

ACROMAS

HOLDINGS LTD

Summary Mid Year Update – July 2008

I am pleased to report that in the six months since my first report as Chief Executive of Acromas, our initial success achieved from bringing together two great British brands – the AA, the UK's leading motoring organisation, and Saga, the UK's leading provider of products and services for the over 50s – has continued.

We remain ahead of schedule in terms of delivering the planned benefits of shared experience, expertise, systems and economies of scale that we identified last year. We are also performing in line with our financial targets for the year.

The AA

We have also been working on the best way to describe what the AA means to its customers and tell prospective customers what we stand for. I feel that this is best expressed through our updated branding: AA – for the road ahead.

I am also pleased to report that Which? Magazine has identified the AA as the nation's best roadside recovery service for the second year running. The Which? survey praised our swift response times to call-outs and our patrol's ability to repair vehicles at the side of the road.

I was also delighted that the AA recently won the Green Fleet Awards, helped by our investment in 50 motorbike patrols, including eight zero-emission electric scooters. Bikes produce less CO₂; they cut through heavy traffic, reaching breakdowns up to 25% quicker; and, by getting members moving again without delay, they also help to ease traffic problems.

Saga

I can now announce that Saga Rose, our longest serving cruise ship, will be retiring at the end of 2009. Saga Rose is much loved by our cruising passengers and will be sorely missed. We will be introducing a new ship to the Saga fleet, Saga Pearl II. The ship had previously been destined to join the Spirit of Adventure brand. The new ship will undergo an extensive refit in the first half of 2009 and will come into service during the autumn of 2009.

The Saga Magazine continues to go from strength to strength despite a climate in which other magazine circulations are declining, and it is now the UK's best selling monthly magazine and the UK's leading subscription title.

Putting something back

The launch of the Saga Respite for Carers Trust has been a great success. We have received several hundred nominations for carers to have a break while we look after their caring responsibilities. The selection process is underway with awards being made by the end of the year.

The new AA Charitable Trust for Road Safety and the Environment has developed criteria to target new drivers most at risk from having an accident. A new training course, Drive Smart, is being developed and will be offered free of charge to the 2,000 drivers identified as most at risk.

The Saga Charitable Trust continues to support communities in developing countries where Saga operates holidays. The trust is expanding, and now has projects in 14 countries with increasing support from customers and staff. This was highlighted by the recent 'Walk a Mile' fundraising event in which over 7000 holidaymakers and staff participated.

Looking ahead

Despite the weak economic outlook in the wider economy I remain confident that both the AA and Saga with their diverse range of businesses are well positioned for the future.

Our continued success is only possible through great teamwork and a dedication to serving the customer, so I would like to conclude by paying tribute to all of our people – from patrolmen to contact centre professionals – without whom we would not be able to delight some 18 million customers.

A handwritten signature in black ink, appearing to read 'Andrew Goodsell', with a stylized flourish at the end.

Andrew Goodsell
Chief Executive, Acromas Holdings