

THE COMPANIES ACTS 1985 AND 1989

PRIVATE COMPANY LIMITED BY SHARES



RESOLUTION IN WRITING

of

AUTOMOBILE ASSOCIATION INSURANCE SERVICES LIMITED

(the "Company")

WE, being the sole member of the Company who at the date of this resolution are entitled to attend and vote at a general meeting of the Company, hereby

1. ACKNOWLEDGE THAT:

1.1 the holding company of the Company, AA Acquisition Co Limited (formerly Beta Acquisition Co Limited) (the "**Purchaser**"), had entered into the following documents, *inter alia*, to assist the Purchaser's purchase of the shares in the share capital of the AA Corporation Limited (the "**Acquisition**"):

1.1.1 a senior credit agreement dated 25 June 2004 between (1) AA Junior Mezzanine Co Limited (the "**Parent**"), (2) the Purchaser, (3) Barclays Capital (the investment banking division of Barclays Bank PLC) as mandated lead arranger, (4) the financial institutions listed in schedule 1 thereto as lenders, (5) Barclays Bank PLC as facility agent and security agent and others (as amended and restated from time to time, the "**Senior Credit Agreement**") under which credit facilities were made available to the borrowers thereunder, *inter alia*, for the purpose of financing the Acquisition;

1.1.2 a mezzanine loan agreement dated 25 June 2004 between (1) the Parent, (2) the Purchaser, (3) Barclays Capital (the investment banking division of Barclays Bank PLC) as mandated mezzanine lead arranger, (4) the financial institutions listed in schedule 1 thereto as lenders, (5) Barclays Bank PLC as mezzanine facility agent and security agent and others (as amended and restated from time to time, the "**Mezzanine Loan Agreement**") under which credit facilities were made available to the borrowers thereunder, *inter alia*, for the purpose of financing the Acquisition;

1.1.3 a junior mezzanine loan agreement dated 25 June 2004 between (1) the Parent, (2) the Purchaser, (3) Barclays Capital (the investment banking division of Barclays Bank PLC) as mandated junior mezzanine lead arranger, (4) the financial institutions listed in schedule 1 thereto as lenders, (5) Barclays Bank

PLC as junior mezzanine facility agent and security agent and others (as amended and restated from time to time, the "**Mezzanine Junior Loan Agreement**" and together with the Senior Credit Agreement and Mezzanine Loan Agreement, the "**Facilities Agreements**") under which credit facilities were made available to the borrowers thereunder, *inter alia*, for the purpose of financing the Acquisition; and

- 1.1.4 an intercreditor deed dated 30 September 2004 between AA Top Co, AA SPC Co Limited, the Parent, the Purchaser and Barclays Bank PLC in its capacities as listed therein (as amended and restated from time to time, the "**Intercreditor Deed**");
 - 1.1.5 a debenture dated 30 September 2004 between the Parent and Barclays Bank PLC as Security Agent (the "**Existing Debenture**"); and
 - 1.1.6 an inter-group loan agreement dated 30 September 2004 between the Purchaser, the Company, the Financial Assistance Companies (as defined below) and AA Road Services Limited (the "**Inter-Group Loan Agreement**").
- 1.2 in accordance with the Facilities Agreements, the Company had entered into:
- 1.2.1 an accession document to the Senior Credit Agreement and the Intercreditor Deed dated 30 September 2004, pursuant to which the Company acceded to the terms of the Senior Credit Agreement and the Intercreditor Deed;
 - 1.2.2 an accession document to the Mezzanine Loan Agreement and the Intercreditor Deed dated 30 September 2004, pursuant to which the Company acceded to the terms of the Mezzanine Loan Agreement and the Intercreditor Deed;
 - 1.2.3 an accession document to the Junior Mezzanine Loan Agreement and the Intercreditor Deed dated 30 September 2004, pursuant to which the Company acceded to the terms of the Junior Mezzanine Loan Agreement and the Intercreditor Deed; and
 - 1.2.4 an accession document to the Existing Debenture dated 30 September 2004, pursuant to which the Company acceded to the terms of the Existing Debenture;

pursuant to which, *inter alia*, the Company (A) guaranteed all of the liabilities of the Purchaser and other Obligor (as defined in each of the Facilities Agreements) to the lender and other finance parties under each of the Facilities Agreements and related documents; (B) agreed to subordinate its rights to repayment of any Intra-Group Debt (as defined in the Intercreditor Deed) in certain circumstances and to the ranking of priority between certain creditors of the Purchaser and its subsidiaries; and (C) give fixed and floating charges over their assets and undertakings to support its above-mentioned guarantee;

1.3 it is now proposed that:

1.3.1 each of the Company, AA Corporation Limited, Volkswagen Assistance Limited, The Automobile Association Limited, Automobile Association Developments Limited, AA The Driving School Agency Limited, Automobile Association Holdings Limited, Automobile Association Insurance Services Holdings Limited and Automobile Association Protection and Investment Planning Limited (the "**Financial Assistance Companies**") enter into:

- (a) an amendment and restatement agreement substantially in the form as produced to the meeting relating to the Senior Credit Agreement (the "**SCA Amendment Agreement**") to be entered into with, among others, the Parent, AA Senior Co Limited (the "**New Borrower**") and Barclays Bank PLC (in various capacities);
- (b) an amendment and restatement agreement substantially in the form as produced to the meeting relating to the Mezzanine Loan Agreement (the "**MLA Amendment Agreement**") to be entered into with, among others, the Parent, the New Borrower and Barclays Bank PLC (in various capacities);
- (c) an amendment and restatement agreement substantially in the form as produced to the meeting relating to the Junior Mezzanine Agreement (the "**JMLA Amendment Agreement**") to be entered into with, among others, the Parent, the New Borrower and Barclays Bank PLC (in various capacities);

pursuant to which, *inter alia*, (A) the New Borrower assumes by way of novation all existing debt of the Purchaser under the Senior Credit Agreement and (B) additional facilities under the Senior Credit Agreement amounting to an aggregate of £510,000,000 (the "**Additional Facilities**") will be made available to New Borrower thereunder;

- 1.3.2 the Parent enter into an intercreditor amendment deed substantially in the form as produced to the meeting in relation to the Intercreditor Deed (the "**Intercreditor Amendment Deed**" and, together with the SCA Amendment Agreement, MLA Amendment Agreement and JMLA Amendment Agreement, the "**Amendment Agreements**") in its capacity as Obligors' Agent (as defined in each of the Facilities Agreements) for and on behalf of the Company;
- 1.3.3 the Company and the Financial Assistance Companies enter into a Debenture substantially in the form as produced to the meeting (the "**New Debenture**");
- 1.3.4 the Company enter into an intra-group loan amendment agreement substantially in the form as produced to the meeting (the "**Intra-Group Loan Amendment Agreement**");

- 1.3.5 the Company enter into a master debt purchase facility agreement substantially in the form as produced to the meeting to be entered into with Barclays Bank PLC ("**Master Debt Purchase Facility Agreement**");
- 1.3.6 the Company enter into a deed of assignment substantially in the form as produced to the meeting to be entered into with Barclays Bank PLC ("**Deed of Assignment**");
- 1.3.7 the Company enter into a Declaration of Trust substantially in the form as produced to the meeting ("**Declaration of Trust**");
- 1.3.8 the Company enter into a partial deed of release between itself as the Company and Barclays Bank PLC as Security Agent in the form produced to the meeting ("**Deed of Release**") with effect from the Fourth Effective Date; and
- 1.3.9 the Company enter into an inter-company loan agreement substantially in the form as produced to the meeting to be entered into with the Purchaser (the "**Up-stream Intercompany Loan Agreement**" and, together with the Amendment Agreements, the New Debenture, the Intra-Group Loan Amendment Agreement, the Master Debt Purchase Facility Agreement, the Deed of Assignment and the Declaration of Trust, the "**Documents**").
- 1.4 the Company's entry into the Amendment Agreements would have the effect of confirming the Company's existing guarantee obligations under the Facilities Agreements and extending the Company's guarantee obligations referred to in paragraph 1.3.1 to the Additional Facilities;
- 1.5 the proceeds of the Additional Facilities would be applied towards, *inter alia*:
 - 1.5.1 the partial repayment by New Borrower to the Purchaser of amounts outstanding under the inter-company loan made available in connection with the sale of shares in AA Corporation Limited to New Borrower and the proceeds of such partial repayment will, in turn, be applied towards the partial repayment of amounts outstanding under (i) the mezzanine term A loan facility; and (ii) the inter-company loan made available by the Parent which will produce an overall effect of reducing the liabilities incurred in connection with the Acquisition;
 - 1.5.2 the general corporate purposes of the Purchaser and the Company;
- 1.6 the execution and delivery by or on behalf of the Company of the Documents, and the exercise by the Company of any of its rights or the performance by the Company of any of its obligations thereunder:
 - 1.6.1 would not result in any breach of any restriction imposed by the Memorandum and Articles of Association of the Company or any agreement to which the Company is a party or by which the Company is bound; and

1.6.2 would benefit the Company because:

- (a) the information available to the Company indicated that the New Borrower would be able to fulfil its obligations under the Facilities Agreements, as amended by the Amendment Agreements and accordingly it was unlikely that rights and remedies would be enforced against the Company and/or its assets under the Facilities Agreements as amended by the Amendment Agreements; and
- (b) it was perceived that the Company would benefit from the continued maintenance of the group's principal source of debt finance; and

1.6.3 would be bona fide in the best interests of the Company and would be for the purpose of carrying on its business.

1.7 the Company had been advised that the execution and delivery by or on behalf of the Company of the Documents and the exercise by the Company of any of its rights or the performance by the Company of any of its obligations thereunder would constitute financial assistance for the purpose of reducing or discharging liabilities incurred for the purpose of the acquisition of shares by the Purchaser in the capital of AA Corporation Limited; and

2. **RESOLVE, in accordance with section 381A of the Companies Act 1985 (the "Act"), to pass the following as written resolutions, THAT:**

2.1 subject to compliance with sections 155 to 158 of the Act, the giving by the Company of financial assistance for the purpose of reducing or discharging the liabilities incurred for the purpose of the acquisition by the Purchaser of all the issued shares in the capital of AA Corporation Limited in the form described in the statutory declaration sworn by the directors of the Company pursuant to section 155(6) of the Act on the date hereof be approved;

2.2 the entry by or on behalf of the Company into each of the Documents and any documents ancillary thereto and the payment out of the Company's distributable profits of fees to the Company's auditors, PricewaterhouseCoopers, and other advisors who have provided reports or services in connection with the acquisition of the shares in the capital of AA Corporation Limited as referred to in the statutory declaration made by the directors of the Company on or before the date of this resolution, be and is hereby approved, confirmed and/or ratified;

2.3 the terms and conditions of each of the Documents and any documents ancillary thereto (in each case, in such form or with such amendments thereto as the person executing them pursuant to the authority conferred by the board of the Company may in his absolute discretion think fit) be and are hereby approved, confirmed and/or ratified;

2.4 the execution, delivery and performance by the Company of the Documents be approved, even though the execution, delivery and performance of the Documents constitutes financial assistance for the purpose of reducing or discharging the liabilities

incurred for the purpose of the acquisition by the Purchaser of all the issued shares in the capital of AA Corporation Limited.

BY ORDER OF THE BOARD



SECRETARY/DIRECTOR

of AA CORPORATION LIMITED

Dated: 2 / 3 / 06

Registered office: Fanum House
Basing View
Basingstoke
Hampshire RG21 2EA