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 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, the Arranger or the Global Coordinators, nor any person who controls the Global Coordinators, the Arranger 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 Class A 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 2014/65/EU (as amended, "**MiFID II**") 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 plc trading as Euronext Dublin ("**Euronext Dublin**") 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.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Class A Notes and any Drawdown Prospectus may include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Class A Notes and which channels for distribution of the Class A Notes are appropriate. Any person subsequently offering, selling or recommending the Class A Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Class A Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Class A Notes is a manufacturer in respect of such Class A Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Class A Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Class A Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Class A Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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.

BARCLAYS
Global Coordinator

CREDIT SUISSE
Global Coordinator

LLOYDS BANK CORPORATE MARKETS
Global Coordinator

BARCLAYS **BNP PARIBAS** **CITIGROUP**

CREDIT SUISSE **LLOYDS BANK CORPORATE MARKETS**

Dealers

Base Prospectus dated 2 July 2018

In this Base Prospectus, the terms "**we**," "**our**," "**us**," or the "**Holdco Group**" with respect to our historical results of operation, including business operations, refer to AA Intermediate Co Limited ("**Holdco**") and its subsidiaries as a whole (the "**Holdco Group**") or to any one or more of its subsidiaries when discussing future results of operations, including business operations, provided that in the section entitled "*Business*", the terms "**we**," "**our**," "**us**," the "**AA**," or the "**AA plc Group**" refer to AA plc and its subsidiaries as a whole (the "**AA plc Group**") as we manage our business operations by reference to the AA plc Group as a whole and not just the Holdco Group. Unless otherwise indicated, the "**Group**" consolidated historical financial data and other financial information presented herein includes the results of operations of the Holdco Group and excludes the results of operations of, among other entities, AA plc and AA Mid Co Limited ("**Topco**") as those entities do not provide credit support to the Class A Loans or the Class A Notes and are not included within the Holdco Group for the purposes of the Class A IBLAs. See "*Presentation of Financial Information*".

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, S.A. ("**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 (as amended, 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 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 STF Lenders, the STF Agent, the WC Lenders, the WC Agent, 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 or 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 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 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 STF Lenders, the STF Agent, the WC Lenders, the WC Agent, 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 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 STF Lenders, the STF Agent, the WC Lenders, the WC Agent, the Class A 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 and 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 for 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 may be 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.

VOLCKER RULE

Section 13 of the US Bank Holding Company Act of 1956, as amended, and the regulations promulgated thereunder (commonly known as the "**Volcker Rule**"), generally prohibit sponsorship of, and investment in the "ownership interests" issued by "covered funds" by "banking entities," a term that includes most internationally active banking organisations and their subsidiaries and affiliates, though a banking entity may sponsor and invest in a covered fund in certain limited circumstances and subject to a number of exceptions. A banking entity that serves, directly or indirectly, as the investment manager, investment adviser, commodity trading adviser or sponsor to a covered fund, or that organizes and offers a covered fund, or that continues to hold an ownership interest in a covered fund, or any affiliate of such entity, is also prohibited from entering into certain "covered transactions" with that covered fund. "Covered transactions" include, among other things, entering into a swap transaction or guaranteeing notes if the swap or the guarantee would result in credit exposure to the covered fund.

The Issuer believes that it is not, and after giving effect to any offering and sale of Class A Notes under this Programme and the application of the proceeds thereof, it will not be, a covered fund for purposes of the Volcker Rule. In reaching this conclusion, the Issuer has determined that it need not rely on the exclusions from the definition of "investment company" provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), among other things, because it meets the requirements of Rule 3a-5 under the Investment Company Act, which provides an exemption for finance subsidiaries within an operating group such as the AA plc Group. However, the general effect of the Volcker Rule remains uncertain. Any prospective investor in Class A Notes, including a US or foreign bank or a subsidiary or affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

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, stabilisation may not occur. 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 all references to "**€**", "**euro**" or "**EUR**" are to the single currency introduced at the start of the third stage of the 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 Liquidity Facility Providers*" (the "**ILFP Information**") from information provided to it or made publicly available by the 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 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 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 STF Lenders, the STF Agent, the WC Lenders, the WC Agent, 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 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 STF Lenders, the STF Agent, the WC Lenders, the WC Agent, 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 Regulation (EU) No. 575/2013 of the European Union (together with the regulatory technical standards or implementing technical standards relating thereto), or any other regulation or directive relating to securitisations that may apply in the European Economic Area).

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 Class A Notes—Regulatory initiatives may result in increased regulatory capital requirements which could limit available capital that otherwise could be used to make payments of principal and interest on the Class A Notes*" section of this Base Prospectus for further information on the Risk Retention Requirements.

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 of Ireland (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.

BENCHMARK REGULATION

Amounts payable under the Class A Notes may, *inter alia*, be calculated by reference to the London inter-bank offered rate ("**LIBOR"**), which is provided by ICE Benchmark Administration Limited and the Euro-zone inter-bank offered rate ("**EURIBOR**") which is provided by the European Money Markets Institute. As at the date of this Base Prospectus, ICE Benchmark Administration Limited appears, and the European Money Markets Institute does not appear, on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**BMR**").

As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that ICE Benchmark Administration Limited and the European Money Markets Institute are not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

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;
- 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, business customers and business 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 business partners;
- increased competition within our business segments;
- existing competition within the insurance broking and underwriting markets;

- 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 business customer base or changes in the levels of price discounts or churn;
- our ability to achieve cost savings and control or reduce operating costs;
- failure of internal control processes;
- severe or unexpected weather, which may increase our operating costs;
- changes in economic conditions in the United Kingdom, including as a result of Brexit;
- 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 retain or replace senior management and key personnel;
- union relations, strikes, work stoppages or other disruptions in our workforce;
- adverse changes in the laws and regulations governing our business;
- risks relating to our pension schemes;
- risks relating to the financing structure;
- risks relating to our financial profile;
- factors affecting our leverage, our ability to service our debt and our structure;
- risks relating to the Class A Notes;
- 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 in the section entitled "*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, Business Monitor International, the UK Department for Transport, Datamonitor, the Office for National Statistics, the Society of Motor Manufacturers and Traders 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 nor the Global Coordinators 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

The AA is the largest roadside assistance provider in the UK, representing approximately 40% of the consumer market and responding to an average of 10,000 breakdowns a day in the year ended 31 January 2018. With more than 113 years of operating history, the AA is one of the most widely recognised and trusted brands in the UK. In addition, we have successfully leveraged this brand to become a leading provider of insurance broking services and driving services.

We have a strong and diversified customer base, including approximately 13.2 million paid personal members and business customers. We estimate that around 50% of UK households subscribed to at least one AA product as at 31 January 2018.

In the year ended 31 January 2018, Holdco Group generated total trading revenue of £946 million and Trading EBITDA of £393 million (compared to £937 million and £406 million, respectively for the year ended 31 January 2017).

Our Strengths

Highly resilient and recurring revenues with strong cash flow generation

We maintained a strong performance through the financial crisis achieving revenue and EBITDA growth every year between 2012 and 2015. The performance over the last three years ended 31 January 2016, 2017 and 2018 demonstrates the resilience of the business despite the uncertain economic outlook and reflects the investments that have been made to support the long term growth of the company (the below figures are in respect of the Holdco Group).

	Year ended 31 January		
	2016[2]	**2017**[2]	**2018**
(£ in millions, except where otherwise indicated)			
Trading revenue[1]	922	937	946
Trading EBITDA[1]	404	406	393
Net cash flow from continuing operating activities before tax and exceptional items[3]	398	374	367
Cash conversion (%)	99	92	93

(1) Trading revenue and Trading EBITDA are stated as reported in the most recent publicly available financial statements.
(2) Excludes business disposed of.
(3) Excludes discontinued operations, business disposed of and exceptional items.

A large proportion of our revenue comes from repeat business including renewing personal members, multi-year business roadside assistance contracts, insurance policy holders, Driving Services contracts and driving schools franchisees. This high level of recurring revenue provides us with predictable cash generation that supports investment in the business and ongoing deleveraging.

Holdco Group has consistently delivered a high rate of cash conversion (defined as net cash flow from continuing operating activities before tax and exceptional items divided by Trading EBITDA) averaging 95% in the three years ended 31 January 2016, 2017 and 2018. This results from our favourable working capital dynamics whereby 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.

One of the most highly regarded and trusted consumer brands in the UK

The AA is one of the most widely recognised and trusted consumer brands in the UK. With approximately 2,900 branded patrol vehicles on the road with further visibility generated by our driving schools business, AA signs as well as our publishing and hotel and restaurant accreditation services, the AA brand is highly visible and regarded.

Customer engagement with our patrols who provide roadside assistance is high as personal members use the AA, on average, once every two years. Our reputation for service excellence is evident through the high levels of

satisfaction indicated by independent surveys. In May 2018, we were awarded "Which? Recommended Provider" status for Roadside Assistance and we were the only provider to achieve a rating of 5 out of 5 for vehicles "repaired at roadside". We were confirmed as the UK's most trusted commercial brand by Y&R's Brand Asset Valuator survey in 2014.

We are the leader in the stable UK roadside assistance market

We are the largest roadside assistance provider in the UK with 3.3 million paid personal members and 9.9 million business customers. This represents approximately 40% of the consumer roadside assistance market, a significantly larger share than the next largest roadside assistance provider, the RAC. This market demonstrated resilience throughout the financial crisis during which customers prioritised roadside assistance cover over other discretionary spending, as they tended to keep their older cars, and more recently following the decision by the UK to leave the European Union.

High levels of retention and loyalty in our personal membership base

Average personal member retention (defined by reference to the number of customers renewing at the point of invitation) was broadly stable at 82% for the year ended 31 January 2018, but up from 79% at the time of the IPO in 2014 (see " – *History*"). Personal members demonstrate loyalty to the brand with an average tenure of approximately 12 years and retention rates increase with membership tenure. Approximately 36% of our annual paid personal members have been with the AA for more than 10 years, of which approximately 60% have been paid personal members for more than 20 years.

Significant barriers to entry in the mature and concentrated roadside assistance market

The roadside assistance market in the UK is a mature and concentrated market. The three primary market participants are the AA, the RAC and Green Flag, which together account for approximately 85% of the combined consumer market. We believe that the substantial resources and scale required to operate an efficient national roadside service with competitive technical ability, combined with high start-up costs for new market entrants, pose significant barriers to entry. The following factors strengthen our position in that market:

- the strength of the AA brand established over a 113-year operating history has fostered high levels of loyalty among our customer base and has contributed to our high customer retention rates;
- our national coverage and the economies of scale which we achieve through approximately 2,900 patrols, allow us to reach our customers quickly and to provide high quality service;
- our sophisticated deployment processes and delivery systems have been specifically developed by the AA over years of operational experience and would be difficult and expensive to replicate;
- our proprietary Customer Relationship Management database of approximately 21.9 million individuals who have received communications from the AA provides us with a platform to cross-sell our complementary products and services;
- well-established relationships with our business partners, whereby we provide high quality service to their customers and statistical data, such as vehicle faults and performance information, to our business partners themselves; and
- leading digital capabilities delivering excellent customer experience and improving operational efficiency.

Experienced and dedicated workforce

We have a highly skilled and experienced workforce and the average tenure of our patrols is more than 10 years. We are selective in hiring automotive technicians who, once appointed as patrols, 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 contribute to customer retention.

Strategic update

On 21 February 2018, the AA announced its new business strategy to invigorate the AA by putting service, innovation and data at its heart. The key focus of the strategy is to develop our digital product proposition which can transform our customers' experience. This will enable us to innovate and grow our Roadside business and accelerate growth in our Insurance business.

The strategy builds on the AA's fundamentals, which remain strong. The AA is the clear market leader both in its consumer and business to business Roadside markets[1]. The brand remains one of the UK's most trusted, built on a strong service ethos. Investment since the IPO in marketing, our core IT systems and technology has strengthened the foundations, slowed the decline in Roadside membership and returned motor insurance to growth.

However, challenges remain, particularly for Roadside. These include regulatory changes, pricing transparency, the need for a more distinctive and differentiated offering and competitive pressures. Against this backdrop, we need to do more to enhance and build our customer proposition for new and existing members. There is a clear opportunity to develop a digital proposition which can transform our customers' experience. We also have the opportunity to accelerate growth in our insurance business where we have not capitalised on our potential. By investing in the business we have the opportunity to deliver sustainable profit growth.

The strategic plan will be delivered in three phases as we test and iterate new digital propositions and open up our insurance offering. It will be underpinned by improving our operations, service, and culture. By phase three, we will fully utilise our data and digital offering to deliver connected, integrated Roadside and Insurance propositions that will give us a strong competitive advantage. Segmental reporting of the AA plc Group and the Holdco Group is now split into two segments which reflect this split (see "*Presentation of Financial and Other Information*").

Management believe that we remain on course to deliver on all aspects of the strategy.

Our products and services

We have built a market-leading consumer and business roadside assistance service. In line with the focus of our new strategy, our products and services are split into two distinct divisions, Roadside and Insurance. Roadside consists of Roadside Assistance and Driving Services. Insurance consists of Insurance Services and Financial Services. In addition, the AA plc Group offers insurance underwriting, which complements the Holdco Group's insurance broking business. For the purposes of the discussion below, we split these areas into Roadside Assistance, Driving Services and Insurance Services, and include some discussion of AA plc's in-house underwriter (although the in-house underwriter does not form part of the Holdco Group, it is helpful to include a discussion thereof as its activities complement the activities of the insurance brokerage business in the Holdco Group in the manner described in this Prospectus). In August 2016 we successfully completed the sale of our standalone business in Ireland, which broadly replicated the operations and activities of our UK operations.

Roadside

Our Roadside division generated trading revenue of £813 million, or 86% of total Holdco Group trading revenue, and Trading EBITDA of £322 million or 82% of our total group Trading EBITDA, including total head office costs of £46 million, for the year ended 31 January 2018.

Roadside Assistance

For the twelve months ended 31 January 2018, Roadside Assistance generated £747 million, or 92% of our total Roadside trading revenue and £346 million Trading EBITDA, before allocation of Roadside head office costs. As of 31 January 2018, we had approximately 13.2 million Roadside Assistance customers, consisting of approximately 3.3 million paid personal members and approximately 9.9 million business customers.

We are the leading provider of roadside assistance across the UK, with approximately 2,900 dedicated patrols reaching an average of 10,000 breakdowns each day during the year ended 31 January 2018. Our patrols are trained to assess and repair a multitude of vehicle malfunctions at the roadside. In the year ended 31 January 2018, our patrols successfully repaired approximately 84% of breakdowns at the roadside.

Our Roadside Assistance service offers 24-hours a day cover for cars, motorbikes, caravans, and vans. Our national network of AA-branded patrols attends approximately 90% of breakdowns directly. A network of third-party garages provides us with flexibility during peak demand and serves the remaining proportion of breakdowns. Our patrols respond to a variety of issues on the roadside. In the year ended 31 January 2018, we responded to 3.7 million breakdowns, of which approximately 17% related to tyres and 17% were caused by faulty batteries. Overall, a significant amount of breakdowns arose from errors on the part of drivers, for example, using the wrong fuel or losing keys and less than 10% arose from engine failure.

[1] Based on direct purchase of breakdown cover according to *Old Street Data Sciences "Brand tracker" for consumers, May-June 2017*

Our roadside assistance business partners include car manufacturers, such as Jaguar Land Rover, Ford, Volkswagen (including Audi), Bentley and General Motors, fleet and vehicle rental companies, such as Lex Autoleasing, BT Fleet and Enterprise, and financial institutions, specifically, members of the Lloyds Banking Group and TSB, that offer our products as services to their own customers as complementary "add-ons" ("**Added Value Accounts**").

Driving Services

Our Driving Services segment generated trading revenue of £66 million, or 8% of Roadside trading revenue, and Trading EBITDA of £22 million, before allocation of Roadside head office costs.This segment consists of the AA Driving School and the British School of Motoring ("**BSM**"), which are the two largest driving schools in the UK, and DriveTech, which provides driver education and training programmes.

Driving Schools

The AA Driving School is the largest driving school in the UK. In 2011, we acquired BSM, which is the oldest driving school in the country and continues to operate under its own brand. The AA Driving School and BSM are market leaders in a fragmented market, with a combined market share of total UK driving pupils estimated at approximately 9%. Both the AA Driving School and BSM offer driving lessons and instructor training through a franchise model. In the twelve months ended 31 January 2018, the AA Driving School and BSM provided driving lessons to approximately 84,000 pupils through around 2,700 instructors. The majority of revenue from the driving schools comes from weekly franchise fees paid by instructors, who in return receive 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. We are developing our strategy to increase the options and flexibility available to driving instructors to improve our retention of franchisee instructors.

DriveTech

DriveTech, one of two market leaders providing driver education courses, has a business model specifically designed for commercial and professional drivers. It became part of the Holdco Group in 2009 and is split into DriverAware, which accounts for the majority of revenue in this segment, and FleetSafe. DriverAware delivers educational driver awareness schemes to members of the public as an alternative to incurring points on their licence. We currently have contracts for the provision of speed awareness courses with 11 of the 45 police forces in the UK. FleetSafe provides training to coach and lorry drivers on fleet management best practices, Commercial and Passenger Vehicles under long-term services contracts, and provides a licence-checking service.

Insurance

Our Insurance division generated trading revenue of £133 million, or 14% of our total Holdco Group trading revenue, and Trading EBITDA of £71 million, or 18% of our total Holdco Group Trading EBITDA, including total head office costs of £8 million, for the year ended 31 January 2018. As of 31 January 2018, we had 1,447,000 motor and home policies in force and an average income per policy of £74.

As an insurance broker, we offer Motor, Home, Travel and Other Insurance policies to both roadside assistance personal members and non-members. We act as a broker for insurers, selling policies to customers for the insurance underwriters on our panel including the AA plc Group's in-house underwriter.

Financial Services

In 2015 we relaunched our Financial Services offering through our 10-year exclusive partnership with the Bank of Ireland. Our partnership currently offers AA-branded credit cards, loans, savings and mortgages to both AA members and non-members. As at 31 January 2018, we had 142,000 Financial Services products across our credit cards, personal loans and savings portfolio. This represents a balance sheet of approximately £400 million of liabilities, broadly matched-funded by deposits. The AA membership base and brand are benefitting the business with over 17% of the non-ISA savings book held by members and 39% of our personal loans being written for vehicles.

Home Services

On 29 November 2017, the AA announced the sale of its Home Emergency Services consumer policy book to HomeServe plc ("**HomeServe**"). The transaction completed in early 2018 and aligns with the AA's strategic focus on Roadside and Insurance. Under the terms of the agreement, HomeServe will acquire approximately 70,000 consumer policies which will migrate from May 2018. HomeServe will operate under the AA brand for the next three years. The AA will continue to provide Home Emergency Services cover for its business customers via its banking relationships

and as add-ons to other home insurance policies. Approximately 70 plumbing and gas engineers transferred to HomeServe.

Proposed Transaction

On 2 July 2018, we announced a proposed issuance of a single class of Sub-Class A7 Fixed Rate Notes due 2024/2043 (the "**New Notes**") and a concurrent Tender Offer as defined below. On completion of the proposed refinancing, and in line with the company's disciplined and pro-active approach to its capital structure, a significant proportion of the AA plc's shorter-term maturities will be extended, thereby increasing operational flexibility and preparing the company for the execution of the recently-announced strategic plan.

The Tender Offer

On 2 July 2018, eligible holders of the £500 million 4.2487% Class A3 Secured Notes due 2020/2043 (XS0996575378) (the "**Existing Notes**"), were invited to tender their Existing Notes for purchase by AA Senior Co Limited (the "**Borrower**") for cash (the "**Tender Offer**"). The Borrower intends to accept up to £350 million of the Existing Notes for purchase, with the actual amount communicated in the final results announcement relating to the Tender Offer.

The Tender Offer is in line with the Borrower's liability management programme to optimise its capital structure, in the context of current market conditions and upcoming maturities.

The Tender Offer will be funded with a portion of the proceeds of the issuance of the New Notes as described below.

New Class A Notes issue

The New Notes will be senior secured Reg S bearer notes and are expected to be rated BBB-(sf) by S&P.

A portion of the proceeds of the New Notes are expected to be used by the AA Group to fund the Tender Offer on the next interest payment date under the Existing Notes (31 July 2018).

Senior term facility and working capital facility

It is also intended that the New Notes will be used to redeem in full the company's existing £250 million senior term facility due 2021. It should be noted that certain of the Dealers participating in the offer of the New Notes are party as lenders to the existing senior term facility that is intended to be repaid with the proceeds of the issue of the New Notes.

In parallel with the Tender Offer and issuance of the New Notes, the Borrower has entered into a senior term facility due 31 July 2023 for up to £199,666,667 in order to secure committed funding for refinancing substantially all of the remaining Existing Notes left outstanding post the Tender Offer, at or before their effective maturity on 31 July 2020.

In connection with the Tender Offer and issue of New Notes, we also intend to replace the existing working capital facility with a new working capital facility of £60 million (together with a £15 million accordion facility), with a maturity to 31 July 2023 and with the same margin as the existing working capital facility.

All of the above reflects our planned Transactions as of the date of this Prospectus with respect to the execution of the Tender Offer and the issue of New Notes. There can, however, be no guarantee that we will proceed with these transactions in the aforementioned manner or at all. The terms of the issue of the New Notes will be set out in the relevant Final Terms.

For further details of the new senior term facility and new working capital facility, see the sections entitled "*Summary of the Finance Documents—New Senior Term Facility Agreement*" and "*Summary of the Finance Documents—New Working Capital Facility Agreement*"

Overview of the Programme

The Programme	The Issuer has established 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 may from time to time issue 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 (as relevant). For further details of the Issuer, see the section entitled "*The Issuer*".
The Class A IBLAs and Use of Proceeds	On 2 July 2013, the Issuer, the Borrower, the Issuer Security Trustee and the Obligor Security Trustee entered into an Initial Class A IBLA in respect of the £300 million Sub-Class A1 Notes and £325 million Sub-Class A2 Notes issued on that date. On 27 August 2013, the Initial Class A IBLA was increased by £350 million in respect of the additional £175 million of Sub-Class A1 Notes and £175 million of Sub-Class A2 Notes issued on that date. On 28 November 2013, the Issuer, the Borrower, the Issuer Security Trustee and the Obligor Security Trustee entered into a Sub-Class A3 IBLA in respect of the £500 million Sub-Class A3 Notes issued on that date. On 2 May 2014, the Issuer, the Borrower, the Issuer Security Trustee and the Obligor Security Trustee entered into a Sub-Class A4 IBLA in respect of the £250 million Sub-Class A4 Notes issued on that date. On 6 December 2016, the Issuer, the Borrower, the Issuer Security Trustee and the Obligor Security Trustee entered into a Sub-Class A5 IBLA in respect of the £700 million Sub-Class A5 Notes issued on that date. On 13 July 2017, the Issuer, the Borrower, the Issuer Security Trustee and the Obligor Security Trustee entered into a Sub-Class A6 IBLA in respect of the £250 million Sub-Class A6 Notes issued on that date. On or prior to each Issue 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 Issue 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 (each a "**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). 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 existing indebtedness; and (b) for general corporate purposes and as permitted pursuant to the Transaction Documents. For further details of the Class A IBLAs, see the section entitled "*Summary of the Finance Documents— Class A IBLAs*".
The Senior Term Facility	The Borrower and the STF Arrangers, amongst others, entered into the Senior Term Facility Agreement on 5 July 2017 of up to £250 million (the "**Senior Term Facility**") drawings under which, together with other amounts, were used on 13 July 2017 to repay all amounts outstanding under the senior term facility entered into on 11 April 2014 (the "**2014 Senior Term Facility**"). As of 31 May 2018, the principal amount of £250 million was outstanding under the Senior Term Facility. For further details of the Senior Term Facility, including details of the 2018 Senior Term Facility entered into as part of the Proposed Transaction (which is intended to replace the Senior Term Facility), see the section entitled "*Summary of the Finance Documents—Senior Term Facility Agreement*". See also "*Overview – Proposed Transactions*".
The Working Capital Facility.....	The Borrower and the WCF Arrangers, amongst others, entered into the Working Capital Facility Agreement on 5 July 2017 (the "**Working Capital Facility Agreement**"), the commitments under which replaced the existing commitments under the 2014 Working Capital Facility Agreement. The credit facility made available to the Borrower by the WCF Lenders under the Working Capital Facility Agreement comprises a revolving working capital facility of up to £75 million (the "**Working Capital Facility**") (such amount capable of being reborrowed following repayment in accordance with the terms of the Working Capital Facility Agreement), which the Borrower must apply towards working capital purposes. Subject to the terms of the Working Capital Facility Agreement and any document relating to or evidencing the terms of an ancillary facility, a WCF Ancillary Lender may make available an ancillary facility to the Borrower in place of all or part of its commitment under the Working Capital Facility (each a "**WCF Ancillary Facility**" and together the "**WCF Ancillary Facilities**"). The maximum aggregate amount of commitments of all WCF Lenders under the WCF Ancillary Facility is £50 million. No WCF Ancillary Facility may be utilised towards prepayment of any WCF Loan. For further details of the Working Capital Facility, including details of the 2018 Working Capital Facility entered into as part of the Proposed Transaction (which is intended to replace the Working Capital Facility), see the section entitled "*Summary of the Finance Documents—Working Capital Facility Agreement*". See also "*Overview – Proposed Transactions*".
The Liquidity Facility.....	On 2 July 2013, the Issuer and the Borrower entered into the Liquidity

	Facility Agreement with, among others, the Liquidity Facility Providers, the Liquidity Facility Agent, the Issuer Cash Manager, the Issuer Security Trustee and the Obligor Security Trustee, pursuant to which the Liquidity Facility Providers grant to the Borrower a revolving 364-day liquidity facility in an aggregate amount equal to £220 million (which is renewable annually and has subsequently been reduced to £165 million) to permit drawings to be made (a) by the Issuer to fund any Issuer Liquidity Shortfall and (b) by the Borrower to fund any Borrower Liquidity Shortfall. For further details of the Liquidity Facility, see the section entitled "*Summary of the Credit and Liquidity Support Documents—Liquidity Facility Agreement*".
Common Terms Agreement.....	On 2 July 2013, each of the Obligors and the Obligor Senior Secured Creditors entered into a common terms agreement (the "**CTA**" or "**Common Terms Agreement**"). 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 (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 2 July 2013, each of the Obligors and the Obligor Secured Creditors entered into a security trust and intercreditor deed (the "**STID**" or the "**Security Trust and Intercreditor Deed**"). The STID sets 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 regulates Topco and the Topco Secured Creditors, including the enforcement of the Topco Security. For further details, see the section entitled "*Description of Other Indebtedness*".
Guarantees	The Obligors 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% of the consolidated EBITDA of the Holdco Group. In addition, each member of the Holdco Group which represents 5% or more of the consolidated EBITDA of the Holdco Group is required to become an Obligor.
Principal Security for the Obligors' Obligations.....	The Obligor Secured Liabilities are secured principally pursuant to a security agreement dated 2 July 2013 (the "**Obligor Security Agreement**") between, among others, the Obligors 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 are 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% 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% 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% 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% 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, the "**OCB Secured Hedging Transactions**") will be secured by the Obligor Security.

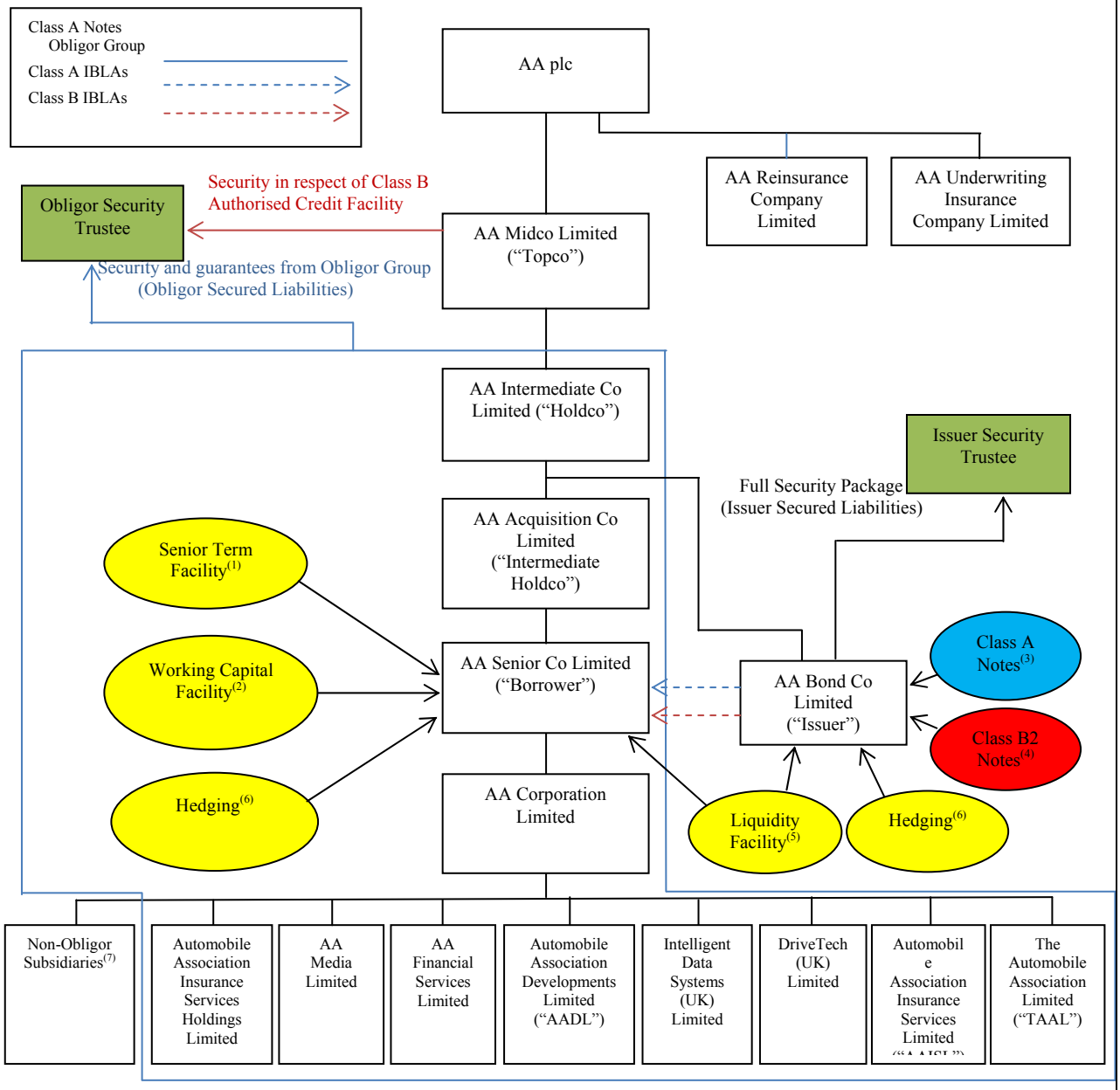
For further details of the Treasury Transactions, see the section entitled "*Summary of the Common Documents—Common Terms Agreement—Hedging Policy*".

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 IBLA, 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 ranks *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.....	In addition to the issue of Class A Notes and the entry into the Senior Term Facility Agreement, the Working Capital Facility Agreement, the Liquidity Facility Agreement and the other Transaction Documents, the Issuer may issue Class B Notes and on-lend the proceeds to the Borrower under a 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), any 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 has given 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) 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 are governed by English law. The TAAL Share Security Agreement and the Issuer Jersey Share Security Agreement are governed by Jersey law.

Transaction Structure Diagram

The following diagram is a simplified summary of our corporate and principal financing structure, as of 31 May 2018. The diagram does not include all of the companies in the AA plc Group or the Holdco Group and does not include all of our debt obligations. For a summary of the debt obligations identified in this diagram, see "*Capitalisation*," "*Summary of the Common Documents*," "*Summary of the Finance Documents*," "*Summary of the Issuer Class A Transaction Documents*" and "*Description of Other Indebtedness.*" Investors should note that AADL and AAISL comprise 71% of Trading EBITDA of the Holdco Group for the year ended 31 January 2018 and are the main entities which are funding the Borrower.



Notes:

(1) As at 31 May 2018, the principal amount outstanding under the Senior Term Facility was £250 million.

(2) As at 31 May 2018, the Working Capital Facility was undrawn notwithstanding that a £10 million ancillary facility has been put in place to secure certain letters of credit.

(3) As at 31 May 2018, a total of £1,950 million Class A Notes were in issuance.

(4) As at 31 May 2018, a total of £570 million Class B2 Notes were in issuance.

(5) As at 31 May 2018, the Liquidity Facility was undrawn.

(6) As at 31 May 2018, the variable interest rate element of borrowings under the Senior Term Facility was fully hedged by the Borrower. The Issuer has no hedging arrangements in place.

(7) Non-Obligor subsidiaries may not represent more than 10% of the EBITDA of the Holdco Group.

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% 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% legally and beneficially owned by Intermediate Holdco. The Borrower is tax resident in the UK.
Intermediate Holdco	AA Acquisition 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% 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% 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	Each member of the Holdco Security Group has cross-guaranteed 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% 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	Barclays Bank PLC
Dealers	Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited and Lloyds Bank Corporate Markets plc
Global Coordinators	Barclays Bank PLC, Credit Suisse Securities (Europe) Limited and Lloyds Bank Corporate Markets plc
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**").
STF Lenders	The lenders under the Senior Term Facility (the "**STF Lenders**").
WCF Lenders	The lenders under the Working Capital Facility (the "**WCF Lenders**").
STF Agent	Deutsche Bank AG, London Branch (the "**STF Agent**").
WCF Agent	Deutsche Bank AG, London Branch (the "**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, the Issuer, the STF Lenders, the WC Facility Lenders, the 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 STF Lenders, the WCF Lenders, the WCF Agent, the STF Agent, the WCF Arrangers, the 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, 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 holds, 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 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 has entered 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, as supplemented by a First Supplemental Class A Note Trust Deed dated 23 April 2014 and a Second Supplemental Class A Note Trust Deed dated 16 November 2016 (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—Redemption, Purchase and Cancellation—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—Redemption, Purchase and Cancellation—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 a 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—Redemption, Purchase and Cancellation—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—Redemption, Purchase and Cancellation—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—Redemption, Purchase and Cancellation—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 or Other Reasons	As more particularly set out in Class A Condition 7(d) (see "*Terms and Conditions of the Class A Notes—Redemption, Purchase and Cancellation—Redemption for Taxation or 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—Redemption, Purchase and Cancellation—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—Redemption, Purchase and Cancellation—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 has granted 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 Euronext Dublin.
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—Class A Note Events of Default—Class A Note Event of Default—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. In addition to the other information in this Base Prospectus, you should carefully consider the following risk factors before purchasing the Class A Notes. The occurrence of any of the events discussed below could materially adversely affect our business, financial condition and results of operations. The risks described below are not the only ones we believe we are exposed to. Additional risks that are not currently known to us, or that we currently consider to be immaterial (based on our regular risk assessment), could significantly impair our business activities and have a material adverse effect on our business, financial condition and results of operations. If any one of these events occurs, the trading price of the Class A Notes could decline and we may not be able to pay interest or principal on Class A Notes when due, and you could lose all or part of your investment. The order in which these risks are presented is not intended to provide an indication of the likelihood of their occurrence or of their severity or significance.

This Base Prospectus also contains forward-looking statements that are based on assumptions and estimates and are subject to risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, the risks described below and elsewhere in this 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 have a material adverse effect on our business, prospects, 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 UK. We depend on the integrity of our brand and our reputation for quality of service for our business to command a price premium for our roadside services 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*." In order to maintain the value of our brand and to continue to enjoy its high degree of familiarity and awareness in the UK, we currently need to make a higher level investment in our brand and brand recognition than we have done historically. Given its importance to maintaining a key position in our industry and our price premium, failure to invest more heavily in our brand and brand recognition now or in the future may have a material adverse effect on our business, prospects, financial condition and results of operations. 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, whether perceived or actual, in terms of customer service, whether at the roadside, as part of our insurance offering or otherwise. 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 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 mechanics and other employees, contractors or agents. Furthermore, any decline in favourable perception of our roadside assistance business could have an adverse impact on the reputation of our other business lines, and vice versa. A decline in favourable perception of our brand could also impact our ability to attract or retain personal members or business customers, which may have a material adverse effect on our business, prospects, financial condition and results of operations.

Our operations are highly dependent on the proper functioning of information technology ("IT") and communication systems. The failure or unavailability of such systems or our inability to keep pace with developments in technology and implement new systems effectively could harm our reputation, result in the loss of personal members and business customers and have a material adverse effect on our business, prospects, 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, managing our mobile applications and locating personal members and business customers experiencing automobile breakdowns or home emergencies. There has been a programme over the last three years to overhaul our previous processes and systems, with further investment in our IT infrastructure also planned as part of our new strategy. These systems may not operate as expected or may not fulfil their intended purpose. This 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 competitive position. Our call centre operations could be disrupted due to loss of physical infrastructure, insufficient staff or other reasons. If our personal members or business customers experience a lack of quality service or reliability,

our reputation could be damaged significantly and personal members and business customers may be reluctant to employ our services, which could result in the loss of existing personal members and business customers and a decline in revenue. As a result, any inability on our part to successfully complete and implement our IT updates on time, either under existing programmes or in connection with future investment planned under our new strategy, or subsequent failure 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, prospects, 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 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.

We have committed further investment in IT development as part of our new strategy. If we are unable to further complete the replacement or upgrade of these systems in a timely manner or at all, this could have a material adverse effect on our business, prospects, financial condition and results of operations. We will need to maintain our commitment to developing, upgrading and enhancing our IT and communications systems and adapting our services, products and infrastructure in order to meet evolving market trends and consumer demands and keep pace with new IT developments. We also may not be able to anticipate new technological developments requiring additional investment and innovation in the future 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 our 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, prospects, financial condition and results of operations.

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

We have a number of important business partner accounts, mainly in the roadside assistance part of our Roadside segment. Our 10 largest business partners accounted for 16% of our total trading revenue in the year ended 31 January 2018, of which the single largest partner is Lloyds Banking Group. The future loss of one of our business 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 have a material adverse effect on our business, prospects, financial condition and results of operations. Furthermore, our business partners may also face financial or commercial difficulties, the consequences of which could also materially adversely affect our business and reputation.

Increased competition, including new business models, may result in downward pressure on our pricing which may have a material adverse effect on our business, prospects, financial condition and results of operations.

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, prospects, financial condition and results of operations. Where our competitors lower their prices to gain market share, this may create pricing pressure that could force us to also lower our own prices.

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. New requirements on price transparency have been introduced for consumers in our Insurance and Roadside divisions. This transparency may further increase the prevalence and intensity of price competition in our industry and potentially lead to consumer pressure or further regulatory intervention in the insurance services market. To the extent that we match any reduction in pricing by our competitors, our business, prospects, 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 revenue, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

In addition, our competitors in the roadside assistance part of our Roadside segment could develop different models, including smartphone based or other pay as you go operations that may increase competition and could have a material adverse effect on our business, prospects, 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 diversified panels of insurance underwriters for motor and home insurance, many of our competitors are larger than us and have greater financial, technical and operating resources. 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 revenue. In addition, if competitors attract current or potential policyholders away 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-broke policies if one of our underwriters were to fail, which could negatively impact our profitability. Additionally, if our underwriting partners fail to resolve insurance claims in a timely or satisfactory manner, we may be exposed to litigation with respect to any such claims. While we regularly monitor the creditworthiness of our third-party 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, prospects, 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. PCWs have approximately 70% of the new business market for motor insurance in the UK and 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 the brokerage business of our Insurance 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 or all of 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, prospects, 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 in turn have a material adverse effect on our business, prospects, 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. For example, we lease substantially all the vehicles that make up our operational fleet within our Roadside segment. 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. Furthermore, in the past we have been required to replace suppliers of products and services as a result of their insolvency. In the event that a supplier of products or services decides to terminate its relationship with us, our personal members and business 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 to enter into new contracts on commercially favourable terms, could lead to reduced sales, lower margins and a loss of existing personal members and business customers. It could also make it difficult for us to attract new personal members and business customers, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

Litigation, roadside injuries or death or regulatory inquiries or investigations could have a material adverse effect on our business, prospects, financial condition and results of operations.

From time to time, we may become involved in litigation, and we may not be successful in defending ourselves against such litigation. We are exposed to potential claims for personal injury and property damage resulting from the provision and use of our Roadside services. For example, we have had a number of claims relating to personal injury and property damage from employees, personal members and other third parties. 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' compensation 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 any such claims is unfavourable to us, we could suffer damage to our reputation and our business, prospects, 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 unless it is probable that settlement of an amount that can be reliably estimated will be required and our current liability coverage may not be sufficient to cover all claims. In addition, our insurance premiums may increase in the future, and we may not be able to renew our motor liability coverage on commercially acceptable terms or at all. Furthermore, although our customer call centre provides roadside assistance personal members with safety instructions in the event of a breakdown, in the past personal members have been accidentally injured or killed by passing vehicles while waiting on the roadside. Accidents such as these could expose us to civil suits, significant damages claims and liabilities and harm our reputation.

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

On 7 March 2018, we received notification that former Executive Chairman, Bob Mackenzie, who was dismissed for gross misconduct on 1 August 2017, had on 6 March 2018 issued a Claim Form in the High Court, Chancery Division against AA plc, its subsidiary Automobile Association Developments Limited and personally against a number of their directors and the former Company Secretary. While we expect to be successful in rigorously defending these claims, there can be no guarantee with respect to the outcome of any such litigation. In the unlikely event that the outcome of this litigation is not in our favour, this may have a material adverse effect on our business, prospects, 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, including from unauthorised attempts to access our IT systems, or failure to comply with applicable data protection law, could have a material adverse effect on our business, prospects, financial condition and results of operations.

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

personal data in our databases. It may not be possible for us to lawfully use that data for purposes other than those notified to data subjects, or for which they have provided consent.

We are also exposed to the risk that the personal data we control could be wrongfully accessed or used, whether by employees or third parties, or otherwise lost or disclosed or processed in breach of applicable data protection law. Although we have taken steps to protect the personal data we control, we have experienced losses of personal data in the past, and we cannot guarantee protection against unauthorised attempts to access our IT systems from both internal and external intruders. We have been upgrading our IT systems since the IPO and further investment in IT infrastructure is planned as part of our new strategy. We may be particularly susceptible to unauthorised attempts to access our IT systems during such investment and development processess. Unauthorised access to our IT systems may result in the theft, corruption or loss of data belonging to us or our customers. In addition, employees with access to confidential customer information may intentionally, or accidentally, alter, destroy, steal, or lose such information. Theft or loss of data may result in such data being made public or sold or disposed of to third parties who may seek to use such data for identity theft or other criminal activities. 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, prospects, financial condition and results of operations.

New changes to the wider EU data protection regime may also impact our operations. On 4 May 2016 the European Parliament and the European Council published the General Data Protection Regulation ("**GDPR**") in the Official Journal of the European Union. The GDPR, which is in the form of the version agreed in December 2015, applied from 25 May 2018 and introduces significant changes to data protection law. In particular, the GDPR contains much higher penalties for breach, new obligations for data processors, increased accountability, expanded rights for data subjects and an extended territorial scope. A major multi-disciplinary project was put in place to prepare us for the changes, but as these are new regulations, further changes may be required in respect of the way we collect, process and store personal data as the market adjusts to the new legislation. Further changes may be significant or costly and may have a material adverse effect on our business, prospects, financial condition and results of operations.

We offer different prices to different types of customers, and the lack of price harmonisation within our personal member and across our business customer base may have a material adverse effect on our business, financial condition and results of operations.

As part of our efforts to attract new customers and personal members and to achieve a high degree of cross-penetration between our business segments, we may offer discounts to certain customers in respect of our Roadside, Insurance or Financial Services products. There is a risk that market pressure from our customers 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 have a material adverse effect on our business, prospects, financial condition and results of operations.

In addition, our business model distinguishes between personal members, who subscribe for roadside assistance coverage directly through a membership agreement with us, and business customers, who receive roadside assistance coverage indirectly as a complementary "add-on" to the products they purchase from our business partners. If the availability of roadside assistance coverage becomes more prevalent as an add-on to premium bank accounts or other business products, we could potentially see a migration of our personal members to the lower-margin business customer book or to a third party provider, which could also have a material adverse effect on our business, prospects, 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 a material adverse effect on our business, prospects, 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. While we aim to implement and maintain cost savings through the restructuring 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 engagement, 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, prospects, financial condition and results of operations.

Breakdown of internal controls could have a material adverse effect on our business, prospects, financial condition or results of operations.

Any errors (including accounting errors), or breakdowns in internal control processes (including failures to establish and maintain effective internal controls), could result in operational losses and impact our ability to detect and prevent fraud. In addition, it is expected that ongoing and future changes to our operations and organisation will place additional demands on our internal processes and infrastructure, including our accounting systems and internal controls over financial reporting. To meet these demands, we will need to invest money and senior management time on an ongoing basis in strengthening our financial and management information systems, improving control processes, and, where appropriate, identifying and correcting any deficiencies in the design or operating effectiveness of our accounting systems and internal controls over financial reporting. Failure to do so, or any insufficiency or breakdown in internal controls, could have a material adverse effect on our reputation, business, prospects, financial condition and results of operations.

Severe or unexpected weather conditions or poor maintenance of the roads could have a material adverse effect on our business, prospects, financial condition and results of operations.

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

The Holdco Group operates 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. This means 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 business customers, both in terms of the services they subscribe for and the amount of insurance and other products they purchase. Any negative economic developments in the UK could reduce consumer confidence, and thereby could negatively affect earnings and have a material adverse effect on our business, prospects, financial condition and results of operations.

In addition, any deterioration in the UK economic and financial market conditions may:

- cause financial difficulties for our suppliers and business 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 new, 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; and
- result in increased customer requests for reduced pricing and reduced renewal rates if these requests for reduced pricing are not granted.

A delayed recovery or a worsening of economic conditions within the United Kingdom may lead to a decrease in subscribers to our roadside assistance services, our insurance products and generally result in personal members and business customers terminating their relationship with us. Therefore, a weak economy or negative economic development could have a material adverse effect on our business, prospects, financial condition and results of operations.

Spending on travel is discretionary and price-sensitive. Conditions which reduce disposable income or consumer confidence, such as an increase in interest rates (which, among other things, could cause consumers to incur higher monthly expenses under mortgages), unemployment rates, direct or indirect taxes, fuel prices or other costs of living, may therefore lead to customers reducing or stopping their spending on travel or opting for lower-cost products and services. These conditions may be particularly prevalent during periods of economic downturn or market volatility and disruption.

On 23 June 2016, the UK held a referendum on its membership in the EU, in respect of which a majority of those who voted in the referendum voted in favour of the UK leaving the EU ("**Brexit**"). On 29 March 2017, the UK government invoked Article 50 of the Lisbon Treaty to begin the process of the UK formally leaving the EU. The exit of the UK from the EU could significantly affect the political, fiscal, monetary and regulatory landscape in the UK, and could have a material impact on its economy, the future growth of its various industries and could disrupt the ability of UK authorised firms to access the EU single market. It could also disrupt the ability of AA Underwriting Insurance Company Limited ("**AAUIC**"), a Gibraltar company that is part of the AA plc Group and which participates in our insurance underwriting panel, to access the UK market through its Solvency II passporting rights as well as other non-UK domiciled members of our insurance underwriting panels. As the UK government is still negotiating the future relationship between the UK and the EU following Brexit, the full potential impact of Brexit on the UK in general and on our business in particular is unclear. A significant amount of EU law in matters ranging from employment law to data protection to competition and financial regulation is currently embedded in UK law either as a result of EU regulation directly applicable in the UK or from UK regulations implementing EU directives. Accordingly, it is also unclear what impact Brexit will have on the UK legal and regulatory landscape, which could in turn have a significant impact on the Holdco Group. There may also be consequences for EU nationals working for the AA. Although it is not possible to fully predict the effects of an exit of the UK from the EU, it could have a material adverse effect on, amongst other things, all of the companies in the Holdco Group and particularly those that conduct regulated business in the UK, as well as the arrangements between the UK and the EU regarding taxation. As a result, the exit of the UK from the EU may have a material and adverse effect on our business, prospects, financial condition and results of operations.

To the extent that the performance of the UK economy declines, does not improve or improves only over an extended period of time, our business, prospects, financial condition and results of operations may be materially and adversely affected.

Our personal 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 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 business customers. A decrease in demand for our roadside assistance services may lead to certain of our business 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 from business customers for our 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 (including increased use of car sharing services or mobile-based cab hailing services) or growing environmental concerns. See "*Industry*" for further information. 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, prospects, financial condition and results of operations. From January 2016 to January 2018 we experienced a decline in paid personal membership mainly due to the discontinuation of the free-to-paid insurance channel from December 2015. If such a decline continues, including at an increased rate in the future, this could have a material adverse effect on our business, prospects, 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.

The AA brand is one of the key assets of our business. 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, prospects, 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 licences 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, prospects, 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 may have a material adverse effect on our business, prospects, financial condition and results of operations.

We intend to continue to consider opportunistic strategic transactions, which could involve acquisitions or disposals 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, we will need to conduct appropriate due diligence, including, as appropriate, an assessment of the adequacy of claims reserves, an assessment of the recoverability of reinsurance and other balances, enquiries with regard to outstanding litigation and consideration of local regulatory and taxation matters. Consideration will also need to be given to potential costs, risks and issues in relation to the integration of any proposed acquisitions with our existing operations. However, the due diligence undertaken may not be accurate or complete, and such due diligence may not identify or mitigate all material risks to which the entity being acquired is exposed, including contingent or unanticipated liabilities. In addition, the integration of any proposed acquisition may not be successful or in line with our expectations and may pose a disruption to our ongoing business. We also may not obtain appropriate or adequate contractual representations, warranties and indemnities in connection with any acquisition. We may also provide representations, warranties and indemnities to counterparties on any disposal, which may result in claims being asserted against us by the applicable counterparties. Any acquisitions or dispositions of businesses or assets and shifts in the current mix of our product and services offerings may divert managerial attention and resources from our business objectives.

If we enter into strategic transactions in the future, related accounting charges may affect our business, financial condition and results of operations, particularly in the case of any acquisitions. Any acquisition or disposal may result in changes to our capital structure, including the incurrence of additional indebtedness or the refinancing of our outstanding indebtedness, as applicable. There can be no guarantee that we will be able to identify appropriate acquisition targets or opportunities for disposals in the future and, 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, prospects, financial condition and results of operations.

Our operations are dependent on our ability to retain and attract qualified and reliable personnel including our senior management team.

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. Attracting and retaining key members of senior management and key operational expertise are vital to the success of our business and operations. The departure of or difficulty in replacing senior managers or individuals with key operational expertise in future could have a material adverse impact on key decision-making and the development of our business and operations over both the short and the medium term. 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 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 (the "**PRA**") and the Financial Conduct Authority (the "**FCA**") 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. The PRA or FCA may also 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 have a material adverse effect on our business, financial condition and results of operations.

As of 31 May 2018, approximately 93% of the Holdco Group's 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 frequently required to consult with our employee representatives, such as works councils, on various matters, including restructurings, acquisitions and divestitures. For example, we regularly review the application of working practices and aspects of our patrol force employment contracts to enhance efficiency as part of our budgeting cycle. To the extent we choose to change working practices or aspects of our patrol force employment contracts, we will be required to consult with employee representatives and the IDU. Although we strive to maintain good relationships with our employees and the IDU, such relationships may not continue to be cooperative and we may be affected by strikes or other types of conflict with labour unions and employees in the future, which could impair our ability to deliver the services we provide and result in a substantial loss of revenue and damage to our reputation. Strikes and industrial actions could also be initiated by the workforce of one of our service providers or other third parties that could affect our business. 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, prospects, financial condition and results of operations.

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 (including competition regulation) imposed by a number of insurance and financial services regulators and competition authorities, including the European Commission, the Competition and Markets Authority and HM Treasury. In the UK, the PRA is the primary regulatory authority of the insurance sector and the FCA of the insurance intermediation sector. The FCA also has concurrent competition law powers. Each has 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, including consumer credit 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, prospects, financial condition and results of operations.

Furthermore, the use of continuous payment methods in both the roadside assistance part of our Roadside segment and in our Insurance segment 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 Payment Systems Regulator 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 material adverse effect on our business, prospects, financial condition and results of operations.

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

We are subject to risks in connection with the interpretation of employment laws including in relation to the calculation of employee holiday pay.

We are subject to risks in connection with changes to employment laws whether by government legislation or by decisions of the courts that are changing the interpretation of existing legislation which impacts businesses in the UK. For example, case law in connection with the calculation of holiday pay in the area of employment law is creating a potential cost exposure for employers throughout the UK. The case law relates to the interpretation and application of the Working Time Regulations ("**WTR**") in the UK which govern the statutory holiday entitlement and the minimum amount of statutory holiday pay that employees are entitled to. The law does not apply to holiday pay for contractual holiday in excess of the minimum statutory entitlement. In accordance with UK law, historically, pay for statutory holidays has corresponded to basic pay only; and overtime, commission and other pay components have been excluded from the calculation of "normal working hours" and a "week's pay" for the purposes of calculating statutory holiday pay entitlement. The European Court of Justice ("**ECJ**") has however held that, in accordance with European law (the "**Working Time Directive**"), all components of pay that are intrinsically linked to the tasks that employees are required to perform under their contracts should be included in the calculation, such as commission and, possibly, overtime. Employers now have to include commission, non-guaranteed (mandatory) overtime and other variable pay in the calculation of holiday pay for salaried staff.

The Employment Appeals Tribunal ("**EAT**") decision in *Fulton v Bear Scotland Ltd* in November 2014 confirmed that UK law could be interpreted consistently with the ECJ principles described above in respect of non-guaranteed overtime. As well as payments for future holiday, employees could claim back pay for prior, wrongly calculated holiday pay as unlawful deductions from wages. The EAT decision states that a historic claim for a series of deductions can only go back until the point where there is a three month gap between deductions. This test is complex to apply in practice and it is difficult to estimate with precision what the cost of such claims for the Holdco Group could be, however, potential historic liability for backdated claims could be material. Regulations have come into force which: (i) from 1 July 2015, limit back pay claims to no more than two years; and (ii) clarify that the rights to holiday pay under WTR are non-contractual (and hence avoid the possibility of a county court claim with six year limitation). On 7 October 2016 in *British Gas Trading Ltd v Lock*, the Court of Appeal upheld the EAT's decision confirming that 4 weeks' statutory holiday pay under the WTR should include results-based commission in accordance with the requirements of EU law.

These changes and other changes in employment law could create additional costs for businesses, including ours, that operate overtime and commission by increasing the cost of paid statutory holiday, which in turn could have a material adverse effect on our business, prospects, 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, the AA Ireland Pension Scheme and our post-retirement medical scheme, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

The Holdco 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 has defined benefit sections that are closed to new entrants but is open to future accrual for existing members on a career average revalued earnings ("**CARE**") basis. Following the sale of AA Ireland, the Holdco Group continues to retain the AA Ireland Pension Scheme, which is closed to new entrants and future accrual of benefits, having transferred it to an English subsidiary, AA Corporation Limited.

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 scheme assets compared with 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. In addition, each valuation will determine the cash contributions agreed with the trustees to cover the AA's share of the costs relating to CARE benefits still accruing to employees. We are legally required to meet these monthly contributions, along with any agreed deficit repair contributions, scheme running costs and scheme levies, all of which are payable prior to our debt servicing obligations (including under any Class A IBLA and the Class A Notes). 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, prospects, financial condition and results of operations.

The triennial actuarial valuation for the AA UK Pension Scheme was carried out as at 31 March 2016 and the valuation was concluded in June 2017 (the "**2016 Valuation**"). The reduction in long-term gilt yields since 2013 caused the funding deficit to increase from £202 million as at 31 March 2013 (the "**2013 Valuation**") with the 2016 Valuation reporting a funding deficit of £366 million, and an "accounting" deficit of £188 million is recorded in the financial statements of the Holdco Group as at 31 January 2018 under IFRS. The 2013 Valuation disclosed assets of approximately £1,563 million and the 2016 Valuation disclosed assets of approximately £1,835 million.

In conjunction with agreeing the 2013 Valuation, we implemented an asset backed funding structure (the "**ABF**") in November 2013 with the trustee of the AA UK Pension Scheme (the "**AA UK Pension Trustee**"). This provides the AA UK Pension Scheme with an inflation-linked income stream over 25 years, through an interest in a Scottish limited partnership. The aggregate total of the monthly payments due from the ABF to the AA UK Pension Scheme in year to 31 January 2018 was £13 million. The ABF is intended to address the funding deficit disclosed in the 2013 Valuation over a 25 year period.

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 the longer 25 year term under the ABF, the AA UK Pension Trustee has been granted first-ranking security (through the ABF structure) over our brands for a debt claim of £200 million. The ABF income stream and security is provided through the AA UK Pension Trustee's interest in a Scottish limited partnership which holds a loan note issued by the company that owns the AA plc Group's brands ("**IP Co**"). The royalties payable by the AA plc Group to IP Co for the use of the AA plc Group's brands fund the loan note payments due from IP Co to the Scottish limited partnership (which in turn fund the payments from the Scottish limited partnership to the AA UK Pension Trustee). The loan note payments due from IP Co are secured by a first ranking charge over the AA plc Group's brands, for an amount equal to £200 million. If the loan note payments, which are payable prior to our debt servicing obligations (including under any Class A IBLA and the Class A Notes), are not made to the Scottish limited partnership to enable the payment of the AA UK Pension Trustee's return it will have the right to enforce the £200 million first ranking security interest over our brands against IP Co at the instruction of the AA UK Pension Trustee and if the security is enforced, the AA UK Pension Trustee's claim (through the ABF) will rank ahead of other claims on the security. If the security claims were enforced and all or some of our brands were disposed of by the AA UK Pension Trustee, it could have a material adverse effect on our business, prospects, financial condition and results of operations, as well as our ability to service our debt obligations.

Following the 2016 Valuation, a nine-year plan of incremental funding is now also in place to repair the higher 2016 Valuation deficit, taking into account the continued funding of the previous deficit. However, neither the ABF nor the nine-year plan guarantee that the funding deficit with respect to the AA UK Pension Scheme will not increase in the future and this may result in materially higher payments being required to be paid to the AA UK Pension Scheme to address such increased deficit. Similarly, contributions required to meet the cost of accruing CARE pensions may rise significantly in future, although the scheme's sponsoring employer currently has the ability to amend benefits accrued in future, subject to the consent of the AA UK Pension Trustee, appropriate employee consultation and wider commercial considerations.

We also operate an unfunded post-retirement medical scheme (the "**AAPMP**"). The AAPMP provides private healthcare cover to retired AA pensioners and their dependents. The scheme, which is closed to new entrants, is unfunded and as at 31 January 2018 showed a liability of £45 million. 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, prospects, financial condition and results of operations.

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 the

AA Ireland Pension Scheme, respectively. 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 long-term interest rates and/or an increase in longevity or in inflation could have an adverse effect on our contribution requirements in respect of the AA UK Pension Scheme and the AA Ireland 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, prospects, financial condition and results of operations.

Typically, the ongoing "funding" basis for a pension scheme, such as the AA UK Pension Scheme, is agreed between the AA UK Pension Trustee and the Employer (defined below) (subject to the UK Pensions Regulator's (defined below) powers to intervene and determine such basis). However in certain circumstances, a so-called "section 75 debt" payment can be triggered, which 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. The deficit of the AA UK Pension Scheme on a buy-out basis was estimated as part of the most recent completed triennial valuation to be £2,178 million as at 31 March 2016. AA Senior Co Limited provides a guarantee under a pension agreement dated 1 July 2013 (the "**AA Pension Agreement**") in relation to, broadly, the difference between the section 75 debt and the AA UK Pension Trustee's £200 million first ranking security interest over the AA plc Group's brands (provided through the ABF), and this guarantee is effective on enforcement of the security. Accordingly, if a section 75 debt is triggered, it could have a material adverse effect on our business, prospects, financial condition and results of operations.

A section 75 debt could be triggered in relation to the AA UK Pension Scheme if it is wound up or certain insolvency events occur in relation to the sponsoring employer of the AA UK Pension Scheme, which is currently Automobile Association Developments Limited (the "**Employer**"). 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 regulator of occupational pension schemes in the UK (the "**UK 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. A section 75 debt can also be triggered in relation to multi-employer pension schemes where one employer exits the scheme, but the AA UK Pension Scheme is currently a single employer scheme.

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

Under the Pensions Act 2004, the UK Pensions Regulator may issue a contribution notice requiring contributions to be paid into the relevant scheme by an employer in a UK defined benefit pension scheme or any person who is "connected with" or is an "associate of" an employer in a UK defined benefit pension scheme. A contribution notice may be issued if the UK 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 UK Pensions Regulator's power to issue a contribution notice.

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

The terms "associate" and "connected person," which are taken from the Insolvency Act 1986, are widely defined and could cover our significant shareholders and others deemed to be shadow directors. Prior to the IPO of AA plc, entities within the AA plc Group and the Saga Group were associated and connected with each other and the Acromas Group, which means that entities in the AA plc Group were associated and connected with the employers in the defined benefit pension schemes operated by the Saga Group. Because the UK Pensions Regulator can exercise its

powers by issuing a "warning notice" within a prescribed period of time of an association or connection ceasing (within two years in respect of financial support directions and, relevant still here given lapse of time since the IPO, within six years in respect of contribution notices), the AA plc Group could be responsible in certain circumstances for the pension liabilities of the Saga Group. As disclosed in its 2018 annual report and accounts, the Saga Group currently operates one defined benefit pension scheme, which, on an IAS 19 basis, at 31 January 2018 had scheme assets with a fair value of £307.3 million and a present value of defined benefit obligation of £314.3 million, for a defined benefit scheme liability of £7.0 million.

Entities in the AA plc Group may also have been associated and connected with employers in other UK defined benefit pension schemes operated in groups in which our significant shareholders (or former significant shareholders) have a prescribed shareholding.

The UK Pensions Regulator may, however, only issue contribution notices or financial support directions where it believes it is reasonable to do so. In relation to financial support directions and contribution notices, the UK Pensions Regulator determines reasonableness by having regard to a number of factors, non-exhaustive lists of which are set out in legislation (and include for example, 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).

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 European Union law and which, in the case of Ireland, could include the introduction of statutory debts for the recovery of a shortfall in funding, equivalent to the concept of section 75 debts under UK law or the introduction of regulatory powers, equivalent to the UK Pensions 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, prospects, 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 does not own or operate any of the operating assets of the Holdco Group and, therefore, the ability of the Borrower to meet its financial obligations is dependent on the receipt of dividends from its sole direct subsidiary, AA Corporation Limited, and receiving payments from certain other members of the Holdco Group under intercompany loans. Accordingly, 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 IBLAs, unless previously repaid in full, the Borrower is 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 will be 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 and the current/proposed rating of the Class A and Class B Notes). 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 relating 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, 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*".

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

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

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

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

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

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

Certain secured creditors may challenge the validity or enforceability of one or more features of the financing structure under the Programme and any challenge may adversely affect the rights of other secured creditors, including the holders of the Class A Notes.

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

Risks Relating to our Financial Profile

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 "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Defeasance Account*" and "*Summary of the Common Documents—Security Trust and Intercreditor Agreement—Obligor Priorities of Payment*";
- 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 "*Summary 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.

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

The Holdco Group is highly leveraged and has significant debt service obligations. As of 31 January 2018, Holdco's total outstanding indebtedness was £2,834 million. We expect that our substantial leverage will continue in the medium term. See "*Selected Consolidated Financial, Operating and Other Data—Selected Other Financial Data.*"

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

The degree to which we are leveraged, as well as any further increase in our borrowings, could have important consequences for our business and holders of the Class A Notes, including:

- making it more difficult for us to satisfy our obligations with respect to the Class A Loans and, consequently, the Class A Notes;

- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions, including rises in interest rates;
- restricting our ability to make strategic acquisitions or pursue other business opportunities;
- together with the financial and other restrictive covenants under our indebtedness, limiting our ability to obtain additional financing, dispose of assets or pay cash dividends other than as permitted by the terms of our indebtedness;
- requiring us to dedicate a substantial portion of our cash flow from operations to service our indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditure, other general corporate requirements and dividend payments;
- requiring us to sell or otherwise dispose of assets used in our business in order to fund our substantial debt service obligations;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors that have less debt; and
- increasing our cost of borrowing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our significant debt obligations, including under the Senior Term Facility, the Working Capital Facility, the Class A IBLAs, the Class B2 IBLA, the Topco Payment Undertaking, the Class A Notes and the Class B2 Notes. Any failure to make payments on our indebtedness when due could give rise to an event of default under the applicable debt instruments. In such circumstances, the Obligor Security Trustee or Issuer Security Trustee, as the case may be, may declare all amounts outstanding under the applicable debt instruments to be immediately due and payable and initiate enforcement proceedings against the collateral we have provided to secure our obligations under such debt instruments, all or any of which actions could have a material adverse effect on our business, financial condition and results of operations.

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

Our ability to meet our obligations under our indebtedness, including making principal, interest and other payments when due under the Senior Term Facility, the Working Capital Facility, the Class A IBLAs, the Class B2 IBLA, the Topco Payment Undertaking, the Class A Notes and the Class B2 Notes, as well as our ability to fund our ongoing business operations, will depend upon our future operating performance and our ability to generate cash, which, in turn, will be affected to some extent by general economic conditions and by financial, competitive, legislative, regulatory and other factors, including those factors discussed in these "*Risk Factors*" and elsewhere in this Base Prospectus, many of which are beyond our control.

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

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

problems, including losses or defaults by other institutions. This may adversely affect the financial institutions, such as banks and insurance providers, with which we interact on a regular basis, as well as cause disruptions in the capital or credit markets (similar to the global credit crisis that began in the second half of 2008), and therefore could adversely affect our ability to raise needed funds or access liquidity.

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

Our inability to generate sufficient cash flows to satisfy our debt obligations or to refinance our indebtedness on acceptable terms, or at all, would materially and adversely affect our business, financial condition and results of operations, as well as our ability to pay the principal and interest on our indebtedness, including the Class A Notes. Any failure to refinance our indebtedness, including under the Senior Term Facility, the Working Capital Facility, the Class A IBLAs, the Class B2 IBLA, the Class A Notes and the Class B2 Notes, on or prior to the applicable maturity date, may result in us defaulting on such indebtedness. The occurrence of any such default could result in the enforcement of the collateral granted to secure the applicable indebtedness, including under the Class A Loans and the Class A Notes, and, as a result of such enforcement, you may receive an amount that is less than your original investment in the Class A Notes. See "*Risk Factors—Risks Relating to Security, Enforcement and Insolvency*."

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

The terms of the CTA require us to maintain certain financial ratios and satisfy certain financial condition tests, as well as restrict our ability to prepay certain indebtedness, including our indebtedness under the Class A IBLAs and the Class A Notes. All these restrictions and limitations are subject to significant exceptions and qualifications. See "*Summary of the Common Documents*". It is also possible that our compliance with such financial ratio maintenance covenants may not necessarily be indicative of our actual cash position, due to the fact that some of those metrics are based on non-cash items.

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

Our ability to comply with the applicable covenants, financial ratios and tests under our debt instruments may be adversely affected by events beyond our control and we cannot assure you that we will be able to comply with their requirements. A breach of any of the covenants, financial ratios or tests to which we are subject could result in adverse consequences for us under the Issuer Transaction Documents. Furthermore, following the occurrence of any CTA Event of Default, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the applicable facilities and elect to declare all outstanding amounts, together with accrued interest, immediately due and payable. In addition, any CTA Event of Default could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions. If our creditors, including the creditors under the Senior Term Facility, the Working Capital Facility and the Class B2 IBLA, accelerate the payment of outstanding amounts, we cannot assure you that our assets or the proceeds thereof would be sufficient to repay in full those outstanding amounts, satisfy all our other liabilities which would be due and payable and make payments to enable us to repay the Class A Loans and, consequently, the Class A Notes, in whole or in part. In addition, if we are unable to repay those outstanding amounts, our creditors could proceed to enforce against any collateral granted to them to secure repayment of those outstanding amounts, which could materially and adversely affect our business, financial condition and results of operations.

Events of default may occur without the knowledge of the Obligor Security Trustee if we fail to notify the Obligor Security Trustee of such event.

The STID 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, Potential CTA Event of Default or Trigger Event has occurred and is continuing. The Obligor Security Trustee will not be required to monitor whether any such event has occurred. It will fall to the Obligors to make these determinations, as well as the determinations of the financial and operational positions underlying them, which may be subjective. The Obligor Security Trustee shall not be obliged to make any such determinations and shall be able to conclusively rely on any investor report or compliance certificate provided to it without being obliged to enquire as to the accuracy or validity of any such investor report or compliance certificate. If we fail to notify the Obligor Security Trustee of the occurrence of a CTA Event of Default, a Trigger Event, it is likely that neither the

Obligor Security Trustee, any Obligor Secured Creditor nor any Issuer Secured Creditor (including the holders of the Class A Notes) would know that a CTA Event of Default, a Trigger Event or a Share Enforcement Event has occurred, the occurrence of which may indicate that an individual Obligor or the Holdco Group as a whole is experiencing financial or other difficulties. The absence of such notice may result in the Obligor Security Trustee, any Obligor Secured Creditor and any Issuer Secured Creditor being unable to enforce their rights in a timely manner, potentially resulting in greater losses on their investment that would have been the case had such notice of default been given by the Obligors when such notice might have first been delivered.

Hedging Risks

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

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

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.

Risks Relating to Security, Enforcement and Insolvency

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

Following the occurrence of a Share Enforcement Event, the Obligor Security Trustee may (at the direction of Topco Secured Creditors representing at least 30% in aggregate principal amount of all outstanding Topco Secured Liabilities, including holders of the Class B2 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 Senior Term Facility Agreement, the STF Lenders will have the right to demand prepayment of their loans as a consequence of a change of control.

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 B2 IBLA), the Obligor Security Trustee may only dispose of any Obligor Secured Property with a value above £10 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.

The enforcement and/or acceleration of Obligor Security may be subject to instructions from the Qualifying Obligor Secured Creditors

The STID provides 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 STF Providers, the 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*").

The collateral may not be sufficient to secure the obligations under the Class A Loans, the Class A Notes and any other future indebtedness ranking pari passu with the foregoing, and, in the event of any enforcement of security, you may recover an amount that is less than your original investment in the Class A Notes.

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

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

The collateral securing, among other things, the Class A Loans, the Class A Notes, the Class B2 Loan and the Class B2 Notes, as the case may be, will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under Issuer Class A Transaction Documents, the Class B2 IBLA or the STID and accepted by other creditors that have the benefit of first-priority security interests in the collateral securing the Class A Notes or Class A Loans from time to time, whether on or after the date the Class A Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the collateral securing the Class A Notes and Class A Loans, as well as the ability of the Obligor Security Trustee to realise or foreclose on such collateral. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including the timely satisfaction of perfection requirements, statutory liens or recharacterisation under the laws of certain jurisdictions.

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

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

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

The security interests in the collateral that will secure our obligations under, among other things, the Class A Loans, the Class A Notes, the Class B2 Loan, the Class B2 Notes and the Topco Payment Undertaking will not be granted directly to the creditors in respect of such indebtedness, but will be granted only in favour of the Obligor Security Trustee and the Issuer Security Trustee, as the case may be. Accordingly, only the Obligor Security Trustee and the Issuer Security Trustee, as the case may be, will have the right to enforce the applicable security. As a consequence, the creditors in respect of such indebtedness, including the holders of the Class A Notes, will not have direct security interests and will not be entitled to take enforcement action in respect of the collateral securing such indebtedness, except, in the case of the holders of the Class A Notes, through the Class A Note Trustee, who will (subject to the provisions of the STID and, as applicable, the Issuer Deed of Charge) provide instructions to the Obligor Security Trustee or the Issuer Security Trustee, as the case may be, in respect of the applicable collateral.

The ability of the Obligor Security Trustee and the Issuer Security Trustee, as the case may be, to enforce the applicable security will be subject to mandatory provisions of the laws of England and Wales and Jersey, as applicable, the jurisdictions in which security over the collateral is taken.

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

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

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

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

The Issuer is incorporated outside England and Wales and therefore may be subject to overseas insolvency law on the security enforcement process.

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

Under the EC Regulation No 1346/2000 on Insolvency Proceedings (the "**EUIR**"), "main" insolvency proceedings in respect of a debtor should be opened in the Member State in which its centre of main interest ("**COMI**") is located. There is a rebuttable presumption in the EUIR that a company or legal person's COMI is in the Member State in which its registered office is located. Although 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 is managed and operated from England, and this is ascertainable to a third party creditor (such that the creditor would assume the Issuer's COMI was in England), the Issuer's COMI is in England as opposed to Jersey. If this is the case, the Issuer may be subject to English administration, company voluntary arrangement, or certain liquidation proceedings. Alternatively, English insolvency law may also be applicable to the Issuer if a request for assistance is made by the Jersey court to the English court under section 426 of the Insolvency Act.

Even if the Issuer's COMI were in England, or section 426 of the Insolvency Act applied, it is unlikely that it would be possible to appoint an administrative receiver in respect of the Issuer 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 its COMI may be in England, the Issuer is unlikely to be considered a "company" for the purposes of section 28 of the Insolvency Act since it is not formed under one of the UK Companies Acts.

In addition, the EUIR is to be replaced by EC Regulation No 848/2015 on Insolvency Proceedings ("**Recast Insolvency Regulation**"). The Recast Insolvency Regulation entered into force on 25 June 2015, and the majority of its provisions applied from 26 June 2017. The Recast Insolvency Regulation, among other things, implemented measures to discourage abusive forum shopping and render it ineffective, by changing the presumptions that apply in determining a company's COMI. These changes to the presumptions may make it less likely that the Issuer's COMI is in England.

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

The UNCITRAL Model Law on Cross-Border Insolvency was implemented in Great Britain and Northern Ireland on 4 April 2006 by The Cross-Border Insolvency Regulations 2006, SI 2006/1030 (the "**UNCITRAL Implementing Regulations**"). Under the UNCITRAL Implementing Regulations, if foreign insolvency proceedings are commenced in respect of a company, then, upon application by the foreign insolvency officeholder, and *provided that* certain requirements are met, the English courts are required to recognise such proceedings. Any such recognition may in effect impact upon the availability of certain types of creditor action in England and Wales or, provided certain further requirements are met, result in the application of English avoidance (including claw-back) provisions.

In addition, if the relevant foreign insolvency proceedings are recognised as "foreign main proceedings" (and there is no conflict with the Regulation), then an automatic mandatory stay on certain types of creditor action (including

the commencement of certain legal proceedings) and the disposal by the company of its assets will apply in England and Wales. In general, this stay will not restrict rights relating to the enforcement of security or set-off (so long as these rights could be exercised in an English winding up). However, the foreign officeholder may also make an application to an English court to exercise its discretion to provide further relief, including the imposition of a wider stay (which may extend to restrictions on the rights referred to above), particularly if the foreign proceedings in question are reorganisation proceedings which, under the foreign insolvency law, give rise to a stay on security enforcement.

Insolvency laws and security enforcement in Jersey.

The Issuer is incorporated under the laws of Jersey and the security interest agreement in respect of the shares in the Issuer are 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.

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 fraudulent 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.

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] EHWC 1517 (ch), that 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 IBLAs and, as a result, 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 has and 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 has and will have received such consideration (namely, the Borrower will draw under the Class A IBLAs, the Class B2 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 IBLAs. The floating charge granted by each of the other Obligors will be valid to the extent of the £1,000 fee paid by the Borrower to the other Obligors and any other 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 million is incurred and which involves the issue of a capital market investment. The definitions of capital market arrangement and capital market investment are broad and are such that, in general terms, any company which is a party to an arrangement which involves at least £10 million of debt, the granting of security to an 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 Class A 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 Dealers, the Arranger, the Global Coordinators, the Liquidity Facility Providers the Liquidity Facility Agent, the STF Agent, the STF Lenders the STF Parties, the 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:

- the receipt by it of funds from the Borrower under the Class A IBLAs; and
- 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
- 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 of 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.

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

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

Although the Issuer has funds available to it under the Liquidity Facility they may not be sufficient and the 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, each of the Borrower and the 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. See "*Summary of the Issuer Class A Transaction Documents—Issuer Cash Management Agreement—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 Liquidity Facility Agreement will expire 364 days after the date thereof, although it is renewable subject to certain conditions. The Liquidity Facility Providers are not obliged to extend or renew the Liquidity Facility at its expiry, but if a Liquidity Facility Provider does not renew or extend the 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 is at a rate equal to 2.50% per annum as long as the rating of the Class A Notes is equal to or greater than BBB, subject to a step up of 0.50% per annum on drawn amounts. If the rating of the Class A Notes is BBB-, or lower, the interest rate is 2.75%, subject to a step-up of 0.5% per annum 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.

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 is 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.

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.

No retention representation of the sort referred to in the preceding paragraph has been made in relation to the Programme. The Issuer has considered, and obtained legal advice as to, the applicability of Regulation (EU) No. 575/2013 of the European Union (together with the regulatory technical standards or implementing technical standards relating thereto, the "**CRR**"), and all other regulations or directives relating to securitisations that may apply in the European Economic Area (together with the CRR, the "**Risk Rention Requirements**") to the Programme and is of the opinion that the Class A Notes do not constitute an exposure to a "securitisation position" for the purposes of the Risk Retention Requirements. The Issuer is therefore of the opinion that the requirements of the Risk Retention Requirements should not apply to investments in the Class A Notes. Investors in the Class A Notes are responsible for analysing their own regulatory position and none of Issuer, the Obligors, the Arranger, the Global Coordinators, 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 STF Lenders, the STF Agent, the WC Lenders, the WC Agent, the Class A Agents, the Liquidity Facility Providers, the Issuer Account Bank or the Borrower Account Bank or any other party named in this Base Prospectus makes any representation to any prospective investor or purchaser of the Class A Notes regarding whether the Class A Notes do or do not constitute an exposure to a "securitisation position" and/or the regulatory capital treatment of their investment on the date of this Base Prospectus or at any time in the future.

Requirements similar to the Risk Retention Requirements may also apply to investments in securitisations by other types of EEA investor such as EEA insurance and reinsurance undertakings and by funds which require authorisation under the UCITS Directive, although many aspects of the detail and effect of all of these requirements remain unclear.

Prospective investors in the Class A Notes should therefore make themselves aware of the requirements which may apply to their investment in the Class A Notes (including any applicable risk retention and/or due diligence requirements).

If the Class A Notes were to constitute an exposure to a securitisation position and the Issuer did not comply with the Risk Retention Requirements, competent authorities are empowered to impose additional risk weights against non-compliant securitisations of between 250% and 1,250%.

None of the Issuer, the Obligors, the Arranger, the Global Coordinators, 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 STF Lenders, the STF Agent, the WC Lenders, the WC Agent, the Class A Agents, the Liquidity Facility Providers, the Issuer Account Bank or the Borrower Account Bank or any of the other parties named in this Base Prospectus is responsible for informing Class A Noteholders of the effects of the changes to risk weighting which may result for investors from the adoption, implementation and/or interpretation of the Risk Retention Requirements by their own regulator. Class A Noteholders are responsible for analysing their own regulatory position. Potential 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.

The Risk Retention Requirements 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.

Implementation of and/or changes to the Basel II Framework may affect the capital and/or the liquidity requirements associated with a holding of the Class A Notes for certain investors

Significant changes to the Basel II framework have been implemented (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 included, 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**"). The measures are being implemented in a phased manner.

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. Accordingly, your ability to sell the Class A Notes may be limited.

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

- the number of Class A Noteholders;
- the operating performance and financial condition of our Holdco Group;
- the market for similar securities;
- the interest of securities dealers in making a market in the Class A Notes; and
- prevailing market interest rates.

We cannot assure you that you will be able to sell your Class A Notes at a particular time or that your Class A Notes will be sold at a favourable price, regardless of our prospects and financial performance. Consequently, it is possible that you may have to hold your Class A Notes until maturity.

In addition, the market value of the Class A Notes may fluctuate with changes in prevailing interest rates, market perceptions of the risks associated with the Class A Notes, supply and other market conditions. Consequently, any sale of Class A Notes by holders thereof 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. It should be noted in particular, that if the Class A Notes were to be downgraded lower than investment grade before the final maturity date of the Class B Notes in July 2022, the Class B2 Notes would have to be refinanced outside of the WBS.

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 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:

- will not constitute a credit rating by the Rating Agency;
- 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
- 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. 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 holder of Class A Notes who holds a principal amount less than the minimum authorised denomination at the relevant time may not receive a Class A Definitive Note 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, you should be aware that Class A Definitive Notes that have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

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

The Class A Notes will initially be issued in global form and deposited with a common depositary for Euroclear and Clearstream. Interests in the global notes will trade in book-entry form only. Unless and until Class A Notes in definitive registered form or definitive registered notes are issued in exchange for book-entry interests (which may occur only in very limited circumstances), owners of book-entry interests will not be considered owners or holders of Class A Notes. The common depositary (or its nominee) for Euroclear and Clearstream will be the sole registered

holder of the global notes. Payments of principal, interest and other amounts owing on or in respect of the relevant global notes representing the Class A Notes will be made to Deutsche Bank AG, London Branch, as Class A Principal Paying Agent (the "**Class A Principal Paying Agent**"), which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Class A Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest in the Class A Notes, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear or Clearstream, you must rely on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Class A Notes under the Class A Note Trust Deed.

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

Similarly, upon the occurrence of an event of default under the Class A Notes, unless and until the relevant definitive registered Class A Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. We cannot assure you that the procedures to be implemented through Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Class 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. For further details in relation to the Class B Call Option, please see the section "*Summary of the Issuer Class A Transaction Documents—Issuer Deed of Charge—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.

Floating Rate Class A Notes referencing or linked to benchmarks

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate ("**LIBOR**") and the Euro Interbank Offered Rate ("**EURIBOR**"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**"), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Class A Notes referencing or linked to such Benchmark.

In 2012, a review, undertaken at the request of the UK government, on the setting and usage of LIBOR, resulted in an initiative to devise new methodologies for determining representative inter-bank lending rates and, ultimately, so-called 'risk free' rates that may be used as an alternative to LIBOR in certain situations.

Following this review, the International Organisation of Securities Commissions ("**IOSCO**") created a task force to draft principles to enhance the integrity, reliability and oversight of Benchmarks generally. This resulted in

publication by the Board of IOSCO, in July 2013, of nineteen principles which are to apply to Benchmarks used in financial markets (the "**IOSCO Principles**"). The IOSCO Principles provide an overarching framework for Benchmarks used in financial markets and are intended to promote the reliability of Benchmark determinations and address Benchmark governance, quality and accountability mechanisms. The FSB subsequently undertook a review of major interest rate Benchmarks and published a report in 2014, outlining its recommendations for change, to be implemented in accordance with the IOSCO Principles. In addition, in June 2016, the Benchmark Regulation came into force. The Benchmark Regulation implements a number of the IOSCO Principles and the majority of its provisions applied from 1 January 2018.

In a speech on 27 July 2017, Andrew Bailey, the Chief Executive of the FCA, questioned the sustainability of LIBOR in its current form, and advocated a transition away from reliance on LIBOR to alternative reference rates. He noted that currently there is wide support among the LIBOR panel banks for voluntarily sustaining LIBOR until the end of 2021, facilitating this transition. At the end of this period, it is the FCA's intention that it will not be necessary to sustain LIBOR through its influence or legal powers by persuading or obliging banks to submit to LIBOR. Therefore, the continuation of LIBOR in its current form (or at all) after 2021 cannot be guaranteed.

Any changes to the administration of LIBOR or the emergence of alternatives to LIBOR as a result of these reforms, may cause LIBOR to perform differently than in the past or to be discontinued, or there could be other consequences which cannot be predicted. The potential discontinuation of LIBOR or changes to its administration could require changes to the way in which the Rate of Interest is calculated in respect of any Class A Notes referencing or linked to LIBOR. The development of alternatives to LIBOR may result in Notes linked to or referencing LIBOR performing differently than would otherwise have been the case if such alternatives to LIBOR had not developed. Any such consequence could have a material adverse effect on the value of, and return on, any Class A Notes referencing or linked to LIBOR.

Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such Benchmark may adversely affect such Benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same Benchmark.

The "*Terms and Conditions of the Class A Notes*" provide for certain fallback arrangements in the event that a page on which a Benchmark may be published (or any successor service)) becomes unavailable. In certain circumstances the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Class A Notes based on the rate which was determined in respect of the last Interest Period in respect of which the determination could be made. For the avoidance of doubt, the "*Terms and Conditions of the Class A Notes*" do not contain fallback provisions which allow for the selection of an alternative or successor rate should a Benchmark be discontinued or become otherwise unavailable.

Any such consequences could have a material adverse effect on the trading market for, liquidity of, value of and return on any such Class A Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of us to meet our obligations under the Floating Rate Class A Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Class A Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Class A Notes.

Furthermore, the reforms and changes described above in relation to Benchmarks and any other potential reforms and changes may have a material adverse effect on any of our other indebtedness where payments of interest thereon are linked to a Benchmark. There can therefore be no guarantee that such reforms and changes will not have a material adverse effect on our business, prospects, financial condition and results of operations.

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.

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

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

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

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

Under the Tax Deed of Covenant, the Tax Covenantors (on behalf of themselves and each other company which any of them controls) represent that no steps have been taken, and 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 events or the subsequent non- payment of any Tax liability, give rise to any secondary tax liability in any member of the Security Group (which comprises the Holdco Group plus Topco). In addition and pursuant to the Tax Deed of Covenant, AA plc agrees to compensate or to procure compensation of Security Group companies in respect of any secondary tax liabilities caused by any person that is not a Security Group company. If, however, any secondary tax liabilities do arise in the Issuer or the Borrower (whether in respect of a primary tax liability of another Security 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 Holdco Group are members of a VAT Group that also includes members of the non-Holdco Group, of which AA plc 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, which will be deemed to be outside the scope of VAT) is treated as made by or to the representative member of that group. AA plc (in its capacity as the representative member of the VAT Group) is, therefore, the person required to account to HM Revenue & Customs ("**HMRC**") for any VAT chargeable on any supply made by or to any members of the VAT Group (to or by any person other than another member of the VAT Group).

Nevertheless, the members of a VAT Group are jointly and severally liable for any VAT due from the representative member of the group and remain so liable (in respect of liabilities arising during their period of membership) after ceasing to be members of that VAT Group. The Tax Covenantors covenant in the Tax Deed of Covenant to procure that (a) each member of the AA 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 Holdco Group would continue to have exposure to VAT liabilities of members of the AA plc Group that arose prior to any such split. Consequently, if payments in respect of the AA plc Group VAT liabilities that arose prior to the VAT Group being split were not made and were of significant amounts, this could adversely affect the Borrower's ability to make payments of interest and principal under the Class A Loans and consequently the Issuer's ability to make payments of interest and principal under the Class A Notes.

Members of the Holdco Group were, until 30 April 2014, members of a VAT Group of which Saga Group Limited was the representative member. As such they remain jointly and severally liable for any VAT due from Saga Group Limited (as representative member) during the relevant Holdco Group companies' period of membership of that VAT Group. HMRC must raise an assessment for VAT against Saga Group Limited (or any other members of the previous VAT Group) within certain time limits which start to run from different points depending on the nature of the assessment being raised. The standard time limit is four years, and for certain types of assessment the four year limit has

not yet expired as at the date of this Prospectus. The limit can also be extended to 20 years in certain cases, including deliberate inaccuracies.

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

Based on intra-group transactions undertaken to date, we do not believe any material de-grouping charges should arise in any member of the Holdco Group upon a sale of the shares in AA plc, Topco, Holdco or AA Acquisition Co Limited, including in the event that the security granted as part of the transactions is enforced through a sale of the shares in Holdco or AA Acquisition Co Limited (provided both TAAL and AADL remain (indirect) subsidiaries of AA plc, Topco, Holdco or AA Acquisition Co Limited, as relevant, at the time of the sale). 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 assets will be made by any member of the AA plc Group to any Security Group company which could in consequence of the enforcement of security over the shares in that Security Group company (or the shares in a company of which that Security Group company is a direct or indirect subsidiary) cause, any Security Group company to become subject to de-grouping charges in respect of chargeable gains, stamp duty land tax, loan relationships, derivative contracts or intangible fixed assets. Pursuant to the Tax Deed of Covenant, AA plc agrees to compensate or to procure the compensation of the Security Group companies in respect of any such de-grouping charges. However, should any of the Tax Covenantors fail to comply with the terms of the Tax Deed of Covenant, our tax position could be adversely affected, which could have a material adverse effect on our business, financial condition and results or operations.

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

AA plc as the nominated company pays sums on account of corporation tax to HMRC on behalf of various companies, including members of the Holdco 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 the nominated company (currently AA plc) 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 AA plc 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 Holdco Group company. However, if AA plc 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, be subject to interest and penalties for late tax payments.

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

The Tax Deed of Covenant allows members of the Security Group to surrender tax losses to members of the AA plc Group, and for members of the AA plc 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 and pursuant to the Tax Deed of Covenant, AA plc agrees 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. 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 relevant Class A IBLA and, as a result, 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 relevant 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 relevant Class A IBLA. If, in turn, the Issuer does not receive all amounts due from the Borrower under the relevant Class A IBLA, the Issuer may not have sufficient funds to meet its payment obligations under the Class A Notes or any other payment obligations ranking in priority to, or equally with, the Class A Notes.

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

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 Euronext Dublin.

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

The payments on a Class A Loan may be subject to withholding tax, which may result in a prepayment of that Class A Loan, and, as a result, an early redemption of the Class A Notes, or may also impact the Borrower's ability to repay the Class A Loan in full, and, as a result, 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 currently is entitled to receive such payments gross of deduction or withholding for or on account of any UK tax.

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, as a result of a change in tax law, the Borrower is obliged to increase any sum payable by it to the Issuer as a result of the Borrower being required to make a withholding or deduction from that payment under the Class 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 ("*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 Agreement may result in the termination of the Hedging Agreements.

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

In the event that any such withholding or deduction is required to be made from any payment due under a Hedging Agreement or an OCB Secured 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 OCB Secured Hedge Counterparty (as applicable) in respect thereof. If a Hedge Counterparty or OCB Secured 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 or OCB Secured 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 is 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 United Kingdom corporation tax purposes, which could cause a significant divergence between the cash profits and the taxable profits in the Issuer. Any unforeseen taxable profits in the Issuer could adversely affect the Issuer's ability to make timely payment of interest and principal under the Class 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) of redeeming all of the affected Sub-Class of Class A Notes in full.

Recent changes in tax law arising from the OECD's Base Erosion and Profit Shifting ("BEPS") project might have an adverse effect on the financial position of the Issuer or the Obligors, and may result in early redemption of the Bonds

On 5 October 2015, the OECD published final recommendations for new, or amendments to existing, tax laws arising from its BEPS project (the "**OECD proposals**"). The OECD proposals include recommendations as to best practice concerning limits on the deductibility of interest expense for corporate tax payers, based on certain ratios of net interest expenditure to earnings before interest, tax, depreciation and amortisation.

On 16 November 2017, as part of the UK government's implementation of the OECD proposals, the Finance (No 2) Act 2017 was enacted and introduced new restrictions on interest deductions based on Action 4 of the OECD proposals. Broadly, under these new rules, there is a cap on interest deductions by means of a fixed ratio rule based on 30 per cent. of a group's UK tax-related EBITDA, and an elective worldwide group ratio rule which will enable certain groups to deduct interest that would otherwise be disallowed under the fixed ratio rule. Furthermore, any tax relief for interest deductions which was capped under either the fixed ratio rule or the worldwide group ratio rule, could be subject to further reduction by the application of a modified debt cap which operates by reference to the relevant group's net financing expenses.

These new rules, which took effect on 1 April 2017, may have an effect on the ability of the AA plc Group to claim deductions for all or part of its interest expenses, which may, for example, have an adverse effect on the financial position of the Borrower and on the Borrower's ability to repay amounts of principal and interest under the Class A Loans or under the Class A IBLAs. If, in turn, the Issuer does not receive all amounts due from the Borrower under the Class A IBLAs, the Issuer may not have sufficient funds to enable it to meet its payment obligations under the Class A Notes.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a "**participating Member State**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Class A Notes should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances,

including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Class A Notes are advised to seek their own professional advice in relation to the FTT.

We cannot currently predict the impact that the implementation of the FTT in the UK will have on the Holdco Group. Accordingly, we can give no assurance that it will not have a material adverse effect on our business, financial condition or results of operations.

Significant changes to the UK's relationship with the EU, including tax integration, may have a material adverse effect on our business, prospects, financial condition and results of operations.

A significant amount of EU law is currently embedded in UK tax law either as a result of EU regulation directly applicable in the UK or from UK regulations implementing EU directives, including the EU-wide system of VAT. The EU also provides for free movement of capital and goods within the customs union, and it currently unclear whether the UK will remain a member of the customs union after Brexit. Changes to the UK taxation system as a result of Brexit could have a material and adverse effect on our business, prospects, financial condition and results of operations. For more detail, see "*Risk Factor - We operate almost exclusively in the UK and difficult conditions in the UK economy may have a material adverse effect on our business, prospects, financial condition and results of operations*" above.

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 and Class B Notes 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 issuance and redemption of Class A Notes and Class B Notes and certain ancillary arrangements.

Unless otherwise indicated, this Base Prospectus presents (i) the audited consolidated financial statements of Holdco as at and for the year ended 31 January 2018, which has been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("**IASB**") as adopted for use by the European Union ("**IFRS**"), and audited by Holdco's independent auditors, Ernst & Young LLP, as set forth in their audit report incorporated by reference herein; and (ii) the audited consolidated financial statements of Holdco as at and for the year ended 31 January 2017, which have been prepared in accordance with IFRS and audited by the Holdco's independent auditors, Ernst & Young LLP, as set forth in their audit report incorporated by reference herein.

The financial statements of the Issuer as at and for the years ended 31 January 2017 and 2018, and the consolidated financial statements of Holdco as at and for the years ended 31 January 2017 and 2018, are incorporated by reference in this Base Prospectus. See "*Documents Incorporated by Reference*" below.

Certain Differences between Holdco and AA plc Financial Statements

The consolidated results of Holdco and its subsidiaries (the "**Holdco Group**") have differed from those of AA plc and its subsidiaries (the "**AA plc Group**") during each of the periods under review as a result of certain assets and liabilities of AA plc, Topco and certain other subsidiaries of AA plc which are included in the consolidated financial statements of the AA plc Group but excluded from those of the Holdco Group. Among other things, the financial results of (i) the entities currently engaged in insurance underwriting (including AA Underwriting Insurance Company Limited and AA Reinsurance Company Limited), and (ii) TVS Auto Assist (India) Limited, which conducted our joint venture in India and was subsequently sold on 30 March 2018, are included in the consolidated financial statements of AA plc but excluded from those of Holdco.

The following is a summary of certain material differences between the results of the Holdco Group and the AA plc Group for the years ended 31 January 2017 and 2018, all of which related to the consolidated assets and liabilities:

Year ended 31 January 2018

- Inter-company balances were £1,192 million lower for the AA plc Group than for the Holdco Group. As AA plc is the ultimate holding company in the AA plc Group it therefore has no inter-company balances.
- Cash balances were £100 million higher for the AA plc Group than for the Holdco Group reflecting Regulatory Capital requirements for AA plc's insurance underwriting companies and cash held by AA plc for dividend payments and other strategic requirements.

Year ended 31 January 2017

- Inter-company balances were £1,214 million lower for the AA plc Group than for the Holdco Group. As AA plc is the ultimate holding company in the AA plc Group it therefore has no inter-company balances
- Cash balances were £75 million higher for the AA plc Group than for the Holdco Group reflecting Regulatory Capital requirements for AA plc's insurance underwriting companies and cash held by AA plc for dividend payments and other strategic requirements.

In each of the periods there were some immaterial differences between the trading revenue and Trading EBITDA of the Holdco Group and the AA plc Group, but the trading performance of the companies was substantially comparable excluding the insurance underwriting segment that is not in the Holdco Group and a small amount of head office costs which are incurred by AA plc directly.

Factors Affecting the Presentation of Financial Information

Certain changes in our business have resulted in changes in the presentation of our financial information, as described below.

Except as otherwise indicated, financial information for the years ended 31 January 2017 and 2018 are derived

from our audited consolidated financial statements for the year ended 31 January 2018.

The financial information for the year ended 31 January 2016 is derived from the prior year comparative information in our financial statements for the year ended 31 January 2017.

In August 2016, we completed the disposal of AA Ireland. The financial statements for the year ended 31 January 2017 present the results of AA Ireland as a discontinued operation, as it represents a separate geographical area and the whole of the operations in Ireland was disposed of. Accordingly, the segmental figures as of and for the year ended 31 January 2016 have been restated to reflect the disposal of AA Ireland.

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" below.

Non-GAAP Financial Measures

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

(i) Trading revenue, which we define as revenue excluding business disposed of, discontinued operations and exceptional items, as reported in the most recent publicly available financial statements.

(ii) Trading EBITDA, which we define as profit after tax on a continuing basis as reported, adjusted for depreciation, amortisation, exceptional operating items, share-based payments, pension service charge adjustments, net finance costs and tax expense. The pension service charge adjustment principally relates to the difference between the cash contributions to the pension scheme for ongoing service and the calculated annual service cost. Share-based payments charges result from grants under the long term incentive schemes for staff and management. 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—Basis of Preparation*" and "*Note 2—Segmental Information*" to our audited consolidated financial statements as of and for the year ended 31 January 2018, incorporated by reference in this Base Prospectus. Trading EBITDA as presented in this Base Prospectus differs from the definition of EBITDA contained in the Glossary. In the year ended 31 January 2017, share-based payments and pension service charge adjustments were combined and shown as items not allocated to a segment. In the year ended 31 January 2018, share-based payments and pension service charge adjustments were shown separately and all comparison periods have been restated.

(iii) Trading EBITDA margin, which we define as Trading EBITDA as a percentage of trading revenue.

(iv) Net cash flow from continuing operating activities before tax and exceptional items, which we define as the cash generated from operating activities before taxation and exceptional operating items excluding discontinued operations where reported in the most recent publicly available financial statements.

(v) Cash conversion, which we define as net cash flow from continuing operating activities before tax and exceptional operating items as a percentage of Trading EBITDA.

See "*Selected Consolidated Financial, Operating and Other Data*".

The non-GAAP financial measures presented herein are not recognised measures of financial performance under IFRS, but measures used by management to monitor the underlying performance of our business and operations. A number of such measures are also included due to the fact that they are an operative part of the documentation structure that sits behind the WBS, in the manner described in this Base Prospectus. In particular, the non-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 IFRS. The non-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-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. In the case of those measures which form part of the underlying operative documentation relating to the WBS, we believe they are helpful to investors to show the Holdco Group's compliance with its financing arrangements. Since not all companies compute these or other non-GAAP financial measures in the same way, the manner in which our management has chosen to compute the non-GAAP financial measures presented herein may not be comparable with similarly defined terms used by other companies. The non-GAAP financial

measures have certain limitations as analytical tools, and should not be considered 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

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

Segmental Reporting

As indicated above, we sold our business in Ireland in August 2016, and following that our principal business segments became Roadside Assistance, Insurance Services and Driving Services. More recently, and in line with our new strategy, we have again altered our segmental reporting to align it more closely with the way the business is managed, meaning Roadside Assistance and Driving Services are now referred to together as Roadside and Insurance Services as Insurance. Notwithstanding the foregoing, in parts of this Base Prospectus we still use the three previous segments to discuss the performance of our business and operations. This is done in order to more clearly show the comparison to historical performance and where this is done it is clearly indicated.

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*".

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published, and have been filed with the Central Bank of Ireland, are incorporated by reference in and form a part of this Base Prospectus:

(a) The audited financial statements of the Issuer as at and for the year ended 31 January 2018. A link to these financial statements is available at http://www.ise.ie/debt_documents/AA%20Bondco_72f96a1a-6898-4a36-85b6-1cd47ce1befa.PDF .

(b) The audited financial statements of the Issuer as at and for the year ended 31 January 2017. A link to these financial statements is available at http://www.ise.ie/debt_documents/AA%20Bond%20Co%20Jan%202017_7cdfbdd1-1179-4f86-928d-0ccac06e987a.PDF.

(c) The audited consolidated financial statements of Holdco as at and for the year ended 31 January 2018 contained in pages 24 through 82 of the Annual Report and Financial Statements of Holdco for the year ended 31 January 2018. A link to these financial statements is available at http://www.ise.ie/debt_documents/AA%20Intermediate%20Co%20Ltd%202018%20stats%20dated%20(opt)_d9bed46b-96c0-4f82-be90-3fd8f53e9130.pdf.

(d) The audited consolidated financial statements of Holdco as at and for the year ended 31 January 2017 contained in pages 20 through 74 of the Annual Report and Financial Statements of Holdco for the year ended 31 January 2017. A link to these financial statements is available at http://www.ise.ie/debt_documents/AA%20Intermediate%20Co%20Ltd%202017%20-%20Signed%20accounts%20(Opt%20and%20reduced)_edf9a029-95e2-4004-bcad-b666dd09eea1.pdf .

(e) The audited financial statements of the Borrower as at and for the year ended 31 January 2018. A link to these financial statements is available at http://www.ise.ie/debt_documents/AASC%202018%20signed_3a773b50-bcaf-4c6a-801b-e1f6ed21194a.pdf.

(f) The audited financial statements of the Borrower as at and for the year ended 31 January 2017. A link to these financial statements is available at http://www.ise.ie/debt_documents/05%20-%20AA%20Senior%20Co%20Limited%202017%20Jan%202017_d2b90fba-9a7f-4df6-a6e8-42681dcf23b4.PDF.

(g) The audited financial statements of AADL as at and for the year ended 31 January 2018. A link to these financial statements is available at http://www.ise.ie/debt_documents/Automobile%20Association%20Develpoments%20Limited%20Jan%2018%20(Opt)_df8d4774-bf3a-438d-afb3-829d6bf14ed7.pdf.

(h) The audited financial statements of AADL as at and for the year ended 31 January 2017. A link to these financial statements is available at http://www.ise.ie/debt_documents/Automobile%20Association%20Developments%20Limited%20Jan%202017_471fb88b-3998-44dd-8683-bd19f592d434.pdf.

(i) The audited financial statements of AAISL as at and for the year ended 31 January 2018. A link to these financial statements is available at http://www.ise.ie/debt_documents/AAISL_963112e2-fba0-4bb8-96f6-a07d17300638.PDF.

(j) The audited financial statements of AAISL as at and for the year ended 31 January 2017. A link to these financial statements is available at http://www.ise.ie/debt_documents/Automobile%20Association%20Insurance%20Services%20Limited%20Jan%202017_a9acf645-44f9-451b-ae21-632f8a63377d.pdf.

(k) The Terms and Conditions set out in the base prospectus dated 24 June 2013, as from time to time supplemented, relating to the Programme. A link to this base prospectus is available at http://www.ise.ie/debt_documents/Base%20Prospectus_c6a30a00-be48-4875-a239-f75709d166dc.PDF.

(l) The Terms and Conditions set out in the base prospectus dated 17 November 2016, as from time to time supplemented, relating to the Programme. A link to this base prospectus is available at http://www.ise.ie/debt_documents/Base%20Prospectus_2d770669-375a-4ffe-bf7b-c42951cd885e.PDF.

The information contained in (i) the Annual Report and Financial Statements of Holdco for the year ended 31 January 2018 and (ii) the Annual Report and Financial Statements of Holdco for the year ended 31 January 2017, which has not been incorporated by reference into this Base Prospectus, is either not relevant to investors in the Class A Notes or is covered elsewhere in this Base Prospectus.

SELECTED CONSOLIDATED FINANCIAL, OPERATING AND OTHER DATA

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

The selected consolidated historical financial data of Holdco as at and for each of the three financial years ended 31 January 2016, 2017 and 2018, have been derived from the audited consolidated financial statements of the Holdco as at and for each of the years ended 31 January 2017 and 2018, as prepared in accordance with IFRS as adopted by the EU and incorporated by reference in this Base Prospectus.

We present below certain non-GAAP measures and ratios, including Trading EBITDA and Trading EBITDA margin that are not required by, or presented in accordance with IFRS. Our management believes that the presentation of these non-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-GAAP measures as an alternative to net income determined in accordance with IFRS 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 selected consolidated data should be read in conjunction with the audited consolidated financial statements and accompanying notes incorporated by reference in this Base Prospectus and discussed in "Presentation of Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Selected Income Statement Data

	Year ended 31 January		
	2016	**2017**	**2018**
		(audited)	
(£ in millions)			
Continuing Operations			
Trading revenue	922	937	946
Exceptional revenue provision	-	(7)	1
Revenue from business disposed of	10	-	-
Revenue	**932**	**930**	**947**
Cost of sales	(334)	(339)	(356)
Gross profit	**598**	**591**	**591**
Administrative and marketing expense	(298)	(304)	(278)
Share of profit of joint ventures and associates, net of tax	1	1	—
Operating profit	**301**	**288**	**313**
Trading EBITDA	**404**	**406**	**393**
Share-based payments	(5)	(12)	(7)
Pension service charge adjustment	(13)	(8)	(10)
Amortisation and depreciation	(51)	(66)	(68)
Operating profit before exceptional items	335	320	308
Exceptional operating items	(34)	(32)	(5)
Operating profit	**301**	**288**	**313**
Finance costs	(280)	(185)	(167)
Finance income	1	1	1
Profit before tax	**22**	**104**	**147**
Tax expense	(12)	(27)	(31)
Profit for the year from continuing operations	**10**	**77**	**116**
Discontinued operations			
Profit for the year from discontinued operations	7	80	—
Profit for the year	**17**	**157**	**116**

Selected Balance Sheet Data

	At 31 January		
	2016	2017	2018
		(audited)	
(£ in millions)			
Non-current assets			
Goodwill and other intangible assets	1,290	1,276	1,296
Property, plant and equipment	122	131	127
Investments in joint ventures and associates	6	6	6
Deferred tax assets	52	-	3
Other receivables	—	62	30
	1,470	**1,475**	**1,462**
Inventories	5	6	7
Trade and other receivables	170	164	173
Amounts owed by parent undertakings[(1)]	1,214	1,214	1,214
Cash and cash equivalents	94	136	50
	1,483	**1,520**	**1,444**
Total assets	**2,953**	**2,995**	**2,906**
Current liabilities			
Trade and other payables	(517)	(502)	(497)
Current tax payable	(7)	(11)	(10)
Amounts owing to parent undertakings[(2)]	—	—	(22)
Provisions	(8)	(19)	(13)
	(532)	**(532)**	**(542)**
Borrowings and loans	(2,290)	(2,819)	(2,736)
Finance lease obligations	(21)	(20)	(16)
Defined benefit pension scheme liabilities	(296)	(395)	(240)
Provisions	(7)	(11)	(4)
Deferred consideration	—	—	(11)
	(3,244)	**(3,245)**	**(3,007)**
Total liabilities	**(3,776)**	**(3,777)**	**(3,549)**
Net liabilities	**(823)**	**(782)**	**(643)**
Equity			
Share capital	20	—	—
Currency translation reserve	(1)	1	—
Cashflow hedge reserve	(10)	2	5
Retained earnings	(832)	(785)	(648)
Total equity attributable to equity holders of the parent	**(823)**	**(782)**	**(643)**

(1) Amounts owed by parent undertakings represent the net amount of balances owed by companies within the AA plc Group but outside of the Holdco Group, to the Holdco Group. As at 31 January 2018 individual entities within the AA plc Group but outside of the Holdco Group owed £1,214 million (31 January 2017: £1,214 million; 31 January 2016: £1,214 million) to the Holdco Group.

(2) Amounts owing to parent undertakings represent the net amount of balances owed by companies within the Holdco Group to AA plc Group companies that are not part of the Holdco Group. As at 31 January 2018 individual entities within the Holdco Group owed £22 million (31 January 2017: £nil; 31 January 2016: £nil) to AA plc Group companies that are not part of the Holdco Group.

Selected Cash Flow Statement Data

	Year ended 31 January		
	2016	2017	2018
		(audited)	
(£ in millions)			
Net cash flows from operating activities before tax	376	369	338
Tax paid	(6)	(23)	(23)
Net cash flows from operating activities	**370**	**346**	**315**
Investing activities			
Capital expenditure	(74)	(70)	(63)
Proceeds from sale of fixed assets	11	18	18
Acquisitions and disposals, net of cash acquired or disposed of	1	99	1
Interest received	1	1	1
Net cash flows used in investing activities	**(61)**	**48**	**(43)**
Financing activities			
Proceeds from borrowings	735	700	250
Issue costs on borrowings	(16)	(6)	(7)
Debt repayment penalties	(58)	(30)	(11)
Repayment of borrowings	(864)	(766)	(328)
Refinancing transactions	(203)	(102)	(96)
Interest paid on borrowings	(172)	(143)	(136)
Payment of finance lease capital	(34)	(43)	(41)
Payment of finance lease interest	(8)	(7)	(5)
Dividends paid	(60)	(60)	(80)
Net cash flows from financing activities	**(477)**	**(355)**	**(358)**
Net increase/(decrease) in cash and cash equivalents	(168)	39	(86)
Net foreign exchange differences	—	3	—
Cash and cash equivalents at the beginning of the period	262	94	136
Cash and cash equivalents from continuing operations	**94**	**136**	**50**

The net cash flows from operating activities include £29 million of cash outflows relating to exceptional operating items (2017: £15 million; 2016: £36 million) and £nil of cash inflows relating to discontinued operations (2017: £10 million; 2016: £14 million).

Selected Other Financial Data

	Year ended 31 January		
	2016	**2017**	**2018**
(£ in millions, except percentages)			
Trading revenue[(1)]	922	937	946
Trading EBITDA[(2)]	404	406	393
Trading EBITDA margin (in %)[(3)]	43.8	43.3	41.5
Net cash flow from continuing operating activities before tax and exceptional items[(4)]	398	374	367
Cash conversion (%)[(5)]	99	92	93
Capital expenditure	(74)	(70)	(63)
Working capital movement	3	(8)	(63)
Total Net Debt[(6)]	2,881	2,779	2,784
Total Class A Net Debt[(7)]	2,085	2,142	2,150
Financial ratios			
Total Net Debt to EBITDA ratio[(8)]	6.9x	6.7x	7.1x
Total Class A Net Debt to EBITDA ratio[(9)]	5.0x	5.2x	5.47x[(10)]
Class A Free Cash Flow to Debt Service coverage ratio[(11)]	3.6x	3.3x	3.3x

(1) We define trading revenue as revenue excluding business disposed of, discontinued operations and exceptional items as reported in the most recent publicly available financial statements.

(2) We define Trading EBITDA as profit after tax on a continuing basis as reported, adjusted for depreciation, amortisation, exceptional operating items, share-based payments, pension service charge adjustments, net finance costs and tax expense. The pension service charge adjustment principally relates to the difference between the cash contributions to the pension scheme for ongoing service and the calculated annual service cost. Share-based payments charges result from grants under the long term incentive schemes for staff and management. See "*Note 1—Basis of Preparation*" and "*Note 2—Segmental Information*" to our audited consolidated financial statements as of and for the year ended 31 January 2018, incorporated by reference in this Base Prospectus. 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 set forth below.

(3) We define Trading EBITDA margin as Trading EBITDA as a percentage of trading revenue.

(4) We define net cash flow from continuing operating activities before tax and exceptional items as the cash generated from continuing operating activities before taxation and cashflows from exceptional items where reported in the most recent publicly available financial statements. The reconciliation of operating profit to net cash flow from continuing operating activities before tax and exceptional items is set forth below.

(5) We define cash conversion as net cash flow from continuing operating activities before tax and exceptional items as a percentage of Trading EBITDA.

(6) Total Net Debt is used herein as defined in "*Glossary*" and represents the principal amounts outstanding under the Senior Term Facility, the Working Capital Facility, the Liquidity Facility (to the extent drawn), the Class A IBLAs, the Class B IBLAs and finance leases, less cash and cash equivalents and excluding hedging activities.

(7) Total Class A Net Debt is used herein as defined in "*Glossary*" and represents the principal amounts outstanding under the Senior Term Facility, the Working Capital Facility, the Liquidity Facility (to the extent drawn) and the Class A IBLAs, less cash and cash equivalents and excluding hedging liabilities.

(8) The Total Net Debt to EBITDA ratio is the ratio of Total Net Debt to Trading EBITDA for the last twelve months including discontinued operations as reported, expressed as a multiple.

(9) The Total Class A Net Debt to EBITDA ratio is the ratio of Total Class A Net Debt to Trading EBITDA for the last twelve months including discontinued operations as reported, expressed as a multiple.

(10) The Issuer has announced the issue of the New Notes and the concurrent Tender Offer (see "Overview – Proposed Transactions"). Assuming an issue of £550 million of New Notes and a take-up of 60% on the Tender Offer, Total Class A Net Debt to EBITDA ratio will adjust to 5.6x and Total Net Debt to EBITDA Ratio would be anticipated to adjust to 7.2x (through a reduction of £31 million of cash from balance sheet to account for the tender premium, swap break costs and other transaction fees). These figures are, however, only illustrative and the principal amount of the New Notes and the results of the Tender Offer may be materially different.

(11) The Class A Free Cash Flow to Debt Service coverage ratio is the ratio of FCF to Class A Total Debt Service Charges (each as defined in "*Glossary*") for the last twelve months, expressed as a multiple, which corresponds to the Class A FCF DSCR (defined in "*Glossary*").

Reconciliation of Profit to Trading EBITDA

	Year ended 31 January		
	2016[1]	**2017**[1]	**2018**
		(audited)	
(£ in millions)			
Trading EBITDA	**404**	**406**	**393**
Share-based payments	(5)	(12)	(7)
Pension service charge adjustment	(13)	(8)	(10)
Amortisation and depreciation	(51)	(66)	(68)
Operating profit before exceptional items	**335**	**320**	**308**
Exceptional items	(34)	(32)	5
Operating profit	**301**	**288**	**313**
Finance costs	(280)	(185)	(167)
Finance income	1	1	1
Profit before tax	**22**	**104**	**147**
Tax expense	(12)	(27)	(31)
Profit for the year from continuing operations	**10**	**77**	**116**

(1) Excludes discontinued operations.

Reconciliation of operating profit to net cash flow from continuing operating activities before tax and exceptional items

	Year ended 31 January		
	2016	**2017**	**2018**
		(audited)	
(£ in millions)			
Operating profit from continuing activities	301	288	313
Operating profit from discontinued operations[1]	8	7	—
Amortisation and depreciation[2]	54	67	68
Less share of profits in joint ventures and associates	(1)	(1)	—
Other adjustments[3]	11	16	20
Change in working capital	3	(8)	(63)
Net cash flow from operating activities before tax	**376**	**369**	**338**
Less Operating cashflows from discontinued operations	(14)	(10)	—
Add back cashflows from exceptional items	36	15	29
Cashflow from continuing operating activities before tax and exceptional items	**398**	**374**	**367**

(1) As reported in the financial statements.

(2) For the years ended 31 January 2016 and 2017, amortisation and depreciation include amounts from discontinued operations.

(3) Other adjustments include share-based payments and working capital adjustments for exceptional operating items.

Selected trading revenue by Segment Data

	Year ended 31 January		
	2016[1]	2017[1]	2018
		(audited)	
(£ in millions)			
Roadside assistance	724	742	747
Insurance services	131	131	133
Driving services	67	64	66
Total trading revenue	**922**	**937**	**946**
Business disposed of	10	—	—
Exceptional revenue items	—	(7)	1
Revenue	**932**	**930**	**947**

(1) Excludes discontinued operations.

Selected Trading EBITDA by Segment Data

	Year ended 31 January		
	2016[1]	2017[1]	2018
		(audited)	
(£ in millions)			
Roadside assistance	361	366	346
Insurance services	78	76	79
Driving services	19	20	22
Head office costs	(54)	(56)	(54)
Group Trading EBITDA	**404**	**406**	**393**

(1) Excludes discontinued operations.

Selected Operational Data

We use several key operating measures, including number of roadside assistance paid personal members, number of roadside assistance business customers, breakdowns attended, average income from paid personal members, average income per business customer, and insurance policy numbers in force, to track the financial and operating performance of our business. None of these terms are measures of financial performance under IFRS, 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.

	Year ended 31 January		
	2016	2017	2018
(in thousands, except as otherwise indicated)			
Roadside Assistance			
Paid personal members[1]	3,331	3,335	3,289
Business customers[2]	10,216	9,976	9,928
Breakdowns attended (millions)	3.5	3.6	3.7
Average income per paid personal member[3]	£156	£158	£157
Average income per business customer[4]	£18	£20	£20
Insurance Services			
Policy numbers in force[5]	1,491	1,451	1,447
Average income per policy[6]	£70	£70	£74

(1) Number of paid personal members represents the number of roadside assistance paid personal members on the specified date.

(2) Number of business customers represents the number of roadside assistance business customer holdings on the specified date.

(3) Average income from paid personal members represents the average income generated from a roadside assistance paid personal member, which is calculated by dividing (i) revenue generated over the prior 12 month period from the sale of memberships and revenue from the sale of parts and additional services to roadside assistance paid personal members by (ii) the total number of paid personal members on the specified date.

(4) Average income per business customer represents the average income generated from a Roadside business customer, which is calculated by dividing (i) revenue generated over the prior 12 month period from Roadside business customers by (ii) the total number of business customers on the specified date.

(5) Policy numbers in force represents the total number of Motor and Home insurance policies in force for the prior 12 month period. These figures were restated in the year ended 31 January 2018.

(6) Average income per insurance policy is calculated by dividing (i) revenue from Motor and Home Insurance policies from the previous 12 month period by (ii) the total number of policies in force, on the specified date. These figures were restated in the year ended 31 January 2018.

CAPITALISATION

The following table sets forth the consolidated cash and cash equivalents and the capitalisation of Holdco, on a historical basis, derived from Holdco's audited consolidated financial statements as of 31 January 2018, which were prepared in accordance with IFRS as adopted by the EU and are incorporated by reference in this Base Prospectus.

You should read this table in conjunction with "*Use of Proceeds*", "*Selected 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 Holdco appearing elsewhere in this Base Prospectus. Except as set forth below, there have been no other material changes to the capitalisation of Holdco since 31 January 2018.

Capitalisation

	As of 31 January 2018
	(£ in millions)
Cash at bank and in hand[(1)]	50
Financial debt	
Senior Term Facility[(2)]	250
Working Capital Facility[(3)]	—
Liquidity Facility[(4)]	—
Class A Notes[(5)]	1,950
Class B Notes[(6)]	570
Finance lease creditors[(7)]	64
Unamortised issue costs	(43)
Total Debt	2,791
Capital and Reserves	
Called up share capital	—
Cashflow hedge reserve	5
Total capital employed	5
Total capitalisation	2,796

(1) Cash at bank and in hand includes £8 million of restricted cash held by and on behalf of the Holdco Group's insurance business which are subject to contractual or regulatory restrictions. These amounts are not readily available to be used for other purposes within the Group.

(2) In August 2016 we repaid £106 million of our Senior Term Facility with a portion of the net proceeds from the sale of AA Ireland. In July 2017 we used a further £24m of the net proceeds from the sale of AA Ireland towards the partial repayment of £98m of the Senior Term Facility. As of 31 May 2018, £250 million was outstanding under the Senior Term Facility. In connection with the issue of the New Notes and the concurrent Tender Offer, it is intended that this facility be repaid in full (see "*Overview – Proposed Transactions*").

(3) On 23 April 2014, the Borrower entered into the £150 million Working Capital Facility (this was subsequently reduced to £75m). Other than £7m of the Working Capital Facility used to supply letters of credit, the Working Capital Facility was undrawn as of 31 May 2018.

(4) On 2 July 2013, the Issuer and the Borrower entered into the £220 million Liquidity Facility (which is renewable annually and has subsequently been reduced to £165 million). The Liquidity Facility was undrawn as of 31 May 2018.

(5) On 2 July 2013, concurrently with the issuance of the Original Class B Notes, the Issuer issued £625 million in aggregate principal amount of Initial Class A Notes, consisting of £300 million Sub-Class A1 Notes and £325 million principal amount of Sub-Class A2 Notes. On 27 August 2013, the Issuer issued a further aggregate principal amount of £350 million of Sub-Class A1 and A2 Notes at a premium of £11.4 million, receiving a further £3.0 million of pre funded interest and incurring costs of £2.4 million. On 28 November 2013, the Issuer issued £500 million principal amount of Sub-Class A3 Notes and on 2 May 2014 the Issuer issued £250 million principal amount of Sub-Class A4 Notes. On 6 December 2016, we issued £700 million Class A5 Notes. Holders of £300 million of the Class A1 Notes and £195 million of the Class A4 Notes exchanged their Class A Notes for the new Class A5 Notes. From the remaining proceeds, we tendered £165 million of the outstanding Class B2 Notes (see footnote 6 below). The refinancing was completed at a premium of £30 million and with issue costs of £8 million. In line with our accounting policy, £37 million of costs associated with the Class A1 Notes and the Class A4 Notes were capitalised. This consisted of £28 million of the premium, £7 million of new issue fees and £2 million of unamortised issue costs relating to the Class A1 Notes and Class A4 Notes that were exchanged. Costs associated with the Class B2 Notes have been written off. This consisted of £2 million of the premium, £1 million of new issue costs and £3 million of unamortised issue costs relating to the Class B2 Notes that were tendered. On 13 July 2017, we issued £250 million of Class A6 Notes. £4 million of costs associated with the issue of the Class A6 Notes were capitalised. This consisted of £1 million of premium and £3m of new issue fees. From the proceeds of the Class A6 Notes, we repaid the remaining £175 million outstanding on the Class A1 Notes incurring an interest penalty of £7 million and £55 million of the principal amount of the Class A4 Notes incurring an interest penalty of £3 million. In line with our accounting policy, this was accounted for as an extinguishment of debt and therefore issue costs associated with the Class A1 Notes and the Class A4 Notes have been written off but totalled under £1 million. The gross proceeds of each issuance of Class A Notes were on-lent by the Issuer to the Borrower pursuant to the Class A IBLAs.

(6) On 13 April 2015 the Issuer issued £735 million of Class B2 Notes. The proceeds from the issue of the Class B2 Notes were used to redeem the remaining outstanding Original Class B2 Notes which had been issued by the Issuer in July 2013. The gross proceeds of the issuance of the Class B2 Notes were on-lent by the Issuer to the Borrower pursuant to the Class B2 Loan under the Class B2 IBLA.

(7) Represents the total amounts outstanding under finance leases as at 31 January 2018, which includes amounts due in connection with commercial vehicles, plant and machinery.

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 incorporated by reference in the Base Prospectus. A summary of the critical accounting estimates that have been applied to Holdco's consolidated financial statements is set forth below under the heading "—Critical Accounting Policies." You should also review the information in the section "Presentation of Financial 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 IFRS, 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 IFRS.

Unless otherwise indicated, we present the consolidated financial information and results of operations of Holdco and its subsidiaries and when discussing historical results of operations in this "Management's Discussion and Analysis of Financial Condition and Results of Operations", "we", "our", "us", or the "Holdco Group", and other similar terms, are generally used to refer to the business of Holdco and its subsidiaries as a whole, and the terms the "AA" or the "AA plc Group" refer to AA plc and its subsidiaries as a whole.

Overview

The AA is the largest roadside assistance provider in the UK, representing approximately 40% of the consumer market and responding to an average of 10,000 breakdowns a day in the year ended 31 January 2018. With more than 113 years of operating history, the AA is one of the most widely recognised and trusted brands in the UK. In addition, we have successfully leveraged this brand to become a leading provider of insurance broking services and driving services.

We have a strong and diversified customer base, including approximately 13.2 million paid personal members and business customers. We estimate that around 50% of UK households subscribed to at least one AA product as at 31 January 2018.

In the year ended 31 January 2018 we generated total Trading Revenue of £946 million and Trading EBITDA of £393 million and in the year ended 31 January 2017, we generated total Trading Revenue of £937 million and Trading EBITDA of £406 million (excluding discontinued operations).

Presentation of Financial Information

The discussion below relates to the results of Holdco and its consolidated subsidiaries for the years ended 31 January 2016, 2017 and 2018. These differ in certain respects from the results announced by AA plc and its subsidiaries in respect of these periods. See "*Presentation of Financial Information—Certain Differences between Holdco and AA plc Financial Statements*." Among other things, the financial results of (i) the entities currently engaged in insurance underwriting (including AA Underwriting Insurance Company Limited and AA Reinsurance Company Limited), and (ii) TVS Auto Assist (India) Limited, which conducted our joint venture in India and was sold on 30 March 2018, are included in the consolidated financial statements of AA plc but excluded from those of Holdco.

Certain changes in our business during the periods under review have resulted in changes in the presentation of our financial information, as described below.

Except as otherwise indicated, financial information for the years ended 31 January 2016, 2017 and 2018 are derived from our audited consolidated financial statements for the year ended 31 January 2017 and year ended 31 January 2018. In September 2015 we completed the disposal of our mobile windscreen repair business, AA Glass, and our results for the year ended 31 January 2016 reflect this disposal as a business disposed of. In August 2016, we completed the disposal of AA Ireland. The financial statements for the years ended 31 January 2016 and 2017 present the results of AA Ireland as a discontinued operation, as it represents a separate geographical area and the whole of the operations in Ireland were disposed of. Accordingly, the segmental figures as of and for the year ended 31 January 2016 have been restated to reflect the disposal of AA Ireland.

The financial information for the year ended 31 January 2016 is derived from the prior year comparative information in our audited consolidated financial statements for the year ended 31 January 2017.

During the periods under review, revenue consists of income generated primarily from our three core historical segments, Roadside Assistance, Insurance Services and Driving Services. More recently, and in line with our new strategy, we have altered our segmental reporting to align it more closely with the way the business is managed, meaning Roadside Assistance and Driving Services are now referred to together as Roadside and Insurance Services as Insurance[2]. Throughout this "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" we still however refer to Roadside Assistance and Driving Services separately in order to discuss our performance.

Key Factors Affecting Our Results of Operations

Set forth below is a description of certain of the key factors that have affected our results of operations in the years ended 31 January 2016, 2017 and 2018 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 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 business contracts, are a source of stability and strong profit margins. 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 turnover. From January 2016 to January 2018 we have experienced a small decline in paid personal membership mainly due to the discontinuation of the free-to-paid insurance channel from December 2015.

Pricing and Competition

The level of our revenue 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 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 Roadside Assistance, we offer a range of products and services at different price points for new and existing personal members and business customers. As price competition in the market for roadside assistance services has historically been less intense 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 Roadside Assistance, 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 service 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 turnover which impacts our results of operations. The level and duration of our customer retention programs may increase our costs and the sustainability of our renewal prices may impact future revenues.

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.

[2] At an AA plc Group level "Insurance" includes "Insurance Underwriting", but this does not form part of Insurance for the purposes of this "Management's Discussion and Analysis of Financial Condition and Results of Operations" since it does not form part of the Holdco Group. It is discussed in "*Business*" in the context of how Holdco Group sits within the wider AA plc Group.

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 Roadside Assistance and external data such as credit scores. In addition, we have also benefitted from improved pricing agility following the installation of insurance hosted pricing with five of our motor panel members, including AA plc's in-house underwriter. 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 (including AA plc's in-house insurance underwriter) 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 Motor insurance customers if our insurance underwriting panel declines to offer competitive rates to individuals that typically attract higher premiums.

Attracting New Customers, Cross-selling and Up-selling

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

We rely on cross-selling insurance services products to our Roadside Assistance personal members and similarly on cross-selling Roadside Assistance memberships to our insurance customers. In addition, we cross-sell products within our Insurance 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). 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 Roadside Assistance 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 has increased over the last three years and 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 business 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 business partners who pay for our roadside assistance services based on usage by business customers. We estimate that approximately 80% of our business partner revenue is derived from contracts that take into account the volume of breakdowns. 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 business customers. The impact of adverse weather conditions on our results of operations is mitigated by the economies of scale we have achieved across Roadside Assistance 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 business 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. Changes in the market such as the increase in electric vehicles, autonomous vehicles and changes in ownership models could also impact on the type of breakdowns we attend. Electric vehicles have heavier wear and tear on tyres resulting in an increase in this type of call out. We may also experience shifts in revenues depending on the services offered by our business partners.

Cost Structure

Cost of sales

Operational costs are predominantly attributable to "front line" costs (such as staff costs, vehicle, fuel, tooling and equipment costs, third party garaging and parts costs). In the short-term, we can adapt to changes in demand for roadside assistance by using third-party garages to attend to breakdowns. 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% of Trading Revenue for the Holdco Group. Historically, we have hedged 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. However, given the recent historic lows seen in oil prices, a decision has been made to hedge 80% of our current fuel requirement to 31 January 2020.

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 business customers, and franchisee and training delivery costs within Driving Services.

Administrative and marketing expenses

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

Headcount costs also include ongoing pension contributions, the levels of which are set as part of a triennial scheme valuation process. In the year ended 31 January 2018, pension contributions for ongoing service amounted to £21 million. Since full implementation of the changes agreed following the 31 March 2016 triennial valuation, our current contributions are an average of 12.5% of pensionable salary. For more information see "*Business—Employees and Pension Obligations*" and "*—Other Financial Obligations—Pension Obligations*."

In the year ended 31 January 2018, we invested £60 million in marketing, including advertising, in order to strengthen the AA brand. In recent years we have significantly increased the amount of marketing spend as part of our strategic transformation programme. We use a variety of marketing techniques, including internet search engine advertising, direct mailings, press advertising campaigns and payments to PCWs. Marketing costs per customer acquired are carefully monitored by sales channel to help ensure that appropriate returns are achieved, as compared against our internal measures of customer value.

Strategic Initiatives

We have four primary strategic objectives, which were announced on 21 February 2018 as part of our new strategy update:

- innovate and grow Roadside, developing our connected car positioning;
- accelerate the growth of Insurance;
- improve the efficiency, predictability and resilience of Roadside; and
- create a culture capable of delivering excellent performance and executing the strategy.

For further information see "*Business – Our Strategic Objectives*".

Business Disposals

In August 2016 we completed the sale of AA Ireland Limited and its subsidiaries ("**AA Ireland**") to Carlyle Cardinal Ireland Fund, L.P. and Carlyle Global Financial Services Partners II, L.P., for a total cash consideration of €156 million. As part of the transaction, the AA Ireland Pension Scheme, which is closed to future accrual, was transferred to a UK company within the Holdco Group (AA Corporation Limited) and will continue to be the responsibility of the Holdco Group.

Key Operating Measures

We use several key operating measures, including number of roadside assistance paid personal members, number of roadside assistance business customers, breakdowns attended, average income from paid 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 IFRS, 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.

	Year ended 31 January		
	2016	2017	2018
	(in thousands, except as otherwise indicated)		
Roadside Assistance			
Paid personal members[1]	3,331	3,335	3,289
Business customers[2]	10,216	9,976	9,928
Breakdowns attended (millions)	3.5	3.6	3.7
Average income per paid personal member[3]	£156	£158	£157
Average income per business customer[4]	£18	£20	£20
Insurance			
Policy numbers in force[5]	1,491	1,451	1,447
Average income per policy[6]	£70	£70	£74

(1) Number of paid personal members represents the number of roadside assistance personal members (excluding free members) on the specified date.

(2) Number of business customers represents the number of roadside assistance business customer holdings on the specified date.

(3) Average income from paid personal members represents the average income generated from a roadside assistance paid personal member, which is calculated by dividing (i) revenue generated over the prior 12 month period from the sale of memberships and revenue from the sale of parts and additional services to roadside assistance personal members by (ii) the total number of paid personal members on the specified date.

(4) Average income per business customer represents the average income generated from a Roadside Assistance business customer, which is calculated by dividing (i) revenue generated over the prior 12 month period from Roadside Assistance business customers by (ii) the total number of business customers on the specified date.

(5) Policy numbers in force represents the total number of Motor and Home insurance policies in force, sold by our broker, for the prior 12 month period. These figures were restated in the year ended 31 January 2018.

(6) Average income per insurance policy is calculated by dividing (i) revenue from Motor and Home insurance policies from the prior 12 month period by (ii) the total number of Motor and Home policies in force, on the specified date. These figures were restated in the year ended 31 January 2018.

Roadside

Our Roadside Assistance customers comprise both personal members, who enter into membership agreements directly with us, and business customers, who receive cover indirectly as an "add-on" or a complementary service to the products and services (such as added value bank accounts) they purchase from our business partners.

Our number of roadside assistance paid personal members decreased by 46,000 or 1.4% from 3,335,000 paid personal members at 31 January 2017 to 3,289,000 paid personal members at 31 January 2018, while average income per personal member decreased by 0.6% over the same period. We had previously reversed the decline in paid personal members, reflecting growth in new business volumes resulting from investment in the product, pricing and marketing. The more recent decrease is due to the discontinuation of the free-to-paid insurance channel. The decrease in average income per paid personal member reflects our restraint in passing through price rises above the increase in IPT and the dilution of introductory discounts from the increased number of new members.

Our number of roadside assistance paid personal members increased by 4,000 paid personal members or 0.1% from 3,331,000 paid personal members at 31 January 2016 to 3,335,000 paid personal members at 31 January 2017, while average income per paid personal member increased by 1.3% over the same period. This increase in paid personal members reflected the investment in product, pricing and marketing as part of our strategic transformation.

Our number of roadside assistance business customers decreased by 48,000 business customers or 0.5% from 9,976,000 business customers at 31 January 2017 to 9,928,000 business customers at 31 January 2018. This decrease reflects the anticipated decline in the number of Added Value Accounts ("**AVAs**") with our banking partners and the

lower number of new car sales for our manufacturing partners. Average income per business customer remained stable at £20.

Our number of roadside assistance business customers decreased by 240,000 business customers or 2.3% from 10,216,000 business customers at 31 January 2016 to 9,976,000 business customers at 31 January 2017. This decrease also reflects the decline in the number of AVAs with our banking partners. Average income per business customer increased by 11.1% from £18 to £20, largely applicable to the benefit of the rise in breakdown incidents under pay-for-use contracts.

Insurance

In Insurance, we offer Motor, Home, Travel and Other Insurance Policies to both roadside personal members and non-members. We act as a broker for insurers, selling policies to customers for the insurance underwriters on our panel. The AA plc Group launched its own insurance underwriter in January 2016 to complement the Holdco Group's existing broker operations. However, the data presented below relates only to the insurance broking activities of the Holdco Group (see footnote 2 above).

Our number of motor and home insurance policies in force decreased by 4,000 policies or 0.3% from 1,451,000 policies in force in the year ended 31 January 2017 to 1,447,000 policies in force in the year ended 31 January 2018. This decrease was driven by a decline in the number of home policies where we have not yet invested in Insurer Hosted Pricing ("**IHP**") to improve pricing agility.

Our number of motor and home insurance policies in force decreased by 40,000 policies or 2.7% from 1,491,000 policies in force in the year ended 31 January 2016 to 1,451,000 policies in force in the year ended 31 January 2017. This decrease again related to a decline in home policies.

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 information as at and for the year ended 31 January 2018, incorporated by reference in this Base Prospectus.

Revenue

Roadside Assistance revenue 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 business customers under multi-year contracts. Insurance revenue 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 commissions received through our partnership with Bank of Ireland UK for the sale of savings accounts, credit cards and loan products as well as marketing and product development services. Driving Services revenue is primarily derived from franchise fees paid to us by driving instructors, lesson fees from motorists, fees for courses and corporate fleet training services. We also include certain exceptional items within revenue depending on the nature of the adjustment.

Cost of Sales

Cost of sales includes the operational costs within Roadside Assistance, 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. We also include certain exceptional costs within cost of sales depending on the nature of the cost.

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, television campaigns and press advertising, along with head office costs. Other administrative and marketing expenses include exceptional items such as redundancy payments resulting from significant restructuring activities. Amortisation of software, 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 property costs as well as head office and back-office functions, including finance, human resources and IT support and development.

Share of profits in joint venture and associates

Share of profits in joint venture and associates consists of revenue generated by our investments in ACTA Assistance ("**ACTA**"), ARC Europe ("**ARC**"), Intelematics Europe Limited ("**Intelematics**") and AA Law Limited. ACTA and ARC are companies which provide roadside assistance to certain of our personal members and business customers while travelling in certain European countries. In turn, we provide reciprocal roadside assistance services to ACTA customers while they are travelling within the UK. Our interest in ACTA was sold to ARC during the year ended 31 January 2017. AA Law Limited is a joint venture with Lyons Davidson (an English law firm) providing advice relating to personal injury claims to customers. Intelematics is a joint venture which provides our Connected Car technology.

Finance costs

Finance costs consist primarily of interest on external borrowings, penalties on early repayment of debt and interest incurred on finance lease agreements. In addition, the unwinding of discounts on provisions (including pension provisions), amortisation of debt issue fees and the transfer from the cash flow hedge reserve following the extinguishment of cash flow hedges are included within finance costs.

Finance income

Finance income consists primarily of interest income relating to general corporate cash balances and foreign exchange differences.

Tax expense

Taxation is the corporate tax charge for the year after taking any deferred tax into consideration. After adjusting for the impact on deferred tax of the change in future tax rates, share-based payments and the impairment of goodwill, our effective tax rate for the year ended 31 January 2018 was 19.1%.

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. 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) IT system replacement project costs, (iii) provisions for future lease costs with respect to vacant properties, net of expected sub-leasing income, (iv) costs in relation to refinancing of debt, (v) costs relating to the disposal of operations that do not meet the definition of "discontinued operations" and (vi) costs or income relating to the sale of fixed assets. In the year ended 31 January 2017, we also incurred a £10 million provision to cover potential refunds in respect of a limited number of customers who we identified as having duplicate levels of Roadside Assistance cover through both their personal membership and an added value account held with our banking partners. By 31 January 2018 we had utilised £8 million of this provision and released £1 million, leaving £1 million to be utilised in the year ending 31 January 2019. See "*—Other Financial Obligations—Provisions*".

Trading EBITDA

Trading EBITDA is profit after tax on a continuing basis as reported, adjusted for depreciation, amortisation, exceptional operating items, share-based payments, pension service charge adjustments, net finance costs and tax expense. The pension service charge adjustment principally relates to the difference between the cash contributions to the pension scheme for ongoing service and the calculated annual service cost. Share-based payments charges result from grants under the long term incentive schemes for staff and management. Trading EBITDA as presented in this Base Prospectus differs from the definition of EBITDA contained in the Glossary.

The table below sets forth the reconciliation of profit for the period to Trading EBITDA for the periods indicated.

	Year ended 31 January		
	2016	2017	2018
		(audited)	
(£ in millions)			
Trading EBITDA	**404**	**406**	**393**
Share-based payments	(5)	(12)	(7)
Pension service charge adjustment	(13)	(8)	(10)
Amortisation and depreciation	(51)	(66)	(68)
Exceptional items	(34)	(32)	5
Operating profit	**301**	**288**	**313**
Finance costs	(280)	(185)	(167)
Finance income	1	1	1
Profit before tax	22	104	147
Tax expense	(12)	(27)	(31)
Profit for the year from continuing operations	**10**	**77**	**116**
Profit for the year from discontinued operations	7	80	-
Profit for the year	**17**	**157**	**116**

Consolidated Results of Operations for the Years Ended 31 January 2017 and 2018

	Year ended 31 January	
	2017	2018
(£ in millions)		
Revenue	930	947
Cost of sales	(339)	(356)
Gross Profit	**591**	**591**
Administrative and marketing expenses	(304)	(278)
Share of profit of joint ventures and associates, net of tax	1	-
Operating profit	**288**	**313**
Trading EBITDA	406	393
Share-based payments	(12)	(7)
Pension service charge adjustment	(8)	(10)
Amortisation and depreciation	(66)	(68)
Exceptional items	(32)	5
Operating profit	**288**	**313**
Finance costs	(185)	(167)
Finance income	1	1
Profit before tax	**104**	**147**
Tax expense	(27)	(31)
Profit for the year from continuing operations	**77**	**116**
Profit for the year from discontinued operations	80	-
Profit for the year	**157**	**116**

Revenue

Our revenue increased by £17 million or 1.8% from £930 million in the year ended 31 January 2017 to £947 million in the year ended 31 January 2018. This includes a release of £1 million from the exceptional revenue provision in the year ended 31 January 2018 and a cost of £10m in the year ended 31 January 2017 relating to refunds to customers who may have duplicate breakdown cover. Trading Revenue, which excludes revenue from discontinued operations and businesses disposed of as well as exceptional revenue items, increased by £9 million or 1.0%, from

£937 million in the year ended 31 January 2017 to £946 million in the year ended 31 January 2018, driven principally by the strong performance of Roadside Assistance.

	Year ended 31 January			
	2017		2018	
	(£ in millions)	(% revenue)	(£ in millions)	(% revenue)
Roadside Assistance	742	79	747	79
Insurance	131	14	133	14
Driving Services	64	7	66	7
Trading Revenue	937	100	946	100
Exceptional revenue provision	(7)		1	
Total Revenue	930		947	

Roadside Assistance: Our Roadside Assistance Trading Revenue increased by £5 million or 0.7% from £742 million in the year ended 31 January 2017 to £747 million in the year ended 31 January 2018. This reflected the robust performance of business customers with an increase in pay-for-use volumes as well as higher ancillary sales. This offset the decline in paid personal members as well as the anticipated reduction in AVAs. Roadside Assistance Trading Revenue includes the consolidated results from the 100% acquisition of AA Cars (see "*Business – History*").

Insurance: Our Trading Revenue from Insurance increased by £2 million or 1.5% from £131 million in the year ended 31 January 2017 to £133 million in the year ended 31 January 2018. The increase in Trading Revenue was driven by growth in Motor policies.

Driving Services: Our Trading Revenue from Driving Services increased by £2 million or 3.1% from £64 million in the year ended 31 January 2017 to £66 million in the year ended 31 January 2018. The increase in Trading Revenue was driven by the increase in driving instructor franchises.

Exceptional Revenue Provision: We released £1 million from the exceptional revenue provision in the year ended 31 January 2018, relating to the £7 million exceptional revenue provision for duplicate breakdown cover that we created in the prior year. In total we had provided £10 million for refunds to customers of which £3 million was charged to exceptional finance costs in the prior year. We agreed a programme of remediation with the regulatory authority and this programme is now substantially complete. The release of £1 million reflects what we believe to be the final position for this programme.

Cost of sales

Our cost of sales increased by £17 million or 5% from £339m in the year ended 31 January 2017 to £356 million in the year ended 31 January 2018 reflecting higher costs from third-party garaging due to workload peaks and the higher number of breakdowns attended.

Administrative and marketing expenses

Our administrative and marketing expenses decreased by £26 million or 8.6% from £304 million in the year ended 31 January 2017 to £278 million in the year ended 31 January 2018. The decrease in administrative and marketing expenses was primarily driven by the exceptional pension past service credit of £34 million arising from the benefit changes implemented during the year for the AAUK pension scheme.

Operating profit

Our operating profit increased by £25 million or 8.7% from £288 million in the year ended 31 January 2017 to £313 million in the year ended 31 January 2018. The increase in operating profit was primarily driven by the decrease in administrative and marketing expenses described above.

Finance costs

Our finance costs decreased by £18 million or 9.7% from £185 million in the year ended 31 January 2017 to £167 million in the year ended 31 January 2018. The decrease in finance costs was driven by lower interest on external borrowings following the refinancings in both the year ended 31 January 2017 and year ended 31 January 2018.

Finance income

Our finance income remained stable at £1 million in both the years ended 31 January 2018 and 31 January 2017.

Tax expense

Taxation increased by £4 million from £27 million in the year ended 31 January 2017 to £31 million in the year ended 31 January 2018. The increase in tax expense was largely as a result of profit before tax increasing by £43 million which accounts for £8 million of tax at the effective rate of tax of 19.1%.

Trading EBITDA

Trading EBITDA is a non-IFRS measure and is not a substitute for any IFRS measure.

Our Trading EBITDA decreased by £13 million or 3.2% from £406 million in the year ended 31 January 2017 to £393 million in the year ended 31 January 2018. The decrease in Trading EBITDA was primarily driven by Roadside Assistance as outlined 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.

	Year ended 31 January			
	2017		2018	
	(£ in millions)	(% trading EBITDA before head office costs)	(£ in millions)	(% trading EBITDA before head office costs)
Roadside Assistance	366	79	346	77
Insurance	76	17	79	18
Driving Services	20	4	22	5
Trading EBITDA (before head office costs)	462	100	447	100
Head office costs	(56)		(54)	
Total Trading EBITDA	406		393	

An analysis of our Trading EBITDA by segment is set forth below:

Roadside Assistance: Our Roadside Assistance Trading EBITDA decreased by £20 million or 5.5% from £366 million in the year ended 31 January 2017 to £346 million in the year ended 31 January 2018. Trading EBITDA margins reduced from 49.3% in the year ended 31 January 2017 to 46.3% in the year ended 31 January 2018. The decrease in Trading EBITDA and Trading EBITDA margin was driven by the decline in membership numbers and business customers, the increased costs of third-party garaging due to workload peaks and wage inflation.

Insurance Services: Insurance Trading EBITDA increased by £3 million or 3.9% from £76 million in the year ended 31 January 2017 to £79 million in the year ended 31 January 2018. Trading EBITDA margins increased from 58.0% in the year ended 31 January 2017 to 59.4% in the year ended 31 January 2018. The increase in Trading EBITDA reflected the growth of the motor book, the focus on the more profitable business lines and discliplined cost management.

Driving Services: Our Driving Services Trading EBITDA increased by £2 million or 10% from £20 million in the year ended 31 January 2017 to £22 million in the year ended 31 January 2018. Trading EBITDA margins increased from 31.3% in the year ended 31 January 2017 to 33.3% in the year ended 31 January 2018. The increase in Trading EBITDA and the Trading EBITDA margin was driven by the improvement in driving schools and efficiency savings.

Head office costs: Our head office costs decreased by £2 million or 3.6% from £56 million in the year ended 31 January 2017 to £54 million in the year ended 31 January 2018. The decrease in head office costs is primarily driven by efficiency savings.

Consolidated Results of Operations for the Years Ended 31 January 2016 and 2017

The table below sets forth our results of operations for the periods under review.

	Year ended 31 January	
	2016	**2017**
	(£ in millions)	
Revenue	932	930
Cost of sales	(334)	(339)
Gross Profit	**598**	**591**
Administrative and marketing expense	(298)	(304)
Share of profit of joint ventures and associates, net of tax	1	1
Operating profit	**301**	**288**
Trading EBITDA	404	406
Share-based payments	(5)	(12)
Pension service charge adjustment	(13)	(8)
Amortisation and depreciation	(51)	(66)
Exceptional items	(34)	(32)
Operating profit	**301**	**288**
Finance costs	(280)	(185)
Finance income	1	1
Profit before tax from continuing operations	**22**	**104**
Tax expense	(12)	(27)
Profit for the year from continuing operations	**10**	**77**
Profit for the year from discontinued operations	7	80
Profit for the year	**17**	**157**

Revenue

Our revenue, excluding Ireland operations, decreased by £2 million or 0.2% from £932 million in the year ended 31 January 2016 to £930 million in the year ended 31 January 2017. The decrease in revenue was primarily driven by a reduction in the Driving Services segment, the exceptional revenue provision for duplicate roadside assistance cover and the disposal of the windscreen replacement subsidiary in the prior year. Trading Revenue increased by £15 million from £922 million in the year ended 31 January 2016 to £937 million in the year to 31 January 2017 driven principally by the increase in Roadside Assistance.

The table below sets forth, for each of the periods indicated, our revenue by segment, both in pounds sterling and as a percentage of consolidated revenue.

	Year ended 31 January			
	2016		**2017**	
	(£ in millions)	**(% revenue)**	**(£ in millions)**	**(% revenue)**
Roadside Assistance	724	79	742	79
Insurance	131	14	131	14
Driving Services	67	7	64	7
Trading Revenue	922	100	937	100
Revenue from businesses disposed of	10		-	
Exceptional revenue provison	-		(7)	
Total Revenue	932		930	

Roadside Assistance: Our Roadside Assistance revenue increased by £18 million or 2.5% from £724 million in the year ended 31 January 2016 to £742 million in the year ended 31 January 2017. The increase in revenue was primarily driven by increased average income per personal member and higher business-to-business revenue.

Insurance: Our Insurance revenue was flat at £131 million for both years ended 31 January 2016 and 31 January 2017. This was due to the growth in Financial Services (part of the Insurance division), offset by lower revenue in Home Services and motor insurance.

Driving Services: Our Driving Services revenue decreased by £3 million or 4.5%, from £67 million in the year ended 31 January 2016 to £64 million in the year ended 31 January 2017. The decrease in revenue was primarily driven by decline in speed awareness courses.

Exceptional Revenue Provision: We identified a group of business-to-business customers who have some duplication of Roadside Assistance cover, being personal members and holders of AVAs (Added Value Accounts) with our banking partners. We have provided a total of £10 million for our estimate of the refunds due, of which £7 million is expected to relate to premiums paid for breakdown cover and has been shown as exceptional revenue and £3 million for interest payable on those premiums.

Revenue from business disposed of: Relates to our windscreen replacement subsidiary that was disposed of in the year ended 31 January 2016.

Cost of sales

Our cost of sales increased by £5 million or 1% from £334 million in the year ended 31 January 2016 to £339 million in the year ended 31 January 2017 mainly due to a 5% increase in breakdowns and related operational costs.

Administrative and marketing expenses

Our administrative and marketing expenses increased by £6 million or 2.0% from £298 million in the year ended 31 January 2016 to £304 million in the year ended 31 January 2017. The increase in administrative and marketing expenses was primarily driven by an increase in amortisation of software development expenditure.

Share of profit of joint venture and associates, net of tax

Share of profits of joint venture and associates remained at £1 million in both the years ended 31 January 2017 and 31 January 2016.

Operating profit

Our operating profit decreased by £13 million or 4.3% from £301 million in the year ended 31 January 2016 to £288 million in the year ended 31 January 2017. The decrease in operating profit was primarily driven by the increase in administrative and marketing expenses described above.

Finance costs

Our finance costs decreased by £95 million or 33.9% from £280 million in the year ended 31 January 2016 to £185 million in the year ended 31 January 2017. The decrease in finance costs was driven by the lower debt repayment premium and penalties and lower interest on external borrowings following the refinancing in the prior year.

Finance income

Our finance income remained stable at £1 million in both the years ended 31 January 2017 and 31 January 2016.

Tax expense

Taxation increased by £15 million from £12 million in the year ended 31 January 2016 to £27 million in the year ended 31 January 2017. The increase in tax expense was largely as a result of profits increasing by £82 million which accounts for £18 million of tax at the effective rate of tax of 22.1%.

Trading EBITDA

Trading EBITDA is a non-IFRS measure and is not a substitute for any IFRS measure.

Trading EBITDA (excluding Ireland operations) increased by £2 million or 0.5% from £404 million in the year ended 31 January 2016 to £406 million in the year ended 31 January 2017. The increase in Trading EBITDA was primarily driven by the Roadside Assistance as outlined 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.

	Year ended 31 January			
	2016		2017	
	(£ in millions)	(% trading EBITDA before head office costs)	(£ in millions)	(% trading EBITDA before head office costs)
Roadside Assistance	361	79	366	79
Insurance	78	17	76	17
Driving Services	19	4	20	4
Trading EBITDA (before head office costs)	458	100	462	100
Head office costs	(54)		(56)	
Total Trading EBITDA	404		406	

An analysis of our Trading EBITDA by segment is set forth below:

Roadside Assistance: Our Roadside Assistance Trading EBITDA increased by £5 million or 1.4% from £361 million in the year ended 31 January 2016 to £366 million in the year ended 31 January 2017. Trading EBITDA margins reduced slightly from 49.9% in the year ended 31 January 2016 to 49.3% in the year ended 31 January 2017. The increase in Trading EBITDA and relatively flat Trading EBITDA margin was driven by the growth in revenue partly offset by costs of increased breakdown incidents.

Insurance: Our Insurance Trading EBITDA decreased by £2 million or 2.6% from £78 million in the year ended 31 January 2016 to £76 million in the year ended 31 January 2017. Trading EBITDA margins reduced from 59.5% in the year ended 31 January 2016 to 58.0% in the year ended 31 January 2017. The decrease in Trading EBITDA reflected the higher marketing spend on insurance aggregators and a lower contribution from Home Emergency Services.

Driving Services: Our Driving Services Trading EBITDA increased by £1 million or 5.3% from £19 million in the year ended 31 January 2016 to £20 million in the year ended 31 January 2017. Trading EBITDA margins increased from 28.4% in the year ended 31 January 2016 to 31.3% in the year ended 31 January 2017. The increase in Trading EBITDA and the Trading EBITDA margin was driven by efficiency savings.

Head office costs: Our head office costs increased by £2 million or 3.7% from £54 million in the year ended 31 January 2016 to £56 million in the year ended 31 January 2017. The increase in head office costs is primarily driven by increased IT maintenance costs offset by efficiency savings.

Liquidity and Capital Resources

Net cash flows from operating activities before tax were £338 million in the year ended 31 January 2018 and £369 million for the year ended 31 January 2017. Our cash conversion rate (net cash flow from continuing operating activities before tax and exceptional items as a percentage of Trading EBITDA) was 93% in the year ended 31 January 2018.

The Holdco Group had a cash balance of £50 million as at 31 January 2018 and £136 million at 31 January 2017, largely invested in money market funds with AAA credit ratings, giving overnight access and high liquidity. The Holdco Group has not drawn its Working Capital Facility or its Liquidity Facility and does not currently envisage needing to do so due to the strong operating cash flows.

The Holdco Group is required to hold segregated funds as 'restricted cash' in order to satisfy regulatory requirements governing our insurance underwriting business and Irish subsidiaries. These restricted cash balances were £8 million at 31 January 2018 and £8 million at 31 January 2017.

For further information on cash and cash equivalents, see Note 17 of our audited consolidated financial information for the year ended 31 January 2018, incorporated by reference in this Base Prospectus.

Our primary sources of liquidity within the Holdco Group are cash from operations, a £10 million ancillary facility which has been put in place to secure certain letters of credit and future borrowings under our £75 million Working Capital Facility (net of our ancillary facility) and a £165 million Liquidity Facility. For a description of the material terms of our long-term financing arrangements, see "*Summary of the Issuer Class A Transaction Documents*".

Cash Flows

The following table sets forth the principal components of our cash flows for the years ended 31 January 2016, 2017 and 2018.

	Year ended 31 January		
	2016	**2017**	**2018**
		(audited)	
(£ in millions)			
Net cash flows from operating activities before tax	376	369	338
Tax paid	(6)	(23)	(23)
Net cash flows from operating activities	**370**	**346**	**315**
Investing activities			
Capital expenditure	(74)	(70)	(63)
Proceeds from sale of fixed assets	11	18	18
Acquisitions and disposals, net of cash acquired or disposed of	1	99	1
Interest received	1	1	1
Net cash flows used in investing activities	**(61)**	**48**	**(43)**
Financing activities			
Proceeds from borrowings	735	700	250
Issue costs on borrowings	(16)	(6)	(7)
Debt repayment penalties	(58)	(30)	(11)
Repayment of borrowings	(864)	(766)	(328)
Refinancing transactions	(203)	(102)	(96)
Interest paid on borrowings	(172)	(143)	(136)
Payment of finance lease capital	(34)	(43)	(41)
Payment of finance lease interest	(8)	(7)	(5)
Dividends paid	(60)	(60)	(80)
Net cash flows from financing activities	**(477)**	**(355)**	**(358)**
Net increase/(decrease) in cash and cash equivalents	**(168)**	**39**	**(86)**
Net foreign exchange differences	-	3	-
Cash and cash equivalents at the beginning of the period	262	94	136
Cash and cash equivalents from continuing operations	**94**	**136**	**50**

Net cash flows from operating activities before tax

Net cash flow from operating activities before tax was £369 million in the year ended 31 January 2017 compared to £338 million in the year ended 31 January 2018. This was due to a decrease in profit before tax and negative working capital movements. Net cash flow from operating activities before tax was £376 million in the year ended 31 January 2016 compared to £369 million in the year ended 31 January 2017. This was due to an increase in profit before tax offset by negative working capital movements and the adjustment for the profit on sale of the Ireland business.

Tax paid

Cash outflows from tax paid was £23 million in both years ended 31 January 2017 and 31 January 2018. Cash outflow from tax paid was £6 million in the year ended 31 January 2016 compared to £23 million in the year ended 31 January 2017. The increase in cash outflow from tax paid between the 2016 and 2017 financial years is due to higher profits in the relevant period.

Net cash flows used in investing activities

Cash flow from investing activities was an inflow of £48 million in the year ended 31 January 2017 compared to an outflow of £43 million in the year ended 31 January 2018. The prior year inflow primarily related to the proceeds from the disposal of our Ireland operations. Cash flow from investing activities was an outflow of £61 million in the year ended 31 January 2016 compared to an inflow of £48 million in the year ended 31 January 2017. As referred to above, the 2017 year inflow primarily related to the proceeds from the disposal of our Ireland operations.

Net cash flows from refinancing transactions

Cash outflow from refinancing transactions was £102 million in the year ended 31 January 2017 compared to £96 million in the year ended 31 January 2018. The decrease in cash outflows on financing transactions related to lower repayment of debt premium and penalties in the year ended 31 January 2018. Cash outflow from refinancing transactions was £203 million in the year ended 31 January 2016 compared to £102 million in the year ended 31 January 2017. The decrease in cash outflows on financing transactions related to lower repayment of debt premium and penalties and a lower repayment of borrowings in the year ended 31 January 2017.

Interest paid on borrowings

Cash outflows from the interest paid on borrowings was £143 million in the year ended 31 January 2017 compared to £136 million in the year ended 31 January 2018. The decrease in interest paid on borrowings is due to the refinancing in the prior year. Cash outflow from the interest paid on borrowings was £172 million in the year ended 31 January 2016 compared to £143 million in the year ended 31 January 2017. Again, the decrease in interest paid on borrowings was due to the refinancing in the prior year.

Payment on finance lease capital and interest

Cash outflows from the payment of finance lease capital and interest was £50 million in the year ended 31 January 2017 compared to £46 million in the year ended 31 January 2018. The decrease in cash outflows from payment of finance lease capital and interest was primarily driven by the timing of driving school finance lease disposals and the timing of the associated end of lease termination payments. Cash outflow from the payment of finance lease capital and interest was £42 million in the year ended 31 January 2016 compared to £50 million in the year ended 31 January 2017. As with the above, the increase in cash outflows from payment of finance lease capital and interest was primarily driven by the timing of driving school finance lease disposals and the timing of the associated end of lease termination payments.

Capital expenditure

The majority of our non-financed capital expenditure is attributable to the development and upgrade of our IT and communications systems to support our core Roadside and Insurance businesses. Prior to AA plc's IPO, little investment was made in our IT systems. As part of an IT transformation programme announced with the IPO, substantial expenditure has been required in order to fully modernise our outmoded IT systems. In the year ended 31 January 2018, we spent £85 million on overall capital expenditure with £34 million of this on IT transformation. This investment includes the replacement of IT infrastructure such as servers and policy administration systems which record customer details. We expect this investment to deliver significant savings in IT capital spend in the medium term. We expect to invest approximately £31 million in IT transformation capital expenditure during the year ended 31 January 2019 and £4 million the following year. We have committed to slowing the pace of the final implementation phase of the IT transformation to mitigate the risk of management stretch and ensure adequate impact assessments are undertaken. We are building on the strong, new foundations now in place. Further investment in IT development forms part of the new strategy announced on 21 February 2018.

The other significant element of our capital expenditure is attributable to finance lease agreements to finance our fleet of patrol vehicles and driving school cars. Substantially all our vehicles are leased and we currently replace

both operational vehicles and vehicles provided to employees on a four year cycle, with driving school cars being replaced annually. During each four year cycle, the number of operational vehicles purchased or leased in the first three years tends to remain relatively consistent, with a lower replacement requirement occurring in the fourth year. In the future, we intend to fund our non-vehicle capital expenditure from cash generated from our operating activities.

We classify our capital expenditure in the following categories:

- *IT transformation*: Investment in systems development and enhancement for customer administration systems, deployment and claims systems, e-commerce and website development activities;

- *Maintenance capital*: Includes amounts in respect of (i) investments in IT infrastructure such as servers, storage equipment and other physical assets that support delivery of our IT requirements; (ii) investments in respect of the finance lease arrangements attributable to our fleet of patrol vehicles and driving school cars; and (iii) investments in upgrading tools and equipment, as well as other corporate and operational development projects, including moving and refurbishing offices.

During the periods under review, we funded certain of our capital expenditure requirements through finance leases. The table below sets forth our capital expenditure for the years ended 31 January 2016, 2017 and 2018.

	Year ended 31 January		
	2016	**2017**	**2018**
		(£ in millions)	
IT transformation	54	41	34
Maintenance capital	52	54	51
Total capital expenditure	106	95	85
Of which funded by finance leasing net of disposal proceeds	(23)	(25)	(23)
Capital expenditure accrual	(9)	-	1
Capital expenditure (per cashflow statement)	74	70	63

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 net cash flows from operating activities before tax and exceptional items as a percentage of Trading EBITDA) depend on our ability to maintain this favourable working capital dynamic.

Cash generated in connection with our regulated insurance businesses must be segregated from the Holdco 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 Holdco Group and reduced following the sale of AA Ireland.

Finance Leases

Our finance lease liabilities include lease agreements for commercial vehicles. Substantially all of our commercial vehicles, including patrol vehicles, are leased pursuant to Commercial Vehicle Master Contract Hire Agreements ("**Vehicle Master Contracts**") between the Holdco Group 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 the supply of goods, such as fuel contracts, which are not included in the discussion below. The table below sets forth the future minimum payments, together with the present value of the net minimum lease payments that we will be obligated to make under our finance leases as at 31 January 2017 and 2018.

	At 31 January			
	2017		2018	
	Present value of payments	Minimum payments	Present value of payments	Minimum payments
	(£ in millions)			
Within one year	47	51	48	52
Between one and five years	20	21	16	17
Total minimum lease payments	67	72	64	69
Less amounts representing finance charge		(5)		(5)
Present value of minimum lease payments	**67**	**67**	**64**	**64**

Debt financing arrangements

On 2 July 2013, we raised £2.4 billion of debt in the bank and capital markets (including the including a senior term facility agreement dated 2 July 2013 (the "**Initial Senior Term Facility Agreement**"), a working capital facility agreement dated 2 July 2013 (the "**Initial Working Capital Facility Agreement**"), £300 million of Sub-Class A1 Notes and £325 million of Sub-Class A2 Notes as well as the Initial Liquidity Facility) pursuant to an investment grade secured corporate financing commonly referred to as a "whole business securitisation" ("**WBS**").

Concurrently with our investment grade WBS financing in July 2013, we completed a high yield bond offering of £655 million of Original Class B secured notes similarly involving AA Mid Co Limited (the immediate holding company of Holdco) and the Holdco Group. The Original Class B Notes were due in 2043, with an expected maturity date of 31 July 2019, and had an interest rate of 9.50% per annum.

On 27 August 2013, we issued an additional £175 million of Sub-Class A1 Notes and £175 million of Sub-Class A2 Notes and, on 28 November 2013, we issued £500 million of Sub-Class A3 Notes.

On 23 April 2014, we entered into the 2014 Senior Term Facility of £663 million, drawings under which, together with the proceeds of the issuance of £250 million in principal amount of Sub-Class A4 Notes were used, on 2 May 2014, to repay all amounts outstanding under the Initial Senior Term Facility. We also entered into a the 2014 Working Capital Facility, which replaced the existing commitments under the Initial Working Capital Facility. It is a feature of the WBS that all bank and bond debt raised (including in the future) by our subsidiaries participating in our investment grade financing is substantially on common terms.

As part of the refinancing announced in March 2015, we issued £735 million of 5.5% Class B2 Notes due 2043 (the "**Class B2 Notes**"). The Class B2 Notes were issued by the Issuer. The proceeds from the Class B2 Notes were used to redeem the Original Class B Notes. The Class B2 Notes are contractually subordinated to the WBS, including the Class A Notes, the Senior Term Facility, the Working Capital Facility, the Liquidity Facility and certain hedging arrangements. The Class B2 Notes share a common security package with the WBS and in addition, are secured by a grant by Topco of first-ranking security in respect of all of its shares in Holdco and certain intercompany receivables, together with a first-ranking floating charge in respect of all of Topco's other property, assets and undertaking. The Class B2 Notes are also guaranteed by all of the guarantors of the WBS, as well as by Topco.

Following the sale of the Irish business, part of the sale proceeds were used to repay £106 million of the Senior Term Facility on 31 August 2016. Under the terms of our borrowings, we have held back £24 million from the net proceeds in ring-fenced available cash to be used for potential future acquisitions or repayment of debt. Any amounts not committed to an acquisition within 12 months from the AA Ireland completion date had to be used to repay either Class A Notes or the Senior Term Facility. On 6 December 2016, we issued £700 million Class A5 Notes at an interest rate of 2.88%. Holders of £300 million of the Class A1 Notes and £195 million of the Class A4 Notes exchanged their Class A Notes for the new Class A5 Notes. From the remaining proceeds, we tendered £165 million of the outstanding Class B2 Notes. The refinancing was completed at a premium of £30 million and with issue costs of £8 million. In line with our accounting policy, £37 million of costs associated with the Class A1 Notes and the Class A4 Notes were capitalised. This consisted of £28 million of the premium, £7 million of new issue fees and £2 million of unamortised issue costs relating to the Class A1 Notes and Class A4 Notes that were exchanged. Costs associated with the Class B2 Notes have been written off. This consisted of £2 million of the premium, £1 million of new issue costs and £3 million of unamortised issue costs relating to the Class B2 Notes that were tendered.

On 13 July 2017 the £24 million, which is referred to above as having been held back, was used as part of a repayment of £98 million of the Senior Term Facility. This was treated as an extinguishment of debt and therefore the issue costs of just under £1 million associated with the repayment were written off. The balance of the Senior Term Facility was renegotiated and its maturity extended to 31 July 2021. This was treated as a modification and therefore

the fees associated with this, which were under £1 million, were capitalised. On this same date we also issued £250 million of Class A6 Notes at an interest rate of 2.75%. £4 million of costs associated with the issue of the Class A6 Notes were capitalised. This consisted of £1 million of premium and £3 million of new issue fees.

From the proceeds of the Class A6 Notes, we repaid the remaining £175 million outstanding on the Class A1 Notes incurring an interest penalty of £7 million and £55 million of the principal amount of the Class A4 Notes incurring an interest penalty of £3 million. In line with our accounting policy, this was accounted for as an extinguishment of debt and therefore issue costs associated with the Class A1 Notes and the Class A4 Notes have been written off but totalled under £1 million.

On 5 July 2017 we entered into the Senior Term Facility Agreement and the Working Capital Facility Agreement. On 13 July 2017, we cancelled the 2014 Working Capital Facility Agreement and repaid all amounts outstanding under the 2014 Senior Term Facility Agreement.

The fees associated with this were under £1 million and were written off.

The WBS now principally comprises the 2017 Senior Term Facility and the 2017 Working Capital Facility, both of which are due in July 2021 and certain Class A Notes as set out below. The margin applied to interest payable on drawings under the Senior Term Facility Agreement and Working Capital Facility is 1.75% above LIBOR. However, we have entered into interest rate swaps in relation to the 2017 Senior Term Facility as a result of which the rate of LIBOR payable in respect thereof is fixed at 6.67% until January 2019 and 1.0% until July 2021, such that the maximum rate of interest payable until July 2021 is 6.67%. The Class A2, Class A3, Class A5 and Class A6 Notes in issuance have interest rates of 6.27%, 4.25%, 2.88% and 2.75% per annum respectively and expected maturity dates of 31 July 2025, 31 July 2020, 31 January 2022 and 31 July 2023 respectively. The Class B2 Notes have an interest rate of 5.5% per annum, and an expected maturity date of 31 July 2022.

On 2 July 2018, we announced a proposed issuance of a single class of Sub-Class A7 Fixed Rate Notes due 2024/2043 and a concurrent tender offer in respect of our £500m 4.2487% Class A3 Secured Notes due 2020/2043. The foregoing transactions include the entry into the new 2018 Senior Term Facility and the new 2018 Working Capital Facility.

On 2 July 2018, eligible holders of the Existing Notes, were invited to tender their Existing Notes for purchase by the Borrower . The Borrower intends to accept up to £350 million of the Existing Notes for purchase, with the actual amount communicated in the final results announcement relating to the Tender Offer.

The Tender Offer is in line with the Borrower's liability management programme to optimise its capital structure, in the context of current market conditions and upcoming maturities.

The Tender Offer will be funded with a portion of the proceeds of the issuance of the New Notes as described below.

The New Notes will be senior secured Reg S bearer notes and are expected to be rated BBB-(sf) by S&P.

A portion of the proceeds of the New Notes are expected to be used by the AA Group to fund the Tender Offer on the next interest payment date under the Existing Notes (31 July 2018).

Senior term facility and working capital facility

It is also intended that the New Notes will be used to redeem in full the company's existing £250 million senior term facility due 2021. It should be noted that certain of the Dealers participating in the offer of the New Notes are party as lenders to the existing senior term facility that is intended to be repaid with the proceeds of the issue of the New Notes.

In parallel with the Tender Offer and issuance of the New Notes, the Borrower has entered into a senior term facility due 31 July 2023 for up to £199,666,667 in order to secure committed funding for refinancing substantially all of the remaining Existing Notes left outstanding post the Tender Offer, at or before their effective maturity on 31 July 2020.

In connection with the Tender Offer and issue of New Notes, we also intend to replace the existing working capital facility with a new working capital facility of £60 million (together with a £15 million accordion facility), with a maturity to 31 July 2023 and with the same margin as the existing working capital facility.

All of the above reflects our planned Transactions as of the date of this Prospectus with respect to the

execution of the Tender Offer and the issue of New Notes. There can, however, be no guarantee that we will proceed with these transactions in the aforementioned manner or at all. The terms of the issue of the New Notes will be set out in the relevant Final Terms.

For further details of the new senior term facility and new working capital facility, see the sections entitled "*Summary of the Finance Documents—New Senior Term Facility Agreement*" and "*Summary of the Finance Documents—New Working Capital Facility Agreement*".

Taken together, the overall weighted average interest rate on our borrowings as at 31 January 2018 for the Senior Term Facility, the Working Capital Facility, the Class A Notes and the Class B2 Notes was 4.52% per annum.

The following table sets out the borrowings of the Holdco Group, excluding finance leases, as at 31 January 2018:

	Final maturity date	Expected maturity date	Interest rate	Principal (£ millions)
Senior Term Facility	31 July 2021	31 July 2021	5.71%	250
Class A2 Notes	2 July 2043	31 July 2025	6.27%	500
Class A3 Notes	31 July 2043	31 July 2020	4.25%	500
Class A5 Notes	31 July 2043	31 January 2022	2.88%	700
Class A6 Notes	31 July 2043	31 July 2023	2.75%	250
Class B2 Notes	31 July 2043	31 July 2022	5.50%	570
Total Borrowings			**4.52%**	**2,770**
Cash and cash equivalents as at 31 January 2018				(50)
Net Borrowings				2,720

Further details of our financing arrangements, including information in respect of prepayment provisions, are set out in "*Summary of the Issuer Class A Transaction Documents*."

Critical Accounting Policies

Our financial information has been prepared in accordance with IFRS. The preparation of this financial information 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. The principal estimates and assumptions that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Revenue Recognition

Revenue is measured at the fair value of the consideration receivable net of discounts, value added tax and other sales related taxes. Roadside membership subscriptions and premiums receivable on underwritten insurance products are apportioned on a time basis over the period where the Holdco Group is liable for risk cover. The unrecognised element of subscriptions and premiums receivable, relating to future periods, is held within liabilities as deferred income.

Commission income from insurers external to the Holdco Group is recognised at the commencement of the period of risk.

Where customers choose to pay by instalments, the Holdco Group charges interest based on the principal outstanding and disclosed interest rate and recognises this income over the course of the loan.

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.

Software development costs

Software development expenditures on an individual project are recognised as an intangible asset when the Holdco Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied. The asset is carried at cost less any accumulated amortisation and impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over its useful life of three to five years.

Property, plant and equipment

Land and buildings held for use in the production of goods and services or for administrative purposes are stated in the balance sheet at cost or fair value for assets acquired in a business combination less any subsequent accumulated depreciation and impairment losses. No capitalised interest is included in the cost of items of property, plant and equipment.

Property, plant and equipment is 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 property, plant and equipment less their expected residual value is depreciated by equal instalments over their useful economic lives. These lives are as follows:

	Useful economic life
	(years)
Buildings	50
Related Fittings	3-20
Leasehold properties	—[1]
IT Systems (Hardware)	3-5
Plant, vehicles and other equipment	3-10

(1) Over the period of the lease. Assets held under finance leases are depreciated on a straight line basis over the lease term.

Income taxes

The Holdco Group is subject to taxes in the UK. At each financial period end, judgment is required in determining the provision for taxes. The Holdco Group recognises liabilities for anticipated tax issues based on the best estimates at the balance sheet date. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Impairment of goodwill

The Holdco Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash generating unit to which goodwill is allocated. Estimating the value in use requires the Holdco Group to make an estimate of the expected future cash flows from the cash generating unit and apply an appropriate pre-tax discount rate.

Insurance contracts—Insurance technical provisions

The estimation of the ultimate liability from claims made under insurance contracts is not considered to be one of the Holdco Group's most critical accounting estimates. This is because the principal insurance claims costs for the Holdco Group relate to the provision of roadside recovery services. There is a very short period of time between the receipt of a claim, i.e. a breakdown, and the settling of that claim. Consequently there are no significant provisions for unsettled claims costs in respect of the roadside recovery services.

Other Financial Obligations

Retirement benefit obligation

The Holdco Group's retirement benefit obligation, which is assessed each period by actuaries is based on key assumptions including return on plan assets, discount rates, inflation, and future salary and pension costs. These assumptions may be different to the actual outcome.

Pension Obligations

The Holdco Group operates two defined benefit pension schemes: (i) the AA UK Pension Scheme and (ii) the AA Ireland Pension Scheme. The assets of the schemes are held separately from those of the Holdco Group in independently administered funds. The AA UK Pension Scheme has closed final salary sections and a Career Average Revalued Earnings (CARE) section which provides for benefits to accrue on an average salary basis. Since 2004, new entrants to the AA UK Pension Scheme accrue benefits in the CARE section but the AA UK Pension Scheme was closed to new entrants from 1 October 2016. On 30 June 2017 accrual ceased under the final salary sections and existing members of those sections were moved to the CARE section for future accrual of benefits on and from July 2017. In addition, pensions indexation in the CARE section will now be based on CPI inflation, rather than RPI inflation, from April 2018 onwards. The AA Ireland Pension Scheme is closed to new entrants and future accrual of benefits. Following the sale of AA Ireland, the Holdco Group continues to retain the AA Ireland Pension Scheme having transferred it to an English subsidiary, AA Corporation Limited.

In addition, we operate the AAPMP to provide private healthcare cover to retired AA pensioners and their dependents. This scheme is unfunded and as of 31 January 2018 showed a liability of £45 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 2018 under IFRS.

	As of 31 January 2018			
	AA UK Pension Scheme	**AA Ireland Pension Scheme**	**AAPMP**	**Total**
		(£ in millions)		
Fair value of scheme assets	(2,491)	(50)	(45)	(2,586)
Present value of defined benefit obligation	2,303	43	-	2,346
Defined benefit scheme liability	(188)	(7)	(45)	(240)

In June 2017 we completed the AA UK Pension Scheme triennial valuation as at 31 March 2016 agreeing a funding deficit of £366 million with the AA UK Pension Trustee. We have committed to paying an additional £8 million per annum from July 2017 to March 2019, £11 million per annum from April 2019 to March 2021, uplifted in line with RPI from 1 April 2020 and £13 million per annum from April 2021 to June 2026 uplifted in line with RPI from 1 April 2022 annually. In November 2013 we implemented an asset backed funding scheme which remains in place. The asset backed funding scheme provides a long-term deficit reduction plan where we makes an annual deficit reduction contribution of £13 million increasing annually with inflation, until October 2038, secured on our brands. The next triennial valuation of the AA UK Pension Scheme will take place as at 31 March 2019.

As at 31 January 2018 our defined benefit pension deficit under IAS 19 totalled £240 million compared to £395 million at 31 January 2017 and £296 million as at 31 January 2016. The decrease in the deficit under IAS19 between the 2017 and 2018 financial years is due to the strong performance of plan assets, falling long-term inflationary expectations, changes in the demographic assumptions (reflecting the latest outlook for mortality rates), the past service credit in respect of the closure of the final salary sections and change to CPI-linked pension indexation for the CARE section within the AA UK Pension Scheme and our contributions paid into the schemes. This was partially offset by falling discount rates over the period.

Further details regarding the Group's pension schemes are in Note 25 to our consolidated financial statements for the year ended 31 January 2018.

Provisions

The table below sets out the Holdco Group's provisions at 31 January 2018 and 31 January 2017:

	31 January 2017	31 January 2018
	(audited)	(unaudited)
	(£ in millions)	
Duplicate breakdown cover	10	1
Property leases	17	6
Restructuring	3	10
Total	30	17

The property lease provision primarily relates to dilapidations. These sums are mainly expected to be paid out over the next 11 years, however it will take 36 years to fully pay out all amounts provided for. The provision has been calculated on a pre-tax discounted basis. On 23 March 2018, we signed a settlement agreement to exit from the onerous Halfords service centres lease contracts, agreeing a final settlement of £2 million. The restructuring provision relates to redundancy and other related costs following the restructuring of operations in the current and prior periods.

In the previous financial year, we became aware that there was some duplication of roadside assistance cover taken by a limited number of business-to-business customers who were personal members and held AVAs (Added Value Accounts) with our banking partners. We proposed a programme of remediation for them which has the support of the regulatory authority. While some were unaware that they had duplicate cover, others chose to maintain this to receive the benefits of membership. Through the review of data for the new Customer Relationship Management systems, we identified a group of customers for whom the benefit of holding both forms of cover were not clear. We proposed a programme of remediation for them which has the support of the regulatory authority. We provided a total of £10 million for our estimate of the refunds due of which £7 million was expected to relate to premiums previously paid for breakdown cover and £3 million for interest payable on those premiums. During the period £5 million has been paid out relating to premiums and £3 million relating to interest, £1 million has been released and we expect to pay out the remaining amount during the next financial year.

On 7 March 2018, we received notification that former Executive Chairman, Bob Mackenzie, who was dismissed for gross misconduct on 1 August 2017, had on 6 March 2018 issued a Claim Form in the High Court, Chancery Division against AA plc, its subsidiary Automobile Association Developments Limited and personally against a number of their directors and the Company Secretary. The Claim Form seeks a permanent injunction to retain his MVP Shares and up to £225 million in damages. We have not made a provision for these amounts as we expect to be successful in defending these claims. However, we will incur legal costs of approximately £1 million to defend these claims during the next two financial years which we would seek to recover from Bob Mackenzie when the litigation concludes.

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. 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 manage our liquidity risk by evaluating current and expected liquidity requirements to ensure that we maintain sufficient reserves of cash and headroom on our working capital facilities. The table below analyses the maturity of our financial liabilities on a contractual undiscounted cash flow basis and includes associated debt service costs. The analysis of non-derivative financial liabilities is based upon the remaining period at the reporting date to the contractual maturity date.

At 31 January 2018	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
			(£ in millions)		
Loans and borrowings	117	117	2,282	832	3,348
Obligations under finance leases	52	10	7	—	69
Other payables and accruals	51	—	—	—	51
Contingent consideration	—	6	5	—	11
Trade payables	100	—	—	—	100
	320	**133**	**2,294**	**832**	**3,579**
Interest rate swaps used for hedging					
Assets (inflow)	(7)	-	—	—	(7)
Liabilities	19	2	3	—	24
	12	**2**	**3**	**–**	**17**
	332	**135**	**2,297**	**832**	**3,596**

Our primary sources of liquidity going forward will be cash from operations and future borrowings under our £75 million Working Capital Facility and £165 million Liquidity Facility and potential other borrowings. See "*Summary of the Issuer Class A Transaction 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. We use interest rate swaps to manage our exposure to interest rate risk.

We do not account for any fixed rate assets or liabilities at fair value through profit or loss, and do not use derivative instruments in fair value hedges. Consequently, with respect to our fixed rate financial liabilities, a change in market interest rates at the reporting date would not affect profit or loss. With respect to our variable rate financial liabilities, an increase of 50 basis points in interest rates at 31 January 2018 would have increased shareholders' equity by £1 million and had no impact on profit or cash. A decrease in interest rates of the same magnitude would have had an equal and opposite effect on shareholders' equity and profit, in each case assuming that the change occurred at the year end and had been applied to risk exposures existing at that date.

The interest rate profile of the Holdco Group's interest bearing financial instruments is as follows:

	At 31 January	
	2017	2018
	(£ in millions)	
Fixed rate instruments		
Financial liabilities	(2,518)	(2,532)
Effect of interest rate swaps	(348)	(250)
Net exposure to fixed rate instruments	(2,866)	(2,782)
Variable rate instruments		
Financial liabilities	(347)	(249)
Effect of interest rate swaps	348	250
Net exposure to variable rate instruments	**1**	**1**

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, which are not open to new entrants. In addition, we operate the AAPMP, which is not open to new entrants. In November 2013, in conjunction with agreeing the 2013 Valuation, we implemented the ABF with the trustee of the AA UK Pension Scheme. The ABF provides the AA UK Pension Scheme with an inflation-linked income stream over 25 years and the aggregate total of the monthly payments due from the ABF to the AA UK Pension Scheme in the first year was £12.2 million. We estimate that as at

31 January 2018, the defined benefit scheme liability was £188 million with respect to the AA UK Pension Scheme, £7 million with respect to the AA Ireland Pension Scheme and £45 million with respect to AAPMP, for a total of £240 million.

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 do not increase in line as the market expected or reduce by more than the market expected at the previous scheme valuation, the liabilities, the deficit and annual payments thereunder may materially increase. We are required to fund any deficit over a number of years. If gilt yields increase then the pension scheme liabilities reduce and the likelihood of a scheme surplus emerging increases. This surplus will only be released to us over a number of years. We estimate that if gilt yields increase by 1% in excess of current market expectations over the next five years, our funding deficit would decrease by approximately £160 million net of any interest rate hedging within the pension schemes. Conversely, if gilt yields were to decrease by the same amount, our funding deficit would increase by approximately £220 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.

Commodity Risk

Our principal risk with respect to commodity prices is with respect to the cost of vehicle fuel. Total fuel costs are approximately £17 million per annum, of which approximately £5 million relates to the underlying fuel costs before duty, VAT and distribution costs. Given the recent decline in oil prices, a decision was taken to lock in the benefit of these historically low oil prices for a longer period by hedging 80% of our volume requirement up to 31 January 2020. We currently have swaps for 12.3 million litres of diesel, with a diesel swap price of 34.50 pence per litre maturing over the year ending 31 January 2019 and a diesel swap price of 35.40 pence per litre maturing over the year ending 31 January 2020.

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.

INDUSTRY

UK Roadside Assistance Market

Overview

The majority of roadside assistance services in the UK is provided through two principal channels:

- the "**consumer market**", being the market in the UK in which customers subscribe for roadside assistance cover directly through a membership agreement with the applicable roadside assistance provider (these customers being "**personal members**"); and
- the "**business market**", being the market in the UK in which customers receive roadside assistance cover indirectly as an "add-on" or a complementary service to the products and services they purchase from another business (these customers being "**business customers**").

The roadside assistance market has demonstrated resilience throughout the recent financial crisis, as roadside assistance is typically prioritised over more discretionary household expenses. 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 UK, based on market share, are the AA, the RAC and Green Flag. Like the AA, 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. In contrast to the contractor-based model, which is used by smaller providers, the branded model provides for direct interaction with the customer through roadside assistance mechanics, who act as the "face of the brand". This 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 member's 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, a transfer service 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 of service, as well as price. We, the RAC and Green Flag are the only sizeable roadside assistance providers in the UK, accounting for approximately 44%, 29% and 12%, respectively, of Roadside customers as at January 2018. The remaining share is covered by smaller roadside assistance providers, a number of which are subsidiaries of larger insurance groups, including Call Direct which has brands such as startrescue.co.uk and AXA Assistance. While the overall size of the market has been relatively stable, low margin operators including Green Flag have grown market share through a discounted value proposition which is reliant on third-party service which we believe deliver a lower level of service overall than the AA can offer. The investment required to build a trusted, nationwide brand and a branded fleet of qualified patrols with competitive technical ability, along with the sophisticated deployment processes required, is a significant barrier to entry for new entrants. No competitor has entered the market and achieved a level of scale comparable to ours since the 1970s.

Consumer Market

In the consumer market, individuals subscribe for a personal membership with the applicable roadside assistance provider, such as us, RAC or Green Flag. In addition to generating fees for the provision of breakdown coverage, these policies provide roadside assistance providers with opportunities to cross-sell and up-sell additional

products and services, including cover for repair following a breakdown, European coverage and other insurance products. Revenue in the consumer market is driven by membership numbers, type of coverage and price.

Distribution Channels

Consumers can purchase cover for roadside assistance in a number of ways. The majority of customers initially contact a roadside assistance provider over the internet or by telephone, typically in response to marketing activity. Face-to-face sales and the sale of roadside assistance cover alongside Motor insurance products are also important channels of distribution.

Competition

As at January 2018, we were the market leader in the consumer market with a market share of 44%, followed by the RAC and Green Flag with market shares of approximately 29% and 12%, respectively. Despite the continued price competition for the entry level roadside assistance products, the roadside assistance business has grown its market share over the last three years.

Market Volume

The consumer market volume in the UK is primarily driven by the number of vehicles on the road. According to the Department for Transport, the number of licensed vehicles in Great Britain has grown steadily from approximately 29.7 million in 2001 to 37.7 million as at 31 December 2017, of which 31.2 million were cars. Despite a decline in new car registrations following the financial crisis in 2008-2009, the situation has since recovered and over the year ended 31 December 2017, the number of licensed cars in Great Britain increased by 1.1% to 31.2 million, its highest ever level. In 2017, the UK was the second largest new car market in Europe behind Germany, accounting for 17% of new cars registered in the EU. Consumer market volume is also influenced by the number of licensed drivers.

Pricing

The consumer market uses two principal pricing models. Under the "membership pricing model", members are charged a subscription either on a monthly or annual basis, for roadside assistance coverage, plus additional flat fees for higher cover levels. When consumers renew their membership, roadside assistance providers reassess pricing on a case-by-case basis and consider individual risks, including the number of past breakdown calls and the customer's propensity to renew their membership. 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. Along with the RAC, we apply the membership pricing model for new personal members, whereas Green Flag and smaller participants predominantly rely upon the risk-based pricing model.

Business market

In the business market, the AA, 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 business customers than for personal members, partly because business customers tend to own newer, more reliable vehicles. To the extent that roadside assistance coverage is bundled with other products, business customers are also less likely to call for service.

Distribution Channels

Business customers can acquire roadside assistance through four primary channels:

- *Added value accounts*: Added value accounts ("**AVAs**") are bank accounts that provide their holders with roadside assistance coverage, among other offerings, in connection with their account. Lloyds Banking Group, Barclays, RBS, HSBC, Nationwide Building Society and Santander each offer AVAs that provide third-party roadside assistance coverage.

- *Car manufacturers*: The majority of car manufacturers offer 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 and BT) 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, LV and Tesco, offer third party roadside assistance coverage as part of their motor insurance policy offerings, either sold separately or bundled with other products.

Competition

The competitive environment for business customers varies significantly by distribution channel. In the AVA coverage market, the AA and Green Flag have 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 Assistance (UK) Ltd 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

Volumes in the business market vary by distribution channel. For our business partners who are car manufacturers, volumes depend principally on new car sales. In the AVA coverage market, volumes depend on the number of AVA clients our banking partners have as well as the number of vehicles owned by those clients. In the fleet coverage market, volumes tend to depend on the internal business growth of our fleet partners.

Pricing

Prices in the business market are typically set on either a per breakdown basis or on a per vehicle insured basis. Pricing within the business market tends to be more competitive than in the market for personal members, as business partners regularly offer their contracts to several providers for competitive tender at the time of renewal. As a result, income per business customer tends to be lower than income per personal member. In this regard the largest breakdown providers tend to hold an advantage over smaller providers, due to their economies of scale.

UK Driving Services Market

The driving services market comprises driving schools as well as training for occupational drivers and drivers who have committed certain driving offences. In terms of share of pupils and revenue, the Driving School and BSM are the market leader with an approximate 9% market share as at 31 January 2018, while RED, LDC, Bill Plant and smaller, independent providers share the remaining market share.

Driving Schools

The UK driving schools market is highly fragmented. According to industry sources, the Driving School and BSM are, together, the largest driving school in the country with approximately 2,700 franchised instructors as of 31 January 2018. Given the fragmented market we also compete against local participants and a large number of independent, non-affiliated driving instructors. Branded driving schools tend to operate a franchise model where franchised driving instructors receive a car and support from the brand in return for a regular fee.

Driver training and re-education

The market for driver re-education following traffic offences is currently split among three main competitors and many smaller local authorities.

The market for driver training schemes through contracts with police forces is significantly less fragmented, with two participants (including our DriveTech brand) accounting for approximately 50% of police contracts as at January 2018. We have contracts with 11 of the 45 police forces in the UK.

Our DriveTech brand also operates in the fleet training market, providing driver training for corporations and other organisations under long-term service contracts. In the fleet training market, we believe we are the market leader

followed by a range of smaller competitors. The key customers for occupational driver training are companies with significant logistics operations in the UK and Europe. Demand for occupational driver training is affected by economic confidence as companies' fleets grow or contract.

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 UK offer a range of insurance products, including motor, home and travel insurance.

Motor Insurance

Motor insurance is a legal requirement for drivers in the UK and therefore a non-discretionary product. As a consequence, demand for motor insurance is influenced by the number of vehicles on the road, the number of licensed drivers and the overall cost of driving. Apart from brand, pricing is a key consideration for customers when choosing motor insurance. The motor insurance market is relatively fragmented with a large number of participants. In 2017 the industry wrote around £13 billion of motor insurance premiums and for the year ended 31 January 2018 the Holdco Group had approximately a 2% market share (brokerage) by volume.

Insurance brokers, including Budget Group and Swinton Insurance, compete against other brokers and direct insurers through a range of channels, of which price comparison websites ("**PCW**s") have become the largest. On PCWs, including Moneysupermarket.com, Gocompare.com, Confused.com and Comparethemarket.com, customers can compare multiple prices on the same website, leading to price competition and margin pressure for brokers. PCWs have approximately 70% of the new business market for motor insurance in the UK.

In addition to PCWs, brokers solicit new 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 consumers typically take out home insurance when purchasing property. In order to increase customer value, home insurance providers offer a range of related products. These include home emergency services 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. In 2017 the industry wrote around £6 billion of home insurance premiums and for the year ended 31 January 2018 the Holdco Group had approximately a 1% market share (brokerage) by volume. The key factors that drive growth in the home insurance market are mortgage lending, house prices and the number of new houses being built. The underwriting performance of the UK 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 than motor insurance. The number of PCWs has increased in the home insurance market; however, their presence is less prevalent compared to motor insurance. This is, in part, due to the relative prominence in the market for home insurance of banks and building societies, which are an important sales channel because 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 limited the market share of PCWs.

Competition

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. There is also 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 sold or have conducted initial public offerings in the past few years, resulting 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 provide 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. As the market penetration of PCWs has matured, these websites have become an important distribution channel for our Motor and Home Insurance business. 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*."

Non-insurance financial services

Non-insurance financial services products include savings accounts, unsecured loans, credit cards, currency cards, mortgages and life insurance. There is significant competition in all these product lines from both major UK banks and international banks active in the UK (for example, Lloyds Banking Group, RBS, Barclays, HSBC, Santander), insurance companies (for example, RSA, AXA, Aviva) and non-bank financial services companies (for example, Nationwide, Tesco Bank, Sainsbury's Bank, Virgin Money, M&S Money, Post Office). Key considerations for customers are brand and price.

Underwriting Services

The London market is the largest international underwriting market for international insurance business. Both it and the broader UK underwriting market are characterised by intense competition. Prices have remained low in recent years due to competition and the high availability of capital.

It has become common over the past few years for brokers in the markets for motor and home insurance to set up their own in-house underwriters. These in-house underwriters participate on the brokers' insurance panels and compete with third-party underwriters for the underwriting risk. Despite the price competition in the underwriting market, the proprietary data on personal members that the in-house insurance underwriters can access allows them to price risk effectively and compete with the larger general insurers. In-house insurance underwriters tend to mitigate their underwriting risk with high levels of reinsurance and coinsurance led models as their portfolios may lack the product and geographic diversification of general insurers.

BUSINESS

Overview

The AA is the largest roadside assistance provider in the UK, representing approximately 40% of the consumer market and responding to an average of 10,000 breakdowns a day in the year ended 31 January 2018. With more than 113 years of operating history, the AA is one of the most widely recognised and trusted brands in the UK. In addition, we have successfully leveraged this brand to become a leading provider of insurance broking services and driving services.

We have a strong and diversified customer base, including approximately 13.2 million paid personal members and business customers. We estimate that around 50% of UK households subscribed to at least one AA product as at 31 January 2018.

In the year ended 31 January 2018, Holdco Group generated total trading revenue of £946 million and Trading EBITDA of £393 million (compared to £937 million and £406 million, respectively for the year ended 31 January 2017).

Our Strengths

Highly resilient and recurring revenues with strong cash flow generation

The performance over the last three years ended 31 January 2016, 2017 and 2018 demonstrates the resilience of the business despite the uncertain economic outlook and reflects the investments that have been made to support the long term growth of the company (the below table shows figures for the Holdco Group).

	Year ended 31 January		
	2016[2]	**2017**[2]	**2018**
(£ in millions, except where otherwise indicated)			
Trading revenue[1]	922	937	946
Trading EBITDA[1]	404	406	393
Net cash flow from continuing operating activities before tax and exceptional items[3]	398	374	367
Cash conversion (%)	99	92	93

(1) Trading revenue and Trading EBITDA are stated as reported in the most recent publicly available financial statements.
(2) Excludes business disposed of.
(3) Excludes discontinued operations, business disposed of and exceptional items.

A large proportion of our revenue comes from repeat business including renewing personal members, multi-year business roadside assistance contracts, insurance policy holders, Driving Services contracts and driving schools franchisees. This high level of recurring revenue provides us with predictable cash generation that supports investment in the business and ongoing deleveraging.

Holdco Group has consistently delivered a high rate of cash conversion (defined as net cash flow from continuing operating activities before tax and exceptional items divided by Trading EBITDA) averaging 95% in the three years ended 31 January 2016, 2017 and 2018. This results from our favourable working capital dynamics whereby 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.

One of the most highly regarded and trusted consumer brands in the UK

The AA is one of the most widely recognised and trusted consumer brands in the UK. With approximately 2,900 branded patrol vehicles on the road and with further visibility generated by our Driving Schools business, AA signs as well as our publishing, and hotel and restaurant accreditation services, the AA brand is highly visible and regarded.

Customer engagement with our patrols who provide roadside assistance is high as personal members use the AA, on average, once every two years. Our reputation for service excellence is evident through the high levels of satisfaction indicated by independent surveys. In May 2018, we were awarded “Which? Recommended Provider” status for Roadside Assistance and we were the only provider to achieve a rating of 5 out of 5 for vehicles “repaired at roadside”. We were confirmed as the UK’s most trusted commercial brand by Y&R’s Brand Asset Valuator survey in 2014.

We are the leader in the stable UK roadside assistance market

We are the largest roadside assistance provider in the UK with 3.3 million paid personal members and 9.9 million business customers. This represents approximately 40% of the consumer roadside assistance market, a significantly larger share than the next largest roadside assistance provider, the RAC. This market demonstrated resilience throughout the financial crisis during which customers prioritised roadside assistance cover over other discretionary spending, as they tended to keep their older cars.

High levels of retention and loyalty in our personal membership base

Average personal member retention (defined by reference to the number of customers renewing at the point of invitation) was broadly stable at 82% for the year ended 31 January 2018, but up from 79% at the time of the IPO in 2014 (see " – *History*"). Personal members demonstrate loyalty to the brand with an average tenure of approximately 12 years and retention rates increase with membership tenure. Approximately 36% of our annual paid personal members have been with the AA for more than 10 years, of which approximately 60% have been paid personal members for more than 20 years.

Significant barriers to entry in the mature and concentrated roadside assistance market

The roadside assistance market in the UK is a mature and concentrated market. The three primary market participants are the AA, the RAC and Green Flag, which together account for approximately 85% of the combined consumer market. We believe that the substantial resources and scale required to operate an efficient national roadside service with competitive technical ability, combined with high start-up costs for new market entrants, pose significant barriers to entry. The following factors strengthen our position in that market:

- the strength of the AA brand established over a 113-year operating history has fostered high levels of loyalty among our customer base and has contributed to our high customer retention rates;
- our national coverage and the economies of scale which we achieve through approximately 2,900 patrols, allow us to reach our customers quickly and to provide high quality service;
- our sophisticated deployment processes and delivery systems have been specifically developed by the AA over years of operational experience and would be difficult and expensive to replicate;
- our proprietary CRM database of approximately 21.9 million individuals who have received communications from the AA provides us with a platform to cross-sell our complementary products and services;
- well-established relationships with our business partners, whereby we provide high quality service to their customers and statistical data, such as vehicle faults and performance information, to our business partners themselves; and
- leading digital capabilities delivering excellent customer experience and improving operational efficiency.

Experienced and dedicated workforce

We have a highly skilled and experienced workforce and the average tenure of our patrols is more than 10 years. We are selective in hiring automotive technicians who, once appointed as patrols, 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 contribute to customer retention.

Strategic update – unlocking the full potential of the AA

On 21 February 2018, the AA announced its new business strategy to invigorate the AA by putting service, innovation and data at its heart. The key focus of the strategy is to develop our digital product proposition which can transform our customers' experience. This will enable us to innovate and grow our Roadside business and accelerate growth in our Insurance business.

The strategy builds on the AA's fundamentals, which remain strong. The AA is the clear market leader both in its consumer and business to business Roadside markets.[3] The brand remains one of the UK's most trusted, built on a strong service ethos. Investment since the IPO in marketing, our core IT systems and technology has strengthened the foundations, slowed the decline in Roadside membership and returned motor insurance to growth.

[3] Based on direct purchase of breakdown cover according to *Old Street Data Sciences "Brand tracker" for consumer, May-June 2017*

However, challenges remain, particularly for Roadside. These include regulatory changes, pricing transparency, need for a more distinctive and differentiated offering and competitive pressures. Against this backdrop, we need to do more to enhance and build our customer proposition for new and existing members. There is a clear opportunity to develop a digital proposition which can transform our customers' experience. We also have the opportunity to accelerate growth in our insurance business where we have not capitalised on our potential. By investing in the business we have the opportunity to build a business delivering sustainable profit growth.

The strategic plan will be delivered in three phases as we test and iterate new digital propositions and open up our Insurance offering. It will be underpinned by improving our operations, service, and culture. By phase three, we will fully utilise our data and digital offering to deliver connected, integrated Roadside and Insurance propositions that will give us a strong competitive advantage. Segmental reporting of the AA plc Group and the Holdco Group is now split into two segments which reflect this split (see "*Presentation of Financial and Other Information*").

Management believe that we remain on course to deliver on all aspects of the strategy.

Our Strategic Objectives

The objectives of the strategic plan are to deliver targeted investment in our people, our products, our systems and operations. We are building on the solid foundation that our investments since the IPO have created, and addressing the challenges we face. The objectives are: (i) innovate and grow Roadside; (ii) accelerate growth in Insurance; (iii) restore operational and service excellence; and (iv) create a high performance culture.

Innovate and grow Roadside

The strategy builds on a strong base. Since the IPO, we have increased paid new membership by 23% and improved retention by 3%. Our service ethos and dispatch system are strong. The foundations of our digital development are in place and our core membership IT system is well advanced. Online sales are also up by more than a third since the IPO.

Roadside initiatives

1. *Connected Car*

We are uniquely positioned to play a central role in shaping the way the market reacts to emerging trends, such as connected car, electric and hybrid vehicle growth and changing ownership models. We believe these present opportunities for the AA and are already advanced in our connected car development. Our implementation will mean that we are not simply layering digital onto the organisation, but actively embedding it deeply into our product set and operations. Connected car is expected to transform our Roadside offering by driving real benefits for customers as well as reducing costs. The AA's prognostic expertise and new products will enable us to move from reacting to breakdowns to predicting, preventing and protecting customers against them.

Our trial and experience, since launch of Car Genie in August 2017, demonstrates the potential to predict up to one third of breakdowns. Such digital products will appeal strongly to younger customer segments and continue to strengthen already significant app engagement. They have also attracted significant interest from our business-to-business partners and we are exploring ways to leverage these products with them. During the year ending 31 January 2019, we intend to invest in rolling out Car Genie to tens of thousands more of our customers, allowing a larger-scale test of its impact on membership retention, operational benefits and distribution models. This will lead to the offering of a fully integrated, connected membership proposition. Following this, we plan to extend the rollout to include business-to-business partners and connected insurance propositions, and to drive mass adoption. The foregoing is based on current estimates and intentions and is subject to change.

2. *Growing our base with younger segments*

In addition to our traditional 50-year plus core demographic, we are now marketing to a younger base. We have already grown in younger customer segments over the past 12 months, but there is clear room for further growth in these under-penetrated age groups. We will appeal to the needs of younger customers for a breakdown service to be simple, easy and digital through our innovative new products.

3. *Digital adoption*

Our breakdown app is highly successful and already over one third of our members have registered for it. The app simplifies the breakdown experience and 20% of consumer member breakdowns no longer involve a call as they are reported directly through the app or online. We will build on this to appeal to new customer segments and engage them in our app as a portal to a wider set of services and benefits, while reducing call centre costs. The app is crucial to making the AA more relevant in the lives of our members and driving loyalty through membership benefits. Our app engagement programme is designed to expand the number of users who log in regularly and grow the number of users of our member services and benefits programme from its current level of more than 100,000 per month.

4. *Membership systems investment to drive retention*

We will invest in new systems to strengthen membership retention, increasing the sophistication of our retention activities. This will include the full implementation of the brand new membership IT system, including the Customer Relationship Management (CRM) system. Our 'Stay AA' reactive customer retention proposition continues to be effective, with an all-time high save rate of 72%, up from 57% at launch in 2014, and a discount rate at an all-time low of 22%, down from 35% at launch.

We believe these actions can continue to increase retention. Our intention remains to aim for a return to membership growth, to increase the number of members registered on the app. Connected with this, we are also targeting a reduction in breakdowns reported through contact centres.

Accelerate growth in Insurance

The AA's Insurance business has fundamental strengths and we have a significant opportunity to accelerate growth over the next five years. Progress to date has been successful, particularly in returning the motor book to growth, but we believe that with further investment in both our broker's pricing agility and AA plc's in-house underwriter, we can accelerate that growth. The initiatives in place to achieve this are as follows:

- Broaden footprint by targeting new customers who have never been members of the AA and younger drivers.
- Develop more competitive pricing through greater agility from investment in Insurer Hosted Pricing and improved customer analytics.
- Integrate digital and Connected Car products and data across businesses to provide a leading customer offering through its simplicity and as a one-stop-shop for motoring needs.

We have significant scope to sell insurance to Roadside members (only 9% of our 3.3 million personal member base have AA motor insurance) as well as non-members (whom we have not targeted in the past). We will build on our brand consideration, which is the highest in motor insurance, and our valuable data and analytics. Growing the underwriter will require solvency capital, half of which we can fund from the profits of the underwriter. A further £20 million to £25 million will be funded from the existing cash resources of AA plc as at 31 January 2018.

Investors should note that the insurance unwriting business described above does not form part of the Holdco Group, but is discussed as we believe the underwriting complements the insurance brokerage business that sits within the Holdco Group. The Holdco Group has two authorised insurance underwriting companies in the UK. However, these companies have no live policies and are now in run-off.

Restore operational and service excellence

Building resilience into our operations and service will enable us to achieve more consistent service delivery. We plan to improve customer service at peaks in demand and decrease our reliance on third party garaging. We believe that investment in the front line, including additional patrols and call centre agents, will give us the resilience we need to achieve consistent service levels. In addition, our new leadership team is conducting a management restructuring and has plans to improve efficiency and we are reviewing ancillary sales performance.

The measures to be undertaken in the year ending 31 January 2019, are intended to build a more resilient base for improving both service and cost. This includes the following targets: improving consistency of call-to-arrive times, increasing consistency in call handling and achieving a growth in ancillary sales.

Create a high-performance culture

Driving a culture of high performance will be critical to realising our strategy because our people are a key enabler of our business. Our three year planning process will focus on delivery, clear accountabilities and embedding operational improvements. Key drivers will be greater agility and improved listening and engagement.

Capital and operating expenditure

The last leg of the IT transformation relates to the roll-out of the membership system and CRM to our existing members. We have committed to slowing the pace of the final implementation phase of the IT transformation to mitigate the risk of management stretch and to ensure adequate impact assessments are undertaken. We expect the balance of the original IT transformation programme to cost an additional £35 million, with £31 million incurred in the year ending 31 January 2019 and the balance of £4 million in the following year.

Capital expenditure to drive growth of £19 million in the year ending 31 January 2019 relates to the investment required to position the AA for growth. This includes the enhancement of our Roadside digital capability, additional investment in IHP and new systems to support the growth of the underwriter. It also includes our planned investment in connected car of approximately £7 million per year over the next three years. We currently expect growth capital expenditure to be £25 million and £29 million for the financial years ending 31 January 2020 and 2021 respectively.

We currently expect maintenance capital expenditure to be stable at £55 million per annum over the next three years. This includes additional IT maintenance spend given the increased sophistication and scale of our requirements. It also includes around £25 million a year of vehicles funded by finance leasing, net of proceeds from the sale of fixed assets.

As well as the capital expenditure investment, we currently expect an additional operating expenditure of £26 million for the financial year ending 31 January 2019 to support the new strategy.

Figures relating to capital and operating expenditure are based on current estimates and assumptions and may ultimately be significantly lower or higher, depending on a range of factors.

The above expectations in respect of capital and operating expenditure were reported in respect of the AA plc Group, rather than the Holdco Group. However, we believe they are equally as relevant to the Holdco Group given the overarching benefits that will arise from capital and operating expenditure in respect of the wider AA plc Group.

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, who by that time had begun to wear uniforms, were recognised across England and Scotland. In the early years, agents and repairers, appointed by the AA, assisted drivers in identifying journey routes and began inspecting and classifying hotels. Following the First World War, the patrol service began to use motorcycles equipped with tools, spare parts and fuel in making roadside repairs.

By 1939, the AA had 725,000 policyholders ("**personal members**") who subscribed for roadside assistance cover through membership agreements; this was equivalent to 35% of the two million cars then on the road. By 1950, the AA had reached the milestone of one million personal members.

The AA launched its Insurance Services business in 1967, enabling motorists to take insurance cover from an organisation with which they were familiar and that they could trust.

During the 1970s and 1980s, the AA introduced four-wheeled patrol vehicles and guaranteed transport of broken-down vehicles and their drivers to their final destination. It also began to develop business-to-business relationships, whereby its roadside assistance service would be offered to the customers of car manufacturers, fleet and leasing companies and financial service providers as a complementary service ("**business customers**").

The AA began offering its own non-insurance, financial services products in 1980. These were extended to include savings accounts, unsecured loans, credit cards and life insurance policies.

The AA driving school was launched in 1992.

In 1999, AA members voted to demutualise and join the Centrica Group.

In October 2004, the AA was acquired from Centrica by the private equity groups CVC and the Permira Funds. In 2007 it was brought under common ownership with Saga (which was owned by private equity group Charterhouse) through the Acromas Group. Until June 2014, the AA operated as a subsidiary of the parent company Acromas.

The AA launched its Home Emergency Services operations in 2010. In line with the AA's recently announced strategic focus on Roadside and Insurance, on 29 November 2017, the AA announced the sale of its Home Emergency Services consumer policy book to HomeServe.

On 26 June 2014, the ordinary share capital of AA plc was admitted to the standard listing segment of the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange (the "**IPO**"). On 28 January 2015, the listing category of all of AA plc's ordinary shares was transferred from the standard listing segment to the premium listing segment of the Official List of the UK Listing Authority.

In July 2015, we relaunched our Financial Services business in partnership with the Bank of Ireland and in January 2016 the AA plc Group launched its own in-house insurance underwriter.

On 11 August 2016, we completed the sale of AA Ireland, our Irish business.

On 29 November 2017, the AA announced the sale of its Home Emergency Services consumer policy book to HomeServe and on 1 October 2017, the company assumed control of Used Car Sites Limited ("**UCS**"), the AA's partner on AA Cars, an online used car sales platform, for a consideration of £26 million. On 1 March 2018, the AA completed the purchase of the entire share capital of UCS.

On 21 February 2018, we announced our new strategy. See " *– Strategic update – unlocking the full potential of the AA*".

Our products and services

We have built a market-leading consumer and business roadside assistance service. In line with the focus of our new strategy, our products and services are split into two distinct divisions, Roadside and Insurance. Roadside consists of Roadside Assistance and Driving Services. Insurance consists of Insurance Services and Financial Services. In addition, the AA plc Group offers Insurance underwriting, which complements the Holdco Group's insurance broking business. For the purposes of the discussion below, we split these areas into Roadside Assistance, Driving Services and Insurance Services, and include some discussion of AA plc's in-house underwriter (although the in-house underwriter does not form part of the Holdco Group). In August 2016 we successfully completed the sale of our standalone business in Ireland, which broadly replicated the operations and activities of our UK operations.

Roadside

Our Roadside division generated trading revenue of £813 million, or 86% of our total group trading revenue, and Trading EBITDA of £322 million or 82% of our total group Trading EBITDA, including total head office costs of £46 million, for the year ended 31 January 2018.

Roadside Assistance

For the twelve months ended 31 January 2018, Roadside Assistance generated £747 million, or 92% of our total Roadside trading revenue and £346 million Trading EBITDA, before allocation of Roadside head office costs. As of 31 January 2018, we had approximately 13.2 million Roadside Assistance customers, consisting of approximately 3.3 million paid personal members and approximately 9.9 million business customers.

We are the leading provider of roadside assistance across the UK, with approximately 2,900 dedicated patrols reaching an average of 10,000 breakdowns each day during the year ended 31 January 2018. Our patrols are trained to assess and repair a multitude of vehicle malfunctions at the roadside. In the year ended 31 January 2018, our patrols successfully repaired approximately 84% of breakdowns at the roadside.

Our Roadside Assistance service offers 24-hours a day cover for cars, motorbikes, caravans, and vans. Our national network of AA-branded patrols attends almost 90% of breakdowns directly. A network of third-party garages provides us with flexibility during peak demand and serves the remaining proportion of breakdowns. Our patrols respond to a variety of issues on the roadside. In the year ended 31 January 2018, we responded to 3.7 million breakdowns, of which approximately 17% related to tyres and 17% were caused by faulty batteries. Overall, a significant amount of breakdowns arose from errors on the part of drivers, for example, using the wrong fuel or losing keys and less than 10% arose from engine failure.

Our roadside assistance business partners include car manufacturers, such as Jaguar Land Rover, Ford, Volkswagen (including Audi), Bentley and General Motors, fleet and vehicle rental companies, such as Lex Autoleasing, BT Fleet and Enterprise, and financial institutions, specifically, members of the Lloyds Banking Group and TSB, that offer our products as services to their own customers as complementary "add-ons" ("**Added Value Accounts**").

Personal members

Our personal member business operates a membership-based pricing model in which personal members are charged a fixed annual fee for roadside assistance. Our personal members can then choose to increase their levels of cover to include Homestart (Home service), Relay (Recovery service) and Stay Mobile (Replacement vehicle/transfer/accommodation service). In addition, we recognise tenure through our Silver and Gold tiers, offering further and additional benefits to more loyal members.

Our personal membership base has historically featured relatively high renewal rates, which typically increase with the tenure of membership, reflecting the quality of our service and the trust in the AA brand. The current average tenure of our paid personal membership base is approximately 12 years and approximately 36% of our annual paid personal members have maintained their roadside assistance cover for over 10 years.

On average, our personal members require assistance for a vehicle breakdown once every two years, benefitting from their membership on a regular basis.

Business customers

We have approximately 9.9 million business customers, which are split across four categories:

- *Added Value Accounts*: The AA provides breakdown cover to Lloyds Banking Group and TSB customers as part of the package of benefits associated with their premium accounts. We have an exclusive relationship with the Lloyds Banking Group, which is one of the largest UK-based banking groups, covering Lloyds, Halifax and the Bank of Scotland. We provide cover to around half of the Added Value Account and banking markets.

- *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 25 of the leading car manufacturers operating in the UK market, many of which have been in place for over 10 years. Our well-established relationships with these car manufacturers are founded on our ability to provide them with statistical data on vehicle faults and performance information. For the year ended 31 January 2018, we have a share of 63% of the new car manufacturer breakdown market. A list of our significant business partners is set out below. Since the year end 31 January 2018, the AA has renewed and extended its contract with Jaguar Land Rover Automotive PLC, Volkswagen AG, Groupe PSA, Ford Motor Company and MG Motor UK Limited. In addition, the AA has recently won a contract with Scottish Power.

- *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. We provide cover to approximately 61% of the 50 largest fleet and leasing companies.

- *Insurance*: We provide cover to customers of the Saga Group.

The following table highlights some of our current business partner relationships:

Business Partners	Type of Customer
Lloyds Banking Group	Added Value Accounts
TSB	Added Value Accounts
Audi	Car Manufacturer
General Motors	Car Manufacturer
Ford	Car Manufacturer
Peugeot/Citroen	Car Manufacturer
Honda	Car Manufacturer
Jaguar Land Rover	Car Manufacturer
Porsche	Car Manufacturer
Toyota	Car Manufacturer
Volkswagen	Car Manufacturer
BT Fleet	Fleet/Leasing Company
Enterprise	Fleet/Leasing Company

Business Partners	Type of Customer
GE Capital	Fleet/Leasing Company
Lex Autoleasing	Fleet/Leasing Company
Northgate	Fleet/Leasing Company
Saga	Insurance Company

Our business partners typically enter into contracts with us for a duration of three to five years, with the option to extend the term of the contract. We have limited concentration among our business partners, with our top 10 business partners accounting for 16% of our total trading revenue for the year ended 31 January 2018. Following the expiration of this initial period of manufacturer cover, we are able to increase our personal member base by offering former business customers the opportunity to join the AA at an exclusive, promotional rate.

Additional Roadside Assistance Services

Further product options available to members include European Breakdown Cover, for personal members travelling in mainland Europe and Breakdown Repair Cover, which works together with our primary roadside assistance service to help reduce repair costs following a breakdown. 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 (of which battery sales is the largest), tyre replacement, removal of the wrong fuel from a vehicle, provision of specialised locksmith skills and delivery of a rental car when local repair cannot be arranged.

Member Services

We offer a number of driving-related products and services, which are reported under the Roadside Assistance segment. We earn revenue from the use of AA-branded road traffic signs for use at events, other "car-related products" (including high visibility vests, jump leads and AA-branded maps) and our hotel and restaurant inspection and rating service.

Consistent with our strategy to capture more of the overall UK motoring market, we are developing new products and partnerships, including our acquisition of 100% of the AA Cars platform, which completed in March 2018. The acquisition enables AA Cars to fully utilise the AA brand and distribution platform, thereby, allowing the business to generate additional revenue from existing channels such as car advertising listings, car financing and ancillary sales.

Driving Services

Our Driving Services segment generated trading revenue of £66 million, or 8% of Roadside trading revenue, and Trading EBITDA of £22 million, before allocation of Roadside head office costs.This segment consists of the AA Driving School and the British School of Motoring ("**BSM**"), which are the two largest driving schools in the UK, and DriveTech, which provides driver education and training programmes.

Driving Schools

The AA Driving School is the largest driving school in the UK. In 2011, we acquired BSM, which is the oldest driving school in the country and continues to operate under its own brand. The AA Driving School and BSM are market leaders in a fragmented market, with a combined market share of total UK driving pupils estimated at approximately 9%. Both the AA Driving School and BSM offer driving lessons and instructor training through a franchise model. In the twelve months ended 31 January 2018, the AA Driving School and BSM provided driving lessons to approximately 84,000 pupils through around 2,700 instructors. The majority of revenue from the driving schools comes from weekly franchise fees paid by instructors, who in return receive 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. We are developing our strategy to increase the options and flexibility available to driving instructors to improve our retention of franchisee instructors.

DriveTech

DriveTech, one of two market leaders providing driver education courses, has a business model specifically designed for commercial and professional drivers. It became part of the Holdco Group in 2009 and is split into DriverAware, which accounts for the majority of revenue in this segment, and FleetSafe. DriverAware delivers educational driver awareness schemes to members of the public as an alternative to incurring points on their licence. We currently have contracts for the provision of speed awareness courses with 11 of the 45 police forces in the UK. FleetSafe provides training to coach and lorry drivers on fleet management best practices, Commercial and Passenger Vehicles under long-term services contracts, and provides a licence-checking service.

Insurance

Our Insurance division generated trading revenue of £133 million, or 14% of our total group trading revenue, and Trading EBITDA of £71 million, or 18% of our total Trading EBITDA, including total head office costs of £8 million, for the year ended 31 January 2018. As of 31 January 2018, we had 1,447,000 motor and home policies in force and an average income per policy of £74.

As insurance broker, we offer Motor, Home, Travel and Other Insurance policies to both roadside assistance personal members and non-members. We act as a broker for insurers, selling policies to customers for the insurance underwriters on our panel including the AA plc Group's in-house underwriter.

- *Motor Insurance*: Motor is the largest insurance product for the AA by revenue and we had approximately 629,000 policy sales for the 12 months to 31 January 2018. Under Motor Insurance, the three main product categories are as follows:
    - *Insurance products*: We offer a number of Motor Insurance packages from comprehensive cover to third party, fire and theft.
    - *Telematic products*: We also offer telematic products, which use data collected from an in-car device to assess a driver's specific driving characteristics. Insurers can then more accurately assess the risk profile of the driver and produce a fairer premium, the benefit of which is ultimately passed on to the customer.
    - *Optional extras*: We also offer optional extras, such as motor legal assistance, excess protection, car hire and a car accident plan.

  We grew our motor book by 6% in the last financial year, benefitting from incremental sales and renewals through AA plc Group's in-house underwriter, which continues to perform ahead of expectations. We did well to achieve stable retention despite the challenges of the new renewal pricing transparency regulations from April; the impact of the Ogden rate[4] change on cost of premiums, therefore driving churn and the IPT increases. We benefitted from improved pricing agility following the installation of IHP with five our motor panel members, including our underwriter. This has enabled us to price more competitively and convert a greater proportion of quotes on PCWs. As of 31 January 2018, approximately 50% of our Motor Insurance customers were also personal members, but only 9% of our personal members had purchased our Motor Insurance cover, showing the potential for growth in this area.
- *Home Insurance*: Home is our second largest insurance product by revenue and we had approximately 818,000 policy sales for the 12 months to 31 January 2018. We offer two Home Insurance products: AA Buildings Insurance and AA Contents Insurance. Customers can also purchase a number of add-on products, the largest of which are Home Emergency Cover and Home Legal Expenses. As of 31 January 2018 approximately 32% of our Home Insurance customers were also personal members, but only 4% of our personal members had purchased our Home Insurance cover, showing the potential for growth in this area.
- *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 1% of our total revenue for the year ended 31 January 2018.

The AA plc Group launched its own insurance underwriter in January 2016 to participate on our Motor Insurance panel. The insurance underwriter is using its understanding of members to effectively price risk in underwriting insurance. Home insurance cover was launched in August 2016.

We use a diverse panel of third party underwriters for both Motor and Home Insurance, including many of the UK's major insurance underwriters. We are dedicated to monitoring and improving the performance of the panel and regularly assess panel share and underwriting results for each participant. At 31 January 2018, the Motor Insurance panel consisted of 13 underwriter schemes and the Home Insurance panel consisted of 16 underwriter schemes, including, for both, the AA plc Group's in-house underwriter.

[4] The Ogden rate is used by courts to help determine the quantum of lump sum awards for personal injury claimants. In September 2017 the UK government announced that the Ogden rate will be increased; it is anticipated that this will lead to a reduction in the quantum of lump sum awards and consequently a reduction in the premiums paid by drivers.

Financial Services

In 2015 we relaunched our Financial Services offering through our 10-year exclusive partnership with the Bank of Ireland. Our partnership currently offers AA-branded credit cards, loans, savings and mortgages to both AA Members and non-members. As at 31 January 2018, we had 142,000 Financial Services products across our credit cards, personal loans and savings portfolio. This represents a balance sheet of approximately £400 million of liabilities, broadly matched-funded by deposits. The AA membership base and brand are benefitting the business with over 17% of the non-ISA savings book held by members and 39% of our personal loans being written for vehicles.

Home Services

On 29 November 2017, the AA announced the sale of its Home Emergency Services consumer policy book to HomeServe. The transaction completed in early 2018 and aligns with the AA's strategic focus on Roadside and Insurance. Under the terms of the agreement, HomeServe will acquire approximately 70,000 consumer policies which will migrate from May 2018. HomeServe will operate under the AA brand for the next three years. The AA will continue to provide Home Emergency Services cover for its business customers via its banking relationships and as add-ons to other home insurance policies. Approximately 70 plumbing and gas engineers will transfer to HomeServe.

Insurance underwriting

In January 2016, the AA plc Group launched its own underwriting business to complement the Holdco Group's existing brokerage operations. It has become common over the past few years for brokers in the markets for motor and home insurance to set up their own in-house underwriters. The AA plc Group's underwriter participates on our Holdco Group's broking panels for home and motor insurance and competes with third-party underwriters for the underwriting risk. The AA plc Group's insurance underwriter can price risk effectively by accessing the Holdco Group's proprietary data on personal members, which directly benefits Holdco's Insurance Services business. The AA plc Group mitigates its underwriting risk with high levels of reinsurance.

The Holdco Group has two authorised insurance underwriting companies in the UK; however, these companies have no live policies and are now in run-off.

Employees and Locations

During the year ended 31 January 2018, our employees worked in the following teams and departments:

Department	Locations	Average number of employees
Road Operations	Oldbury & Basingstoke	4.422
Call Centres	Cheadle & Newcastle	1,654
Group database, management information and pricing	Basingstoke & London	86
Marketing	Basingstoke & London	338
Driving Services	Basingstoke	253
Head office	London	424

Dividends and Dividend Policy

The Board of AA plc has changed its policy on dividends as a result of the investment outlined as part of the strategy update, and the operation of the dividend gating covenant under the Whole Business Securitisation debt structure ("**WBS**"). The release of cash from the WBS to the AA plc level can only be permitted providing the senior leverage ratio (the Class A Notes and Senior Term Facility), after payment, is less than 5.5x and providing there is sufficient excess cash flow to cover the payment. As at 31 January 2018, there was available cash of £79 million at the AA plc level, outside of the WBS which will be used to fund AA plc dividends and future additional regulatory capital for AA plc's in-house underwriter, as well as any operating expenses directly incurred by AA plc.

The AA plc board declared a full year total dividend of 5p per share for the year ended 31 January 2018 which was down from 9.3p for the year ended 31 January 2017, reflecting the decline in overall business performance. As part of the announcement of the new strategy on 21 February 2018, it was also stated that the AA plc dividend would be 2p per share from the year ending 31 January 2019 until such time that the AA plc Board is satisfied that the profit and free cash flow enable a further change in policy.

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 EU member states including the UK, including "AA", "The 4th Emergency Service", "BSM" and "DriveTech". We have entered into co-existence agreements with certain counterparties to regulate the use of the "AA" trademark and colour scheme within the UK and elsewhere. Our brand constitutes a significant part of the value of the Holdco Group. 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 a new entrant. 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 the Directors believe are of importance to our operations. All of the following are located in the UK.

Location	Use of facility
2nd and 8th Floor, 90 Long Acre, London WC2E 9RA	Head office and Back Office
Fanum House, Basingstoke, Hampshire RG21 4EA	Back Office
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
15th, 16th and 17th Floor, Capital Tower, Blackfriars Road, Cardiff CF10 3AE	Sales and Administration Call Centre
Six Hills, Melton Mowbray, Leicestershire	Training Centre

Employees and Pension obligations

As of 31 May 2018, approximately 59% of the Holdco Group's employees were members of the IDU, which is the only formal trade union that we recognise. 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 industrial dispute activities among our patrols or administrative and call centres in recent years and we believe that we have a positive relationship with our employees. The average monthly number of persons employed under contracts of service was:

	Year ended 31 January		
	2016	**2017**	**2018**
Operational	6,620	6,266	6,028
Management and Administration	1,240	1,176	1,149
	7,860	**7,442**	**7,177**

On 7 March 2018, the Group received notification that former Executive Chairman, Bob Mackenzie, who was dismissed for gross misconduct on 1 August 2017, had on March 6 2018 issued a Claim Form in the High Court, Chancery Division against AA plc, its subsidiary Automobile Association Developments Limited and personally against a number of their directors and the former Company Secretary. The Claim Form seeks a permanent injunction to retain his MVP shares and up to £225 million in damages. As this litigation is active at the date of signing these financial statements, the Board have considered any potential financial impact. The Group has not made a provision for these amounts as the Group expects to be successful in rigorously defending these claims. However, the Group will incur legal costs of approximately £1 million to defend these claims during the next two financial years which it would seek to recover from Bob Mackenzie when the litigation concludes.

Pensions and post-retirement medical

The AA plc Group operates two defined benefit pension schemes: (i) the AA Pension Scheme (the "**AA UK Pension Scheme**") and (ii) the AA Ireland Pension Scheme (the "**AA Ireland Pension Scheme**"). We also operate an unfunded post-retirement medical scheme (the "**AAPMP**") to provide private healthcare cover to certain categories of retired AA pensioners and their dependents.

AA UK Pension Scheme

The AA UK Pension Scheme was closed to employees who received offers of employment from 1 October 2016 and the final salary sections of the scheme were closed to future accrual work effect from 30 June 2017. The remaining members of the AA UK pension scheme accrue future service benefits in the CARE section.

The valuation of the AA UK Pension Scheme pension deficit is £188 million under IFRS as at 31 January 2018. The last triennial actuarial valuation for this scheme was carried out as at 31 March 2016, reporting a funding deficit of £366 million. The valuation before that was carried out as at 31 March 2013 ("**2013 Valuation**").

In November 2013, in conjunction with agreeing the 2013 Valuation, we implemented an asset-backed funding scheme (the "**ABF**") with the AA UK Pension Trustee. The ABF provides the AA UK Pension Scheme with an inflation-linked income stream over 25 years. The ABF is intended to address the funding deficit disclosed in the 2013 Valuation over a 25-year period.

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, the AA UK Pension Trustee has been granted first-ranking security up to a value of £200 million (through the ABF structure) over our brands. Following the valuation as of 31 March 2016, a nine-year plan of incremental funding is now also in place, taking into account the continued funding of the previous deficit.

However, neither the ABF nor the nine-year plan guarantee that the funding deficit with respect to the AA UK Pension Scheme will not increase in the future and this may result in materially higher payments being required to be paid to the AA UK Pension Scheme to address such increased deficit. In the year ended 31 January 2018, the Holdco Group made deficit reduction payments of £21 million.

AA Ireland Pension Scheme

The AA Ireland Pension Scheme is much smaller than the AA UK Pension Scheme, with assets of approximately £43 million and a funding deficit of £7 million under IFRS as at 31 January 2018. It is closed to new entrants and future accrual of benefits. Following the sale of AA Ireland, the Holdco Group continues to retain the AA Ireland Pension Scheme, having transferred it to an English subsidiary, AA Corporation Limited.

Post-retirement medical scheme

The AAPMP is an unfunded post-retirement medical scheme, which is a defined benefit scheme that is not open to new entrants. As of 31 January 2018, the AAPMP showed a liability of £45 million under IFRS.

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 on 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 insurance, which is required under the FCA regulatory regime).

We believe our 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, as well as non-ordinary course litigation with respect to legal proceedings brought against us by our former Executive Chairman, Bob Mackenzie following his dismissal for gross misconduct. 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

In the UK there are two main financial services regulators, the PRA (which broadly regulates banks and insurers from a prudential perspective) and the FCA (which regulates all firms from a conduct perspective as well as insurance intermediaries and investment firms from a prudential perspective).

The majority of the regulated business of the Holdco Group is UK insurance intermediation business carried on through Automobile Association Insurance Services Limited ("**AAISL**"). AAISL also has permission to undertake certain consumer credit and consumer hire business. AAISL is currently subject to limited minimum capital requirements (the higher of £5,000 and 2.5% of annual income from its regulated activities). AAISL has capital resources in excess of its minimum capital requirements. The Board of AAISL has independent Non-Executive Directors to ensure that AAISL continues to operate independently and responsibly.

AA Financial Services Limited ("**AAFSL**") is authorised by the FCA to undertake certain insurance mediation activities, provide credit brokerage services and to arrange for UK customers to enter into regulated mortgage contracts with the Bank of Ireland. The Holdco Group has entered into a 10 year contractual arrangement with the Bank of Ireland.

The Holdco Group has two authorised insurance underwriting companies in the UK, AA Underwriting Limited ("**AAUL**") and Automobile Association Underwriting Services Limited ("**AAUSL**"). These companies have no live policies, AAUSL is now in run-off and AAUL has been completely run-off.

Automobile Association Developments Limited ("**AADL**") 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. AADL, which forms part of the Holdco Group, and First Utility Limited ("**FUL**") conduct certain insurance intermediation activities, predominantly in the UK, as appointed representatives of AAISL.

For further details on the regulatory regime affecting the Holdco Group, including the potential impact of Brexit, see "*Regulatory Overview*".

Material Contracts

Business partner agreements

For the year ended 31 January 2018, our ten largest business partners accounted for 16% of our total trading revenue, of which the single largest partner is Lloyds Banking Group. See "*Risk Factors—Risks relating to our Business and Industry. Our business relies on key contractual relationships with certain business customers, and the loss of any such business customers could have a material adverse effect on our business, prospects, financial condition and results of operations*."

Umbrella Services Agreement

The Amended and Restated Umbrella Services Agreement dated 31 March 2014 is between AA Intermediate Co Limited ("**AAIL**"), Saga Limited ("**Saga**") and various members of their respective groups and took effect from

1 February 2013 ("**Umbrella Services Agreement**"). The Umbrella Services Agreement was entered into in connection with the separation of the AA from Acromas and Saga in order to ensure continuing operation of the necessary business functions required for the Holdco Group and for the Saga Group.

There are also a number of specific additional contracts in place for the provision of services between various members of the respective groups ("**Additional Contracts**"), including in particular relating to the provision of underwriting by AICL, a member of the Saga Group, for various Holdco Group products, such as Motor Insurance, Home Insurance, and European Breakdown Cover.

The Umbrella Services Agreement provides that in circumstances where AICL is the sole underwriter of the AA product (rather than being a member of an underwriting panel), the net rates provided by AICL will be set with the objective of achieving a 3% return on premiums net of underwriting expenses, unless otherwise agreed in an Additional Contract.

The services provided under the Umbrella Services Agreement may only be terminated on at least six months' notice. Termination may be immediate in the case of material breach or insolvency, provided that in the event of appointment of an administrator or administrative receiver to a member of the Holdco Group, Saga may not terminate as a result of such appointment provided the members of the Holdco Group continue to pay for services on the due date and perform their obligations. The services provided under the Additional Contracts may only be terminated on at least six months' notice, without prejudice to any rights in the Additional Contracts to terminate early for matters such as material breach or insolvency.

The Umbrella Services Agreement contains restrictions on both the Holdco Group and the Saga Group in relation to the use and disclosure of data provided to them pursuant to the Umbrella Services Agreement and the Additional Contracts, including in relation to data provided by AICL to the Holdco Group in relation to products underwritten by AICL as part of an underwriting panel.

REGULATORY OVERVIEW

Introduction

The majority of the regulated business of the Holdco Group is UK insurance intermediation business carried on through Automobile Association Insurance Services Limited ("**AAISL**"). AAISL also has permission to undertake certain consumer credit and consumer hire business. AA Financial Services Limited ("**AAFSL**") was recently authorised by the FCA to undertake certain insurance mediation activities, provide credit brokerage services and to arrange for UK customers to enter into regulated mortgage contracts with the Bank of Ireland. The Holdco Group has entered into a 10 year contractual arrangement with the Bank of Ireland. There is also a small amount of regulated insurance business within the Holdco Group written by AA Underwriting Limited ("**AAUL**") and Automobile Association Underwriting Services Limited ("**AAUSL**"), although both of these companies are now in run-off. Automobile Association Developments Limited ("**AADL**") 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. AADL, which forms part of the Holdco Group, and First Utility Limited, an independent entity that is not within the AA plc Group ("**FUL**"), conduct certain insurance intermediation activities, predominantly in the UK, as appointed representatives of AAISL. At the AA plc Group level, AA Underwriting Insurance Company Limited ("**AAUIC**") is authorised by the Gibraltar Financial Services Commission (GFSC) and conducts certain insurance activities in the UK through its Solvency II passporting rights on a cross-border services basis. AAUIC is one of the firms on the panel of underwriters for the insurance brokerage business we carry out within the Holdco Group, but is not part of the Holdco Group itself and conducts business with the Holdco Group on an arm's length basis.

General

Regulation of the financial services industry in the UK is set out in the Financial Services and Markets Act 2000 ("**FSMA**") which requires providers of financial services in the UK to be authorised and regulated by the relevant regulatory authority. The relevant regulatory authorities in the UK are the Prudential Regulation Authority (the "**PRA**") and the Financial Conduct Authority (the "**FCA**"). 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, consumer credit and hire business, 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/or the 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, insurance intermediary, mortgage intermediaries and consumer credit businesses undertaken within the Holdco 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**"), the Senior Management Arrangements Systems and Controls Sourcebook, the Consumer Credit Sourcebook, the Mortgage Conduct of Business Sourcebook ("**MCOBS**") 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 UK 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. In particular, the PRA and the FCA must consider 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 an insurer's 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 Holdco Group contains two UK authorised insurance underwriting companies, AAUL and AAUSL. These companies have no live policies, AAUSL is now in run-off and AAUL has been completely run-off. 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. The AA plc Group also includes AAUIC, which is authorised and regulated by the GFSC and conducts certain insurance activities in the UK through its Solvency II passporting rights on a cross-border services basis. However, there is some uncertainty as to whether these rights will survive following the exit of the United Kingdom from the European Union. See "*—Brexit*" below.

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 of the 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 Holdco Group contains two insurance intermediary companies, AAISL and AAFSL, who are both authorised and regulated by the FCA. AAISL is subject to relatively limited minimum capital requirements (the higher of £5,000 and 2.5% of annual income from the regulated activities of the intermediary). AAISL and AAFSL have capital resources in excess of its minimum capital requirements.

Consumer Credit

Consumer credit and hire businesses are authorised and regulated by the FCA. They have to comply with certain conditions and requirements including those related to corporate governance, internal systems and controls, advertising, pre-contract disclosure, the form and content of agreements, post-contract disclosure, default and termination, and judicial control and enforcement. Failure to comply with certain obligations may amount to a criminal offence and/or result in the unenforceability of the underlying agreements.

The Holdco Group contains one consumer credit and consumer hire business, AAISL and one credit brokerage business AAFSL, who are both authorised and regulated by the FCA. 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 and insurance intermediaries.

Mortgage Intermediation Business

Mortgage intermediaries are authorised and regulated by the FCA, and have to comply with certain conditions and requirements including corporate governance and internal systems and controls. Mortgage intermediaries must also comply with the prescriptive requirements in MCOBS, which requires, amongst other things, a suitability assessment to be undertaken and information to be disclosed to potential borrowers. Failure to obtain authorisation by the FCA will result in the mortgage contract being unenforceable. However, the enforceability of the mortgage contract is not affected by non-compliance with MCOBS.

The Holdco Group contains one mortgage intermediation business, AAFSL, which is authorised and regulated by the FCA. 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 and insurance intermediaries.

AAFSL is subject to relatively limited minimum capital requirements (the higher of £5,000 and 2.5% of annual income from the regulated activities of the intermediary). AAFSL has capital resources in excess of its minimum capital requirements.

Appointed Representatives

AADL, which forms part of the Holdco Group, and FUL are appointed representatives of AAISL. AAISL is responsible for the acts and omissions of its appointed representatives in relation to the regulated activities it permits them to undertake. AAISL is under an obligation to monitor the activities of its appointed representatives to ensure that they act in accordance with their regulatory obligations and do not act beyond their agreed scope.

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. 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. The PRA adopts a form of continuous supervision while the FCA focuses on key risk posed by smaller firms and continuous supervision of larger firms.

The FCA has concurrent powers under the Competition Act 1998 to enforce the competition law prohibitions (including allegations of infringements of Chapter 1/Article 101 and Chapter II/Article 102) in relation to the provision of financial services. The FCA is also granted the powers to refer market investigation references to the Competition and Markets Authority ("**CMA**") for in-depth investigation if it identifies a feature or features of a market which give rise to potentially anti-competitive effects. The decision to bring a case ultimately rests with the CMA and will be resolved at that level.

Breakdown Insurance Exemption

AADL 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 UK 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. AADL currently benefits from this exemption and is not therefore required to be, nor is it, an authorised insurer for the purposes of FSMA.

The relevant conditions that must be satisfied in order to qualify for the exemption are that:

- the provider does not otherwise carry on any insurance business;
- the cover is exclusively or primarily for the provision of benefits in kind in the event of accident or breakdown of a vehicle; and
- the policy provides that the assistance:
    - takes the form of repairs to or removal of the relevant vehicle;
    - 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
    - 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 Persons and Senior Insurance Manager's Regime

UK based insurance mediation businesses, insurer businesses, consumer credit businesses and mortgage intermediation businesses are subject to the approved persons' regime, which requires individuals who carry on a controlled function to be pre-approved by the FCA or PRA. The FCA will only grant approval for persons it considers to be fit and proper. Once approved, the approved person will be subject to a code of conduct. Failure to comply with the code of conduct may result in disciplinary action being taken against the individual by the FCA (for example, fines, public censure, withdrawal of registration, etc.). Individuals who carry out controlled functions for insurance companies passporting into UK under Solvency II are typically approved by their local regulator, in particular AAUIC approved persons receive their approval from GFSC.

The PRA and FCA have recently enhanced their individual accountability framework for senior managers in UK insurers to take account of the requirements in Solvency II and to provide greater clarity about which individuals have ultimate responsibility for managing the business (known as the senior insurance manager's regime). Certain senior functions in the operation of an insurance business ("**approved functions**") may only be carried out by persons who are approved for such tasks by the FCA, PRA or both. The PRA and/or FCA will not grant approval status to an individual, unless it is satisfied that the individual has appropriate qualifications and/or experience and is "fit and proper" to perform those functions. These individuals are subject to certain conduct requirements. Failure to comply with the code of conduct may result in disciplinary action being taken against the individual. All relevant persons in the Holdco Group are appropriately registered with the PRA and/or FCA. As such, they are subject to certain ongoing obligations for which they are personally accountable to the PRA and/or the FCA. They are expected to be fit and proper persons, and they must satisfy standards of conduct that are appropriate to the role they perform. 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), as amended by the Omnibus II Directive (2014/51/EU), is an insurance industry directive adopted by the EU in November 2009 ("**Solvency II**"). It provides a new prudential framework for insurance companies. A corrigendum to the text of Solvency II was published in the Official Journal of the EU on 25 July 2014. The Omnibus II Directive was published in the Official Journal of the EU on 22 May 2014. Solvency II is based on the concept of three pillars: minimum capital requirements, supervisory review of firms'

assessment of risk, and enhanced disclosure requirements. It covers 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, cashflow and capital requirements are aligned more closely with economic capital methodologies and insurers may use standard capital models or make use of internal capital models subject to approval by the PRA. Solvency II is supplemented by more detailed level 2 implementing measures, binding technical standards and non-binding standards, guidance at level 3 and/or delegated acts.

Full implementation of Solvency II took place from 1 January 2016. 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. AAUL is currently subject to the Solvency II requirements and AAUSL will become subject to Solvency II requirements for the year ending 31 January 2020. We expect this to have a minimal impact on the capital requirements for AAUSL.

Brexit

On 23 June 2016, the UK held a referendum on its membership in the European Union ("**EU**"), in respect of which a majority of those who voted in the referendum voted in favour of the UK leaving the EU ("**Brexit**"). On 29 March 2017, the UK formally triggered Article 50 of the Lisbon Treaty and began the process of the UK formally leaving the EU.

As the UK government is still determining what relationship it will seek between the UK and the EU following Brexit, the potential impact of Brexit on the UK in general and on our business in particular is unclear. Among other things, it is unclear whether Gibraltar based insurers, including AAUIC which participate in AAISL's insurance underwriting panel, will continue to be able to access the UK market through Solvency II passporting rights. It is however noted that Gibraltar was included in the vote on 23 June 2016 and may be impacted by Brexit in a similar manner to the UK. In addition, a significant amount of EU law in matters ranging from employment law to data protection to competition and financial regulation is currently embedded in UK law either as a result of EU regulation directly applicable in the UK or from UK regulations implementing EU directives. Accordingly, it is also unclear what impact Brexit will have on the UK legal and regulatory landscape, which could in turn have a significant impact on the Holdco Group. See "*Risk Factors—Risks Relating to our Business and Industry—The exit of the UK from the EU may have a material adverse effect on our business, prospects, financial condition and results of operations*".

MANAGEMENT

AA plc

AA plc is a public limited liability company incorporated and existing under the laws of England and Wales with registered number 05149111. The address for all members of the board of directors of AA plc 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 plc as of 15 June 2018.

Name	Age	Position
John Leach	70	Chairman
Simon Breakwell	53	Chief Executive Officer
Martin Clarke	62	Chief Financial Officer and Company Secretary
Andrew Blowers	57	Senior Independent Director
Suzi Williams	50	Non-Executive Director
Cathryn Riley	56	Non-Executive Director
Steve Barber	66	Non-Executive Director

The business address for each of the Directors is Fanum House, Basing View, Basingstoke, Hampshire RG21 4EA.

The following is a summary of the business experience of the current board of directors of AA plc, other than those directors listed below under "—*The Issuer*."

John Leach, Chairman, joined AA plc in June 2014 as a non-executive director. He was appointed Senior-Independent Non-Executive Director on 13 November 2014. John has served on public company boards as either chairman, CEO or CFO for the past 35 years. He has considerable experience in turnaround situations in the industrial and service sectors sitting on the boards of, among others, Brent Walker (including William Hill and Pubmaster), Myson Group and Luminar. Most recently, John was CEO of Hermes UK Focus Funds and a supervisory board member of Dometic AB. John began his career as an articled clerk and subsequently as a Partner in a firm of chartered accountants. He is a Fellow of the Institute of Chartered Accountants and a Fellow of the Association of Corporate Treasurers.

Simon Breakwell, Chief Executive Officer, joined AA plc in September 2014was appointed as Acting Chief Executive on 1 August 2017 and was subsequently appointed as permanent Chief Executive Officer on 26 September 2017. Simon brings significant digital and travel experience to the role. He is currently a Venture Partner at TCV, one of the leading global mid cap funds and a Non-Executive Director of HomeAway Inc. Simon is also co-founder of Trover.com and an adviser to Hipmunk.com. Simon was a Founder of Expedia, a start-up within Microsoft, and he ran North American Operations. As President of Expedia International Inc, Simon started up and led the growth of the business in the Europe, Middle East, and Africa regions, including both the Hotels.com and Expedia brands. He joined Expedia as a main Board Director in 1996. More recently Simon was responsible for establishing the European operations for Uber.com.

Andrew Blowers, Non-Executive Director, joined AA plc in September 2014 and was appointed as Senior Independent Director on 1 August 2017. Andrew brings with him a wealth of experience in insurance and financial services. Andrew has established and sold several successful insurance operations during his 25 year career in the insurance industry, the last being the innovative online insurer Swiftcover, and he was previously an Executive Director of Churchill Insurance. In addition to his role with the AA he is currently a Non-Executive Director at Telecom Plus plc, business advisor for a specialist financial services PR company and a trustee of several charities. He has previously advised several private equity operations, the Consumers' Association and the Financial Ombudsman Service in relation to various insurance matters. Andrew was awarded an OBE in 2009.

Martin Clarke, Director, joined AA plc in June 2014 as an executive director as part of the Management Buy-in ("**MBI**") Team. Martin was appointed as Chief Financial Officer of AA plc on 19 December 2014. In addition, Martin focuses on investor relations and improving the capital structure of AA plc as well as responsibility for insurance underwriting. Martin has over 30 years of private equity experience, principally in the role of Partner and Global Head of Consumer for Permira which he joined in 2002. Prior to Permira, he worked at Cinven and Silverfleet, the private equity arm of Prudential plc. He has led a number of major transactions and has sat on the boards of several

major companies including New Look, Gala Coral and Galaxy Entertainment Group, which is listed on the Hong Kong Stock Exchange. He is currently the Company Secretary pending the arrival of Nadia Hoosen in July 2018.

Suzi Williams, Non-Executive Director, joined AA plc in October 2015. Suzi has extensive experience with consumer-facing companies and brands, and is a major asset to the AA Board and Company as we look to revolutionise the brand and build the business around our customers. Suzi is currently Group Marketing and Brand Director at BT Plc, where she has worked since 2006. Prior to that she was Commercial Development Director at Global Radio Group from 2004 to 2006 and has also held positions at Orange, KPMG Consulting, BBC Worldwide and Proctor & Gamble Europe.

Cathryn Riley, Non-Executive Director, joined AA plc on 28 February 2018. Cathryn has been a Non-Executive Director and Chair of the AA Group's insurance broker since December 2014 and will resign following the appointment of a further Non-Executive Director and a period of handover during 2018. Cathryn has a wide-ranging career covering insurance, customer services, IT, operations and human resources. She also holds non-executive roles at Equitable Life, International Personal Finance plc, Chubb European Group Plc and Chubb Underwriting Agencies Ltd. Cathryn was Group Chief Operations Officer at Aviva plc and a member of the Executive Committee. She was a management consultant at Coopers & Lybrand and General Manager of Transformation at BUPA.

Steve Barber, Non-Executive Director, joined the AA plc on 11 June 2018. Steve has almost 30 years' experience in accountancy, including as a senior partner with PricewaterhouseCoopers. He has been finance director of Mirror Group plc and holds non-executive positions at Domino's Pizza Group plc and Fenwick Limited. He is a member of the steering group of the Audit Quality Forum and a founder of The Objectivity Partnership. He was formerly a non-executive director of Next plc where he chaired the Audit Committee.

On 27 June 2018, we announced the appointment of Mark Brooker as Non-Executive Director of the AA plc with effect from 10 July 2018. Mark will also be appointed as a member of the Audit and Risk Committees on appointment. In addition, Nadia Hoosen has been appointed as General Counsel and Company Secretary and will join AA plc in July 2018.

Senior Management

Set forth below is information concerning the senior management of the AA plc Group as at 15 June 2018.

Name	Age	Position
Janet Connor	53	CEO for AAISL
Gareth Kirkwood	55	Managing Director, Roadside Services
Ollie Holden	45	Chief Information Officer
Helen Hancock	47	Human Resources Director

Below is a summary of the business experience of our senior management, other than those senior managers listed below under "*—The Issuer*."

Janet Connor, Insurance and Regulatory Conduct Director, joined the AA in August 2014. Janet has accountability for the AA Broking Operation as the CEO of AAISL. She has previously had executive responsibility for the AA's programme of restructuring and transformation, Human Resources and the new insurance underwriter. She is a Fellow of the Institute of Directors and has pursued a successful career in consumer financial services across retail banking and insurance. For the last ten years, prior to joining the AA, she has held board level appointments in large complex insurance companies.

Gareth Kirkwood, Managing Director, Roadside Services, joined the AA in November 2017. Gareth is responsible for ensuring AA provides the highest standards of service to our customers from their first contact and then throughout their lifetime with the AA. This includes personal members, business customers as well as the Customer Operations teams. Gareth has more than 20 years' experience in customer facing operational roles; including leading British Airways' Regional airline, World Cargo and Operations divisions, and senior customer operations roles within Telecoms, Marine and Travel businesses.

Ollie Holden, Chief Information Officer, joined the AA in November 2017. Ollie is accountable for defining and implementing the IT strategy for the Group, including the delivery of the Capex change portfolio, shaping the digital transformation of the Group, and provision of robust IT services to customers and employees. Ollie has more than 20 years' experience in leading IT and change. As a senior manager within Accenture, he led a number of IT

transformation programmes for financial services clients. He has held IT and change leadership positions at LV= and Talktalk, and has advised numerous companies on the improvement of their IT and change capabilities.

Helen Hancock, Human Resources Director, joined the AA in May 2012. Helen is responsible for delivering the people agenda for the Group and its functions, ensuring appropriate leadership and support is provided for each element of the human resources (HR) strategy. Helen is an attendee on both the AAISL and AA plc Remuneration Committees. Helen has over 20 years' experience working in HR in medium and large corporate organisations. Prior to joining the AA, Helen worked at British American Tobacco for eight years where she held the role of Head of HR for the Southampton site and senior business partner roles for the Global Product function and Group Research & Development. Prior to this, Helen worked at Alldays Convenience Stores Limited (subsequently acquired by The Co-Op) and B&Q plc with various HR remits.

In addition there is currently a vacancy for a Chief Innovation Officer who will have responsibility for product development, business development, digital innovation, Group Marketing and public relations.

Committees

The following committees have been established at the level of AA plc for the purposes of monitoring our activities.

Audit Committee

The Audit Committee assists the Board of Directors of AA plc in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing AA plc's annual and half-yearly financial information, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of AA plc's internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board.

The Corporate Governance Code recommends that the audit committee should consist of at least three members who should all be independent non-executive directors, and that at least one member should have recent and relevant financial experience.

The membership of AA plc's Audit Committee comprises Steve Barber, John Leach and Andrew Blowers. Steve Barber is considered by the Board to have recent and relevant financial experience and has been appointed as the chairman of the Audit Committee. AA plc therefore considers that it complies with the Corporate Governance Code recommendations regarding the composition of the Audit Committee.

The Audit Committee meets formally at least four times a year and otherwise as required.

Remuneration Committee

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on AA plc's policy on executive remuneration, determining the individual remuneration and benefits package of each of the Executive Directors and recommending and monitoring the remuneration of senior management below Board level.

The Corporate Governance Code provides that the Remuneration Committee should consist of at least three members who are all independent non-executive directors.

The membership of AA plc's Remuneration Committee comprises, Suzi Williams, Andrew Blowers and Steve Barber. The chairman of the Remuneration Committee is Suzi Williams. AA plc therefore considers that it complies with the Corporate Governance Code recommendations regarding the composition of the Remuneration Committee.

The Remuneration Committee meets formally at least twice a year and otherwise as required.

Nomination Committee

The Nomination Committee supports the Board in reviewing its composition, evaluating its performance and assisting with succession planning for the Board and Executive Committees.

The Corporate Governance Code recommends that a majority of members of the nomination committee should be independent non-executive directors and that the chairperson or an independent non-executive director should chair the committee. The membership of AA plc's Nomination Committee comprises non-executive Directors (namely Andrew Blowers and Suzi Williams) and AA plc's Chief Executive Officer Simon Breakwell and its Chairman is the

Group Chairman John Leach. AA plc therefore considers that its Nomination Committee complies with the Corporate Governance Code's recommendations regarding its composition.

The Nomination Committee meets at least twice a year. Other members of AA plc's senior management, including the Chief Financial Officer, Company Secretary and Chairman of the Audit Committee, are invited to attend meetings as necessary.

Risk Committee

The Risk Committee plays a key oversight role for the board. In compliance with the Corporate Governance Code, overall responsibility for overseeing the management of risks, compliance with AA plc's Risk Management Framework and the agreed risk appetite remains with the Board. Day to day management of risks is delegated to the Executive Directors of the Board and the process is monitored by the Risk Committee (together with the Audit Committee) which then reports to the Board.

The Risk Committee comprises four independent Non-Executive Directors: Andrew Blowers, John Leach, Steve Barber and Suzi Williams. Andrew Blowers is the Chairman of the Risk Committee.

The Risk Committee meets at least quarterly and is supported by an Executive Risk and Compliance Committee which meets ten times a year and comprises senior executives and functional experts.

Compensation

In the year ended 31 January 2018, the aggregate total remuneration paid (including contingent or deferred compensation) and benefits in kind granted (under any description whatsoever) to each of the Executive Directors, former Executive Directors, Non-Executive Directors and Senior Managers by members of the AA plc Group was £3.0 million. Under the terms of their service contracts, letters of appointment and applicable incentive plans, in the year ended 31 January 2018, the Executive Directors were remunerated as set out below:

Name	Position	Salary for Period (£'000)	Other Benefits[1] (£'000)	Date of Joining the Company
Simon Breakwell[2]	Chief Executive Officer	423	342	17 September 2014
Martin Clarke	Chief Financial Officer	480	80	26 June 2014
Bob Mackenzie[3]	Former Executive Chairman	399	70	26 June 2014

(1) Includes benefits, retirement benefits and annual bonus.
(2) The remuneration shown for Simon Breakwell relates to his position as Interim CEO in the period from 1 August 2017 to 25 September 2018 and CEO from 26 September 2018 onwards and fees paid in respect of his previous NED role.
(3) Bob Mackenzie was dismissed from his position as Executive Chairman on 1 August 2017. No remuneration payment or payment for loss of office was made in connection with his departure. A payment was made in lieu of eight days accrued holiday (totalling £22,000) which has been included in salary above.

Long-Term Incentive Arrangements

The AA plc Group has a legacy management value participation scheme entered into at the time of the IPO pursuant to which management value participation shares, which may be converted into ordinary shares in AA plc or redeemed for cash ("**MVP Shares**") entitle the holders to participate in the total shareholder return, subject to satisfaction of a performance condition which (except in the event of a change of control) is tested on the third, fourth and fifth anniversaries of the IPO, with vesting of one third of a participant's holding at each testing provided the performance condition is met. The performance condition is that on the relevant anniversary the total shareholder return ("**TSR**") equates to at least a 12% increase, compounded annually, in the offer price of the shares at AA plc's Initial Public Offering. If the performance condition is not met on the third and/or fourth anniversary (as relevant), but is satisfied on a subsequent measurement date (including the requirement for further growth in TSR for that additional period), the relevant tranche or tranches of MVP Shares will be convertible or redeemable on that subsequent measurement date. On the third anniversary (26 June 2017) and fourth anniversary (26 June 2018) the condition was not met. In the event that the performance condition of any of the MVP Shares has not been satisfied by the fifth anniversary, being 26 June 2019, the shares will lapse and not be redeemable.

The MVP Shares accrue their redemption value such that they receive 5% of the TSR up to the performance condition of 12% TSR, and an additional 10% of the value thereafter (subject to the overall shares resulting from

conversion of the Management Value Participation Scheme not exceeding 5% of the issued number of shares in any 10 year period).

Martin Clarke holds 22% of the MVP Shares. Nick Hewitt holds 8.8% of the MVP Shares and 14.2% is held by the Group's Employee Benefit Trust for the benefit of the senior management. The remaining 55% were held by the former Executive Chairman. Following his dismissal for gross misconduct the Board approved, under the compulsory transfer provisions in the Articles of Association, the transfer of his MVP shares to the Employee Benefit Trust and those shares were transferred to the Employee Benefit Trust on 16 April 2018. It is anticipated that no further grants of MVP Shares will be made.

Share Ownership

AA plc is a company whose shares are listed on the London Stock Exchange. Information regarding its principal shareholders is available in the AA plc's regulatory filings with the London Stock Exchange and on its website.

THE ISSUER

General

The Issuer was incorporated and registered in Jersey on 14 May 2013 (with registered number 112992) as a public company of unlimited duration and with limited liability under the Companies (Jersey) Law 1991. The Issuer was initially formed to facilitate the refinancing of our business in that year through the WBS. 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 and its telephone number is +44 1534 676000. The Issuer is resident for United Kingdom tax purposes in the United Kingdom. The memorandum and articles of association of the Issuer may be inspected at the registered office of the Issuer.

Principal Activities

The Issuer is organised as a special purpose company and its principal activities are the acquiring, holding and managing of its rights and assets under the Class A IBLAs and Class B IBLAs along with borrowing under the Liquidity Facility and entering into the Issuer Hedging Agreements.

On or around 2 July 2013, the Issuer entered 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
Martin Clarke.....	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Gillian Pritchard	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Mark Strickland	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Helena Whitaker	35 Great St. Helens London EC3A 6AP United Kingdom	Director
Catherine Hammond.....	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Company Secretary

The following is a summary of the business experience of the current board of directors of the Issuer.

Martin Clarke, Director, joined AA plc in June 2014 as an executive director as part of the Management Buy-in ("**MBI**") Team. Martin was appointed as Chief Financial Officer of AA plc on 19 December 2014. In addition, Martin focuses on investor relations and improving the capital structure of AA plc as well as responsibility for insurance underwriting. Martin has over 30 years of private equity experience, principally in the role of Partner and Global Head of Consumer for Permira which he joined in 2002. Prior to Permira, he worked at Cinven and Silverfleet, the private equity arm of Prudential plc. He has led a number of major transactions and has sat on the boards of several major companies including New Look, Gala Coral and Galaxy Entertainment Group, which is listed on the Hong Kong Stock Exchange.

Gillian Pritchard, Director, was appointed as the AA plc Group's Chief Accountant in May 2015. She has worked in a variety of senior finance roles throughout the AA plc Group since joining in 2003. Gillian qualified as a chartered accountant in 2000 and previously worked for KPMG for six years.

Mark Strickland, Director, has an MBA from Manchester Business School and is Fellow member of CIMA. He joined the AA in January 2016 on an interim basis before subsequently being appointed Finance Director. Mark has a wide experience of industries, including Engineering, Food, Distribution, Chemicals and Financial Services. He has also worked under a number of ownership structures from co-operatives, through family owned to PLC. More recently Mark has been involved in a number of business turnarounds and has delivered a number of successful Private Equity exits (having worked with CBPE, Apollo and Promethean).

Helena Whitaker, Director, is the Head of UK Capital Markets at Intertrust, and responsible for business development, transaction management and governance services in the capital markets UK service line. She has over 20 years' experience of corporate service provision of which 12 working in the capital markets business of Intertrust. Prior to Intertrust she was Head of Corporate Legal in a corporate services professional practice, Group Company Secretary in international wholesale businesses and her experience also covers the charitable sector where she was the chairman of trustees of an educational charity. By profession, she is a qualified chartered secretary (FCIS).

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

None of the directors of the Issuer has any actual or potential conflict between their duties to the Issuer and their private interest or other duties as listed above, with the exception that (i) Martin Clarke holds MVP Shares in AA plc under a structure implemented at the time of the IPO in order to align the interests of the MBI team and shareholders and (ii) Martin Clarke is being sued personally by the former Executive Chairman of AA plc, Bob Mackenzie, in the litigation referred in this Base Prospectus.

Management and Control

The Issuer is managed and controlled in the United Kingdom.

Share Capital

The Issuer is a wholly owned subsidiary of Holdco and its authorised share capital is £10,000, divided into 10,000 ordinary shares of £1.00 each, two of which are issued and fully paid. Since the date of incorporation, no options to acquire shares have been issued or authorised. Since its incorporation up to the date of this Base 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

For the years ended 31 January 2018 and 31 January 2017, the auditors of the Issuer were Ernst & Young LLP with a registered office at 1 More London Place, London, SE1 2AF. Ernst & Young LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

Following a tender process conducted by AA plc, PricewaterhouseCoopers LLP was appointed as auditor for the AA plc Group for the year ending 31 January 2019 and will become auditors for AA plc and its subsidiaries. PwC has a registered office of 1 Embankment Place, London, WC2N 6RH. PwC 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.

Financials

The most recent audited financial statements of the Issuer (the "**Issuer Financials**"), which are for the year ended 31 January 2018, are available to be inspected and obtained at the Issuer's registered office at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands. The Issuer Financials are incorporated by reference to this Base Prospectus. See "*Documents Incorporated by Reference*".

BORROWER

General

The Borrower was incorporated under the Companies Act 1985 and registered in England and Wales on 29 December 2005 as a private limited company with number 05663655. The Borrower's registered office is at Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA and its telephone number is +44 8705448866. The memorandum and articles of association of the Borrower may be inspected at the registered office of the Borrower.

Principal Activities

The Borrower was established as a private limited company and its principal activities are acting as, and in connection with being, a holding company, along with borrowing under the Class A IBLAs, the Class B IBLAs, the Senior Term Facility, the Working Capital Facility and the Liquidity Facility and entering into the Borrower Hedging Agreements.

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

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
Martin Clarke.....	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Gillian Pritchard	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Mark Strickland	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Catherine Hammond.....	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Company Secretary

None of the directors of the Borrower has any actual or potential conflict between their duties to the Borrower and their private interest or other duties as listed above, with the exception that (i) Martin Clarke holds MVP Shares in AA plc under a structure implemented at the time of the IPO in order to align the interests of the MBI team and shareholders and (ii) Martin Clarke is being sued personally by the former Executive Chairman of AA plc, Bob Mackenzie, in the litigation referred in this Base Prospectus.

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

For the years ended 31 January 2018 and 31 January 2017, the auditors of the Borrower were Ernst & Young LLP, with a registered office at 1 More London Place, London SE1 2AF. Ernst & Young LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. Ernst & Young LLP have audited the Borrower's accounts, without qualification, in accordance with the International Standards on Auditing (UK and Ireland) for the year ended 31 January 2018.

Following a tender process conducted by AA plc, PricewaterhouseCoopers LLP was appointed as auditor for the AA plc Group for the year ending 31 January 2019 and will become auditors for AA plc and its subsidiaries. PwC has a registered office of 1 Embankment Place, London, WC2N 6RH. PwC 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.

HOLDCO

General

Holdco was incorporated under the Companies Act 1985 and registered in England and Wales on 9 June 2004 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.

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 Holdco 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.

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
Martin Clarke.....	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Mark Strickland	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Gillian Pritchard	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Catherine Hammond.....	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Company Secretary

None of the directors of Holdco has any actual or potential conflict between their duties to Holdco and their private interest or other duties as listed above, with the exception that (i) Martin Clarke holds MVP Shares in AA plc under a structure implemented at the time of the IPO in order to align the interests of the MBI team and shareholders and (ii) Martin Clarke is being sued personally by the former Executive Chairman of AA plc, Bob Mackenzie, in the litigation referred in this Base Prospectus.

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 £20,000,002, divided into 20,000,002 £1 shares.

Auditors

For the years ended 31 January 2018 and 31 January 2017, the auditors of Holdco were 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 year ended 31 January 2018.

Following a tender process conducted by AA plc, PricewaterhouseCoopers LLP was appointed as auditor for the AA plc Group for the year ending 31 January 2019 and will become auditors for AA plc and its subsidiaries. PwC has a registered office of 1 Embankment Place, London, WC2N 6RH. PwC 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.

TOPCO

General

Topco was incorporated under the Companies Act 1985 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.

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 have any financial obligations to Class A Noteholders.

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
Martin Clarke.....	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Gillian Pritchard	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Mark Strickland	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Catherine Hammond.....	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Company Secretary

None of the directors of Topco has any actual or potential conflict between their duties to Topco and their private interest or other duties as listed above, with the exception that (i) Martin Clarke holds MVP Shares in AA plc under a structure implemented at the time of the IPO in order to align the interests of the MBI team and shareholders and (ii) Martin Clarke is being sued personally by the former Executive Chairman of AA plc, Bob Mackenzie, in the litigation referred in this Base Prospectus.

Management and Control

Topco is managed and controlled in the United Kingdom.

Share Capital

Topco is a wholly owned subsidiary of AA plc and its issued share capital is £20,905,479.48, divided into 2,090,547,948 £0.01 shares.

Auditors

For the years ended 31 January 2018 and 31 January 2017, the auditors of Topco were 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 year ended 31 January 2018.

Following a tender process conducted by AA plc, PricewaterhouseCoopers LLP was appointed as auditor for the AA plc Group for the year ending 31 January 2019 and will become auditors for AA plc and its subsidiaries. PwC has a registered office of 1 Embankment Place, London, WC2N 6RH. PwC 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.

AUTOMOBILE ASSOCIATION DEVELOPMENTS LIMITED

General

Automobile Association Developments Limited ("**AADL**") was incorporated under the Companies Act 1945 to 1981 and registered in England and Wales on 18 January 1985 (with registered number 1878835) as a private company with limited liability. The registered office of AADL is Fanum House, Basing View, Basingstoke, RG21 4EA and its telephone number is +44 345 607 6727. The memorandum and articles of association of AADL may be inspected at the registered office of AADL.

Principal Activities

The principal activities of AADL are the provision of Roadside Assistance and the management of AA's driving instructor franchise operations.

The provision of Roadside Assistance was transferred to AADL from The Automobile Association Limited ("**TAAL**") which was incorporated and registered in Jersey (with registered number 73356) on 20 January 1999. TAAL is now a dormant company.

Directors and Company Secretary

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

Name	Business Address	Principal Activities
Simon Breakwell	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Martin Clarke.....	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Gareth Kirkwood.....	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Mark Strickland.....	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Catherine Hammond.....	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Company Secretary

None of the directors of AADL has any actual or potential conflict between their duties to AADL and their private interest or other duties as listed above, with the exception that (i) Martin Clarke holds MVP Shares in AA plc under a structure implemented at the time of the IPO in order to align the interests of the MBI team and shareholders and (ii) Martin Clarke and Simon Breakwell are being sued personally by the former Executive Chairman of AA plc, Bob Mackenzie, in the litigation referred to in this Base Prospectus.

Management and Control

AADL is managed and controlled in the United Kingdom.

Share Capital

AADL is a wholly owned subsidiary of AA Corporation Limited and its issued share capital is £100,000, divided into 100,000 £1 ordinary shares. There are measures in place in the Transaction Documents, including certain negative covenants, which ensure that the control of AADL by AA Corporation Limited is not abused.

Auditors

For the years ended 31 January 2018 and 31 January 2017, the auditors of AADL were 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. The accounts of AADL are prepared in accordance with IFRS and Ernst & Young LLP has audited AADL's accounts, without qualification, in accordance with generally accepted auditing standards in the UK for the year ended 31 January 2018.

Following a tender process conducted by AA plc, PricewaterhouseCoopers LLP was appointed as auditor for the AA plc Group for the year ending 31 January 2019 and will become auditors for AA plc and its subsidiaries. PwC has a registered office of 1 Embankment Place, London, WC2N 6RH. PwC 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.

AUTOMOBILE ASSOCIATION INSURANCE SERVICES LIMITED

General

Automobile Association Insurance Services Limited ("**AAISL**") was incorporated under the Companies Act 1985 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.

Principal Activities

AAISL was established as a private limited company and its principal activity is the provision of insurance intermediary services. AAISL is authorised and regulated as a General Insurance Intermediary by the Financial Conduct Authority.

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
Janet Connor	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Cathryn Riley.....	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Jonathan Roe.....	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
David Smith.....	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director
Martin Clarke	Fanum House, Basing View, Basingstoke Hampshire RG21 4EA United Kingdom	Director and Company Secretary

None of the directors of AAISL has any actual or potential conflict between their duties to AAISL and their private interest or other duties as listed above, with the exception that (i) Martin Clarke holds MVP Shares in AA plc under a structure implemented at the time of the IPO in order to align the interests of the MBI team and shareholders and (ii) Martin Clarke is being sued personally by the former Executive Chairman of AA plc, Bob Mackenzie, in the litigation referred in this Base Prospectus.

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 £19,000,000, divided into 19,000,000 £1 shares. There are measures in place in the Transaction Documents, including certain negative covenants, which ensure that control of AAISL by AA Corporation Limited is not abused.

Auditors

For the years ended 31 January 2018 and 31 January 2017, the auditors of AAISL were Ernst & Young LLP,

with a registered office at 1 More London Place, London SE1 2AF. Ernst & Young LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales. The accounts of AAISL are prepared in accordance with IFRS and Ernst & Young LLP has audited AAISL's accounts, without qualification, in accordance with generally accepted auditing standards in the UK for the year ended 31 January 2018.

Following a tender process conducted by AA plc, PricewaterhouseCoopers LLP ("**PwC**") was appointed as auditor for the AA plc Group for the year ending 31 January 2019 and will become auditors for AA plc and its subsidiaries. PwC has a registered office of 1 Embankment Place, London, WC2N 6RH. PwC 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 "—*Common Terms Agreement*" below). Any future provider of any Authorised Credit Facility must also accede to the intercreditor arrangements contained in the STID (see "—*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 entered into the CTA on 2 July 2013. 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 contains 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) maintenance of insurance and matters relating to insurance companies and captive insurers;

(h) good, valid and marketable title and valid leases or 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 and completeness of certain information including financial statements and information contained in each Information Memorandum or Information Package;

(m) that certain models, financial forecasts and projections were arrived at after careful consideration and prepared in good faith and based on reasonable assumptions and recent historic information;

(n) the absence of any contingent liabilities or commitments not disclosed in relevant financial statements;

(o) all occupational pension schemes are funded in accordance with applicable law and that 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) the 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) the 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 undertakes 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% 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 could reasonably be expected to result in a deviation above 5% from the result of the

calculation of the relevant financial ratio or Excess Cashflow, the Holdco Group Agent shall (or if the deviation could reasonably be expected to result in a deviation above 3% it may) 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 Working Capital 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% 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.

An independent expert may be appointed by the Obligor Security Trustee (in consultation with the Holdco Group Agent) to investigate the statement(s), calculation(s) or ratio(s) challenged. No Obligor may make a Restricted Payment during the period (i) 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 (ii) 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 of the following including narrative and details of any key changes: (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% 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 by any electronic virus or similar software 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.

(o) Each Obligor must provide any Authorised Credit Provider with information necessary to comply with "know your customer" or similar identification procedures where the information is not already available to it.

Financial Covenants 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, 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) ("*—Trigger 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 have given 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 have given 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 in each case failure to do so would or is reasonably likely to have a Material Adverse Effect;

(d) promptly upon becoming aware thereof, 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) (i) knowingly engage in any transaction or business with any individual or entity that is a Restricted Person, (ii) 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, (iii) 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 (i) 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, (ii) to the extent permitted by law it 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 (iii) it will 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 five 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 five 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 (u) ("*—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;

in the case of paragraphs (i) through (vi), 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 licence is 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, or amend any other provision of its constitutional documents 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% 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% 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 ("*—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 ("*—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 (yy) ("*—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) ("*—Trigger 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 (jjj) ("*—Covenants—General Covenants—Payments under Class A Notes, 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) that 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 covenants under the CTA (see "*Summary of the Common Documents—Common Terms Agreement—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 or Class B 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) ("*—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. 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;

(vv) 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);

(ww) 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**");

(xx) 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;

(yy) 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

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

Liquidity Arrangements

(aaa) 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

(bbb) 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% of the EBITDA of the Holdco Group for that Test Period (the "**Obligor Coverage Test**"). If, at any time, 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;

(ccc) 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;

(ddd) 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

(eee) 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

(fff) 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

(ggg) 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

(hhh) 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 Notes, Class A IBLA and Class B Authorised Credit Facility

(iii) 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;

(jjj) Holdco shall ensure that any amounts of principal or interest payable under any Class A Notes, 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) excluding any principal or interest payable on (i) the Final Maturity Date of the Class A Notes issued on the Closing Date and (ii) the Loan Interest Payment Date corresponding to such Final Maturity Date under the Initial Class A IBLA, which shall be payable on 2 July 2043 (and the Common Documents shall be constructed and operate to permit such payments on such date);

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

(lll) the Borrower shall ensure that the aggregate Required Sweep Percentages applicable to any Bank Debt Sweep Period shall not exceed 100% at any time;

(mmm) 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

(nnn) 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

(ooo) Notwithstanding paragraph (u) ("*— 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.

(ppp) 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 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 (ooo) to (ppp) ("*— General Covenants — ABF*");

(qqq) 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) ("*— CTA Events of Default — Insolvency*") or the taking of any Enforcement Action shall not be a breach of this paragraph.

(rrr) 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 also sets 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 "*—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 the provisions described under "*— Security Trust and Intercreditor Deed—Obligor Priorities of Payment—Part B —Excess Cash Flow*)".

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% 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) ("*—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 contains the following of events of default which 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 five 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) ("*—CTA Events of Default—Non-Payment*") and (b) ("*—CTA Events of Default—Breach of Financial Covenant and Delivery of Financial Statements*") above 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) ("*—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) occurs 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% 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 ("*—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 Account**";

(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 three Business Days prior to any Loan Interest Payment Date or, if applicable, any other interest payment date provided for in any Class A Authorised Credit Facility, with sufficient funds to enable the Borrower to make any required payments under the Finance Documents due on such Loan Interest Payment Date or, if different, such other interest payment date provided for in a Class A Authorised Credit Facility in accordance with the Obligor Pre- acceleration Priority of Payments under the STID. If there are insufficient amounts standing to the credit of the Debt Service Payment Account on the relevant date to pay all amounts due under the Finance Documents, such unpaid amounts shall be paid from any of the Obligor Operating Accounts.

Excess Cashflow Account

(a) Unless a Qualifying Public Offering has occurred or paragraph (b)(ii), (c) or (d) below applies, Holdco shall deposit into the Excess Cashflow Account within five Business Days after the date of required delivery of the consolidated audited Annual Financial Statements of the Holdco Group (and related Compliance Certificate) for that Financial Year (where relevant net of any amount credited to the Excess Cashflow Account pursuant to paragraph (b)(ii) below in respect of the first six months of the relevant Financial Year) 100% of the Excess Cashflow for each Financial Year that is a Bank Debt Sweep Period.

(b) If a Trigger Event is continuing as evidenced by the most recent Compliance Certificate delivered with any Financial Statements, Holdco shall be required to deposit into the Excess Cashflow Account within five Business Days after the date of required delivery of the relevant Compliance Certificate:

(i) 100% of Excess Cashflow for the six month period ending on the last day of the Test Period to which that Compliance Certificate relates if that Compliance Certificate is delivered with any Semi-Annual Financial Statements; and

(ii) 100% of Excess Cashflow for the 12 month period ending on the last day of the Test Period to which that Compliance Certificate relates if that Compliance Certificate is delivered with any Annual Financial Statements (where relevant net of any amount credited to the Excess Cashflow Account pursuant to paragraph (b)(i) above in respect of the first six months of the relevant Financial Year).

(c) Not less than five Business Days before each Loan Interest Payment Date that falls:

(i) during a Cash Accumulation Period; or

(ii) after a Final Maturity Date for so long as the Financial Indebtedness to which that Final Maturity Date related remains outstanding,

Holdco shall deposit into the Excess Cashflow Account 100% (or during a Cash Accumulation Period, the aggregate Required Accumulation Percentage) of the Projected Excess Cashflow for the six month period ending on that Interest Payment Date. In this paragraph "**Projected Excess Cashflow**" means Excess Cashflow for the relevant six month period as projected by Holdco acting reasonably having regard to the actual and projected financial performance of the Holdco Group over that period and as certified to the Obligor Security Trustee by the Holdco Group Agent on or not earlier than five Business Days prior to the date the relevant amount is credited to the Excess Cashflow Account.

(d) Prior to the delivery of a Loan Acceleration Notice by the Obligor Security Trustee, any amounts standing to the credit of the Excess Cashflow Account shall be applied in accordance with the Obligor Pre-Acceleration Priority of Payments under the STID.

Maintenance Capex Reserve Account

(a) The Maintenance Capex Reserve Account shall be credited by the Obligors with 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)(ii)(A)(II) ("*—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) ("*—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) ("*—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 "*—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 "*—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) ("*— 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% or more of the EBITDA of the Holdco Group for the relevant Financial Year then, unless the TAAL Business Transfer Implementation Date has occurred prior to the date of delivery of the Compliance Certificate in respect of the Test Period ending on such date, Holdco shall credit 100% of Excess Cashflow for that Financial Year to the TAAL Migration Condition Account (where relevant net of any amount credited to the Excess Cashflow Account pursuant to paragraph (b)(i) "*—Cash Management—Excess Cashflow Account*" above in respect of the first six months of the relevant Financial Year) provided that, if paragraphs (a) or (c)(i) "*—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 have agreed that prior to a Qualifying Public Offering and unless a Trigger Event has occurred and is continuing at the time the relevant prepayment is required to be made, 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 Transactions*" below, the price of commodities and currency exchange rates. The Issuer and the PP Note 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, the Issuer or the PP Note Issuer may enter into Treasury Transactions for the purpose of speculation.

(c) No member of the Holdco Group, the Borrower, the Issuer or the PP Note Issuer may enter into Treasury Transactions that are inflation swaps.

OCB Secured Capped Hedging Transactions

(a) The Borrower and each other member of the Holdco Group may enter into OCB Treasury Transactions that are Commodity Hedging Transactions and/or FX Hedging Transactions for the purpose of hedging risks arising in the ordinary course of business from exposures to fluctuations in the price of commodities and/or foreign exchange rates (collectively, the "**OCB Secured Capped Hedging Transactions**"), provided that, subject to paragraph (g) under "—*Risks Arising In Connection With The Relevant Debt*" below, the Obligors may only enter into such transactions on an OCB Trade Date if:

(i) in the case of a Commodity Hedging Transaction, the aggregate of the OCB Commodities Notional Amounts for all Commodity Hedging Transactions on such OCB Trade Date (including any Commodity Hedging Transaction to be entered into on such OCB Trade Date) is not greater than the

OCB Secured Transaction Cap in respect of Commodity Hedging Transactions; and

(ii) in the case of an FX Hedging Transaction, the aggregate of the OCB FX Calculation Amounts for all FX Hedging Transactions on such OCB Trade Date (including any FX Hedging Transaction to be entered into on such OCB Trade Date) is not greater than the OCB Secured Transaction Cap in respect of FX Hedging Transactions.

(b) For the purposes of this section:

"**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, the Issuer and the PP Note 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 the Issuer and the PP Note 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 *"—Risks 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 the 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, the PP Note Issuer and the Issuer (taken together) will hedge currency risk in respect of the interest payable and the repayment of principal in relation to the total outstanding Relevant Debt which is denominated in a currency other than GBP (a "**Foreign Currency**") to ensure that at any time:

(i) a minimum of 100% of the total outstanding Relevant Debt denominated in a Foreign Currency is hedged pursuant to XCCY Interest Rate Hedging Transactions for a term no less than the shorter of (x) the average maturity of the Relevant Debt denominated in a Foreign Currency; and (y) three years; and

(ii) the aggregate notional amount of XCCY Interest Rate Hedging Transactions does not exceed 110% of the total outstanding Relevant Debt denominated in a Foreign Currency.

(b) In the event that the aggregate notional amount of XCCY Interest Rate Hedging Transactions relating to the Relevant Debt which is denominated in a Foreign Currency exceeds 110% of the total outstanding Relevant Debt denominated in a Foreign Currency (after taking into account any offset effected by any Offsetting Transactions and Overlay Transactions) (a "**XCCY Overhedged Position**"), then the Borrower, the PP Note Issuer 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, the PP Note Issuer and the Issuer will (taken together) hedge the interest rate risk in relation to the total outstanding Relevant Debt denominated in GBP to ensure that at any time:

(i) a minimum of 75% of the total outstanding Relevant Debt denominated in GBP is hedged pursuant to GBP Interest Rate Hedging Transactions for a term no less than the shorter of (x) the average maturity of the Relevant Debt denominated in GBP; and (y) three years; and

(ii) the aggregate notional amount of Interest Rate Hedging Transactions does not exceed 110% of the total outstanding Relevant Debt denominated in GBP.

(b) In the event that the aggregate notional amount of GBP Interest Rate Hedging Transactions relating to the Relevant Debt denominated in GBP exceeds 110% of the total outstanding Relevant Debt (after taking into account any offset effected by any Offsetting Transactions and Overlay Transactions) (an "**Overhedged**

Position"), then the Borrower, the PP Note Issuer 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, the PP Note Issuer 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, the PP Note Issuer 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) of "*Principles Relating to Hedge Counterparties*" 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, the Issuer's or the PP Note 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) of "*Principles Relating to Hedge Counterparties*" 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 five Business Days of the due date;

(B) a CTA Event of Default has occurred in respect of which a Loan Acceleration Notice has been delivered;

(C) all outstanding Relevant Debt, other than obligations under the Borrower Hedging Agreement and the OCB secured Hedging Agreements are irrevocably and unconditionally repaid, prepaid or cancelled in full (the "**Discharge of all Debt**") or the relevant Hedge Counterparty becomes aware that the Borrower has given notice of any proposed prepayment, repayment or cancellation of all outstanding Relevant Debt (other than the

obligations under the Borrower Hedging Agreement and the OCB Secured Hedging Agreements) in full;

(D) a Hedging Transaction is entered into which does not comply with the Hedging Policy on its Trade Date, provided that the Hedge Counterparty to such Hedging Transaction may only designate an Early Termination Date (as defined in the relevant Hedging Agreement) in respect of such Hedging Transaction; or

(E) any event outlined in Section 5(a)(vii) (Bankruptcy) of the Hedging Agreement (as amended by the relevant schedule to such Hedging Agreement to disapply, with respect to the Borrower, (i) Sections 5(a)(vii)(2), (7) and (9) of the ISDA Master Agreement, (ii) Section 5(a)(vii)(3) of the ISDA Master Agreement to the extent it refers to any assignment, arrangement or composition that is effected by any Senior Finance Document; (iii) Section 5(a)(vii)(4) of the ISDA Master Agreement to the extent it refers to any proceedings or petitions instituted or presented by any Borrower Hedge Counterparty or any Affiliate thereof, (iv) Section 5(a)(vii)(6) of the ISDA Master Agreement to the extent it refers to (1) any appointment that is contemplated or effected by any document to which the relevant Borrower Hedge Counterparty is a party in connection with the transactions contemplated by the Class A IBLA or (2) any such appointment to which the Borrower has not yet become subject and (v) Section 5(a)(vii)(8) of the ISDA Master Agreement to the extent that it applies to Section 5(a)(vii)(1), (3), (4), (5) and (6) of the ISDA Master Agreement as they apply with respect to the Borrower;

(ii) with respect to the Issuer Hedging Agreements,

(A) in relation to the Issuer only, a non-payment or non-delivery Event of Default, if it relates to non-payment or non-delivery under such Borrower Hedging Agreement unless such failure to pay or deliver is caused by:

(I) an administrative or technical error; or

(II) a Disruption Event,

and such payment is made within 5 Business Days of the due date;

(B) a Class A Note Event of Default has occurred in respect of which the Class A Notes are accelerated;

(C) all outstanding Relevant Debt (other than obligations and liabilities under the Issuer Hedging Agreements and any PP Note Issuer Hedging Agreements) are irrevocably and unconditionally repaid, prepaid or cancelled in full or the relevant Hedge Counterparty becomes aware that the Issuer has given notice of any proposed prepayment, repayment or cancellation of all outstanding Relevant Debt (other than the obligations under the Issuer Hedging Agreements and any PP Note Issuer Hedging Agreements 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 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 satisfied (see "*—Quorum Requirements*" below), the majority required to pass a resolution in respect of an Extraordinary Voting Matter (an "**Extraordinary STID Resolution**") 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% of the entire Outstanding Principal Amount of all Qualifying Obligor Secured Liabilities provided that if the Quorum Requirement has not been met within the Decision Period (as described further in "Decision Periods" below), the Quorum Requirement shall be reduced to one or more Participating Qualifying Obligor Secured Creditors representing, in aggregate, 10% of the aggregate Outstanding Principal Amount of all Qualifying

Obligor Secured Liabilities and the Decision Period will be extended for a period of a further ten Business Days from the expiry of the initial Decision Period.

Decision Periods

The STID includes provisions specifying the relevant decision periods within which votes must be cast (each a "**Decision Period**") which period must not be less than:

(a) five Business Days from the date of delivery of the STID Proposal for any Discretion Matter;

(b) fifteen Business Days from the Decision Commencement Date for any Ordinary Voting Matter (which may be extended for a further period of ten Business Days if the quorum requirement for the relevant Ordinary Voting Matter has not been met within the initial Decision Period);

(c) fifteen Business Days from the Decision Commencement Date for any Extraordinary Voting Matter (which may be extended for a further period of ten Business Days if the quorum requirement for the relevant Extraordinary Voting Matter has not been met within the initial Decision Period); and

(d) fifteen Business Days from the Decision Commencement Date for an Entrenched Right. However, the Decision Period for an Entrenched Right for which the Issuer is the Affected Obligor Secured Creditor will not be less than 45 days.

"**Decision Commencement Date**" means the earlier of:

(a) if the Qualifying Obligor Secured Creditors, or, as the case may be, the Obligor Secured Creditors (including, in the case of the Issuer, the Issuer Secured Creditors) are deemed to have agreed to the voting category proposed in the STID Proposal or, as applicable, as to whether the STID Proposal gives rise to any Entrenched Right affecting an Obligor Secured Creditor and/or, as applicable, Issuer Secured Creditor pursuant to the STID, the date which is five Business Days from the receipt of the relevant STID Proposal;

(b) the date on which the Dissenting Creditors and the Holdco Group Agent reach agreement on the applicable voting category; or

(c) if the agreement or determination is such that the existing STID Proposal is incorrect, the date of receipt by each Obligor Secured Creditor (through its Secured Creditor Representative) and each of the Secured Creditor Representatives of the Issuer (on behalf of the Issuer Secured Creditors) of an appropriately amended STID Proposal from the Obligor Security Trustee.

Modifications, consents and waivers will be passed by the requisite number of creditors as further described in "*—Types of Voting Categories—Common Documents*" above.

Class B STID Proposal

Notwithstanding the foregoing, the Holdco Group Agent may request (a "**Class B STID Proposal**") the Obligor Security Trustee to concur with the Holdco Group Agent in making any modification, giving any consent or granting any waiver under or in respect of any Common Document, without the consent or approval of any Obligor Senior Secured Creditor, where such modification, granting of consent or waiver:

(a) only relates to the Class B Authorised Credit Facilities and/or the Class B Notes (and the Issuer Transaction Documents related thereto);

(b) does not give rise to an Entrenched Right which affects an Obligor Senior Secured Creditor; and

(c) will not otherwise have an adverse effect on any Obligor Senior Secured Creditor.

The Obligor Security Trustee will be entitled to rely on a certificate from the Holdco Group Agent signed by a director or two authorised signatories of the Holdco Group Agent for the purpose of determining whether the Class B STID Proposal will satisfy the conditions in paragraphs (a) to (c) above.

Subject to the conditions in paragraphs (a) to (c) above being satisfied and save where the Class B STID Proposal gives right to any Entrenched Right which affects an Obligor Junior Secured Creditor, the Obligor Security Trustee may, as requested by the Holdco Group Agent by way of a Class B STID Proposal designated by the Holdco Group Agent as being in respect of a discretion matter ("**Class B Discretion Matter**"), in its sole discretion concur with the Holdco Group Agent in making any modification to, giving any consent under, or granting any waiver in respect of any breach or proposed breach of any Common Document to which the Obligor Security Trustee is a party or over which it has the benefit of the Obligor Security under the Obligor Security Documents if:

(a) in its opinion, it is required to correct a manifest error, or an error in respect of which an English court could reasonably be expected to make a rectification order, or it is of a formal, minor, administrative or technical nature; or

(b) such modification, consent or waiver is not, in the opinion of the Obligor Security Trustee, materially prejudicial to the interests of any of the Obligor Secured Creditors (where "materially prejudicial" means that such modification, consent or waiver would have a material adverse effect on the ability of the Obligors to pay any amounts of principal or interest or any other amounts in respect of the Obligor Secured Liabilities owed to the relevant Obligor Secured Creditors on the relevant due date for payment thereof).

The Obligor Security Trustee shall be under no obligation to exercise its discretion in respect of any Class B STID Proposal designated by the Holdco Group Agent as a Class B Discretion Matter.

In respect of any Class B STID Proposal that is not a Class B Discretion Matter, the Obligor Security Trustee must, subject to the conditions to a Class B STID Proposal set out in this section, agree with the Holdco Group Agent to implement the proposed modification to be made, consent to be given or waiver to be granted as set out in the Class B STID Proposal if directed to do so by the Secured Creditor Representative of each of the Class B Authorised Credit Providers (including the Issuer).

Qualifying Obligor Secured Liabilities

General

Subject to Entrenched Rights and Reserved Matters, only the relevant Qualifying Obligor Secured Creditors that are owed, or deemed to be owed, Qualifying Obligor Secured Liabilities may vote (through their Secured Creditor Representatives) in respect of a STID Proposal.

Prior to the repayment in full of the Qualifying Obligor Senior Secured Liabilities (excluding any Qualifying Obligor Senior Secured Liabilities 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% 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% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered up to and including the date falling six months after the occurrence of the CTA Event of Default; (ii) 33.33% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered during the period following the date falling six months after the occurrence of the CTA Event of Default up to and including the date falling twelve months after the occurrence of the CTA Event of Default; or (iii) 10% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered at any time following the date falling twelve months after the occurrence of the CTA Event of Default;

(b) the Decision Period will be 45 days from the date of delivery of the Enforcement Instruction Notice or Further Enforcement Instruction Notice; and

(c) the majority required to pass the resolution shall be the Qualifying Obligor Senior Creditors participating in the

resolution on a pound for pound basis representing at least the "Relevant Percentage" of the Outstanding Principal Amount of all Qualifying Obligor Senior Liabilities actually voted, where "Relevant Percentage" for purposes of this paragraph (c) means (i) 66.67% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered up to and including the date falling six months after the occurrence of the CTA Event of Default; (ii) 50% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered during the period following the date falling six months after the occurrence of the CTA Event of Default up to and including the date falling twelve months after the occurrence of the CTA Event of Default; or (iii) 20% in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered at any time following the date falling twelve months after the occurrence of the CTA Event of Default.

Quorum and voting requirements in respect of a Loan Acceleration Notice etc—Obligor Senior Secured Creditors

The quorum and voting requirements described below under 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

(b) 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% of the Outstanding Principal Amount of Qualifying Obligor Senior Secured Liabilities as at the Relevant Time owing to the Bank Instructing Group; and

(b) in respect of the Note Instructing Group, the resolution must be approved in accordance with the Class A Note Trust Deed which will result in the Secured Creditor Representative of the Issuer under any Class A IBLA having been itself instructed by the Class A Noteholders in the form of a resolution passed in accordance with the Class A Note Trust Deed ("**Noteholder Instruction Resolution**"), where:

(i) the quorum requirement in respect of the Noteholder Instruction Resolution will be one or more Class A Noteholders representing, in aggregate, at least the Relevant Note Instructing Percentage of the aggregate Principal Amount Outstanding of all Class A Notes; and

(ii) the majority required to pass the Noteholder Instruction Resolution will be the Class A Noteholders

participating in the Noteholder Instruction Resolution on a pound for pound basis representing at least the Relevant Note Instructing Percentage of the Principal Amount Outstanding of Class A Notes actually voted by the Class A Noteholders, provided that such Class A Noteholders also represent more than 50% of the aggregate Principal Amount Outstanding of all Class A Notes,

where "**Relevant Note Instructing Percentage**" means, if the aggregate Outstanding Principal Amount under all Class A IBLAs at the Relevant Time:

(A) is greater than zero but less than or equal to £750.0 million (or the Equivalent Amount), 75%; or

(B) is greater than £750.0 million (or the Equivalent Amount) but less than or equal to £1,250.0 million (or the Equivalent Amount):

(1) in relation to paragraph (b)(i) directly above, any percentage in excess of 50%; and

(2) in relation to paragraph (b)(ii) directly above, 75%

Alternatively, a Noteholder Instruction Resolution may be passed in writing signed by or on behalf of the holders of Class A Notes of not less than 75% 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 theOutstanding 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 AIBLA 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 andparticipation requirements (including that Class A Noteholders voting in favour of the Noteholder InstructingResolution represent more than 50% of the aggregate Principal Amount Outstanding of all Class A Notes) are determined in accordance with the Noteholder Instructing Resolution requirements described under "*—Outstanding Principal Amount under all Class A IBLAs is less than or equal to £1,250.0 million*" above andthe 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% 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%; or

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

Loan Enforcement Notice

After delivery to the Holdco Group Agent on behalf of the Obligors of a Loan Enforcement Notice, the whole of the Obligor Security will become enforceable and the Obligor Security Trustee will if directed to do so in accordance with a resolution as described above under 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 "*—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 "*—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) ("*—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% 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% 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 is 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 is 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% and break costs under any Hedging Transaction associated with that Class A Authorised Credit Facility will be payable as a result of such prepayment ("**Associated Break Costs**"); or

(ii) the Required Sweep Percentage (applicable to that Class A Authorised Credit Facility) is less than 100% but the remainder of Excess Cashflow for the relevant Bank Debt Sweep Period to be applied in accordance with paragraph (b)(i) below towards paying the Associated Break Costs would be insufficient to pay such amounts,

then the amount of Excess Cashflow required to be applied in prepayment of that Class A Authorised Credit Facility under this paragraph (a) will be reduced by an amount required to enable the Associated Break Costs to be satisfied and such amount shall be applied in satisfaction of paying those Associated Break Costs; and

(b) second, the remainder of Excess Cashflow in accordance with the following order of priority:

(i) first, in or towards satisfaction, *pro rata* and *pari passu*, of any Associated Break Costs (to the extent not paid under paragraph (a) above);

(ii) second, in or towards satisfaction, *pro rata* and *pari passu*, of:

(A) Subordinated Liquidity Amounts due and payable by the Borrower under any Liquidity Facility Agreement;

(B) Subordinated Hedge Amounts due and payable by the Borrower under any Borrower Hedging Agreement; and

(C) following the delivery of a Loan Enforcement Notice, Subordinated Hedge

Amounts due and payable by any Obligor under any OCB Secured Hedging Agreement;

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

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

(2) Subordinated Hedge Amounts due and payable by the Issuer under any Issuer Hedging Agreement; and

(iii) third, to the Borrower and/or any Obligor in or towards any purpose not restricted by the terms of the Finance Documents;

Application if a Trigger Event subsists on the relevant Loan Interest Payment Date

2. subject to paragraphs 3 (*—Application of funds on a Final Maturity Date*) and 4 (*—Application of funds following a Final Maturity Date where the Obligor Secured Liabilities remain outstanding*) below, if a Trigger Event is subsisting on the relevant Loan Interest Payment Date then paragraph 1 — (*Payments in respect of a Bank Debt Sweep Period prior to a Qualifying Public Offering*) will not apply and 100% of Excess Cashflow for the most recent Financial Year shall be applied in accordance with the following order of priority:

(a) first, in or towards satisfaction, *pro rata* and *pari passu*, of:

(i) prepaying on a *pro rata* basis the outstanding principal amount under each Class A Authorised Credit Facility (excluding any Liquidity Facility and any Hedging Agreement) which bears interest at a floating rate less an amount which is required to pay the Associated Break Costs relating to that Class A Authorised Credit Facility, which amount shall be applied in or towards satisfaction of those Associated Break Costs; and

(ii) the defeasance on a *pro rata* basis of the outstanding principal amount under each Class A Authorised Credit Facility (excluding any Liquidity Facility and any Hedging Agreement) which bears interest at a fixed rate by depositing the relevant amounts into the Defeasance Account up to the outstanding principal amount under any such fixed rate Class A Authorised Credit Facility (provided that if the Trigger Event(s) subsisting on the relevant Loan Interest Payment Date was not a CTA Event of Default the Cash Manager (on the Borrower's behalf) will be entitled to withdraw such amounts deposited to the Defeasance Account in accordance with this paragraph (a)(ii) and apply such amounts towards a Defeased Cash Note Purchase); and

(b) second, the remainder of Excess Cashflow for the most recent Financial Year in accordance with the order of priority set out in paragraph 1(b)(ii) above (regardless of whether a Bank Debt Sweep Period applies or not); and

(c) third, the remainder of Excess Cashflow for the most recent Financial Year in accordance with paragraph 1(b)(iii) above (regardless of whether a Bank Debt Sweep Period applies or not);

Application of funds on a Final Maturity Date

3. if the relevant Loan Interest Payment Date falls on the Final Maturity Date of any Class A Authorised Credit Facility (excluding any Liquidity Facility), then paragraphs 1 (*—Payments in respect of a Bank Debt Sweep Period prior to a Qualifying Public Offering*) and 2 (*—Application if a Trigger Event subsists on the relevant Loan Interest Payment Date*) will not apply and the following will apply:

(a) any amounts standing to the credit of the Defeasance Account referable to that maturing Class A Authorised Credit Facility shall be applied in or towards satisfaction, *pro rata* and *pari passu*, of repaying the outstanding principal amount under that maturing Class A Authorised Credit Facility and any Associated Break Costs, provided that where there is more than one Class A Authorised Credit Facility (excluding any Liquidity Facility) maturing on that Final Maturity Date, to the extent the Class A Authorised Credit Providers under any other such Class A Authorised Credit Facility are also entitled to such amounts standing to the credit of the Defeasance Account, then all such amounts shall instead be applied in or towards satisfaction, *pro rata* and *pari passu*, of each relevant Class A Authorised Credit Facility (as reduced by an amount equal to any Associated Break Costs related to that Class A Authorised Credit Facility, which shall be applied towards satisfying those Associated Break Costs); and

(b) any Projected Excess Cashflow standing to the credit of the Excess Cashflow Account deposited thereto in accordance with the CTA in respect of any Cash Accumulation Period applicable to that maturing Class A Authorised Credit Facility (being the "**relevant Projected Excess Cashflow Amount**") shall be applied in accordance with the following order of priority (unless any amounts are outstanding under a Post FMD ACF (as defined in paragraph 4 below) on the relevant Loan Interest Payment Date, in which case the proportion of the relevant Projected Excess Cashflow Amount referable to the 6 month period ending on the relevant Loan Interest Payment Date shall instead be applied in accordance with paragraph 4 below and only the remainder of the relevant Projected Excess Cashflow Amount shall be applied in accordance with the following order of priority):

(i) first, in or towards satisfaction, *pro rata* and *pari passu*, of:

(A) repaying each Class A Authorised Credit Facility with its Final Maturity Date falling on the relevant Loan Interest Payment Date (as reduced by an amount equal to any Associated Break Costs related to that Class A Authorised Credit Facility, which shall be applied towards satisfying those Associated Break Costs);

(B) if the relevant Loan Interest Payment Date falls within a Cash Accumulation Period relating to any other Class A Authorised Credit Facility, being retained in the Excess Cashflow Account in an aggregate amount not exceeding the applicable Required Accumulation Percentage of Projected Excess Cashflow required to be retained on such date; and

(C) if a Trigger Event has occurred and is continuing (excluding a Trigger Event resulting from the failure to pay on a Final Maturity Date), being applied in accordance with paragraphs 2(a)(i) and (ii) above (provided that if following the relevant Loan Interest Payment Date the Trigger Event ceases to continue and no other Trigger Event has since occurred and is continuing, then any amounts deposited to the Defeasance Account in accordance with this paragraph (i)(C) shall be released and applied in accordance with this paragraph 3 as if that Trigger Event had not subsisted on the relevant Loan Interest Payment Date);

(ii) second, the remainder of any relevant Projected Excess Cashflow Amount in accordance with paragraph 1(b)(ii) above (regardless of whether a Bank Debt Sweep Period applies or not); and

(iii) third, the remainder of any relevant Projected Excess Cashflow Amount in accordance with paragraph 1(b)(iii) above (regardless of whether a Bank Debt Sweep Period applies or not);

Application of funds following a Final Maturity Date where the Obligor Secured Liabilities remain outstanding

4. if the relevant Loan Interest Payment Date falls on a date following the Final Maturity Date of any Class A Authorised Credit Facility (excluding any Liquidity Facility) and any amount under that Class A Authorised Credit Facility remains outstanding (each such Class A Authorised Credit Facility being a "**Post FMD ACF**"), then paragraphs 1 (*—Payments 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 100% of Projected Excess Cashflow for the six month period ending on the relevant Loan Interest Payment Date shall be applied in accordance with the following order of priority:

(a) first, in or towards, *pro rata* and *pari passu*:

(i) satisfaction of repaying the outstanding principal amount under each Post FMD ACF (as reduced by an amount equal to any Associated Break Costs related to that Class A Authorised Credit Facility, which shall be applied towards satisfying those Associated Break Costs);

(ii) if the relevant Loan Interest Payment Date falls on the Final Maturity Date of any other Class A Authorised Credit Facility (excluding any Liquidity Facility), satisfaction of repaying the outstanding principal amount under that Class A Authorised Credit Facility (as reduced by an amount equal to any Associated Break Costs related to that Class A Authorised Credit Facility, which shall be applied towards satisfying those Associated Break Costs);

(iii) if the relevant Loan Interest Payment Date falls within a Cash Accumulation Period relating to any other Class A Authorised Credit Facility, being retained in the Excess Cashflow Account in an aggregate amount not exceeding the applicable Required Accumulation Percentage of Projected Excess Cashflow required to be retained on such; and

(iv) if a Trigger Event has occurred and is continuing (excluding a Trigger Event resulting from the failure to pay on a Final Maturity Date), being applied in accordance with paragraphs 2(a)(i) and (ii) above (provided that if following the relevant Loan Interest Payment Date the Trigger Event ceases to continue and no other Trigger Event has since occurred and is continuing, then any amounts deposited to the Defeasance Account in accordance with this paragraph (a)(iv) shall be released and applied in accordance with this paragraph 4 as if that Trigger Event had not subsisted on the relevant Loan Interest Payment Date);

(b) second, the remainder of any Projected Excess Cashflow in accordance with the order of priority set out in paragraph 1(b)(ii) above (regardless of whether a Bank Debt Sweep Period applies or not); and

(c) third, the remainder of any Projected Excess Cashflow in accordance with paragraph 1(b)(iii) above (regardless of whether a Bank Debt Sweep Period applies or not).

Obligor Post-Acceleration Priority of Payments

Following the delivery of a Loan Acceleration Notice by the Obligor Security Trustee, all Available Enforcement Proceeds shall be applied (to the extent that it is lawfully able to do so), on each Distribution Date, in accordance with the following priority of payments (including, in each case, where applicable in accordance with the relevant contractual provisions any amount of or in respect of VAT) as set out below, without double counting:

1. *first*, in or towards satisfaction, *pari passu* and *pro rata*, of:

   (a) the fees, other remuneration, indemnity payments, costs, charges and expenses (including interest on any of the foregoing) due and payable by any Obligor to the Obligor Security Trustee or any Receiver under any Transaction Document; and

   (b) to the Issuer by way of the First Facility Fee, the amounts due and payable by the Issuer in respect of the fees, other remuneration, indemnity payments, costs, charges and expenses (including interest on any of the foregoing) of the Issuer Security Trustee, any Receiver and the Note Trustees under any Issuer Transaction Document;

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

   (a) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Borrower Account Bank incurred under the Borrower Account Bank Agreement; and

   (b) to the Issuer by way of the Second Facility Fee, the amounts due and payable by the Issuer in respect of:

      (i) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Corporate Officer Provider incurred under the Issuer Corporate Officer Agreement;

      (ii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Jersey Corporate Services Provider incurred under the Issuer Jersey Corporate Services Agreement;

      (iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Agents incurred under any Agency Agreement;

      (iv) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement; and

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

3. *third*, prior to the delivery of a Note Acceleration Notice only, to the Issuer by way of the Third Facility Fee:

   (a) the amounts due and payable by the Issuer to any third-party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments), or to become due and payable to any third-party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments), which amounts have been incurred without breach by the Issuer of the Issuer Transaction Documents to which it is a party (and for which payment has not been provided elsewhere in this priority of payments);

   (b) the amounts due and payable by the Issuer in respect of the fees, other remuneration, indemnity payments, costs, charges and expenses of the stock exchange where the 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 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% 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**") dated 2 July 2013 between Acromas Holdings Limited, AA Limited (the predecessor to AA plc prior to its re-registration as a public company), 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 and amended and restated on 30 January 2015 to reflect that AA plc has replaced Aromas Holdings Limited as the ultimate parent company of Topco, each of the Tax Covenantors have made 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 plc covenants 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. AA plc also guarantees its obligations 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 AA plc Group payment arrangement or that is a member of the AA VAT group to make payments on account of its corporation tax liability and/or VAT to AA plc 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 AA plc, 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.

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 are governed by English law.

Class A IBLAs

General

On 2 July 2013, the Issuer, the Borrower, the Issuer Security Trustee and the Obligor Security Trustee entered into an Initial Class A IBLA in respect of the £300 million Sub-Class A1 Notes and £325 million Sub-Class A2 Notes issued on that date. On 27 August 2013, the Initial Class A IBLA was increased by £350 million in respect of the additional £175 million of Sub-Class A1 Notes and £175 million of Sub-Class A2 Notes issued on that date. On 28 November 2013, the Issuer, the Borrower, the Issuer Security Trustee and the Obligor Security Trustee entered into a Sub-Class A3 IBLA in respect of the £500 million Sub-Class A3 Notes issued on that date. On 2 May 2014, the Issuer, the Borrower, the Issuer Security Trustee and the Obligor Security Trustee entered into a Sub-Class A4 IBLA in respect of the £250 million Sub-Class A4 Notes issued on that date.

The aggregate proceeds of the issuance by the Issuer of a Sub-Class of Class A Notes under the Programme will be on-lent to the Borrower under the related Class A IBLA. Each Class A IBLA Advance under a 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 the related Sub-Class of Class A Notes 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 an existing issuance of Class A Notes, the Issuer will make available further facilities in an aggregate amount equal to the proceeds of each such issuance under the terms of the related 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 a 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.

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 is 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 "*Summary 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 but unpaid interest and Facility Fees thereon, in each case to the date of such prepayment.

If 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 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 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 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 the Common Documents—Common Terms Agreement—Cash Management*".

Unless a Qualifying Public Offering has occurred or unless otherwise agreed in relation to a particular Class A Advance, 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%

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 was required to 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 is required to 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 are or will be secured pursuant to the Obligor Security Documents, and such obligations are or 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 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.

Senior Term Facility Agreement

General

The Borrower and the STF Arrangers, amongst others, entered into the Senior Term Facility Agreement on 5 July 2017 of up to £250 million (the "**Senior Term Facility**") drawings under which, were used, on 13 July 2017 to repay, along with other repayments by the Borrower, all amounts outstanding under the £663 million senior term facility agreement dated 23 April 2014 between, amongst others, the Borrower and Deutsche Bank AG, London Branch (as agent). As of 31 May 2018, the principal amount of £250 million was outstanding under the Senior Term Facility.

Maturity

The Senior Term Facility will mature on 31 July 2021 (the "**STF Final Maturity Date**").

Margin

The margin of the Senior Term Facility is 1.75% per annum.

Interest periods

The Borrower may select interest periods of three or six months for the STF Loan. Where the Borrower provides notice in writing to the STF Agent that it reasonably believes Notes will be issued or primary syndication of the Senior Term Facility may close within three months of that notice, the Borrower may select interest periods of one month or two months or such other period as the Borrower and the STF Agent (acting on the instructions of all of the STF Lenders) may agree. The Borrower shall ensure that an interest period in respect of the Senior Term Facility ends on each Loan Interest Payment Date that falls on 31 July in each calendar year.

Representations, warranties, covenants and undertakings

The Obligors make representations, warranties, covenants and undertakings to the STF Arrangers, the STF Lenders, the Obligor Security Trustee and the STF Agent on the terms set out in certain schedules to the CTA, subject to certain amendments, updates to, or additional, representations, warranties, covenants and undertakings in the Senior Term Facility as permitted in accordance with the exceptions allowed under the CTA (see "Common Terms Agreement – General" above). In addition, on the date of the Senior Term Facility, each of the Original Obligors confirmed that its guarantee provided under clause 14 of the STID (i) continued in full force and effect and (ii) extends to the obligations of the Obligors under the Senior Term Facility Agreement and the other Senior Finance Documents.

Conditions to drawing

In addition to the satisfaction of applicable conditions precedent, utilisation of the Senior Term Facility is subject to:

(a) there being no CTA Default then continuing or which would result from that utilisation; and

(b) all representations and warranties in Schedule 2 to the CTA or otherwise given under the Senior Term Facility being true in all material respects.

Mandatory prepayments

The Borrower is required to prepay the STF Loan in an amount equal to the amount of any Disposal Proceeds resulting from permitted disposals of Permitted Businesses promptly upon receipt of such Disposal Proceeds provided that (unless a Qualifying Public Offering has occurred prior to the date of completion of the disposal in which case the following paragraphs do not apply):

(a) where the aggregate Disposal Proceeds for that Financial Year are equal to or less than £25.0 million (or its equivalent) (Indexed), the Disposal Proceeds from that disposal are committed for reinvestment in a Permitted Business within 12 months of that disposal and applied in such reinvestment within 18 months of that disposal or, if not committed within 12 months and/or applied within 18 months, applied in prepayment of the Obligor Senior Secured Liabilities as described under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*";

(b) to the extent aggregate Disposal Proceeds from that Financial Year from such disposals exceed £25.0 million (Indexed) (or its equivalent) the excess Disposal Proceeds shall be applied in prepayment of the Obligor Senior Secured Liabilities described under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*"; and

(c) notwithstanding paragraphs (a) and (b) above, where a Trigger Event has occurred and is subsisting all Disposal Proceeds from such disposal shall be applied in accordance with subparagraph (b) under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*".

The Borrower is required to prepay the STF Loan in an amount equal to the amount of any Insurance Proceeds received by any member of the Holdco Group to the extent described under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*".

Each amount required to be applied in prepayment of the STF Facility as described in the preceding paragraphs of this section "*—Mandatory prepayments*" shall be reduced by any amount required to be paid under by the Borrower to any Borrower Hedge Counterparty under the Borrower Hedging Agreements in respect of any close-out or termination of transactions under the Borrower Hedging Agreements as a result of such prepayment.

The Borrower is required to prepay the STF Loan in an amount equal to any Equity Cure Amount required to be applied in prepayment of the STF Facility in accordance with sub-paragraph (b) under "*Summary of the Common Documents—Common Terms Agreement—Covenants—Financial covenant and Equity Cure*".

See "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*", "*Summary of the Common Documents—Common Terms Agreement—Covenants—Financial covenant and Equity Cure*" and "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Obligor Priorities of Payment—Obligor Pre-Acceleration Priority of Payments*" for a summary of the STID and Common Terms Agreement provisions relating to mandatory prepayment with respect to Disposal Proceeds, Insurance Proceeds and Equity Cure Amounts.

Unless a Qualifying Public Offering has occurred, the 12-month period ending on the STF Final Maturity Date will be a Cash Accumulation Period and the Required Accumulation Percentage will be 100%.

If a Trigger Event 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 prepay the STF Loan in an amount equal to the relevant amount of Excess Cashflow for that Financial Year provided for in the STID.

Voluntary prepayments

The Borrower may, by giving not fewer than three Business Days' (or such shorter period as the STF Lenders holding, in aggregate, commitments under the Senior Term Facility of more than 66 2/3 of the total commitments under the Senior Term Facility (the "**STF Majority Lenders**") may agree prior notice to the STF Agent, prepay the whole or any part of the STF Loan (but, if in part, being an amount that reduces the amount of the STF Loan by a minimum amount of £2.0 million) (or such lesser amount as may be outstanding or as may be agreed by the STF Agent (acting on the instructions of the STF Majority Lenders).

Change of Control

Upon the occurrence of a change of control determined pursuant to the terms of the Senior Term Facility Agreement ("**STF Change of Control**") or the sale of all or substantially all of the assets of the Holdco Group whether in a single transaction or a series of related transactions:

(a) the Borrower shall immediately notify the STF Agent upon becoming aware of that event and the STF Agent shall immediately thereafter notify the STF Lenders;

(b) each STF Lender shall have a period (the "**STF Change of Control Notification Period**") from the date on which such STF Change of Control or sale occurs until the date falling 30 days after the STF Agent notifies the STF Lenders as described in paragraph (a) above, during which time the STF Lender may notify the STF Agent that it wishes to cancel its commitment in respect of the Senior Term Facility and declare its participation in the STF Loan, together with accrued interest, and all other amounts accrued under the STF Finance Documents immediately due and payable, and the STF Agent shall immediately thereafter notify the Borrower of each such notification by a STF Lender;

(c) from the first day of any STF Change of Control Notification Period until, and including, the date falling 10 Business Days after the end of the STF Change of Control Notification Period, a STF Lender shall not be obliged to fund the STF Loan; and

(d) in respect of each STF Lender which notifies the STF Agent as described in paragraph (b) above, the commitment of that STF Lender in respect of the Senior Term Facility will be cancelled and all outstanding amounts in respect of the STF Loan, together with accrued interest, and all other amounts accrued under the STF Finance Documents, will become immediately due and payable 10 Business Days after the end of the STF Change of Control Notification Period.

Default interest

Prior to the STF Final Maturity Date, if the Borrower fails to pay any amount payable by it under a STF Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which is 1.00% higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted an STF Loan.

With effect from the STF Final Maturity Date, interest shall accrue on each unpaid sum up to the date of actual payment (both before and after judgment) at the rate of 5.7201% per annum.

Events of default

The CTA Events of Default will apply in respect of the Senior Term Facility Agreement. See "*Summary of the Common Documents —Common Terms Agreement—CTA Events of Default*".

The ability of the STF Lenders to accelerate any sums owing to them under the Senior Term Facility Agreement upon or following the occurrence of a CTA Event of Default is subject to the STID.

Fees

Holdco paid (or procured payment) to the financial institutions listed as lenders in Part B and Part C of Schedule 1 to the Senior Term Facility Agreement ("**Original STF Lenders**"), a fee in the amount and at the times agreed in the fee letter dated on or about 5 July 2017 between the Original STF Lenders and Holdco.

Holdco paid (or procured payment) to the STF Agent a fee in an amount and at times agreed in the letter dated on or about 5 July 2017 between the STF Agent and Holdco.

Governing Law

The Senior Term Facility Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Working Capital Facility Agreement

General

The Borrower and the WCF Arrangers, amongst others, entered into the Working Capital Facility Agreement on 5 July 2017 (the "**Working Capital Facility Agreement**"), commitments under which replaced the existing commitments under the working capital facility agreement dated 23 April 2014 between, amongst others, the Borrower and Deutsche Bank AG, London Branch (as agent) (the "**2014 Working Capital Facility Agreement**"). A credit facility made available to the Borrower by the WCF Lenders under the Working Capital Facility Agreement comprises a revolving working capital facility of up to £75.0 million (the "**Working Capital Facility**") (such amount capable of being reborrowed following repayment in accordance with the terms of the Working Capital Facility Agreement), which the Borrower must apply towards working capital purposes and in the case of the first utilisation only, refinancing any amounts outstanding under the 2014 Working Capital Facility Agreement. Subject to the terms of the Working Capital Facility Agreement and any document relating to or evidencing the terms of an ancillary facility, a WCF Ancillary Lender may make available an ancillary facility to the Borrower in place of all or part of its commitment under the Working Capital Facility (a "**WCF Ancillary Facility**"). The maximum aggregate amount of commitments of all WCF Lenders under the WCF Ancillary Facilities is £50.0 million. The WCF Ancillary Facilities may not be utilised for the purposes of prepayment of any WCF Loan.

Maturity

The Working Capital Facility will mature on 31 July 2021 (the "**WCF Final Maturity Date**"). The Working Capital Facility is available from 5 July 2017 until the date falling one month before the WCF Final Maturity Date.

Margin

The margin for the Working Capital Facility is 1.75% per annum.

Interest periods

The Borrower may select interest periods of one, two, three or six months (or such other period agreed between the Holdco Group Agent or the Borrower and the WCF Agent (acting on the instructions of all the WCF Lenders)) for a WCF Loan. Where the Borrower provides notice in writing to the WCF Agent that it reasonably believes the Issuer will issue Notes or that primary syndication of the Working Capital Facility may close within three months of that notice, the Borrower may select interest periods of one or two months or such other periods as the Borrower and the WCF Agent (acting on the instructions of all the WCF Lenders) may agree. The Borrower shall ensure that an interest period in respect of the Working Capital Facility ends on each Loan Interest Period that falls on 31 July in each calendar year.

Representations, warranties, covenants and undertakings

The Obligors have made and will make representations, warranties, covenants and undertakings to (among others) the WCF Arrangers, the WCF Lenders and the WCF Agent on the terms set out in certain schedules to the CTA, subject to certain amendments, updates to, or additional, representations, warranties, covenants and undertakings in the Working Capital Term Facility as permitted in accordance with the exceptions allowed under the CTA (see "Common Terms Agreement – General" above).

Conditions to drawing

In addition to the satisfaction of certain other conditions, all utilisations of the Working Capital Facility are subject to:

(a) there being no CTA Default then continuing or which would result from that utilisation; and

(b) the Repeated Representations being true in all material respects,

provided that the conditions in paragraphs (a) and (b) above shall not apply to any rollover loan unless a Loan Acceleration Notice has been served in accordance with the STID.

Mandatory Prepayment

The Borrower is required to prepay the Working Capital Facility:

(a) in an amount equal to the amount of any Disposal Proceeds resulting from permitted disposals of Permitted Businesses promptly upon receipt of such Disposal Proceeds provided that (unless a Qualifying Public Offering has occurred prior to the date of completion of the disposal in which case the following paragraphs do not apply):

(i) where the aggregate Disposal Proceeds for that Financial Year are equal to or less than £25.0 million (or its equivalent) (Indexed), the Disposal Proceeds from that disposal are committed for reinvestment in a Permitted Business within 12 months of that disposal and applied in such reinvestment within 18 months of that disposal or, if not committed within 12 months and/or applied within 18 months, applied in prepayment of the Obligor Senior Secured Liabilities as described under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*";

(ii) to the extent aggregate Disposal Proceeds from that Financial Year from such disposals exceed £25.0 million (Indexed) (or its equivalent) the excess Disposal Proceeds shall be applied in prepayment of the Obligor Senior Secured Liabilities as described under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*"; and

(iii) notwithstanding paragraphs (i) and (ii) above, where a Trigger Event has occurred and is subsisting all Disposal Proceeds from such disposal shall be applied in accordance with subparagraph (b) under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*";

(b) if a Trigger Event is continuing at the relevant time, in an amount equal to the amount of any Insurance Proceeds to the extent described under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*";

(c) in an amount equal to any amount of Excess Cashflow required to be applied in prepayment of the Working Capital Facility as described in "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Obligor Priorities of Payment—Obligor Pre-Acceleration Priority of Payments—Part B—Excess Cash Flow*"; and

(d) in an amount equal to the amount of any Equity Cure Amount required to be applied in prepayment of the Working Capital Facility pursuant to sub-paragraph (b) under "*Summary of the Common Documents—Common Terms Agreement—Covenants—Financial covenant and Equity Cure*".

See "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*", "*Summary of the Common Documents—Common Terms Agreement—Covenants—Financial covenant and Equity Cure*" and "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Obligor Priorities of Payment—Obligor Pre-Acceleration Priority of Payments*" for a summary of the STID and Common Terms Agreement provisions relating to mandatory prepayment with respect to Disposal Proceeds, Insurance Proceeds, Excess Cashflow and Equity Cure Amounts.

Any amount of Excess Cashflow, Equity Cure Amount, Disposal Proceeds or Insurance Proceeds that is required to be applied in permanent prepayment of the Working Capital Facility pursuant to the CTA or the STID shall be applied:

(a) *first*, in prepayment of WCF Loans on a *pro rata* basis (and cancellation of corresponding commitments under the Working Capital Facility);

(b) *second*, in prepayment of the outstanding amounts due under any WCF Ancillary Facility (and cancellation of corresponding commitments under that WCF Ancillary Facility) on a *pro rata* basis (and cancellation of corresponding commitments under the Working Capital Facility); and

(c) to the extent that the amount to be prepaid exceeds the WCF Loans and outstanding amounts due under the WCF Ancillary Facilities at that time, the prepayment shall be effected by cancelling unutilised commitments under the Working Capital Facility by an amount equal to the amount to be prepaid.

Voluntary prepayments

The Holdco Group Agent or the Borrower may, by giving not fewer than three Business Days' (or such shorter period as the WCF Lenders holding, in aggregate, commitments under the Working Capital Facility of more than 66 2/3 of the total commitments under the Working Capital Facility (the "**WCF Majority Lenders**") may agree prior notice to the WCF Agent, cancel the whole or any part of the Working Capital Facility, subject to a minimum amount of £2.0 million (or such lesser amount as may be outstanding or as may be agreed by the WCF Agent (acting on the instructions of the WCF Majority Lenders).

Change of Control

Upon the occurrence of a change of control determined pursuant to the terms of the Working Capital Facility Agreement (a "**WCF Change of Control**") or the sale of all or substantially all the assets of the Holdco Group, whether in a single transaction or a series of related transactions:

(a) the Borrower shall promptly notify the WCF Agent upon becoming aware of that event and the WCF Agent shall immediately thereafter notify the WCF Lenders;

(b) each WCF Lender shall have a period (the "**WCF Change of Control Notification Period**") from the date on which such WCF Change of Control or sale occurs until the date falling 30 days after the WCF Agent notifies the WCF Lenders as described in paragraph (a) above, during which time the WCF Lender may notify the WCF Agent that it wishes to cancel its commitment in respect of the Working Capital Facility and declare its participation in all outstanding WCF Loans, together with accrued interest, and all other amounts accrued under the WCF Finance Documents immediately due and payable, and the WCF Agent shall immediately thereafter notify the Borrower of each such notification by a WCF Lender;

(c) from the first day of any WCF Change of Control Notification Period until, and including, the date falling 10 Business Days after the end of the WCF Change of Control Notification Period no WCF Loan may be requested other than a rollover loan in respect of the Working Capital Facility; and

(d) in respect of each WCF Lender which notifies the WCF Agent as described in paragraph (b) above, the commitment of that WCF Lender will be cancelled and all outstanding WCF Loans, together with accrued interest, and all other amounts accrued under the WCF Finance Documents, will become immediately due and payable 10 Business Days after the end of the WCF Change of Control Notification Period.

Clean down

The Borrower is required to ensure that the aggregate of:

(a) all WCF Loans, any overdraft or cash loan element outstanding in respect of the WCF Ancillary Facilities and (without double counting) any cash loans covered by a letter of credit or guarantee issued under a WCF Ancillary Facility; less

(b) 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 the financial indebtedness referred to in paragraph (a) above,

shall be reduced to zero for a period (a "**Clean-Down Period**") of not less than three successive Business Days in the period between the date of the first utilisation of the Working Capital Facility and the Financial Year ended 31 January 2018 and in each subsequent Financial Year ending after the date of the first utilisation of the Working Capital Facility. Not less than three months shall elapse between the end of one Clean-Down Period and the beginning of the next Clean-Down Period.

Default interest

Prior to the WCF Final Maturity Date, if the Borrower fails to pay any amount payable by it under a WCF Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which is 1.00% higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a WCF Loan.

With effect from the WCF Final Maturity Date, interest shall accrue on each unpaid sum up to the date of actual payment (both before and after judgement) at the rate of 5.7201 % per annum.

Events of default

The CTA Events of Default will apply under the Working Capital Facility Agreement. See "*Summary of the Common Documents —Common Terms Agreement—CTA Events of Default*".

The ability of the WCF Lenders to accelerate any sums owing to them under the Working Capital Facility Agreement upon or following the occurrence of a CTA Event of Default will be subject to the STID.

Fees

Holdco paid to the financial institutions listed as lenders in Part B and Part C of Schedule 1 to the Working Capital Facility Agreement ("**Original WCF Lenders**"), a fee in the amount and at the times agreed in the fee letter dated on or about 5 July 2017 between the Original WCF Lenders and Holdco.

Holdco paid to the WCF Agent (for the account of each WCF Lender) a commitment fee computed at the rate of 40% of the margin in respect of the Working Capital Facility per annum on the available commitments in respect of the Working Capital Facility. The accrued commitment fee is payable on the last day of each successive three month period during the availability period of the Working Capital Facility after the date of the first utilisation of the Working Capital Facility, on the last day of the availability period of the Working Capital Facility and on the cancelled amount of the relevant WCF Lender's commitment in respect of the Working Capital Facility at the time the cancellation is effective.

Governing law

The Working Capital Facility Agreement and any non-contractual obligation arising out of or in connection with it are governed by English law.

New Senior Term Facility Agreement (in connection with the Proposed Transaction)

General

In connection with the Proposed Transaction, the Borrower and the 2018 STF Arrangers, amongst others, entered into the 2018 Senior Term Facility Agreement on 2 July 2018 of up to £199,666,667 (the "**2018 Senior Term Facility Agreement**") drawings under which, will be used, on or prior to 1 August 2020, to prepay or repay amounts outstanding under the Class A3 IBLA and/or to purchase outstanding Sub-Class A3 Notes in each case outstanding following the completion of the Tender Offer. The facility made available under the 2018 Senior Term Facility Agreement being the "**2018 Senior Term Facility**".

The 2018 Senior Term Facility includes an automatic cancellation mechanic such that, if the amount of the Class A3 Notes that are purchased pursuant to the Tender Offer is in excess of £300,000,000 (such excess being the "**Tender Excess Amount**") , then the commitments under the 2018 Senior Term Facility shall automatically be cancelled in an amount equal to the Tender Excess Amount.

It is a condition precedent to drawing any amount under the 2018 Senior Facility that the existing Senior Term Facility has been prepaid and cancelled in full.

Maturity

The 2018 Senior Term Facility will mature on 31 July 2023 (the "**2018 STF Final Maturity Date**"). The 2018 Senior Term Facility is available from the date of the 2018 Senior Term Facility Agreement until 1 August 2020.

Margin

The margin in respect of the 2018 Senior Term Facility is 1.75% per annum.

Interest periods

The Borrower may select interest periods of three or six months for loans under the 2018 Senior Term Facility (each a "**2018 STF Loan**"). Where the Borrower provides notice in writing to Lloyds Bank Corporate Markets plc as agent under the 2018 Senior Term Facility Agreement (the "**2018 STF Agent**") that it reasonably believes Notes will be issued or primary syndication of the 2018 Senior Term Facility may close within three months of that notice, the Borrower may select interest periods of one month or two months or such other period as the Borrower and the 2018 STF Agent (acting on the instructions of all of the lenders under the 2018 Senior Term Facility Agreement (the "**2018 STF Lenders**")) may agree. The Borrower shall ensure that an interest period in respect of the 2018 Senior Term Facility ends on each Loan Interest Payment Date that falls on 31 July in each calendar year.

Representations, warranties, covenants and undertakings

The Obligors make representations, warranties, covenants and undertakings to the 2018 STF Arrangers, the 2018 STF Lenders, the Obligor Security Trustee and the 2018 STF Agent on the terms set out in certain schedules to the CTA, subject to certain amendments, updates to, or additional, representations, warranties, covenants and undertakings in the 2018 Senior Term Facility Agreement as permitted in accordance with the exceptions allowed under the CTA (see "Common Terms Agreement – General" above). In addition, on the date of the 2018 Senior Term Facility, each of the Original Obligors confirmed that its guarantee provided under clause 14 of the STID (i) continued in full force and effect and (ii) extends to the obligations of the Obligors under the 2018 Senior Term Facility Agreement and the other 2018 Senior Finance Documents.

Conditions to drawing

In addition to the satisfaction of applicable conditions precedent, utilisation of the 2018 Senior Term Facility is subject to:

(a) there being no CTA Default then continuing or which would result from that utilisation; and

(b) the Repeated Representations being true in all material respects.

Mandatory prepayments

The Borrower is required to prepay the 2018 STF Loan in an amount equal to the amount of any Disposal Proceeds resulting from permitted disposals of Permitted Businesses promptly upon receipt of such Disposal Proceeds provided that (unless a Qualifying Public Offering has occurred prior to the date of completion of the disposal in which case the following paragraphs do not apply):

(a) where the aggregate Disposal Proceeds for that Financial Year are equal to or less than £25.0 million (or its equivalent) (Indexed), the Disposal Proceeds from that disposal are committed for reinvestment in a Permitted Business within 12 months of that disposal and applied in such reinvestment within 18 months of that disposal or, if not committed within 12 months and/or applied within 18 months, applied in prepayment of the Obligor Senior Secured Liabilities as described under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*";

(b) to the extent aggregate Disposal Proceeds from that Financial Year from such disposals exceed £25.0 million (Indexed) (or its equivalent) the excess Disposal Proceeds shall be applied in prepayment of the Obligor Senior Secured Liabilities described under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*"; and

(c) notwithstanding paragraphs (a) and (b) above, where a Trigger Event has occurred and is subsisting all Disposal Proceeds from such disposal shall be applied in accordance with subparagraph (b) under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*".

The Borrower is required to prepay the 2018 STF Loan in an amount equal to the amount of any Insurance Proceeds received by any member of the Holdco Group to the extent described under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*".

Each amount required to be applied in prepayment of the 2018 Senior Term Facility as described in the preceding paragraphs of this section "*—Mandatory prepayments*" shall be reduced by any amount required to be paid under by the Borrower to any Borrower Hedge Counterparty under the Borrower Hedging Agreements in respect of any close-out or termination of transactions under the Borrower Hedging Agreements as a result of such prepayment.

The Borrower is required to prepay the 2018 STF Loan in an amount equal to any Equity Cure Amount required to be applied in prepayment of the 2018 Senior Term Facility in accordance with sub-paragraph (b) under "*Summary of the Common Documents—Common Terms Agreement—Covenants—Financial covenant and Equity Cure*".

Subject to the following paragraph, each period:

(i) from the date of the occurrence of a STF Permitted Change of Control until the end of the Financial Year in which the STF Permitted Change of Control occurs; and

(ii) each of the subsequent Financial Years until and including the Financial Year ending 31 January 2023,

shall be a Bank Debt Sweep Period, and the Required Sweep Percentage in respect of each such Bank Debt Sweep Period shall be 100 per cent. and the Borrower shall prepay the 2018 STF Loan(s) in an amount equal to the relevant amount of Excess Cashflow in respect of each such Bank Debt Sweep Period provided for, and in accordance with, the STID.

No Bank Debt Sweep Period shall occur as described in the paragraph above if a Cash Accumulation Period has commenced and is continuing and if a Bank Debt Sweep Period has commenced and a Cash Accumulation Period then occurs the Bank Debt Sweep Period shall be deemed to have ceased immediately prior to the commencement of the relevant Cash Accumulation Period.

See "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*", "*Summary of the Common Documents—Common Terms Agreement—Covenants—Financial covenant and Equity Cure*" and "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Obligor Priorities of Payment—Obligor Pre-Acceleration Priority of Payments*" for a summary of the STID and Common Terms Agreement provisions relating to mandatory prepayment with respect to Disposal Proceeds, Insurance Proceeds and Equity Cure Amounts.

If a Trigger Event 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 prepay the 2018 STF Loan in an amount equal to the relevant amount of Excess Cashflow for that Financial Year provided for in the STID.

Voluntary prepayments

The Borrower may, by giving not fewer than three Business Days' (or such shorter period as the 2018 STF Lenders holding, in aggregate, commitments under the 2018 Senior Term Facility of more than 66 2/3 of the total commitments under the 2018 Senior Term Facility (the "**2018 STF Majority Lenders**") may agree prior notice to the 2018 STF Agent, prepay the whole or any part of the 2018 STF Loan (but, if in part, being an amount that reduces the amount of the 2018 STF Loan by a minimum amount of £2.0 million) (or such lesser amount as may be outstanding or as may be agreed by the 2018 STF Agent (acting on the instructions of the 2018 STF Majority Lenders).

Change of Control

Upon the occurrence of a change of control determined pursuant to the terms of the 2018 Senior Term Facility Agreement ("**2018 STF 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 2018 STF Agent upon becoming aware of that event and the 2018 STF Agent shall immediately thereafter notify the 2018 STF Lenders;

(b) each 2018 STF Lender shall have a period from the date on which such 2018 STF Change of Control or sale occurs until the date falling 30 days after the 2018 STF Agent notifies the 2018 STF Lenders as described in paragraph (a) above (the "**2018 STF Change of Control Notification Period**"), during which time the 2018 STF Lender may notify the 2018 STF Agent that it wishes to cancel its commitment in respect of the 2018 Senior Term Facility and declare its participation in the 2018 STF Loan, together with accrued interest, and all other amounts accrued under the 2018 STF Finance Documents immediately due and payable, and the 2018 STF Agent shall immediately thereafter notify the Borrower of each such notification by a 2018 STF Lender;

(c) from the first day of any 2018 STF Change of Control Notification Period until, and including, the date falling 10 Business Days after the end of the 2018 STF Change of Control Notification Period, a 2018 STF Lender shall not be obliged to fund the 2018 STF Loan; and

(d) in respect of each 2018 STF Lender which notifies the 2018 STF Agent as described in paragraph (b) above, the commitment of that 2018 STF Lender in respect of the 2018 Senior Term Facility will be cancelled and all outstanding amounts in respect of the 2018 STF Loan, together with accrued interest, and all other amounts accrued under the 2018 STF Finance Documents, will become immediately due and payable 10 Business Days after the end of the 2018 STF Change of Control Notification Period.

A 2018 STF Change of Control under the 2018 Senior Term Facility Agreement shall not be deemed to have occurred as a result of either the Obligor Security Trustee gaining direct or indirect control of Holdco as a result of a Share Enforcement Event or a purchaser gaining direct or indirect control of Holdco as a result of a sale pursuant to a Share Enforcement Event (a ***STF Permitted Change of Control***) ***provided always*** that the person or entity which

acquires direct or indirect control of Holdco is not a Restricted Person and ***provided that*** where a 2018 STF Lender is unable (acting reasonably) to comply with or otherwise be satisfied with any applicable "know your customer" or similar identification requirements or sanctions requirements within the time periods set out in the 2018 Senior Term Facility Agreement that 2018 STF Lender may by 5 Business Days' notice cancel its commitment and declare that its participations in the 2018 Senior Term Facility Agreement are immediately due and payable.

Default interest

Prior to the 2018 STF Final Maturity Date, if the Borrower fails to pay any amount payable by it under a 2018 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 annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted an 2018 STF Loan.

With effect from the 2018 STF Final Maturity Date, interest shall accrue on each unpaid sum up to the date of actual payment (both before and after judgment) at the rate of 5.7201% per annum.

Events of default

The CTA Events of Default will apply in respect of the 2018 Senior Term Facility Agreement. See "*Summary of the Common Documents —Common Terms Agreement—CTA Events of Default*".

The ability of the 2018 STF Lenders to accelerate any sums owing to them under the 2018 Senior Term Facility Agreement upon or following the occurrence of a CTA Event of Default is subject to the STID.

Fees

Holdco shall pay (or procure payment) to each financial institution listed as lenders in Part B and Part C of Schedule 1 to the 2018 Senior Term Facility Agreement ("**Original 2018 STF Lenders**"), an upfront fee in the amount and at the times agreed in a fee letter with that Original 2018 STF Lender dated on or about 2 July 2018 between that Original 2018 STF Lender and Holdco.

Holdco shall also pay (or procure payment) to the 2018 STF Agent an agency fee in an amount and at the times agreed in the letter dated on or about the date of the 2018 Senior Term Facility Agreement between the 2018 STF Agent and Holdco.

Holdco shall also pay (or procure payment) to the 2018 STF Agent (for the account of each 2018 STF Lender) a commitment fee computed at the rate of 20% of the margin in respect of the 2018 Senior Term Facility per annum on the available commitments in respect of the 2018 Senior Term Facility. The accrued commitment fee is payable on the last day of each successive three month period during the availability period of the 2018 Senior Term Facility, on the last day of the availability period of the 2018 Senior Term Facility and on the cancelled amount of the relevant 2018 STF Lender's commitment in respect of the 2018 Senior Term Facility at the time the cancellation is effective.

Governing Law

The 2018 Senior Term Facility Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

New Working Capital Facility Agreement (in connection with the Proposed Transaction)

General

In connection with the Proposed Transaction, the Borrower and the 2018 WCF Arrangers, amongst others, entered into the 2018 Working Capital Facility Agreement on 2 July 2018 (the "**2018 Working Capital Facility Agreement**"), commitments which will replace the existing commitments under the Working Capital Facility Agreement. A credit facility made available to the Borrower by the lenders under the 2018 Working Capital Facility Agreement (the "**2018 WCF Lenders**") comprises a revolving working capital facility of up to £60.0 million (the "**2018 Working Capital Facility**") which can be increased to £75.0 million at the option of the Borrower (the "**Accordion Option**") and subject to a lender being willing to provide the additional commitments (such amount capable of being reborrowed following repayment in accordance with the terms of the 2018 Working Capital Facility Agreement), which the Borrower must apply towards working capital purposes of the Holdco Group and in the case of the first utilisation only, refinancing any amounts outstanding under the Working Capital Facility Agreement. Subject to the terms of the 2018 Working Capital Facility Agreement and any document relating to or evidencing the terms of an ancillary facility, a 2018 WCF Ancillary Lender may make available an ancillary facility to the Borrower in place of all or part of its unutilised commitment under the 2018 Working Capital Facility (a "**2018 WCF Ancillary Facility**"). The maximum aggregate amount of commitments of all 2018 WCF Lenders under the 2018 WCF Ancillary Facilities is

£40.0 million, but this will increase to £50.0 million if the Accordion Option is exercised. The 2018 WCF Ancillary Facilities may not be utilised for the purposes of prepayment of any 2018 WCF Loan.

It is a condition precedent to any drawdown under the 2018 Working Capital Facility that the Working Capital Facility has been prepaid and cancelled in full on or prior to the first utilisation date in respect of the 2018 Working Capital Facility

Maturity

The 2018 Working Capital Facility will mature on 31 July 2023 (the "**2018 WCF Final Maturity Date**"). The 2018 Working Capital Facility is available from the date of the 2018 Working Capital Facility Agreement until the date falling one month before the 2018 WCF Final Maturity Date.

Margin

The margin in respect of the 2018 Working Capital Facility is 1.75% per annum.

Interest periods

The Borrower may select interest periods of one, two, three or six months (or such other period agreed between the Holdco Group Agent or the Borrower and Lloyds Bank Corporate Markets plc as agent under the 2018 Working Capital Facility Agreement (the "**2018 WCF Agent**") (acting on the instructions of all the 2018 WCF Lenders)) for a 2018 WCF Loan. Where the Borrower provides notice in writing to the 2018 WCF Agent that it reasonably believes the Issuer will issue Notes or that primary syndication of the 2018 Working Capital Facility may close within three months of that notice, the Borrower may select interest periods of one or two months or such other periods as the Borrower and the 2018 WCF Agent (acting on the instructions of all the 2018 WCF Lenders) may agree. The Borrower shall ensure that an interest period in respect of the 2018 Working Capital Facility ends on each Loan Interest Period that falls on 31 July in each calendar year.

Representations, warranties, covenants and undertakings

The Obligors have made and will make representations, warranties, covenants and undertakings to (among others) the 2018 WCF Arrangers, the 2018 WCF Lenders and the 2018 WCF Agent on the terms set out in certain schedules to the CTA, subject to certain amendments, updates to, or additional, representations, warranties, covenants and undertakings in the 2018 Working Capital Term Facility Agreement as permitted in accordance with the exceptions allowed under the CTA (see "Common Terms Agreement – General" above).

Conditions to drawing

In addition to the satisfaction of certain other conditions, all utilisations of the 2018 Working Capital Facility are subject to:

(a) there being no CTA Default then continuing or which would result from that utilisation; and

(b) the Repeated Representations being true in all material respects,

provided that the conditions in paragraphs (a) and (b) above shall not apply to any rollover loan unless a Loan Acceleration Notice has been served in accordance with the STID.

Mandatory Prepayment

The Borrower is required to prepay the 2018 Working Capital Facility:

(a) in an amount equal to the amount of any Disposal Proceeds resulting from permitted disposals of Permitted Businesses promptly upon receipt of such Disposal Proceeds provided that (unless a Qualifying Public Offering has occurred prior to the date of completion of the disposal in which case the following paragraphs do not apply):

(i) where the aggregate Disposal Proceeds for that Financial Year are equal to or less than £25.0 million (or its equivalent) (Indexed), the Disposal Proceeds from that disposal are committed for reinvestment in a Permitted Business within 12 months of that disposal and applied in such reinvestment within 18 months of that disposal or, if not committed within 12 months and/or applied within 18 months, applied in prepayment of the Obligor Senior

Secured Liabilities as described under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*";

(ii) to the extent aggregate Disposal Proceeds from that Financial Year from such disposals exceed £25.0 million (Indexed) (or its equivalent) the excess Disposal Proceeds shall be applied in prepayment of the Obligor Senior Secured Liabilities as described under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*"; and

(iii) notwithstanding paragraphs (i) and (ii) above, where a Trigger Event has occurred and is subsisting all Disposal Proceeds from such disposal shall be applied in accordance with subparagraph (b) under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*";

(b) if a Trigger Event is continuing at the relevant time, in an amount equal to the amount of any Insurance Proceeds to the extent described under "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*";

(c) in an amount equal to any amount of Excess Cashflow required to be applied in prepayment of the 2018 Working Capital Facility as described in "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Obligor Priorities of Payment—Obligor Pre-Acceleration Priority of Payments—Part B—Excess Cash Flow*"; and

(d) in an amount equal to the amount of any Equity Cure Amount required to be applied in prepayment of the 2018 Working Capital Facility pursuant to sub-paragraph (b) under "*Summary of the Common Documents—Common Terms Agreement—Covenants—Financial covenant and Equity Cure*".

Subject to the following paragraph, each period:

(i) from the date of the occurrence of a WCF Permitted Change of Control until the end of the Financial Year in which the WCF Permitted Change of Control occurs; and

(ii) each of the subsequent Financial Years until and including the Financial Year ending 31 January 2023,

shall be a Bank Debt Sweep Period, and the Required Sweep Percentage in respect of each such Bank Debt Sweep Period shall be 100 per cent. and the Borrower shall permanently prepay the 2018 WCF Loan(s) in an amount equal to the relevant amount of Excess Cashflow in respect of each such Bank Debt Sweep Period provided for, and in accordance with, the STID. Any part of the 2018 Working Capital Facility which is prepaid pursuant to such Bank Debt Sweep Period shall not be reborrowed and the commitments shall be permanently cancelled in amount equal to such prepayment.

No Bank Debt Sweep Period shall occur as described in the paragraph above if either (i) any amounts remain outstanding under the 2018 Senior Term Facility Agreement and/or the 2018 Senior Term Facility Agreement has not been cancelled in full unless and until no such amounts remain outstanding and the 2018 Senior Term Facility Agreement has been cancelled in full; or (ii) a Cash Accumulation Period has commenced and is continuing and if a Bank Debt Sweep Period has commenced and a Cash Accumulation Period then occurs the Bank Debt Sweep Period shall be deemed to have ceased immediately prior to the commencement of the relevant Cash Accumulation Period.

See "*Summary of the Common Documents—Common Terms Agreement—Cash Management—Mandatory Prepayment from Disposal Proceeds and Insurance Proceeds*", "*Summary of the Common Documents—Common Terms Agreement—Covenants—Financial covenant and Equity Cure*" and "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Obligor Priorities of Payment—Obligor Pre-Acceleration Priority of Payments*" for a summary of the STID and Common Terms Agreement provisions relating to mandatory prepayment with respect to Disposal Proceeds, Insurance Proceeds, Excess Cashflow and Equity Cure Amounts.

Any amount of Excess Cashflow, Equity Cure Amount, Disposal Proceeds or Insurance Proceeds that is required to be applied in permanent prepayment of the 2018 Working Capital Facility pursuant to the CTA or the STID shall be applied:

(a) *first*, in prepayment of 2018 WCF Loans on a *pro rata* basis (and cancellation of corresponding commitments under the 2018 Working Capital Facility);

(b) *second*, in prepayment of the outstanding amounts due under any 2018 WCF Ancillary Facility (and cancellation of corresponding commitments under that 2018 WCF Ancillary Facility) on a *pro rata* basis (and cancellation of corresponding commitments under the 2018 Working Capital Facility); and

(c) to the extent that the amount to be prepaid exceeds the 2018 WCF Loans and outstanding amounts due under the 2018 WCF Ancillary Facilities at that time, the prepayment shall be effected by cancelling unutilised commitments under the 2018 Working Capital Facility by an amount equal to the amount to be prepaid.

Voluntary prepayments

The Holdco Group Agent or the Borrower may, by giving not fewer than three Business Days' (or such shorter period as the 2018 WCF Lenders holding, in aggregate, commitments under the 2018 Working Capital Facility of more than $66\,^{2}/_{3}$ of the total commitments under the 2018 Working Capital Facility (the "**2018 WCF Majority Lenders**") may agree prior notice to the 2018 WCF Agent, cancel the whole or any part of the Working Capital Facility, subject to a minimum amount of £2.0 million (or such lesser amount as may be outstanding or as may be agreed by the WCF Agent (acting on the instructions of the 2018 WCF Majority Lenders).

Change of Control

Upon the occurrence of a change of control determined pursuant to the terms of the 2018 Working Capital Facility Agreement (a "**2018 WCF Change of Control**") or the sale of all or substantially all the assets of the Holdco Group, whether in a single transaction or a series of related transactions:

(a) the Borrower shall promptly notify the 2018 WCF Agent upon becoming aware of that event and the 2018 WCF Agent shall immediately thereafter notify the 2018 WCF Lenders;

(b) each 2018 WCF Lender shall have a period from the date on which such 2018 WCF Change of Control or sale occurs until the date falling 30 days after the 2018 WCF Agent notifies the 2018 WCF Lenders as described in paragraph (a) above (the "**2018 WCF Change of Control Notification Period**"), during which time the 2018 WCF Lender may notify the 2018 WCF Agent that it wishes to cancel its commitment in respect of the 2018 Working Capital Facility and declare its participation in all outstanding 2018 WCF Loans, together with accrued interest, and all other amounts accrued under the 2018 WCF Finance Documents immediately due and payable, and the 2018 WCF Agent shall immediately thereafter notify the Borrower of each such notification by a 2018 WCF Lender;

(c) from the first day of any 2018 WCF Change of Control Notification Period until, and including, the date falling 10 Business Days after the end of the 2018 WCF Change of Control Notification Period no 2018 WCF Loan may be requested other than a rollover loan in respect of the 2018 Working Capital Facility; and

(d) in respect of each 2018 WCF Lender which notifies the 2018 WCF Agent as described in paragraph (b) above, the commitment of that 2018 WCF Lender will be cancelled and all outstanding 2018 WCF Loans, together with accrued interest, and all other amounts accrued under the 2018 WCF Finance Documents, will become immediately due and payable 10 Business Days after the end of the 2018 WCF Change of Control Notification Period.

A 2018 WCF Change of Control under the 2018 Working Capital Facility Agreement shall not be deemed to have occurred as a result of either the Obligor Security Trustee gaining direct or indirect control of Holdco as a result of a Share Enforcement Event or a purchaser gaining direct or indirect control of Holdco as a result of a sale pursuant to a Share Enforcement Event (a ***WCF Permitted Change of Control***) ***provided always*** that the person or entity which acquires direct or indirect control of Holdco is not a Restricted Person and ***provided that*** where a 2018 WCF Lender is unable (acting reasonably) to comply with or otherwise be satisfied with any applicable "know your customer" or similar identification requirements or sanctions requirements within the time periods set out in the 2018 Working Capital Facility Agreement that 2018 WCF Lender may by 5 Business Days' notice cancel its commitment and declare that its participations in the 2018 Working Capital Facility Agreement are immediately due and payable.

Clean down

The Borrower is required to ensure that the aggregate of:

(a) all 2018 WCF Loans, any overdraft or cash loan element outstanding in respect of the 2018 WCF Ancillary Facilities and (without double counting) any cash loans covered by a letter of credit or guarantee issued under a 2018 WCF Ancillary Facility; less

(b) 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 the financial indebtedness referred to in paragraph (a) above,

shall be reduced to zero for a period (a "**2018 WCF Clean-Down Period**") of not less than three successive Business Days in the period between the date of the first utilisation of the 2018 Working Capital Facility and the Financial Year ended 31 January 2019 and in each subsequent Financial Year ending after the date of the first utilisation of the 2018 Working Capital Facility. Not less than three months shall elapse between the end of one 2018 WCF Clean-Down Period and the beginning of the next 2018 WCF Clean-Down Period.

Default interest

Prior to the 2018 WCF Final Maturity Date, if the Borrower fails to pay any amount payable by it under a 2018 WCF 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 annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a 2018 WCF Loan.

With effect from the 2018 WCF Final Maturity Date, interest shall accrue on each unpaid sum up to the date of actual payment (both before and after judgement) at the rate of 5.7201% per annum.

Events of default

The CTA Events of Default will apply under the 2018 Working Capital Facility Agreement. See "*Summary of the Common Documents —Common Terms Agreement—CTA Events of Default*").

The ability of the 2018 WCF Lenders to accelerate any sums owing to them under the 2018 Working Capital Facility Agreement upon or following the occurrence of a CTA Event of Default will be subject to the STID.

Fees

Holdco shall pay (or procure payment) to each financial institution listed as lenders in Part B and Part C of Schedule 1 to the 2018 Working Capital Facility Agreement ("**Original 2018 WCF Lenders**"), a fee in the amount and at the times agreed in the fee letter dated on or about the date of the 2018 Working Capital Facility Agreement between the 2018 WCF Agent and Holdco.

Holdco shall also pay (or procure payment) to the 2018 WCF Agent (for the account of each 2018 WCF Lender) a commitment fee computed at the rate of 40% of the margin in respect of the 2018 Working Capital Facility per annum on the available commitments in respect of the 2018 Working Capital Facility. The accrued commitment fee is payable on the last day of each successive three month period during the availability period of the 2018 Working Capital Facility, on the last day of the availability period of the 2018 Working Capital Facility and on the cancelled amount of the relevant 2018 WCF Lender's commitment in respect of the 2018 Working Capital Facility at the time the cancellation is effective.

Governing law

The 2018 Working Capital Facility Agreement and any non-contractual obligation arising out of or in connection with it are governed by English law.

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 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 are governed by English law.

Additional Authorised Credit Facilities

The Borrower is 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 dated 2 July 2013 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

Liquidity Facility Agreement

General

On 2 July 2013, the Issuer and the Borrower entered into the Liquidity Facility Agreement with, among others, the Initial Liquidity Facility Providers, the Liquidity Facility Agent, the Cash Manager, the Issuer Security Trustee and the Obligor Security Trustee, pursuant to which the Liquidity Facility Providers granted to the Borrower a revolving 364-day liquidity facility in an aggregate amount equal to £220.0 million to permit drawings to be made (a) by the Issuer to fund any Issuer Liquidity Shortfall and (b) by the Borrower to fund any Borrower Liquidity Shortfall. The amount available under the Liquidity Facility has subsequently been reduced to £165 million, reflecting a lower potential need for liquidity.

Term

The Liquidity Facility Agreement was originally available for a period of 364 days after 2 July 2013, subject to renewal as described in "*Renewal*" below. Subject to final termination provisions, the Liquidity Facility Agreement is currently available for the period from 26 June 2018 to but excluding the date that falls 364 days after 26 June 2018 or, following acceptance by the Issuer and the Borrower of a renewal confirmation as described in "*Renewal*" below, the date falling 364 days after the date of the then New Liquidity Facility Agreement (as defined below) (or if any such day is not a Business Day, the Business Day immediately preceding such date) (the "**Scheduled LF Termination Date**").

Renewal

The Liquidity Facility Agreement provides that not more than 60 or fewer than 30 days before the then Scheduled LF Termination Date, the Issuer (or the Cash Manager) and the Borrower may request that each Liquidity Facility Provider agree to enter into a new committed revolving facility for a further 364 days on the same terms as the terms of the Liquidity Facility Agreement. The Liquidity Facility Agent will notify the Issuer, the Borrower and the Cash Manager by delivering a renewal confirmation to those parties of each such Liquidity Facility Provider's acceptance of such request within the time period specified in the Liquidity Facility Agreement and, upon the Issuer and the Borrower countersigning the renewal confirmation and without any further action being required on the part of any party to the Liquidity Facility Agreement, a new facility shall be granted by each such Liquidity Facility Provider to the Issuer and the Borrower on the same terms as the terms of the Liquidity Agreement as amended as permitted by the terms of the Liquidity Facility Agreement, such agreement being effective from the date of expiry of the previous liquidity facility (the "**New Liquidity Facility Agreement**").

If the Issuer or the Borrower does not make a renewal request in accordance with the Liquidity Facility Agreement or any Liquidity Facility Provider does not consent to a renewal request, the Issuer and the Borrower agree to use all reasonable endeavours to procure that either:

(a) prior to the seventh day before the then Scheduled LF Termination Date, one or more liquidity facility providers with the required credit rating accedes to the Liquidity Facility Agreement in accordance with the terms of the Liquidity Facility Agreement; or

(b) on or before the then Scheduled LF Termination Date, they enter into a substitute liquidity facility with one or more substitute liquidity providers with the Requisite Rating (as defined in "*Ratings requirement and standby drawings*" below),

in each case such that the rating of the Class A Notes assigned by the Rating Agency at such time will not fall below the then current rating of the Class A Notes. If the Issuer and the Borrower are unable to replace any Liquidity Facility Provider or enter into a New Liquidity Facility Agreement in accordance with the terms of the Liquidity Facility Agreement, the Issuer and the Borrower shall serve a drawdown notice on the relevant Liquidity Facility Provider requesting a drawing from that Liquidity Facility Provider alone in an amount equal to all commitments then available for drawing under the Liquidity Facility from such Liquidity Facility Provider ("**Standby Drawing**"). On the making of a Standby Drawing, the Issuer (or the Cash Manager) and the Borrower shall immediately credit an amount equal to the Issuer's and the Borrower's pro rata share of such Liquidity Facility Provider's all commitments then available for drawing under the Liquidity Facility from such Liquidity Facility Provider, calculated in accordance with the terms of the Liquidity Facility Agreement, to the Issuer's or the Borrower's Liquidity Facility Standby Account.

There is no obligation on any Liquidity Facility Provider to extend the Liquidity Facility. Pursuant to a renewal request dated 11 May 2018 and delivered by the Issuer and the Borrower to the Liquidity Facility Agent and a liquidity facility renewal confirmation letter dated 22 June 2018 and executed by the Liquidity Facility Agent, the Issuer and the Borrower, the liquidity facility was extended for another 364 days effective from 26 June 2018. The Issuer and the Borrower will deliver a new renewal request to the Liquidity Facility Agent to request another extension of the liquidity

facility for an additional 364 days, such request to be delivered not more than 60 nor less than 30 days prior to the current Scheduled LF Termination Date (being 25 June 2018).

If a Liquidity Facility Provider does not agree to a further renewal in accordance with the terms of the Liquidity Facility Agreement, there will be a Standby Drawing of the entire available commitment of the relevant Liquidity Facility Provider which amount shall be immediately credited to the relevant Liquidity Facility Standby Account.

Conditions to drawdown

In addition to the satisfaction of certain other conditions, all utilisations of the Liquidity Facility by the Issuer or the Borrower are subject to, on the proposed drawdown date:

(a) there being no event of default under the Liquidity Facility Agreement then continuing in relation to the Issuer or the Borrower (as applicable);

(b) in relation to a proposed drawdown by the Issuer only, an Issuer Liquidity Shortfall having occurred and is then continuing and the amount of the proposed drawdown by the Issuer is no greater than the amount of such Issuer Liquidity Shortfall; and

(c) in relation to a proposed drawdown by the Borrower, a Borrower Liquidity Shortfall having occurred and is then continuing and the amount of the proposed drawdown by the Borrower is no greater than the amount of such Borrower Liquidity Shortfall.

Interest periods

The interest period on any drawing under the Liquidity Facility is six months, or such lesser period in the case of any Interest Period which would otherwise overrun the then Scheduled LF Termination Date, provided that each such period shall end on or prior to (but exclude) the interest payment date in respect of the Liquidity Facility Agreement immediately following the start date of such period, notwithstanding that such period may be less than one or more completed months.

Redrawing

The Liquidity Facility Agreement provides that the amounts drawn by the Issuer and the Borrower (as applicable) and repaid to the Liquidity Facility Providers may be redrawn subject to the terms of the Liquidity Facility Agreement.

Ratings requirement and standby drawings

Each Liquidity Facility Provider must be a bank or financial institution whose long term unsecured debt obligations being rated by the Rating Agency at least BBB- or such lower rating as may be agreed between the Issuer, the Borrower, the Obligor Security Trustee, the Issuer Security Trustee and the Rating Agency provided that any such lower rating would not lead to any downgrade, withdrawal or the placing on "credit watch negative" (or equivalent) of the then current rating of the Class A Notes (the "**Requisite Rating**").

The Liquidity Facility Agreement provides that if either (a) at any time any Liquidity Facility Provider ceases to have the Requisite Rating; or (b) any Liquidity Facility Provider refuses to grant an extension of the term of the liquidity facility (as described in "*Renewals*" above), then the Issuer and the Borrower shall use all reasonable endeavours to within 60 days replace any Liquidity Facility Provider with, or enter into a New Liquidity Facility Agreement on terms substantially similar to the Liquidity Facility Agreement through, a new third party bank which has the Requisite Rating. If the Issuer and the Borrower are unable to replace any Liquidity Facility Provider or enter into a New Liquidity Facility Agreement in accordance with the terms of the Liquidity Facility Agreement, the Issuer and the Borrower shall serve a drawdown notice on the relevant Liquidity Facility Provider requesting a Standby Drawing. On the making of a Standby Drawing, the Issuer (or the Cash Manager) and the Borrower shall immediately credit an amount equal to the Issuer's and the Borrower's pro rata share of such Liquidity Facility Provider's all commitments then available for drawing under the Liquidity Facility from such Liquidity Facility Provider, calculated in accordance with the terms of the Liquidity Facility Agreement, to the Issuer's or the Borrower's Liquidity Facility Standby Account.

Margin

The margin applicable to any drawing under the Liquidity Facility is 4.00% per annum, provided that on any day when the credit rating of the Class A Notes by the Rating Agency is equal to or higher than BBB, the margin will be 2.50% per annum. The margin is subject to a step-up of 0.50% per annum on each interest payment date in respect of the Liquidity Facility Agreement falling on or after the drawdown date in respect of such drawing until the date on

which that drawing is repaid in full, save that, where a Standby Drawing has been made in respect of which the step-up margin has started to accrue, and then a drawing is made from the Liquidity Facility Standby Account which is funded by such Standby Drawing, the margin applicable to such drawing shall be increased by any further step-up margin which accrues in respect of such drawing with effect from the first interest payment date in respect of the Liquidity Facility following the date of its drawdown. If the Issuer or the Borrower (as applicable) has insufficient amounts available to it to pay the amount of any step-up margin on its due date, such amount will be deferred and only become payable on future interest payment dates in respect of the Liquidity Facility only if and to the extent that amounts are available to the Issuer or the Borrower (as applicable) on such interest payment date to make such payment in whole or in part. Any such non-payment of the step-up margin will not constitute an event of default under the Liquidity Facility Agreement unless and until the Issuer or the Borrower (as the case may be) has sufficient amounts available to it to pay the unpaid step-up amounts on any scheduled interest payment date and the Issuer or the Borrower (as the case may be) does not make such payment.

Default interest

If the Issuer or the Borrower fails to pay any amount payable by it in accordance with the Liquidity Facility Agreement on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which is 1.00% higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a drawing under the Liquidity Facility.

Governing Law

The Liquidity Facility Agreement and any non-contractual obligations arising out of or in connection with it are 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 2 July 2013, the Issuer and the Class A Note Trustee entered into the Class A Note Trust Deed pursuant to which the Class A Notes are constituted. The Class A Note Trust Deed includes the form of the Class A Notes and contains 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 holds 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 an 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% 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 an 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% 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

On 2 July 2013, the Issuer entered into the Issuer Deed of Charge (as amended on 13 April 2015) 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 has secured 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% 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 higher of (i) the Principal Amount Outstanding of such Sub-Class of Class A Notes plus accrued but unpaid interest thereon and (ii) 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 plus accrued but unpaid interest on the Principal Amount Outstanding of the relevant Sub-Class of Class A Notes 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, 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 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 are governed by and constructed in accordance with English Law.

Issuer Corporate Officer Agreement

Structured Finance Management Limited, was appointed on 2 July 2013 (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 are governed by English law.

Class A Agency Agreement

Pursuant to the Class A Agency Agreement entered into on 2 July 2013 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 is 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 are governed by and will be construed in accordance with English law.

Issuer Cash Management Agreement

General

The Issuer has appointed Automobile Association Developments Limited as the Issuer Cash Manager pursuant to the Issuer Cash Management Agreement dated 2 July 2013. 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 an 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 *pari passu* by way of rebate of the ongoing Facility Fees under the terms of the IBLAs.

Termination

The Issuer may terminate the appointment of the Issuer Cash Manager (a) at any time with at least 30 days' prior written notice and the consent of the Issuer Security Trustee, (b) if default is made by the Issuer Cash Manager in the performance or observance of any of its material covenants and material obligations under the Issuer Cash Management Agreement subject to the applicable grace period, (c) if any Insolvency Event occurs in relation to the Issuer Cash Manager and (d) if an Issuer Security Enforcement 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 dated 2 July 2013 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 are governed by English law.

DESCRIPTION OF OTHER INDEBTEDNESS

The following summary of the material terms of the Class B2 Notes, the Topco Payment Undertaking and the Topco Security Agreement does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. Capitalised terms used but not defined in this "Description of Other Indebtedness" section shall have the meanings given to them in the Class B2 IBLA or the section "Glossary", as applicable.

The Class B2 Notes

On 13 April 2015, the Issuer issued £735,000,000 5.500%/5.000% Class B2 Secured Notes due 2043 (the "**Class B2 Notes**"). The proceeds of the issue of the Class B Notes were applied by the Issuer to make advances to the Borrower pursuant to the terms of the Class B2 IBLA (the "**Class B2 IBLA**"). Pursuant to the Class B2 IBLA, the Issuer provided to the Borrower a secured facility (the "**Class B2 Loan**") which is contractually subordinated, among others, to the Class A IBLAs, the Senior Term Facility, the Working Capital Facility, the Liquidity Facility, any other Class A Authorised Credit Facility and certain hedging arrangements. £570 million in principal amount of the Class B2 Notes remained outstanding as of 31 January 2018.

The economic terms and conditions of the Class B2 IBLA (including, among other things, in relation to the payment of interest and the repayment and prepayment of principal) are broadly similar to the terms and conditions of the Class B2 Notes.

The Class B2 Notes are constituted by the First Supplemental Class B Note Trust Deed, rank equally among themselves, are contractually subordinated to, among others, the Class A Notes as to payment and rank junior to the Class A Notes with respect to the application of enforcement proceeds, other than in respect of the Topco Security. The Class B2 Loan is contractually subordinated to, among others, the Class A Loans, the Senior Term Facility, the Working Capital Facility, the Liquidity Facility, any other Class A Authorised Credit Facility and certain hedging arrangements as to payment and ranks junior to the foregoing (as well as certain pension liabilities) with respect to the application of enforcement proceeds, other than in respect of the Topco Security.

Guarantors

The Class B2 Notes are obligations of the Issuer only. The Class B2 Notes have not been guaranteed by any person, except that the Class B2 Notes have the indirect benefit of the Topco Payment Undertaking. See "*—Topco Payment Undertaking*." The Class B2 Loan has been guaranteed by:

- Holdco;
- the Borrower;
- AA Acquisition Co Limited;
- AA Corporation Limited;
- TAAL;
- AADL;
- Automobile Association Insurance Services Limited;
- Automobile Association Insurance Services Holdings Limited;
- AA Financial Services Limited;
- AA Media Limited;
- DriveTech (UK) Limited; and
- Intelligent Data Systems (UK) Limited.

All of the guarantors of the Class B2 Loan are also guarantors of the Class A Loans, the Senior Term Facility, the Working Capital Facility, the Liquidity Facility, any other Class A Authorised Credit Facility and certain hedging arrangements.

Maturity

The Class B2 Notes have an expected maturity date of 31 July 2022 (the "**Class B2 Note Expected Maturity Date**") using the proceeds received by the Issuer from the repayment by the Borrower of the Class B2 Loan on the

Class B2 Loan Maturity Date. The Class B2 Loan will mature on 31 July 2022 (the "**Class B2 Loan Maturity Date**"). If, on the Class B2 Loan Maturity Date, the Class B2 Loan remains outstanding, Topco will be required, under the terms of the Topco Payment Undertaking, to pay or procure payment to the Obligor Security Trustee of all principal, interest and other amounts outstanding under the Class B2 IBLA and any other Class B Authorised Credit Facility. In the event of any failure by Topco to pay or procure payment of such amounts on the Class B2 Loan Maturity Date, the Obligor Security Trustee (acting upon the instruction of Topco Secured Creditors representing at least 30% in aggregate principal amount of all outstanding Topco Secured Liabilities, including holders of the Class B2 Notes) will have the right to enforce the Topco Security. See "*—Topco Payment Undertaking; Topco Security Agreement*" below. Unless previously redeemed in full, the Class B2 Notes will mature on 31 July 2043 (the "**Class B2 Note Final Maturity Date**").

Interest

The Class B2 Notes accrue interest at a rate of 5.500% per annum from (and including) the Issue Date up to (but excluding) 31 July 2022 (the "**Class B2 Note Adjustment Date**") and from (and including) the Class B2 Note Adjustment Date will accrue at a reduced rate of 5.000% per annum (each, as applicable, a "**Class B2 Note Interest Rate**"). The Class B2 Loan accrues interest at a rate of 5.500% per annum from (and including) the Issue Date up to (but excluding) 31 July 2022 (the "**Class B2 Loan Adjustment Date**") and from (and including) the Class B2 Loan Adjustment Date will accrue at a reduced rate of 5.000% per annum (each, as applicable, a "**Class B2 Loan Interest Rate**," and each Class B2 Note Interest Rate and Class B2 Loan Interest Rate, as applicable, an "**Interest Rate**"). Interest on the Class B2 Notes and the Class B2 Loan is payable semi-annually in each year on 31 January and 31 July, with the first payment date falling on 31 July 2015. If on any Class B2 Note Interest Payment Date the Issuer receives a payment of interest on the Class B2 Loan from the Borrower in accordance with the Class B2 IBLA, then the Issuer will be obliged to make a corresponding payment of interest on the Class B2 Notes on such Class B2 Note Interest Payment Date. If on any Class B2 Note Interest Payment Date, the amount received by the Issuer in respect of a payment of interest on the Class B2 Loan is not sufficient to pay the interest accrued on the Class B2 Notes during the immediately preceding interest period in full, the amount of interest accrued up to any such Class B2 Note Interest Payment Date that is not paid by the Issuer on such Class B2 Note Interest Payment Date will be deferred (any such accrued but deferred interest being a "**Deferred Interest Amount**") and such Deferred Interest Amount shall continue to accrue interest at the then applicable Class B2 Note Interest Rate until it is paid by the Issuer in full.

If on any Class B2 Note Interest Payment Date:

(a) the Issuer receives a payment of interest on the Class B2 Loan from the Borrower in accordance with the Class B2 IBLA in excess of the amount of interest accrued on the Class B2 Notes during the immediately preceding interest period; and

(b) on such Class B2 Note Interest Payment Date, a Deferred Interest Amount in respect of any prior interest period remains outstanding,

then the Issuer shall apply such excess to reduce the then outstanding Deferred Interest Amount. Interest and the aggregate amount of all Deferred Interest Amounts then unpaid on the Class B2 Notes and any accrued but unpaid interest thereon shall be due and payable by the Issuer in pounds sterling on the Class B2 Note Final Maturity Date.

If at any time a Trigger Event has occurred (including if the Class A FCF DSCR falls below 1.35x) or if the Class A1 Loan is not refinanced by July 2018, then no payments (including payments of interest) may be made in respect of the Class B2 IBLA, and consequently the Class B2 Notes. See "*Summary of the Common Documents—Common Terms Agreement—Trigger Events*."

Security

The Class B2 Notes share security with, among others, the Class A Notes, provided that the Class B2 Notes rank junior to the Class A Notes with respect to the application of enforcement proceeds, other than in respect of the Topco Security. The shared security package consists of first-ranking security granted by the Issuer in respect of substantially all its property, assets and undertaking, including its rights against each Obligor under the Class A IBLAs, the Class B2 IBLA, the Liquidity Facility Agreement, the Issuer Cash Management Agreement, the Issuer Corporate Officer Agreement, the Issuer Account Bank Agreement and the Agency Agreement and its rights in respect of its bank accounts and Eligible Investments. The Class B2 Notes will also have the indirect benefit of the Topco Security, as discussed below under "*—Topco Payment Undertaking; Topco Security Agreement*."

For a more detailed description of the security created pursuant to the Issuer Deed of Charge and the terms thereof, including the priorities of payments by the Issuer both prior and subsequent to the enforcement of the security thereunder, see "*Summary of the Issuer Class A Transaction Documents—Issuer Deed of Charge" and "Summary of the Common Documents— Security Trust and Intercreditor Deed*."

The Class B2 Loan shares security with, among others, the Class A Loans, the Senior Term Facility, the Working Capital Facility, the Liquidity Facility and certain hedging arrangements and pension liabilities; provided that the Class B2 Loan ranks junior to the foregoing with respect to the application of enforcement proceeds, other than in respect of the Topco Security (which will be granted for the sole benefit of certain secured creditors of Topco, including for the indirect benefit of the holders of the Class B2 Notes). The shared security package consists of, among other things, first-ranking mortgages or fixed charges in respect of the English Obligors' freehold and leasehold properties and fixed and floating charges over all other property, assets and undertaking of each English Obligor.

For a more detailed description of the security created pursuant to the Obligor Security Agreement and the terms thereof, including the priorities of payments by the Borrower both prior and subsequent to the enforcement of the security thereunder, see "*Summary of the Finance Documents—Obligor Security Agreement" and "Summary of the Common Documents —Security Trust and Intercreditor Deed*."

Redemption

At any time on or after 31 July 2018, the Borrower may elect to prepay the Class B2 Loan, in whole or in part, at the applicable prepayment price (expressed as a percentage of principal amount) of (a) 102.750%, if such prepayment occurs before 31 July 2019; (b) 101.375% if such prepayment occurs on or after 31 July 2019 but before 31 July 2020, and (c) 100.000% on or after 31 July 2020, in each case together with accrued and unpaid interest and any additional amounts payable in respect of deductions or withholding for taxes, on the Class B2 Loan prepaid.

At any time prior to 31 July 2018, the Borrower may elect to prepay the Class B2 Loan, in whole or in part, at a prepayment price equal to 100% of the principal amount of the Class B2 Loan prepaid, plus accrued and unpaid interest and additional amounts, if any, up to the prepayment date and a "make-whole" premium in respect of future payments of interest and principal through 31 July 2018, calculated using a discount rate based upon the yield to maturity of UK government securities with a comparable maturity, plus 50 basis points.

In addition, prior to 31 July 2018, the Borrower may on one or more occasions use the net proceeds of specified equity offerings to prepay up to 40% of the aggregate principal amount of the Class B2 Loan, at a prepayment price equal to 105.500% of the principal amount of the Class B2 Loan prepaid, plus accrued and unpaid interest and additional amounts, if any, up to the prepayment date; provided that at least 60% of the original aggregate principal amount of the Class B2 Loan remains outstanding after the occurrence of such prepayment and the prepayment occurs within 180 days of such equity offering.

The Class B2 Notes will be subject to mandatory redemption prior to the Class B2 Note Final Maturity Date if and to the extent the Borrower makes principal repayments or prepayments to the Issuer in respect of the Class B2 Loan, either on a voluntary basis or following the enforcement of security. Any such redemption of the Class B2 Notes will be on the same terms and at the same prices (including any applicable premium) as for the Class B2 Loan.

The Class B2 Loan may be prepaid at the option of the Borrower, in whole but not in part, at any time following certain changes in tax laws or other laws at a prepayment price equal to 100% of the principal amount of the Class B2 Loan prepaid plus accrued and unpaid interest and additional amounts, if any, provided certain conditions are satisfied, including that the Borrower has sufficient funds to make such prepayment.

Mandatory Offers to Purchase upon Asset Sales and Class B2 Change of Control

The terms of the Class B2 IBLA require the Borrower to use the proceeds of certain asset sales to either invest in additional assets or repay certain other indebtedness, and if it does not, to use such proceeds within 365 days of such asset sale to make an offer to repurchase the Class B2 Notes at a repurchase price equal to at least 100% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase.

Following a Class B2 Change of Control, the Borrower will be required to offer to repurchase all of the Class B2 Notes at a repurchase price equal to 101% of the outstanding principal amount of the Class B2 Notes, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase.

Withholding Tax on Class B2 Notes; Early Redemption for Tax or Other Reasons

If any deduction or withholding for, or on account of, any taxes imposed or levied by or on behalf of a relevant tax jurisdiction will at any time be required to be made from any payments made with respect to the Class B2 Notes, including payments of principal, redemption price, purchase price, interest or premium, the Issuer will, subject to certain exceptions, be obliged to pay additional amounts in respect of any such withholding or deduction, such that the net amount received by the holders of the Class B2 Notes is not less than the amount they would have received in the absence of such withholding.

The Class B2 Notes may be prepaid at the option of the Issuer, in whole but not in part, at any time following certain changes in tax laws or other laws at a prepayment price equal to 100% of the outstanding principal amount of

the Class B2 Notes plus accrued and unpaid interest, Deferred Interest Amounts and accrued and unpaid interest thereon and additional amounts, if any, provided certain conditions are satisfied.

Covenants

Under the Class B2 IBLA, the Borrower is 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% 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%

The Class B2 IBLA will limit, among other things, Topco and its restricted subsidiaries with respect to:

- the incurrence or guarantee of additional indebtedness;
- the payment of dividends or other distributions on, and the redemption or repurchase of, its equity;
- the making of certain restricted payments and investments;
- the creation of certain liens;
- the imposition of restrictions on the ability of restricted subsidiaries to pay dividends and other payments to Topco or any Obligor;
- the transfer, lease, sale or other disposition of certain assets;
- the sale of assets or the merger, consolidation with or into other companies;
- the entry into certain transactions with affiliates; and
- the impairment of the security interest in the collateral granted for the benefit of the holders of the Class B2 Notes.

Each of the above covenants is subject to a number of important exceptions and qualifications.

Events of Default

No Class B2 Note Event of Default or Class B2 Loan Event of Default may occur with respect to the Class B2 Notes or the Class B2 Loan, as applicable, while the Class A Notes are outstanding or any amount remains outstanding under any Class A Authorised Credit Facility (until after an acceleration of the amounts outstanding under the Class A Notes or any Class A Authorised Credit Facility, as applicable). In such circumstances, the occurrence of any of the events or circumstances which otherwise would constitute a Class B Event of Default shall instead constitute a Class B Trigger Event.

Share Enforcement Events

Each of the following will constitute a Share Enforcement Event under the Class B2 IBLA, among others:

- any default in the payment of interest or additional amounts, if any, on the Class B2 Loan (subject to a 30-day grace period);
- any amount remaining outstanding under the Class B2 IBLA as at the close of business on the Class B2 Loan Maturity Date;
- any failure to pay principal or premium on the Class B2 Loan upon any optional redemption, required repurchase or declaration;
- any failure to comply, after written notice, with the covenant in the Class B2 IBLA limiting the activities of Topco, Holdco, Intermediate Holdco and the Borrower (subject to a 15-day grace period);
- any failure to comply, after written notice, with certain other covenants under the Class B2 IBLA (subject to a 60-day grace period);
- default under any indebtedness that results from a failure to pay principal when due or results in acceleration of such indebtedness (subject to a £25 million threshold);
- certain bankruptcy events of default;
- certain judgment defaults (subject to a £25 million threshold and 60-day grace period);
- any impairment of the security interest granted in respect of material collateral (subject to a 20-

Business Day grace period); and

- any impairment of a guarantee (subject to a 10-day grace period).

If a Share Enforcement Event occurs and is continuing, Topco Secured Creditors representing at least 30% of the aggregate principal amount of all outstanding Topco Secured Liabilities, including holders of the Class B2 Notes, will be able to enforce the Topco Security, subject to certain requirements being met. See "*Summary of the Common Documents —Security Trust and Intercreditor Deed—Enforcement of the Topco Security*."

If at any time either (i) no amounts remain outstanding under any Class A Authorised Credit Facility or (ii) an acceleration of the amounts outstanding under any Class A Authorised Credit Facility has occurred, each of the Share Enforcement Events specified above will also constitute a Class B2 Loan Event of Default.

Governing law

The Class B2 Notes, the Class B Note Trust Deed, the First Supplemental Class B Note Trust Deed, the Class B2 IBLA, the Issuer Deed of Charge, the Obligor Security Agreement, the Topco Payment Undertaking, the Topco Security Agreement, the Escrow Deed and the Escrow Security Deed of Charge are governed by English law.

Topco Payment Undertaking

Pursuant to a deed of undertaking entered into on 2 July 2013 between Topco, the Holdco Group Agent and the Obligor Security Trustee (the "**Topco Payment Undertaking**"), Topco has undertaken to pay or procure payment to the Obligor Security Trustee, in the circumstances described therein (including upon occurrence of a Share Enforcement Event or a Class B2 Loan Event of Default), an amount equal to the aggregate of:

(a) the then principal balance outstanding on the Class B2 Loan and any other Class B Authorised Credit Facility then outstanding;

(b) any accrued but unpaid interest outstanding in respect of the Class B2 Loan and any other Class B Authorised Credit Facility;

(c) any additional amounts payable in respect of deductions or withholding for taxes; and

(d) all other amounts (including, without limitation, any premium and interest on overdue amounts) outstanding under the Class B2 Loan and any other 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 B2 Loan Event of Default, provided that if a Share Enforcement Event or Class B2 Loan 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 (followed by a similar subscription of shares in Intermediate Holdco and the Borrower) where such subscription funds shall be used 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 the 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 is required 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 is 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 has granted 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 has granted 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 has granted (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.

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 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 have been constituted by a note trust deed dated 2 July 2013 (as supplemented by a First Supplemental Class A Note Trust Deed dated 23 April 2014 and a Second Supplemental Class A Note Trust Deed dated 16 November 2016, and 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**") dated 2 July 2013 (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 2 July 2013, the Issuer entered into a deed of charge (as amended on 13 April 2015, 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 grants 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**").

On24 June 2013, the Issuer entered 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 entered into a liquidity facility agreement dated 2 July 2013 and renewed such facilities on 23 June 2014, 29 April 2015 and 10 June 2016 (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 2 July 2013, the Issuer entered 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 dated 2 July 2013 and amended and restated on 13 April 2015 (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 an 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.

The Class A IBLAs entered into by the Issuer and the Borrower in respect of the Class A IBLA Advances corresponding to the Sub-Class A1 Notes, the Sub-Class A2 Notes, the Sub-

Class A3 Notes and the Sub-Class A4 Notes each designate the 12-month period prior to the Final Maturity Date of the respective Class A IBLA Advance as a Cash Accumulation Period and, in each case, the Required Accumulation Period is 100%

In respect of any other Sub-Class of Class A Notes, if the relevant Final Terms or Drawdown Prospectus specify Cash Accumulation as Applicable, the Class A IBLA and the Class A IBLA Advance corresponding to such Sub-Class of Class A Notes shall designate the specified period prior to the Final Maturity Date of such Class A IBLA Advance as a Cash Accumulation Period and the Required Accumulation Percentage shall be as specified in the relevant Final Terms or Drawdown Prospectus, as the case may be.

(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 to Condition 7(k) ("*Modified Optional Redemption*"), if Issuer Optional Redemption is selected in the Final Terms or Drawdown Prospectus, 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) 1% 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 or 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 a 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 higher of (i) the Principal Amount Outstanding of such Fixed Rate Class A Notes plus accrued but unpaid interest thereon and (ii) 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 plus accrued but unpaid interest on the Principal Amount Outstanding of such Fixed Rate Class A Notes 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.

(k) ***Modified Optional Redemption***

If Modified Optional Redemption is selected in the Final Terms or Drawdown Prospectus, 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 written notice within the notice period specified in the Final Terms (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 all but not some only of any Sub-Class of Class A Notes in whole on the Call Date or Call Dates at the Redemption Amount in each case specified in the Final Terms in respect of the relevant Call Date.

For the purposes of this Class A Condition 7(k), "**Call Date**" means any date specified in the relevant Final Terms applicable to such Sub-Class of Class A Notes on which all the Class A Notes in any particular Sub-Class can be redeemed by the Issuer before the Expected Maturity Date pursuant to Class A Note Condition 7(k).

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 (A) 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% 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% 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% 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 than 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% 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% 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% 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% 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% 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% 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 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.

(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 an 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% 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 delivery 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 an 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% 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% 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% 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 an 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 an 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 Class A 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 of 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 of 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 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 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 [●]

[MIFID II PRODUCT GOVERNANCE / TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Class A Notes has led to the conclusion that: (i) the target market for the Class A Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Class A Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Class A Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Class A Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Class A Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU (as amended, "MiFID II")/MiFID II]; (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in EU Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) (as amended, the "Prospectus Directive"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Class A Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Class A Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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 2 July 2018 [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.][(i)] 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 [theIssue 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:		[●]

(i) To be included only if the Class A Notes are to be admitted to listing on the Official List, and to trading on the regulated market, of the Irish Stock Exchange plc (trading as Euronext Dublin) or other regulated market for purposes of the Prospectus Directive.

4.	Aggregate Nominal Amount of Class A Notes:		
	(i)	Sub-Class:	[●]
5.	Issue Price:		[●]% 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)	Cash Accumulation:	[Applicable] [Not Applicable]
		Cash Accumulation Period	[[●] months prior to the Final Maturity Date of the Corresponding Class A IBLA Advance] [Not Applicable]
		Required Accumulation Percentage	[[●]%] [Not Applicable]
	(iii)	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] [Not Applicable] Class B Call Option—Class A Condition 7(h) applies Modified Optional Redemption—[Class A Condition 7(k) applies] [Not applicable]
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 annum [payable [annually/semi-annually/quarterly/monthly] in arrear on each Interest Payment Date]
	(ii)	Class A Revised Interest Rate:	[●]% 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 the period from (and including) the Class A Interest Commencement Date to (but excluding) the first Interest Payment Date] [[●] per Calculation Amount [in respect of each Class A Note Interest Period [from (and including) the first Interest Payment Date] 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 annum
(ix)	Step-Up Floating Fee Rate:	[●]% per annum
(x)	Minimum Rate of Interest:	[[●]% per annum] [Not Applicable]
(xi)	Maximum Rate of Interest:	[[●]% 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] [As set out in Class A Condition 7(c)[; provided that [●] basis points shall be added to the Gross Redemption Yield on the Reference Gilt (or such other UK government stock as the case may be)]]
(iii)	If redeemable in part:		
	(a)	Minimum Redemption Amount:	[●] per Calculation Amount
	(b)	Maximum Redemption Amount:	[●]
(iv)	Notice period:		[●]

21.	Modified Optional Redemption:		[Applicable in accordance with Class A Condition [7(k)]] [Not Applicable]
	(i)	Call Date(s):	[●]
	(ii)	Redemption Amount(s) of each Class A Note:	[●]
	(iii)	Notice Period:	[●]
22.	Redemption Amount of each Class A Note:		[[●] per Calculation Amount] [For purposes of Class A Condition 7(c) and 7(e), as set out in Class A Condition 7(c)[; provided that [●] basis points shall be added to the Gross Redemption Yield on the Reference Gilt (or such other UK government stock as the case may be)]]
23.	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

24.	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]
25.	New Global Note:		[Yes][No]
26.	Relevant Financial Centre(s):		[Not Applicable] [●]
27.	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 [●].
28.	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 authorized

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 plc (trading as Euronext Dublin) 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 plc (trading as Euronext Dublin) 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:	[●]
FISN Code:	[●]

CFI 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 LIQUIDITY FACILITY PROVIDERS

Barclays Bank PLC

Barclays Bank PLC (the Bank, and together with its subsidiary undertakings, the Bank Group) is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). The Bank 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, the Bank was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'. The whole of the issued ordinary share capital of the Bank is beneficially owned by Barclays PLC. Barclays PLC (together with its subsidiary undertakings, the Group) is the ultimate holding company of the Group.

The Group is a transatlantic consumer and wholesale bank with global reach offering products and services across personal, corporate and investment banking, credit cards and wealth management, with a strong presence in the Group's two home markets of the UK and the US. The Group is focused on two core divisions – Barclays UK and Barclays International.

Both Barclays UK and Barclays International have historically operated within the legal entity Barclays Bank PLC. However, on 1 April 2018 the Barclays UK division formally separated into a new legal entity – Barclays Bank UK PLC (the UK Ring-fenced Bank), which is the Group's UK ring-fenced bank. The UK Ring-fenced Bank offers everyday products and services to retail and consumer customers and small to medium sized enterprises based in the UK. Products and services designed for the Group's larger corporate, wholesale and international banking clients will continue to be offered by Barclays International from within the Bank. The UK Ring-fenced Bank will operate alongside, but have the ability to take decisions independently from, the Bank as part of the Group under Barclays PLC.

The short term unsecured obligations of the Bank are rated A-1 by Standard & Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long-term unsecured unsubordinated obligations of the Bank are rated A by Standard & Poor's Credit Market Services Europe Limited, A2 by Moody's Investors Service Ltd. and A by Fitch Ratings Limited.

Based on the Bank Group's audited financial information for the year ended 31 December 2017, the Bank Group had total assets of £1,129,343m (2016: £1,213,955m), total net loans and advances6 of £401,762m (2016: £436,417m), total deposits7 of £467,332m (2016: £472,917m), and total equity of £65,734m (2016: £70,955m) (including non-controlling interests of £1m (2016: £3,522m)). The profit before tax of the Bank Group for the year ended 31 December 2017 was £3,166m (2016: £4,383m) after credit impairment charges and other provisions of £2,336m (2016: £2,373m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Bank for the year ended 31 December 2017.

BNP Paribas S.A., London Branch

BNP Paribas S.A., London Branch, is part of the BNP Paribas Group which is a company registered in France with a registered office at 16, bd des Italiens - 75009 Paris. It is regulated by the Autorité des marchés financiers (AMF).

Based upon its audited financial information for the year ended 31 December 2017, the BNP Paribas Group had total assets of €2,182.01 billion (2016: €2,336.94 billion), total liabilities of €2,074.80 billion (2016: €2,231.72 billion) and total shareholders' equity of €101.98 billion (2016: €100.67 billion).

JPMorgan Chase Bank, N.A, London Branch

JPMorgan Chase Bank, National Association (referred to in this section as "the **Bank**") is a wholly owned subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. The Bank offers a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of 31 December 2017, JPMorgan Chase Bank, National Association, had total assets of $2,140.78 billion, total net loans of $816.13 billion, total deposits of $1,534.91 billion, and total stockholder's equity of $211.69 billion. These figures are extracted from the Bank's unaudited Consolidated Reports of Condition and Income (the "**Call Report**") as of 31 December 2017, prepared in accordance with regulatory instructions that do not in all cases follow

[6] Total net loans and advances include balances relating to both bank and customer accounts.

[7] Total deposits include deposits from bank and customer accounts.

U.S. generally accepted accounting principles. The Call Report, including any update to the above quarterly figures, is filed with the Federal Deposit Insurance Corporation and can be found at www.fdic.gov.

Additional information, including the most recent annual report on Form 10-K for the year ended 31 December 2017, of JPMorgan Chase & Co., the 2017 Annual Report of JPMorgan Chase & Co., and additional annual, quarterly and current reports filed with or furnished to the Securities and Exchange Commission (the "**SEC**") by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017 or at the SEC's website at www.sec.gov.

Lloyds Bank plc

Lloyds 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, United Kingdom. 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.

NatWest Markets Plc

NatWest Markets Plc ("**NWM**") was incorporated and registered in Scotland No. 90312 with limited liability. Registered Office: 36 St Andrew Square, Edinburgh EH2 2YB, United Kingdom. NWM is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. NWM is a wholly owned subsidiary of The Royal Bank of Scotland plc.

Santander UK plc

Santander UK plc and its subsidiaries (collectively "**Santander UK**") operate primarily in the UK, and are part of Banco Santander (comprising Banco Santander SA and its subsidiaries). Santander UK plc is regulated by the UK Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) and certain other companies within the Santander UK group are regulated by the FCA.

Based upon its audited financial information for the year ended 31 December 2017, Santander UK had total assets of £314.77 billion (2016: £302.51 billion), total liabilities of £298.56 billion (2016: £287.06 billion) and total shareholders' equity of £16.05 billion (2016: £15.30 billion).

TAX CONSIDERATIONS

If you are a prospective purchaser, you should consult your tax advisor on the possible tax consequences of buying, holding or selling any Class A Notes under the laws of your country of citizenship, residence or domicile, including the effect of any local taxes applicable to you. The discussions that follow do not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase, hold or sell the Class A Notes. In particular, this Base Prospectus does not consider any specific facts or circumstances that may apply to you. The discussions that follow for each jurisdiction are based upon the applicable laws and their interpretation in effect as of the date of this Base Prospectus. These tax laws and interpretations are subject to change, possibly with retroactive or retrospective effect.

UNITED KINGDOM TAXATION

The following is a summary of the UK withholding taxation treatment of payments of 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. They 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. If, as a prospective purchaser, you are in any doubt as to your tax position or may be subject to Tax in a jurisdiction other than the UK, you should consult your 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 that we issue 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. Euronext Dublin (under its former name, "the Irish Stock Exchange") has been designated as a recognised stock exchange for these purposes. Our understanding of current HMRC practice is that the Class A Notes will be treated as listed on Euronext Dublin if they are included in the Official List of Euronext Dublin and are admitted to trading on the Main Securities Market of Euronext Dublin. 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%) subject to any direction to the contrary by HMRC under any applicable double taxation treaty, and except that the withholding obligation is disapplied in respect of payments to holders of the Class A Notes which the Issuer reasonably believes are either a UK resident company or a non UK resident company carrying on a trade in the UK through a permanent establishment which brings into account the interest in computing its UK taxable profits, or fall within various categories enjoying a special tax status (including charities and pension funds), or are partnerships consisting of such persons (unless HMRC direct otherwise).

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 one year or more.

If UK withholding tax is imposed, then we will not pay additional amounts in respect of the Class A Notes.

Other Rules relating to UK Withholding Tax

The reference to "interest" in this UK taxation section means "interest" as understood in United Kingdom tax law, and in particular any premium element of the redemption amount of any Class A Notes redeemable at a premium may constitute a payment of interest subject to the withholding tax provisions discussed above. In certain cases, the same could be true for amounts of discount where Notes are issued at a discount. 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. 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 tax treaty.

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.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

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, traders in securities that elect to mark-to-market, real estate investment trusts, regulated investment companies, taxpayers who are required to recognize income for U.S. federal income tax purposes no later than when such income is taken into account in applicable financial statements, partnerships, S-corporations 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 own 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 own 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. Partnerships holding Class A Notes should consult with their own tax advisors regarding the U.S. federal income tax consequences for their partners 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 own 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 own 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 Class A Notes issued with original issue discount "**OID**", Class A Notes issued with payment contingencies or Class A 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 with original issue discount or "OID" for U.S. federal income tax purposes (and will be referred to as an "**OID 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 excess of a Class A Note's stated redemption price at maturity over its issue price is less than a *de minimis* amount (*i.e.*, generally, 1/4 of 1% of the stated redemption price at maturity multiplied by the number of complete years to maturity (or to weighted average maturity where payments other than qualified stated interest are scheduled to be made before the maturity date)), the Class A Note will be considered to have been issued with only *de minimis* OID. U.S. Holders of Class A Notes with *de minimis* OID will include this de minimis OID in income, as capital gain, on a *pro rata* basis as principal payments are made on the Class A Note.

U.S. Holders of OID Class A Notes that mature more than one year from their date of issuance will be required to include OID 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, OID, *de minimis* OID, 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 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 that is not required and that 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 OID 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 OID Class A Note is defined as the sum of the issue price of the Class A Note and the aggregate amount of previously accrued OID, 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 OID 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 OID 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 non-recognition 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 that 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 OID 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 applicable rules. A U.S. Holder that 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 Class A 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 OID 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 or 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 OID rules), then such Class A Notes will generally be "contingent payment debt instruments" for U.S. federal income tax purposes unless the likelihood of the contingency occurring (or not occurring) is remote and the amount of the contingent payment is incidental. 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.

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 non-contingent 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 own 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 that uses the cash method of accounting and that 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 OID 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 each 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 OID 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 OID may elect to translate interest income (including OID) 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 each 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 that 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 OID, 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 payments subject to reporting 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.

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.

U.S. Holders should consult their own tax advisors regarding these and any other information reporting or filing obligations that may arise as a result of their acquiring, owning or disposing of 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 own 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.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase and holding of the Class A Notes by (i) "employee benefit plans" that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), (ii) "plans" (including individual retirement accounts) as defined in and subject to Section 4975 of the Code, (iii) any plan, account or arrangement (including, without limitation, governmental, church and non-U.S. plans) that, while not subject to Title I of ERISA or Section 4975 of the Code, is subject to other federal, state, local or non-U.S. laws or regulations that are substantially similar to the foregoing provisions of ERISA and the Code ("**Similar Laws**"), and (iv) entities whose underlying assets are considered to include "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of any such plans, accounts and arrangements described in (i), (ii), (iii) or (iv) (each, a "**Plan**"). This summary is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Class A Notes on behalf of, or with the assets of, any Plan, consult with their own counsel to determine whether such Plan is subject to Title I of ERISA, Section 4975 of the Code or any other Similar Law, in which case you may be prohibited from purchasing, acquiring or holding the Class A Notes.

In analyzing these considerations with your own counsel, prospective purchasers of the Class A Notes should consider, among other things, the discussion under "**CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS**."

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "**ERISA Plan**") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation, direct or indirect, to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

When considering an investment in the Class A Notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any other Similar Law relating to the fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other Similar Law.

Each ERISA Plan should consider the fact that none of the Issuer, Class A Note Trustee, Class A Registrar, Class A Transfer Agent, Class A Paying Agents and their respective Affiliates (the "**Transaction Parties**") is acting, or will act, as a fiduciary to any ERISA Plan with respect to the decision to purchase or hold the Class A Notes. The Transaction Parties are not undertaking to provide impartial investment advice or advice based on any particular investment need, or to give advice in a fiduciary capacity, with respect to the decision to purchase or hold the Class A Notes. All communications, correspondence and materials from the Transaction Parties with respect to the Class A Notes are intended to be general in nature and are not directed at any specific purchaser of the Class A Notes, and do not constitute advice regarding the advisability of investment in the Class A Notes for any specific purchaser. The decision to purchase and hold the Class A Notes must be made solely by each prospective ERISA Plan purchaser on an arm's length basis. The Transaction Parties have a financial interest in an ERISA Plan's purchase and holding of the Class A Notes, which interests may conflict with the interest of such ERISA Plan, as more fully described in this Base Prospectus.

Prohibited Transaction Considerations

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of Section 3(14) of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless a statutory or administrative exemption or exception is applicable to the transaction. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The acquisition or holding of the Class A Notes by an ERISA Plan with respect to which the Issuer and any of its affiliates are considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory or administrative exemption or exception. In this regard, the U.S. Department of Labor (the "**DOL**") has issued prohibited transaction class exemptions ("**PTCEs**") that may apply to the acquisition and holding of the Class A Notes. These exemptions include, without limitation, PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by an "independent qualified professional asset manager"), PTCE 95-60 (relating to investments by an insurance company general account),

PTCE 96-23 (relating to transactions directed by an in-house asset manager) and PTCE 90-1 (relating to investments by insurance company pooled separate accounts). In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code could provide relief from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code for certain transactions between an ERISA Plan and non-fiduciary service providers to the ERISA Plan; *provided that* neither the issuer of the securities nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan pays no more than "adequate consideration" (as defined in such Sections) in connection with the transaction. There can be no assurance that any of the PTCEs or any other exemption or exception will be available with respect to any particular transaction involving the Class A Notes, or that, if any of the PTCEs or another exemption or exception is available, it will cover all aspects of any particular transaction.

Because of the foregoing, the Class A Notes should not be purchased, held or disposed of by any Plan or any person acting on behalf of any Plan, unless such purchase, holding or disposition, as applicable, would not constitute or result in a non-exempt prohibited transaction under ERISA, the Code or any other Similar Law.

Representations

Accordingly, each purchaser and holder of the Class A Notes (or any interest therein) will be deemed to have represented that (A) either (i) it is not a Plan and is not acting on behalf of any Plan, or (ii) its purchase, holding and disposition of the Class A Notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or under any other Similar Law for which an exemption is not available, and (B) it will not transfer the Class A Notes to any transferee that is a Plan or any person acting on behalf of any Plan.

Further, if the purchaser or subsequent transferee is an ERISA Plan, such purchasers or subsequent transferee will be deemed to have represented and warranted that (1) none of the Transaction Parties has acted as the ERISA Plan's fiduciary (within the meaning of ERISA or the Code), or has been relied upon for any advice, with respect to the purchaser or transferee's decision to acquire and hold the Class A Notes, and none of the Transaction Parties shall at any time be relied upon as the ERISA Plan's fiduciary with respect to any decision to acquire, continue to hold or transfer the Class A Notes, and (2) the decision to purchase the Class A Notes has been made by a duly authorized fiduciary (each, a "**Plan Fiduciary**") who is independent (as that term is used in 29 C.F.R. 2510.3-21(c)(1)) of the Transaction Parties, which Plan Fiduciary (A) is a fiduciary under ERISA or the Code, or both, with respect to the decision to purchase the Class A Notes, (B) is not the individual retirement account ("**IRA**") owner (in the case of a purchaser which is an IRA), (C) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the Class A Notes, **(**D) has exercised independent judgment in evaluating whether to invest the assets of such Plan in the Class A Notes, (E) is either a bank, an insurance carrier, a registered investment adviser, a registered broker-dealer or an independent fiduciary with at least $50 million of assets under management or control and (F) has been informed by the Transaction Parties that none of the Transaction Parties is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity, (G) has been informed by the Transaction Parties the Transaction Parties have financial interests in the ERISA Plan's purchase and holding of the Class A Notes, which interests may conflict with the interest of the ERISA Plan, as more fully described in this Base Prospectus, and (H) is not paying any Transaction Party, any fee or other compensation directly for the provision of investment advice (as opposed to other services) in connection with the ERISA Plan's purchase and holding of the Class A Notes

The foregoing is general in nature and is not intended to be all inclusive. Each Plan fiduciary (and each fiduciary for non-U.S., governmental or church plans subject to Similar Laws) should consult with its legal advisor concerning the potential consequences to the plan under ERISA, the Code or such Similar Laws of an investment in the Class A Notes. None of the Transaction Parties is undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition of any Class A Notes by any Plan.

Nothing set forth herein constitutes a recommendation that any person take or refrain from taking any course of action within the meaning of U.S. Department of Labor Regulation §2510.3 21(b)(1).

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 24 June 2013 made between, amongst others, the Issuer, the Arranger and certain of 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 any Subscription Agreement entered into in respect of any Class A Notes, each Dealer will represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Class A Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

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 Euronext Dublin 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 update and issue of this Base Prospectus and the issue of Class A Notes thereunder have been duly authorised by a resolution of the board of directors of the Issuer passed on 27 June 2018.

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 update and issue of this Base Prospectus and the issue of Class A Notes thereunder have been duly authorised by a resolution of the board of directors of the Borrower passed on 27 June 2018.

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 update and issue of this Base Prospectus and the issue of Class A Notes thereunder have been duly authorised by a resolution of the board of directors of Holdco passed on 27 June 2018.

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

Save as disclosed in respect of the litigation brought by our former Executive Chairman, Bob Mackenzie (see "*Risk Factors – Litigation, roadside injuries or death or regulatory inquiries or investigations could have a material adverse effect on our business, prospects, financial condition and results of operations"* and "*Business - Employees and Pension obligations*"):

(i) there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer 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, significant effects upon the Issuer's financial position or profitability;

(ii) 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; and

(iii) 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 Group'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.

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 since 31 January 2018.

There has been (a) no significant change in the financial or trading position of the Borrower and (b) no material adverse change in the prospects of the Borrower since 31 January 2018.

Save as disclosed in this Base Prospectus, there has been (a) no significant change in the financial or trading position of Holdco and (b) no material adverse change in the prospects of Holdco since 31 January 2018.

Save as disclosed in this Base Prospectus, there has been (a) no significant change in the financial or trading position of AADL and (b) no material adverse change in the prospects of Holdco since 31 January 2018.

Save as disclosed in this Base Prospectus, there has been (a) no significant change in the financial or trading position of AAISL and (b) no material adverse change in the prospects of Holdco since 31 January 2018.

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.

Principal Holdco Group Entities

AADL and AAISL comprise 71% of Trading EBITDA of the Holdco Group for the year ended 31 January 2018 and are the main entities which are funding the Borrower.

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 8PX 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, Holdco, AADL and AAISL;

(b) the audited accounts of the Issuer, Holdco, the Borrower, AADL and AAISL for each 12-month period ended 31 January 2017 and 31 January 2018;

(c) a copy of this Base Prospectus;

(d) 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;

(e) each Investor Report

(f) copies of the following documents:

(g) the CTA;

(h) the STID;

(i) the Senior Term Facility Agreement;

(j) the Working Capital Facility;

(k) each Class A IBLA;

(l) the Obligor Security Agreement;

(m) the Class A Note Trust Deed (including the First Supplemental Class A Note Trust Deed dated 23 April 2014 and the Second Supplemental Class A Note Trust Deed dated 16 November 2016);

(n) the Issuer Deed of Charge (including the Amendment Deed dated 13 April 2015);

(o) the Class A Agency Agreement;

(p) the Issuer Account Bank Agreement;

(q) the Borrower Account Bank Agreement;

(r) the Liquidity Facility Agreement;

(s) the Master Definitions Agreement;

(t) the Issuer Corporate Officer Agreement;

(u) the Issuer Jersey Corporate Services Agreement;

(v) the Issuer Cash Management Agreement; and

(w) 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"*, "*Industry*", "*Business*", *"Book-Entry Clearance Procedure"* and "*Description of 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. Holdco will provide semi-annual and interim unaudited financial information to various parties under the terms of the CTA. 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.

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 Arranger and/or Dealers and/or Global Coordinators

The Arranger and/or the Dealers and/or the Global Coordinators 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/or 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. In addition, in the ordinary course of their business activities, the Arranger and/or the Dealers and/or the Global Coordinators and/or their Affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Obligors and/or their respective subsidiaries and Affiliates. The Arranger and/or the Dealers and/or the Global Coordinators and/or their respective Affiliates that have a lending

relationship with the Issuer or the Obligors and/or their respective subsidiaries and Affiliates routinely hedge their credit exposure to the Issuer or the Obligors and/or their respective subsidiaries and Affiliates consistent with their customary risk management policies. Typically, the Arranger and/or the Dealers and/or the Global Coordinators and/or their respective Affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Class A Notes issued under the Programme. Any such positions could adversely affect future trading prices of the Class A Notes issued under the Programme or whether a specified barrier or level is reached. The Arranger and/or the Dealers and/or the Global Coordinators and/or their respective Affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Specifically, and among others, Barclays Bank PLC, BNP Paribas S.A., London Branch, JPMorgan Chase Bank, N.A., London Branch, Lloyds Bank plc, NatWest Markets Plc and Santander UK plc 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 Arranger and/or the Dealers and/or the Global Coordinators 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 Euronext Dublin 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).

The Legal Entity Identifier

The Legal Entity Identifier (LEI) code of the Issuer is 2138002EPF6QVRZBMC58.

GLOSSARY

"**2013 Valuation**" means the triennial valuation for the AA UK Pension Scheme with an effective date as at 31 March 2013.

"**AA Corporation**" means AA Corporation Limited, a limited liability company incorporated in England and Wales with registered number 3797747.

"**AA DriveTech**" means DriveTech (UK) Limited and its subsidiaries.

"**AA Intermediate Co Limited**" means Holdco.

"**AA Ireland**" means AA Ireland Limited, a private company limited by shares registered in Ireland with company number 389194.

"**AA Ireland Pension Agreement**" means the pension agreement between the Borrower and the AA Ireland Pension Trustee dated 28 June 2013.

"**AA Ireland Pension Scheme**" means the AA Ireland Pension Scheme which is currently governed by a trust deed scheduled to a deed of amendment dated 31 December 2012.

"**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 at the date of the Master Definitions Agreement) in accordance with the AA Ireland Pension Agreement.

"**AA Limited**" means the predecessor to AA plc, which re-registered as a public company on 19 June 2014.

"**AA or AA plc Group**" means AA plc and its subsidiaries as a whole or any one or more of its subsidiaries.

"**AA Pension Agreement**" means the pension agreement between the Borrower and the AA UK Pension Trustee dated 28 June 2013.

"**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 Master Definitions Agreement) in accordance with the AA Pension Agreement or, with effect from the ABF Implementation Date, £0.

"**AADL**" means Automobile Association Developments Limited, a limited liability company incorporated in England and Wales with registered number 1878835.

"**AAISL**" means Automobile Association Insurance Services Limited.

"**AAPMP**" means our unfunded Post-retirement Private Medical Plan scheme.

"**AAUIC**" means AA Underwriting Insurance Company Limited.

"**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 clause 9 of the AA Pension Agreement and the main terms of which are set out in schedule 3 of the AA Pension Agreement (it being understood that the terms

set out in clause 9 and schedule 3 of the AA Pension Agreement do not constitute a legally binding commitment to enter into the ABF).

"**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.

"**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 Master Definitions Agreement.

"**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 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.

"**AIFMD**" means Directive 2006/48/EC, as the same is referenced in Directive 2011/61/EU on Alternative Investment Fund Managers and Amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010.

"**AIFMD Retention Requirement**" means Article 17 of the AIFMD, as implemented by Section 5 of the European Union Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012, supplementing the AIFMD, including any guidance published in relation thereto and any implementing laws or regulations in force in any Member State of the European Union.

"**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 the financial statements delivered pursuant to paragraph 1(a) (*Financial Statements*) of part A (*Information Covenants*) of schedule 3 (*Holdco Group Covenants*) to the Common Terms Agreement.

"**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.

"**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.

"**Authorised Person**" has the meaning given to it in section 31 of the FSMA.

"**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).

"**AVAs**" means Added Value Accounts.

"**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.

"**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 Master Definitions Agreement 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 2 July 2013 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 Priorities of Payment—Obligor Pre-Acceleration Priority of Payments*".

"**BSM**" means British School of Motoring.

"**Business 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 business partners in the business market.

"**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 market**" means the market made up of business partners.

"**Business partner**" means a third-party company or other organisation that offers "add-on" or complementary products and services to its own customers.

"**Business Transfer Deed**" means the deed entered into between TAAL and AADL on 2 July 2013 relating to the sale of the business, assets and undertaking of TAAL to AADL.

"**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 clause 28.10 (*Maintenance of Regulatory Capital*) of the STID, has the meaning given to that term in clause 28.10 (*Maintenance of Regulatory Capital*) of the STID;

(b) for the purposes of the definition of Restricted Cash, means capital resources calculated in accordance with INSPRU, GENPRU or MIPRU as applicable; and

(c) for the purposes of the definition of Permitted Payment, means 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 or 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, provided that, in each case, such investments have a long-term credit rating from S&P at least equal to or higher than the then current rating of the Class A Notes or such other rating as is consistent with the criteria applied by S&P from time to time;

(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 Standard & Poor's Rating Services, 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 from S&P;

(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 Standard & Poor's Ratings Services, (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 provided that that, in each case, such debt securities have a long-term credit rating from S&P at least equal to or higher than the then current rating of the Class A Notes or such other rating as is consistent with the criteria applied by S&P from time,

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, Class A Notes and Class B Notes.

"**Class A Agency Agreement**" means the agreement dated 2 July 2013, 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 Conditions**" 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 schedule 3 (Terms and Conditions) of the Class A Note Trust Deed or in such other form, having regard to the terms of the Class A Notes of the relevant Sub-Class, as may be agreed between the Issuer, the Class A Note Trustee and the relevant Dealer(s) as completed by the Final Terms applicable to the Class A Notes of the relevant Sub-Class, in each case as from time to time modified in accordance with the provisions of the Class A Note Trust Deed and any reference in the Class A Note Trust Deed to a particular specified Class A Condition or paragraph of a Class A Condition shall be construed accordingly.

"**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 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% of the aggregate Principal Amount Outstanding of the Class A Notes of a Sub-Class who (i) for the time being are entitled to receive notice of a Class A Voting Matter and (ii) have participated in the approval process in respect of such resolution, subject to the quorum requirements set out in the Class A Note Trust Deed; or (b) a resolution in writing signed by or on behalf of the holders of not less than 75% of the aggregate Principal Amount Outstanding of the Class A Notes of a Sub-Class who for the time being are entitled to receive notice of a Class A Voting Matter, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Class A Noteholders of such Sub-Class.

"**Class A FCF DSCR**" 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 Initial Interest Rate**" means the rate specified as such in the relevant Final Terms or Drawdown Prospectus.

"**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 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 2 July 2013 between the Issuer and the Class A Note Trustee in respect of the Class A Notes, as supplemented by a First Supplemental Class A Note Trust Deed dated 23 April 2014 and a Second Supplemental Class A Note Trust Deed dated 16 November 2016, and as the same may be amended, supplemented, restated and/or novated from time to time.

"**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 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 Additional Notes**" has the meaning given to that term in Class B2 Condition 19 (*Further Class B2 Notes and New Class B2 Notes*).

"**Class B Agency Agreement**" means the agreement dated 2 July 2013 as amended and restated on or about 13 April 2015 and 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 or Class B Transfer agents or other Class B Principal Paying Agent or Class B Registrar in relation to all or any sub-Class 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 the Class B2 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 the Class B2 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 in relation to any Class B Notes, the terms and conditions endorsed on or incorporated by reference into the Class B Note or Class B Notes, such terms and conditions being substantially in the form set out in schedule 3 (*Class B Terms and Conditions*) to the Class B Note Trust Deed in each case as modified from time to time in accordance with the provisions of the Class B Note Trust Deed and includes, in respect of the Class B2 Notes, the Class B2 Conditions and any reference in the Issuer Transaction Documents to a particular specified Class B Condition or paragraph of a Class B Condition shall be construed accordingly. 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 Note Acceleration Notice**" means a notice from the Class B Note Trustee in its absolute discretion or at the direction in writing of the holders of at least 30 per cent of the aggregate Principal Amount Outstanding of the Class B Notes then outstanding or as directed by a Class B Extraordinary Resolution of the Class B Noteholders (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction in accordance with the Class B Note Trust Deed) to the Issuer declaring all of the Class B Notes immediately due and repayable at any time after the occurrence of any 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 Trust Deed**" means the note trust deed entered into on 2 July 2013 between the Issuer and the Note Trustee in respect of the Class B Notes, as supplemented by the First Supplemental Class B Note Trust Deed.

"**Class B Note Trustee**" means Deutsche Trustee Company Limited or any other or additional trustee appointed pursuant to the Class B Note Trust Deed, for and on behalf of the Class B Noteholders.

"**Class B Noteholder**" means the holder of any Class B Note.

"**Class B Notes**" means the Original Class B Notes, the Class B2 Notes and any Class B Additional Notes.

"**Class B Offering Circular**" means the offering circular dated 25 June 2013 and published by the Issuer in connection with the issue of the Original Class B Notes, the Class B2 Offering Circular and any other offering circular published by the Issuer in connection with the issue of Class B Notes (as the context requires).

"**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 in respect of each class of Class B Notes of the holders of the Class B Notes which shall show (i) the nominal amounts 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 (subject,

where appropriate, in the case of (vi), to the Class B Registrar having been notified as provided in the Class B Agency Agreement).

"**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.

"**Class B2 Conditions**" means the terms and conditions of the Class B2 Notes set out in part B of schedule 3 (Class B2 Conditions) of the Class B Note Trust Deed.

"**Class B2 IBLA**" means the loan agreement entered into between the Issuer and the Borrower on 13 April 2015 entitled "Class B2 Issuer/Borrower Loan Agreement".

"**Class B2 Notes**" means the fixed rate Class B2 Secured Notes due 2043 issued by the Issuer on 13 April 2015.

"**Class B2 Offering Circular**" means the offering circular dated 27 March 2015 and published by the Issuer in connection with the issue of the Class B2 Notes.

"**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 schedule 1 (*Conditions Precedent*) of the Common Terms Agreement are satisfied or waived; (b) all conditions precedent to the establishment of the Programme as set forth in the Dealership Agreement have been satisfied; (c) the first series of Class A Notes and the Original 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 and the Common Terms Agreement.

"**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 Class A 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 dated 2 July 2013 entered into between, among others, the Obligors, the Cash Manager, the Issuer and the Obligor Security Trustee.

"**Companies Act**" means the Companies Act 2006.

"**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*".

"**Contribution Notice**" or "**CN**" means a contribution notice issued by the Pension Regulator under section 43 of the Pensions Act 2004.

"**CRR**" means Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) 648/2012.

"**CRR Retention Requirements**" means the application of Articles 404 to 410 of the CRR, together with the final regulatory technical standards and implementing technical standards to the CRR published by the European Banking Authority pursuant to Articles 410(2) and 410(3) of the CRR and any other applicable guidance, technical standards or related documents published by the European Banking Authority (including any successor or replacement agency or authority) and any delegated regulations of the European Commission (and in each case including any amendment or successor thereto).

"**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 24 June 2013 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.

"**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.

"**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.

"**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.

"**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.

"**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).

"**EAT**" means the Employment Appeals Tribunal.

"**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;

(k) after adding back (to the extent otherwise deducted) any loss against book value incurred by a

member of the Holdco Group on the disposal or write down of any asset (not being any disposals made in the ordinary course of trading) during such period and any loss arising on any revaluation of any asset during such period;

(l) after adding (to the extent not otherwise included) the amount of any dividends or other profit distributions (net of withholding tax) received in cash by any member of the Holdco Group during such period from Joint Ventures in which a member of Holdco Group has an interest;

(m) after adding (to the extent not otherwise included) the realised gains or deducting (to the extent not otherwise deducted) the realised losses arising at maturity or on termination of forward foreign exchange and currency hedging contracts entered into with respect to the operational cash flows of the Holdco Group (but taking no account of any unrealised gains or loss on any hedging or other derivative instrument whatsoever and excluding any IAS 39 timing differences relating to changes in the unrealised par value of derivatives);

(n) after adding back (to the extent otherwise deducted) any fees, costs or charges of a non-recurring nature related to any compensation payments to departing management, investments (including any Joint Venture Investment) or Permitted Financial Indebtedness (whether or not successful);

(o) after adding back (to the extent otherwise deducted) any costs or provisions relating to any share option or management incentive schemes of the Holdco Group;

(p) after adding (to the extent not otherwise included) any insurance proceeds received in cash by any member of the Holdco Group in respect of business interruption loss (to be applied to cover operating losses in respect of which the relevant insurance claim was made) or third-party liability (to the extent such amounts are not subsequently paid to a third-party);

(q) after deducting any profit and adding back any loss attributable solely to exchange rate movements on translation of balance sheet assets and liabilities in the Holdco consolidated financial statements; and

(r) for the avoidance of doubt, before deducting the amount of any Capital Expenditure (to the extent deducted in calculating consolidated operating profits),

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Holdco Group from its ordinary activities.

"**ECJ**" means the European Court of Justice.

"**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 any of the Obligor Post-Acceleration Priority of Payments, the Obligor Pre-Acceleration Priority of Payments or application thereof in respect of an Obligor Secured Creditor (including, in the case of the Issuer, any Issuer Secured Creditor that would be adversely affected by such change);

(d) would have the effect of adversely changing the application of any proceeds of enforcement of the Obligor Security Documents;

(e) would result in the exchange of the relevant Obligor Secured Creditor's debt for, or the conversion of such debt into, shares, notes or other obligations of any other person;

(f) would change or would relate to the currency of payment due under the relevant Obligor Secured Creditors debt (other than due to the UK adopting the euro);

(g) would change or have the effect of changing in any material respect any of the requirements described in the section "*Summary of the Common Documents—Common Terms Agreement—Cash Management*" which would reasonably be expected to have an adverse effect on an Obligor Secured Creditor;

(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, 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 of 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—Qualifying Obligor Secured Liabilities*";

(k) would change or have the effect of changing the Reserved Matters under the STID;

(l) in respect of each Obligor Secured Creditor that is a Topco Secured Creditor, would change or would have the effect of changing (i) the definitions of Topco Demand Notice Instruction or Topco Enforcement Instruction or (ii) the quorum requirement or voting majority required in respect of any Topco Demand Notice Instruction or Topco Enforcement Instruction;

(m) in respect of each Hedge Counterparty:

(i) would change or would have the effect of changing any of the following definitions: Borrower Hedge Replacement Premium, Issuer Hedge Replacement Premium, Hedging Agreement or Issuer Secured Creditor Entrenched Right;

(ii) would change or would have the effect of changing the limits specified in the paragraphs "*OCB Secured Capped Hedging Transactions*", "*Currency Risk Principles*" and "*Interest Rate Risk Principles*" described in the section "*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—Qualifying Obligor Secured Liabilities—Tranching of Qualifying Obligor Secured Liabilities and Determination of Voted Qualifying Obligor Secured Liabilities for which the Issuer is a Creditor*" 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.

"**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;

"**Euronext Dublin**" means the Irish Stock Exchange Plc trading as Euronext Dublin or any other body to which its functions have been transferred.

"**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—Covenants—General Covenants— Purchase of Class A Notes or Class B 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, 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, the date specified as such in the applicable Class B Condition; 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.

"**First Supplemental Class B Note Trust Deed**" means the supplemental note trust deed dated 13 April 2015 and made between the Issuer and the Class B Note Trustee.

"**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.

"**FSMA**" means the Financial Services and Markets Act 2000.

"**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.

"**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.

"**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.

"IAS 19" means International Accounting Standards, 19, Employee Benefits (revised 2011).

"**IAS 34**" means International Accounting Standards, 34, Interim Financial Reporting, issued by the IASB.

"**IAS 39**" means International Accounting Standards, 39, Financial Instruments: Recognition and Measurement, issued by the IASB.

"**IASB**" means the International Accounting Standards Board.

"**IBLA Advance**" means any advance made under any IBLA.

"**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.

"**ICOBS**" means the Insurance Conduct of Business Sourcebook.

"**ICSDs**" means Clearstream, Luxembourg and Euroclear.

"**IDU**" means the Independent Democratic Union.

"**IFRS**" means the International Financial Reporting Standards issued by the IASB 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 of an amount of up to £1,900,000,000 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 the Initial Class A IBLA; and

(e) the facility provided under the 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 2 July 2013 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 2 July 2013 entitled "Initial Class B Issuer/Borrower Loan Agreement".

"**Initial Dealers**" means Barclays Bank PLC, Deutsche Bank AG, London Branch, HSBC Bank plc, Lloyds Bank Corporate Markets 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 dated 2 July 2013 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 2 July 2013 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, Bank of America Securities Limited, The Bank of Tokyo – Mitsubishi UFJ, Ltd., Barclays Bank PLC, HSBC Bank plc, Lloyds Bank plc (formerly 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, Bank of America Securities Limited, The Bank of Tokyo – Mitsubishi UFJ, Ltd., Barclays Bank PLC, HSBC Bank plc, Lloyds Bank plc (formerly 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 2 July 2013 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 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.

"**Instalment Note**" means any Class A Notes specified as such in the relevant Final Terms.

"**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, a Class A Note Interest Period, (ii) in respect of the Class B Notes, see "*Description of Other Indebtedness—The Class B2 Notes—Interest*" 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—Covenants—Information Covenants—Investor Report*".

"**IPCo**" means the wholly owned subsidiary of Holdco that is the designated transferee of the brands to be transferred under the ABF.

"**IPO**" means the initial public offering of the ordinary shares of AA plc in June 2014.

"**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 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.

"**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 any Class B Notes, the date of issue of such Class B Notes stated in the relevant Class B Offering Circular.

"**Issue Price**" 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 2 July 2013 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 2 July 2013 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 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 and the First Supplemental Class B Note Trust Deed), 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 dated 2 July 2013 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 dated 2 July 2013 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 as amended on 13 April 2015.

"**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 dated 22 May 2013 entered into between, amongst others, the Issuer and the Issuer Jersey Corporate Services Provider.

"**Issuer Jersey Corporate Services Provider**" means Mourant Ozannes Corporate Services (Jersey) Limited.

"**Issuer Jersey Share Security Agreement**" means the security interest agreement dated 2 July 2013 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 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

(m) any other person which accedes to the Issuer Deed of Charge as an Issuer Secured Creditor after the Closing Date or who becomes a Noteholder after the Closing Date.

"**Issuer Secured Liabilities**" 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 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 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 at least the Requisite Rating 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.

"**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 2 July 2013 and amended and restated on 13 April 2015.

"**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% 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 £35,000,000 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.

"**New Dealer**" means any entity appointed as an additional Dealer in accordance with 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 Trust Deed**" means the Class A Note Trust Deed and/or the Class B Note Trust Deed.

"**Note Trustee**" means the Class A Note Trustee and/or the Class B Note Trustee as the context requires.

"**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 Class A Notes and the Issuer Transaction Documents (and "Obligation" shall mean any one of them).

"**Obligor**" means each Original Obligor, excluding any Original Obligor which has been disposed of, 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 the Common Documents—Security Trust and Intercreditor Deed—Obligor Priority of Payments following the delivery of an Acceleration Notice*" and "*Summary of the Common Documents—Security Trust and Intercreditor Deed—Obligor Priorities of Payment—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 the Common Documents—Security Trust and Intercreditor Deed—Obligor Priorities of Payment—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 2 July 2013, 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 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, 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 Obligor Secured Creditor;

(i) an instruction required in accordance with the STID; and/or

(j) a request under the STID to hold a physical meeting of Qualifying 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 Euronext Dublin.

"**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 Class B Notes**" means the fixed rate Class B Secured Notes due 2043 issued by the Issuer on the Closing Date.

"**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 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 Bank plc (formerly 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 Bank plc (formerly Lloyds TSB Bank plc), Royal Bank of Canada and UBS AG, London Branch, as original bank lenders of the Initial Working Capital Facility Agreement.

"**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.

"**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 Class A 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 Class A 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 Class A 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% 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 arm's 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 Matters*");

(m) of a Permitted Business (including any shares in any member of the Holdco Group that is a subsidiary of the Borrower other than any part of the UK roadside assistance business), provided that unless a Qualifying Public Offering has occurred prior to the date of completion of the Disposal (in which case the following sub-paragraphs shall not apply):

(i) where the aggregate Disposal Proceeds for that Financial Year are equal to or less than £25,000,000 (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 the Common Documents— Common Terms Agreement—Cash Management—Mandatory Prepayment From Disposal Proceeds and Insurance Proceeds*";

(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 the Common Documents—Common Terms Agreement—Covenants—General Covenants—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 six months following the date of acquisition;

(f) under finance or capital leases of vehicles, plant, equipment or computers, or other assets useful for the business of the Holdco Group, provided that the aggregate capital value of all such items so leased under outstanding leases by members of the Holdco Group does not exceed £150,000,000 (Indexed) (or its equivalent) at any time subject to the CTA (see "*Summary of the Common Documents—Common Terms Agreement—Covenants—General Covenants—Financial Indebtedness*");

(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% 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 AA Insurance Company Limited (Gibraltar) or AA 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—Covenants—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 the Common Documents—Common Terms Agreement—Covenants—General Covenants—Payments under Class A Notes, Class A IBLA and Class B Authorised Credit Facility*"),

and in either case the payment is made on a Loan Interest Payment Date in respect of a Class A IBLA falling on or prior to the Final Maturity Date in respect of 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 TAAL'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 Date, 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 AA plc Group (including without limitation, (a) any payment (i) from any Security Group Company to AA plc 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 AA plc 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 AA plc in relation to such Security Group Company's membership of the AA VAT Group) or between any Security Group Company and a member of the Saga 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 consumer market.

"**personal member market**" means the market made up of individuals that directly subscribe for or purchase roadside assistance cover or other products and services.

"**PIK Notes**" means the £350 million 9 ½%/10 ¼% Senior PIK Notes due 2019, guaranteed on a senior basis by AA Limited, issued by AA PIK Co Limited on 7 November 2013, which were redeemed in November 2014 and April 2015.

"**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 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.

"**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.

"**PPF**" means Pension Protection Fund.

"**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 1 July 2013.

"**QIB**" or "**qualified institutional buyer**" 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% (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 Class A 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.

"**Recast Insolvency Regulation**" means EC Regulation No. 848/2015 on Insolvency Proceedings.

"**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:

(a) for the purposes of clause 28.10 (*Maintenance of Regulatory Capital*) of the STID, has the meaning given to that term in clause 28.10 (*Maintenance of Regulatory Capital*) of the STID;

(b) 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; and

(c) for the purposes of the definition of Permitted Payment, means such capital requirements as are imposed on Automobile Association Insurance Company Limited (Gibraltar) or AA Reinsurance Company Limited (Guernsey) and any other member of the AA plc Group which is a regulated entity by any regulatory authority of any relevant jurisdiction.

"**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 business roadside assistance contracts and driving services contracts, and driving school franchisees that contribute to revenue.

"**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.

"**Requisite Rating**" means, in respect of any person, such person's long term unsecured debt obligations being rated by the Rating Agency at least BBB- or such lower rating as may be agreed between the Borrower and the Rating Agency provided that any such lower rating would not lead to any downgrade, withdrawal or the placing on "credit watch negative" (or equivalent) of the then current ratings of the Class A Notes.

"**Reservations**" 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 in respect of any Financial Year, to the extent unspent at that time and in determining such cumulative aggregate amount:

(a) Excess Cashflow shall only be included for a Financial Year in which a Bank Debt Sweep Period applies to the extent such Excess Cashflow is released and made available to the Holdco Group from the Excess Cashflow Account after the Loan Interest Payment Date falling in July in accordance with the Obligor Pre-Acceleration Priority of Payments; and

(b) Excess Cashflow shall only be treated as released and available to the Holdco Group for a Financial Year in which no Bank Debt Sweep Period applies on the Loan Payment Date falling in July following that Financial Year after providing for and/or discharging out of such Excess Cashflow all amounts then owing under the Obligor Pre-Acceleration Priority of Payments and for so long as such Excess Cashflow is not required to be applied on that Loan Payment Date in accordance with the Obligor Pre-Acceleration Priority of Payments.

"**Risk Retention Requirements**" means the AIFMD Retention Requirement and the CRR Retention Requirement.

"**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 the 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.

"**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.

"**Small company**" means a company that qualifies as small pursuant to section 382(3) of the Companies Act.

"**Solvency II**" means Article 254 of Regulation (EU) No. 2015/35.

"**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 Class A 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.

"**Stabilising Manager**" means in connection with the issue of any Sub-Class of Class A Notes, one or more relevant Dealers who undertake stabilisation action.

"**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.

"**STF Agent**" means Deutsche Bank AG, London Branch.

"**STF Lenders**" means the lenders under the Senior Term Facility.

"**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 2 July 2013.

"**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 Euronext Dublin or any other or further stock exchange(s) on which any Class A Notes may from time to time 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 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 Class A 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 Class A 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 2 July 2013 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 AA Limited, Topco, Holdco, AA Acquisition Co Limited, the Borrower, AA Corporation Limited and the Issuer.

"**Tax Deed of Covenant**" means the deed dated 2 July 2013 between (among others) the Tax Covenantors, the Issuer, the Obligor Security Trustee and the Issuer Security Trustee and amended and restated on 30 January 2015 to reflect that AA plc has replaced Aromas Holdings Limited as the ultimate parent company of Topco, 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 paragraphs (a) to (e), 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 2 July 2013 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 2 July 2013 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 of 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

(d) any other document designated as a "Topco Transaction Document" by a Class B Authorised Credit Provider and the Obligor Security Trustee.

"**Total Class A Net Debt**" 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.

"**UK**" means the United Kingdom of Great Britain and Northern Ireland.

"**UK GAAP**" means generally accepted accounting principles in the UK.

"**UK Pensions Regulator**" means the regulator of occupational pension schemes 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.

"**Volcker Rule**" means section 13 of the US Bank Holding Company Act of 1956, as amended, and the regulations promulgated thereunder.

"**Voted Qualifying Obligor Secured Liabilities**" means the Outstanding Principal Amount actually voted by the Qualifying Obligor Secured Creditors.

"**WCF Agent**" means Deutsche Bank AG, London Branch.

"**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 certain Foreign Currency, an Interest Rate Hedging Transaction under which at least one transaction calculation amount is denominated in such Foreign Currency.

INDEX OF DEFINED TERMS

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