

Declaration by the directors of a holding company in relation to assistance for the acquisition of shares

155(6)b

THURSDAY



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03/05/2007
COMPANIES HOUSE

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The assistance is for the purpose of ~~NAVY 300000000~~ [reducing or discharging a liability incurred for the purpose of that acquisition] † (note 1)

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

The number and class of the shares acquired or to be acquired is 1,100,010.982 Ordinary
Shares of £1 each

The assistance is to be given to (note 2) AA Acquisition Co Limited (Company No 5018987)
whose registered office is at Fanum House, Basing View, Basingstoke,
Hampshire RG21 4EA

The assistance will take the form of

See Schedule 2

The person who [has acquired] ~~NAVY 3000000~~ † the shares is

† delete as appropriate

AA Acquisition Co Limited (Company No 5018987) whose registered office is at
Fanum House, Basing View, Basingstoke, Hampshire RG21 4EA

The principal terms on which the assistance will be given are

See Schedule 3

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is Nil

The amount of cash to be transferred to the person assisted is £ See Schedule 4

The value of any asset to be transferred to the person assisted is £ Nil

AA CORPORATION LIMITED

COMPANY NUMBER: 03797747

**SCHEDULE 1 to Form 155(6)b Statutory Declaration dated 16 April 2007 in respect of
Automobile Association Insurance Services Holdings Limited**

(the "Financial Assistance Company")

List of directors

Timothy Charles Parker, and

Paul Anthony Woolf

AA CORPORATION LIMITED

COMPANY NUMBER: 03797747

**SCHEDULE 2 to Form 155(6)b Statutory Declaration dated 16 April 2007 in respect of
Automobile Association Insurance Services Holdings Limited**

(the "Financial Assistance Company")

Form of Financial Assistance

The assistance will take the form of the execution, delivery and performance by the Financial Assistance Company of its obligations under

- 1 an amendment and restatement deed (to be dated on or about the date hereof) relating to (a) a Senior Credit Agreement (as defined therein) and (b) an Intercreditor Deed (as defined in the Senior Credit Agreement) with, among others, AA Junior Mezzanine Co Limited (as "**Parent**"), the Financial Assistance Company, and Barclays Bank PLC (in various capacities) (the "**Amendment and Restatement Deed**"); and
- 2 a second confirmatory debenture (to be dated on or about the date hereof) to be made in favour of Barclays Bank PLC as security agent (as "**Security Agent**") for itself and on behalf of the Secured Parties (as defined therein) pursuant to which the Financial Assistance Company will give security for the obligations of the Financial Assistance Company under the Senior Credit Agreement as amended and restated by the Amendment and Restatement Deed (the "**New Debenture**"),

(each of those documents being in such form as the directors may approve and as may be amended, supplemented, novated, replaced, refinanced or restated from time to time) together with the performance by the Financial Assistance Company of other acts (or the execution of other documents, ancillary or otherwise) in connection with the acquisition by AA Acquisition Co Limited of AA Corporation Limited and the financing of that acquisition

- 3 Terms not otherwise defined herein shall have the meaning given to them in the Amendment and Restatement Deed

AA CORPORATION LIMITED

COMPANY NUMBER: 03797747

**SCHEDULE 3 to Form 155(6)b Statutory Declaration dated 16 April 2007 in respect of
Automobile Association Insurance Services Holdings Limited**

(the "Financial Assistance Company")

Principal Terms of the Financial Assistance

The principal terms on which the assistance will be given are

Amendment and Restatement Deed

- 1 By executing the Amendment and Restatement Deed (and thereby, *inter alia*, giving the guarantee and indemnity contained in the Amendment and Restatement Deed) the Financial Assistance Company will, *inter alia*.
- 1 1 irrevocably and unconditionally and jointly and severally (with the other Guarantors).
 - 1 1 1 guarantee to each Finance Party punctual performance by each Obligor of all that Obligor's obligations under the Finance Documents, such obligations having been extended by the terms of the Amendment and Restatement Deed to include, *inter alia*, the additional indebtedness in respect of the Recap Term B Facility,
 - 1 1 2 undertake with each Finance Party that whenever an Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal Obligor under the Senior Credit Agreement,
 - 1 1 3 indemnify each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if the guarantee or any obligation guaranteed by it is or becomes unenforceable, invalid or illegal or is not performed on its due date. The amount of the cost, loss or a liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover,
 - 1 1 4 agree that its guarantee and indemnity obligations will not be affected by (*inter alia*) any act, circumstance, omission, matter or thing which would otherwise reduce, release or prejudice any obligation guaranteed by it or prejudice or diminish any such obligations; and
 - 1 1 5 agree that any Finance Party may set off any matured obligation due from the Financial Assistance Company under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to the Financial Assistance Company, regardless of the place of payment, booking branch or currency of either obligation at a

market rate of exchange in its usual course of business for the purpose of the set off

1 2 give certain representations, undertakings and indemnities to the Finance Parties.

All capitalised terms in this paragraph 1 shall (unless otherwise defined in the Form 155 (and appendices)) be as defined in the Senior Credit Agreement as amended by the Amendment and Restatement Deed

New Debenture

2 By executing the New Debenture, the Financial Assistance Company agrees to be a Charging Company under the New Debenture and to be bound by all of the terms of the New Debenture and among other things, will

2 1 covenant with the Security Agent as primary obligor (for the benefit of itself and the other Secured Parties) that it will on demand pay the Indebtedness (being all money or liabilities due, owing or incurred to any Secured Party by any Charging Company under any Finance Document) when it falls due for payment

2 2 charge in favour of the Security Agent, as security for the payment of the Indebtedness, with full title guarantee the following assets, both present and future, from time to time owned by it or in which it has an interest (subject to obtaining any necessary consent to such mortgage or fixed charge from any third party)

2 2 1 by way of first legal mortgage all freehold and leasehold property (including the property specified in schedule 2 of the New Debenture) together with all buildings and fixtures (including trade fixtures) on that property,

2 2 2 by way of first fixed charge:

- (a) all the Subsidiary Shares and Investments and all corresponding Distribution Rights,
- (b) all other interests (not charged under clause 3 1(a)) of the New Debenture in any freehold or leasehold property, the buildings and fixtures (including trade fixtures) on that property, all proceeds of sale derived therefrom and the benefit of all warranties and covenants given in respect thereof and all licences to enter upon or use land and the benefit of all other agreements relating to land,
- (c) all plant, machinery, vehicles, computers, office and other equipment and the benefit of all contracts, licences and warranties relating thereto;
- (d) all Book Debts and all rights and claims against third parties and against any security in respect of Book Debts,
- (e) all debts and monetary claims (other than Book Debts) and all rights against third parties in respect of such debts and claims,

- (f) all monies standing to the credit of its accounts (including the Cash Collateral Accounts and the Collection Accounts) with any bank, financial institution or other person but excluding monies standing to the credit of the Excluded Accounts,
 - (g) all its Intellectual Property Rights,
 - (h) the benefit of all consents and agreements held by it in connection with the use of any of its assets,
 - (i) its goodwill and uncalled capital,
 - (j) if not effectively assigned by clause 3.3 (*Security Assignment*) of the New Debenture, all its rights and interests in (and claims under) the Assigned Agreements
- 2.3 charge as further security for the payment of the Indebtedness with full title guarantee in favour of the Security Agent by way of first floating charge all its present and future assets not effectively charged by way of first fixed charge under clause 3.1 (*Fixed Charges*) of the New Debenture or assigned under clause 3.3 (*Security Assignment*) of the New Debenture, including heritable property and all other assets in Scotland
- 2.4 assign as further security for the payment of the Indebtedness absolutely with full title guarantee to the Security Agent all its rights, title and interest in the Assigned Agreements, provided that on payment or discharge in full of the Indebtedness the Security Agent will at the request and cost of the Financial Assistance Company re-assign the Assigned Agreements to the Financial Assistance Company (or as it shall direct)
- 2.5 covenant that it shall not.
- 2.5.1 create or agree to create or permit to subsist any Security Interest over all or any part of the Charged Property,
 - 2.5.2 sell, transfer, lease out, lend or otherwise dispose of all or any part of the Charged Property (other than Floating Charge Assets on arm's length terms in the ordinary course of trading) or the right to receive or to be paid the proceeds arising on the disposal of the same, or agree or attempt to do so, or
 - 2.5.3 dispose of the equity of redemption in respect of all or any part of the Charged Property,
- except as permitted by the Senior Credit Agreement (as amended and restated by the Amendment and Restatement Deed) or with the prior consent of the Security Agent
- 2.6 The New Debenture contains a covenant for further assurance whereby the Financial Assistance Company will, at its own expense, promptly following request by the Security Agent, execute such deeds and other agreements and otherwise take whatever action the Security Agent may reasonably require

- 2 6 1 to perfect the security created (or intended to be created) by the Second Debenture,
- 2 6 2 to facilitate the realisation or enforcement of such security,
- 2 6 3 to facilitate the exercise of any of the Security Agent's rights, powers or discretions under the New Debenture, and/or
- 2 6 4 subject to the Security Principles, to confer on the Security Agent security over any assets of the Financial Assistance Company (in whatever jurisdiction situated) equivalent or similar to the security intended to be conferred by the New Debenture,

including the conversion of charges to assignments, equitable security to legal security, the execution of any transfer, conveyance, assignment or assurance whatsoever and the giving of all notices, orders, instructions and directions whatsoever

- 3 All capitalised terms in this paragraph 3 shall (unless otherwise defined in the Form 155 (and appendices)) be as defined in the New Debenture

AA CORPORATION LIMITED

COMPANY NUMBER: 03797747

**SCHEDULE 4 to Form 155(6)b Statutory Declaration dated 16 April 2007 in respect of
Automobile Association Insurance Services Holdings Limited**

(the "Financial Assistance Company")

Cash in the approximate amount of £44,762,000 will be paid by way of inter-company account transfer from the Financial Assistance Company to the Company and then by way of further inter-company account transfer by the Company to AA Senior Co Limited to pay the cash interest due on the Senior Term B and D Loans, and then by way of further inter-company account transfer by AA Senior Co Limited to AA Acquisition Co Limited to repay the Mezzanine Facility and the Junior Mezzanine Facility

The Directors
AA Corporation Limited
Fanum House
Basing View
Basingstoke
Hampshire
RG21 4EA

16th April 2007

Dear Sirs

Report of the Independent Auditor to the directors of AA Corporation Limited pursuant to Section 156(4) of the Companies Act 1985

We report on the attached statutory declaration dated 16th April 2007, prepared pursuant to the Companies Act 1985, in connection with the proposal that the company's subsidiary undertaking, Automobile Association Insurance Services Holdings Limited, should give financial assistance for the reduction or discharge of a liability incurred for the purpose of the acquisition of shares of the company. This report, including the opinion, has been prepared for and only for the company and the company's directors in accordance with Section 156 of the Companies Act 1985 and for no other purpose. We do not, in giving the opinion set out below, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

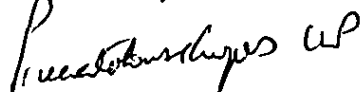
Basis of opinion

We have enquired into the state of the company's affairs in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their statutory declaration as to any of the matters mentioned in Section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.

Yours faithfully



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors