

AA BOND CO LIMITED

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

NOTE: THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE LEGAL AND BENEFICIAL OWNERS OF THE SUBJECT NOTES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS, AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE RE-TRANSMITTAL TO BENEFICIAL OWNERS OF THE NOTES IN A TIMELY MANNER.

NOTICE

to the holders of

£300,000,000 Fixed Rate Class A Notes due 2043

(ISIN XS0949169410)

£325,000,000 Fixed Rate Class A Notes due 2043

(ISIN XS0949169923)

£175,000,000 Fixed Rate Class A Notes due 2043

(ISIN XS0962592399)

£175,000,000 Fixed Rate Class A Notes due 2043

(ISIN XS0962592555)

£500,000,000 Fixed Rate Class A Notes due 2043

(ISIN XS0996575378)

£250,000,000 Fixed Rate Class A Notes due 2043

(ISIN XS1058749018)

£655,000,000 9.50 per cent Class B Secured Notes due 2043

(ISIN XS0946708889)

(together, the "Notes")

This Notice is issued by the Issuer to the holders of the Notes. AA Limited has today made the following announcement.



6 June 2014

THIS ANNOUNCEMENT IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF SOUTH AFRICA, THE UNITED STATES OR ANY OTHER JURISDICTION WHERE TO DO SO MIGHT CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.

This announcement is an advertisement for the purposes of the UK Prospectus Rules and not a prospectus and not an offer of securities for sale in any jurisdiction, including in or into Australia, Canada, Japan, the Republic of South Africa or the United States.

Investors should not purchase or subscribe for any shares referred to in this announcement except on the basis of information in the prospectus (the "Prospectus") expected to be published by the AA Limited (to be re-registered as AA plc before Admission) (the "AA" or the "Company"), in due course in connection with the proposed admission of its ordinary shares ("Shares") to the standard listing segment of the Official List of the UK Financial Conduct Authority (the "FCA") and to trading on the Main Market for listed securities of London Stock Exchange plc (the "London Stock Exchange") (together, "Admission").

A copy of the Prospectus will, following publication, be available for inspection on the Company's website at www.theaa.com. This announcement is not an offer to sell, or a solicitation of an offer to acquire, securities in the United States or in any other jurisdiction.

AA LIMITED

BUY-IN TEAM BACKED BY LEADING INSTITUTIONAL INVESTORS ACQUIRES THE AA FROM ACROMAS

ANNOUNCEMENT OF INTENTION TO FLOAT ON THE LONDON STOCK EXCHANGE

OFFER OF NEW SHARES BY THE COMPANY

The AA today announces its intention to proceed with a sale and flotation, to a management buy-in team led by Mr. Bob Mackenzie working alongside the existing AA management team, and backed by leading institutional investors, including Aviva, Blackrock, CRMC, GLG Partners, Henderson Global, Henderson Volantis, Invesco, L&G and Lansdowne Partners (the "Cornerstone Investors").

The Company and Acromas Bid Co Limited ("Acromas" or the "Selling Shareholder"), which currently owns 100% of the issued share capital of the AA, have received binding commitments of over £930 million from the Cornerstone Investors to acquire shares. As part of the offer the Company is expected to issue approximately £210m of new shares (the "New Shares"), with the remainder of the offer comprising the sale of existing shares (the "Existing Shares") by the Selling Shareholder (the "Offer").

Following the Cornerstone Investors' commitments, Acromas would retain an approximate 31% shareholding in the AA. However, given the interest shown to date, Acromas has agreed to make its remaining stake available to new investors at the same valuation. The Offer, which will commence shortly, will only be made outside of the United States to certain institutional and professional investors.

Admission is expected to take place in the second half of June 2014 and the total expected market capitalisation of the Company at Admission will be approximately £1,385 million.

The sale follows an approach made to the Selling Shareholder by a management buy-in team led by Mr. Bob Mackenzie. Mr. Mackenzie has extensive experience in leadership roles at automotive services businesses including as Chairman of Northgate PLC, the vehicle fleet management business, and former roles as Chairman and CEO of National Car Parks and its subsidiary Green Flag, a roadside services business. It is proposed that Mr. Mackenzie will be Executive Chairman, working alongside the existing AA CEO, Chris Jansen, and existing CFO, Andy Boland.

Together with the existing management team, the buy-in team of Mr. Bob Mackenzie, Dr. Martin Clarke and Mr. Nick Hewitt, bring a wealth of experience that includes proven operational, financial and strategic skills assembled over thirty years in executive management, private equity and strategic consulting. The buy-in team first identified the AA as a potential investment proposition over two years ago. In the intervening period significant work has gone into formulating a strategy for the Company which the team believe has potential to deliver an improved customer proposition and significant shareholder value.

The Company will apply for Admission of its Shares to the standard listing segment of the Official List of the FCA and to trading on the Main Market for listed securities of the London Stock Exchange.

Bob Mackenzie, Executive Chairman said,

“The AA is a very successful organisation with a strong record of serving its members and the needs of the UK motorist. We believe there are significant opportunities to grow the business, a sentiment shared by the high quality leading cornerstone investing institutions who have already committed over £930 million to the transaction.

We believe that as a public company, backed by investors of this quality, the AA will have a core set of long term committed investors to support its continued growth and development.

The AA is a fundamentally strong business and underpinning our approach is a clear strategy to invest in systems and new technologies to further enhance the service provided to our members and customers; to steadily reduce the AA's existing debt; and to develop the growth opportunities that we have identified. With such valuable support from our Cornerstone Investors, my colleagues and I are looking forward to continuing the AA's growth as an independent public company."

Chris Jansen, Chief Executive said,

“This is a very exciting and timely development for the AA and marks the start of a new chapter for the Company. The AA is an iconic organisation and has at its heart a very skilled and loyal team of over 8,000 employees, dedicated to serving our members. We have earned their trust over many decades, and with it the opportunity to offer new products and services of the highest quality. Under its ownership, Acromas has continued to invest in the AA to ensure that we have maintained and extended our lead in service levels and organisational scope. On almost every metric, the service we deliver to our members is well ahead of that of our competition, and we will strive to maintain that position.

I am pleased that all of the qualities, strengths and opportunities that I saw in the AA when I joined have been recognised by Bob, his colleagues and the Cornerstone Investors. I, alongside all of my colleagues in the AA, are looking forward to working together with Bob Mackenzie and the new team to grow the AA for the benefit of our members and shareholders.”

Andrew Goodsell, Chairman of Acromas, said,

“Under Acromas’ ownership, the AA has continued to invest in its services to members. During the economic downturn we have steadily developed the business, both organically (launching the new Home Services business) as well as through the successful acquisitions of DriveTech and BSM. Our continued focus on people, technology and fleet has delivered industry-leading performance and customer satisfaction measures, as demonstrated by it achieving the highest overall score from “Which?” magazine for a major breakdown service provider for seven consecutive years, and the AA being voted the UK's most trusted brand by Y&R's Brand Asset Valuator survey. The business is poised for great things as an independent public company. We wish the AA's management team, employees, members and new shareholders all the best on this next phase of the journey.”

THE AA HIGHLIGHTS

The AA was founded in 1905 and is the UK's largest roadside assistance provider and the country's number one most trusted brand. The Company represents over 40% of the roadside assistance market and is significantly larger than the next largest roadside assistance provider.

Three thousand branded yellow patrol vehicles support a highly visible brand and allow the Company to respond to an average of approximately 10,000 breakdowns every day. The AA has a diversified customer base with approximately 16 million consumers and over 50% of UK households subscribing to at least one AA product as at 31 January 2014. The Company has successfully leveraged the AA brand to also become a leading provider of insurance broking services and driving services. There is also a growing home services division and a standalone business in Ireland, which broadly replicates the operations and activities of the UK.

The key strengths of the AA include:

- ***One of the most highly regarded and trusted consumer brands in the UK***
- ***Clear leadership in the stable UK roadside assistance market, underpinned by significant barriers to entry***
- ***Strong market positions across its range of other products and services***
- ***High levels of retention and loyalty in its personal membership base***
- ***A business model which demonstrates high recurring revenue and significant cash flow generation***
- ***An experienced and dedicated workforce***

As a public company, and building on developments over the last seven years, the extended management team will focus on three core strategic objectives:

- ***Further strengthen the AA as the pre-eminent motoring services organisation in the UK***
- ***Revolutionise the customer experience through investing in and embracing new technologies***
- ***Reduce Group borrowings and associated interest costs***

The key priorities in delivering these objectives include increasing roadside membership through leading service and loyalty measures, and growing the business to business ("B2B") service offer through greater integration with partners. The Company also expects to deliver a step-change in its digital capability to enhance customer relationships and commercial performance through a simpler and more holistic online experience.

RECENT FINANCIAL PERFORMANCE

In the year ended 31 January 2014, the AA generated trading revenue of £973.9 million (2013: £971.0 million) and Trading EBITDA of £422.8 million (2013: £394.6 million), and consistent high levels of cash generation continue to support the on-going investment in the business, whilst also reducing leverage. Roadside assistance is the largest division of the Company, constituting 71.6% or £697.6 million (2013: 70.0%) of total trading revenue in the year ending 31 January 2014, whilst Trading EBITDA for the roadside assistance division was £343.9m (2013: £318.8 million).

Strong performance in the three months ended 30 April 2014 from the roadside assistance segment saw Group Trading EBITDA increase by 4.1% to £103.0 million (£98.9 million in the three months ended 30 April 2013). Net cash inflow from operating activities before tax was £91.4 million in the three months ended 30 April 2014 (compared to £105.6 million in the three months ended 30 April 2013).

OFFER HIGHLIGHTS

- Intention to seek admission to listing on the standard listing segment of the Official List of the FCA and admission to trading on the Main Market for listed securities of the London Stock Exchange.
- The Offer comprises an offer of up to 554 million New Shares and Existing Shares at an Offer Price of 250 pence per Share. Pursuant to the Offer, Shares will be offered outside the United States to certain institutional investors and other investors in the UK and elsewhere in reliance on Regulation S.
 - The Company is offering approximately 85 million New Shares, and will use approximately £185 million of expected net proceeds after fees to reduce the overall net leverage of the Group.
 - The Selling Shareholder has received binding commitments to sell over £730 million of Existing Shares to Cornerstone Investors.
 - Acromas may therefore remain an approximate 31% shareholder following Admission. However, at the request of the buy-in management team, Acromas has agreed to make the remainder of its stake available to further investors through a short marketing period prior to Admission.
- As part of the offer, a new performance-based management share scheme will be put in place, to ensure long-term alignment and focus on delivery of strong total shareholder returns.
- It is expected that Admission and commencement of unconditional dealings in the Shares will commence in the second half of June 2014.

ENQUIRIES

The AA

Bob Mackenzie
Chris Jansen

01256 493493

Cenkos Securities plc

Sole Co-ordinator and Bookrunner

Jim Durkin
Bob Morris

0207 397 8900

FINANCIAL ADVISORS

Greenhill & Co.

James Lupton
Timo Lieber

020 7198 7400

Deutsche Bank

Nigel Meek
Chris Raff

020 7545 8000

FINANCIAL PR ADVISORS**Tulchan Communications LLP**

Andrew Grant
David Allchurch

020 7353 4200

Headland

Howard Lee
Chris Salt

0207 367 5222

FURTHER DETAILS ON THE AA AND THE OFFER**The AA Business Overview**

The AA is the largest roadside assistance provider in the UK based on market share, with approximately four million personal members and nine million B2B customers, representing over 40% of the roadside assistance market. With 3,000 branded "yellow" patrol vehicles, the AA brand is highly visible on the road and responds to an average of approximately 10,000 breakdowns each day. As one of the most widely recognised and trusted brands in the UK, the AA has successfully leveraged its brand to become a leading provider of insurance broking services and driving services.

The principal operations of the AA include:

- **Roadside Assistance:** This segment is the largest part of the AA business, generating Trading EBITDA of £343.9 million in the year ending 31 January 2014. The AA provides a nationwide service, sending patrols out to members stranded at the side of the road, repairing their vehicles where possible and getting them back on their way quickly and safely.
- **Insurance Services:** This segment includes the insurance brokerage activities of the AA, primarily in arranging motor and home insurance for customers, its home emergency activities and its intermediary financial services business. Insurance services constituted 15.3% of total Trading revenue in the year ending 31 January 2014 and delivered Trading EBITDA of £89.4 million.
- **Driving Services:** This segment contains the AA Driving School and the British School of Motoring, which are the two largest driving schools in the UK, as well as AA Drivetech, which provides driver training and educative programmes. Trading EBITDA in the year ending 31 January 2014 was £19.9 million.

Financial Track Record and Balance Sheet

The Company has maintained a strong performance through the economic cycle, as reflected in the table below setting out Trading revenue, Trading EBITDA, Net cash flow from operating activities before tax and Capital expenditure for the three years ended 31 January 2014 and the three months ended 30 April 2013 and 2014 respectively:

	Year ended 31 January			Three months ended 30 April	
	2012	2013	2014	2013	2014
	<i>(£ millions)</i>				
Trading revenue	978.7	971.0	973.9	238.2	239.1
Trading EBITDA	368.1	394.6	422.8	98.9	103.0
Net cash flow from operating activities before tax	331.3	352.7	395.6	105.6	91.4
Cash conversion (%).....	90.0	89.4	93.6	106.8	88.7

The core roadside assistance division, representing 71.6% of total revenues, delivered £697.6 million in the year to January 2014 up from £679.3 million in the year to January 2013.

A high proportion of revenue and profits from repeat and renewing sources provides predictable cash generation that supports on-going de-leveraging of and investment in the business. For example, Trading revenues from repeat business (defined as income from renewing personal members and insurance customers, multi-year B2B roadside assistance contracts and driving services contracts, and driving school franchisees) was 88% in the year ended 31 January 2014, providing high visibility of trading results.

The Company has consistently delivered a high cash conversion ratio (defined as net cash flow from operating activities before tax divided by Trading EBITDA) averaging 91% in the three years ended 31 January 2014, as a result of favourable working capital dynamics given that the majority of personal members pay for services in advance and the majority of suppliers are paid after the provision of goods and services.

On 2 July 2013, the AA raised over £3.0 billion of debt in the bank and capital markets pursuant to an investment grade secured corporate financing commonly referred to as a "whole business securitisation", which will remain in place following Admission. These facilities provide the AA with a long term and highly efficient capital structure. LTM EBITDA for the last twelve months prior to 30 April 2014 was £426.9 million, with *pro-forma* net debt to LTM EBITDA at 30 April 2014 of 6.9 times following the anticipated receipt of approximately £185 million by the Company from the Offer. It is expected that surplus operational cash flow, after investing in the business, will be deployed to facilitate a sustained reduction in leverage over time.

Therefore, the AA does not anticipate paying any material cash dividends in the near future. In the medium term, and subject to the restrictions set out by the terms of our indebtedness, the Directors intend to adopt a progressive dividend policy.

The AA's Key Strengths

The AA is one of the most highly regarded and trusted consumer brands in the UK, with high levels of retention and loyalty in our personal membership base

- Our brand is highly visible with 3,000 branded "yellow" patrol vehicles on the road as well as our signage, publishing and hotel and restaurant accreditation services.
- As a result, the AA is one of the most widely recognised consumer brands in the UK. The AA has achieved the highest overall score of the major roadside assistance providers in each of the past seven years, as assessed by "Which?", one of the largest consumer organisations in the UK. The AA was confirmed as the UK's most trusted brand by Y&R's Brand Asset Valuator survey in 2014, providing further evidence of the strength of the brand in the minds of UK consumers.
- The average personal member retention rate, which we define by reference to the number of customers renewing at the point of invitation, was approximately 79% in the year ended 31 January 2014. Personal members demonstrate loyalty to the brand with an average tenure of approximately 11 years.

We are the clear leader in the stable UK roadside assistance market, with significant barriers to entry

- We are the largest roadside assistance provider in the UK based on market share, with approximately four million personal members and nine million B2B customers, representing over 40% of the roadside assistance market, and significantly larger than the next largest roadside assistance provider.
- We believe that the substantial resource and scale required to operate an efficient national roadside service, combined with high start-up costs for new market entrants, pose significant barriers to entry.

We have strong market positions across our range of other products and services

- We are one of the leading insurance brokers in the UK and have a long history of distributing motor, home and other insurance products to both personal members and non-members, with approximately 2.3 million policies in force as of 31 January 2014.
- We are the largest driving school in the UK based on market share according to industry sources, with approximately 2,900 franchised instructors teaching individuals to drive or how to become driving instructors as at 31 January 2014. In addition, within our driving services business, we have the market leading position in the provision of fleet training services and administration of speed awareness courses for police forces in the UK.
- We launched our Home Services in December 2010, largely building on our existing AA sales and operational infrastructure. Having established the AA within the home service market, we served approximately 1.1 million households as of 31 January 2014, through our B2C and B2B relationships, with the opportunity to grow a business of scale based on the strength of the AA brand.

Our business model demonstrates high recurring revenue and significant cash flow generation

- We have maintained a strong performance through the economic cycle, growing EBITDA by 15% since January 2012.
- A high proportion of revenue and profits from repeat and renewing sources provides predictable cash generation that supports on-going investment in the business and continued de-leveraging.

Experienced and dedicated workforce

- We have a highly skilled and experienced workforce with an average roadside assistance patrol tenure of over 10 years. Our hiring process for automotive technicians is selective and once hired, our patrol members receive additional training and support and are subject to ongoing evaluation.

Strategic Objectives and Growth Drivers

The Board and management team will focus on three core strategic objectives: i) strengthening the AA as the pre-eminent motoring services organisation in the UK; ii) revolutionising the customer experience through investing in and embracing new technologies; and iii) using the AA's high cash generation to invest in the business and facilitate a sustained reduction in leverage over the medium term.

The key priorities to deliver these objectives include:

Increase roadside membership through leading service and loyalty

- The AA leads the consumer roadside assistance market with a share of over 40%. This has been achieved by a continual dedication to outstanding service.
- The continued upgrading of "in van" state of the art diagnostic systems will further increase first time fix rates at the roadside, and a greater focus on Personal Member retention is already yielding benefits and helping to grow the value of personal members.

Evolve the insurance business model to drive profitable growth

- The AA is a leading UK insurance broker with over 2.3 million insurance policies in place as at 31 January 2014. The AA has a competitive advantage through sophisticated customer analysis rating and tailored

pricing capabilities based on proprietary member data. These capabilities combined with the AA brand and web presence create a very strong offering in the insurance market.

- Building on these strengths the AA can provide more competitive and distinctive offers for members in the future. We remain focused on actions to improve performance in our motor insurance business by targeting rate reductions from our panel, improving retention performance in our call centres and improving our online customer experience.

Grow the B2B service offer through greater integration with partners

- The AA has the market leading position with motor manufacturers providing warranty roadside assistance for over 70% of all new cars in the UK. In the short-term these customer relationships can be developed more fully to present the benefits of extended cover once the warranty has expired.
- Furthermore, the long-term nature of our B2B motor manufacturer relationships, through agreed contracts, will facilitate greater strategic integration and partnership. This will see the early adoption of enabling technologies to comply with European Directives on car connectivity.

Deliver a step-change in digital capability

- The AA has a significant online presence with theAA.com recording more than 190 million hits per annum, driven largely by the popularity of the AA Route Planner. In addition the AA has significant digital content including breakdown services, education, travel and hospitality guides.
- There is an opportunity to enhance customer relationships and commercial performance through a simpler and more holistic online experience. The recently established AA Digital team will build organisational capability and implement the step-change.

Invest in Home Services to drive further scale

- The AA's Home Services business was launched in 2010 and now supports over 1.1 million UK households. It has recently been reorganised into a dedicated business unit with an experienced Managing Director hired from British Gas.
- This will serve as a platform to enable the AA to develop this business to one of sufficient operational scale over the next three to five years. A step-change in growth is sought through developing new B2B partnerships, strategic acquisitions and evolving the operating model based on greater sector experience.

Leverage the brand to capture the opportunity in the broader motoring sector

- The AA is an iconic brand that is widely recognised and respected – "The AA is Britain's most trusted brand", as confirmed by Y&R's Brand Asset Valuator survey in 2014. With such a strong brand position the AA has the credibility to market the current suite of existing services more broadly.
- Specifically, there is upside potential through selling vehicles through AA Cars, the provision of aftercare in the second hand market through AA Warranties, and the validation of garages by AA Inspection Services. In addition, the AA retains its position as the leading provider of driver education and development.

BOARD OF DIRECTORS

The AA announces today the appointment of a very strong plc Board, under the Chairmanship of Bob Mackenzie. It is proposed that there will be two new Executive Directors, Nick Hewitt and Martin Clarke, who have led the buy-in approach alongside Bob Mackenzie, and three new Non-Executive Directors – Andrew Miller, John Leach and Margaret Young. The Board of the AA, at Admission, will consist of:

Mr. Bob Mackenzie, Executive Chairman

Bob has extensive experience in leadership roles at consumer services businesses. In addition to his role as Proposed Executive Chairman of the AA, Bob currently serves as Chairman at Northgate PLC, the vehicle fleet management business. His previous experience includes having been Chairman and CEO of National Car Parks

and its subsidiary Green Flag, a roadside services business. In addition, he has been CEO of Sea Containers Ltd, Chairman of PHS Group PLC and has held senior executive board appointments with BET PLC, Storehouse PLC and Hanson PLC. Bob has also acted as senior adviser to a number of private equity funds and is qualified as a Chartered Accountant.

Mr. Chris Jansen, Chief Executive Officer

Chris has over 20 years' experience in competitive consumer products and service businesses. Prior to The AA, Chris worked for six years at Centrica PLC, initially as the Group Commercial Director of British Gas. In 2010, Chris was appointed Managing Director of British Gas Services, a business serving five million customers with 12,000 engineers. Prior to Centrica PLC, Chris worked for seven years from 2000 to 2007 at British Airways PLC where he held a number of management roles. Chris also spent seven years with Procter & Gamble in a range of sales and marketing roles across the UK and Europe.

Mr. Andy Boland, Chief Financial Officer

Prior to joining the Company, Andy was Group Finance Director at Taylor Nelson Sofres plc, a FTSE 250 market research company, which he joined in 2004. During his time at Taylor Nelson Sofres, Andy helped integrate acquisitions, strengthened the financial control environment, particularly around working capital and cash management, and was responsible for all external reporting and investor relations activities. Andy qualified as a Chartered Accountant in 1995 and qualified as an Associate Corporate Treasurer in 1998.

Mr. Nick Hewitt, Executive Director

Prior to his proposed appointment as an Executive Director of the AA, Nick was a former Partner and Global Leader of PwC Strategy and a Partner in PwC's Transaction Services Division with extensive knowledge of the AA and its sector. He has over 25 years' experience at PwC, The COBA Group (where he was a founder and Managing Director) and Bain & Co., advising on the commercial and operating strategies of major acquisitions in the consumer, retail, business services and motoring services sectors.

Dr. Martin Clarke, Executive Director

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.

Mr. Andrew Miller, Non-Executive Director

Andrew has extensive experience of successful digital transformation in consumer facing industries. In particular, over the last 12 years as CEO of the Guardian Media Group and CFO / non-executive director of the Autotrader owner, Trader Media Group, Andrew has reshaped each company's business to transform them into leading digital brands. Prior to Autotrader, Andrew worked in finance and transformation roles across several organisations including Pepsico Europe, Procter and Gamble, Bass PLC and a start-up company.

Mr. John Leach, Non-Executive Director

John has served on public company boards as either chairman, CEO or CFO for the past 35 years. He has considerable experience 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.

Mrs. Margaret Young, Non-Executive Director

Margaret has over 15 years of board experience across the logistics, financial services, food manufacturing and fast-moving consumer goods sectors, most recently serving as a non-executive director of BNY Mellon

International Asset Management. Margaret's previous board experience includes serving as executive chairman of Cattles plc, a consumer finance company, between 2009 and 2011. Margaret has spent most of her executive career in investment banking, working for NatWest Markets, DLJ and Credit Suisse.

FURTHER DETAILS OF THE OFFER

- The Company is applying for a standard listing of its Shares on the Official List of the FCA and intends to list on the premium listing segment of the Official List in due course.
- Shares will be offered only outside the United States to certain institutional investors and other investors in the UK and elsewhere in reliance on Regulation S.
- The offer will be priced at 250 pence per Share.
- The gross proceeds the Company expects to receive from the issue of New Shares pursuant to the Offer are approximately £200 million (with up to an additional £10 million of New Shares to be issued in lieu of commissions). After deducting commissions and other estimated fees and expenses incurred in connection with the Offer, the Company expects to receive net proceeds of approximately £185 million which will be used to reduce overall net leverage of the Group and for general corporate purposes.
- Acromas will sell up to 100% of its stake in the AA.
- Immediately following Admission, it is expected that the free float of the Company will be over 25%.
- As part of the transaction a new performance-based management incentive scheme has been put in place.
 - The scheme ensures clear alignment between management and shareholders over the medium term, and pays out only once total shareholder return targets have been exceeded, and significant value has been created for shareholders.
 - It is expected that the scheme will be widely distributed across the key management of the business, and will sit alongside a new employee-wide share scheme. The Cornerstone Investors have been appraised of the full details of the management and employees schemes.

CORNERSTONE INVESTORS

The Cornerstone Investors comprise Aviva Investors ("Aviva"), funds and accounts under management by direct and indirect investment advisor subsidiaries of BlackRock, Inc. ("Blackrock"), certain funds managed by Capital Research and Management Company ("CRMC"), GLG Partners, Henderson Global Investors ("Henderson Global"), Henderson Volantis Capital ("Henderson Volantis"), Invesco Asset Management Limited acting as agent for and on behalf of its discretionary managed clients ("Invesco"), Legal & General Investment Management ("L&G") and Lansdowne Partners.

Forward-looking statements

This announcement contains "forward-looking" statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of the Company and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "projects", "anticipates", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements all include matters that are not historical facts. Forward-looking statements may and often do differ materially from actual results. They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Group and the industry in which it operates. These forward-looking statements and other statements contained in this announcement regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied

in such forward-looking statements. The forward-looking statements contained in this announcement speak only as of the date of this announcement. The Group disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules or the Disclosure and Transparency Rules of the Financial Conduct Authority.

Important notice

The contents of this announcement, which has been prepared by and is the sole responsibility of the Company, have been approved by Cenkos Securities plc ("Cenkos Securities") solely for the purposes of section 21(2) (b) of the Financial Services and Markets Act 2000 (as amended).

The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.

Neither this announcement nor any copy of it may be made or transmitted into the United States, or distributed, directly or indirectly, in whole or in part in the United States. Neither this announcement nor any copy of it may be made or transmitted directly or indirectly, in whole or in part into Australia, Canada, Japan or the Republic of South Africa or to any persons in any of those jurisdictions, except in compliance with applicable securities laws. Any failure to comply with this restriction may constitute a violation of Australian, Canadian, Japanese, South African or United States securities laws. The distribution of this announcement in other jurisdictions may be restricted by law and persons into whose possession this announcement comes should inform themselves about, and observe, any such restrictions. This announcement does not constitute, or form part of, an offer to sell, or a solicitation of an offer to purchase, any securities in Australia, Canada, Japan, South Africa or the United States or in any jurisdiction in which such offer or solicitation is unlawful.

The securities of the Company have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") or any securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable state law. There will be no public offer of the securities in the United States.

The securities referred to herein have not been registered under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa and, subject to certain exceptions, may not be offered or sold within Australia, Canada, Japan or the Republic of South Africa or to any national, resident or citizen of Australia, Canada, Japan or the Republic of South Africa.

This announcement is not an offer of securities for sale in the United States or any other jurisdiction. This announcement is an advertisement for the purposes of the UK Prospectus Rules and not a prospectus. Investors should not subscribe for or purchase any transferable securities referred to in this announcement except on the basis of information in the Prospectus intended to be published by the AA in due course in connection with the proposed admission of its ordinary shares to the standard listing segment of the Official List of the Financial Conduct Authority and to trading on the main market for listed securities of the London Stock Exchange. Copies of the Prospectus will, following publication, be available for inspection at the Company's registered office at Fanum House, Basing View, Basingstoke, RG21 4EA and on the Company's website www.theAA.com.

This announcement is only addressed to and directed at persons in member states of the European Economic Area ("EEA") who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC), as amended ("Qualified Investors"). In addition, in the United Kingdom, this announcement is addressed and directed only at Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, and (iii) our persons to whom it may otherwise be lawful to communicate it (all such persons being referred to as "relevant persons"). Any investment or investment activity to which this announcement relates is available only to relevant persons in the United Kingdom and Qualified Investors in any member state of the EEA other than the United Kingdom, and will be engaged in only with such persons. Other persons should not rely or act upon this announcement or any of its contents.

Any purchase of Shares in the proposed Offer should be made solely on the basis of the information contained in the final Prospectus to be issued by the Company in connection with the Offer. Before purchasing any Shares, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Prospectus when published. The information in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any Shares or any other securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor.

This announcement does not constitute a recommendation concerning the Offer. The price and value of securities and any income from them can go down as well as up. Past performance is not a guide to future performance. Before purchasing any Shares, persons viewing this announcement should ensure that they fully understand and accept the risks that will be set out in the Prospectus, when published.

Information in this announcement or any of the documents relating to the Offer cannot be relied upon as a guide to future performance. There is no guarantee that Admission will occur and you should not base your financial decisions on the Company's intentions in relation to Admission at this stage. Potential investors should consult a professional adviser as to the suitability of the Offer.

Cenkos Securities, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as Sole Co-ordinator and Bookrunner to the Company in connection with the Admission and the Offer and will not be acting for any other person or otherwise be responsible to any other person for providing the protections afforded to customers of Cenkos Securities or for advising any other person in respect of the Admission and/or the Offer.

Greenhill & Co. International LLP ("Greenhill"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial adviser exclusively to the Company and no one else in relation to the structuring of the arrangements leading to the Offer.

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFIN - Federal Financial Supervisory Authority). Deutsche Bank AG, acting through its London branch ("Deutsche Bank") is further authorised by the Prudential Regulation Authority and is subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of its authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available on request. Deutsche Bank is acting as financial adviser to the Selling Shareholder and the Company and no one else in relation to the structuring of the arrangements leading to the Offer.

Neither Cenkos Securities, nor Greenhill nor Deutsche Bank will regard any other person as their respective client in relation to the Offer and will not be responsible to anyone other than, in the case of Cenkos Securities and Greenhill, the Company and in the case of Deutsche Bank, the Selling Shareholder and the Company for providing the protections afforded to their respective clients, nor for providing advice in relation to the Offer, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

None of Cenkos Securities, Greenhill and Deutsche Bank nor any of their respective affiliates nor any of their respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for, or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness or fairness of the information or opinions in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the AA, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available, or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith. Each of Cenkos Securities, Greenhill and Deutsche Bank accordingly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this announcement.

Certain figures contained in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly with the total figure given.