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MACFARLANES +44 171 831 9607

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DATE 30 June 1998

3552508

**ARFIND LIMITED (in liquidation)**  
(formerly known as Virgin Travel Investments Limited)

**BARFAIR LIMITED**

**VIRGIN TRAVEL LIMITED**

**VIRGIN VOYAGER LIMITED**

**VIRGIN HOTELS GROUP LIMITED**

**VIRGIN MANAGEMENT LIMITED**

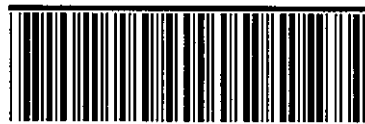
**PETER JOHN ROBERTSON SOUSTER and TRACEY ELIZABETH CALLAGHAN(as  
Liquidators)**

We certify  
that this is  
a true  
copy of  
the original  
document.

Macfarlanes  
13 Aug 98

**RECONSTRUCTION AGREEMENT**

under Section 110 Insolvency Act 1986



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COMPANIES HOUSE 18/8/98

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**RECONSTRUCTION AGREEMENT**2+Adj exempt  
5/8.**DATE**

30 June

1998

**PARTIES**

- 1 **ARFIND LIMITED** (in liquidation) (formerly known as Virgin Travel Investments Limited) (Registered No 2857672) whose registered office is at 120 Campden Hill Road, London W8 7AR ("the Company")
- 2 **BARFAIR LIMITED** (Registered No 3552508) whose registered office is at 120 Campden Hill Road aforesaid ("the Transferee")
- 3 **VIRGIN TRAVEL LIMITED** (Registered No 175750) whose registered office is at Craigmuir Chambers, P O Box 71, Road Town, Tortola, British Virgin Islands ("VTL")
- 4 **VIRGIN VOYAGER LIMITED** (Registered No 2857673) whose registered office is at 120 Campden Hill Road aforesaid ("VVL")
- 5 **VIRGIN HOTELS GROUP LIMITED** (Registered No 285761) whose registered office is at 120 Campden Hill Road aforesaid ("VHGL")
- 6 **VIRGIN MANAGEMENT LIMITED** (Registered No 3201808) whose registered office is at 120 Campden Hill Road aforesaid ("VML")
- 7 **PETER JOHN ROBERTSON SOUSTER and TRACEY ELIZABETH CALLAGHAN** of Baker Tilly, 2 Bloomsbury Street, London WC1B 3ST ("the Liquidators")

**RECITALS**

- A The Company owns the entire issued share capital of each of the Subsidiaries.

- B** The Company and the Transferee are wholly-owned subsidiaries of VTL.
- C** A statutory declaration in accordance with Section 89 Insolvency Act 1986 has been sworn by the directors of the Company.
- D** At an Extraordinary General Meeting of the Company held immediately prior to the execution of this Agreement it was resolved:
- (a) that the Company be wound-up voluntarily;
  - (b) that the Liquidators be appointed as the Liquidators of the Company for the purposes of winding-up the Company's affairs and distributing its assets;
  - (c) that the Liquidators be authorised for the purposes of Section 110 of the Insolvency Act 1986 to enter into an arrangement on the terms of this Agreement.

## **AGREEMENT**

### **1 Definitions and interpretation**

**1.1** The Recitals and Schedules form part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement.

**1.2** In this Agreement the following words and expressions shall (unless the context requires otherwise) have the following meanings:

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

**the Completion Date:** the date of this Agreement;

**the Consideration Shares:** the shares to be allotted and issued to VTL pursuant to Clause 3.1;

**the Debt:** the VRGL Debt, the VML Debt, the Voyager Debt, the Virgin Voyager Debt and the Virgin Hotels Debt;

**the Loan Notes:** the loan notes each dated 8 April 1998 held by the Company in the loan capital of VHG, VML and VVL;

**the Parties:** the parties to this Agreement;

**the Shares:** the entire issued share capital of each of the Subsidiaries as at the Completion Date;

**the Subsidiaries:** those companies listed in the Schedule;

**the Virgin Hotels Debt:** the aggregate of all sums owed on intercompany account to the Company by Virgin Hotels Group Limited as at the Winding Up Date;

**the Virgin Voyager Debt:** the aggregate of all sums owed on intercompany account to the Company by Virgin Voyager Limited as at the Winding Up Date;

**the VML Debt:** the aggregate of all sums owed on intercompany account to the Company by Virgin Management Limited as at the Winding Up Date;

**the Voyager Debt:** the aggregate of all sums owed on intercompany account to the Company by Voyager Group Limited as at the Winding Up Date;

**the VRGL Debt:** the aggregate of all sums owed on intercompany account to the Company by Virgin Retail Group Limited as at the Winding Up Date; and

**the Winding Up Date:** the date on which the resolution referred to in Recital C hereof is passed.

1.3

In this Agreement (unless the context requires otherwise):-

- 1.3.1 any reference to any statute or statutory provision shall be construed as including a reference to any modification, re-enactment or extension of such statute or statutory provision for the time being in force, to any subordinate legislation made under the same and to any former statutes or statutory provisions which it consolidated or re-enacted provided that no such reference shall be construed so as to include a reference to any statutory provision made or enacted after the date of this Agreement which is different in any material respect from the statutory provision referred to in this Agreement if the effect of such construction would be to place any Party under a liability which it would otherwise not have had, or under a greater liability than it would otherwise have had;
- 1.3.2 the singular includes a reference to the plural and vice versa;
- 1.3.3 any reference to a Recital, Clause or Schedule is to a Recital, Clause or Schedule (as the case may be) of or to this Agreement; and
- 1.3.4 any reference to "persons" shall include bodies corporate, unincorporated associations and partnerships.

## **2 Sale and purchase/Assumption of debt**

- 2.1 The Company (acting by the Liquidators) shall sell and the Transferee shall purchase such right, title and interest as the Company may have in the Shares.
- 2.2 The Company (acting by the Liquidators) shall transfer to the Transferee the benefit of the Debt.
- 2.3 The Company (acting by the Liquidators) shall transfer and hereby assigns to the Transferee the Loan Notes and, notwithstanding the conditions attaching to such Loan Notes, each of VML, VVL and VHGL consent to the transfer and assignment of the Loan Notes to the Transferee.
- 2.4 The Company (acting by the Liquidators) shall transfer to the Transferee all other assets of the Company (including, for the avoidance of doubt, all rights that the Company has in respect of Virgin Executive Jets Limited and Virgin Executive

Aviation Limited) and the Transferee shall assume all liabilities (to include, for the avoidance of doubt, all accrued, contingent or prospective liabilities) of the Company to the extent that such assets and liabilities are not specifically transferred to or assumed by Barford Services Limited (Company Number 3552500) ("BSL") pursuant to a Reconstruction Agreement dated the same date as this Agreement between, inter alia, BSL, the Company, VTL and the Liquidators.

### 3 Consideration

- 3.1 The consideration for the sale and purchase set out in Clause 2 shall be the allotment and issue by the Transferee to VTL (on the instructions of the Liquidators) of 998 ordinary shares of £1 each in the capital of the Transferee (credited as fully paid).
- 3.2 The Consideration Shares shall be apportioned in proportion to the market value of the assets being transferred under Clause 2 above as the Parties may agree.

### 4 Completion

- 4.1 Completion of this Agreement shall take place on the date hereof when:
- 4.1.1 the Company shall deliver to the Transferee share certificates representing the Shares (other than as provided in Clause 4.2) together with stock transfer forms duly executed by the Company in favour of the Transferee in respect of the Shares, and shall deliver, procure delivery or otherwise give possession to, or make available for collection by, the Transferee the statutory books duly completed up to date and common seals (if any) of each of the Subsidiaries;
- 4.1.2 the Company shall deliver the certificates for the Loan Notes to the Transferee; and
- 4.1.3 the Transferee shall allot and issue to VTL the Consideration Shares and shall deliver to the Liquidators on behalf of VTL a share certificate in respect of such shares.

- 4.2 Completion of the transfer to the Transferee of each of Campden Securities Limited and Virglease Limited shall take place on such date as the Transferee shall be satisfied that any third party consent required in respect of such transfers has been obtained.

5 **Miscellaneous**

5.1 **Costs**

Each Party will (unless otherwise agreed) pay its own costs and expenses in relation to the negotiation, preparation and carrying into effect of this Agreement.

5.2 **Successors and assigns**

This Agreement shall be binding upon and enure for the benefit of the successors and assigns of the Parties provided that no Party shall assign the benefit of this Agreement without the consent of all the other Parties.

5.3 **Announcements**

None of the Parties shall divulge to any third party (which shall include making announcements to employees or to the Press or to shareholders) except to their respective professional advisers (or to the extent required by law) any information regarding the existence or subject matter of this Agreement without the prior agreement of the others (such agreement not to be unreasonably withheld or delayed), provided that (i) the Liquidators shall not be prevented from making any such disclosure to his partners or employees involved with the liquidation of the Company or from making any other disclosure to any other person or persons required by the duties of his office and (ii) the Transferee shall not be prevented from making any disclosure which may be required by any relevant law or regulation.



#### 5.4 Further Assurance

Each of the Parties shall (and shall use its reasonable endeavours to procure that any other necessary person shall) at the request and expense of any other execute all such deeds, documents and instruments and perform all such acts and things as may be necessary following the Completion Date for the complete performance of the obligations of each of the Parties under this Agreement.

#### 5.5 Notices

All notices, demands and other communications under or for the purposes of this Agreement shall be in writing and shall be deemed to have been duly given if delivered by hand, faxed or posted (by first class pre-paid post):

##### 5.5.1 in the case of a communication to the Company or the Liquidators at:-

Baker Tilly  
2 Bloomsbury Street  
London  
WC1B 3ST

marked for the attention of Peter Souster.

##### 5.5.2 in the case of a communication to each of the other Parties hereto to their respective registered offices marked for the attention of the Company Secretary;

or at such other address (or facsimile number) as may have been designated by notice given in the manner provided in this Clause. If delivered by hand such notice, demand or communication shall be deemed to have been given at the time of delivery; if sent by post, such notice, demand or communication shall be deemed to have been given on the second Business Day following the date of posting; if sent by fax such notice, demand or communication shall be deemed to have been given on receipt.

**5.6 Entire Agreement and Variation**

5.6.1 This Agreement comprises the whole agreement between the Parties in relation to the subject matter hereof and supersedes all other prior written or oral agreements or representations.

5.6.2 No variation of this Agreement shall be effective unless made in writing signed by all the Parties (or their duly authorised representatives).

5.6.3 The Transferee acknowledges that it has not entered into this Agreement in reliance upon any representation, warranty or undertaking other than those expressly set out in this Agreement.

**5.7 Continuing Agreement**

This Agreement shall as to any of its provisions remaining to be performed or capable of having effect following the Completion Date remain in full force and effect notwithstanding completion of the matters referred to in Clause 4.

**5.8 Invalidity**

If any term or provision in this Agreement is held to be illegal in whole or in part or is held to any extent to be illegal or unenforceable under any enactment or rule of law, that term or provision or part shall to that extent be deemed not to form part of this Agreement and the enforceability of the remainder of this Agreement shall not be affected.

**5.9 Counterparts**

This Agreement may be executed in more than one counterpart and by the Parties on separate counterparts each of which when executed and delivered shall constitute an original but all the counterparts shall together constitute the same instrument.

**6 Provisions relating to the Liquidators**

6.1 All provisions in this Agreement relating to the Liquidators shall apply to the person or persons holding office as Liquidators of the Company at the relevant time and no person holding such office shall have any continuing obligation or responsibility under or arising from or in connection with this Agreement following his ceasing to hold such office.

6.2 The Liquidators is party to this Agreement solely in his legal capacity as Liquidators of the Company and assumes no obligation or liability under or in connection with this Agreement in his personal capacity whatsoever and the other Parties acknowledge that any such obligation or liability is expressly hereby excluded.

**7 Liabilities of the Company**

The Parties expressly acknowledge and agree that all obligations and liabilities of the Company under or arising in connection with this Agreement shall cease absolutely upon and with effect from the Company's dissolution and no Party shall take any step to oppose such dissolution, or the release of the Liquidators, on the grounds that any such obligation or liability remains outstanding at that time.

**8 Law and Jurisdiction**

8.1 This Agreement shall be governed by and construed in accordance with English law.

8.2 The Parties irrevocably submit to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of or in relation to this Agreement.

**AS WITNESS** the duly authorised representatives of the Parties have signed this Agreement as a Deed on the date shown at the top of page 1.

**SCHEDULE  
THE SUBSIDIARIES**

Vanson Developments Limited (Registered No. 1735693)  
Campden Securities Limited (Registered No. 2826562)  
CityAir (Chester) Limited (Registered No. 1915805)  
Junopart Limited (Registered No. 2975806)  
Milcs Better Services Limited (Registered No. 2317969)  
Virgin African Airways Limited (Registered No. 2756659)  
Virgin Atlantic Leisurewear Limited (Registered No. 2664542)  
Virgin Travel (Holdings) Limited (Registered No. 1972710)  
Voyager Nominees Limited (Registered No. 2121971)  
Crawley Business Quarter Limited (Registered No. 3145531)  
Virgicase Limited (Registered No. 2600150)  
Virgin European Leasing Limited (Registered No. 3238067)  
Air Crewing Limited (Registered No. 3345372)

SIGNED by PETER JOHN )  
 ROBERTSON SOUSTER, one of the )  
 Liquidators, for and on behalf of )  
 ARFIND LIMITED (formerly known )  
 as Virgin Travel Investments Limited) )  
 and without accepting any personal )  
 liability in the presence of: )

*P.R. Souster*

*T.S. POPE*  
*Solicitor*

*7 Deansgate Sq. Leeds.*  
 SIGNED as a DEED by S.T.M. MURPHY )  
 and D. LEGGE )  
 for and on behalf of )  
 BARFAIR LIMITED in the presence )  
 of: )

*x [Signature] S. Murphy*  
*D. Legge*

THE COMMON SEAL of )  
 VIRGIN TRAVEL LIMITED was )  
 hereunto affixed in the presence of: )

SIGNED as a DEED by S.T.M. MURPHY )  
 and D. LEGGE )  
 for and on behalf of )  
 VIRGIN VOYAGER LIMITED )  
 in the presence of: )

*SM*  
*x [Signature] x*  
*D. Legge*

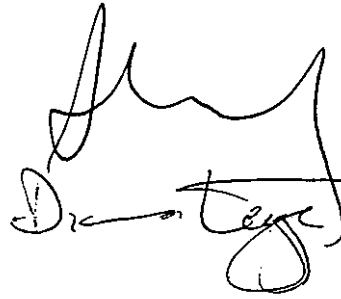
SIGNED as a DEED by S.T.M. MURPHY )  
 and D. LEGGE )  
 for and on behalf of )  
 VIRGIN HOTELS GROUP LIMITED )  
 in the presence of: )

*SM*  
*x [Signature] x*  
*D. Legge*

SIGNED as a DEED by )

ST M. MURPHY  
 and D. LEAGE  
 for and on behalf of  
 VIRGIN MANAGEMENT LIMITED  
 in the presence of:

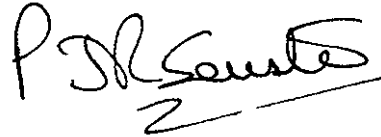

) SM  
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 )  
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X

SIGNED by PETER JOHN  
 ROBERTSON SOUSTER on behalf of  
 the LIQUIDATORS and without  
 accepting any personal liability in the  
 presence of:-

)  
 )  
 )  
 )  
 )

T. J. POPE.

Sohate

7 Deraschi Spence

Larkin.