Note or Sub-Class.

"**Qualifying Issuer Senior Creditors**" means the holders of the Class A Notes and each Issuer Hedge Counterparty that is party to a Issuer Hedging Agreement in respect of the Class A Notes.

"**Qualifying Issuer Senior Debt**" means the sum of (i) the Principal Amount Outstanding of the Class A Notes and (ii) 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.

"**Redemption Amount**" means the amount provided under Class A Condition 7(c) ("*Optional Redemption*"), unless otherwise specified in the relevant Final Terms or Drawdown Prospectus.

"**Reference Banks**" means the institutions specified as such in the Final Terms or Drawdown Prospectus or, if none is so specified, four major banks selected by the Class A Agent Bank (or the Calculation Agent, if applicable) in the interbank market (or, if appropriate, money market) which is most closely connected with the Relevant Rate as determined by the Class A Agent Bank (or the Calculation Agent, if applicable), on behalf of the Issuer, in its sole and absolute discretion.

"**Relevant Currency**" means the currency specified as such or, if none is specified, the currency in which the Class A Notes are denominated.

"**Reference Date**" means the date which is three Business Days prior to the despatch of the notice of redemption under Class A Condition 7(c) ("*Optional Redemption*") or Class A Condition 7(e), as the case may be.

"**Relevant Financial Centre"** means, with respect to any Class A Note, the financial centre specified as such in the relevant Final Terms or Drawdown Prospectus or, if none is so specified, the financial centre with which the Relevant Rate is most closely connected as determined by the Class A Agent Bank (or the Calculation Agent, if applicable).

"**Relevant Rate**" means the offered rate for a Representative Amount of the Relevant Currency for a period (if applicable) equal to the Specified Duration (or such other rate as shall be specified in the relevant Final Terms or Drawdown Prospectus).

"**Relevant Time**" means, with respect to any Class A Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or Drawdown Prospectus or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre.

"**Representative Amount**" means, with respect to any rate to be determined on a Class A Interest Determination Date, the amount specified in the relevant Final Terms or Drawdown Prospectus as such or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

"**Specified Currency**" has the meaning given to it in the applicable Final Terms or Drawdown Prospectus.

"**Specified Denomination**" has the meaning given to it in the applicable Final Terms or Drawdown Prospectus.

"**Specified Duration"** means, with respect to any Floating Rate (as defined in the ISDA Definitions) to be determined on a Class A Interest Determination Date, the period or duration specified as such in the relevant Final Terms or Drawdown Prospectus or, if none is specified, a period of time equal to the relative Class A Note Interest Period.

"**Step-Up Floating Fee Rate**" means the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Drawdown Prospectus or, if no such rate is specified, zero.

"**Stock Exchange**" means the Irish Stock Exchange Limited or any other or further stock exchange(s) on which any Class A Notes from time to time may be listed and references to the ***relevant Stock Exchange*** shall, in relation to any Class A Notes, be references to the Stock Exchange on which such Class A Notes are, from time to time, or are intended to be, listed.

"**sub-unit**" means in the case of any currency, the lowest amount of such currency that was available as legal tender in the country of such currency.

"**TARGET Settlement Day**" means any day on which the TARGET2 system is open.

"**TARGET2 system**" means the Trans European Automated Real Time Gross Settlement Express Transfer system (TARGET or TARGET2).

"**Vote**" means an instruction from a Class A Noteholder to the Class A Note Trustee to vote on its behalf in respect of a Class A Voting Matter, such instructions to be given in accordance with the Class A Note Trust Deed.

"**Voting Closure Date**" means:

(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; 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.

"**Voting Date**" means:

(a) in respect of a STID Proposal:

  (i) in respect of a Decision Period, the Business Day immediately preceding the last day of such Decision Period; and

  (ii) in respect of a Decision Period that is extended in respect of a Ordinary Voting Matter or an Extraordinary Voting Matter in accordance with the relevant provisions of the STID, means the last date of such extended Decision Period; and

(b) in respect of any other Voting Matter, the date set out in the relevant Voting Notice.

"**Voting Period**" means the period ending on the Voting Date or, if earlier, the date of the Voting Notice issued by the Obligor Security Trustee in respect of such Voting Matter (if applicable).

FORMS OF THE CLASS A NOTES

Class A Notes may, subject to all applicable legal and regulatory requirements, be issued in Sub-Classes comprising either Class A Bearer Notes or Class A Registered Notes, as specified in the relevant Final Terms or Drawdown Prospectus. The Class A Notes may comprise one or more Sub-Classes.

Class A Bearer Notes

Each Sub-Class of Class A Notes initially issued in bearer form will be issued either as a Temporary Global Note, without Class A Receipts, Class A Coupons or Class A Talons attached, or a Permanent Global Note, without Class A Receipts, Class A Coupons or Class A Talons attached, in each case as specified in the relevant Final Terms or Drawdown Prospectus. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Bearer Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms or Drawdown Prospectus, will be delivered on or prior to the Issue Date of the relevant Sub-Class of the Class A Notes to a Common Depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system on or about the Issue Date of the relevant Sub-Class. Each Bearer Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms or Drawdown Prospectus, will be delivered on or prior to the Issue Date of the relevant Sub-Class of the Class A Notes to a Common Safekeeper for Euroclear and/or Clearstream, Luxembourg.

Where the Bearer Class A Global Notes issued in respect of any Sub-Class of Class A Notes are in NGN form, Euroclear and Clearstream, Luxembourg will be notified by or on behalf of the Issuer whether or not such Bearer Class A Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Bearer Class A Global Notes are to be so held does not necessarily mean that the relevant Sub-Class of Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg.

In the case of each Sub-Class of Class A Notes in bearer form the relevant Final Terms or Drawdown Prospectus will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Class A Notes or, if the Class A Notes do not have a maturity of more than 1 year, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms or Drawdown Prospectus specify the form of Class A Notes as being represented by "Temporary Global Note exchangeable for a Permanent Global Note", then the Class A Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without Class A Receipts, Class A Coupons or Class A Talons attached, not earlier than 40 days after the Issue Date of the relevant Sub-Class of the Class A Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, payments of interest in respect of the Class A Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

(i) presentation and (in the case of final exchange) surrender of the Temporary Global Note at the specified office of the Class A Principal Paying Agent; and

(ii) receipt by the Class A Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S beneficial ownership; provided, however, that in no circumstances shall the principal amount of the Permanent Global Note exceed the aggregate initial principal amount of the Temporary Global Note and any Temporary Global Note representing a fungible Sub-Class of Class A Notes with the Sub-Class of Class A Notes represented by the first Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form (each, a "**Definitive Note**"):

(i) if the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or

have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Class A Note Trustee is available; or

(ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Class A Notes in definitive form and a certificate to such effect from two Directors of the Issuer has been given to the Class A Note Trustee.

Whenever the Permanent Global Note is to be exchanged for Class A Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Class A Definitive Notes, duly authenticated and with Class A Receipts, Class A Coupons and Class A Talons attached (if so specified in the relevant Final Terms or Drawdown Prospectus), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the specified office of the Class A Principal Paying Agent within 30 days of the bearer requesting such exchange but not earlier than 40 days after the Issue Date of such Class A Notes.

Temporary Global Note exchangeable for Class A Definitive Notes

If the relevant Final Terms or Drawdown Prospectus specify the form of Class A Notes as being "Temporary Global Note exchangeable for Class A Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Class A Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Class A Definitive Notes not earlier than 40 days after the Issue Date of the relevant Sub-Class of the Class A Notes.

If the relevant Final Terms or Drawdown Prospectus specifies the form of Class A Notes as being "Temporary Global Note exchangeable for Class A Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Class A Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Class A Definitive Notes not earlier than 40 days after the Issue Date of the relevant Sub-Class of the Class A Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Class A Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Class A Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Class A Definitive Notes, duly authenticated and with Class A Receipts, Class A Coupons and Class A Talons attached (if so specified in the relevant Final Terms or Drawdown Prospectus), in an aggregate principal amount equal to the principal amount of the Temporary Global Note so exchanged to the bearer of the Temporary Global Note against the presentation (and in the case of final exchange, surrender) of the Temporary Global Note at the specified office of the Class A Principal Paying Agent within 30 days of the bearer requesting such exchange but not earlier than 40 days after the issue of such Class A Notes.

If the relevant Final Terms or Drawdown Prospectus specify the form of Class A Notes as being "Temporary Global Note exchangeable for Class A Definitive Notes", such Temporary Global Notes and Class A Definitive Notes may only be issued and traded in denominations equal to the Specified Denomination and integral multiples thereof.

Permanent Global Note exchangeable for Class A Definitive Notes

If the relevant Final Terms or Drawdown Prospectus specifies the form of Class A Notes as being "Permanent Global Note exchangeable for Class A Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that TEFRA does not apply, then the Class A Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Class A Definitive Notes:

(i) if the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Class A Note Trustee is available; or

(ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Class A Notes in definitive form and a certificate to such effect from two Directors of the Issuer has been given to the Class A Note Trustee.

Whenever the Permanent Global Note is to be exchanged for Class A Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Class A Definitive Notes, duly authenticated and with Class A Receipts, Class A Coupons and Class A Talons attached (if so specified in the relevant Final Terms or Drawdown Prospectus), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the specified office of the Class A Principal Paying Agent within 30 days of the bearer requesting such exchange but not earlier than 40 days after the Issue Date of such Class A Notes.

In the event that a Global Note is exchanged for Class A Definitive Notes, such Class A Definitive Notes shall be issued in Specified Denominations(s) only. Noteholders who hold Class A Notes in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant date of exchange, a principal amount of Class A Notes such that their holding is an integral multiple of a Specified Denomination in order to receive a Class A Definitive Note in respect of their holding.

Conditions applicable to the Class A Notes

The terms and conditions applicable to any Class A Definitive Note will be endorsed on that Class A Note and will consist of the Class A Conditions set out under "*Terms and Conditions of the Class A Notes*" above and the provisions of the relevant Final Terms or Drawdown Prospectus which complete those Class A Conditions.

The terms and conditions applicable to any Class A Global Note will differ from those Class A Conditions which would apply to the Class A Definitive Note to the extent described under "*Provisions Relating to the Class A Notes while in Global Form*" below.

Legend concerning United States persons

Class A Global Notes and Class A Definitive Notes having a maturity of more than 1 year and any Class A Receipts, Class A Coupons and Class A Talons appertaining thereto will bear a legend to the following effect unless the relevant Final Terms or Drawdown Prospectus specifies that the TEFRA C Rules are applicable or that TEFRA does not apply:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code".

The sections referred to in such legend provide that a United States person who holds a Class A Note, Class A Receipt, Class A Coupon or Class A Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Class A Note, Class A Receipt, Class A Coupon or Class A Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Class A Notes issued in bearer form will only be transferable in accordance with the procedures of the Euroclear or Clearstream, Luxembourg and/or any other relevant clearing system (as applicable).

Class A Registered Notes

Any Registered Note will be represented on issue by either: (i) a Class A Regulation S Global Note in the case of Class A Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S or (ii) a Class A Rule 144A Global Notes in the case of Class A Registered Notes sold to QIBs in reliance on Rule 144A of each Sub-Class.

Each Class A Regulation S Global Note will be deposited on or about the Issue Date with either: (a) a Common Depositary for Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system, in the case of a Class A Regulation S Global Note which will not be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), and registered in the name or a nominee of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; or (b) a Common Safekeeper for Euroclear and/or Clearstream Luxembourg, in the case of a Regulation S Global Note to be held under the New Safekeeping Structure, and registered in the name of a nominee of the Common Safekeeper. Each Class A Rule 144A Global Note will be deposited on or about the Issue Date with either: (a) a common depositary for Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system, in the case of a Class A Rule 144A Global Note which will not be held under the NSS, and registered in the name or a nominee of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; (b) a common safekeeper for Euroclear and/or Clearstream, Luxembourg, in the case of a Class A Rule 144A Global Note to be held under the NSS, and registered in the name of a nominee of the common safekeeper; or (c) the custodian for DTC (the "**DTC Custodian**") and registered in the name of Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC.

Where the Class A Regulation S Global Notes issued in respect of any Sub-Class are held under the NSS, Euroclear and Clearstream, Luxembourg will be notified by or on behalf of the Issuer whether or not such Class A Regulation S Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Class A Regulation S Global Notes are to be so held does not necessarily mean that the Class A Notes of the relevant Sub-Class will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NSSs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Beneficial interests in a Class A Regulation S Global Note may be held only through Euroclear or Clearstream, Luxembourg or their participants at any time. Beneficial interests in a Class A Rule 144A Global Note may only be held through DTC, Euroclear or Clearstream, Luxembourg at any time. See "*Book-Entry Clearance Procedure*".

Beneficial interests in Class A Registered Global Notes will be subject to certain restrictions on transfer set out in this Base Prospectus and in the Class A Agency Agreement, and such Class A Registered Global Notes will bear the applicable legends regarding such restrictions.

Except in the limited circumstances described below, owners of beneficial interests in Class A Registered Global Notes will not be entitled to receive physical delivery of certificated Class A Notes.

Exchange for Class A Registered Definitive Notes

Each Class A Regulation S Global Note will be exchangeable, free of charge to the holder, on or after its Individual Exchange Date (as defined below), in whole but not in part, for definitive Class A Notes in fully registered form (a "**Class A Regulation S Registered Definitive Note**") and each Class A Rule 144A Global Note will be exchangeable, free of charge to the holder, on or after its Individual Exchange Date (as defined below), in whole but not in part, for definitive Class A Notes in fully registered form (a "**Class A Rule 144A Registered Definitive Note**", and together with the Class A Regulation S Registered Definitive Note, the "**Class A Registered Definitive Notes**"):

(i) in the case of a Class A Regulation S Global Note or Class A Rule 144A Global Note that is held (directly or indirectly) on behalf of Euroclear and/or Clearstream, Luxembourg, if the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Class A Note Trustee is available;

(ii) in the case of any Class A Rule 144A Global Note that is held on behalf of DTC, if the Issuer has been notified that DTC or a successor depositary is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Class A Rule 144A Global Note or ceases to be a "clearing agency" registered under the Exchange Act, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility or cessation on the part of such depositary; and

(iii) in any case, if the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Class A Notes in definitive form and a certificate to such effect from two Directors of the Issuer has been given to the Class A Note Trustee.

The Class A Registrar will not register the transfer of, or exchange of interests in, Class A Registered Global Notes for Class A Registered Definitive Notes for a period of 15 calendar days ending on the date for any payment of principal or interest in respect of the relevant Sub-Class of Class A Notes.

Whenever a Class A Class A Rule 144A Global Note is to be exchanged for Class A Rule 144A Registered Definitive Notes, each person having an interest in the Class A Rule 144A Global Note must provide the Class A Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Class A Rule 144A Global Note stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Class A Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Class A Registered Definitive Notes issued in exchange for interests in the Class A Rule 144A Global Notes will bear the legends and be subject to the transfer restrictions set out under "*Transfer Restrictions*".

If only one of the Class A Registered Global becomes exchangeable for Class A Registered Definitive Notes in accordance with the above paragraphs, transfers of Class A Notes may not take place between, on the one hand, persons holding Class A Registered Definitive Notes issued in exchange for beneficial interests in the Exchanged Class A Registered Global Notes and on the other hand, persons wishing to purchase beneficial interests in the other Class A Registered Global Notes.

"**Individual Exchange Date**" means a day falling not less than 30 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Class A Registrar and any Class A Transfer Agent is located.

In such circumstances, the relevant Class A Registered Global Note shall be exchanged in full for Class A Registered Definitive Notes and the Issuer will, at the cost of the Issuer (but against such indemnity as the Class A Registrar or any relevant Class A Transfer Agent may require in respect of any Tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Class A Registered Definitive Notes to be executed and delivered to the Class A Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Class A Registered Global Note must provide the Class A Registrar with a written order containing instructions and such other information as the Issuer and the Class A Registrar may require to complete, execute and deliver such Class A Registered Definitive Notes.

Legends and Transfers

The holder of a Class A Registered Definitive Note may transfer the Class A Notes represented thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Class A Registrar or any Class A Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Class A Rule 144A Registered Definitive Note or upon specific request for removal of the legend on a Class A Rule 144A Registered Definitive Note, the Issuer will deliver only Class A Rule 144A Registered Definitive Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Class A Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set out therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act.

Provisions Relating to the Class A Notes while in Global Form

Class A Global Notes will contain provisions that apply to the Class A Notes which they represent, some of which modify the effect of the Class A Conditions of the Class A Notes as set out in this Base Prospectus. The following is a summary of certain of those provisions:

(i) *Cancellation*: Cancellation of any Note represented by a Class A Global Note that is required by the Class A Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Class A Global Note.

(ii) *Notices*: So long as any Class A Notes are represented by a Class A Global Note and such Class A Global Note is held on behalf of DTC, Euroclear, Clearstream, Luxembourg or any other relevant clearing system, notices to the Class A Noteholders may be given, subject always to listing requirements, by delivery of the relevant notice to DTC, Euroclear, Clearstream, Luxembourg or any other relevant clearing system for communication by it to entitled Accountholders in substitution for publication as provided in the Class A Conditions. Such notices shall be deemed to have been received by the Class A Noteholders on the date of delivery to such clearing systems.

(iii) *Record date*: Each payment in respect of a Class A Global Note will be made to the person shown as the Holder in the Class A Register on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Class A Global Note is being held is open for business.

(iv) *Payments*: All payments in respect of the Class A Global Notes which, according to the Class A Conditions, require presentation and/or surrender of a Class A Note or Class A Coupon, will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Class A Global Note to or to the order of any Class A Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Class A Notes. On each occasion on which a payment of principal or interest is made in respect of the Class A Global Notes, the Issuer shall procure that the payment is noted in a schedule thereto and the payment is entered *pro rata* in the records of DTC, Euroclear or Clearstream, Luxembourg, as applicable.

(v) *Payment Business Day*: Notwithstanding the definition of "Payment Business Day" in Class A Condition 21 (*Definitions*), while all the Class A Notes are represented by a Permanent Bearer Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Class A Registered Global Note and the Permanent Bearer Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Class A Registered Global Note is deposited with a depositary or a Common Depositary or a Common Safekeeper for DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, "Payment Business Day" means:

(a) if the currency of payment is euro, any day on which the TARGET2 system is open and a day on which dealings in foreign currencies may be carried on in each (if any) Relevant Financial Centre; or

(b) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Relevant Financial Centre.

(vi) *Redemption at the Option of the Issuer:* For so long as all of the Class A Notes are represented by one or both of the Class A Global Notes and such Global Note(s) is/are held on behalf of DTC, Euroclear and/or Clearstream, Luxembourg, no selection of Class A Notes to be redeemed will be required under Class A Condition 7(c) (*Optional Redemption*) in the event that the Issuer exercises its option pursuant to Class A Condition 7(c) (*Optional Redemption*) in respect of less than the aggregate principal amount of the Class A Notes outstanding at such time. In such event, the partial redemption will be effected *pro rata* in accordance with the rules and procedures of DTC, Euroclear and/or Clearstream, Luxembourg.

BOOK-ENTRY CLEARANCE PROCEDURE

The information set out below has been obtained from DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**"*). The Issuer accepts responsibility for the accurate reproduction of such information from information published by the Clearing Systems and so far as the Issuer is aware and is able to ascertain from the information published by the Clearing Systems, no facts have been omitted which would render the reproduced information inaccurate or misleading. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The information set out below is applicable to any Sub-Class of Notes held by DTC, Euroclear and/or Clearstream, Luxembourg.*

DTC, Euroclear and Clearstream, Luxembourg

Custodial and depositary links have been established between DTC, Euroclear and Clearstream, Luxembourg to facilitate the initial issue of each Sub-Class of the Class A Notes and cross-market transfers of the Class A Notes associated with secondary market trading. DTC, Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to DTC, Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Investors may hold their interests in Class A Global Notes directly through DTC, Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg, each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg, is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg, provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg, also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg, have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.

DTC

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organisation" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and facilitate the clearance and settlement of securities transactions between Participants through electronic computerised book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates.

Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly.

Investors may hold their interests in the Class A Rule 144A Global Note directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organisations which are Direct Participants in such system.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Class A Notes only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of the Class A Rule 144A Global Note as to which such Participant or Participants has or have given such direction. However, in the circumstances described under *"Forms of the Class A Notes—Exchange for Class A Registered Definitive Notes"*, DTC will surrender the Class A Rule 144A Global Note for exchange for Class A Rule 144A Definitive Notes (which will bear the legend applicable to transfers pursuant to Rule 144A).

Book-entry ownership

Euroclear and Clearstream, Luxembourg

Each Bearer Global Note will have an ISIN and a common code and will be deposited with a Common Depositary on behalf of Euroclear and Clearstream, Luxembourg or a Common Safekeeper on behalf or Euroclear and Clearstream, Luxembourg (as applicable). Each Regulation S Global Note, and each Class A Rule 144A Global Note, will have an ISIN

and a common code and will be registered in the name of a Common Depositary on behalf of Euroclear and Clearstream, Luxembourg or a Common Safekeeper on behalf or Euroclear and Clearstream, Luxembourg (as applicable).

DTC

Each Class A Rule 144A Global Note clearing through DTC will have an ISIN, a common code and a CUSIP number and will be deposited with the DTC Custodian for, and registered in the name of Cede & Co. as nominee of, DTC. The DTC Custodian and DTC will electronically record the principal amount of the Class A Notes held within the DTC System.

Payments and relationship of participants with Clearing Systems

Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the holder of a Class A Note represented by a Global Note must look solely to DTC, Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Class A Global Note and in relation to all other rights arising under the Class A Global Note, subject to and in accordance with the respective rules and procedures of DTC, Euroclear or Clearstream, Luxembourg. The Issuer expects that, upon receipt of any payment in respect of Class A Notes represented by a Class A Global Note, the Common Depositary and/or DTC Custodian, as the case may be, by whom such Class A Note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or accountholders' accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Class A Global Note shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Class A Global Note held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Class A Notes for so long as the Class A Notes are represented by such Class A Global Note and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Class A Global Note in respect of each amount so paid.

Settlement and transfer of Class A Notes

So long as DTC or its nominee or Euroclear, Clearstream, Luxembourg, or the nominee of their common depositary is the registered holder of a Global Note, DTC, Euroclear, Clearstream, Luxembourg, or such nominee, as the case may be, will be considered the sole owner or holder of the Class A Notes represented by such Class A Global Note for all purposes under the Class A Agency Agreement and the Class A Notes. Payments of principal, premium (if any), interest and additional amounts (if any) in respect of Class A Global Notes will be made to DTC, Euroclear, Clearstream, Luxembourg, or such nominee, as the case may be, as the registered holder thereof. None of the Issuer, any Obligor, the Class A Note Trustee, any Class A Agent, the Arranger, the Global Coordinators, the Dealers, the Bookrunner or any affiliate of any of them or any person by whom any of them is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Class A Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Distributions of principal, premium (if any) and interest with respect to book-entry interests in the Class A Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by Euroclear or Clearstream, Luxembourg, from the Class A Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg, customers in accordance with the relevant system's rules and procedures.

Holders of book-entry interests in the Class A Notes through DTC will receive, to the extent received by DTC from the Class A Principal Paying Agent, all distributions of principal, premium (if any) and interest with respect to book entry interests in the Class A Notes from the Class A Principal Paying Agent through DTC. Distribution in the United States will be subject to relevant United States tax laws and regulations.

Payments on the Class A Notes will be paid to the holder shown on the Class A Register on the close of business the business day before the due date for such payment so long as the Class A Notes are represented by a Class A Global Note, and on the close of business the Clearing System Business Day before the due date for such payment if the Class A Notes are in the form of Definitive Notes (the "**Record Date**").

Subject to the rules and procedures of each applicable Clearing System, purchases of Class A Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Class A Notes on the clearing system's records. The ownership interest of each actual purchaser of each such Class A Note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participants' records.

Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Class A Notes held within the clearing system will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Class A Notes, unless and until interests in any Class A Global Note held within a clearing system are exchanged for Class A Definitive Notes.

No clearing system has knowledge of the actual Beneficial Owners of the Class A Notes held within such clearing system, and its records will reflect only the identity of the Direct Participants to whose accounts such Class A Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer interests in a Class A Global Note to such persons may be limited. Because DTC, Euroclear and Clearstream, Luxembourg, can only act on behalf of indirect participants, the ability of a person having an interest in a Class A Global Note to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

The holdings of book-entry interests in the Class A Notes through DTC, Euroclear and Clearstream, Luxembourg, will be reflected in the book-entry accounts of each such institution. As necessary, the Class A Registrar will adjust the amounts of Class A Notes on the Class A Register for the accounts of (i) the nominee of the common depositary and (ii) Cede & Co. to reflect the amounts of Class A Notes held through Euroclear, Clearstream, Luxembourg, and DTC, respectively. Beneficial ownership in the Class A Notes will be held through financial institutions as direct and indirect participants in DTC, Euroclear and Clearstream, Luxembourg.

Beneficial interests in the Class A Regulation S Global Note and the Class A Rule 144A Global Note will be in uncertificated book-entry form.

DTC actions with respect to the Class A Notes

The Issuer will direct DTC to take the following steps in connection with any Class A Rule 144A Global Note:

- to cause (i) each physical DTC delivery order ticket delivered by DTC to purchasers to contain the 20-character security descriptors and (ii) each DTC delivery order ticket delivered by DTC to purchasers in electronic form to contain the "GRLS" indicators and the related user manual for Participants, which will contain a description of relevant restrictions;

- to send, on or prior to the closing date of each offering of Class A Rule 144A Global Notes, an "Important Notice" to all DTC participants in connection with any issue of the Class A Notes. The Issuer may instruct DTC from time to time (but not more frequently than every six months) to reissue the "Important Notice";

- to include in all "confirms" of trades of the Class A Notes in DTC, CUSIP numbers with a "fixed field" attached to the CUSIP number that has the "GRLS" markers; and

- to deliver to the Issuer from time to time a list of all DTC participants holding an interest in the Class A Notes.

Euroclear actions with respect to the Class A Notes

The Issuer will instruct Euroclear Bank SA/NV to take the following steps in connection with any Class A Rule 144A Global Notes:

- to reference "144A" as part of the security name in the Euroclear securities database;

- in each daily securities balances report and daily transactions report to Euroclear participants holding positions in the Class A Notes, to include "144A" in the securities name for the Class A Notes; and

- to deliver to the Issuer from time to time, upon its request, a list of all Euroclear participants holding an interest in the Class A Notes.

Clearstream, Luxembourg, actions with respect to the Class A Notes

The Issuer will instruct Clearstream, Luxembourg, to take the following steps in connection with any Class A Rule 144A Global Notes:

- to reference "144A" as part of the security name in the Clearstream, Luxembourg, securities database;

- in each daily portfolio report and daily settlement report to Clearstream, Luxembourg, participants holding positions in the Class A Notes, to include "144A" in the securities name for the Class A Notes; and

- to deliver to the Issuer from time to time, upon its request, a list of all Clearstream, Luxembourg, Participants holding an interest in the Class A Notes.

Bloomberg Screens, etc.

The Issuer will from time to time request all third-party vendors to include appropriate legends regarding Rule 144A restrictions on the Class A Rule 144A Global Notes on screens maintained by such vendors. Without limiting the foregoing, the Dealers will request that Bloomberg, L.P. include the following on each Bloomberg screen containing information about the securities as applicable:

- the bottom of the "Security Display" page describing the Class A Notes should state: "Iss'd under 144A" and "GRLS";

- the "Security Display" page should have a flashing red indicator stating "Additional Note Pg";

- such indicator for the Class A Notes should link to an "Additional Security Information" page, which should state that the Class A Notes "are being offered in reliance on the exception from registration under Rule 144A of the Securities Act of 1933, as amended (the "**Securities Act** ") to persons that are "qualified institutional buyers" as defined in Rule 144A under the Securities Act; and

- the "Disclaimer" pages for the Class A Notes should state that the securities "have not been and will not be registered under the Securities Act of 1933, as amended".

CUSIP

Each "CUSIP" obtained for a Class A Rule 144A Global Note will have an attached "fixed field" that contains "GRLS" and "144A" indicators.

Trading between Euroclear and Clearstream, Luxembourg Accountholders

Secondary market sales of book-entry interests in the Class A Notes held through Euroclear or Clearstream, Luxembourg, to purchasers of book-entry interests in the Class A Notes through Euroclear or Clearstream, Luxembourg, will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg, and will be settled using the procedures applicable to conventional EuroNotes.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Class A Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to U.S. corporate debt obligations in DTC's Same Day Funds Settlement System.

Trading between DTC Seller and Euroclear or Clearstream, Luxembourg Purchaser

When book-entry interests in Class A Notes are to be transferred from the account of a DTC participant holding a beneficial interest in a Class A Rule 144A Global Note to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in the Class A Regulation S Global Note (subject to such certification procedures as are provided in the Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12:00 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the DTC Custodian will instruct the Class A Registrar to (i) decrease the amount of Class A Notes registered in the name of Cede & Co. and evidenced by such Class A Rule 144A Global Note and (ii) increase the amount of Class A Notes registered in the name of a nominee of the common depositary and evidenced by such Class A Regulation S Global Note. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the ease may be, for credit to the relevant accountholder on the first business day following the settlement date. See above concerning the Record Date for payments of interest.

Trading between Euroclear or Clearstream, Luxembourg Seller and DTC Purchaser

When book-entry interests in Class A Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg, accountholder holding a beneficial interest in a Class A Regulation S Global Note to the account of a DTC participant wishing to purchase a beneficial interest in a Class A Rule 144A Global Note (subject to such certification

procedures as are provided in the Class A Agency Agreement), the Euroclear or Clearstream, Luxembourg, accountholder must send to Euroclear or Clearstream, Luxembourg, delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg, and the Class A Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg, accountholder, as the case may be. On the Settlement Date, the Common Depositary for Euroclear and Clearstream, Luxembourg, will (i) transmit appropriate instructions to the custodian who will in turn deliver such book-entry interests in the Class A Notes free of payment to the relevant account of the DTC participant and (ii) instruct the Class A Registrar to (a) decrease the amount of Class A Notes registered in the name of a nominee of the Common Depositary and evidenced by such Class A Regulation S Global Note and (b) increase the amount of Class A Notes registered in the name of the Cede & Co. and evidenced by such Class A Rule 144A Global Note. See above concerning the Record Date for payments of interest.

Although the foregoing sets out the procedures of DTC, Euroclear and Clearstream, Luxembourg, in order to facilitate the transfers of interests in the Class A Notes among the participants of DTC, Euroclear and Clearstream, Luxembourg, none of DTC, Euroclear or Clearstream, Luxembourg, is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, any Obligor, the Class A Note Trustee, any Class A Agent, the Arranger, the Global Coordinators, the Dealers, the Bookrunner or any affiliate of any of them or any person by whom any of them is controlled for the purposes of the Securities Act, will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg, or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described above.

Pre-issue Trades Settlement

It is expected that delivery of any Sub-Class of Class A Notes will be made against payment therefor on the Issue Date of such Sub-Class of Class A Notes, which could be more than three business days following the date of pricing. Under Rule 15c6-1 under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise.

Accordingly, purchasers who wish to trade the Class A Notes in the United States on the date of pricing or the next succeeding business days until three days prior to the Closing Date will be required, by virtue of the fact the Class A Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary.

Purchasers of the Class A Notes may be affected by such local settlement practices, and purchasers of the Class A Notes between the relevant date of pricing and the Issue Date should consult their own advisers.

PRO FORMA FINAL TERMS

Final Terms dated [●]

AA Bond Co Limited

Issue of [Sub-Class A—[●]] [Aggregate Nominal Amount of tranche] [Fixed Rate][Floating Rate] Class A Notes

under the £5,000,000,000 multicurrency Programme for the issuance of Class A Notes

PART A—CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Base Prospectus dated [●] [and the supplemental base prospectus which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of EU Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in the Relevant Member State) (the "**Prospectus Directive**"). [This document constitutes the Final Terms of the Class A Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus.] Full information on the Issuer and the offer of the Class A Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplemental base prospectus] [is] [are] available for viewing at [●] and copies may be obtained from the Specified Office of the Class A Paying Agents.

1	Issuer:		[●]
2	(i)	Tranche Number:	[●]
	(ii)	Date on which the Class A Notes will be consolidated and form a single series:	[Not Applicable] [The Class A Notes shall be consolidated, form a single series and be interchangeable for trading purposes with [●] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below, which is expected to occur on or about [●]].
3	Specified Currency or Currencies:		[●]
4	Aggregate Nominal Amount of Class A Notes:		
	(i)	Sub-Class:	[●]
5	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6	(i)	Specified Denominations	[●] [€/£[100,000]/$[200,000] and integral multiples of [€/£/$[1,000]] in excess thereof up to and including [€/£[99,000] /$[199,000]]. No Class A Notes in definitive form will be issued with a denomination of integral multiples above [€/£ [99,000]/$[199,000]].]
	(ii)	Calculation Amount:	[€/£/$][1,000]
7	(i)	Issue Date:	[●]
	(ii)	Class A Interest Commencement Date:	[●] [Issue Date] [Not Applicable]
8	(i)	Expected Maturity Date:	[Not Applicable] [●]
	(ii)	Final Maturity Date:	[●]
9		Instalment Date:	[Not Applicable] [●]
10		Interest Basis:	[Fixed Rate Class A Notes] [Floating Rate Class A Notes]
11	Redemption/Payment Basis:		[Redemption at Expected Maturity/Final Redemption] [Instalment] [Call Protected Floating Rate Class A Notes]

12	Call Options:	Issuer Optional Redemption—Class A Condition 7(c) applies Class B Call Option—Class A Condition 7(c) applies
13	[Date [Board] approval for issuance of Class A Notes obtained:	[●] and [●] respectively]]
14	Method of Syndication:	[Syndicated]/[Non-syndicated]
15	[Fallback provisions:]	[[●] [Not Applicable]]
16	[Relevant Financial Centre:]	[[●] [Not Applicable]]
17	[Additional Financial Centre(s):]	[[●] [Not Applicable]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

18	Fixed Rate Note Provisions:		[Applicable/Not Applicable]
	(i)	Class A Initial Interest Rate:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear on each Interest Payment Date]
	(ii)	Class A Revised Interest Rate:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear on each Interest Payment Date]
	(iii)	Interest Payment Date(s):	[●] [and [●]] in each year
	(iv)	First Interest Payment Date:	[●]
	(v)	Class A Note Interest Amount[(s)]:	[●] per Calculation Amount [in respect of each Class A Note Interest Period up to (but excluding the Expected Maturity Date) and [●] in respect of each Class A Note Interest Period from (and including the Expected Maturity Date to (but excluding) the Final Maturity Date]
	(vi)	Day Count Fraction:	[Actual/Actual (ICMA)] [Actual/365 or Actual/Actual] [Actual/365 Fixed] [Actual/360] [30/360 or 360/360 or Note basis] [30E/360 or EuroNote Basis]
	(vii)	Reference Gilt:	[●] [The Treasury stock whose modified duration most closely matches that of the Class A Notes on the Reference Date with the advice of three persons operating in the gilt-edged market (selected by the Issuer and approved by the Class A Note Trustee)]
	(viii)	Comparable German Bund Issue:	[●] [The German Bund whose modified duration most closely matches that of the Class A Notes on the Reference Date with the advice of three persons operating in the German Bund market (selected by the Issuer and approved by the Class A Note Trustee)]
	(ix)	Comparable United States Treasury Securities:	[●] [The Treasury Rate whose modified duration most closely matches that of the Class A Notes on the Reference Date with the advice of three persons operating in the Treasury Securities Market (selected by the Issuer and the Class A Note Trustee)]
19	Floating Rate Note Provisions:		[Applicable/Not Applicable]
	(i)	Interest Payment Dates:	[●] in each year, subject to adjustment in accordance with the Business Day convention set out in paragraph (iii) below]
	(ii)	First Interest Payment Date:	[●]
	(iii)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(iv)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]

	(v)	Party responsible for calculating the Class A Interest Rate, Class A Note Interest Amount(s) and Redemption Amount (if not the Class A Agent Bank):	[Not Applicable]/[●] as Calculation Agent]
	(vi)	Screen Rate Determination:	
		—Relevant Rate:	[●] month [LIBOR][EURIBOR][USD-LIBOR]
		—Class A Interest Determination Date(s):	[●]
		—Page:	[●]
		—Relevant Time:	[●]
		—Representative Amount:	[●]
		—Reference Bank:	[●]
	(vii)	ISDA Determination:	
		—Floating Rate Option:	[●]
		—Specified Duration (if other than the relevant Class A Note Interest Period):	[●]/[Not Applicable]
		—Reset Date:	[●]
		—Designated Maturity:	[●]
	(viii)	Margin(s):	[+/-][●] per cent. per annum
	(ix)	Step-Up Floating Fee Rate:	[●] per cent. per annum
	(x)	Minimum Rate of Interest:	[[●] per cent. per annum] [Not Applicable]
	(xi)	Maximum Rate of Interest:	[[●] per cent. per annum] [Not Applicable]
	(xii)	Day Count Fraction:	[Actual/Actual (ICMA)] [Actual/365 or Actual/Actual] [Actual/365 Fixed] [Actual/360] [30/360 or 360/360 or Note Basis] [30E/360 or EuroNote Basis]

PROVISIONS RELATING TO REDEMPTION

20		Issuer Optional Redemption:	[Applicable in accordance with Class A Condition [7(c)]] [Not Applicable]
	(i)	Optional Redemption Date(s):	Any Interest Payment Date [falling on or after [●] and at a premium of [●].]
	(ii)	Redemption Amount(s) of each Class A Note:	[●] per Calculation Amount
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[●] per Calculation Amount
		(b) Maximum Redemption Amount:	[●]
	(iv)	Notice period:	[●]
21		Redemption Amount of each Class A Note:	[●] per Calculation Amount
22		Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:	[●] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE CLASS A NOTES

23	Form of Class A Notes:	[Bearer/Registered]
	(i) If issued in Bearer form:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Class A Definitive Notes in the limited circumstances specified in the Permanent Global Note (TEFRA C Rules apply).] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Class A Definitive Notes in the limited circumstances specified in the Permanent Global Note (TEFRA D Rules apply).] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Class A Definitive Notes in the limited circumstances specified in the Permanent Global Note (neither TEFRA C Rules nor TEFRA D Rules apply).] [Temporary Global Note exchangeable for Class A Definitive Notes in the limited circumstances specified in the Temporary Global Note (TEFRA C Rules apply).] [Temporary Global Note exchangeable for Class A Definitive Notes in the limited circumstances specified in the Temporary Global Note (TEFRA D Rules apply).] [Temporary Global Note exchangeable for Class A Definitive Notes in the limited circumstances specified in the Temporary Global Note (neither TEFRA C Rules nor TEFRA D Rules apply).] [Permanent Global Note exchangeable for Class A Definitive Notes in the limited circumstances specified in the Permanent Global Note (TEFRA C Rules apply).] [Permanent Global Note exchangeable for Class A Definitive Notes in the limited circumstances specified in the Permanent Global Note (TEFRA D Rules apply).] [Permanent Global Note exchangeable for Class A Definitive Notes in the limited circumstances specified in the Permanent Global Note (neither TEFRA C Rules nor TEFRA D Rules apply).]
	(ii) If Class A Registered Notes:	[Regulation S Global Note registered in the name of a nominee for [a Common Depositary for Euroclear and Clearstream, Luxembourg/a Common Safekeeper for Euroclear and Clearstream, Luxembourg exchangeable for Registered Definitive Notes in the limited circumstances specified in the Regulation S Global Note] [Rule 144A Global Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg exchangeable for Registered Definitive Notes in the limited circumstances specified in the Rule 144A Global Note]] [Rule 144A Global Note deposited with a custodian for, and registered in the name of Cede & CO. as nominee for, The Depository Trust Company exchangeable for Registered Definitive Notes in the limited circumstances specified in the Rule 144A Global Note]

24	New Global Note:		[Yes][No]
25	Relevant Financial Centre(s):		[Not Applicable] [●]
26	Class A Talons for future Class A Coupons or Class A Receipts to be attached to Class A Definitive Notes (and dates on which such Class A Talons mature):		[No][Yes]. If yes, the Class A Talons mature on [●].
27	Details relating to Instalment Notes:		[N/A]
	(i)	Instalment Date:	[●]
	(ii)	Instalment Amount:	[●]

[THIRD-PARTY INFORMATION]

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B—OTHER INFORMATION

1 LISTING AND ADMISSION TO TRADING

(i)	Listing	[Ireland] [Not Applicable]
(ii)	Admission to trading:	Application has been made to the Irish Stock Exchange by the Issuer (or on its behalf) for the Class A Notes to be admitted to the Official List and trading on the Main Securities Market with effect from [●]. Application will be made to the Irish Stock Exchange by the Issuer (or on its behalf) for the Class A Notes to be admitted to the Official List and trading on the Main Securities Market and this is expected to be effective from [●]. [Not Applicable]
(iii)	Estimate of total expenses related to admission to trading:	[●]

2 RATINGS

Ratings:	The Class A Notes to be issued [have been] [are expected to be] rated: [●] Standard & Poor's Credit Market Services Europe Limited ("**S&P**"): [●]

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[●]/[Save as discussed in "*Subscription and Sale*" in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Class A Notes has an interest material to the offer.]

4 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i)	Reasons for the offer:	[●]
(ii)	Estimated net proceeds:	[●]
(iii)	Estimated total expenses:	[●]

[5 YIELD (Fixed Rate Class A Notes only)

Indication of yield:	[●]]

5 OPERATIONAL INFORMATION

Any clearing system(s) other than The Depositary Trust Company, Euroclear Bank SA/NV and Clearstream Banking Société Anonyme and the relevant identification number(s):	[Not Applicable][●]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Class A Paying Agent(s) (if any):	[●]
Name and address of Calculation Agent (if any):	[●]
ISIN Code:	[●]
Common Code:	[●]
CUSIP:	[●]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes/No] [Yes: Note that the designation "yes" simply means that the Class A Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] and does not necessarily mean that the Class A Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Class A Notes are capable of meeting them, the Class A Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,]. Note that this does not necessarily mean that the Class A Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

DESCRIPTION OF INITIAL LIQUIDITY FACILITY PROVIDERS

Bank of America, N.A.

Bank of America is one of the world's largest financial institutions, serving individual consumers, small- and middle-market businesses and large corporations with a full range of banking, investing, asset management and other financial and risk management products and services. The company provides unmatched convenience in the United States, serving approximately 52 million consumer and small business relationships with approximately 5,400 retail banking offices and approximately 16,300 ATMs and award winning online banking with 30 million active users. Bank of America is among the world's leading wealth management companies and is a global leader in corporate and investment banking and trading across a broad range of asset classes, serving corporations, governments, institutions and individuals around the world. Bank of America offers industry leading support to approximately 3 million small business owners through a suite of innovative, easy-to-use online products and services. The company serves clients through operations in more than 40 countries. Bank of America Corporation stock (NYSE: BAC) is a component of the Dow Jones Industrial Average and is listed on the New York Stock Exchange.

Regulatory Capital

As of March 31, 2013

	Ratio (%)	Numerator ($B)
Tier 1 common[(1)]	10.49	136
Tier 1 capital[(2)]	12.22	159
Total capital[(3)]	15.50	201
Tier 1 leverage[(4)]	7.49	159

(1) The Tier 1 common capital ratio is determined by dividing Tier 1 common capital by risk weighted assets.

(2) The Tier 1 capital ratio is determined by dividing Tier 1 capital by risk weighted assets.

(3) The total capital ratio is determined by dividing total capital by risk weighted assets.

(4) The leverage ratio is determined by dividing Tier 1 capital by adjusted quarterly average total assets, after certain adjustments.

Bank of Tokyo–Mitsubishi UFJ, Ltd.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("**BTMU**", and together with its consolidated subsidiaries, for the purposes of this section entitled "*The Bank of Tokyo-Mitsubishi UFJ, Ltd.*" only, the "**Group**") is a major commercial banking organisation in Japan and provides a broad range of domestic and international banking services from its offices in Japan and around the world. BTMU is a "city" bank, as opposed to a regional bank. BTMU's registered head office is located at 7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8388, Japan, and its telephone number is 81-3-3240-1111. BTMU is a joint stock company (*kabushiki kaisha*) incorporated in Japan on 15 August 1919 for an indefinite duration under the Company Law of Japan (Law No. 86 of 2005), also known as the "**Corporation Act**").

BTMU was formed through the merger, on 1 January 2006, of BTM and UFJ Bank, after their respective parent companies, Mitsubishi Tokyo Financial Group, Inc. ("**MTFG**") and UFJ Holdings, Inc. (**"UFJ Holdings**") merged to form Mitsubishi UFJ Financial Group, Inc. ("**MUFG**") on 1 October 2005. BTMU is a wholly owned subsidiary of MUFG.

BTM was formed through the merger, on 1 April 1996, of The Mitsubishi Bank, Limited and The Bank of Tokyo, Ltd.. The origins of Mitsubishi Bank can be traced to the Mitsubishi Exchange Office, a money exchange house established in 1880 by Yataro Iwasaki, the founder of the Mitsubishi industrial, commercial and financial group. In 1895, the Mitsubishi Exchange Office was succeeded by the Banking Division of the Mitsubishi Goshi Kaisha, the holding company of the "Mitsubishi group" of companies. Mitsubishi Bank had been a principal bank to many of the Mitsubishi group companies, but broadened its relationships to cover a wide range of Japanese industries, small and medium-sized companies and individuals. Bank of Tokyo was established in 1946 as a successor to The Yokohama Specie Bank, Ltd., a special foreign exchange bank established in 1880. When the government of Japan promulgated the Foreign Exchange Bank Law in 1954, Bank of Tokyo became the only bank licensed under that law. Because of its licence, Bank of Tokyo received special consideration from the Ministry of Finance in establishing its offices abroad and in many other aspects relating to foreign exchange and international finance.

UFJ Bank was formed through the merger, on 15 January 2002, of The Sanwa Bank, Limited ("**Sanwa Bank**") and The Tokai Bank, Limited ("**Tokai Bank**").

Sanwa Bank was established in 1933 when the three Osaka-based banks, the Konoike Bank, the Yamaguchi Bank and the Sanjyushi Bank merged. Sanwa Bank was known as the city bank having the longest history in Japan, as the foundation of Konoike Bank can be traced back to the Konoike Exchange Office established in 1656. The origin of Yamaguchi Bank was also as a money exchange house, established in 1863. Sanjyushi Bank was founded by influential fibre wholesalers in 1878. The corporate philosophy of Sanwa Bank had been the creation of the premier banking services especially for small and medium-sized companies and individuals.

Tokai Bank was established in 1941 when three Nagoya-based banks, the Aichi Bank, the Ito Bank and the Nagoya Bank merged. In 1896, Aichi Bank took over businesses of the Jyuichi Bank, which was established by wholesalers in 1877, and the Hyakusanjyushi Bank, established in 1878. Ito Bank and Nagoya Bank were established in 1881 and 1882 respectively. Tokai Bank had expanded the commercial banking business to contribute to economic growth mainly of the Chubu area in Japan, which is known for the manufacturing industry, especially automobiles.

Barclays Bank PLC

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank PLC was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC".

Barclays Bank PLC and its subsidiary undertakings (together, the "**Barclays Group**") is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Barclays Group.

The short term unsecured obligations of Barclays Bank PLC are rated A-1 by S&P, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long-term obligations of Barclays Bank PLC are rated A+ by S&P, A2 by Moody's Investors Service Ltd. and A by Fitch Ratings Limited.

Based on the Barclays Group's audited financial information for the year ended 31 December 2012, the Group had total assets of £1,490,747 million (2011: £1,563,402 million), total net loans and advances[1] of £466,627 million (2011: £478,726 million), total deposits[2] of £462,806 million (2011: £457,161 million), and total shareholders' equity of £62,894 million (2011: £65,170 million) (including non-controlling interests of £2,856 million (2011: £3,092 million)). The profit before tax from continuing operations of the Barclays Group for the year ended 31 December 2012 was £99 million (2011: £5,974 million) after credit impairment charges and other provisions of £3,596 million (2011: £3,802 million). The financial information in this paragraph is extracted from the audited consolidated financial statements of Barclays Bank PLC for the year ended 31 December 2012.

[1] Total net loans and advances include balances relating to both bank and customer accounts.
[2] Total deposits include deposits from bank and customer accounts.

Deutsche Bank AG, London Branch

Deutsche Bank Aktiengesellschaft (**"Deutsche Bank"**) originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft, Duesseldorf and Süddeutsche Bank Aktiengesellschaft, Munich pursuant to the Law on the Regional Scope of Credit Institutions. These entities had been disincorporated from Deutsche Bank, which was founded in 1870, in 1952. The merger and the name were entered into the Commercial Register of the District Court Frankfurt am Main on 2 May 1957. Deutsche Bank is a banking institution and a stock corporation incorporated under the laws of Germany under registration number HRB 30 000. Deutsche Bank has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main and branch offices in Germany and abroad, including in London, New York, Sydney, Tokyo and an Asia-Pacific Head Office in Singapore, which serve as hubs for its operations in the respective regions.

Deutsche Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a real estate finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the "**Deutsche Bank Group**").

"**Deutsche Bank AG London"** is the London branch of Deutsche Bank AG. On 12 January 1973, Deutsche Bank AG filed the documents required pursuant to section 407 of the Companies Act 1948 to establish a place of business in England and Wales. On 14 January 1993, Deutsche Bank registered under Schedule 21A to the Companies Act 1985 as having established a branch (Registration No. BR000005) in England and Wales. Deutsche Bank AG London is an authorised person for the purposes of section 19 of the Financial Services and Markets Act 2000. In the UK, it conducts wholesale banking business and through its private wealth management division, it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.

HSBC Bank plc

HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently incorporated as a limited company in 1880. In 1923, the company adopted the name Midland Bank Limited which it held until 1982 when it re-registered and changed its name to Midland Bank plc. During the year ended 31 December, 1992, Midland Bank plc became a wholly owned subsidiary undertaking of HSBC Holdings plc, whose Group Head Office is at 8 Canada Square, London, E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in the year ended 31 December 1999.

The HSBC Group is one of the largest banking and financial services organisations in the world, with around 6,600 offices in 81 countries and territories in six geographical regions: Europe; Hong Kong; Rest of Asia-Pacific; Middle East and North Africa; North America and Latin America. Its total assets at 31 December 2012 were U.S. $2,693 billion. HSBC Bank plc is the HSBC Group's principal operating subsidiary undertaking in Europe.

The short term senior unsecured and unguaranteed obligations of HSBC Bank plc are, as at the date of this Prospectus, rated P-1 by Moody's, A-1+ by S&P and F1+ by Fitch Ratings Limited and the long term senior, unsecured and unguaranteed obligations of HSBC Bank plc are currently rated Aa3 by Moody's, AA- by S&P and AA- by Fitch Ratings Limited.

HSBC is regulated pursuant to the Financial Services and Markets Act 2000 and is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority. HSBC Bank plc's principal place of business in the United Kingdom is 8 Canada Square, London, E14 5HQ.

The above disclosure in respect of HSBC Bank plc shall not create any implication that there has been no change in the affairs of HSBC Bank plc since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date. The information in the preceding 4 paragraphs has been provided by HSBC Bank plc for use in this Base Prospectus and HSBC Bank plc is solely responsible for the accuracy of the preceding 4 paragraphs. Except for the foregoing 4 paragraphs, HSBC Bank plc, in its capacity as an Initial Liquidity Facility Provider, and its affiliates have not been involved in the preparation of, and do not accept responsibility for, this Prospectus.

Lloyds TSB Bank plc

Lloyds TSB Bank plc ("**Lloyds Bank**") was incorporated in England and Wales on 20 April 1865 (registration number 2065). Lloyds Bank's registered office is at 25 Gresham Street, London, EC2V 7HN, UK. Lloyds Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Lloyds Bank is a wholly owned subsidiary of Lloyds Banking Group plc**.**

Royal Bank of Canada

Royal Bank of Canada (referred to in this section as "**Royal Bank**") is a Schedule I bank under the Bank Act (Canada), which constitutes its charter and governs its operations. Royal Bank's corporate headquarters are located at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario M5J 2J5, Canada, and its head office is located at 1 Place Ville Marie, Montreal, Quebec H3C 3A9, Canada. Royal Bank is the parent company of RBC Europe Limited, the Dealer, and Royal Bank is acting in a number of capacities, including as an Initial Liquidity Facility Provider.

Royal Bank and its subsidiaries operate under the master brand name RBC. Royal Bank is Canada's largest bank as measured by assets and market capitalization and is among the largest banks in the world based on market capitalization. Royal Bank is one of North America's leading diversified financial services companies and provides personal and commercial banking, wealth management services, insurance, and investor services and wholesale banking on a global basis. Royal Bank and its subsidiaries employ approximately 80,000 full- and part-time employees who serve more than 15 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 44 other countries.

Royal Bank had, on a consolidated basis, as at April 30, 2013, total assets of C$868 billion (approximately US$861 billion as at April 30, 2013), equity attributable to shareholders of C$46 billion (approximately US$46 billion as at April 30, 2013), and total deposits of C$531 billion (approximately US$527 billion as at April 30, 2013). The foregoing figures were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and have been extracted and derived from, and are qualified by reference to, Royal Bank's unaudited Interim Condensed Consolidated Financial Statements included in Royal Bank's quarterly Report to Shareholders for the fiscal period ended April 30, 2013.

The senior long-term unsecured debt of Royal Bank has been assigned ratings of AA- (stable outlook) by S&P, Aa3 (stable outlook) by Moody's Investors Service and AA (stable outlook) by Fitch Ratings. Royal Bank's common shares are listed on the Toronto Stock Exchange, the New York Stock Exchange and the Swiss Exchange under the trading symbol "RY". Its preferred shares are listed on the Toronto Stock Exchange.

Upon written request, and without charge, Royal Bank will provide a copy of its most recent publicly filed annual report on Form 40-F, which includes audited consolidated financial statements, to any person to whom this Base Prospectus is delivered. Requests for such copies should be directed to Investor Relations, Royal Bank of Canada, by writing to 200 Bay Street, 4th Floor, North Tower, Toronto, Ontario, M5J 2W7, Canada, by calling (416) 955-7802 or by visiting rbc.com/investorrelations.

The delivery of this Base Prospectus does not imply that there has been no change in the affairs of Royal Bank since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

The Royal Bank of Scotland plc

The Royal Bank of Scotland plc (the "**Bank**") is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc ("**RBSG**" or the "**holding company**"), a large global banking and financial services group. The "**Group**" comprises the Bank and its subsidiary and associated undertakings. The Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers. "**RBS Group**" comprises the holding company and its subsidiary and associated undertakings.

RBS Group had total assets of £1,312 billion and owners' equity of £68 billion as at 31 December 2012. RBS Group's capital ratios, as at 31 December 2012, were a total capital ratio of 14.5 per cent., a Core Tier 1 capital ratio of 10.3 per cent. and a Tier 1 capital ratio of 12.4 per cent.

The Group had total assets of £1,284 billion and owners' equity of £59 billion as at 31 December 2012. As at 31 December 2012, the Group's capital ratios were a total capital ratio of 15.4 per cent., a Core Tier 1 capital ratio of 9.4 per cent. and a Tier 1 capital ratio of 11.0 per cent.

UBS AG, London Branch

UBS AG, a company incorporated with limited liability in Switzerland on 28 February 1978 registered at the Commercial Registry Office of the Canton of Zurich and the Commercial Registry Office of the Canton of Basel-City with Identification No: CH-270.3.004.646-4 having its registered offices at Bahnhofstrasse 45, 8001 Zurich and Aeschenvorstadt 1, 4051 Basel, Switzerland and having established in the United Kingdom a branch office situated at 1 Finsbury Avenue, London EC2M 2PP registered at Companies House, Cardiff, as a UK Establishment pursuant to Part 34 (Sections 1044 to 1052) of the Companies Act 2006 and the Overseas Companies Regulations 2009 [SI 2009/1801] (being successor legislation to Schedule 21A to the Companies Act 1985 under which that branch office was originally registered on 16 June 1998) with Company No: FC021146 and UK Establishment (formerly referred to as Branch) No: BR004507 ("**UBS AG London Branch**") acting through, and by, UBS AG London Branch.

TAX CONSIDERATIONS

UNITED KINGDOM TAXATION

The following is a summary of the UK withholding taxation treatment in relation to payments of principal and interest in respect of the Class A Notes as at the date of this Base Prospectus. The comments do not deal with other UK tax aspects of acquiring, holding or disposing of the Class A 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 A 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, Class A Noteholders 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 A 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 A 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 A 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 Main Securities Market of the Irish Stock Exchange. While the Class A Notes are and continue to be quoted Eurobonds, payments of interest on the Class A 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 A Notes will be paid under deduction of UK income tax at the basic rate (currently 20 per cent.) 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).

However, this obligation to withhold on account of UK income tax will not apply if the relevant interest is paid on Class A Notes with a maturity of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Class A Notes part of a borrowing with a total term of a year or more.

If UK withholding tax is imposed, then the Issuer will not pay additional amounts in respect of the Class A Notes.

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 A 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

Class A Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Class A Notes will not be subject to any UK withholding tax pursuant to the provisions mentioned in "*UK Withholding Tax on UK source interest*" above, but may be subject to reporting requirements as outlined in "*Provision of Information by UK Paying and Collecting Agents*" above.

Where Class A Notes are issued with a redemption premium, as opposed to being issued at a discount, then any element of such premium may constitute a payment of interest for these purposes. 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, Class A Noteholders 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 A 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 A Condition 7(d) ("*Terms and Conditions of the Class A Notes—Redemption for Taxation or Other Reasons*") or Class A Condition 14(b) ("*Terms and Conditions of the Class A Notes—Passing of resolutions by Class A Noteholders, Modification, Waiver and Substitution*") of the Class A Notes and does not consider the tax consequences of any such substitution.

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 U.S. FEDERAL INCOME TAX CONSIDERATIONS

The discussion of tax matters in this Base Prospectus 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 A 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 A Note by a U.S. Holder (as defined below), whose functional currency is the U.S. dollar, that acquires Class A Notes in the Programme from the initial purchasers at a price equal to the issue price (as defined below) for such Class A Notes and holds such Class A 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 A 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 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 Base Prospectus 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 A 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.

This summary does not discuss Class A Bearer Notes. In general, U.S. federal income tax law imposes significant adverse consequences on U.S. Holders of Class A Bearer Notes. U.S. Holders should consult their tax advisers regarding the restrictions and penalties imposed under U.S. federal income tax law with respect to Class A Bearer Notes and any other tax consequences with respect to the acquisition, ownership and disposition of any of such notes.

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Class A Note that is for U.S. federal income tax purposes:

- a citizen or individual resident of the U.S.;
- a corporation created or organised in or under the laws of the U.S. 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 U.S. 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 A Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners of partnerships holding Class A Notes should consult with their tax advisors regarding the U.S. federal income tax consequences of an investment in the Class A Notes.

Characterisation of the Class A Notes

The discussion below assumes that the Class A Notes will be characterised as indebtedness for U.S. federal income tax purposes. No rulings have been, or will be, sought from the Internal Revenue Service (the **"IRS"**) regarding the Class A 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 A Notes. Prospective purchasers are urged to consult their tax advisors about the proper treatment of the Class A Notes and the consequences of any recharacterisation of the Class A Notes in their particular circumstances.

Payments of Stated Interest

Generally

Interest paid on a Class A Note 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 method of accounting for U.S. federal income tax purposes, provided that the interest is "qualified stated interest" (as defined below). Interest income earned by a U.S. Holder with respect to a Class A Note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in calculating the U.S. Holder's foreign tax credit limitation. The rules regarding foreign tax credits are complex and prospective investors should consult their tax advisors about the application of such rules to them in their particular circumstances. Special rules governing the treatment of interest paid with respect to original issue discount notes and notes denominated in currencies other than the U.S. dollar are described under "*—Original Issue Discount,*" "*—Contingent Payment Debt Instruments,*" and "*—Non-U.S. Currency Notes*."

Original Issue Discount

A Class A Note that has an "issue price" that is less than its "stated redemption price at maturity" will be considered to have been issued at an original issue discount for U.S. federal income tax purposes (and will be referred to as an "**original issue discount Class A Note**") unless the Class A Note satisfies a *de minimis* threshold (as described below) or is a short-term Class A Note (as defined below). The "issue price" of a Class A Note generally will be the first price at which a substantial amount of the applicable Sub-Class of Class A Notes are sold to the public (which does not include sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers). In the case of an issuance of Class A Notes which are fungible with a previously issued Sub-Class of Class A Notes, the issue price of such issuance in certain circumstances may be the same as the issue price of such previously issued Sub-Class. The "stated redemption price at maturity" of a Class A Note generally will equal the sum of all payments required to be made under the Class A Note other than payments of "qualified stated interest." "Qualified stated interest" is stated interest unconditionally

payable (other than in debt instruments of the issuer) at least annually during the entire term of the Class A Note at a single fixed rate of interest, at a single qualified floating rate of interest or at a rate that is determined at a single fixed formula that is based on objective financial or economic information. A rate is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the Class A Note is denominated.

If the difference between a Class A Note's stated redemption price at maturity and its issue price is less than a *de minimi*s amount (*i.e.*, generally, 1/4 of 1 per cent. of the stated redemption price at maturity multiplied by the number of complete years to maturity unless payments other than qualified stated interest are scheduled to be made before the maturity date), the Class A Note will not be considered to have original issue discount. U.S. Holders of Class A Notes with a *de minimis* amount of original issue discount will include this original issue discount in income, as capital gain, on a *pro rata* basis as principal payments are made on the Class A Note .

U.S. Holders of original issue discount Class A Notes that mature more than one year from their date of issuance will be required to include original issue discount in income for U.S. federal income tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received.

A U.S. Holder may make an election to include in gross income all interest that accrues on any particular Class A Note (including stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium) in accordance with a constant yield method based on the compounding of interest, and generally may revoke such election only with the permission of the IRS (a "**constant yield election**").

A Class A Note that matures one year or less from its date of issuance (a "**short-term Class A Note**") will be treated as being issued at a discount and none of the interest paid on the Class A Note will be treated as qualified stated interest, regardless of the issue price. In general, a cash method U.S. Holder of a short-term Class A Note is not required to accrue the discount for U.S. federal income tax purposes unless it elects to do so. U.S. Holders who so elect and certain other U.S. Holders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder who is not required and who does not elect to include the discount in income currently, any gain realised on the sale, exchange, or retirement of the short-term Class A Note will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, those U.S. Holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry short-term Class A Notes in an amount not exceeding the accrued discount until the accrued discount is included in income.

The Issuer may have an option to redeem a Class A Note prior to its stated maturity date. Generally, under applicable regulations, if the Issuer has an unconditional option to redeem a Class A Note prior to its stated maturity date, this option will be presumed to be exercised if, by utilising any date on which the Class A Note may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Class A Note as the stated redemption price at maturity, the yield on the Class A Note would be lower than its yield to maturity. If this option is not in fact exercised, the Class A Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new Class A Note were issued, on the presumed exercise date for an amount equal to the Class A Note's adjusted issue price on that date. The adjusted issue price of an original issue discount Class A Note is defined as the sum of the issue price of the Class A Note and the aggregate amount of previously accrued original issue discount, less any prior payments other than payments of qualified stated interest.

Market Discount

If a U.S. Holder purchases a Class A Note (other than a short-term Class A Note) for an amount that is less than its stated redemption price at maturity or, in the case of an original issue discount Note, its adjusted issue price, the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified *de minimis* amount.

A U.S. Holder will be required to treat any principal payment (or, in the case of an original issue discount Class A Note, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange, retirement or other disposition of a Class A Note , including disposition in certain nonrecognition transactions, as ordinary income to the extent of the market discount accrued on the Class A Note at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. Holder pursuant to an election by the holder to include market discount in income as it accrues, or pursuant to a constant yield election (as described under "*—Original Issue Discount*") by the holder. In addition, a U.S. Holder that does not elect to include market discount in income currently may be required to defer, until the maturity of the Class A Note or its earlier disposition (including certain nontaxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Class A Note.

Market discount will accrue on a straight line basis, unless a U.S. Holder makes a constant yield election (as described under "—*Original Issue Discount*"), for an obligation with market discount and such election will result in a deemed election for all market discount bonds acquired by the holder on or after the first day of the first taxable year to which such election applies.

Acquisition Premium and Amortisable Bond Premium.

A U.S. Holder who purchases a Class A Note for an amount that is greater than the Note's adjusted issue price but less than or equal to the stated redemption price at maturity will be considered to have purchased the Class A Note at an acquisition premium. Under the acquisition premium rules, the amount of original issue discount that the U.S. Holder must include in its gross income with respect to the Class A Note for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year.

If a U.S. Holder purchases a Class A Note for an amount that is greater than the stated redemption price at maturity, the holder will be considered to have purchased the Class A Note with amortisable bond premium equal in amount to the excess of the purchase price over the amount payable at maturity. The U.S. Holder may elect to amortise this premium, using a constant yield method, over the remaining term of the Class A Note as determined under the applicable U.S. Treasury regulations. A U.S. Holder who elects to amortise bond premium must reduce its tax basis in the Class A Note by the amount of the premium amortised in any year. An election to amortise bond premium applies to all taxable debt obligations then owned and thereafter acquired by the U.S. Holder and may be revoked only with the consent of the IRS.

If a U.S. Holder makes a constant yield election (as described under "—*Original Issue Discount*") for a debt instrument with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the holder's debt instruments with amortisable bond premium.

Sale, Exchange or Retirement of the Notes.

Upon the sale, exchange or retirement of a Class A Note, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the holder's adjusted tax basis in the Class A Note. A U.S. Holder's adjusted tax basis in a Class A Note generally will equal the acquisition cost of the Class A Note increased by the amount of original issue discount and market discount included in the holder's gross income and decreased by the amount of any payment received from the Issuer other than a payment of qualified stated interest and any amortised premium. Gain or loss, if any, will generally be U.S. source income for purposes of computing a U.S. Holder's foreign tax credit limitation. For these purposes, the amount realised does not include any amount attributable to accrued, but unpaid, qualified stated interest on the Class A Note. Amounts attributable to accrued, but unpaid, qualified stated interest are treated as payments of stated interest as described under "—*Payments of Stated Interest*."

Except as described below, gain or loss realised on the sale, exchange or retirement of a Class A Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the U.S. Holder has held the Class A Note for more than one year. Exceptions to this general rule apply to the extent of any accrued market discount or, in the case of a short-term Note, to the extent of any accrued discount not previously included in the U.S. Holder's taxable income. See "—*Original Issue Discount*" and "—*Market Discount*." In addition, other exceptions to this general rule apply in the case of Class A Notes denominated in currencies other than the U.S. dollar, and contingent payment debt instruments. See "—*Non-U.S. Currency Notes*" and "—*Contingent Payment Debt Instruments*."

Contingent Payment Debt Instruments.

If the terms of Class A Notes provide for certain contingencies that affect the timing and amount of payments (including Class A Notes with a variable rate or rates that do not qualify as "variable rate debt instruments" for purposes of the original issue discount rules), then such Class A Notes will generally be "contingent payment debt instruments" for U.S. federal income tax purposes. Under the rules that govern the treatment of contingent payment debt instruments, no payment on such a Class A Note qualifies as qualified stated interest. Rather, a U.S. Holder must account for interest for U.S. federal income tax purposes based on a "comparable yield" and the differences between actual payments on the Class A Note and such note's "projected payment schedule" as described below. The comparable yield is determined by the Issuer at the time of issuance of the applicable Class A Notes. The comparable yield may be greater than or less than the stated interest, if any, with respect to the Class A Notes. Solely for the purpose of determining the amount of interest income that a U.S. Holder will be required to accrue on a contingent payment debt instrument, the Issuer will be required to construct a "projected payment schedule" that represents a series of payments the amount and timing of which would produce a yield to maturity on the contingent payment debt instrument equal to the comparable yield.

Neither the comparable yield nor the projected payment schedule constitutes a representation by the Issuer regarding the actual amount, if any, that the contingent payment debt instrument will pay.

For U.S. federal income tax purposes, a U.S. Holder will be required to use the comparable yield and the projected payment schedule established by the Issuer in determining interest accruals and adjustments, unless the holder timely discloses and justifies the use of a different comparable yield and projected payment schedule to the IRS.

A U.S. Holder, regardless of the holder's method of accounting for U.S. federal income tax purposes, will be required to accrue interest income on a contingent payment debt instrument at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the contingent payment debt instrument (as set forth below).

A U.S. Holder will be required to recognise interest income equal to the amount of any net positive adjustment (*i.e.*, the excess of actual payments over projected payments, in respect of a contingent payment debt instrument for a taxable year). A net negative adjustment (*i.e.*, the excess of projected payments over actual payments, in respect of a contingent payment debt instrument for a taxable year):

- will first reduce the amount of interest in respect of the contingent payment debt instrument that a U.S. Holder would otherwise be required to include in income in the taxable year; and
- to the extent of any excess, will give rise to an ordinary loss equal to so much of this excess as does not exceed the excess of:
  - the amount of all previous interest inclusions under the contingent payment debt instrument over
  - the total amount of the U.S. Holder's net negative adjustments treated as ordinary loss on the contingent payment debt instrument in prior taxable years.

A net negative adjustment is not subject to the two per cent. floor limitation imposed on miscellaneous deductions. Any net negative adjustment in excess of the amounts described above will be carried forward to offset future interest income in respect of the contingent payment debt instrument or to reduce the amount realised on a sale, exchange or retirement of the contingent payment debt instrument. Where a U.S. Holder purchases a contingent payment debt instrument for a price other than its adjusted issue price, the difference between the purchase price and the adjusted issue price must be reasonably allocated to the daily portions of interest or projected payments with respect to the contingent payment debt instrument over its remaining term and treated as a positive or negative adjustment, as the case may be, with respect to each period to which it is allocated.

Upon a sale, exchange or retirement of a contingent payment debt instrument, a U.S. Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the holder's adjusted basis in the contingent payment debt instrument. A U.S. Holder's adjusted basis in a Class A Note that is a contingent payment debt instrument generally will be the acquisition cost of the Class A Note, increased by the interest previously accrued by the U.S. Holder on the Class A Note under these rules, disregarding any net positive and net negative adjustments, and decreased by the amount of any noncontingent payments and the projected amount of any contingent payments previously made on the Class A Note. A U.S. Holder generally will treat any gain as interest income, and any loss as ordinary loss to the extent of the excess of previous interest inclusions in excess of the total net negative adjustments previously taken into account as ordinary losses, and the balance as capital loss. The deductibility of capital losses is subject to limitations.

Special rules apply to contingent payment debt instruments that are denominated, or provide for payments, in a currency other than the U.S. dollar ("**Non-U.S. Currency Contingent Payment Debt Instruments**"). Very generally, these instruments are accounted for like a contingent payment debt instrument, as described above, but in the currency of the Non-U.S. Currency Contingent Payment Debt Instrument. The relevant amounts must then be translated into U.S. dollar equivalents. The rules applicable to Non-U.S. Currency Contingent Payment Debt Instruments are complex and U.S. Holders are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of such instruments.

Non-U.S. Currency Notes.

The following discussion summarises the principal U.S. federal income tax consequences to a U.S. Holder of the ownership and disposition of Class A Notes that are denominated in a currency other than the U.S. dollar (a "**non-U.S. currency**," and such notes, "**non-U.S. currency Class A Notes**").

The rules applicable to non-U.S. currency Class A Notes could require some or all gain or loss on the sale, exchange or other disposition of a non-U.S. currency Class A Note to be recharacterised as ordinary income or loss. The rules applicable to non-U.S. currency Class A Notes are complex and may depend on a U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a U.S. Holder should make any of these elections may depend on such holder's particular U.S. federal income tax situation. U.S. Holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences of the ownership and disposition of non-U.S. currency Class A Notes.

A U.S. Holder who uses the cash method of accounting and who receives a payment of qualified stated interest in a non-U.S. currency with respect to a non-U.S. currency Class A Note will be required to include in income the U.S. dollar value of the non-U.S. currency payment (determined on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at the time.

An accrual method U.S. Holder will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount or market discount, but reduced by acquisition premium and amortisable bond premium, to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a non-U.S. currency Class A Note during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the 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. The U.S. Holder will recognise currency exchange gain or loss (taxable as ordinary income or loss) with respect to accrued interest income on the date the income is actually received, which income or loss is attributable to fluctuations in currency exchange rates. The amount of currency exchange gain or loss recognised will equal the difference between the U.S. dollar value of the non-U.S. currency payment received (determined on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above). Rules similar to these rules apply in the case of a cash method taxpayer required to currently accrue original issue discount or market discount. Currency exchange gain or loss will generally be U.S.-source income for foreign tax credit limitation purposes.

An accrual method U.S. Holder or cash method U.S. Holder accruing original issue discount may elect to translate interest income (including original issue discount) into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate 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 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.

Original issue discount, market discount, acquisition premium and amortisable bond premium on a non-U.S. currency Class A Note are to be determined in the relevant non-U.S. currency. Where the taxpayer elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant non-U.S. currency and then translated into U.S. dollars on the basis of the average rate in effect during the accrual period. Currency exchange gain or loss realised with respect to such accrued market discount shall be determined in accordance with the rules relating to accrued interest described above.

If an election to amortise bond premium is made, amortisable bond premium taken into account on a current basis shall reduce interest income in units of the relevant non-U.S. currency. Currency exchange gain or loss is realised on amortised bond premium with respect to any period by treating the bond premium amortised in the period in the same manner as on the sale, exchange or retirement of the non-U.S. currency Class A Note. Any currency exchange gain or loss will be ordinary income or loss. If the election is not made, any loss realised on the sale, exchange or retirement of a non-U.S. currency Class A Note with amortisable bond premium by a U.S. Holder who has not elected to amortise the premium will be a capital loss to the extent of the bond premium.

A U.S. Holder's tax basis in a non-U.S. currency Class A Note, and the amount of any subsequent adjustment to the holder's tax basis, will be the U.S. dollar value amount of the non-U.S. currency amount paid for such non-U.S. currency Class A Note, or of the non-U.S. currency amount of the adjustment, determined on the date of the purchase or adjustment.

Gain or loss realised upon the sale, exchange or retirement of a non-U.S. currency Class A Note that is attributable to fluctuation in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the U.S. dollar value of the non-U.S. currency principal amount of the Class A Note, determined on the date the payment is received or the Class A Note is disposed of, and (ii) the U.S. dollar value of the non-U.S. currency principal amount of the Class A Note, determined on the date the U.S. Holder acquired the Class A Note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on non-U.S. currency Class A Notes described above. Currency exchange gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange or retirement of the non-U.S. currency Class A Note. Such currency exchange gain or loss will generally be U.S.-source income for foreign tax credit limitation purposes. Any gain or loss realised by a U.S. Holder in excess of the currency exchange gain or loss will be capital gain or loss except to the extent of any accrued market discount or, in the case of short-term Class A Note, to the extent of any discount not previously included in the U.S. Holder's income, provided that the Class A Note is not a Non-U.S. Currency Contingent Payment Debt Instrument.

A cash method taxpayer that buys or sells a non-U.S. currency Class A Note that is traded on an established securities market is required to translate units of non-U.S. currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no currency exchange gain or loss will result from currency fluctuations between the trade date and the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment for Class A Notes that are traded on an established securities market. If this election is made, it must be applied consistently from year to year by the U.S. Holder with respect to all debt instruments denominated in non-U.S. currencies that are traded on established securities markets, and cannot be changed without the consent of the IRS. If either (i) the Class A Note is not traded on an established securities market or (ii) it is and the U.S. Holder is an accrual method taxpayer that does not make the election described above with respect to such Class A Note, currency exchange gain or loss may result from currency fluctuations between the trade date and the settlement date of the purchase or sale.

Information Reporting and Backup Withholding.

Information returns may be filed with the IRS in connection with accruals of original issue discount, if any, and payments, on the Class A Notes and the proceeds from a sale or other disposition of the Class A 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 A Note or non-U.S. currency received in respect of a Class A 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 Class A 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 A 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 A 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 A Notes.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the ownership and disposition of the Class A Notes, including the tax consequences under state, local, non-U.S. and other tax laws and the possible effects of changes in U.S. federal or other tax laws.

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 A Notes are made may be required to withhold at a rate of up to 30 per cent. on all, or a portion of, payments in respect of the Class A Notes made after 31 December 2016. This withholding does not apply to payments on Class A 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 A Notes are characterised as equity for U.S. federal income tax purposes.

Whilst the Class A 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 A 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 A Notes. The documentation expressly contemplates the possibility that the Class A 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 ERISA CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") imposes certain requirements on "employee benefit plans" (as defined in ERISA) subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "**ERISA Plans**") and on those persons who are fiduciaries with respect to ERISA Plans.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (Section 4975 of the Code also imposes prohibitions for certain plans that are not subject to Title I of ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "**Plans**")) and certain persons (referred to as "**parties in interest**" or "**disqualified persons**") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code.

The U.S. Department of Labor regulations and Section 3(42) of ERISA describe what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of ERISA's fiduciary provisions and Section 4975 of the Code (the "**Plan Asset Regulation**"). Under the Plan Asset Regulation, subject to certain exceptions, if a Plan invests in an "equity interest" of an entity, then the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that equity participation in the entity by "Benefit Plan Investors" (as defined below) is not "significant" (as described below). If the underlying assets of the entity are deemed to be "plan assets," the obligations and other responsibilities of Plan sponsors, Plan fiduciaries and Plan administrators, and of "parties in interest" and "disqualified persons" (as defined under ERISA and the Code), under Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code, as applicable, may be expanded, and there may be an increase in their liability under these and other provisions of ERISA and the Code (except to the extent (if any) that a favourable statutory or administrative exemption or exception applies); in addition, various providers of fiduciary or other services to the entity, and any other parties with authority or control with respect to the entity, could be deemed to be Plan fiduciaries or otherwise parties in interest or disqualified persons by virtue of their provision of such services (and there could be an improper delegation of authority to such providers).

In general, equity participation by Benefit Plan Investors in an entity is "significant" under the Plan Asset Regulation if, immediately after the most recent acquisition of any equity interest in the entity, 25 per cent. or more of the value of any class of equity interests in the entity is held by Benefit Plan Investors. For purposes of the Plan Asset Regulation, an equity interest includes any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. For purposes of the Plan Asset Regulation, as modified by Section 3(42) of ERISA, a "Benefit Plan Investor" is (i) an "employee benefit plan" as defined in ERISA and subject to Part 4 of Subtitle B of Title I of ERISA, (ii) a "plan" as defined in and subject to Section 4975 of the Code, or (iii) any entity whose underlying assets are deemed for purposes of ERISA or the Code to include "plan assets" by reason of such employee benefit plan's or plan's investment in the entity.

Accordingly, the Class A Notes (and any interests therein) may be purchased and held by Benefit Plan Investors. Each purchaser and transferee of a Class A Note will be deemed to have represented and agreed that either (i) it is not, and for so long as it holds a Class A Note or any interest in a Note it will not be, and is not acting on behalf of (and for so long as it holds any Class A Note or any interest in a Class A Note will not be acting on behalf of) (A) a Benefit Plan Investor or (B) any governmental or other employee benefit plan subject to any U.S. federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), or (ii) its purchase, holding and disposition of such Class A Note (or any interest therein) does not and will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code (or, in the case of another employee benefit plan subject to Similar Law, is not in violation of any Similar Law).

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN ERISA AND OTHER U.S. IMPLICATIONS OF AN INVESTMENT IN THE CLASS A NOTES AND DOES NOT PURPORT TO BE COMPLETE. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN LEGAL, TAX, FINANCIAL AND OTHER ADVISORS PRIOR TO INVESTING TO REVIEW THESE IMPLICATIONS IN LIGHT OF SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.

SUBSCRIPTION AND SALE

Dealership Agreement

Class A Notes may be issued from time to time by the Issuer to any one or more of the Dealers and any other dealer appointed from time to time in each case acting as principal pursuant to the dealership agreement dated on or around the date hereof made between, amongst others, the Issuer, the Arranger and the Dealers (the "**Dealership Agreement**"). The arrangements under which a particular Sub-Class of Class A Notes may from time to time be agreed to be issued by the Issuer to, and subscribed by, Dealers are set out in the Dealership Agreement and each Subscription Agreement relating to each Sub-Class of Class A Notes. Any such agreement will, *inter alia*, make provision for the price at which such Class A Notes will be subscribed by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Series or Sub-Class of Class A Notes.

In the Dealership Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and maintenance of the Programme and the issue of Class A Notes under the Dealership Agreement and each of the Obligors and the Issuer has agreed to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Dealers may, directly or indirectly through affiliates, have provided investment and/or commercial banking, financial advisory and other services to the Issuer and the Obligors and their affiliates from time to time for which they have received monetary compensation. The Dealers may from time to time also enter into swap and other derivative transactions with the Obligors and their affiliates, including in relation to the Class A Notes. In addition, the Dealers may engage in the future in investment banking, commercial banking, financial or other advisory services with the Issuer, the Obligors or their affiliates.

United States of America

The Class A Notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them in Regulation S.

Class A Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations promulgated thereunder.

Unless otherwise provided in the relevant Final Terms, the Class A Notes will be offered, sold and delivered only (i) outside the United States, to persons who are not U.S. persons, in offshore transactions in reliance on Regulation S or (ii) in the United States to QIBs in accordance with Rule 144A.

Each Dealer only may, through its respective U.S. registered broker-dealer affiliates, arrange for the offer and resale of the Class A Notes in the United States only to QIBs in accordance with Rule 144A.

Each Dealer has agreed that it has offered and sold, and it will offer or sell the Class A Notes of any Sub-Class (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Class A Notes are a part, as determined and certified to the Class A Principal Paying Agent or the Class A Registrar by the relevant Dealer (or in the case of a sale of an identifiable tranche of Class A Notes to or through more than one relevant Dealer, by each of such relevant Dealers as to the Class A Notes of such identifiable tranche purchased by or through it, in which case the Class A Principal Paying Agent or the Class A Registrar shall notify each such relevant Dealer when all such relevant Dealers have so certified) (the "**Distribution Compliance Period**"), only in accordance with Rule 903 of Regulation S or, in the case of Class A Rule 144A Notes, Rule 144A. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts in the United States with respect to Class A Notes, and it and they will comply with the offering restrictions requirement of Regulation S. Each Dealer and its affiliates agree that, at or prior to confirmation of the sale of Class A Notes (other than, in the case of Rule 144A, a sale pursuant to Rule 144A), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Class A Notes from it during the distribution compliance period a confirmation or notice stating that each purchaser is subject to the foregoing restrictions on offers and sales. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In respect of Class A Rule 144A Notes, each Dealer agrees that neither it nor any of its affiliates, nor any person acting on its or their behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) in connection with any offer and sale of the Class A Notes in the United States.

Until 40 days after the commencement of the offering of any tranche of Class A Notes, any offer or sale of such Class A Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

In respect of Class A Bearer Notes where TEFRA D is specified in the applicable Final Terms:

(a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (the "D Rules"), each Dealer (i) severally represents that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, Class A Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) represents that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Class A Notes in bearer form that are sold during the restricted period;

(b) each Dealer severally represents that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Class A Notes in bearer form are aware that such Class A Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if it is a United States person, each Dealer severally represents that it is acquiring Class A Notes in bearer form for the purposes of resale in connection with their original issuance and if it retains Class A Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section l.163-5(c)(2)(i)(D)(6); and

(d) with respect to each affiliate that acquires Class A Notes in bearer form from a Dealer for the purpose of offering or selling such Class A Notes during the restricted period, such Dealer severally repeats and confirms the representations and agreements contained in Subparagraphs 1.6(a), 1.6(b) and 1.6(c) on such affiliate's behalf.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations promulgated thereunder, including the D Rules.

In respect of Class A Bearer Notes where TEFRA C is specified in the applicable Final Terms, under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(C) (the "**C Rules**"), Class A Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer severally represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Class A Bearer Notes within the United States or its possessions in connection with their original issuance. Further, each Dealer severally represents and agrees that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such purchaser or such Dealer is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of such Class A Bearer Notes. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the C Rules.

Due to the restrictions set forth above, purchasers of the Class A Notes are advised to consult legal counsel prior to making an offer to purchase or to re-sell, pledge or otherwise transfer the Class A Notes.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, 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 A Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Class A Notes to the public in that Relevant Member State:

(a) ***Approved prospectus***: if the Final Terms or Drawdown Prospectus in relation to the Class A Notes specify that an offer of those Class A Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Class A Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms or Drawdown Prospectus contemplating such Non-Exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms or Drawdown Prospectus, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-Exempt Offer;

(b) ***Qualified investors***: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) ***Fewer than 100 offerees***: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) ***Other Exempt offers***: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Class A Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Class A Notes to the public" in relation to any Class A 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 A Notes to be offered so as to enable an investor to decide to purchase or subscribe the Class A Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented, warranted and agreed that:

(a) ***No deposit-taking***: in relation to any Class A Notes having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Class A Notes other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Class A Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;

(b) ***Financial Promotion***: it 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 A Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) ***General Compliance***: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Class A Notes in, from or otherwise involving the United Kingdom.

Ireland

In relation to each Sub-Class of Class A Notes, each relevant Dealer has represented and undertaken to the Issuer and each other relevant Dealer (if any) that:

(a) it has not and will not underwrite the issue of, or place the Class A Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) as amended, including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;

(b) it has and will not underwrite the issue of, or place, any Class A Notes, otherwise than in conformity with the provisions of the Companies Acts 1963—2012, the Central Bank Acts 1942—2011 and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989;

(c) it has and will not underwrite the issue of, or place, or do anything in Ireland in respect of any Class A Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/ 71/EC) Regulations 2005, as amended, and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank; and

(d) it has and will not underwrite the issue of, place or otherwise act in Ireland in respect of any Class A Notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005, as amended, and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank.

Jersey

Each Dealer has severally represented to, and agreed with, the Issuer that it has not, directly or indirectly, offered or sold, or solicited an offer or invitation to purchase, and it will not offer or sell, or solicit an offer or invitation to purchase, any Class A Notes, except in compliance with all applicable Jersey laws, orders and regulations.

General

Each Dealer has acknowledged that other than having obtained the approval of this Base Prospectus by the Central Bank for the Class A Notes to be admitted to listing on the Official List of the Irish Stock Exchange no action has been or will be taken in any jurisdiction by the Issuer or any of the other parties that would permit a public offering of the Class A Notes, or possession or distribution of the Base Prospectus or any other offering material, in any jurisdiction where action for that purpose is required. Each Dealer shall to the best of its knowledge comply with all applicable laws and regulations in each jurisdiction in or from which they purchase, offer, sell or deliver Class A Notes or have in their possession or distribute this Base Prospectus or any other offering material, in all cases at their own expense.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific country or jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) in the official interpretation, after the date of the Dealership Agreement, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Subscription Agreement (in the case of a supplement or modification relevant only to a particular Sub-Class of Class A Notes) or (in any other case) in a supplement to this Base Prospectus or in a drawdown prospectus applicable to a particular Sub-Class of Class A Notes.

TRANSFER RESTRICTIONS

144A Notes

The Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Class A Notes within the United States only to QIBs pursuant to Rule 144A.

Each purchaser of Rule 144A Class A Notes, by accepting delivery of this Base Prospectus, will be deemed to have represented, agreed and acknowledged that:

(1) It is (a) a QIB within the meaning of Rule 144A, (b) acquiring such Class A Notes for its own account or for the account of a qualified institutional buyer and (c) aware, and each beneficial owner of such Class A Notes has been advised, that the sale of such Class A Notes to it may be made in reliance on Rule 144A.

(2) It understands that such Class A Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.

(3) It understands that such Class A Notes, unless otherwise set forth in the applicable Final Terms or determined by the Issuer in accordance with applicable law, will bear a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES, OTHER THAN (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

EACH PURCHASER OR TRANSFEREE OF THIS NOTE WILL BE REQUIRED OR DEEMED TO REPRESENT AND WARRANT THAT (A) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND (B) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (ANY SUCH LAW OR REGULATION, A "SIMILAR LAW") ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY SUCH SIMILAR LAW. "BENEFIT PLAN INVESTOR" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO PART 4, SUBTITLE B OF TITLE I

OF ERISA, (B) A PLAN AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE TO INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY.

(4) It understands that the Class A Rule 144A Global Notes will be represented by one or more Restricted Global Class A Registered Notes. Before any interest in a Class A Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Class A Regulation S Global Note, it will be required to provide the Class A Transfer Agent with a written certification as to compliance with applicable securities laws.

(5) either (i) it is not and for as long as it holds the Class A Note (or any interest therein) it will not be, and is not and will not be acting on behalf of, an "employee benefit plan" as described in Section 3(3) of ERISA and subject to Part 4, Subtitle B of Title I of ER1SA, a "plan" as defined in and subject to Section 4975 of the Code, an entity whose underlying assets are deemed for purposes of Section 406 of ERISA or Section 4975 of the Code to include "plan assets" by reason of such employee benefit plan's or plan's investment in the entity, or any governmental, church, non-U.S. or other plan which is subject to any state, local, other federal or non-U.S. law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), or (ii) its acquisition, holding and disposition of such Class A Note (or any interest therein) does not and will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code (or, in the case of another employee benefit plan subject to Similar Law, is not in violation of any Similar Law). Any purported purchase or transfer of Class A Notes (or any interest in a Note) that does not comply with the foregoing shall be null and void ab initio.

(6) The Issuer, the Fiscal Agent, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Class A Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Class A Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S Notes

Each purchaser of Class A Registered Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Class A Notes in resales prior to the expiration of the Distribution Compliance Period, by accepting delivery of this Offering Circular and the Class A Notes, will be deemed to have represented, agreed and acknowledged that:

(1) It is, or at the time Class A Notes are purchased will be, the beneficial owner of such Class A Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.

(2) It understands that such Class A Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the Distribution Compliance Period, it will not offer, sell, pledge or otherwise transfer such Class A Notes except in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB, in each case in accordance with any applicable securities laws of any State of the United States.

(3) It understands that such Class A Notes, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend to the following:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OT OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

(4) The Issuer, the Fiscal Agent, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

(5) It understands that the Class A Notes offered in reliance on Regulation S will be represented by one or more Class A Regulation S Global Notes. Prior to the expiration of the Distribution Compliance Period, before any interest in a Class A Regulation S Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Class A Regulation S Global Note, it will be required to provide the Class A Transfer Agent with a written certification as to compliance with applicable securities laws.

(6) either (i) it is not and for as long as it holds the Class A Note (or any interest therein) it will not be, and is not and will not be acting on behalf of, an "employee benefit plan" as described in Section 3(3) of ERISA and subject to Part 4, Subtitle B of Title I of ER1SA, a "plan" as defined in and subject to Section 4975 of the Code, an entity whose underlying assets are deemed for purposes of Section 406 of ERISA or Section 4975 of the Code to include "plan assets" by reason of such employee benefit plan's or plan's investment in the entity, or any governmental, church, non-U.S. or other plan which is subject to any state, local, other federal or non-U.S. law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), or (ii) its acquisition, holding and disposition of such Class A Note (or any interest therein) does not and will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code (or, in the case of another employee benefit plan subject to Similar Law, is not in violation of any Similar Law). Any purported purchase or transfer of Class A Notes (or any interest in a Note) that does not comply with the foregoing shall be null and void ab initio.

GENERAL INFORMATION

Authorisation

The establishment of the Programme, the granting of the Issuer Security and the issue of Class A Notes thereunder have been duly authorised by resolutions of the board of directors of the Issuer passed at a meeting of the board held on 31 May 2013.

The establishment of the Programme and the borrowings of the Borrower and the security provided by the Borrower in favour of the Obligor Security Trustee, the Issuer and the other Obligor Secured Creditors have been duly authorised by resolutions of the board of directors of the Borrower at a meeting of the board held on 31 May 2013.

The establishment of the Programme and the provision of the guarantee by Holdco in favour of the Obligor Security Trustee, the Issuer and the other Obligor Secured Creditors have been duly authorised by resolutions of the board of directors of the Holdco at a meeting of the board held on 31 May 2013.

The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Class A Notes.

Clearing and settlement

The Class A Notes have been or will be accepted for clearing through DTC, Clearstream, Luxembourg and Euroclear. The appropriate Common Code, and ISIN and CUSIP, as applicable for each Sub-Class of Class A Notes allocated by DTC, Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms or Drawdown Prospectus. If the Class A Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium; the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg; and the address of DTC is 55 Water Street, New York, New York 10041, United States of America. The address of any alternative clearing system will be specified in the applicable Final Terms or Drawdown Prospectus.

Yield

The yield for any particular Sub-Class of Class A Notes will be specified in the applicable Final Terms or Drawdown Prospectus and will be calculated at the Issue Date on the basis of the Issue Price. The applicable Final Terms or Drawdown Prospectus in respect of any Floating Rate Class A Notes will not include any indication of yield. The yield specified in the applicable Final Terms or Drawdown Prospectus in respect of a Sub-Class of Class A Notes will not be an indication of future yield.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), since 14 May 2013 (being the date of incorporation of the Issuer) which may have, or have had in the recent past, significant effects upon the Issuer's financial position or profitability.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Borrower is aware) within a period of 12 months preceding the date of this Base Prospectus which may have, or have had in the recent past, a significant effect on the Borrower's financial position or profitability.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Holdco is aware) within a period of 12 months preceding the date of this Base Prospectus which may have, or have had in the recent past, a significant effect on the Holdco's financial position or profitability.

Significant or Material Change

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 AA Limited since 30 April 2013 and (b) no material adverse change in the prospects of AA Limited since 31 January 2013.

Charges and Guarantees

Save as disclosed in this Base Prospectus, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities nor has the Issuer created any mortgages or given any charge or guarantee.

Underlying Assets

The Class A IBLAs have characteristics that demonstrate capacity to produce funds to service any payments due and payable under the Class A Notes.

Documents Available

For so long as the Programme remains in effect or any Class A Notes shall be outstanding, physical copies of the following documents may (when published) be inspected during normal business hours at the specified offices of the Issuer at 22 Grenville Street, St Helier, Jersey, JE4 PPX and at the offices of the Class A Principal Paying Agent during usual business hours:

(a) the memorandum and articles of association of the Issuer, the Borrower and Holdco;

(b) the audited accounts of AA Limited for each 12-month period ended 31 January 2011, 31 January 2012 and 31 January 2013

(c) the unaudited accounts of AA Limited for the 3-month period ended 30 April 2013;

(d) a copy of this Base Prospectus;

(e) each Final Terms or Drawdown Prospectus relating to Class A Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system;

(f) each Investor Report

(g) prior to the Closing Date, drafts (subject to minor amendment) and after the Closing Date copies of the following documents:

(i) the CTA;

(ii) the STID;

(iii) the Initial Senior Term Facility Agreement;

(iv) the Working Capital Facility;

(v) each Class A IBLA;

(vi) the Obligor Security Agreement;

(vii) the Class A Note Trust Deed;

(viii) the Issuer Deed of Charge;

(ix) the Class A Agency Agreement;

(x) the Issuer Account Bank Agreement;

(xi) the Borrower Account Bank Agreement;

(xii) the Liquidity Facility Agreement;

(xiii) the Master Definitions Agreement;

(xiv) the Issuer Corporate Officer Agreement;

(xv) the Issuer Jersey Corporate Services Agreement;

(xvi) the Issuer Cash Management Agreement; and

(xvii) the Tax Deed of Covenant.

Material Contracts

None of the Issuer, the Borrower or Holdco has entered into any contracts outside the ordinary course of its business, which could result in any of the Issuer, the Borrower or Holdco being under an obligation or entitlement that is material to the Issuer's, the Borrower's or Holdco's respective ability to meet its obligations to all secured creditors in respect of the Class A Notes being issued.

Third-party information

Third-party information referred to in the sections entitled *"Risk Factors"*, "*Business*"*, "Book-Entry Clearance Procedure"* and "*Description of Initial Liquidity Facility Providers*" has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Availability of Financial Statements

The audited annual financial statements of the Issuer and Holdco will be prepared as of 31 January in each year, with the first set of accounts to be prepared by the Issuer for the period ended 31 January 2014. Holdco will provide semi-annual and interim unaudited financial information to various parties under the terms of the CTA. As of the date of this Base Prospectus and since the incorporation of the Issuer, the Issuer has not commenced operations. Accordingly, no financial statements have been prepared by the Issuer as of the date of this Base Prospectus. All future audited annual financial statements (and any published semi-annual financial information) of the Issuer and Holdco will be available free of charge in accordance with "*—Documents Available*" above. As of the date of this Base Prospectus, the Issuer has not produced any audited accounts.

Information in respect of the Class A Notes and the underlying collateral

The issue price and the amount of the relevant Class A Notes will be determined, before filing of the relevant Final Terms or Drawdown Prospectus of each Sub-Class, based on then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Class A Notes admitted to trading or the performance of the underlying collateral except for the Investor Report which will be prepared by the Borrower on a semi-annual basis and published on the designated website of the Borrower, being http://www.theaa.com and which will also be made available at the specified office of the Class A Principal Paying Agent.

Other Activities of the Dealers

The Dealers and their respective affiliates (i) have provided, and may in the future provide, investment banking, commercial lending, consulting and financial advisory services to, (ii) have entered into and may, in the future enter into, other related transactions with, and (iii) have made or assisted or advised any party to make, and may in the future make or assist or advise any party to make, acquisitions and investments in or related to, the Issuer or the Obligors and their respective subsidiaries and affiliates or other parties that may be involved in or related to the transactions contemplated in this Base Prospectus, in each case in the ordinary course of business. Specifically, and among others, Bank of America, N.A., Barclays Bank PLC, Deutsche Bank AG, London Branch, HSBC Bank plc, Lloyds TSB Bank plc, Royal Bank of Canada, The Bank of Tokyo-Mitsubishi UFJ, Ltd., The Royal Bank of Scotland plc, and UBS AG, London Branch act as Liquidity Facility Providers in respect of the Liquidity Facility made available to the Issuer and the Borrower under the Liquidity Facility Agreement. The Dealers and their respective affiliates may, in the future, act as Hedge Counterparties.

Irish Listing Agent

Arthur Cox Listing Services is acting solely in its capacity as listing agent for the Issuer in connection with the Class A Notes and is not itself seeking admission of the Class A Notes to the Official List of the Irish Stock Exchange or to trading on its regulated market for the purposes of the Prospectus Directive.

Websites

Any websites mentioned in this Base Prospectus do not form part of the Base Prospectus.

Legend

Bearer Notes, Class A Receipts, Class A Talons and Class A Coupons appertaining thereto will bear a legend substantially to the following effect: "**Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code**"**.** The sections referred to in such legend provide that a United States person who holds a Class A Bearer Note, Class A Coupon, Class A Receipt or Class A Talon generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such Class A Bearer Note, Class A Coupon, Class A Receipt or Class A Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Restricted Securities

So long as any of the Class A Notes are outstanding and the Class A Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will promptly furnish, for the benefit of the holders from time to time of Class A Notes, upon request, to holders of Class A Notes and prospective purchasers designated by any such holders, information required to be disclosed by subsection (d)(4) of Rule 144A (or any successor provision).

So long as any of the Class A Notes are outstanding and the guarantee is a "restricted security" within the meaning of Rule 144(a)(3) under the Securities Act, the Obligors will promptly furnish, for the benefit of holders from time to time of the relevant Class A Notes, upon request, to holders of Class A Notes and prospective purchasers designated by any such holders, information required to be disclosed by subsection (d)(4) of Rule 144A (or any successor provision).

"**2013 Valuation**" means 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**" means AA Limited and its subsidiaries as a whole or any one or more of its subsidiaries with respect to historical results of operation and Holdco and its subsidiaries as a whole or any one or more of its subsidiaries with respect to future results of operations.

"**AA Corporation**" means AA Corporation Limited, a limited liability company incorporated in England and Wales with registered number 3797747.

"**AADL**" means Automobile Association Developments Limited, a limited liability company incorporated in England and Wales with registered number 1878835.

"**AA DriveTech**" means DriveTech (UK) Limited and its subsidiaries.

"**AA Group**" means AA Limited and its subsidiary undertakings.

"**AA Intermediate Co Limited**" means Holdco.

"**AA Ireland Pension Agreement**" means the pension agreement between the Borrower and the AA Ireland Pension Trustee dated on around the Closing Date.

"**AA Ireland Pension Scheme**" means 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**" means AA Ireland Pension Trustees Limited in its capacity as trustee of the AA Ireland Pension Scheme.

"**AA Ireland Secured Pensions liabilities**" means the amount not exceeding £10,000,000 due and payable as "Priority Pensions Liabilities" (as that term is defined in the AA Ireland Pension Agreement as that the date of this Base Prospectus) in accordance with the AA Ireland Pension Agreement.

"**AA Pension Agreement**" means the pension agreement between the Borrower and the AA UK Pension Trustee dated on or around the Closing Date.

"**AA Pension Schemes**" means the AA UK Pension Scheme and the AA Ireland Pension Scheme.

"**AA Pension Trustees**" means the AA UK Pension Trustee and the AA Ireland Pension Trustee.

"**AA Senior Co**" means the Borrower.

"**AA UK Pension Scheme**" means 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**" means AA Pensions Trustees Limited in its capacity as trustee of the AA UK Pension Scheme and any successor thereto which has acceded to the STID as AA UK Pension Trustee.

"**AA UK Secured Pensions Liabilities**" means, prior to the ABF Implementation Date, the amount not exceeding £150,000,000 due and payable as "Priority Pension Liabilities" (as that term is defined in the AA Pension Agreement as at the date of the Base Prospectus) in accordance with the AA Pension Agreement or, with effect from the ABF Implementation Date, £0.

"**AAICL**" means Automobile Association Insurance Company Limited.

"**AAISL**" means Automobile Association Insurance Services Limited.

"**AAPMP**" means our unfunded Post-retirement Private Medical Plan scheme.

"**AAUL**" means AA Underwriting Limited.

"**AAUSL**" means Automobile Association Underwriting Services Limited.

"**ABF**" means 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 Pension Agreement.

"**ABF Implementation Date**" means 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 Pension Agreement.

"**ABF Intercreditor Deed**" means an agreement entitled the "ABF Intercreditor Deed" to be entered into by, amongst others, the Partnership, IPCo and the Obligor Security Trustee.

"**ABF Security Agreement**" means a security agreement entitled the "ABF Security Agreement" to be entered into by, amongst others, the Partnership, IPCo and the Obligor Security Trustee.

"**ABF Transaction Documents**" means 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 IPCo and the Partnership.

"**ABI**" means Association of British Insurers.

"**Acceptable Bank**" means 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.

"**Accounting Principles**" means 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 the Base Prospectus.

"**Accounting Reference Date**" means 31 January in each year, except as adjusted in accordance with the CTA.

"**Acromas Group**" means Acromas Holdings Limited and its subsidiaries other than Topco, the Holdco Group and the Saga Group.

"**ACTA**" means ACTA Assistance.

"**Additional Class A Note Amounts**" means 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**" means 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**" means 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, 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**" means 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**" means any person not already an Obligor Secured Creditor which becomes an Obligor Secured Creditor.

"**Administrative Receiver**" shall mean an administrative receiver as defined in Section 29(2) of the Insolvency Act 1986.

"**Affected Obligor Secured Creditor**" means 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**" means, 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**" means the Class A Agency Agreement or the Class B Agency Agreement.

"**Agent**" means 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**" means Acromas Insurance Company Limited.

"**all of its rights**" means:

(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**" means 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**" means, 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 £5,000,000 (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 £5,000,000 (Indexed) (or its equivalent) or more.

"**ARCL**" means Acromas Reinsurance Company Limited.

"**Authorisations**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Authorised Credit Facility**" means any Class A Authorised Credit Facility or any Class B Authorised Credit Facility.

"**Authorised Credit Provider**" means a Class A Authorised Credit Provider or a Class B Authorised Credit Provider.

"**AVAs**" means Added Value Accounts.

"**Available Enforcement Proceeds**" means, on any date, all monies received or recovered by the Obligor Security Trustee (or any Receiver or 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).

"**Available Standby Amount**" means, at any time, an amount equal to the aggregate of all outstanding Standby Drawings less the aggregate amount of all outstanding Liquidity Facility Standby Account Drawings at such time (excluding any amounts due to be repaid on such date and which are available to be redrawn on such date).

"**B2B**" means Business-to-business.

"**B2B customer**" means 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**" means the market made up of B2B partners.

"**B2B partner**" means a third-party company or other organisation that offers "add-on" or complementary products and services to its own customers.

"**B2C**" means Business-to-customer.

"**B2C market**" means the market made up of individuals that directly subscribe for or purchase roadside assistance cover or other products and services.

"**Bank Debt Sweep Period**" means 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**" means 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**" means pounds sterling.

"**Base Prospectus**" means any base prospectus prepared by or on behalf of and approved by the Issuer in connection with the establishment of the Programme and/or the issue of the Class A Notes as the same is updated and supplemented from time to time.

"**Basel II**" means the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of the Base Prospectus but excluding any amendment taking account of or incorporating any measure from Basel III.

"**Basel III**" means:

(a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(b) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement—Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

(c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III".

"**Block Voting Instruction**" means 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 as applicable, have been deposited with such Class A Paying Agent (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 not less than 24 hours before the Voting Date of the receipt for the Deposited Class A Notes and notification thereof by such Class A Paying Agent to the Class A Note Trustee;

(b) certifying that the depositor of each Deposited Class A Note 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 are to be cast in a particular way on a Class A Voting Matter 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 distinguishing between those in respect of which instructions have been given to Vote for, or against, such Class A Voting Matter; and

authorising the Class A Note Trustee 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 in accordance with such instructions and the provisions the Class A Note Trust Deed.

"**Blocked Class A Notes**" means certain specified Class A Registered Notes which have been blocked in an account with a clearing system and will not be released until close of business (London time) on the Voting Date.

"**Borrower**" means AA Senior Co Limited, an indirect subsidiary of Holdco.

"**Borrower Account Bank**" means 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**" means each Initial 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**" means 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**" means 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**" means 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**" means the Liquidity Facility Standby Account in the name of Borrower.

"**Borrower Liquidity Shortfall**" means 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 "*Part A*—(*"Obligor Operating Accounts and certain Designated Accounts*") 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) and (iii) any amount payable under items 6, 7(b) and 7(c)) of the Obligor Pre-Acceleration Priority of Payments. See "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Obligor Pre-Acceleration Priority of Payments*".

"**BSM**" means British School of Motoring.

"**Business Day**" means a day (other than a Saturday or a Sunday) on which banks are open for general business in London and Dublin.

"**Business Transfer Deed**" means 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**" means 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**" means, 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**" means expenditure which, in accordance with the Accounting Principles, is treated as capital expenditure.

"**Capital Resources**" means:

(a) for the purposes of the definition of "Restricted Cash", capital resources calculated in accordance with INSPRU, GENPRU or MIPRU as applicable; and

(b) for the purposes of the definition of "Permitted Payment", capital resources calculated in accordance with the applicable rules in the relevant jurisdiction.

"**Cash**" means, 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**" means the period prior to the 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**" means, 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" means, 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**" means 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**" means Automobile Association Developments Limited, a company registered in England and Wales with registered number 1878835, or any substitute cash manager.

"**Cash Sweep Payment Date**" means 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**" means a central clearing house authorised under Article 14 of EMIR or recognised under Article 25 of EMIR.

"**CCP Service**" means, in respect of a CCP, an over-the-counter derivative clearing service offered by such CCP.

"**Central Bank**" means the Central Bank of Ireland.

"**CGB**" means 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**" means Charterhouse Capital Partners.

"**Chief Financial Officer**" means the 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**" means with respect to each class of Notes, the available Classes of Notes, at the Closing Date being Class A Notes, and Class B Notes.

"**Class A Agency Agreement**" means the agreement dated on or about the Closing Date as amended and/or supplemented and/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**" means the Class A Paying Agents and the Class A Registrar.

"**Class A Agent Bank**" means, 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**" means 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 MDA, including any Class A IBLA, the Initial Working Capital Facility Agreement, the Initial Senior Term Facility Agreement, the Initial 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 Initial Class A IBLA, the Initial Working Capital Facility Agreement or the Initial 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**" means a lender or other provider of credit or financial accommodation under any Class A Authorised Credit Facility.

"**Class A Bearer Definitive Note**" means 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 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 Bearer Note**" means those Class A Notes which are for the time being in bearer form.

"**Class A Condition**" means 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.

"**Class A Coupon**" means 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**" means any person holding a Class A Coupon.

"Class A Dealership Agreement" means 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 and/or agreements supplemental thereto.

"**Class A Default Ratio Level**" means 1.10:1.00.

"**Class A Definitive Note**" means a Class A Bearer Definitive Note and/or, as the context may require, a Class A Registered Definitive Note.

"**Class A Extraordinary Resolution**" means a resolution approved by the Class A Noteholders by a majority of not less than 75 per cent. 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 per cent. 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**" means the ratio of FCF to Class A Total Debt Service Charges.

"**Class A Global Note**" means a Class A Temporary Bearer Global Note and/or a Class A Permanent Bearer Global Note issued in respect of the Class A Notes of any Sub-Class and/or a Class A Registered Global Note, as the context may require.

"**Class A Instructing Group**" means the Qualifying Obligor Senior Creditors.

"**Class A Interest Commencement Date**" means, in respect of each Sub-Class of Class A Notes, in the case of interest bearing Class A Notes, the date specified in the applicable Final Terms from (and including) which such Class A Notes bear interest, which may or may not be the Issue Date.

"**Class A Interest Determination Date**" means, in respect of each Sub-Class of Class A Notes, with respect to the Class A Interest Rate and a Class A Note Interest Period, the date specified as such in the relevant Final Terms or, if none is so specified, the day falling two Business Days prior to the first day of such Class A Note Interest Period (or if the specified currency is sterling, the first day of such Class A Note Interest Period) (as adjusted in accordance with any Business Day Convention (as defined above) specified in the relevant Final Terms).

"**Class A Interest Rate**" means (a) in respect of Fixed Rate Class A Notes, the Class A Initial Interest Rate or the Class A Revised Interest Rate, as the case may be and (b) in respect of Floating Rate Class A Notes, the rate of interest payable from time to time in respect of the Class A Notes and which is either specified as such in, or calculated in accordance with the provisions of, the Class A Conditions and/or the relevant Final Terms or Drawdown Prospectus.

"**Class A Initial Interest Rate**" means the rate specified as such in the relevant Final Terms or Drawdown Prospectus.

"**Class A Note**" means a Note issued pursuant to the Programme and denominated in such currency or currencies as may be agreed between the Issuer and the relevant Dealer(s) which has such maturity and denomination as may be agreed between the Issuer and the relevant Dealer(s) and issued or to be issued by the Issuer pursuant to the 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 and which shall, in the case of a Class A Bearer Note, either (i) initially be represented by, and comprised in, a Class A Temporary Bearer Global Note which may (in accordance with the terms of such Class A Temporary Bearer Global Note) be exchanged for a Class A Bearer Definitive Note or a Class A Permanent Bearer Global Note which Class A Permanent Bearer Global Note may (in accordance with the terms of such Permanent Bearer Global Note) in turn be exchanged for a Class A Bearer Definitive Note or (ii) be represented by, and comprised in, a Class A Permanent Bearer Global Note which may (in accordance with the terms of such Class A Permanent Bearer Global Note) be exchanged for a Class A Bearer Definitive Note (all as indicated in the applicable Final Terms) and which may, in the case of the Class A Registered Notes, either be in definitive form or be represented by, and comprised in, one or more Class A Regulation S Global Notes or Class A Rule 144A Global Notes each of which may (in accordance with the terms of such Class A Regulation S Global Note) be exchanged for Class A Registered Definitive Notes or another Class A Regulation S Global Note or Class A Rule 144A Global Note (all as indicated in the applicable Final Terms) 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 and "**Class A Notes**" shall be construed accordingly.

"**Class A Note Acceleration Notice**" means 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 Documents**" means the Class A Note Trust Deed (including the Class A Conditions), the Class A Agency Agreement and the Issuer Security Documents.

"**Class A Note Interest Amount**" means the amount of interest in respect of each Specified Denomination of Class A Notes for the relevant Class A Note Interest Period.

"**Class A Note Interest Payment Date**" means the date(s) specified as such in the relevant Final Terms or Drawdown Prospectus.

"**Class A Note Interest Period**" means the period beginning on (and including) the Class A Interest Commencement Date and ending on (but excluding) the first Class A Interest Payment Date and each successive period beginning on (and including) a Class A Interest Payment Date and ending on (but excluding) the next succeeding Class A Interest Payment Date.

"**Class A Note Relevant Date**" means, in respect of any Sub-Class of the Class A Notes, the earlier of (a) the date on which all amounts in respect of the Class A Notes have been paid, and (b) 5 days after the date on which all of the Principal Amount Outstanding has been received by the Class A Principal Paying Agent or the Class A Registrar, as the case may be, and notice to that effect has been given to the Class A Noteholders.

"**Class A Note Trust Deed**" means the note trust deed entered into on the Closing Date between the Issuer and the Class A Note Trustee in respect of the Class A Notes.

"**Class A Note Trustee**" means 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**" means the several persons who are for the time being holders of the outstanding Class A Notes (being, in the case of Class A Bearer Notes, the bearers thereof and, in the case of Class A Registered Notes, the several persons whose names are entered in the register of holders of the Class A Registered Notes as the holders thereof) save that, in respect of the Class A Notes of any Sub-Class for so long as such Class A Notes or any part thereof are represented by Class A Global Note deposited with a common depositary (in the case of a CGB) or common safekeeper (in the case of a NGB or a Class A Regulation S Global Note held under the NSS) for Euroclear and Clearstream, Luxembourg or, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear, and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) as the holder of a particular nominal amount of the Class A Notes of such Sub-Class shall be deemed to be the holder of such principal amount of such Class A Notes (and the holder of the relevant Class A Global Note shall be deemed not to be the holder) for all purposes of the Class A Note Trust Deed other than with respect to the payment of principal or interest on such nominal amount of such Class A Notes and, the rights to which shall be vested, as against the Issuer and the Class A Note Trustee, solely in such common depositary, common safekeeper or its nominee and for which purpose such common depositary, common safekeeper or its nominee shall be deemed to be the holder of such nominal amount of such Class A Notes in accordance with and subject to its terms and the provisions of the Class A Note Trust Deed and the Class A Conditions; 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 Ordinary Resolution**" means (a) a resolution approved by the Class A Noteholders by a simple majority 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 half 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 Paying Agents**" means Deutsche Bank AG, London Branch and Deutsche Bank Trust Company Americas.

"**Class A Permanent Bearer Global Note**" means 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 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**" means Deutsche Bank AG, London Branch or, if applicable, any Successor principal paying agent appointed in relation to the Class A Notes.

"**Class A Receipt**" means 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**" means any person holding a Class A Receipt.

"**Class A Register**" means 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 Definitive Note**" means 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 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**" means a Class A Regulation S Global Note or a Class A Rule 144A Global Note.

"**Class A Registered Note**" means those Class A Notes (if any) which are for the time being in registered form.

"**Class A Registrar**" means, in relation to any Sub-Class of Class A Registered Notes, Deutsche Bank Trust Company Americas or, if applicable, any Successor registrar appointed in relation to any Sub-Class of Class A Notes.

"**Class A Regulation S Global Note**" means 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-U.S. persons outside the U.S. in reliance on Regulation S under the Securities Act, issued by the Issuer pursuant to the 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**" means 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-U.S. persons outside the U.S. in reliance on Regulation S under the Securities Act, issued by the Issuer pursuant to the 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**" means:

(a) no CTA Event of Default or Potential CTA Event of Default is subsisting or would result from making any proposed Restricted Payment; and/or

(b) no Trigger Event is subsisting or would result from making any proposed Restricted Payment.

"**Class A Revised Interest Rate**" means the rate specified as such in the relevant Final Terms or Drawdown Prospectus.

"**Class A Rule 144A Definitive Note**" means 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 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 in the U.S. 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 Rule 144A Global Note**" means 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 U.S. in reliance on Rule 144A under the Securities Act, issued by the Issuer pursuant to the 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 Rule 144A Note**" means Class A Notes sold within the U.S. pursuant to, and in compliance with, Rule 144A.

"**Class A Rule 144A Registered Definitive Note**" means 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 in the U.S. in reliance on Rule 144A under the Securities Act, issued by the Issuer pursuant to the 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**" means 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**" means 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 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**" means 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**" means Deutsche Bank Trust Company Americas.

"**Class A Voting Matter**" means 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**" means the agreement dated on or about the Closing Date as amended and/or supplemented and/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**" means 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 Initial Class B IBLA 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 Initial Class B IBLA 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**" means a lender or other provider of credit or financial accommodation under any Class B Authorised Credit Facility.

"**Class B Conditions**" means the terms and conditions to the Class B Note Trust Deed, see "*Description of Other Indebtedness*".

"**Class B Definitive Note**" means a Class B Regulation S Definitive Note and/or a Class B Rule 144A Definitive Note, as the context requires.

"**Class B Global Note**" means a Class B Regulation S Global Note or a Class B Rule 144A Global Note.

"**Class B IBLA**" means the Initial Class B IBLA and any additional loan agreement entered into between the Issuer and the Borrower after the Closing Date which ranks *pari passu* with the Initial Class B IBLA.

"**Class B Loan Maturity Date**" means 31 July 2019.

"**Class B Note Acceleration Notice**" means 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 Documents**" means the Class B Note Trust Deed (including the Class B Conditions), the Class B Agency Agreement and the Issuer Security Documents.

"**Class B Note Event of Default**" means:

(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;

(d) an Issuer Insolvency Event;

(e) the delivery of the Class A Note Acceleration Notice in accordance with Class A Condition 11(b) (*Delivery of a Class A Note Acceleration Notice*) of the Class A Conditions (see "*Terms and Conditions of the Class A Notes*"); 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**" means 31 July 2019.

"**Class B Note Trust Deed**" means the note trust deed entered into on the Closing Date between the Issuer and the Class B Note Trustee in respect of the Class B Notes.

"**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 an on behalf the Class B Noteholders.

"**Class B Noteholder**" means the holder of any Class B Note.

"**Class B Notes**" means the fixed rate Class B Secured Notes due 2043 issued by the Issuer on the Closing Date.

"**Class B Offering Circular**" means the offering circular published by the Issuer in connection with the issue of the Class B Notes.

"**Class B Paying Agent**" means Deutsche Bank AG, London Branch.

"**Class B Principal Paying Agent**" means Deutsche Bank AG, London Branch.

"**Class B Register**" means 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**" means Deutsche Bank Luxembourg S.A. or any Successor registrar appointed in respect of the Class B Notes.

"**Class B Regulation S Definitive Note**" means 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-U.S. persons outside the U.S. in reliance on Regulation S under the Securities Act.

"**Class B Regulation S Global Note**" means 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-U.S. persons outside the U.S. in reliance on Regulation S under the Securities Act.

"**Class B Rule 144A Definitive Note**" means 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 U.S. in reliance on Rule 144A under the Securities Act.

"**Class B Rule 144A Global Note**" means 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 U.S. in reliance on Rule 144A under the Securities Act.

"**Class B Transfer Agents**" means Deutsche Bank Luxembourg S.A. and any other person appointed under the Class B Agency Agreement.

"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.

"**Cleared**" means, 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**" means the rules, regulations and procedures for Clearstream, Luxembourg and Euroclear.

"**Clearstream, Luxembourg**" means Clearstream Banking, Luxembourg société anonyme.

"**Closing Date**" means 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 under the 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**" means the United States Internal Revenue Code of 1986 and the regulations promulgated and rulings issued thereunder.

"**Commodity Hedge Counterparty**" means a hedge counterparty under an OCB Secured Hedging Agreement which has acceded as an Obligor Secured Creditor to the STID.

"**Commodity Hedging Transaction**" means a Treasury Transaction, referencing inter alia, the price of commodities governed by an OCB Secured Hedging Agreement and entered into by an Obligor and a Commodity Hedge Counterparty.

"**Common Depositary**" means the agent appointed by the International Central Securities Depositaries to act as the common depositary for Euroclear and Clearstream, Luxembourg, in respect of the Notes.

"**Common Documents**" means the Obligor Security Documents, the CTA, the MDA, the STID and the Tax Deed of Covenant.

"**Common Safekeeper**" means an ICSD in its capacity as common safekeeper or a person nominated by the ICSDs to perform the role of common safekeeper.

"**Common Terms Agreement**" or "**CTA**" means the common terms agreement to be entered into between, among others, the Obligors, the Cash Manager, the Issuer and the Obligor Security Trustee to be dated on or about the Closing Date.

"**Companies Act**" means the Companies Act 2006.

"**Company**" means AA Limited.

"**Compliance Certificate**" means a certificate, substantially in the form set out in the Common Terms Agreement. See "*Summary of the Common Documents—Common Terms Agreement—Covenants—Information Covenants—Compliance Certificate*".

"**Confidential Information**" means all information relating to any member of the Holdco Group, the Finance Documents or a facility under an Authorised Credit Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or a Facility from either:

(a) any member of the Holdco Group or any of its advisers; or

(b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Holdco Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

(i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of the Common Terms Agreement; or

(ii) is identified in writing at the time of delivery as non-confidential by any member of the Holdco Group or any of its advisers; or

(iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Holdco Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

"**Contribution Notice**" or "**CN**" means a contribution notice issued by the Pension Regulator under section 43 of the Pensions Act 2004.

"**CTA Default**" means:

(a) a CTA Event of Default; or

(b) a Potential CTA Event of Default,

"**CVC**" means CVC Capital Partners.

"**Dealers**" means each of the Initial Dealers and any New Dealer (as defined in the Dealership Agreement) appointed in accordance with the Dealership Agreement but excludes any entity whose appointment has been terminated pursuant to the Dealership Agreement and references in the 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**" means 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**" means, in relation to a person, a transaction where such 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**" means:

(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**" means 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.

"**Defeased Cash Note Purchase**" means the purchase by the Borrower of Class A Notes pursuant to a public tender offer, in accordance with the CTA.

"**Definitive Note**" means a Class A Definitive Note and/or, as the context may require, a Class B Definitive Note.

"**Deposited Class A Notes**" means 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**" means the date which is 2 Business Days prior to each LF Interest Payment Date.

"**DfT**" means Department for Transport.

"**Direction Notice**" means, 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.

"**Directive**" means EC Council Directive 2003/48/EC

"**Discretion Matter**" means 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**" means Drakefield Insurance Services Limited.

"**Disposal**" means 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**" means 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).

"**Dispute**" means any dispute arising out of or in connection with the Transaction Documents.

"**Disruption Event**" means 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.

"**Distressed Disposal**" means a disposal of an asset of a member of the Holdco Group which is:

(a) 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) effected by enforcement of the Obligor Security.

"Distribution Date" means 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**" means the provision of roadside assistance coverage to an individual who is both a personal member and a B2B customer.

"**DTC**" means the Depositary Trust Company.

"**DTC Custodian**" means the custodian for the DTC.

"**Early Termination Date**" has the meaning given thereto in the relevant Hedging Agreement or the relevant OCB Secured Hedging Agreement (as applicable).

"**EBC**" means European Breakdown Cover.

"**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 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;

(l) 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;

(m) 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;

(n) 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);

(o) 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);

(p) 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;

(q) 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);

(r) 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

(s) 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**" means the European Insurance and Occupational Pensions Authority.

"**EMIR**" means 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**" means TAAL.

"**Enforcement Action**" means:

(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.

"**Entrenched Rights**" are 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 or 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 UK adopting the euro);

(g) would change or have the effect of changing any of the requirements described in the section "*Summary of the Common Documents—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 "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Relationship between Qualifying Obligor Senior Secured Liabilities and Qualifying Obligor Junior 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 "*Summary of the Common Documents—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 descried in the section "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Tranching of the Issuer's Vote*" 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 CTA 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 Pensions Liabilities or the AA Ireland Secured Pensions Liabilities, as applicable, (iii) would change or have the effect of changing the AA 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 Pensions Liabilities or AA Ireland Secured Pensions Liabilities.

"**Environment**" means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

(a) air (including air within natural or man-made structures, whether above or below ground);

(b) water (including territorial, coastal and inland waters, water under or within land and water in drains and sewers); and

(c) land (including land under water).

"**Environmental Claim**" means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

"**Environmental Law**" means any applicable law or regulation which relates to:

(a) the pollution or protection of the Environment;

(b) the conditions of the workplace; or

(c) the generation, handling, storage, use, release, emission or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including any waste.

"**Environmental Permits**" means any permit or other Authorisation required under any Environmental Law for the operation of the business of any member of the Holdco Group conducted on or from the properties owned or used by any member of the Holdco Group.

"**Equivalent Amount**" means 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**" means the Employee Retirement Income Security Act of 1974 and the regulations promulgated thereunder.

"**ERISA Affiliate**" means 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 Savings Directive**" means EC Council Directive 2003/48/EC.

"**euro**", "**EUR**" or "**€**" means the lawful currency of member states of the EU that adopt the single currency introduced in accordance with the Treaty.

"**Euroclear**" means Euroclear Bank SA/NV;

"**European Union**" or "**EU**" means 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**" means, 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, the proceeds of any insurance claims permitted to be retained for this purpose, Retained Excess Cashflow, New Shareholder Injections, 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, the proceeds of any insurance claims permitted to be retained for this purpose, Retained Excess Cashflow, New Shareholder Injections, 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) (see "*Summary of the Common Documents—Common Terms Agreement—General—General Covenants—Purchase of Notes and Authorised Credit Facilities*") 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,

(f) 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);

(g) deducting the amount of any dividends paid in cash during the relevant period to minority shareholders in members of the Holdco Group;

(h) 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 £10,000,000 in respect of any relevant period of 12 months and £5,000,000 in respect of any relevant period of 6 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;

(i) deducting any payment made during the relevant period pursuant to paragraph (a) of the definition of "Permitted Payment";

(j) 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;

(k) deducting (to the extent included in EBITDA for the relevant period) the proceeds of any business interruption or third-party liability insurances;

(l) deducting amounts excluded from EBITDA under paragraphs (n) and (o) of the definition of "EBITDA";

(m) deducting the, 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**" means the United States Securities Exchange Act of 1934.

"**Exchange Date**" means the date which falls 40 days after a Class A Temporary Bearer Global Note has been issued.

"**Exchange Rate**" means 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**" means 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**" means 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 and/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 6 months of receipt, or such longer period as the Obligor Security Trustee may agree) after receipt.

"**Excluded Tax**" means, 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**" means:

(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 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 Indebtedness**" means any amounts owed under or in respect of the Existing Facilities.

"**Existing Joint Venture**" means:

(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**" means 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 Facilities Agreement**" means 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**" means:

(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 STID Resolution**" means a resolution in respect of an Extraordinary Voting Matter.

"**Extraordinary Voting Matters**" are 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 "*Summary of the Common Documents—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 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**" means, as the context requires, any or all of the Initial STF Agent, the Initial WCF Agent, the Initial Liquidity Facility Agent, or their successors, and any agent, trustee or other representative appointed in respect of any other Authorised Credit Facility.

"**Facility Fees**" means 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.

"**Fairness Opinion**" means, 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**" means Sections 1471 through 1474 of the Code and any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto.

"**FCA"** means the Financial Conduct Authority or any successor from time to time.

"**FCF**" means, 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**" means 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**" means:

(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**" means 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**" means the Senior Finance Documents and the Junior Finance Documents.

"**Finance Party**" means 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**" means 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**" means 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;

(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**" means, 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 Support Direction**" or "**FSD**" means a financial support direction issued by the Pensions Regulator under section 43 of the Pensions Act 2004.

"**Financial Year**" means the annual accounting period of the Holdco Group ending on an Accounting Reference Date.

"**First Facility Fee**" means 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 Note**" means a Fixed Rate Class A Note or the Class B Notes.

"**Form of Transfer**" means 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**" means 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**" means the Financial Services Authority and predecessor to the FCA and the PRA.

"**FSD**" means a financial support direction.

"**FSMA**" means the Financial Services and Markets Act 2000.

"**GENPRU**" means the General Prudential Sourcebook of the PRA Handbook and the FCA Handbook.

"**Global Note**" means a Class A Global Note or a Class B Global Note.

"**Governmental Authority**" means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"**Group Relief**" means the surrender of losses or other amounts eligible for surrender under Part 5 of the Corporation Taxes Act 2010.

"**GBP Interest Rate Hedging Transaction**" means an Interest Rate Hedging Transaction under which all payments are denominated in GBP.

"**GDPR**" means European General Data Protection Regulation.

"**GWP**" means gross written premiums.

"**Hedge Counterparties**" means each Borrower Hedge Counterparty and each Issuer Hedge Counterparty and "**Hedge Counterparty**" means any such party.

"**Hedging Agreement**" means each Borrower Hedging Agreement and each Issuer Hedging Agreement.

"**Hedging Transaction**" means a Borrower Hedging Transaction or an Issuer Hedging Transaction or, where the context requires, each of the above.

"**HMRC**" or "**HM Revenue & Customs**" means Her Majesty's Revenue & Customs.

"**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).

"**Holdco Group Agent**" means AADL or such other person as may be appointed as Holdco Group Agent.

"**Holding Company**" means 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**" means the International Accounting Standards Board.

"**IBLA(s)**" or "**Issuer Borrower Loan Agreement(s)**" means any loan agreement entered into between the Issuer and the Borrower, including the Initial Class A IBLA and the Initial Class B IBLA.

"**IBLA Advance**" means any advance made under any IBLA.

"**ICSDs**" means Clearstream, Luxembourg and Euroclear.

"**ICOBS**" means the Insurance Conduct of Business Sourcebook.

"**IDS**" means Intelligent Data Systems (UK) Limited.

"**IDU**" means the Independent Democratic Union.

"**IFRS**" means the International Financial Reporting Standards as adopted by the EU.

"**Indexed**" means, 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.

"**Information Memorandum**" means any information memorandum or prospectus prepared by or on behalf of and approved by the Borrower in connection with the general syndication in the interbank market of any Authorised Credit Facility as applicable, any prospectus prepared by or on behalf of and approved by the Issuer in respect of the Programme, but excluding, for the avoidance of doubt, any listing or offering document prepared in connection with or relating to any listing or offering of the PP Notes.

"**Information Package**" means any information package prepared by or on behalf of and approved by the Borrower in connection with the general syndication in the interbank market of any Authorised Credit Facility (including the Initial Authorised Credit Facilities).

"**Initial Authorised Credit Facilities**" means:

(a) the senior term facility to be made available to the Borrower by the Original Initial STF Lenders on or about the Closing Date pursuant to the Initial Senior Term Facility Agreement;

(b) the working capital facility of an amount of up to £150,000,000 to be made available to the Borrower by the Original Initial WCF Lenders on or about the Closing Date pursuant to the Initial Working Capital Facility Agreement;

(c) the liquidity facility provided under the Initial Liquidity Facility Agreement;

(d) the facility provided under Initial Class A IBLA; and

(e) the facility provided under Initial Class B IBLA.

"**Initial Class A IBLA**" or "**Initial Class A Issuer Borrower Loan Agreement(s)**" means the loan agreement entered into between the Issuer and the Borrower on the Closing Date entitled "Initial Class A Issuer/Borrower Loan Agreement".

"**Initial Class B IBLA**" or "**Initial Class B Issuer Borrower Loan Agreement(s)**" means the loan agreement entered into between the Issuer and the Borrower on the Closing Date entitled "Initial Class B Issuer/Borrower Loan Agreement".

"**Initial Dealers**" means 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 Liquidity Facility Agent**" means Deutsche Bank AG, London Branch in its capacity as facility agent under the Initial Liquidity Facility Agreement.

"**Initial Liquidity Facility Agreement**" means the liquidity facility agreement to be dated on or about the Closing Date entered into between, among others, the Borrower, the Issuer, and the Initial Liquidity Facility Provider(s).

"**Initial Liquidity Facility Providers**" means those financial institutions party to the Initial Liquidity Facility Agreement as Liquidity Facility Providers or any other party that accedes to the Initial Liquidity Facility Agreement as a Liquidity Facility Provider.

"**Initial Rating**" means 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.

"**Initial Senior Term Facility**" means the facility made available under the Initial Senior Term Facility Agreement.

"**Initial Senior Term Facility Agreement** means the senior term credit facility entered into on or about the Closing Date between, amongst others, the Borrower, the Initial STF Agent, the Initial STF Arrangers and the Original Initial STF Lenders.

"**Initial STF Agent**" means Deutsche Bank AG, London Branch.

"**Initial STF Arrangers**" means The Royal Bank of Scotland plc, Deutsche Bank AG, London Branch, 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.

"**Initial STF Finance Document**" means Initial Senior Term Facility Agreement, the fee letters in respect of or in relation to the Initial Senior Term Facility Agreement, the Common Documents and any other document designated as such by the Initial STF Agent and the Holdco Group Agent.

"**Initial STF Lender**" means:

(a) any Original Initial STF Lender; and

(b) any bank, financial institution, trust, fund or other entity which has become a Party as an Initial STF Lender in accordance the Initial Senior Term Facility Agreement,

which in each case has not ceased to be an Initial STF Lender in accordance with the terms of the Initial Senior Term Facility Agreement.

"**Initial WC Facility**" or "**Initial Working Capital Facility**" means the working capital facility of an aggregate facility amount of up to £150,000,000 to be made available to the Borrower by the Original Initial WCF Lenders on the Closing Date pursuant to the Initial Working Capital Credit Facility Agreement.

"**Initial WCF Agent**" means Deutsche Bank AG, London Branch, as facility agent under the Initial Working Capital Facility Agreement.

"**Initial WCF Arrangers**" means The Royal Bank of Scotland plc, Deutsche Bank AG, London Branch, 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.

"**Initial WCF Finance Documents**" means the Initial Working Capital Facility Agreement, any ancillary facility documentation, the fee letters in respect of and in relation to the Initial WCF Facility Agreement, the Common Documents and any other document designated as such by the Initial WCF Agent and the Holdco Group Agent.

"**Initial WCF Lender**" means:

(a) any Original Initial 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 Initial WCF Lender in accordance with the terms of the Initial WCF Loan.

"**Initial WCF Loan**" means a loan made or to be made under the Initial WC Facility or the principal amount outstanding for the time being of that loan.

"**Initial Working Capital Facility Agreement**" means the working capital credit facility entered into on or about the Closing Date between, amongst others, the Borrower, the Initial WCF Agent, the Initial WCF Arrangers and the Original Initial WCF Lenders.

"**Insolvency Act**" means the Insolvency Act 1986.

"**Insolvency Event**" means, 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) and/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**" means, 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**" means, 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).

"**Insolvency Regulation**" means the EC Regulation on Insolvency Proceedings 2000 (Council Regulation (EC) No. 1346/2000 of 29th May, 2000).

"**INSPRU**" means the Prudential Sourcebook for Insurers of the PRA Handbook.

"**Instalment Note**" means any Class A Notes specified as such in the relevant Final Terms.

"**Instalment Date**" means each date on which each Instalment Note which provides for instalment dates (as specified in the relevant Final Terms) will be partially redeemed.

"**Instructing Group**" means the Class A Instructing Group, the Bank Instructing Group and the Note Instructing Group.

"**Insurance**" means, 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**" means 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**" means each insurer from time to time of, or in relation to, any Insurances.

"**Intellectual Property**" means 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, trade marks, 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**" means, in the case of interest bearing Class A Notes, the date specified in the applicable Final Terms from (and including) which such Class A Notes bear interest, which may or may not be the Issue Date.

"**Interest Period**" (i) in respect of the Class A Notes, see "*Terms and Conditions of the Class A Notes*", (ii) in respect of the Class B Notes, see "*Description of Other Indebtedness*" and (iii) in respect of an Authorised Credit Facility, has the meaning given to such term in that Authorised Credit Facility, see "*Description of Other Indebtedness*".

"**Interest Rate Hedging Transaction**" means 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**" means AA Acquisition Co Limited, a limited liability company incorporated in England and Wales with registered number 5018987.

"**Interpolated Screen Rate**" means, 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**" means the United States Investment Company Act of 1940.

"**Investor**" means 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**" means the amount outstanding, from time to time, under any Investor Funding Loan.

"**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.

"**Investor Report**" means each report produced by the Holdco Group required to be delivered each year in accordance with the CTA. See "*Summary of the Common Documents—Common Terms Agreement—Investor Report*".

"**IPCo**" means the wholly owned subsidiary of Holdco that is the designated transferee of the brands to be transferred under the ABF.

"**Ireland**" means Ireland, excluding, for the avoidance of doubt, Northern Ireland (and ***Irish*** shall be construed accordingly).

"**Irish Obligor**" means any Obligor incorporated in Ireland.

"**Irish Prospectus Regulations**" means the Irish Prospectus (Directive 2003/71/EC) Regulations 2005.

"**Irish Security Agreement**" means the Irish law debenture dated on or around the date of MDA between AA Ireland Limited and the Obligor Security Trustee.

"**Irish Share Pledge**" means the Irish law deed of charge dated on or around the date of MDA between AA Corporation and the Obligor Security Trustee in respect of the shares in AA Ireland Limited.

"**Irish Stock Exchange**" means the Irish Stock Exchange Limited or any other body to which its functions have been transferred.

"**ISDA Master Agreement**" means 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**" means (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, the Closing Date.

"**Issue Price**" means, 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 the Class B Offering Circular.

"**Issuer**" means AA Bond Co Limited, a company incorporated in Jersey (registered number 112992).

"**Issuer Account Bank**" means Barclays Bank PLC (or any successor account bank appointed pursuant to the Issuer Account Bank Agreement).

"**Issuer Account Bank Agreement**" means 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**" means 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 Management Agreement**" means the cash management agreement dated on or about the Closing Date between, among others, *inter alios*, the Issuer, the Issuer Cash Manager and the Issuer Security Trustee.

"**Issuer Cash Manager**" means AADL.

"**Issuer Charged Documents**" means 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 Charged Property**" means the property, assets, rights and undertakings of each of the Issuer and Holdco that are the are the subject of the Security Interests created in or pursuant to the Issuer Deed of Charge or the Issuer Jersey Share Security Agreement.

"**Issuer Class A Transaction Documents**" means 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**" means 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**" means:

(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**" means 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**" means Structured Finance Management Limited and any successors thereto.

"**Issuer Debt Service Reserve Account**" means any account opened and maintained by the Issuer entitled the Issuer Debt Service Reserve Account" 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**" means 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**" means 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" means 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**" means each ISDA Master Agreement substantially in the form of the Pro-forma Hedging Agreement (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**" means 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**" 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);

(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) is not discharged or otherwise ceasing to apply within 30 days.

"**Issuer Jersey Corporate Services Agreement**" means 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**" means 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**" means the liquidity standby account in the name of the Issuer.

"**Issuer Liquidity Shortfall**" means 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**" means the Issuer Pre-Acceleration Priority of Payments and the Issuer Post-Acceleration Priority of Payments.

"**Issuer Profit Amount**" means £1,200 per annum to be retained by the Issuer as profit.

"**Issuer Secured Creditor Entrenched Right**" means, 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**" means:

(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/or

(o) 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**" means 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**" means the Security Interests constituted by the Issuer Security Documents.

"**Issuer Security Document**" means:

(a) the Issuer Deed of Charge; and

(b) the Issuer Jersey Share Security Interest Agreement.

"**Issuer Security Trustee**" means 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**" means 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 Secured Creditors**" means the Issuer Secured Creditors other than the Class B Noteholders.

"**Issuer Transaction Accounts**" means 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**" means the Issuer Class A Transaction Documents and Class B Transaction Documents.

"**IT**" means information technology.

"**ITA**" means Income Tax Act 2007.

"**Joint Venture**" means 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**" means 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**" means:

(a) any Class B IBLA; and

(b) each other Class B Authorised Credit Facility;

(c) the Obligor Security Documents;

(d) the MDA;

(e) the Borrower Account Bank Agreement;

(f) (A) 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 and/or restatement agreement relating to any of the above documents; and

(h) the Tax Deed of Covenant.

"**Junior Finance Party**" means any Class B Authorised Credit Provider and any person which is a Finance Party under a Class B Authorised Facility.

"**Lead Manager**" means 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**" means a letter of credit under any Authorised Credit Facility.

"**LF Interest Payment Date**" has the meaning given to the term "LF Interest Payment Date" in each Liquidity Facility Agreement, as the context requires.

"**Liabilities**" means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceedings or other liability whatsoever (including in respect of taxes, duties, levies, imposts and other charges including, in each case, any related costs, fines, penalties or interest (if any) but excluding any Excluded Tax) and legal fees and properly incurred expenses on a full indemnity basis.

"**Liabilities Acquisition**" means, in relation to a person and to any Subordinated Intragroup Liabilities or Subordinated Investor Liabilities (as applicable), a transaction where that 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,

the rights and benefits in respect of those Subordinated Intragroup Liabilities or Subordinated Investor Liabilities (as applicable).

"**LIBOR**" means, in relation to any loan or any Liquidity Drawing (as applicable):

(a) the applicable Screen Rate;

(b) (if no Screen Rate is available for the Interest Period of that loan or Liquidity Drawing) the Interpolated Screen Rate for that loan or Liquidity Drawing; 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**" means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984.

"**Liquidity Drawing**" means a Liquidity Loan Drawing or a Standby Drawing (as applicable).

"**Liquidity Facility**" means a liquidity facility made available under a Liquidity Facility Agreement.

"**Liquidity Facility Agent**" means the Initial Liquidity Facility Agent and any agent appointed pursuant to a Liquidity Facility Agreement.

"**Liquidity Facility Agreement**" means the Initial 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 Initial 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**" means the Initial Liquidity Facility Providers and any bank or financial institution which becomes a party to the Liquidity Facility Agreement as a liquidity facility provider.

"**Liquidity Facility Standby Account**" means 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**" means, 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**" means, 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 Initial Senior Term Facility and any other Obligor Senior Secured Liabilities which rank from time to time *pari passu* with the Initial 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**" means a Borrower Liquidity Shortfall and/or an Issuer Liquidity Shortfall, as applicable.

"**LMA**" means the Loan Market Association.

"**Loan Acceleration Notice**" means 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**" means 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**" means each interest payment date under each IBLA.

"**Maintenance Capital Expenditure**" means, 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 MDA shall not constitute Maintenance Capital Expenditure for the purposes of this definition.

"**Make-Whole Amount**" means 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**" means 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**" means Regulations U and X issued by the Board of Governors of the United States Federal Reserve System.

"**Master Definitions Agreement**" or "**MDA**" means 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 Cash Manager, Holdco and Topco on or about the Closing Date.

"**Material Adverse Effect**" means a material adverse effect on:

(a) the consolidated business, assets or financial condition of the Holdco Group taken as a whole such that the Holdco Group taken as a whole would be reasonably likely to be unable to perform its payment obligations under any of the Senior 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 Senior Finance Documents in any way which is materially adverse to the interests of the Obligor Senior Secured Creditors under the Senior 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 Facility Agent.

"**Material Company**" means, at any time:

(a) a Subsidiary of Holdco (other than IPCo) which has earnings before interest, tax, depreciation and amortisation, calculated on the same basis as EBITDA, representing 5 per cent. or more of EBITDA; and

(b) any member of the Holdco Group (other than IPCo) to which a Material Company disposes all or any substantial part of its assets.

"**Member State**" means a member state of the European Union.

"**Minimum Capital Maintenance Spend Amount**" means £25,000,000 per annum, subject to any adjustment in accordance with the terms of the CTA.

"**Minimum Long Term Rating**" means a BBB rating by S&P.

"**MIPRU**" means the Prudential Sourcebook for Mortgage and House Finance Firms and Insurance Intermediaries of the PRA Handbook and the FCA Handbook.

"**Moody's**" means Moody's Investors Services Limited or any successor to its rating business.

"**Nationwide**" means Nationwide 4x4 Ltd.

"**NDORS**" means the National Driver Offender Retraining Scheme.

"**New Dealer**" means any entity appointed as an additional Dealer in accordance the Dealership Agreement.

"**New Safekeeping Structure**" or "**NSS**" means a structure where a Class A Note which is registered in the name of a Common Safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the Relevant Class A Registered Global Note will be deposited on or about the Issue Date with the Common Safekeeper for Euroclear and/or Clearstream, Luxembourg.

"**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.

"**NFC Representation**" is the representation given by the Issuer and the Borrower to 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**" means 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**" means a currency other than pounds sterling.

"**Non-eligible NGB**" means a NGB which is not intended to be held in a manner which would allow Eurosystem eligibility, as stated in the applicable Final Terms.

"**Note**" means the Class A Notes and the Class B Notes.

"**Note Acceleration Notice**" means a Class A Note Acceleration Notice and/or a Class B Note Acceleration Notice.

"**Note Documents**" means the Class A Note Documents and the Class B Note Documents.

"**Note Event of Default**" means a Class A Note Event of Default and/or a Class B Note Event of Default.

"**Note Instructing Group**" means the Issuer in its capacity as the Class A Authorised Credit Provider under any Class A IBLA.

"**Note Trustee**" means the Class A Note Trustee and/or the Class B Note Trustee as the context requires.

"**Note Trust Deed**" means the Class A Note Trust Deed and/or the Class B Note Trust Deed.

"**Noteholders**" means the Class A Noteholders and the Class B Noteholders.

"**Obligations**" means all of the obligations of the Issuer created by or arising under the Notes and the Issuer Transaction Documents (and "Obligation" shall mean any one of them).

"**Obligor**" means each Original Obligor and such other Holdco Group members who become an Obligor and accedes to the CTA and the STID.

"**Obligor Junior Secured Creditors**" means the Obligor Secured Creditors to whom Obligor Junior Secured liabilities are owed.

"**Obligor Junior Secured Liabilities**" means 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**" means those bank accounts of the Obligors opened in accordance with the Common Terms Agreement but excluding any Designated Account.

"**Obligor Post-Acceleration Priority of Payments**" means the provisions relating to the order of priority of payments set out in "*Summary of Common Documents—Security Trust and Intercreditor Deed—Obligor Priority of Payments Following the Delivery of the A Loan Acceleration Notice*" and "*Summary of Common Documents—Security Trust and Intercreditor Deed—Obligor Priorities of Payments—Obligor Post-Acceleration Priority of Payments*".

"**Obligor Pre-Acceleration Priority of Payments**" means the provisions relating to the order of priority of payments set out in "*Summary of Common Documents—Security Trust and Intercreditor Deed—Obligor Priority of Payments—Obligor Pre-Acceleration Priority of Payments*".

"**Obligor Priorities of Payments**" means the Obligor Pre-Acceleration Priority of Payments and the Obligor Post-Acceleration Priority of Payments.

"**Obligor Secured Creditors**" means:

(a) the Obligor Security Trustee (in its own capacity and on behalf of the other Obligor Secured Creditors);

(b) the Issuer;

(c) the Initial STF Lenders;

(d) the Initial WCF Lenders;

(e) the Initial WCF Agent;

(f) the Initial STF Agent;

(g) the Initial WCF Arrangers;

(h) the Initial 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 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**" means the Obligor Senior Secured Liabilities and the Obligor Junior Secured Liabilities.

"**Obligor Secured Property**" means 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**" means 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**" means the English Law governed security agreement dated on or about the Closing Date between, among others, Holdco, Intermediate Holdco, the Borrower and the Obligor Security Trustee.

"**Obligor Security Documents**" means:

(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**" means Deutsche Trustee Company Limited or any successor appointed as security trustee pursuant to the STID.

"**Obligor Senior Discharge Date**" means 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 Pensions Trustee in respect of the AA UK Secured Pensions Liabilities and to the AA Ireland Pensions Trustee in respect of the AA Ireland Secured Pensions 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**" means the Obligor Secured Creditors to whom Obligor Senior Secured liabilities are owed.

"**Obligor Senior Secured Liabilities**" means 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 Pensions Liabilities and to the AA Ireland Pension Trustee in respect of the AA Ireland Secured Pensions Liabilities.

"**Obligor STID Proposal**" means:

(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 NIG LAN Notice;

(h) a proposal giving rise to an Entrenched Right in respect of which the Issuer is an Affected Obligor Secured Creditor;

(i) an instruction required in accordance with the STID; and/or

(j) a request in accordance with the STID to hold a physical meeting of Obligor Secured Creditors.

"**OCB Treasury Transaction**" means 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**" means an offering of the Class A Notes.

"**Official List**" means the official list of the Irish Stock Exchange Limited.

"**Offsetting Transaction**" means, 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**" means a resolution in respect of an Ordinary Voting Matter.

"**Ordinary Voting Matters**" are 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 Financial Statements**" means the audited financial statements of Holdco and the Borrower and the unaudited financial statements of Intermediate Holdco as the case may be, for its annual accounting period ended January 2013 and the audited consolidated financial statements of AA Limited in respect of itself and its subsidiaries for its annual accounting period ended 31 January 2013.

"**Original Obligor**" means:

(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) AA Financial Services Limited;

(i) AA Media Limited;

(j) DriveTech (UK) Limited;

(k) Intelligent Data Systems (UK) Limited;

(l) Automobile Association Insurance Services Holdings Limited; and

(m) AA Ireland Limited.

"**Original Initial STF Lenders**" means The Royal Bank of Scotland plc, Deutsche Bank AG, London Branch, 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 Initial Senior Term Facility Agreement.

"**Original Initial WCF Lenders**" means The Royal Bank of Scotland plc, Deutsche Bank AG, London Branch, 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 Initial Working Capital Facility. Agreement.

"**Other Transaction Document**" means a Transaction Document which is not a Common Document.

"**outstanding**" means:

(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, the Class A Principal Paying Agent or the 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 and/or Class A Coupons and/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;

(D) the determination by the Class B Note Trustee whether any of the events specified in Class B Condition 11 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**" means:

(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**" means, 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**" means 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**" means the Qualifying Obligor Secured Creditors which participate in a vote on any STID Proposal or other matter pursuant to the STID.

"**Partnership**" means the Scottish limited partnership to be established in connection with the implementation of the ABF.

"**Party**" means, in relation to a Transaction Document, a party to such Transaction Document.

"**Paying Agents**" means, 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 and/or, if applicable, any Successor paying agents at their respective specified offices in relation to all or any of the Notes as well as 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**" means, 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**" means, 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**" means price comparison websites.

"**Peak Performance**" means Peak Performance Management Limited.

"**Pension Trustee**" means the trustee of the AA UK Pension Scheme.

"**Pensions Liabilities**" means such amounts that are or may be payable by any member of the Holdco Group to the AA UK Pension Scheme, the AA Ireland Pension Scheme and any other pension scheme under law, any agreement relating to the funding of that scheme and any other agreement or instrument.

"**Pensions Regulator**" means the body corporate called the Pensions Regulator established under Part 1 of the Pensions Act 2004.

"**Perfection Requirements**" means 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**" means Permira Advisers.

"**Permitted Acquisition**" means:

(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 per cent. 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 £10,000,000 (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 (A) reflected in the purchase price agreed with the vendor; (B) indemnified by the relevant vendor; (C) adequate insurance is maintained or (D) 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 £75,000,000 (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, £30,000,000 (or its equivalent) (Indexed);

(B) in the Financial Year ending 31 January 2015, when aggregated with any Joint Venture Investment made during that period, £60,000,000 (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, £250,000,000 (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 £10,000,000 (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**" means 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 UK 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 Base Prospectus, 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 Debt Purchase Party**" means any member of the Holdco Group, each Sponsor and Sponsor Affiliate.

"**Permitted Disposal**" means 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 arms length terms and the aggregate net consideration receivable in respect of any such Disposal does not exceed £20,000,000 (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 CTA;

(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 "*Summary of the Common Documents—Security Trust and Intercreditor Deed — Extraordinary Voting Matter*");

(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 £25,000,000 (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 £25,000,000 (Indexed) (or its equivalent) the excess Disposal Proceeds shall be applied in accordance with "*Summary of Common Documents—Common Terms Agreement—Cash Management*";

(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 £10,000,000 (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**" means 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 (see "*Summary of Common Documents—Common Terms Agreement—Treasury Transactions*");

(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 6 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 £60,000,000 (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 IPCo in relation to the ABF in accordance with the terms of the AA 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) £20,000,000 (or its equivalent) (Indexed) in aggregate for the Holdco Group at any time; or

(ii) following the completion of a Qualifying Public Offering, £50,000,000 (or its equivalent) (Indexed) in aggregate for the Holdco Group at any time.

"**Permitted Guarantee**" means:

(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 ("*Summary of the Common Documents—Common Terms Agreement—Covenants—General Covenants—Financial Indebtedness*");

(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 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) £20,000,000 (or its equivalent) (Indexed) in aggregate for the Holdco Group at any time; or

(ii) following the completion of a Qualifying Public Offering, £50,000,000 (or its equivalent) (Indexed) in aggregate for the Holdco Group at any time.

"**Permitted Hedge Termination**" means 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 the Hedging Policy, as applicable..

"**Permitted Investor Payment**" means a payment referred to in paragraph (a) or (b) of the definition of "Permitted Payment".

"**Permitted Joint Venture Investment**" means:

(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 £30,000,000 (or its equivalent) (Indexed) in any three year period after the Closing Date;

(v) no Trigger Event is subsisting or would result from 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**" means:

(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 £25,000,000 (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 £5,000,000 (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 £1,000,000;

(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 £10,000,000 (Indexed) (or its equivalent) and 20 per cent. 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 £5,000,000 (Indexed) (or its equivalent) at any time.

"**Permitted Payment**" means 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 £40,000,000 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 Initial 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;

(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(see "*Summary of the Common Documents—Common Terms Agreement—Holdco Group Covenants—Information Undertaking —Compliance Certificate*"*)* (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 "*Summary of Common Documents—Common Terms Agreement—Covenants—General Covenants—Payments under Class A IBLA and Class B Authorised Credit Facility*"),

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 Senior Finance Documents.

"**Permitted Reorganisation**" means:

(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 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**" means:

(a) any Security Interest created pursuant to the Obligor Security Documents;

(b) with effect from the ABF Implementation Dated, any Security Interests granted in favour of the Partnership in all material respects in accordance with the terms set out in the AA Pension Agreement Securing Financial Indebtedness owed by IPCo to the Partnership in respect of the ABF in an amount not exceeding £200,000,000;

(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 6 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 6 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 Security 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) £20,000,000 (Indexed) (or its equivalent) at any time; or

(ii) following the completion of a Qualifying Public Offering, £50,000,000 (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**" means:

(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**" means 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 Security Group Company and any other member of the Acromas Group or the Saga Group (including without limitation, (a) any payment (i) from any Security Group Company to Saga Services Limited of an amount that would otherwise be due from that Security Group Company to HMRC on account of that Security Group Company's corporation tax liability or (ii) from Saga Services Limited to any Security Group Company of an amount that would otherwise be due from HMRC to that Security Group Company on account of a repayment of corporation tax or (b) any payment between any Security Group Company and Saga Group Limited in relation to such Security 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**" means:

(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**" means an individual who subscribes for roadside coverage directly through a membership agreement with us within the B2C market.

"**PFU**" means Pay for use.

"**Plan**" means 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**" means 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**" means 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**" means 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.

"**PPF**" means Pension Protection Fund.

"**PP Note Issuer**" means such member of the Holdco Group which issues PP Notes from time to time.

"PP Note Issuer Hedging Agreement" means 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" means 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**" means a note purchase agreement pursuant to which the PP Note Issuer issues PP Notes from time to time.

"**PP Note SCR Agreement**" means 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**" means 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**" means those institutions which hold PP Notes from time to time.

"**PP Notes**" means the privately placed notes issued by the PP Note Issuer from time to time under and pursuant to a PP Note Purchase Agreement.

"**PPNIBLA**" means any loan agreement entered into between the PP Note Issuer and the Borrower from time to time.

"**PRA**" means Prudential Regulation Authority or any successor from time to time.

"**Principal Amount Outstanding**" means, 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**" means the Class A Principal Paying Agent and/or the Class B Principal Paying Agent, as the case may be.

"**Proceedings**" means any legal proceedings relating to a Dispute.

"**Programme**" means the £5,000,000,000 multicurrency Note programme established under, or otherwise contemplated in, the Dealership Agreement.

"**Programme Limit**" means £5,000,000,000.

"**Proportion**" means the proportion which the Outstanding Principal Amount under the Authorised Credit Facilities (excluding such Outstanding Principal Amount which corresponds to Notes under an IBLA), which constitutes Obligor Senior Secured Liabilities, bears to the Obligor Secured Liabilities.

"**Prospectus**" means (a) the prospectus relating to the Class A Notes prepared in connection with the Programme and constituting (in the case of Class A Notes to be listed on a Stock Exchange), to the extent specified in it, a base prospectus for the purposes of Article 5.4 of the Prospectus Directive as revised, supplemented or amended from time to time by the Issuer and, in relation to each Sub-Class of Class A Notes, the applicable Final Terms shall be deemed to be included in the Prospectus and (b) any additional standalone or drawdown prospectus that may be prepared by the Borrower and the Issuer from time to time in connection with the issuance of any Sub-Class of Class A Notes.

"**Prospectus Directive**" means Directive 2003/71/EC as amended by Directive 2010/73/EU.

"**PwC Structure Memorandum**" means the structure and tax memorandum entitled "Project Acorn—Proposed Refinancing of Debt" by PricewaterhouseCoopers LLP dated on or about the Closing Date.

"**QIB**" has the meaning given to it in Rule 144A under the U.S. Securities Act 1933.

"**Qualifying Obligor Junior Creditors**" means 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**" means, at any time:

(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**" means, 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 per cent. (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**" means (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 Senior Secured Liabilities**" means, at any time:

(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 "*Summary of the Common Documents—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 "*Summary of the Common Documents—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 "*Summary of the Common Documents—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**" means 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 Testing 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; 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**" means, 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**" means:

(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**" means 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.

"**Reference Bank Rate**" means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the relevant Facility Agent at its request by the Reference Banks as the rate at which the relevant Reference Bank could borrow funds in the Relevant Interbank Market in the relevant currency and for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market site in that currency and for that period.

"**Refinancing**" means the partial repayment of the facilities under each of the (i) Existing Senior Facilities Agreement and (ii) the Existing Mezzanine Facilities Agreement with the proceeds from Senior Term Facility, the Offering and the offering of the Class A Notes.

"**Register**" means the Class A Register or the Class B Register, as the case may be.

"**Registered Definitive Note**" means a Class A Registered Definitive Note or a Class B Registered Definitive Note.

"**Registered Note**" means a Class A Registered Note or a Class B Note.

"**Registrars**" means the Class A Registrar and/or the Class B Registrar, as the case may be.

"**Regulation S**" means Regulation S adopted by the Securities and Exchange Commission under the Securities Act.

"**Regulation S Global Note**" means a Class A Regulation S Global Note or a Class B Regulation S Global Note.

"**Regulations**" means (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).

"**Regulatory Capital Requirements**" means 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 and/or the FCA, as the case may be.

"**Regulatory Direction**" means, 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**" means any principal amount outstanding (without double counting) under the Initial Senior Term Facility Agreement, the PP Notes, the Initial Working Capital Facility Agreement, the Class A Notes, the Class A IBLA, any debt 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 Financial Centre**" means, with respect to any Class A Note, the financial centre specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the Relevant Rate is most closely connected as determined by the Class A Agent Bank (or the Calculation Agent, if applicable).

"**Relevant Interbank Market**" means the London interbank market.

"**Relevant Jurisdiction**" means, 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**" means 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**" means any transaction between the parties which is subject to the clearing obligation pursuant to Article 4 of EMIR.

"**Relevant Transaction Clearing Deadline Date**" means the date by which the transaction is or was required to be Cleared under and in accordance with EMIR.

"**repeat business**" means 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.

"**Reporting Date**" means:

(a) in respect of each Test Date in respect of which Annual Financial Statements of the Holdco Group are prepared, 150 days following the relevant Test Date; and

(b) in respect of each Test Date in respect of which Semi-Annual Financial Statements of the Holdco Group are prepared, 90 days following the relevant Test Date.

"**Representative**" means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

"**Request**" means a request for utilisation of any Authorised Credit Facility (where applicable).

"**Required Accumulation Percentage**" means, 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 "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Excess Cashflow Account*".

"**Required Sweep Percentage**" means, 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.

"**Requirement of Law**" in respect of any person shall mean:

(a) any law, treaty, rule, requirement or regulation;

(b) a notice by or an order of any court having jurisdiction;

(c) a mandatory requirement of any regulatory authority having jurisdiction;

(d) a determination of an arbitrator or governmental authority; or

(e) in each case applicable to or binding upon that person or to which that person is subject or with which it is customary for it to comply.

"**Reservations**" means:

(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**" means 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 Payment**" means:

(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.

"**Restricted Person**" means a person that is: (i) listed on, or owned or controlled by a person listed on any Sanctions List; (ii) located in, incorporated under the laws of, or owned or controlled by, or acting on behalf of, a person located in or organised under the laws of a country or territory that is the target of country-wide Sanctions; or (iii) otherwise a target of Sanctions.

"**Retail Price Index**" means 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**" means, 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**" means Rule 144A adopted by the Securities and Exchange Commission under the Securities Act.

"**Rule Set**" means, 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**" means Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. or any successor to its rating business.

"**Saga Group**" means Saga Leisure Limited and its subsidiaries.

"**Saga Pension Scheme**" means the Saga Group pension and life assurance scheme which is currently governed by a trust deed and rules dated 18 August 2003 (as amended).

"**Sanctions**" means any economic sanctions laws, regulations, embargoes or similar or equivalent restrictive measures administered, enacted or enforced by: (i) the United States; (ii) the United Nations; (iii) the European Union; (iv) the United Kingdom; (v) Ireland or (vi) the respective governmental institutions and agencies of any of the foregoing, including, the Office of Foreign Assets Control of the US Department of Treasury ("**OFAC**"), the United States Department of State, the United Nations Security Council and Her Majesty's Treasury (together "**Sanctions Authorities**").

"**Sanctions List**" means the "Specially Designated Nationals and Blocked Persons" list issued by OFAC, the Consolidated List of Financial Sanctions Targets and Investment Ban List issued by Her Majesty's Treasury, or any similar list issued or maintained or made public by any of the Sanctions Authorities.

"**Screen Rate**" means 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.

"**Second Facility Fee**" means 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**" means the representative of an Obligor Secured Creditor or Topco Secured Creditor appointed in accordance with the STID.

"**Secured Creditors**" means the Obligor Secured Creditors and the Issuer Secured Creditors.

"**Secured Pensions Liabilities**" means the AA UK Secured Pensions Liabilities and the AA Ireland Secured Pensions Liabilities.

"**Securities Act**" means the United States Securities Act of 1933.

"**Security Group**" means Topco and each Subsidiary of Topco.

"**Security Group Companies**" means each of the Issuer, Topco and each member of the Holdco Group and Security Group Company means any of them.

"**Security Interest**" means 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**" means the financial statements delivered pursuant to Paragraph (a)(ii) "*Summary of Common Documents—Common Terms Agreement—Covenants—Information Covenants—Financial Statements*".

"**Senior Finance Document**" means:

(a) any Class A IBLA;

(b) the Common Terms Agreement;

(c) any Initial STF Finance Documents;

(d) any Initial 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) any other Class A Authorised Credit Facility;

(l) (i) 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 (ii) 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**" means 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**" means the senior term facility provided under the Initial Senior Term Facility Agreement.

"**Separation**" means the separation of the AA from Acromas and Saga. See "*The Transaction—The Separation.*"

"**Seventh Facility Fee**" means 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 or 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**" means 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**" means 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 Currency**" means, subject to any applicable legal or regulatory restrictions, euro, sterling, U.S. dollars and such other currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer, the Class A Principal Paying Agent and the Class A Note Trustee and specified in the applicable Final Terms.

"**Specified Denomination**" means in respect of a Sub-Class of Notes, the denomination or denominations of such Class A Notes specified in the applicable Final Terms.

"**Specified Office**" means, in relation to any Agent, either the office identified with its name in the relevant Final Terms or any other office notified to any relevant parties pursuant to any Agency Agreement.

"**Specified Time**" means 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.

"**Sponsor Affiliate**" means:

(a) each Sponsor and each of their Affiliates;

(b) any trust of which a Sponsor or any of their Affiliates is a trustee, any partnership of which any Sponsor or any of their Affiliates is a partner and any trust, fund or other entity which is managed by, or is under the control of, any Sponsor or any of their Affiliates provided that:

(c) any such trust, fund or other entity which has been established primarily for the purpose of making, purchasing or investing in loans or debt securities and which is managed or controlled by CVC Credit Partners L.P. or Permira Debt Managers Limited (or any of their respective direct or indirect subsidiaries which conduct the same or similar business as CVC Credit Partners L.P. or Permira Debt Managers Limited) independently from all other trusts, funds or other entities managed or controlled by a Sponsor or any of their Affiliates which have been established for the primary or main purpose of investing in the share capital of companies;

(d) any such trust, fund or other entity which has been established for at least six months primarily for the purpose of making, purchasing or investing in loans or debt securities and which is managed or controlled independently from all other trusts, funds or other entities managed or controlled by a Sponsor or any of their Affiliates which have been established for the primary or main purpose of investing in the share capital of companies;

shall not constitute a Sponsor Affiliate; and

(e) any other person who, pursuant to an agreement or understanding (whether formal or informal) with a Sponsor or any of their Affiliates, actively co-operates with a Sponsor or any of their Affiliates to enter into a Debt Purchase Transaction.

"**Sponsors**" means:

(a) Charterhouse, CVC, Permira Advisers; and/or

(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**" means a drawing made under the Initial 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 "**£**"means the lawful currency for the time being of the U.K.

"**STID**" means 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**" means 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**" means 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**" means, 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, Class A Interest Commencement Dates and/or Issue Price, such Sub-Class comprising one or more Sub-Classes of Class A Notes.

"**Subordinated Hedge Amounts**" means any termination payment due or overdue to:

(a) a Borrower Hedge Counterparty under any Borrower Hedging Agreement;

(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**" means 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**" means all present and future liabilities at any time of any Obligor to a Subordinated Intragroup Creditor in respect of any Financial Indebtedness.

"**Subordinated Investor**" means each Investor which is party, or accedes, to the STID as a Subordinated Investor.

"**Subordinated Investor Liabilities**" means all present and future liabilities at any time of Holdco to a Subordinated Investor, in respect of any Investor Debt.

"**Subordinated Liquidity Amount**" means the proportion of any amount of interest payable in respect of any Liquidity Drawing which is attributable to the step-up margin.

"**Subscription Agreement**" means an agreement supplemental to the Dealership Agreement (by whatever name called) substantially in the form set out in the 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**" means:

(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 of Ireland;

(d) in respect of the Issuer, a subsidiary within the meaning of Articles 2 and 2A of the Companies (Jersey) Law 1991;

(e) 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**" means, 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 and/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**" means The Automobile Association Limited, a limited liability company registered in Jersey with the registration number 73356.

"**TAAL Business Transfer Implementation Date**" means 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**" means 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.

"**TARGET Settlement Day**" means any day on which the TARGET2 is open for the settlement of payments in euro.

"**Tax**" means 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**" means Acromas Holdings Limited, AA Limited, Topco, Holdco, AA Acquisition Co Limited, the Borrower, AA Corporation Limited and the Issuer.

"**Tax Deed of Covenant**" means the deed to be entered into on or about the Closing Date by 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**" means 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 Security Group Company (or procures that it is compensated) in accordance with the Tax Deed of Covenant in such a way that the Security 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 Security Group Company has or could (including, without limitation, upon a subsequent enforcement over the shares in any Security 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 £25.0 million; or

e) the Finance Parties 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**" means 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**" means the 12 month period ending on a Test Date.

"**Third Facility Fee**" means 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**" means AA Mid Co Limited, a limited liability company registered in England and Wales with limited liability (registered number 5088289).

"**Topco Payment Undertaking**" means 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**" means:

(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**" means 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**" means 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**" means the Security Interests constituted by the Topco Security Documents.

"**Topco Security Agreement**" means the English law security agreement dated on or about the Closing Date between Topco and the Obligor Security Trustee.

"**Topco Security Documents**" means:

(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 or them, as applicable and as the context may so require.

"**Topco Transaction Documents**" means:

(a) the Topco Payment Undertaking;

(b) the Topco Security Documents;

(c) any accession memorandum in respect of an additional Topco Secured Creditor; and

(c) 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**" means, 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 Initial 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 Initial 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; and

(c) 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.

"**Total Debt Service Charges**" means, 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**" means, 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**" means:

(a) the Finance Documents;

(b) the Issuer Transaction Documents; and

(c) the Topco Transaction Documents.

"**Transfer Agent**" means, 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 and/or, if applicable, any Successor transfer agents at their respective specified offices in relation to all or any Registered Notes.

"**Treasury Transaction**" means 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**" means the Treaty establishing the European Communities.

"**Trigger Event Ratio** Level" means 1.35:1.00.

"**U.S.**" means the United States of America.

"**U.S. dollars**", "**USD**" or "**$**" means the lawful currency for the time being of the U.S.

"**U.S. GAAP**" means the generally accepted accounting practice principles in the U.S.

"**UK**" means the United Kingdom of Great Britain and Northern Ireland.

"**UK GAAP**" means generally accepted accounting principles in the UK.

"**UNCITRAL Implementing Regulations**" means The Cross-Border Insolvency Regulations 2006 (SI 2006/1030).

"**Utilisation**" means a loan under an Authorised Credit Facility or a Letter of Credit.

"**Utilisation Date**" means 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**" means a group for the purposes of the VAT Grouping Legislation.

"**VAT Grouping Legislation**" means sections 43 to 43D VATA and the Value Added Tax (Groups: Eligibility) Order 2004.

"**VATA**" means the Value Added Tax Act 1994.

"**Vehicle Master Contract**" means the Commercial Vehicle Master Contract Hire Agreement.

"**Voted Qualifying Obligor Secured Liabilities**" means the Outstanding Principal Amount actually voted by the Qualifying Obligor Secured Creditors.

"**Working Capital**" means 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 3 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**" means each facility made available to the Borrower for the working capital purposes of the Holdco Group.

"**Working Capital Facility Agreement**" means the Initial Working Capital Facility Agreement and each facility agreement pursuant to which a Working Capital Facility is made available to the Borrowers.

"**XCCY Interest Rate Hedging Transaction**" means, 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.

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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.

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