

## **RULE 2.4 POSSIBLE OFFER ANNOUNCEMENT**

### **LETTER ENCLOSING ANNOUNCEMENT**

**If you have sold or transferred your ordinary shares in AA plc (the “Company”), please send this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee. However, this communication should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations.**

**5 August 2020**

*To shareholders and, for information only, to persons with information rights and the holders of securities convertible into, rights to subscribe for and options over, the Company’s shares.*

Dear Sir/Madam

#### **STATEMENT REGARDING POSSIBLE OFFER FOR THE COMPANY**

In accordance with Rule 2.11 of the City Code on Takeovers and Mergers (the *Code*), we enclose a copy of the announcement released by the Company on 4 August 2020 noting that the Company is in discussions with a number of parties in relation to a range of potential refinancing options, including three parties, being (i) Centerbridge Partners Europe, LLP and TowerBrook Capital Partners (U.K.) LLP (acting jointly), (ii) Platinum Equity Advisors LLC and (iii) Warburg Pincus International LLC (each a *Potential Offeror*) in relation to a potential offer for the Company, which may or may not lead to a formal offer being made for the Company.

Although this announcement has put the Company into what is known as an “offer period” for the purposes of the Code, there can be no certainty that an offer will in fact be made. You do not need to take any action at this time.

We will make further announcements when appropriate.

If you have any questions about administrative matters in connection with your Company securities and the possible offer for the Company, please call the Company’s registrar Equiniti between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0333 207 6538 from within the UK or +44 121 415 0999 if calling from outside the UK. Please note that calls may be monitored or recorded and Equiniti cannot provide financial, legal or tax advice or advice on the merits of any possible offer.

#### **Addresses may be provided to a Potential Offeror**

Please note that postal addresses, email addresses and certain other information provided by you for the receipt of communications from the Company (e.g. elections to receive communications in a particular form) may be provided to a Potential Offeror during the offer period as required under Section 4 of Appendix 4 of the Code.

A copy of this letter is available on the Company’s website at [www.theaapl.com](http://www.theaapl.com).

Yours faithfully

John Leach  
**Chair**

## **Disclosure requirements of the Code**

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN, INTO, OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS IN THAT JURISDICTION

**THIS IS AN ANNOUNCEMENT FALLING UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND DOES NOT CONSTITUTE AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE. THERE CAN BE NO CERTAINTY THAT ANY FIRM OFFER WILL BE MADE NOR AS TO THE TERMS ON WHICH ANY FIRM OFFER MIGHT BE MADE**

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

4 August 2020

AA plc

### **Possible Offer and Update on Refinancing Progress**

Possible Offer for AA

The Board of Directors of AA plc (the "Company" or the "Group") notes the recent press speculation regarding a potential refinancing of the Group's indebtedness and the possibility of an offer being made for the Company in connection with such a refinancing.

The Company confirms that it is currently in discussions with a number of parties in relation to a wide range of potential refinancing options. As part of these discussions and the potential refinancing solutions, three parties, being (i) Centerbridge Partners Europe, LLP and TowerBrook Capital Partners (U.K.) LLP (acting jointly), (ii) Platinum Equity Advisors LLC and (iii) Warburg Pincus International LLC (each a "Potential Offeror"), have approached the Company regarding possible cash offers for the entire issued and to be issued ordinary share capital of AA. The Potential Offerors have each indicated that any possible offer would involve a significant amount of new equity capital being injected into the Group, in order to reduce indebtedness following completion.

There can be no certainty that any offer will be made for the Company, nor as to the terms on which any offer might be made.

### **Update on Refinancing Progress**

Separately and in parallel with the discussions relating to a potential offer for the Company, the Board intends to continue assessing a range of other potential refinancing options including the possibility of raising new equity. In considering the different potential refinancing options available, the Board wishes to ensure that the Group has a stable, long-term capital structure and that the proposed refinancing enhances the long-term viability of the business and is in the best interests of the Company and its wider stakeholders.

As stated in its preliminary results announcement on 7 May 2020, while the Group continues to remain well within its financial covenants, at the end of the last financial year the Group had approximately £2.65 billion of total net debt, of which £913 million is scheduled to fall due for repayment within the next two years. Debt reduction is therefore a key priority and the Group continues to proactively manage its capital structure and to seek to reduce its indebtedness well ahead of the upcoming maturity dates on its outstanding indebtedness.

AA is a great company, with a long and illustrious heritage and with enormous strengths at a fundamental level. A huge amount has been achieved over the course of the last few years to improve the performance of the business and to create a platform upon which the business can grow profitably and continue to prosper. The Group has demonstrated resilient trading performance through Covid-19, while providing an essential service to the community, and we continue to expect our financial performance this year to be only slightly below that of FY20. However, whilst the Group is now beginning to reap the benefits of its strategy and operational improvement, the business remains constrained by a significant debt burden and the Board believes this may prove to be an impediment to the Group's future progress and longer-term success.

The Board of AA believes that in order for the business to achieve its full potential it needs to have greater financial flexibility to make longer-term investment decisions that are in the best interests of the Group's shareholders and its wider stakeholders. To achieve this, the Group needs a more stable and sustainable capital structure and this requires a significant amount of additional new capital in order to reduce the Group's indebtedness and to fund future growth.

John Leach, Chairman, commented:

*"Following a significant improvement in the underlying performance of the business over the course of the last few years under Simon's leadership, the Board has been proactively considering a range of potential refinancing options from a position of relative strength and ahead of its upcoming debt maturities in 2022. The AA is a high quality and robust business, with an iconic brand, a resilient business model and a highly committed and loyal workforce. However, in order for us to be able to achieve our full potential, the Board believes that it must now prioritise reducing the Group's indebtedness to provide the business with the right long-term capital structure - which we hope the current refinancing process will achieve."*

In accordance with Rule 2.6(a) of the Code, each of the Potential Offerors is required, by no later than 5.00 pm (London time) on 1 September 2020, being 28 days after today's date, to either announce a firm intention to make an offer for the Company in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline will only be extended with the consent of the Takeover Panel in accordance with Rule 2.6(c) of the Code.

This announcement is not being made with the approval of the Potential Offerors.

The person responsible for arranging the release of this announcement on behalf of AA is Nadia Hoosen, Chief Legal Officer and Company Secretary.

Enquiries

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**Disclaimer**

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J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), is authorised in the United Kingdom by the Prudential Regulation Authority (the "PRA") and regulated in the United Kingdom by the PRA and the Financial Conduct Authority. J.P. Morgan Cazenove is acting as financial adviser exclusively for AA and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than AA for providing the protections afforded to clients of J.P. Morgan Cazenove, or for providing advice in relation to any matter referred to herein.

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#### Publication on website

A copy of this announcement will be made available (subject to certain restrictions relating to persons resident in restricted jurisdictions) at [www.theaapl.com/investors](http://www.theaapl.com/investors) in accordance with Rule 26.1 of the Code by no later than 12 noon (London time) on 5 August 2020. For the avoidance of doubt, the content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

#### Rule 2.9 Disclosure

In accordance with Rule 2.9 of the Code, AA confirms that, as at the close of business on 3 August 2020 (being the business day prior to the date of this announcement), it has 621,506,862 ordinary shares of 0.1p each in issue with International Securities Identification Number GB00BMSKPJ95.

Ends.