

2376810

Step 1

DATE 14. September 2007

WE HEREBY CERTIFY THAT THIS IS
A TRUE AND EXACT COPY OF THE ORIGINAL
MACFARLANES LLP
20 CURSITOR STREET
LONDON EC4A 1LT

THE PARTIES LISTED HEREIN

UMBRELLA AGREEMENT
relating to Virgin Retail Group Limited and certain of its subsidiaries

TUESDAY



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02/09/2008

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COMPANIES HOUSE

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- 12 **VSPACE LIMITED**, a company registered in England and Wales with company number 4263390 whose registered office is at 120 Campden Hill Road, London W8 7AR ("VSpace")
- 13 **VIRGIN RETAIL EUROPE LIMITED**, a company registered in England and Wales with company number 3220371 whose registered office is at 120 Campden Hill Road, London W8 7AR ("VREL")
- 14 **VIRGIN ENTERTAINMENT EUROPE LIMITED**, a company registered in England and Wales with company number 3389797 whose registered office is at 120 Campden Hill Road, London W8 7AR ("VEEL")
- 15 **VIRGIN ENTERPRISES LIMITED**, a company registered in England and Wales with company number 1073929 whose registered office is at 120 Campden Hill Road, London W8 7AR ("VEL")
- 16 **VIRGIN CINEMAS GROUP LIMITED**, a company registered in England and Wales with company number 3066297 whose registered office is at 120 Campden Hill Road, London W8 7AR ("Cinemas")
- 17 **VIRGIN MANAGEMENT LIMITED**, a company registered in England and Wales with company number 1568894 whose registered office is at 120 Campden Hill Road, London W8 7AR ("VML")
- 18 **VIRGIN ENTERTAINMENT HOLDINGS INC**, a company registered in Delaware whose registered office is at 1013 Centre Road, Wilmington, New Castle, Delaware 19805, United States ("VEH Inc")
- 19 **VIRGIN MEGASTORE ONLINE (UK) LIMITED**, a company registered in England and Wales with company number 3801837 whose registered office is at 120 Campden Hill Road, London W8 7AR ("VMOUK")
- 20 **VIRGIN DIGITAL INC**, a company registered in Delaware whose registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, United States ("VD Inc")
- 21 **ABLEGRAND LIMITED**, a company registered in England and Wales with company number 4272226 whose registered office is at 120 Campden Hill Road, London W8 7AR ("Ablegrand")
- 22 **VSHOP RETAIL SERVICES LIMITED**, a company registered in England and Wales with company number 3459938 whose registered office is at 120 Campden Hill Road, London W8 7AE ("VShop")
- 23 **VIRGIN RETAIL (IRELAND) LIMITED**, a company registered in the Republic of Ireland with company number 122628 whose registered office is at 84 Northumberland Road, Ballsbridge, Dublin 4, Ireland ("VR Ireland")
- 24 **VIRGIN HOLDINGS (IRELAND) LIMITED**, a company registered in the Republic of Ireland with company number 112639 whose registered office is at 84 Northumberland Road, Ballsbridge, Dublin 4, Ireland ("VH Ireland")

UMBRELLA AGREEMENT

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PARTIES

- 1 **VIRGIN RETAIL GROUP LIMITED**, a company registered in England and Wales with company number 2376810 whose registered office is at 120 Campden Hill Road, London W8 7AR ("VRGL")
- 2 **VIRGIN RETAIL LIMITED**, a company incorporated in England and Wales with company number 2224492 whose registered office is at 120 Campden Hill Road, London W8 7AR ("VRL")
- 3 **VIRGIN ENTERTAINMENT ASIA LIMITED**, a company registered in England and Wales with company number 3389805 whose registered office is at 120 Campden Hill Road, London W8 7AR ("VEAL")
- 4 **BARFAIR LIMITED**, a company incorporated in England and Wales with company number 03552508 whose registered office is at 120 Campden Hill Road, London W8 7AR ("Barfair")
- 5 **BLUEBOTTLE UK LIMITED**, a company registered in England and Wales with company number 3744190 whose registered office is at 120 Campden Hill Road, London W8 7AR ("BUK")
- 6 **VIRGIN HOLDINGS LIMITED**, a company registered in England and Wales with company number 03609453 whose registered office is at 120 Campden Hill Road, London W8 7AR ("VHL")
- 7 **NEWSTART INVESTMENTS LIMITED**, a company registered in England and Wales with company number 4495194 whose registered office is at 120 Campden Hill Road, London W8 7AR ("Newstart")
- 8 **VIRGIN GROUP INVESTMENTS LIMITED**, a company registered in the British Virgin Islands with company number 175750 whose registered office is at Craigmuir Chambers, PO Box 71, Road Town, Tortola, British Virgin Islands ("VGIL")
- 9 **VIRGIN DIGITAL LUXEMBOURG SARL**, a company registered in Luxembourg with company number 2005 2417962 whose registered office is at 26 Boulevard Royal, Luxembourg, L-2449, Luxembourg ("VDLux")
- 10 **VIRGIN E-COMMERCE (US) INC.**, a company registered in Delaware whose registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, United States ("VE-Commerce")
- 11 **VIRGIN ENTERTAINMENT GLOBAL LIMITED**, a company registered in the British Virgin Islands with company number 583373 whose registered office is at Craigmuir Chambers, PO Box 71, Road Town, Tortola, British Virgin Islands ("VEGL")

- 25 **HARLANDIC LIMITED**, a company registered in the Republic of Ireland with company number 112576 whose registered office is at 84 Northumberland Road, Ballsbridge, Dublin 4, Ireland ("Harlandic")
- 26 **ABLEGRAND (2) LIMITED**, a company registered in England and Wales with company number 4294608 whose registered office is at 120 Campden Hill Road, London W8 7AR ("Ablegrand2")
- 27 **PICCADILLY ENTERTAINMENT STORE LIMITED**, a company registered in England and Wales with company number 4617728 whose registered office is at 120 Campden Hill Road, London W8 7AR ("PESL")
- 28 **VR SERVICES LIMITED**, a company registered in England and Wales with company number 4038928 whose registered office is at 120 Campden Hill Road, London W8 7AR ("VRS")
- 29 **VRETAIL SERVICES LIMITED**, a company registered in England and Wales with company number 4484593 whose registered office is at 120 Campden Hill Road, London W8 7AR ("VRetail")
- 30 **VIRGIN ENTERTAINMENT JAPAN KK**, a company registered in Japan with company number 035823 whose registered office is at Hiroo Alpha Building, 2F, 4 - 5 - 48 Minami Azabu, Minato-ku, Tokyo, 106-0047, Japan ("VEJ")
- 31 **VIRGIN ENTERTAINMENT INVESTMENT HOLDINGS LIMITED**, a company registered in the British Virgin Islands with company number 307052 whose registered office is at Craigmuir Chambers, PO Box 71, Road Town, Tortola, British Virgin Islands ("VEIHL")
- 32 **VHPL LIMITED**, a company registered in the British Virgin Islands with company number 181229 whose registered office is at Craigmuir Chambers, PO Box 71, Road Town, Tortola, British Virgin Islands ("VHPL")
- 33 **CINEMA HOLDINGS LIMITED**, a company registered in England and Wales with company number 3066328 whose registered office is at 120 Campden Hill Road, London W8 7AR ("CHL")
- 34 **MAYFLY SA**, a company registered in Switzerland with company number CH 660 1152999-8 whose registered office is at 3-5 COURS de RIVE, 1204 GENEVA, Switzerland ("Mayfly")
- 35 **VIRGIN AUDIO HOLDINGS LLC**, a company registered in Los Angeles with company number 3140029 whose registered office is at 5757 Wilshire Blvd, Suite 300, LOS ANGELES, California 90036, United States ("VAudio")
- 36 **VIRGIN VOUCHERS LIMITED**, a company registered in England and Wales with company number 2999861 whose registered office is at 120 Campden Hill Road, London W8 7AR ("Vouchers")
- 37 **SALFORM LIMITED**, a company registered in England and Wales with company number 2122371 whose registered office is at 120 Campden Hill Road, London W8 7AR ("Salform")

- 38 **BLUEBOTTLE USA MOBILE INC.**, a company registered in the British Virgin Islands with company number 406547 whose registered office is at Craigmuir Chambers, PO Box 71, Road Town, Tortola, British Virgin Islands ("BUMI")

RECITALS

- A It is proposed that VEL enter into a sale and purchase agreement ("**the Sale Agreement**") pursuant to which it will procure the sale of the entire issued share capital of VRGL to BROOMCO (4094) LIMITED a company incorporated in England and Wales (registered no 6308049) whose registered office is at The School House, 50 Brook Green, London W6 7RR ("**Newco**") for consideration of the sum of £1 (one pound) plus contingent consideration calculated in accordance with Clauses 8 and 9 of the Sale Agreement ("**the Contingent Consideration**") ("**the Sale**"). It is proposed that such transfer of the entire issued share capital of VRGL will be on the basis that no debts (other than the VRL Active Debt) are outstanding between the Virgin Group and the VRGL Group or, to the extent practicable, between companies in the VRGL Group on completion of the Sale Agreement.
- B The Parties, comprising both members of the VRGL Group, and members of the Virgin Group which are debtors, creditors and/or shareholders of members of the VRGL Group, have entered into this Agreement, and agreed to undertake the transactions provided for in this Agreement, in order to permit the sale of the VRGL Group as a going concern to Newco, the Parties having been advised that as a precondition to the sale of the VRGL Group to Newco various debts owed (a) to members of the VRGL Group by members of the Virgin Group, (b) owed by members of the VRGL Group to members of the Virgin Group, and (c) outstanding between members of the VRGL Group would need to be repaid or otherwise settled (including by way of novation, assignment, set off or capitalisation, as appropriate) The Parties acknowledge (a) that the transactions provided for in this Agreement, and each of the documents to be entered into pursuant to this Agreement, are and will be on arms length terms bearing in mind the circumstances set out above; and (b) that a sale of the VRGL Group to Newco as a going concern is considered to be in the best interests both of the members of the VRGL Group, and of the members of the Virgin Group, when compared to the principal alternative, namely a liquidation of the VRGL Group, which would be damaging to the Virgin brand and would involve significant cost and complexity
- C The VRGL Group is indebted to the Virgin Group as set out in Schedule 1 of this Agreement
- D The Virgin Group is indebted to the VRGL Group as set out in Schedule 2 of this Agreement
- E The companies in the VRGL Group are indebted to each other as set out in Schedule 3 of this Agreement
- F Pursuant to the terms of this Agreement the Secured Creditors and the Unsecured Creditors will subscribe for VRGL Ordinary Shares in satisfaction of the amounts owed to them by the VRGL Group and shall transfer such VRGL Ordinary Shares

and any other VRGL Ordinary Shares they hold to Newco in accordance with the terms of the Sale Agreement.

- G VEL agrees to hold any Contingent Consideration it receives under the Sale Agreement to the order of the shareholders and creditors of VRGL and VRL in the Virgin Group in accordance with the terms of this Agreement.
- H VGIL will satisfy its obligations under the VRL Term B Guarantee.
- I All guarantees and charges held by a member of the Virgin Group (excluding the VRGL Group) relating to the VRGL Group shall be released with effect from completion of the Sale Agreement without any payment by or on behalf of the VRGL Group.

AGREEMENT

1 Definitions and interpretation

- 1 1 The Recitals form part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement Any reference to this Agreement shall include the Recitals

- 1 2 In this Agreement, the following words and expressions shall have the following meanings and each of the debts shall be defined as set out in the Schedules to this Agreement

the 1995 Price Adjustment Agreement the price adjustment agreement dated 21 April 1995 made between the VIE Shareholders (as defined therein), VRGL, Virgin Retail (BVI) Limited, Virgin Retail Delaware Inc, Virgin Retail California Inc and Virgin Retail Holdings (Pacific),

the 2003 Price Adjustment Agreements

- (i) the price adjustment agreement dated 1 August 2003 between Newstart, VRGL, VRL, Ablegrand, VSpace, VEHL, VEEL, VRS and VMOUK, and
- (ii) the price adjustment agreement dated August 2003 made between VGIL, Newstart, VRL, VRGL and VHL,

the Ablegrand2 Deed of Assignment: the deed of assignment relating to the Ablegrand2 VRL Debt between VRL and Ablegrand in the Agreed Form marked "L",

Ablegrand Ordinary Shares ordinary shares of £1 each in the capital of Ablegrand,

Ablegrand2 Ordinary Shares: ordinary shares of £1 each in the capital of Ablegrand,

Agreed Form the form agreed by the Parties;

the Barfair:BUK Deed of Assignment: the assignment of the VRGL Loan 4 by Barfair to BUK pursuant to an assignment agreement in the Agreed Form marked "G",

the Barfair:VHL Debt: the sum owed by Barfair to VHL;

the Barfair Deed of Release: the deed of release granted by Barfair in favour of, inter alios, VRGL relating to the Barfair Security in the Agreed Form marked "H1",

the Barfair Secured Debts: means the VRGL Term A Loan and the VRL Term B Loan,

the Barfair Security a security agreement dated 19 April 2006 constituting fixed and floating security over the assets of VRGL and certain of its subsidiaries in respect of the VRGL Term A Loan and the VRL Term B Loan,

the BUK Set-Off Agreement the set-off agreement between VRGL and BUK in the Agreed Form marked "B6",

Business Day: a day (other than a Saturday or Sunday) on which banks in the City of London generally are open for business;

the Cinemas Set-Off Agreement. the set-off agreement between Cinemas and VRGL in the Agreed Form marked "B10",

the Completion Date the date on which the Condition is satisfied,

the Condition: the entry into the Sale Agreement by all the Parties thereto,

the Funding: the amount to be requested in accordance with the terms of the Funding Request,

the Funding Request: the request for the Funding to be entered into between VGIL and BUMI in the Agreed Form marked "A",

the Harlandic Deed of Assignment: the deed of assignment between VR Ireland and VH Ireland in the Agreed Form marked "P",

Harlandic Ordinary Shares: ordinary shares of €1 each in the capital of Harlandic,

the Harlandic Set-Off Agreement: the set-off agreement between VH Ireland and Harlandic in the Agreed Form marked "B4";

the Letters of Intent: letters issued by VEGL or any other company in the Virgin Group to companies in the VRGL Group stating that it was the intention of VEGL or such other company in the Virgin Group to provide financial support to such company or companies in the VRGL Group,

the Newstart Deed of Release the deed of release granted by Newstart, in favour of, inter alios, VRGL and VRL relating to the Newstart Security in the Agreed Form marked "H2",

the Newstart Irish Releases (i) the release letters granted by Newstart in favour of VR Ireland and Harlandic relating to the Newstart Security in the Agreed Form marked "H3" to "H5" and (ii) a memorial of an indenture of release granted by Newstart relating to the Newstart Security in the Agreed Form marked "H6",

the Newstart Set-Off Agreement the set-off agreement between Newstart and VRL in the Agreed Form marked "B1",

the Newstart Secured Debt: means the VRGL Newstart Debt and the VRL Newstart Debts,

the Newstart Security (i) a debenture dated 8 July 1998 between, among others, VRGL, VRL, VR Ireland, VH Ireland, Harlandic and Bankers Trust Company, (ii) a supplemental debenture dated 26 June 2006 between VRL and Ivanco (No 2) Limited, (iii) deeds of accession dated 18 October 2001 between Ablegrand, Ablegrand2 and Ivanco (No 2) Limited, (iv) a Form of Undertaking dated 8th July 1998, from Arthur Cox, Solicitors in respect of VR Ireland's property at Unit 152 Blanchardstown Town Centre, Blanchardstown, Dublin 15, (v) a Form of Undertaking dated 8th July 1998, from A & L Goodbody, Solicitors in respect of VR Ireland's property at Unit 240, The Square, Tallaght, Co Dublin, Unit 1, Queen's Old Castle, 84/89 Grand Parade, Cork and Unit 30/31, Liffey Valley Shopping Centre, Dublin, (vi) a Form of Undertaking dated 8th July 1998, from Arthur Cox, Solicitors in respect of Harlandic's property at 14-18 Aston's Quay, Dublin 2 and (vii) all and any other security granted by VRGL and/or its subsidiaries in respect of the Newstart Secured Debt,

the Newstart:VHL Debt: the sum owed by Newstart to VHL,

the Parties the parties to this Agreement,

the PESL Deed of Assignment: the deed of assignment relating, inter alia, to the PESL VRL Debt between VRL and VRGL in the Agreed Form marked "K",

PESL Ordinary Shares: ordinary shares of £1 each in the capital of PESL,

Price Adjustment Agreement: any agreement entered into before the date of this Agreement the purpose and/or effect of which is to document or otherwise ensure that the parties to the agreement have dealt on arm's length terms so as not to confer a benefit on any person within sub-paragraph 2A(7) of Schedule 5 to the Taxation of Chargeable Gains Act 1992 ("TCGA") and/or to prevent any such dealings constituting a capital payment as defined in section 97 TCGA,

the Price Adjustment Deeds of Novation: the deeds of novation in the Agreed Forms marked "M1" and "M2" relating to the 2003 Price Adjustment Agreements;

the Release Documents. the Barfair Deed of Release, the Newstart Deed of Release and the Newstart Irish Releases,

the Retail Creditors: the creditors of VRGL and VRL in the Virgin Group being, VEAL, Barfair, Newstart, Cinemas, VMOUK, VML, VHL, Salford, VEJ, Active, VEGL, VEEL, VSpace and VEL,

the Secured Creditors: Barfair, Newstart and VGIL (to the extent that it becomes entitled to security by way of subrogation in consequence of the transactions provided for in Clauses 2.1.32 and 2.1.33),

the Subscriptions: the subscriptions for VRGL Ordinary Shares set out in Clauses 5.1 to 5.10,

the Unsecured Creditors: VEAL, Cinemas, VMOUK, VML, VHL, Salform, VEJ, Active, VEGL, VEEL, Barfair, VGIL and VEL

the Unsecured Debts the debts set out in Schedule 1 other than the Untainted Secured Debts,

the Untainted Secured Debts: the VRGL Untainted Secured Debts and the VRL Secured Debts,

the VEAL Set-Off Agreement the set-off agreement between VEAL and VRGL in the Agreed Form marked "B12",

the VEEL Set-Off Agreement the set-off agreement between VEEL and VRGL in the Agreed Form marked "B11",

the VEGL Deed of Assignment: the deed of assignment relating to the VRGL:VEGL Debt between VEGL and VEAL in the Agreed Form marked "I",

the VEGL Set-Off Agreement the set-off agreement between VRGL and VEGL in the Agreed Form marked "B2";

the VEGL:VRL Set-Off Agreement: the set-off agreement between VEGL and VRL in the Agreed Form marked "B13",

the VEJ Set-Off Agreement. the set-off agreement between VEJ and VRGL in the Agreed Form marked "B9",

the VGIL Deed of Novation the deed of novation in the Agreed Form marked "F" relating to the VGIL VSpace Debt,

the VGIL:VEAL Deed of Assignment: the deed of assignment between VGIL and VEAL in the Agreed Form marked "N",

the VGIL (VEGL) Loan Agreement: the loan agreement in the Agreed Form marked "D3" to be entered into by VGIL and VEGL,

the VGIL (VREL) Loan Agreement : the loan agreement in the Agreed Form marked "D1" to be entered into by VGIL, VD Lux, VMOUK, VE-Commerce and VREL,

the VGIL (VD Inc) Loan Agreement . the loan agreement in the Agreed Form marked "D2" to be entered into by VGIL, VD Inc, VEH Inc, VMOUK, VREL, VEJ, VEIHL, VHPL, CHL, Mayfly, VAudio and Vouchers,

the Virgin Group VGHL and its subsidiaries excluding the VRGL Group,

the VRGL Group: VRGL and its subsidiaries on the date of this Agreement;

the VRGL Loan 4 Guarantee: the guarantee from VGIL to Barfair in respect of the VRGL Loan 4 described in paragraph (a)(iv) of Schedule 1,

the VRGL Ordinary Shareholders: Barfair, Newstart, VML, Cinemas, VEEL, Salford, VEGL, VEAL, VEL and VGIL;

VRGL Ordinary Shares: A Ordinary Shares of £0.10 each in the capital of VRGL,

the VRGL Preference Shares: the 8,000,000 9.375% cumulative redeemable preference shares of £1 each in the capital of VRGL held by VEAL,

the VRGL Secured Debts: the VRGL Untainted Secured Debts and the VRGL Tainted Secured Debts;

the VRGL Tainted Secured Debts: the VRGL Tainted Secured Debts the amount outstanding (including principal and interest) of the VRGL Term A Loan, less the VRGL Untainted Barfair Debts;

the VRGL Untainted Barfair Debts: that amount of principal of the VRGL Term A Loan advanced on or after the date of the Barfair Security other than to refinance debt advanced before such date, being £55,190,000,

the VRGL Untainted Secured Debts: (i) the VRGL Untainted Barfair Debts and (ii) the VRGL Newstart Debts,

the VRGL:VRL Set-Off Agreement: the set-off agreement between VRGL and VRL in the Agreed Form marked "B3",

the VR Ireland:VH Ireland Set-Off Agreement: the set-off agreement between VR Ireland and VH Ireland in the Agreed Form marked "B8",

the VR Ireland Deed of Assignment: the deed of assignment relating to the VR Ireland.VRL Debt between VRL and VH Ireland in the Agreed Form marked "J",

VR Ireland Ordinary Shares: Ordinary Shares of €1.269 each in the capital of VR Ireland,

the VRL Deed of Assignment: the deed of assignment relating to the VSpace VRL Debt in the Agreed Form marked "O",

the VRL Deed of Novation: the deed of novation in the Agreed Form marked "E" relating to the debts of VRL novated in accordance with Clause 2.1.35,

the VRL Guarantee: the guarantee from VGIL to VRL in respect of the debt owed by VD Lux to VRL,

VRL Ordinary Shares: ordinary shares of £1 each in the capital of VRL,

the VRL Preference Shares the £6,800,000 in nominal value of 10% cumulative redeemable preference shares of £1 each in the capital of VRL and the £2,895,751 in nominal value of A 15% cumulative redeemable preference shares of £1 each in the capital of VRL held by Newstart,

the VRL Secured Debts: the VRL Tainted Secured Debts and the VRL Untainted Secured Debts,

the VRL Tainted Secured Debts: the amount outstanding (including principal and interest) of the VRL Term B Loan, less the VRL Untainted Barfair Debts,

the VRL Term B Guarantee the guarantee from VGIL to Barfair in respect of the VRL Term B Loan described in paragraph (b) of Schedule 1;

the VRL Untainted Barfair Debts: that amount of principal of the VRG Term B Loan advanced on or after the date of the Barfair Security other than to refinance debt advanced before such date, being £69,604,000,

the VRL Untainted Secured Debts: (i) the VRL Untainted Barfair Debts and (ii) the VRL Newstart Debts,

the VRL:VMOUK Set-Off Agreement: the set-off agreement, between VRL and VMOUK in the Agreed Form marked "B5",

VShop Ordinary Shares: ordinary shares of £1 each in the capital of VShop,

the VSpace Deed of Novation the deed of novation in the Agreed Form marked "C" relating to the VSpace VEGL Debt;

VSpace Ordinary Shares ordinary shares of £1 each in the capital of VSpace; and

the VSpace Set-Off Agreement the set-off agreement between VEGL and VSpace in the Agreed Form marked "B7"

- 1 3 In this Agreement (unless the context requires otherwise)
- 1 3.1 words and expressions which are defined in the Companies Act 1985 shall have the same meanings as are ascribed to them in the Companies Act 1985,
- 1 3 2 any gender includes a reference to the other genders, and
- 1 3.3 any reference to a Clause is to a Clause of this Agreement
- 1 4 The headings contained in this Agreement are for the purposes of convenience only and do not form part of and shall not affect the construction of this Agreement or any part of it.
- 2 **Reorganisation**
- 2 1 The Parties agree that, conditional on satisfaction of the Condition

- 2 1 1 Barfair, in its capacity as lender of the Barfair Secured Debts and Newstart, in its capacity as agent for and lender of the Newstart Secured Debts each consent to the steps set out in this Agreement and waive any breaches of the terms of the documents constituting the relevant debt that are thereby caused,
- 2 1 2 the Parties will execute or procure the execution of the Price Adjustment Deeds of Novation pursuant to which the benefit and burden of the 2003 Price Adjustment Agreements insofar as they relate to members of the VRGL Group will be novated to VEAL,
- 2 1 3 the Parties will execute or procure the execution of the Deed of Assignment and Indemnity pursuant to which the benefit of the 1995 Price Adjustment Agreement insofar as it relates the VRGL Group will be assigned to VEAL in consideration for VEAL agreeing to indemnify VRGL against any obligations which may arise under the 1995 Price Adjustment Agreement;
- 2 1 4 VRGL will call for the amounts owed to it as set out in Schedules 2 and 3 to be repaid, subject to the set-offs provided for in Clauses 2.1 5, 2 1 7, 2 1 8 and 2 1 13 to 2.1 16,
- 2 1 5 VEJ and VRGL will enter into the VEJ Set-Off Agreement,
- 2.1 6 VHL will repay the balance of the debt it owes to VRGL described in paragraph (a)(iv) of Schedule 2 remaining outstanding following entry into the VHL Set-Off Agreement,
- 2 1 7 Barfair and BUK will enter into the Barfair BUK Deed of Assignment;
- 2.1 8 VRGL and BUK will enter into the BUK Set-Off Agreement,
- 2.1 9 VGIL and BUMI will enter into the Funding Request and request that the Funding be granted in order that the Funding can be on-lent to the parties set out in the Schedule to the Funding Request;
- 2 1 10 conditional on the Funding being granted in accordance with the Funding Request, VGIL and the other parties thereto will enter into the VGIL (VD Inc) Loan Agreement pursuant to which VGIL will agree (inter alia) to make loans to VD Inc, VEH Inc, VMOUK, VREL, VEJ, VEIHL, VHPL, CHL, Mayfly, VAudio and Vouchers for the purpose of repaying amounts owed to VRGL and VGIL will advance the relevant amounts to VD Inc, VEH Inc, VMOUK, VREL, VEJ, VEIHL, VHPL, CHL, Mayfly, VAudio and Vouchers in accordance with the VGIL (VD Inc) Loan Agreement,
- 2 1 11 conditional on the advance of the loans to each of them in accordance with Clause 2 1.10, VD Inc, VEH Inc, VMOUK, VREL, VEJ, VEIHL, VHPL, CHL, Mayfly, VAudio and Vouchers will repay the amounts due from them respectively to VRGL as set out in Schedule 2 (after the set-off effected pursuant to Clauses 2 1 5),
- 2 1.12 VGIL will repay the amount due from it to VRGL as set out in Schedule 2,
- 2 1 13 Cinemas and VRGL will enter into the Cinemas Set-Off Agreement,

- 2 1.14 VEEL and VRGL will enter into the VEEL Set-Off Agreement,
- 2 1.15 VEAL and VRGL will enter into the VEAL Set-Off Agreement;
- 2 1.16 VEGL and VRGL will enter into the VEGL Set-Off Agreement,
- 2.1 17 VEGL and VEAL will enter into the VEGL Deed of Assignment to assign the benefit of the VRGL VEGL Debt (as reduced by the set-off effected pursuant to Clause 2 1.16) to VEAL,
- 2 1.18 conditional upon the receipt of funds pursuant to the repayment of debts in accordance with Clause 2 1 6 and Clause 2 1 11 and Clause 2 1 12, VRGL will use the funds received pursuant to Clause 2.1.6, and Clause 2 1.11 and Clause 2.1 12 to partly repay the VRGL Untainted Secured Debts pro rata to the amounts each Secured Creditor has outstanding from VRGL in respect of the VRGL Untainted Secured Debts,
- 2 1 19 VRL will call for the amounts owed to it as set out in Schedules 2 and 3 to be repaid, subject to the set-offs provided for in Clauses 2 1 20, 2 1 21 and 2.1 22,
- 2 1 20 VRL and VEGL will enter into the VEGL.VRL Set-Off Agreement,
- 2 1 21 VRL and VMOUK will enter into the VRL VMOUK Set-Off Agreement,
- 2 1 22 VRL and Newstart will enter into the Newstart Set-Off Agreement,
- 2 1 23 VHL will repay the debt it owes to VRL described at paragraph (b)(i) of Schedule 2,
- 2.1 24 VGIL will advance amounts to VD Lux, VMOUK, VE-Commerce, and VREL in accordance with the VGIL (VREL) Loan Agreement for the purpose of repaying amounts owed to VRL (in the case of VMOUK following completion of the VRL VMOUK Set-Off Agreement),
- 2.1.25 conditional on the advance of the loans to each of them in accordance with Clause 2.1 24
- 2 1 25 1 VD Lux, VE Commerce and VREL will repay the amounts due to VRL as set out in Schedule 2; and
- 2 1 25 2 VMOUK will repay the balance of the VMOUK:VRL Debt due to VRL, following set-off under Clause 2 1 21,
- 2.1 26 VGIL will repay amounts owed to VRL,
- 2.1.27 conditional on the repayments in Clauses 2 1 23, 2 1 25 and 2 1 26, VRL will use the funds received pursuant to Clauses 2 1 23, 2 1 25 and 2 1 26 to repay the VRL Untainted Secured Debts pro rata to the amounts each Secured Creditor has outstanding as part of the VRL Untainted Secured Debts (including the balance of the VRL Newstart Debt following the completion of the Newstart Set-Off Agreement, such Newstart Set-Off Agreement having been completed),

- 2 1 28 VGIL, VSpace and VEGL will enter into the VGIL Deed of Novation to transfer the burden of the VGIL VSpace Debt from VGIL to VEGL,
- 2 1 29 conditional on completion of the novation at Clause 2 1 28, VEGL and VSpace will enter into the VSpace Set-Off Agreement,
- 2 1 30 conditional on completion of the set-off at Clause 2 1.29 VSpace, VEGL and VRGL will enter into the VSpace Deed of Novation to novate the burden of the VSpace:VEGL Debt (after the set-off effected pursuant to Clause 2 1 31) from VSpace to VRGL,
- 2 1 31 VRL and VRGL will enter into the VRL Deed of Assignment to transfer the benefit of the VSpace VRL Debt to VRGL,
- 2 1 32 Barfair will call on VGIL under the terms of the VRL Term B Guarantee to the extent that the VRL Term B Loan remains unpaid and VGIL will acknowledge that it is indebted to Barfair in that amount,
- 2.1 33 VGIL will call on VRL under the terms of the counter indemnity given by VRL to VGIL in respect of the VRL Term B Guarantee and VRL will acknowledge to VGIL that it is indebted to VGIL in an amount equal to the unpaid amount of the VRL Term B Loan (both principal and interest)
- 2 1 34 VGIL and VEAL will enter into the VGIL VEAL Deed of Assignment pursuant to which VGIL will assign the benefit of the interest it is owed by VRL as a result of the demand under Clause 2.1 33 to VEAL in consideration for the sum of £1 and will retain the principal amount outstanding,
- 2 1 35 conditional on completion of the novation at Clause 2 1 30, VRL, VRGL, VEEL, VEL, VEGL, VEAL, VGIL and Newstart will enter into the VRL Deed of Novation to novate any remaining balance (following the repayments pursuant to Clause 2.1.25) of the VRL Barfair Debt (now due to VGIL and VEAL in consequence of Clauses 2 1 32 to 2.1.34), the VRL VEGL Debt, the VRL.Newstart Debt, the VRL VEEL Debt and the VRL VEL Debt to VRGL, and
- 2.1 36 Newstart will transfer the VRL Preference Shares to VRGL in consideration for the issue of one VRGL Ordinary Share to Newstart pursuant to the terms of Clause 3 of this Agreement
- 2 2 Conditional on completion of the steps set out in Clauses 2 1 1 to 2 1 36
- 2 2 1 VRL and VH Ireland will enter into the VR Ireland Deed of Assignment to transfer the benefit of the VR Ireland VRL Debt to VH Ireland in consideration for an issue of shares by VH Ireland to VRL,
- 2 2 2 conditional on the assignment at Clause 2 2 1, VH Ireland and VR Ireland will enter into the VR Ireland VH Ireland Set-Off Agreement;
- 2 2.3 VR Ireland and VH Ireland will enter into the Harlandic Deed of Assignment to transfer the benefit of the Harlandic VR Ireland Debt to VH Ireland,

- 2.2.4 conditional on the assignment at Clause 2.2.3, Harlandic and VH Ireland will enter into the Harlandic Set-Off Agreement,
- 2.2.5 Harlandic will, in accordance with Clause 5.4.1 of this Agreement, issue one Harlandic Ordinary Share to VH Ireland for an aggregate subscription price equal to the amount owed by Harlandic to VH Ireland pursuant to the Harlandic VR Ireland Debt following completion of the Harlandic Deed of Assignment and the Harlandic Set-Off Agreement;
- 2.2.6 VGIL will advance amounts to VEGL in accordance with the VGIL (VEGL) Loan Agreement for the purpose of repaying amounts owed to VR Ireland;
- 2.2.7 conditional on the advance of the loan to it in accordance with Clause 2.2.6, VEGL will repay the VEGL VR Ireland Debt as set out in Schedule 2;
- 2.2.8 conditional on the repayment in accordance with Clause 2.2.7, VR Ireland will repay £856 of the debt assigned to VH Ireland in accordance with Clause 2.2.1 and will, in accordance with Clause 5.4.2, issue one VR Ireland Ordinary Share in satisfaction of the balance of the VR Ireland VRL Debt remaining outstanding following such repayment and the set off in Clause 2.2.2 and assignment in Clause 2.2.3,
- 2.2.9 VRL and Ablegrand will enter into the Ablegrand2 Deed of Assignment to assign the benefit of the Ablegrand2 VRL Debt to Ablegrand partly in satisfaction of the VRL.Ablegrand Debt and partly in consideration for a debt left outstanding from Ablegrand to VRL,
- 2.2.10 VRL and VRGL will enter into the PESL Deed of Assignment to
- 2.2.10.1 assign the benefit of the PESL.VRL Debt to VRGL in consideration of a debt owed by VRGL to VRL, and
- 2.2.10.2 assign the benefit of the balance of the debt owed by VRL to Ablegrand pursuant to the Ablegrand2 Deed of Assignment to VRGL in consideration of a debt owed to VRGL by VRL,
- 2.2.11 conditional on the assignments at Clauses 2.2.9 and 2.2.10 Ablegrand2 will in accordance with Clause 4.5 of this Agreement issue one Ablegrand2 Ordinary Share to Ablegrand for an aggregate subscription price equal to the sum of the Ablegrand2 Ablegrand Debt and those parts of the Ablegrand2.VRL Debt assigned to Ablegrand under the Ablegrand2 Deed of Assignment;
- 2.2.12 conditional on completion of the novation at Clause 2.1.35, VRGL and VRL will enter into the VRGL VRL Set-Off Agreement,
- 2.2.13 conditional on the set-off at Clause 2.2.12, VRL will in accordance with Clause 4.1 of this Agreement issue one VRL Ordinary Share to VRGL for an aggregate subscription price of an amount equal to the amount owed by VRL to VRGL, such subscription price to be satisfied by application of the sums owed by VRL to VRGL, and

- 2.2 14 conditional on the assignment at Clause 2 2 10 1, PESL will in accordance with Clause 4 6 of this Agreement issue one PESL Ordinary Share to VRGL for an aggregate subscription price equal to the PESL VRL Debt
- 2 3 Conditional on completion of the steps set out in Clauses 2 1 1 to 2.1 36 and 2 2 1 to 2.2.14.
- 2.3.1 Ablegrand will in accordance with Clause 4.2 of this Agreement issue one Ablegrand Ordinary Share to VRGL for an aggregate subscription price of an amount equal to the amount owed by Ablegrand to VRGL, in satisfaction of the sums owed by Ablegrand to VRGL,
- 2 3 2 VSpace will in accordance with Clause 4 3 of this Agreement issue one VSpace Ordinary Share to VRGL for an aggregate subscription price of an amount equal to the amount owed by VSpace to VRGL, in satisfaction of the sums owed by VSpace to VRGL,
- 2 3 3 VRGL will in accordance with Clause 5 of this Agreement issue one VRGL Ordinary Share to each of the VRGL Ordinary Shareholders for an aggregate subscription price for each VRGL Ordinary Shareholder of an amount equal to the amount owed by VRGL to each such VRGL Ordinary Shareholder, in satisfaction of the sums owed by VRGL to such VRGL Ordinary Shareholder,
- 2 3 4 the VRGL Ordinary Shareholders will transfer the VRGL Ordinary Shares they hold to Newco pursuant to the terms of the Sale Agreement free from all liens, charges, encumbrances and any other third party rights,
- 2 3 5 VRGL will procure that VRL amends its Articles of Association to remove the rights of the preference shares in respect of redemption and preferential dividends (including all rights in respect of all accruals of preferential dividends),
- 2 3 6 VEAL will procure that VRGL amends its Articles of Association to remove the rights of the preference shares in respect of redemption and preferential dividends (including all rights in respect of all accruals of preferential dividends),
- 2 3 7 Barfair will enter into the Barfair Deed of Release, and
- 2 3 8 Newstart will enter into the Newstart Deed of Release and the Newstart Irish Releases
- 2 4 Conditional on completion of the Sale Agreement
- 2 4 1 VRGL and VRL will procure the release of the Virgin Group from
 - 2 4 1 1 the Letters of Intent, and
 - 2.4 1 2 the various loan guarantees and counter-indemnities which are released as a result of the completion of the agreements referred to in Clauses 2.1 to 2 4

2 4 2 Newstart will transfer the amount received in respect of the repayments in Clause 2 to VHL in part satisfaction of the Newstart VHL Debt, and

2 4 3 Barfair will transfer the amount received in respect of the repayments in Clause 2 to VHL in part satisfaction of the Barfair.VHL Debt

3 **Transfer of VRL Preference Shares**

3.1 Pursuant to Clause 2 1 36, Newstart shall sell with full title guarantee free from all liens, charges, encumbrances and any other third party rights and VRGL shall purchase the VRL Preference Shares with effect from and including the Completion Date to the intent that as from that date all rights and advantages accruing to the VRL Preference Shares including any dividends or distributions declared or paid on the VRL Preference Shares after that date, shall belong to VRGL.

3 2 The consideration for the sale of the VRL Preference Shares by Newstart shall be the allotment and issue by VRGL to Newstart of one VRGL Ordinary Share ("the Consideration Share") The Consideration Share shall be credited as fully paid up.

3 3 Newstart hereby applies and agrees to subscribe for the Consideration Share subject to the terms of the Articles of Association of VRGL

3 4 Completion of the transfer of the VRL Preference Shares shall take place on the Completion Date immediately prior to the completion of the Sale Agreement when the following shall take place

3 4 1 Newstart shall deliver to VRGL or procure the delivery to VRGL of duly executed transfers in favour of VRGL in respect of the VRL Preference Shares together with the certificates for such VRL Preference Shares, and

3 4.2 VRGL shall

3 4 2 1 unconditionally allot to Newstart the Consideration Share, and

3 4 2 2 register Newstart as the holder of the Consideration Share in its Register of Members

3 5 Newstart waives any rights over the VRL Preference Shares conferred on it either by virtue of the VRL's Articles of Association or by express agreement or otherwise

3.6 Newstart agrees that until such time as VRGL is registered as the new holder of the VRL Preference Shares, Newstart shall hold such VRL Preference Shares as VRGL's nominee and Newstart undertakes to exercise the voting and other rights and powers in respect of the VRL Preference Shares in such manner as VRGL shall lawfully direct

4 **Issue of Shares in the VRGL Group**

4 1 Pursuant to Clause 2 2.13 VRGL hereby

- 4 1 1 applies and agrees to subscribe for one VRL Ordinary Share ("**the VRL Subscription**") subject to the provisions of the Articles of Association of VRL for an aggregate subscription price of an amount equal to the amount owed by VRL to VRGL ("**the VRL Subscription Amount**"), and
- 4 1 2 undertakes to make payment in respect of the VRL Subscription by applying a sum equal to the VRL Subscription Amount in extinguishing the balance of the amounts owed by VRL to VRGL.
- 4 2 Pursuant to Clause 2 3.1 VRGL hereby
- 4 2 1 applies and agrees to subscribe for one Ablegrand Ordinary Share ("**the Ablegrand Subscription**") subject to the provisions of the Articles of Association of Ablegrand for an aggregate subscription price of an amount equal to the amount owed by Ablegrand to VRGL ("**the Ablegrand Subscription Amount**"), and
- 4 2 2 undertakes to make payment in respect of the Ablegrand Subscription by applying a sum equal to the Ablegrand Subscription Amount in extinguishing the balance of the amounts owed by Ablegrand to VRGL
- 4.3 Pursuant to Clause 2 3 2 VRGL hereby
- 4 3.1 applies and agrees to subscribe for one VSpace Ordinary Share ("**the VSpace Subscription**") subject to the provisions of the Articles of Association of VSpace for an aggregate subscription price of an amount equal to the amount owed by VSpace to VRGL following completion of the VGIL Deed of Novation, the VSpace Set-Off Agreement, the VSpace Deed of Novation and the VRL Deed of Assignment ("**the VSpace Subscription Amount**"), and
- 4 3.2 undertakes to make payment in respect of the VSpace Subscription by applying a sum equal to the VSpace Subscription Amount in extinguishing the balance of the amounts owed by VSpace to VRGL
- 4 4 VH Ireland hereby
- 4 4 1 pursuant to Clause 2 2.5
- 4 4 1 1 applies and agrees to subscribe for one Harlandic Ordinary Share ("**the Harlandic Subscription**") subject to the provisions of the Articles of Association of Harlandic for an aggregate subscription price of an amount equal to the amount owed by Harlandic to VH Ireland pursuant to the VH Ireland Harlandic Debt following completion of the Harlandic Deed of Assignment and the Harlandic Set-Off Agreement ("**the Harlandic Subscription Amount**"), and
- 4 4 1 2 undertakes to make payment in respect of the Harlandic Subscription by applying a sum equal to the Harlandic Subscription Amount in extinguishing the balance of the VH Ireland Harlandic Debt.
- 4 4 2 pursuant to Clause 2 2.8

- 4.4 2 1 applies and agrees to subscribe for one VR Ireland Ordinary Share ("**the VR Ireland Subscription**") subject to the provisions of the Articles of Association of VR Ireland for an aggregate subscription price of an amount equal to the amount owed by VR Ireland to VH Ireland pursuant to the VR Ireland Debt in satisfaction of the balance of the VRL VR Ireland Debt remaining outstanding ("**the VR Ireland Subscription Amount**"), and
- 4 4 2 2 undertakes to make payment in respect of the VR Ireland Subscription by applying a sum equal to the VR Ireland Subscription Amount in extinguishing the balance of the amounts owed by VR Ireland to VH Ireland
- 4 5 Pursuant to Clause 2 2 11 Ablegrand hereby
- 4.5 1 applies and agrees to subscribe for one Ablegrand2 Ordinary Share ("**the Ablegrand2 Subscription**") subject to the provisions of the Articles of Association of Ablegrand2 for an aggregate subscription price of an amount equal to the sum of the Ablegrand2 Ablegrand Debt and the aggregate balance of the Ablegrand2 VRL Debt assigned to Ablegrand under the Ablegrand2 Deed of Assignment ("**the Ablegrand2 Subscription Amount**"), and
- 4 5 2 undertakes to make payment in respect of the Ablegrand2 Subscription by applying a sum equal to the Ablegrand2 Subscription Amount in extinguishing the balance of the amounts owed by Ablegrand2 to Ablegrand.
- 4 6 Pursuant to Clause 2 2.14 VRGL hereby.
- 4.6 1 applies and agrees to subscribe for one PESL Ordinary Share ("**the PESL Subscription**") subject to the provisions of the Articles of Association of PESL for an aggregate subscription price of an amount equal to the PESL VRL Debt ("**the PESL Subscription Amount**"); and
- 4 6 2 undertakes to make payment in respect of the PESL Subscription by applying a sum equal to the PESL Subscription Amount in extinguishing the balance of the PESL VRGL Debt.
- 4.7 Pursuant to Clause 2 2 1 VRL hereby.
- 4 7 1 applies and agrees to subscribe for one VH Ireland Ordinary Share ("**the VH Ireland Subscription**") subject to the provisions of the Articles of Association of VH Ireland for an aggregate subscription price of an amount equal to the VR Ireland:VRL Debt ("**the VH Ireland Subscription Amount**"), and
- 4 7 2 undertakes to make payment in respect of the VH Ireland Subscription by assignment of the VR Ireland:VRL Debt pursuant to the VR Ireland Deed of Assignment
- 4 8 Completion of the subscriptions under this Clause shall take place on the Completion Date when

- 4 8 1 VRL, Ablegrand, VSpace, Harlandic, VR Ireland, VShop, Ablegrand2, PESL and VH Ireland shall (if they have not already done so) procure that resolutions approving the applications referred to in Clause 4 1 to 4 7 shall be passed by the directors of each respective company at a duly convened board meeting;
- 4 8 2 VRL shall allot to VRGL the VRL Ordinary Shares applied for by it in Clause 4 1 1, register VRGL as the holder thereof in its Register of Members and deliver to VRGL a duly executed certificate in respect thereof,
- 4 8 3 Ablegrand shall allot to VRGL the Ablegrand Ordinary Shares applied for by it in Clause 4 2 1, register VRGL as the holder thereof in its Register of Members and deliver to VRGL a duly executed certificate in respect thereof;
- 4.8 4 VSpace shall allot to VRGL the VSpace Ordinary Shares applied for by it in Clause 4 3 1, register VRGL as the holder thereof in its Register of Members and deliver to VRGL a duly executed certificate in respect thereof;
- 4 8 5 Harlandic shall allot to VH Ireland the Harlandic Ordinary Shares applied for by it in Clause 4 4 1 1, register VH Ireland as the holder thereof in its Register of Members and deliver to VH Ireland a duly executed certificate in respect thereof;
- 4.8 6 VR Ireland shall allot to VH Ireland the VR Ireland Ordinary Shares applied for by it in Clause 4 4 2 1, register VH Ireland as the holder thereof in its Register of Members and deliver to VH Ireland a duly executed certificate in respect thereof;
- 4 8 7 Ablegrand2 shall allot to Ablegrand, the Ablegrand2 Ordinary Share applied for by it in Clause 4 5.1, register Ablegrand as the holder thereof in its Register of Members and deliver to Ablegrand a duly executed certificate in respect thereof,
- 4 8 8 PESL shall allot to VRGL the PESL Ordinary Shares applied for by it in Clause 4 6 1, register VRGL as the holder thereof in its Register of Members and deliver to VRGL a duly executed certificate in respect thereof, and
- 4 8 9 VH Ireland shall allot to VRL the VH Ireland Ordinary Shares applied for by it in Clause 4 7 1, register VRL as the holder thereof in its Register of Members and deliver to VRL a duly executed certificate in respect thereof

5 Subscriptions for VRGL Ordinary Shares

Pursuant to Clause 2 3 3

5.1 Barfair hereby.

5 1 1 applies and agrees to subscribe for one VRGL Ordinary Share ("**the Barfair Subscription**") subject to the provisions of the Articles of Association of VRGL for an aggregate subscription price of an amount equal to the Barfair Debts less any amount repaid pursuant to Clauses 2 1 18 and 2.1 28 of this Agreement and the amount assigned to BUK and set-off under the BUK Set-Off Agreement and less any shortfall covered by VGIL under the Barfair Guarantee the VRL Term B Guarantee in accordance with Clause 2 1 32 ("**the Barfair Subscription Amount**"), and

- 5.1.2 undertakes to make payment in respect of the Barfair Subscription by applying a sum equal to the Barfair Subscription Amount in extinguishing the balance of the Barfair Debts
- 5.2 Newstart hereby
- 5.2.1 applies and agrees to subscribe for one VRGL Ordinary Share (**"the Newstart Subscription"**) subject to the provisions of the Articles of Association of VRGL for an aggregate subscription price of an amount equal to the VRGL:Newstart Debt and the VRL Newstart Debt less any amount repaid pursuant to Clause 2.1.18 and 2.1.28 of this Agreement or set-off under the Newstart Set-Off Agreement (**"the Newstart Subscription Amount"**), and
- 5.2.2 undertakes to make payment in respect of the Newstart Subscription by applying a sum equal to the Newstart Subscription Amount in extinguishing the balance of the VRGL:Newstart Debt and the VRL Newstart Debt
- 5.3 VEEL hereby.
- 5.3.1 applies and agrees to subscribe for one VRGL Ordinary Share (**"the VEEL Subscription"**) subject to the provisions of the Articles of Association of VRGL for an aggregate subscription price of an amount equal to the VRGL:VEEL Debt (after set off pursuant to Clause 2.1.14) and the VRL:VEEL Debt (**"the VEEL Subscription Amount"**), and
- 5.3.2 undertakes to make payment in respect of the VEEL Subscription by applying a sum equal to the VEEL Subscription Amount in extinguishing the balance of the VRGL VEEL Debt and the VRL VEEL Debt
- 5.4 VEGL hereby
- 5.4.1 applies and agrees to subscribe for one VRGL Ordinary Share (**"the VEGL Subscription"**) subject to the provisions of the Articles of Association of VRGL for an aggregate subscription price of an amount equal to the VRL:VEGL Debt less any amount set-off under the VEGL VRL Set-Off Agreement and the V Space VEGL Debt (less any amounts set-off under the VSpace Set-off Agreement and as novated under the VSpace Deed of Novation (**"the VEGL Subscription Amount"**), and
- 5.4.2 undertakes to make payment in respect of the VEGL Subscription by applying a sum equal to the VEGL Subscription Amount in extinguishing the balance of the VRL VEGL Debt and the V Space VEGL Debt
- 5.5 VEAL hereby
- 5.5.1 applies and agrees to subscribe for one VRGL Ordinary Share (**"the VEAL Subscription"**) subject to the provisions of the Articles of Association of VRGL for an aggregate subscription price of an amount equal to the VRGL VEAL Debt and the amounts assigned under Clauses 2.1.17 and 2.1.34 less any sum set-off under the VEAL Set-Off Agreement (**"the VEGL Subscription Amount"**); and

- 5 5 2 undertakes to make payment in respect of the VEAL Subscription by applying a sum equal to the VEAL Subscription Amount in extinguishing the balance of the VRGL VEAL Debt.
- 5 6 Cinemas hereby:
- 5 6 1 applies and agrees to subscribe for one VRGL Ordinary Share (**"the Cinemas Subscription"**) subject to the provisions of the Articles of Association of VRGL for an aggregate subscription price of an amount equal to the VRG Cinemas Debt less any sum set-off under the Cinemas Set-Off Agreement (**"the Cinemas Subscription Amount"**); and
- 5 6 2 undertakes to make payment in respect of the Cinemas Subscription by applying a sum equal to the Cinemas Subscription Amount in extinguishing such debt
- 5 7 VML hereby
- 5 7 1 applies and agrees to subscribe for one VRGL Ordinary Share (**"the VML Subscription"**) subject to the provisions of the Articles of Association of VRGL for an aggregate subscription price of an amount equal to the VRGL:VML Debt less any sum set-off under the VML Set-Off Agreement (**"the VML Subscription Amount"**); and
- 5 7.2 undertakes to make payment in respect of the VML Subscription by applying a sum equal to the VML Subscription Amount in extinguishing such debt.
- 5 8 Salform hereby
- 5 8 1 applies and agrees to subscribe for one VRGL Ordinary Share (**"the Salform Subscription"**) subject to the provisions of the Articles of Association of VRGL for an aggregate subscription price of an amount equal to the VRGL Salform Debt (**"the Salform Subscription Amount"**); and
- 5 8 2 undertakes to make payment in respect of the Salform Subscription by applying a sum equal to the Salform Subscription Amount in extinguishing such debt
- 5.9 VEL hereby
- 5.9 1 applies and agrees to subscribe for one VRGL Ordinary Share (**"the VEL Subscription"**) subject to the provisions of the Articles of Association of VRGL for an aggregate subscription price of an amount equal to any amount due from VRGL to VEL following the novation under the VRL Deed of Novation (**"the VEL Subscription Amount"**), and
- 5 9 2 undertakes to make payment in respect of the VEL Subscription by applying a sum equal to the VEL Subscription Amount in extinguishing such debt
- 5.10 VGIL hereby.
- 5 10 1 applies and agrees to subscribe for one VRGL Ordinary Share (**"the VGIL Subscription"**) subject to the provisions of the Articles of Association of VRGL for an aggregate subscription price of an amount equal to the debt due from

- VRGL to VGIL in consequence of Clauses 2.1.32 and 2.1.33 (less the amount assigned under Clause 2.1.34) ("the VGIL Subscription Amount"), and
- 5.10.2 undertakes to make payment in respect of the VGIL Subscription by applying a sum equal to the VGIL Subscription Amount in extinguishing such debt
- 5.11 Completion of the Subscriptions shall take place on the Completion Date when:
- 5.11.1 VRGL shall (if it has not already done so) procure that resolutions approving the applications referred to in Clause 5.1 to 5.10 shall be passed by the directors of the Company at a duly convened board meeting,
- 5.11.2 VRGL shall allot to Barfair the VRGL Ordinary Share applied for by it in Clause 5.1.1, register Barfair as the holder thereof in its Register of Members and deliver to Barfair a duly executed certificate in respect thereof,
- 5.11.3 VRGL shall allot to Newstart the VRGL Ordinary Share applied for by it in Clause 5.2.1, register Newstart as the holder thereof in its Register of Members and deliver to Newstart a duly executed certificate in respect thereof,
- 5.11.4 VRGL shall allot to VEEL the VRGL Ordinary Share applied for by it in Clause 5.3.1, register VEEL as the holder thereof in its Register of Members and deliver to VEEL a duly executed certificate in respect thereof,
- 5.11.5 VRGL shall allot to VEGL the VRGL Ordinary Share applied for by it in Clause 5.4.1, register VEGL as the holder thereof in its Register of Members and deliver to VEGL a duly executed certificate in respect thereof,
- 5.11.6 VRGL shall allot to VEAL the VRGL Ordinary Share applied for by it in Clause 5.5.1, register VEAL as the holder thereof in its Register of Members and deliver to VEAL a duly executed certificate in respect thereof,
- 5.11.7 VRGL shall allot to Cinemas the VRGL Ordinary Share applied for by it in Clause 5.6.1, register Cinemas as the holder thereof in its Register of Members and deliver to Cinemas a duly executed certificate in respect thereof,
- 5.11.8 VRGL shall allot to VML the VRGL Ordinary Share applied for by it in Clause 5.7.1, register VML as the holder thereof in its Register of Members and deliver to VML a duly executed certificate in respect thereof,
- 5.11.9 VRGL shall allot to Salform the VRGL Ordinary Share applied for by it in Clause 5.8.1, register Salform as the holder thereof in its Register of Members and deliver to Salform a duly executed certificate in respect thereof,
- 5.11.10 VRGL shall allot to VEL the VRGL Ordinary Share applied for by it in Clause 5.9.1, register VEL as the holder thereof in its Register of Members and deliver to VEL a duly executed certificate in respect thereof,
- 5.11.11 VRGL shall allot to VGIL the VRGL Ordinary Share applied for by it in Clause 5.10.1, register VGIL as the holder thereof in its Register of Members and deliver to VGIL a duly executed certificate in respect thereof

6 Rights of Shares

- 6.1 VRGL Ordinary Shares to be allotted pursuant to this Agreement shall rank *pari passu* in all respects with the VRGL Ordinary Shares respectively in issue at the date of allotment but shall not rank for any dividend the record date of which precedes the date of allotment
- 6.2 VRL Ordinary Shares to be allotted pursuant to this Agreement shall rank *pari passu* in all respects with the VRL Ordinary Shares respectively in issue at the date of allotment but shall not rank for any dividend the record date of which precedes the date of allotment
- 6.3 Ablegrand Ordinary Shares to be allotted pursuant to this Agreement shall rank *pari passu* in all respects with the Ablegrand Ordinary Shares respectively in issue at the date of allotment but shall not rank for any dividend the record date of which precedes the date of allotment
- 6.4 VSpace Ordinary Shares to be allotted pursuant to this Agreement shall rank *pari passu* in all respects with the VSpace Ordinary Shares respectively in issue at the date of allotment but shall not rank for any dividend the record date of which precedes the date of allotment
- 6.5 Harlandic Ordinary Shares to be allotted pursuant to this Agreement shall rank *pari passu* in all respects with the Harlandic Ordinary Shares respectively in issue at the date of allotment but shall not rank for any dividend the record date of which precedes the date of allotment
- 6.6 VR Ireland Ordinary Shares to be allotted pursuant to this Agreement shall rank *pari passu* in all respects with the VR Ireland Ordinary Shares respectively in issue at the date of allotment but shall not rank for any dividend the record date of which precedes the date of allotment.
- 6.7 Ablegrand2 Ordinary Shares to be allotted pursuant to this Agreement shall rank *pari passu* in all respects with the Ablegrand2 Ordinary Shares respectively in issue at the date of allotment but shall not rank for any dividend the record date of which precedes the date of allotment
- 6.8 PESL Ordinary Shares to be allotted pursuant to this Agreement shall rank *pari passu* in all respects with the PESL Ordinary Shares respectively in issue at the date of allotment but shall not rank for any dividend the record date of which precedes the date of allotment
- 6.9 VH Ireland Ordinary Shares to be allotted pursuant to this Agreement shall rank *pari passu* in all respects with the VH Ireland Ordinary Shares respectively in issue at the date of allotment but shall not rank for any dividend the record date of which precedes the date of allotment

7 Sale Agreement

- 7.1 The VRGL Ordinary Shareholders agree that in consideration of the mutual covenants contained in this Agreement they shall at Completion at the direction of VEL sell with full title guarantee free from all liens, charges, encumbrances and any other third party rights to Newco the VRGL Ordinary Shares and the

VRGL Preference Shares they hold or will be issued pursuant to this Agreement to the intent that as from that date all rights and advantages accruing to the VRGL Ordinary Shares and the VRGL Preference Shares, including any dividends or distributions declared or paid on the Shares after that date, shall belong to Newco

- 7 2 The VRGL Ordinary Shareholders severally warrant to VEL that they are the sole legal and beneficial owners of the VRGL Ordinary Shares and the VRGL Preference Shares they are transferring to Newco under the terms of this Agreement and the Sale Agreement and they have not granted any option, right to acquire, mortgage, charge, pledge, lien or other form of security or encumbrance or equity on, over or affecting such VRGL Ordinary Shares and the VRGL Preference Shares which remains undischarged and have not entered into any agreement or commitment to give or create any which agreement or commitment remains effective and no claim has been made by any person to be so entitled and each VRGL Shareholder severally agrees to indemnify VEL if it is in breach and VEL suffers any claim in respect of such breach under the SPA
- 7 3 VEAL hereby undertakes to indemnify and hold VEL harmless on demand in respect of any losses, damages, costs and expenses whatsoever and whensoever arising out of the Sale Agreement except for a claim arising out of a breach of Clause 7 2 of this Agreement
- 7 4 The Parties agree that if an asset is identified which either (i) is required to be transferred from the Virgin Group to the VRGL Group or (ii) is required to be licensed from the Virgin Group to the VRGL Group, in each case pursuant to Clause 5 5 of the Sale Agreement, all Parties will act in good faith to ensure that the asset is transferred or licensed (as the case may be) on arms' length terms and arms' length consideration provided
- 7 5 VEL agrees to hold any Contingent Consideration (which for these purposes shall be determined before giving effect to any set off against sums which may be payable by VEL to Newco under the terms of the Funding Agreement which is to be entered into at the same time as the Sale Agreement) it receives to the order of the shareholders and creditors of VRGL and VRL in the Virgin Group in the following order of priority
- 7 5 1 to the order of Secured Creditors of VRGL and VRL pro rata to the amounts of the Untainted Secured Debts owed by VRGL and VRL to such creditors as set out in Schedule 1 of this Agreement (following completion of the Newstart Set-Off Agreement and the repayments provided for in Clauses 2 1 20 and 2 1 29 and the transactions provided for in Clauses 2 1 34 and 2.1.35) and irrespective of whether such creditors are creditors of VRGL or VRL,
- 7.5 2 to the order of the Retail Creditors of VRGL and VRL pro rata to the amounts of the Unsecured Debts (other than in respect of the VRL Preference Shares and the VRGL Preference Shares) owed by VRGL and VRL to such creditors (after giving effect to any set off entered into pursuant to this Agreement) and irrespective of whether such creditors are creditors of VRGL or VRL;
- 7 5 3 to Newstart and VEAL in respect of the amount of accrued but unpaid dividend and nominal value of the VRL Preference Shares and the VRGL Preference

Shares pro rata to the nominal value and accrued but unpaid dividend on such shares at the time immediately prior to the execution of this Agreement, and

7 5 4 to the VRGL Ordinary Shareholders prior to the issue of VRGL Ordinary Shares pursuant to Clause 3 and Clause 5 of this Agreement pro rata to their holding of Ordinary Shares at such time

7 6 If and to the extent that following completion of the Sale Agreement a member of the VRGL Group is found to be a party to a Price Adjustment Agreement with members or shareholder of the Virgin Group (other than the 1995 Price Adjustment Agreement or the 2003 Price Adjustment Agreements), VRGL and VRL shall (or shall procure that the relevant member of the VRGL Group shall) and VEAL shall (or shall procure that the relevant member or shareholder of the Virgin Group shall):

7.6 1 to the extent practicable execute or procure the execution of all such deeds or documents as may be necessary for the purpose of novating the benefit and burden of such Price Adjustment Agreement (from such member of the VRGL Group) to a member or shareholder of the Virgin Group, and do or procure to be done all such further acts or things and procure the execution of all such other documents as VRGL or VEAL may reasonably direct in order to novate the benefit and burden of such Price Adjustment Agreement to a member or shareholder of the Virgin Group; and

7 6 2 if a novation in accordance with Clause 7 6.1 is not practicable, execute or procure the execution of all such deeds or documents as may be necessary for the purpose of assigning the benefit of such Price Adjustment Agreement (from such member of the VRGL Group) to a member or shareholder of the Virgin Group in consideration for that member of the Virgin Group covenanting to indemnify the relevant member of the VRGL Group against any liabilities arising out of or in connection with the Price Adjustment Agreement, do or procure the execution of all such further acts or things and procure the execution of all such other documents as VRGL or VEAL may reasonably direct in order to assign the benefit of the Price Adjustment Agreement to a member or a shareholder of the Virgin Group and secure an indemnity in respect of the Price Adjustment Agreement from that member or shareholder of the Virgin Group

7 7 Each member of the VRGL Group hereby releases VEAL from any liability it may have in relation to any Letters of Intent issued to any member of the VRGL Group and VEAL confirms that from Completion its intention as set out in the Letters of Intent shall cease in relation to the members of the VRGL Group

7 8 If, at any time after the date of this Agreement, it is shown that:

- (a) the amount of principal or interest outstanding at the date of this Agreement in respect of any debt referred to in Schedule 1 is different from the amount of such principal or interest as shown in Schedule 1;
- (b) the amount of principal or interest outstanding at the date of this Agreement in respect of any debt referred to in Schedule 2 is different from the amount of such principal or interest as shown in Schedule 2,

- (c) any debt is due from a member of the VRGL Group to any member of the Virgin Group at the date of this Agreement that is not referred to in Schedule 1,
 - (d) any debt is due from a member of the Virgin Group to any member of the VRGL Group at the date of this Agreement that is not referred to in Schedule 2,
- the Parties shall and shall procure that any member of the Virgin Group shall
- 7 8.1 enter into such transactions as may be specified by VEL pursuant to Clause 6 or Clause 7 of the Sale Agreement (as the case may be),
 - 7 8 2 make such payments as between themselves to ensure that, as far as reasonably practicable, after giving effect to any transactions entered into pursuant to Clause 6 or Clause 7 of the Sale Agreement and any payments made pursuant to this Clause, each of the Parties and any relevant member of the Virgin Group is in the same position that it would have been in if the debt or the correct amount of the principal or interest in respect of that debt had been taken into account in the transactions referred to in this Agreement on the assumption that
 - 7 8 2.1 debts due to VRGL were repaid at the date of this Agreement and any proceeds distributed to those members of the Virgin Group who are creditors of or shareholders in VRGL at the date of this Agreement in accordance with the order of priority that would apply on a winding up of VRGL;
 - 7 8 2.2 debts due to any other member of the VRGL group were repaid at the date of this Agreement and any proceeds distributed to those members of the Virgin Group who are creditors of or shareholders in VRL at the date of this Agreement in accordance with the order of priority that would apply on a winding up of VRL,
 - 7 8 2 3 any debts remaining due from any member of the VRGL Group to any member of the Virgin Group following the operation of Clauses 7.8 2 1 and 7 8 2.2 were capitalised by an issue of ordinary shares in VRGL and any Contingent Consideration distributed in accordance with Clause 7.5

8 General

- 8.1 Each Party acknowledges that:
 - 8 1 1 he or it has entered into this Agreement and the transactions contemplated by it entirely on the basis of his or its assessment of the risk and effect thereof and
 - 8 1 2 they have not provided to each other any advice of a financial or other nature whatsoever and they are not under any obligation or duty whatsoever so to do and they hereby waive, to the extent permitted by law, any rights which they may have in respect of any such obligation or duty
- 8 2 This Agreement constitutes the entire agreement and understanding of the Parties in relation to its subject matter. Each of the Parties acknowledges and agrees that in entering into this Agreement it does not rely on, and shall have no remedy in

respect of, any statement, representation, warranty or understanding (whether negligently or innocently made) of any person (whether party to this Agreement or not) other than as expressly set out in this Agreement. Nothing in this sub-Clause shall, however, operate to limit or exclude any liability for fraud

8 3 Each Party shall pay its own costs and expenses of and incidental to this Agreement

8.4 This Agreement shall, as to any of its provisions remaining to be performed or capable of having or taking effect following completion, remain in full force and effect notwithstanding Completion

8 5 This Agreement shall be binding upon and enure for the benefit of the successors and assignees of the Parties

8.6 The Parties shall do or procure to be done all such further acts and things and execute or procure the execution of all such other documents as any of the other Parties may from time to time reasonably require for the purpose of giving such Party the full benefit of the provisions of this Agreement.

8 7 The failure of any Party at any time or times to require performance of any provision of this Agreement shall not affect its right to enforce such provision at a later time

8 8 No waiver by any Party of any condition or of the breach of any term, covenant, representation, warranty or undertaking contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of the breach of any other term, covenant, representation, warranty or undertaking in this Agreement

8 9 Any liability to any Party under this Agreement may in whole or in part be released, compounded or compromised and time or indulgence may be given by a Party in its absolute discretion as regards another Party under such liability without in any way prejudicing or affecting its rights against any other Party under the same or a like liability, whether joint and several or otherwise

8 10 Unless expressly provided otherwise, all representations, undertakings, covenants, agreements and obligations made, given or entered into in this Agreement by more than one person are made, given or entered into severally and not jointly.

8 11 If any provision of this Agreement shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions of this Agreement which shall remain in full force and effect

8 12 This Agreement shall, as to any of its provisions remaining to be performed or capable of having or taking effect following Completion, remain in full force and effect notwithstanding Completion

8 13 This Agreement may be amended, modified, superseded or cancelled and any of its terms, covenants, representations, warranties, undertakings or conditions may

be waived only by an instrument in writing signed by (or by some person duly authorised by) each of the Parties or, in the case of a waiver, by the Party waiving compliance

- 8.14 This Agreement may be executed in any number of counterparts each of which when executed and delivered shall be an original, but all the counterparts shall together constitute one and the same instrument.

9 **Governing law and jurisdiction**

- 9 1 This Agreement and all matters relating to it shall be governed by and construed exclusively in accordance with the laws of England

- 9 2 The Parties submit to the exclusive jurisdiction of the English Courts as regards any claim, dispute or matter arising out of or relating to this Agreement or any of the documents to be executed pursuant to this Agreement

SCHEDULE 1¹

Debts owed by the VRGL Group to the Virgin Group

The VRGL Group is indebted to the Virgin Group as follows

- (a) VRGL owes the following amounts to Barfair
 - (i) £149,422,499 of principal plus all accrued but unpaid interest, being £149,140,378 at the date of this Agreement (**"VRGL Loan 1"**),
 - (ii) £89,000,000 of principal plus all accrued but unpaid interest, being £61,151,331 at the date of this Agreement (**"VRGL Loan 2"**);
 - (iii) £85,488,000 of principal plus all accrued but unpaid interest, being £18,926,096 at the date of this Agreement (**"VRGL Term A Loan"**),
 - (iv) £75,000,000 of principal plus all accrued but unpaid interest, being £16,961,368 at the date of this Agreement (**"VRGL Loan 4"**), which amount is guaranteed in full by VGIL, and
 - (v) £293,595 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement,
- (b) VRL owes £73,604,290 of principal plus all accrued but unpaid interest being, £9,113,362 at the date of this Agreement to Barfair (the **"VRL Term B Loan"**), which amount is guaranteed by VGIL with a counter-indemnity from VRL,

((a) and (b) together **"the Barfair Debts"**),
- (c) VRL owes £875,000 of principal plus all accrued but unpaid interest, being £4,012,942 at the date of this Agreement, to Newstart (**"the VRL:Newstart Debt"**),
- (d) VRL owes £198,814 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement, to VEGL (**"the VRL:VEGL Debt"**),
- (e) VRGL owes £7,779,452 of principal plus all accrued but unpaid interest, being £13,603,942 at the date of this Agreement, to Newstart (**"the VRGL:Newstart Debt"**), ✓
- (f) VRGL owes £226,776 of principal plus all accrued but unpaid interest, being £111,511 at the date of this Agreement, to VEGL (**"the VRGL:VEGL Debt"**),
- (g) VRGL owes £13,167,070 of principal plus all accrued but unpaid interest, being £11,725,907 at the date of this Agreement, to Cinemas (**"the VRGL:Cinemas Debt"**),
- (h) VRGL owes £1,854,605 of principal plus all accrued but unpaid interest, being £1,650,852 at the date of this Agreement, to VEEL (**"the VRGL:VEEL Debt"**),

¹ References to "the date of this Agreement" in the debt amounts listed in the Schedules to this Agreement assume it is signed on 14 September 2007. If the Agreement is signed after this date the Parties agree that these figures will be treated as referring to the balances on the date the Agreement is signed

- (i) VRL owes £43,000 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement, to VMOUK ("the **VRL:VMOUK Debt**"),
- (j) VSpace owes £2,994,787 of principal plus all accrued but unpaid interest being £0 at the date of this Agreement to VEGL ("the **VSpace:VEGL Debt**"),
- (k) VRGL owes £2,254,334 of principal plus all accrued but unpaid interest being £0 at the date of this Agreement to VEAL;
- (l) VRGL owes £3,367,376 of principal plus all accrued but unpaid interest being £0 at the date of this Agreement to VML ("the **VRGL:VML Debt**"),
- (m) VRGL owes £150,098 of principal plus all accrued but unpaid interest being £0 at the date of this Agreement to VEGL;
- (n) VRGL owes £35,355 of principal plus all accrued but unpaid interest being £0 at the date of this Agreement to Salform ("the **VRGL:Salform Debt**"),
- (o) VRGL owes £35,288 of principal plus all accrued but unpaid interest being £0 at the date of this Agreement to VEJ;
- (p) VRL owes £687,000 of principal plus all accrued but unpaid interest being £0 at the date of this Agreement to VEEL ("the **VRL VEEL Debt**"),
- (q) VRL owes £50 of principal plus all accrued but unpaid interest being £0 at the date of this Agreement to Active ("the **VRL:Active Debt**"), and
- (r) VRL owes £1,030,229 of principal plus all accrued but unpaid interest being £0 at the date of this Agreement to VEL ("the **VRL VEL Debt**")
- (s) VRL owes £292,046 of principal plus all accrued but unpaid interest being £0 at the date of this Agreement to VML

SCHEDULE 2

Debts owed by the Virgin Group to the VRGL Group

The Virgin Group is indebted to the VRGL Group as follows

- (a) VRGL is owed the following
- (i) £7,184,054 of principal plus all accrued but unpaid interest, being £1,620,001 as at the date of this Agreement, by VD Inc,
 - (ii) £1,768,605 of principal plus all accrued but unpaid interest, being £0 as at the date of this Agreement, by VEAL,
 - (iii) £75,000,000 of principal plus all accrued but unpaid interest, being £16,961,368 as at the date of this Agreement, owed by BUK;
 - (iv) £7,309,088 of principal plus all accrued but unpaid interest, being £264,492 as at the date of this Agreement, by VHL,
- (b) VRL is owed the following
- (i) £465,816 of principal plus all accrued but unpaid interest, being £16,856 as at the date of this Agreement by VHL;
 - (ii) £3,025,163 of principal and principal plus all accrued but unpaid interest, being £0 as at the date of this Agreement, by Newstart (**"the Newstart Credit"**),
 - (iii) £4,115,602 of principal plus all accrued but unpaid interest, being £489,123 as at the date of this Agreement, by VD Lux, which amount is guaranteed by VGIL with a counter-indemnity provided to VGIL by VD Lux,
 - (iv) £1,519,284 of principal plus all accrued but unpaid interest, being £0 as at the date of this Agreement, by VMOUK (**"the VMOUK:VRL Debt"**),
 - (v) £309,365 of principal plus all accrued but unpaid interest, being £0 as at the date of this Agreement, by VE-Commerce,
 - (vi) £184,498 of principal plus all accrued but unpaid interest, being £0 as at the date of this Agreement, by VEGL;
 - (vii) £4,442,306 of principal plus all accrued but unpaid interest, being £0 as at the date of this Agreement, by VGIL, and
 - (viii) £4,859,248 of principal plus all accrued but unpaid interest, being £0 as at the date of this Agreement, by VREL,
- (c) VR Ireland is owed £740 of principal plus all accrued but unpaid interest being £119 as at the date of this Agreement by VEGL (**"the VEGL:VR Ireland Debt"**),
- (d) VSpace is owed £113,725 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by VGIL in respect of tax credits (**"the VGIL:VSpace Debt"**),

- (e) VRGL is owed £4,755,404 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by Cinemas,
- (f) VRGL is owed £1,399,785 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by VEEL,
- (g) VRGL is owed £364,453 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by VEGL;
- (h) VRGL is owed £222,706 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by VEH Inc,
- (i) VRGL is owed £1,617,809 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by VGIL;
- (j) VRGL is owed £1,264,632 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by VMOUK,
- (k) VRGL is owed £1,400,247 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by VREL,
- (l) VRGL is owed £46,563 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by VEJ,
- (m) VRGL is owed £63,013 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by CHL,
- (n) VRGL is owed £5,208 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by VHPL;
- (o) VRGL is owed £8,690 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by Mayfly,
- (p) VRGL is owed £7,223 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by VAudio;
- (q) VRGL is owed £100 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by Vouchers;
- (r) VRGL is owed £6,258 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by VEIHL, and
- (s) VRL owes:
 - (i) £804 to VEAL in respect of a surrender of tax losses to VOP Holdings Limited which has been assigned to VEAL by way of distribution, and
 - (ii) £1,526,201 to VEAL in respect of a surrender of tax losses to Virgin Retail Group UK Limited which has been assigned to VEAL by way of distribution

SCHEDULE 3

VRGL Group intra-group debts

Companies in the VRGL Group owe debts to other companies in the VRGL Group as follows

- (a) VRGL is owed the following amounts by companies in the VRGL Group.
 - (i) £63,459,000 of principal plus all accrued but unpaid interest, being £31,106,047 as at the date of this Agreement, by Ablegrand,
 - (ii) £175,315,174 of principal plus all accrued but unpaid interest, being £87,445,130 as at the date of this Agreement, by VRL as a funding debt and £2,894,094 as a trading debt
- (b) VRL is owed the following amounts by companies in the VRGL Group
 - (i) £34,534,509 of principal plus all accrued but unpaid interest being £22,593,962 as at the date of this Agreement, by VRGL as a funding debt;
 - (ii) £11,339,000 of principal plus all accrued but unpaid interest, being £0 as at the date of this Agreement, by Ablegrand2 ("the Ablegrand2:VRL Debt"),
 - (iii) £3,284,389 of p principal plus all accrued but unpaid interest being £0 as at the date of this Agreement by PESL ("the PESL:VRL Debt"); and
 - (iv) £2,273,758 of principal plus all accrued but unpaid interest being £0 as at the date of this Agreement by VSpace ("the VSpace:VRL Debt").
- (c) VRS is owed £1,230,638 principal plus all accrued but unpaid interest being £0 as at the date of this Agreement by VRL in respect of surrendered corporation tax losses
- (d) Ablegrand is owed £495,904 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by VRL ("the VRL:Ablegrand Debt");
- (e) Ablegrand is owed £6,793,000 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by Ablegrand2 ("the Ablegrand2:Ablegrand Debt")
- (f) VR Ireland is owed the following
 - (i) €952,000 of principal plus all accrued but unpaid interest, being €0 at the date of this Agreement by VH Ireland ("the VH Ireland Debt"), and
 - (ii) €1,767,000 of principal plus all accrued but unpaid interest, being €125,000 of accrued interest by Harlandic ("the Harlandic:VR Ireland Debt"),
- (g) Harlandic is owed €953,000 of principal plus all accrued but unpaid interest, being €0 at the date of this Agreement by VH Ireland ("the VH Ireland:Harlandic Debt"),
- (h) VRGL is owed £1,281,166 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by VSpace ("the VSpace:VRGL Debt"),

- (i) VRL is owed £13,128,040 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by VR Ireland (“the VR Ireland:VRL Debt”), and
- (j) VRL is owed £31,762,247 of principal plus all accrued but unpaid interest, being £0 at the date of this Agreement by VRGL.

Signed on the date set out at the head of this Agreement

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for and on behalf of VIRGIN RETAIL)
GROUP LIMITED)



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for and on behalf of VIRGIN)
RETAIL LIMITED)



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for and on behalf of VIRGIN)
ENTERTAINMENT ASIA LIMITED)



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for and on behalf of BARFAIR)
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HOLDINGS LIMITED)

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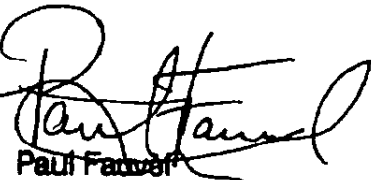
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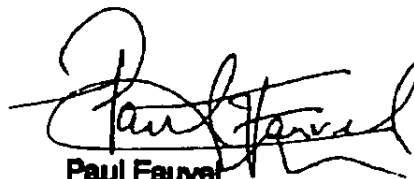


Paul Fauvel
Alternate director to Frank Dearle

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VP & SECRETARY

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VP & SECRETARY

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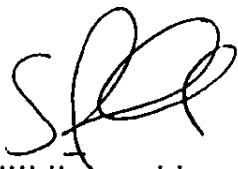
Signed by
for and on behalf of VIRGIN RETAIL (IRELAND) LIMITED



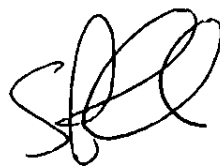
Signed by
for and on behalf of VIRGIN HOLDINGS (IRELAND) LIMITED



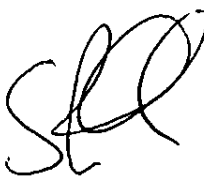
Signed by
for and on behalf of HARLANDIC LIMITED



SIGNED by
ABLEGRAND (2) LIMITED

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) 

SIGNED by
PICCADILLY ENTERTAINMENT
STORE LIMITED

)
)
) 

SIGNED by
VR SERVICES LIMITED

)
) 

SIGNED by
VRETAIL SERVICES LIMITED

)
) 

SIGNED by
VIRGIN ENTERTAINMENT
JAPAN KK

)
)
)



SIGNED by
VIRGIN ENTERTAINMENT
INVESTMENT HOLDINGS
LIMITED

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)
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)

(

SIGNED by
VHPL LIMITED

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)

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SIGNED by
CINEMA HOLDINGS LIMITED

)
)

SIGNED by
MAYFLY SA

)
)

SIGNED by
VIRGIN AUDIO HOLDINGS LLC

)
)

(

SIGNED by
VIRGIN VOUCHERS LIMITED


)
)

SIGNED by
SALFORM LIMITED

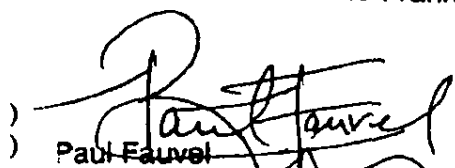
)
)

SIGNED by)
VIRGIN ENTERTAINMENT)
JAPAN KK)

SIGNED by)
VIRGIN ENTERTAINMENT)
INVESTMENT HOLDINGS)
LIMITED)

) 
) Paul Fauvel
) Alternate director to Frank Dearie

SIGNED by)
VHPL LIMITED)

) 
) Paul Fauvel
) Alternate director to Frank Dearie

SIGNED by)
CINEMA HOLDINGS LIMITED)

SIGNED by)
MAYFLY SA)

SIGNED by)
VIRGIN AUDIO HOLDINGS LLC)

SIGNED by)
VIRGIN VOUCHERS LIMITED)

SIGNED by)
SALFORM LIMITED)

SIGNED by)
VIRGIN ENTERTAINMENT)
JAPAN KK)

SIGNED by)
VIRGIN ENTERTAINMENT)
INVESTMENT HOLDINGS)
LIMITED)

SIGNED by)
VHPL LIMITED)

SIGNED by)
CINEMA HOLDINGS LIMITED)



SIGNED by)
MAYFLY SA)

SIGNED by)
VIRGIN AUDIO HOLDINGS LLC)

SIGNED by)
VIRGIN VOUCHERS LIMITED)



SIGNED by)
SALFORM LIMITED)




SIGNED by)
VIRGIN ENTERTAINMENT)
JAPAN KK)

SIGNED by)
VIRGIN ENTERTAINMENT)
INVESTMENT HOLDINGS)
LIMITED)

SIGNED by)
VHPL LIMITED)

SIGNED by)
CINEMA HOLDINGS LIMITED)

SIGNED by)
MAYFLY SA)

A handwritten signature in black ink, consisting of a stylized, cursive script. The signature is written over a horizontal line that serves as a baseline. The letters are fluid and interconnected, with a prominent initial that looks like a capital 'A' or 'M'.

SIGNED by)
VIRGIN AUDIO HOLDINGS LLC)

SIGNED by)
VIRGIN VOUCHERS LIMITED)

SIGNED by)
SALFORM LIMITED)

SIGNED by)
VIRGIN ENTERTAINMENT)
JAPAN KK)

SIGNED by)
VIRGIN ENTERTAINMENT)
INVESTMENT HOLDINGS)
LIMITED)

SIGNED by)
VHPL LIMITED)

SIGNED by)
CINEMA HOLDINGS LIMITED)

SIGNED by)
MAYFLY SA)

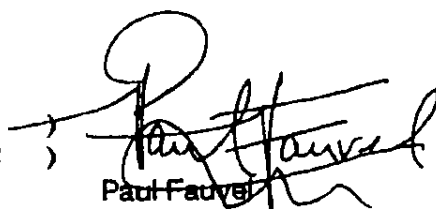
SIGNED by)
VIRGIN AUDIO HOLDINGS LLC)



SIGNED by)
VIRGIN VOUCHERS LIMITED)

SIGNED by)
SALFORM LIMITED)

SIGNED by
BLUEBOTTLE USA MOBILE INC

A handwritten signature in black ink, appearing to read "Paul Fauvel", is written over a horizontal line.

Paul Fauvel
Alternate director to Frank Dearie