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**IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES  
COMPANIES COURT (ChD)**

CR-2018-006095

**MR JUSTICE ZACAROLI**

**12 OCTOBER 2018**



**IN THE MATTER OF VIRGIN MONEY HOLDINGS (UK) PLC**

**- and -**

**IN THE MATTER OF THE COMPANIES ACT 2006**

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**ORDER**  
sanctioning the Scheme of Arrangement

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**UPON THE ADJOURNED HEARING OF THE CLAIM FORM** dated 20 July 2018 of the above named Virgin Money Holdings (UK) plc (the **Company**) whose registered office is situated at Jubilee House, Gosforth, Newcastle-Upon-Tyne, United Kingdom, NE3 4PL and whose registered number is 03087587

**AND UPON HEARING** Stephen Horan, Counsel for the Company

**AND UPON READING** the Claim Form and the evidence

**AND UPON** CYBG PLC appearing by Counsel for the Company (being its counsel for this purpose) and undertaking to be bound by the scheme of arrangement dated 31 July 2018 (the **Scheme of Arrangement**) hereinafter sanctioned and to execute and do, or procure to be executed and done, all such documents, acts and things as may be necessary or desirable to be executed or done by it or on its behalf for the purpose of giving effect to the Scheme of Arrangement

**THE COURT HEREBY SANCTIONS** the Scheme of Arrangement set out in the Schedule to this Order

**AND IT IS ORDERED** that this Order be produced by the Company to the Registrar of Companies and that a copy of it be delivered to him

MONDAY



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SPE 15/10/2018 #233  
COMPANIES HOUSE

**Service of the Order**

The Court has provided a sealed copy of this Order to the serving party:

Allen & Overy LLP at One Bishops Square, London, E1 6AD

Tel: 020 3088 0000

## PART 4

### THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES  
COMPANIES COURT (ChD)

CR-2018-006095

IN THE MATTER OF VIRGIN MONEY  
HOLDINGS (UK) PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT (*under*  
*Part 26 of the Companies Act 2006*)

between

VIRGIN MONEY HOLDINGS (UK) PLC

AND

THE SCHEME SHAREHOLDERS

(as defined below)

### PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

<b>Business Day</b> . . . . .	a day, not being a public holiday, Saturday or Sunday, on which clearing banks in London and Edinburgh are open for normal business;
<b>certificated or in certificated form</b> . . . . .	in relation to a Scheme Share, one which is not in uncertificated form (that is, not in CREST);
<b>Code</b> . . . . .	the City Code on Takeovers and Mergers;
<b>Companies Act</b> . . . . .	the Companies Act 2006, as amended from time to time;
<b>Combined Group</b> . . . . .	the enlarged group following the Offer comprising the CYBG Group and the Virgin Money Group;
<b>Conditions</b> . . . . .	the conditions to the implementation of the Offer, as set out in Part 3 of the Scheme Document;
<b>Court</b> . . . . .	the High Court of Justice in England and Wales;
<b>Court Hearing</b> . . . . .	the hearing of the Court at which the Court Order will be sought;
<b>Court Meeting</b> . . . . .	the meeting of Scheme Shareholders (and any adjournment of such meeting) convened pursuant to an order of the Court pursuant to section 896 of the Companies Act for the purpose of considering and, if thought fit, approving (with or without modification) this Scheme;
<b>Court Order</b> . . . . .	the order of the Court sanctioning the Scheme under section 899 of the Companies Act;
<b>CREST</b> . . . . .	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & Ireland Ltd is the operator;
<b>CYBG</b> . . . . .	CYBG PLC, a company incorporated in England and Wales with registered number 09595911,

<b>CYBG Group</b> . . . . .	CYBG and its subsidiary undertakings from time to time and where the context permits, each of them;
<b>CYBG Shares</b> . . . . .	the existing CYBG ordinary shares of £0.10 in the capital of CYBG;
<b>Effective</b> . . . . .	the Scheme having become effective pursuant to its terms, upon the delivery of the Court Order to the Registrar of Companies;
<b>Effective Date</b> . . . . .	the date on which this Scheme becomes Effective in accordance with its terms;
<b>Equiniti</b> . . . . .	Equiniti Limited a company incorporated in England and Wales with registered number 0622608, being Virgin Money's Registrars;
<b>Euroclear</b> . . . . .	Euroclear UK & Ireland Limited;
<b>Excluded Shares</b> . . . . .	any Virgin Money Shares held in treasury at any relevant date or time and any Virgin Money Shares beneficially owned by CYBG or any other member of the CYBG Group;
<b>Holder</b> . . . . .	a registered holder and includes any person(s) entitled by transmission;
<b>Latest Practicable Date</b> . .	27 July 2018;
<b>London Stock Exchange</b> . .	the London Stock Exchange plc or its successor;
<b>New CYBG Shares</b> . . . . .	the CYBG Shares proposed to be issued by CYBG, credited as fully paid, as consideration for the Offer;
<b>Offer</b> . . . . .	the proposed acquisition by CYBG of the entire issued and to be issued ordinary share capital of Virgin Money to be effected by means of this Scheme (and, where the context admits, any subsequent revision, variation, extension or renewal of the Scheme);
<b>Panel</b> . . . . .	the Panel on Takeovers and Mergers;
<b>Registrar of Companies</b> . .	the Registrar of Companies in England and Wales;
<b>Regulations</b> . . . . .	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
<b>Restricted Jurisdictions</b> . .	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Virgin Money Shareholders in that jurisdiction;
<b>Restricted Shareholders</b> . .	a Scheme Shareholder whom CYBG requires to be treated as a Restricted Shareholder pursuant to clause 6 of this Part 4;
<b>Scheme</b> . . . . .	this scheme of arrangement in its present form or with or subject to any modification, addition or condition which Virgin Money and CYBG each agree and which is approved or imposed by the Court;
<b>Scheme Document</b> . . . . .	the circular dated 31 July 2018 sent by Virgin Money to Virgin Money Shareholders and persons with information rights, of which this Scheme forms a part;
<b>Scheme Record Time</b> . . . .	6.00 p.m. on the Business Day immediately prior to the Effective Date;
<b>Scheme Shareholders</b> . . . .	holders of Scheme Shares at any relevant date or time;
<b>Scheme Shares</b> . . . . .	the Virgin Money Shares which are: <ul style="list-style-type: none"> <li>(i) in issue at the date of the Scheme Document;</li> <li>(ii) issued after the date of the Scheme Document and before the Voting Record Time; and</li> <li>(iii) issued at or after the Voting Record Time and before the Scheme Record Time either on terms that the original or any subsequent holders of such shares shall be bound by the Scheme or in respect of which their holders are, or have agreed in writing to be, bound by the Scheme,</li> </ul>

and, in each case, remaining in issue at the Scheme Record Time but excluding any Virgin Money Shares held in treasury at any relevant date or time and Excluded Shares;

<b>Sterling</b> . . . . .	the lawful currency of the United Kingdom;
<b>uncertificated or in uncertificated form</b> . . . . .	in relation to a Scheme Share, one which is recorded on the relevant register as being held in uncertificated form in CREST;
<b>Virgin Money</b> . . . . .	Virgin Money Holdings (UK) plc, incorporated in England and Wales with registered number 03087587;
<b>Virgin Money Group</b> . . . .	Virgin Money and its subsidiary undertakings from time to time and where the context permits, each of them;
<b>Virgin Money Registrar</b> . .	Equiniti Limited;
<b>Virgin Money Shareholders</b>	the holders of Virgin Money Shares;
<b>Virgin Money Shares</b> . . . .	the ordinary shares of 0.01 pence each in the capital of Virgin Money; and
<b>Voting Record Time</b> . . . .	6.30 p.m. on the day which is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.30 p.m. on the day which is two days before the date of such adjourned meeting, in each case excluding any day that is not a Business Day.

(B) References to clauses, sub-clauses and paragraphs are to clauses, sub-clauses and paragraphs of this Scheme.

(C) The issued share capital of Virgin Money as at the Latest Practicable Date was £54,658.89, divided into 446,067,336 ordinary shares of 0.01 pence each, all of which were credited as fully paid, and 10,052,161 deferred shares of 0.1 pence each, all of which were credited as fully paid. Virgin Money does not hold any ordinary shares in treasury. Virgin Money holds 10,052,161 deferred shares in treasury but these shares do not carry any voting rights.

(D) As at the Latest Practicable Date, no member of the CYBG Group holds any Virgin Money Shares.

(E) CYBG has, subject to the satisfaction or, where capable, waiver of the Conditions, agreed to appear by Counsel at the hearing to sanction this Scheme and to undertake to the Court to be bound by the provisions of this Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it to give effect to this Scheme.

(F) CYBG will rely upon the Court's sanctioning of this Scheme for the purpose of qualifying for the exemption from the registration requirements of the US Securities Act of 1933, as amended, provided by section 3(a)(10) thereof with respect to the New CYBG Shares to be issued pursuant to this Scheme.

(G) References to times are to London time.

## 1. Transfer of Scheme Shares

(A) Upon and with effect from the Effective Date, CYBG and/or its nominee(s) shall acquire all the Scheme Shares fully paid with full title guarantee, free from all liens, equities, charges, encumbrances and other interests, and together with all rights at the Effective Date or thereafter attached thereto, including the right to receive and retain all dividends and other distributions (if any) announced, declared, made or paid in respect of the Scheme Shares after the date of this Scheme, save that CYBG (and/or its nominee(s)) shall not be entitled to the Virgin Money Interim Dividend.

(B) For the purposes of such acquisition, the Scheme Shares shall be transferred to CYBG and/or its nominee(s) by means of a form of transfer or other instrument or instruction of transfer and, to give effect to such transfers, any person may be appointed by CYBG as attorney or agent, and is hereby authorised on behalf of the Holder or Holders concerned, to execute and deliver as transferor an instrument of transfer (whether as a deed or otherwise) of, or give any instructions to transfer, any Scheme Shares and every instrument or instruction of transfer so executed or instruction given shall be effective as if it had been executed or given by the Holder or Holders of the Scheme Shares thereby transferred. Such instrument, form or instruction of transfer shall be deemed to be the principal instrument of transfer and the equitable or beneficial interest in the Scheme Shares shall only be transferred to CYBG (and/or its nominee(s)),

together with the legal interest in such Scheme Shares, pursuant to such instruction, form or instrument of transfer.

- (C) Pending the registration of CYBG (or its nominee(s)) as the Holder of any Scheme Share to be transferred pursuant to this Scheme, CYBG shall be empowered upon and with effect from the Effective Date to appoint any person to act as attorney or, failing that, agent on behalf of each Holder of any such Scheme Share in accordance with such directions as CYBG may give in relation to any dealings with or disposal of such share (or any interest in such share), exercising any rights attached thereto or receiving any distribution or other benefit accruing or payable in respect thereof and the registered Holder of such Scheme Share shall exercise all rights attaching thereto in accordance with the directions of CYBG but not otherwise.

## **2. Consideration for the transfer of Scheme Shares**

- (A) In consideration for the transfer of the Scheme Shares to CYBG (and/or its nominee(s)), CYBG shall, subject to the remaining provisions of this Scheme, issue to each Scheme Shareholder (as appearing in the register of members of Virgin Money at the Scheme Record Time), 1.2125 New CYBG Shares per Scheme Share held by the Scheme Shareholder at the Scheme Record Time.
- (B) The New CYBG Shares issued pursuant to clause 2(A) and the remaining provisions of this Scheme shall be issued credited as fully paid and will rank *pari passu* in all respects with the CYBG Shares in issue at the time the New CYBG Shares are issued, including in relation to the right to receive notice of, and to attend and vote at, general meetings of CYBG, the right to receive and retain any dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date and to participate in the assets of CYBG upon a return of capital whether on a winding-up of CYBG or otherwise.

## **3. Fractional entitlements**

No fractions of New CYBG Shares shall be allotted or issued to any Scheme Shareholder, and entitlements will be rounded down to the nearest whole number of New CYBG Shares, and all fractions of New CYBG Shares to which Scheme Shareholders would otherwise have been entitled shall be aggregated and the aggregate of such fractions (rounded down to the nearest whole share) shall be allotted and issued to a person appointed by CYBG as nominee for such Scheme Shareholders on such terms that the nominee shall be authorised to procure that such New CYBG Shares shall, as soon as possible after the Effective Date, be sold on behalf of the relevant Scheme Shareholder and the *pro rata* net proceeds (after the deduction of all expenses and commissions, including any VAT thereon, incurred in connection with the sale) remitted to them, save that if the aggregate entitlement of any Scheme Shareholder in respect of the proceeds of sale of fractional entitlements amounts to less than £5, such proceeds will be retained for the benefit of the Combined Group.

## **4. Share certificates and cancellation of CREST entitlements**

With effect from and including the Effective Date:

- (A) all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised in the certificates and every Holder of Scheme Shares shall be bound by the request of Virgin Money to deliver up the same to Virgin Money, or, as it may direct, to destroy the same;
- (B) Euroclear shall be instructed to cancel the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form; and
- (C) subject to completion of any form of transfer or other instrument or instruction of transfer as may be required in accordance with paragraph 1(B) above, appropriate entries will be made in the register of members of Virgin Money to reflect the transfer of the Scheme Shares to CYBG (and/or its nominee(s)).

## **5. Settlement**

- (A) Settlement shall be effected as follows:

- (i) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, CYBG shall despatch certificates for the New CYBG Shares to which a Scheme Shareholder becomes entitled as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date (subject to any arrangements that are required to be put in place to effect the payment of any income tax or social security contributions by holders of awards under the

Virgin Money Share Plans who receive Virgin Money Shares on the vesting of awards conditional on the Court sanctioning the Scheme);

- (ii) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, settlement of entitlements to New CYBG Shares will be effected through CREST. CYBG shall procure that Euroclear is instructed to credit the appropriate stock account in CREST of the relevant Scheme Shareholder with such relevant Scheme Shareholder's entitlement to New CYBG Shares as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date (subject to any arrangements that are required to be put in place to effect the payment of any income tax or social security contributions by holders of awards under the Virgin Money Share Plans who receive Virgin Money Shares on the vesting of awards conditional on the Court sanctioning the Scheme);
  - (iii) in the case of New CYBG Shares sold pursuant to clause 3 or clause 6(A), where immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, settlement of any cash consideration to which the Scheme Shareholder is entitled pursuant to clause 3 or clause 6(A) shall be settled by CYBG by cheque. Cheques shall be despatched as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date (subject to any arrangements that are required to be put in place to effect the payment of any income tax or social security contributions by holders of awards under the Virgin Money Share Plans who receive Virgin Money Shares on the vesting of awards conditional on the Court sanctioning the Scheme);
  - (iv) in the case of New CYBG Shares sold pursuant to clause 3 or clause 6(A), where immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, settlement of any cash consideration to which the Scheme Shareholder is entitled pursuant to clause 3 or clause 6(A) shall be paid by means of CREST by CYBG procuring that Euroclear is instructed to create an assured payment obligation in favour of the Scheme Shareholder's payment bank in respect of the cash consideration due to them as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date, in accordance with the CREST assured payment arrangements (subject to any arrangements that are required to be put in place to effect the payment of any income tax or social security contributions by holders of awards under the Virgin Money Share Plans who receive Virgin Money Shares on the vesting of awards conditional on the Court sanctioning the Scheme);
  - (v) CYBG reserves the right to pay any cash consideration referred to in clause 3 or clause 6(A) to all or any Scheme Shareholders who hold Scheme Shares in uncertificated form immediately prior to the Scheme Record Time in the manner referred to in clause 5(A)(iii) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with clause 5(A)(iv); and
  - (vi) CYBG reserves the right to allot and issue any New CYBG Shares referred to in clause 2 to all or any Scheme Shareholders who immediately prior to the Scheme Record Time hold Scheme Shares in uncertificated form in the manner referred to in clause 5(A)(i) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with clause 5(A)(ii).
- (B) As from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST shall be disabled and all Scheme Shares will be removed from CREST in due course.
- (C) All deliveries of notices, statements of entitlement and/or cheques required to be made under this Scheme shall be made by sending the same by first class post (or by such other method as may be approved by the Panel) addressed to the person entitled thereto to the address appearing in the register of members of Virgin Money or, in the case of joint holders, to the address of the Holder whose name stands first in such register in respect of the joint holding concerned at such time.
- (D) All cheques shall be in pounds sterling and drawn on a United Kingdom clearing bank and shall be made payable to the Scheme Shareholder concerned or, in the case of joint holders, to all joint holders whose names appear in the register of members of Virgin Money in respect of the joint holding concerned at the Scheme Record Time and the encashment of any such cheque or the creation of any such assured payment obligation as is referred to in clause 5(A) above shall be a complete discharge to CYBG and CYBG for the monies represented thereby.
- (E) None of Virgin Money, CYBG, Equiniti, the person effecting any sale or remitting any proceeds shall be responsible for any loss or delay in the transmission of the statements of entitlement or cheques sent to Scheme Shareholders in accordance with this clause 5, which shall be posted entirely at the risk of the Scheme Shareholders.

- (F) The preceding paragraphs of this clause 5 shall take effect subject to any prohibition or condition imposed by law.

#### **6. Restricted Shareholders**

- (A) The provisions of clauses 2, 3 and 5 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if in the case of any Scheme Shareholder, CYBG is advised at the relevant time that the law of a country or territory outside the United Kingdom precludes the allotment, issue or delivery to it of New CYBG Shares under clause 5 or precludes the same except after compliance by Virgin Money or CYBG (as the case may be) with any governmental or other consent or any registration, filing or other formality with which the Virgin Money or CYBG (as the case may be) is unable to comply or compliance with which the Virgin Money or CYBG (as the case may be) regards as unduly onerous, then CYBG may, in its sole discretion, require Virgin Money to treat such Scheme Shareholder as a *Restricted Shareholder for the purposes of the Scheme and may either:*
- (i) determine that such New CYBG Shares shall not be allotted and issued to such Scheme Shareholder but instead the New CYBG Shares shall be allotted and issued to a nominee, appointed by CYBG, for such Scheme Shareholder, on terms that the nominee shall be authorised on behalf of such Scheme Shareholder to procure that such New CYBG Shares shall, as soon as practicable following the Effective Date, be sold on behalf of such Scheme Shareholder; or
  - (ii) determine that such New CYBG Shares shall be sold, in which event the New CYBG Shares shall be issued to such Scheme Shareholder and CYBG shall appoint a person to act pursuant to this clause 6(A)(ii) and such person shall be authorised on behalf of such Scheme Shareholder to procure that any New CYBG Shares in respect of which CYBG has made such determination shall, as soon as practicable following the Effective Date, be sold.
- (B) Any sale under clause 6(A) shall be carried out at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions, including any VAT thereon, incurred in connection with such sale) shall be paid to such Scheme Shareholder by making a payment to such Scheme Shareholder in accordance with clause 5 as appropriate. To give effect to any sale under clause 6(A) the person appointed by CYBG in accordance with clause 6(A)(ii) shall be authorised as agent on behalf of the Scheme Shareholder concerned, and the nominee appointed by CYBG in accordance with clause 6(A)(i) shall be authorised, to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer and to give such instructions and to do all other things which he or she may consider necessary or expedient in connection with such sale. In the absence of bad faith and/or wilful default, none of Virgin Money, CYBG or any broker or agent of any of them shall have any liability for any loss arising as a result of the timing or terms of any such sale.

#### **7. Mandates and other instructions**

All cash mandates relating to the monetary payment of dividends on the Scheme Shares and other instructions, including communications preferences, given to Virgin Money which are in force at the Scheme Record Time relating to Scheme Shares shall, to the extent possible, unless and until revoked or amended, be deemed as from the Effective Date to be valid and effective to CYBG in relation to the New CYBG Shares issued in respect thereof.

#### **8. Operation of this Scheme**

- (A) This Scheme shall become Effective upon a copy of the Court Order being delivered to the Registrar of Companies.
- (B) Unless this Scheme has become Effective on or before 31 January 2019, or such later date (if any) as CYBG and Virgin Money may agree and (if required) the Panel and the Court may allow, this Scheme shall never become Effective.

#### **9. Modification**

Virgin Money and CYBG may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may approve or impose. Any such modification or addition shall require the consent of the Panel where such consent is required under the Code.



#### **10. Governing Law Clause**

This Scheme is governed by English law and is subject to the exclusive jurisdiction of the English courts. The rules of the Code will apply to this Scheme on the basis provided in the Code.

Dated: 31 July 2018