

Company number 03087587

THE COMPANIES ACT 2006  
COMPANY LIMITED BY SHARES

RESOLUTION  
of  
VIRGIN MONEY HOLDINGS (UK) PLC  
(passed on 12 November 2014)

At a general meeting of the Company duly convened and held at the offices of Allen & Overy LLP, One Bishops Square, London E1 6AD at 9.05 p m on 12 November 2014 the following resolution was duly passed as a special resolution of the Company

**Special Resolution to adopt new articles of association**

**THAT**, the articles of association in the form attached to the notice of general meeting and produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the new articles of association of the Company in substitution for, and to the exclusion of, all existing articles of association of the Company that are in place

**SIR DAVID CLEMENT**  
Chairman

WEDNESDAY



A13 \*A3KYDTQV\* #187  
19/11/2014  
COMPANIES HOUSE

**THE COMPANIES ACT 2006**

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**PUBLIC COMPANY LIMITED BY SHARES**

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**ARTICLES OF ASSOCIATION**

**- of -**

**VIRGIN MONEY HOLDINGS (UK) PLC**

**Adopted on 12 November 2014**

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**THE COMPANIES ACT 2006**

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**COMPANY LIMITED BY SHARES**

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**ARTICLES OF ASSOCIATION**

- of -

**VIRGIN MONEY HOLDINGS (UK) PLC**  
**(the Company)**

**1 Introduction**

1 1 The Model Articles for Public Companies contained in Schedule 3 of the Companies (Model Articles) Regulations 2008 (SI 2008 No 3229) (the **Model Articles**) shall apply to the Company except in so far as they are excluded or varied hereby

1 2 Regulation 1 of the Model Articles shall apply as if

1 2 1 the last paragraph of that Regulation were deleted and replaced with the following paragraph

1 2 2 “Save as expressly provided otherwise in these Articles

(a) the words or expressions contained in the Model Articles and in Articles of Association adopting the same bear the same meaning as in the 2006 Act, and

(b) any reference to any statutory provision (including subordinate legislation) shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force ”

1 3 Regulations 14, 19, 63(5) and 70(5) of the Model Articles shall not apply to the Company

**2 Definitions and limitation of liability**

2 1 In these Articles the following words and expressions shall have the following meanings

**2006 Act:** the Companies Act 2006,

**2014 Deferred Shares:** the 9,321,048 Deferred Shares issued by the Company in July 2014,

**acting in concert:** the meaning given to it in the City Code on Takeovers and Mergers,

**Additional Tier 1 Securities** the £160,000,000 00 Fixed Rate Resetable Additional Tier 1 Securities to be issued by the Company on, or around, 31 July 2014,

**Admission**

- (a) the admission of all or any of the Shares or shares in any Virgin Money Holding Company to trading on a market for listed securities operated by the London Stock Exchange plc, together with the admission of such shares to the Official List of the UK Listing Authority, or
- (b) the admission of such shares to the Alternative Investment Market of the London Stock Exchange, or
- (c) the admission of such shares to, or to trading on, any other market wherever situated agreed to with Majority Consent together, if necessary, with the admission of such shares to listing on any official or otherwise prescribed list maintained by a competent or otherwise prescribed listing authority,

and so that **Admitted** shall be construed accordingly,

**Admission Price:** in relation to a Share or any share in any Virgin Money Holding Company the price at which such shares are offered for sale for the purposes of a Flotation or, if ascertaining the Admission Price is not in the opinion of the Board reasonably practicable, the Board's reasonable estimate of that price based upon the mid-point of the price range agreed by the Board with the underwriter,

**Affiliate** in relation to

- (a) the Company, means any subsidiary undertaking or parent undertaking of the Company and any subsidiary undertaking of any such parent undertaking, in each case from time to time,
- (b) the Stanhope Investor, the Abu Dhabi Investment Council or any person directly or indirectly controlling, controlled by or under common control with the Stanhope Investor or the Abu Dhabi Investment Council (as applicable),
- (c) the Virgin Investor, means any person directly or indirectly controlling, controlled by or under common control with the Virgin Investor (as applicable),
- (d) each WLR Investor, means WL Ross & Co LLC or any person directly or indirectly controlling, controlled by or under common control with a WLR Investor or WL Ross & Co LLC (as applicable),

for these purposes, **control**, when used with respect to any person, means the possession, directly or indirectly, of the power to manage or direct the

management, policies or activities of such person, whether through the ownership of voting securities, by contract, or otherwise and **controlling, controlled by and under common control with** shall be construed accordingly, provided always that, for the purposes of this definition, the Company shall not be an affiliate of any Investor,

**A Ordinary Shares:** A Ordinary Shares of £0 001 each in the capital of the Company,

**the A Ordinary Shareholders:** the Members for the time being holding A Ordinary Shares,

**the A Percentage:** shall be determined by the following formula

$AP = 2.95 \times (X/Y)$  (as adjusted to take account of the proportion of A Ordinary Shares that are Deferred Shares as a result of their compulsory acquisition under Article 9 or otherwise),

where

AP is the A Percentage, expressed as a percentage,

X is the number of Ordinary Shares in issue as of 31 December 2011, being 38,742,729, and

Y is the total number of Ordinary Shares in issue at the relevant time,

**the A Threshold:** on any date shall be the Initial A Threshold less the aggregate amount of all previous distributions under Articles 4.1 and 4.5, provided that the A Threshold shall never be less than zero,

**the A Threshold Amount:** shall be the A Threshold increased at the compound rate of 8% per annum, calculated on a daily basis on the basis of a 365 day year from the date of issue of the relevant A Ordinary Shares until the relevant time,

**the Board:** the board of directors of the Company,

**B Ordinary Shares:** B Ordinary Shares of £0 001 each in the capital of the Company,

**the B Ordinary Shareholders:** the Members for the time being holding B Ordinary Shares,

**the B Percentage:** shall be determined by the following formula

$BP = 2.05 \times (X/Y)$  (as adjusted to take account of the proportion of B Ordinary Shares that are Deferred Shares as a result of their compulsory acquisition under Article 9 or otherwise),

where

BP is the B Percentage, expressed as a percentage,

X is the number of Ordinary Shares in issue as of 31 December 2011, being 38,742,729, and

Y is the total number of Ordinary Shares in issue at the relevant time,

**the B Threshold:** on any date shall be the Initial B Threshold less the aggregate amount of all previous distributions under Articles 4.1 and 4.5, provided that the B Threshold shall never be less than zero,

**the B Threshold Amount:** shall be the B Threshold increased at the compound rate of 8% per annum, calculated on a daily basis on the basis of a 365 day year from the date of issue of the relevant B Ordinary Shares until the relevant time,

**business day:** a day (not being a Saturday or a Sunday) on which banks generally are open in London for the transaction of normal banking business,

**Business Sale:** the completion of a sale or series of sales by the Company (or any subsidiary of the Company) of all or substantially all of the business and assets of the Company and its subsidiaries to one or more Third Parties,

**company:** includes any body corporate,

**a Conflict Situation:** a situation in which a director has, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company, including in relation to the exploitation of any property, information or opportunity and regardless of whether the Company could take advantage of the property, information or opportunity itself, but excluding a situation which could not reasonably be regarded as likely to give rise to a conflict of interest,

**Deferred Shares:** deferred shares of £0.001 each in the capital of the Company,

**Employee:** an individual who is employed by, or is a director of, the Company or any of its subsidiaries (and **employment** shall be construed accordingly),

**Employee Benefit Trust:** Virgin Money Employee Benefit Trust or any other trust established for the purpose of enabling or facilitating transactions in Shares between, and/or the acquisition of beneficial ownership of Shares by, any of the following persons

- (a) the bona fide employees or former employees of the Company or of any subsidiary of the Company, or
- (b) the wives, husbands, civil partners, widows, widowers, surviving civil partners, children or stepchildren under the age of eighteen of any such employees or former employees,

**Encumbrance:** means any interest or equity (whether known about or not) of any person (including any right to acquire, option or right of pre-emption or conversion) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement or any agreement to create any of the above,

**Family Members.** in relation to any A Ordinary Shareholder or B Ordinary Shareholder, the spouse, civil partner and parents of that person, and every child and remoter descendant of that person's parents (including stepchildren and adopted children) and any spouses and civil partners of such children or remoter descendants,

**Family Trust:** in relation to any A Ordinary Shareholder or B Ordinary Shareholder, trusts established by that person in relation to which only such person and/or Family Members of that person are capable of being beneficiaries thereof,

**Flotation:** an effective Admission,

**FSA:** the Financial Services Authority of the United Kingdom (or any successor body or bodies performing its functions),

**Good Leaver:** any Employee who ceases to be employed for any of the following reasons

- (a) death in service,
- (b) by way of redundancy,
- (c) becoming permanently incapable of discharging efficiently the duties of his employment by reason of ill health or infirmity of mind or body, injury or disability (evidenced to the satisfaction of the Board), or
- (d) any other reason, at the discretion of the Remuneration Committee,

**Governmental Entity** any supra national, national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority of the same) or any quasi governmental, industry or trade or private body exercising any regulatory or quasi regulatory, taxing, importing or other governmental or quasi governmental power or authority,

**Group:** in respect of any company, any subsidiary, any parent company and any subsidiary of such parent company,

**the Initial A Threshold:** shall be £849,000,000,

**the Initial B Threshold:** in respect of any B Ordinary Shares shall be such amount as the directors of the Company shall determine prior to the date of issue of such B Ordinary Shares,

**Investor:** the Stanhope Investor, the Virgin Investor or the WLR Investor,

**Majority Consent** means

- (i) for so long as there are two Members each holding Shares which have the right to exercise more than 40% of the votes which may be cast on a poll at a general meeting of the Company on all, or substantially all matters, the written consent of both such Members,

- (ii) at all other times, the written consent of Members holding Shares which have the right to exercise more than 50% of the votes which may be cast on a poll at a general meeting of the Company on all, or substantially all matters,

**market value.** shall have the same meaning as it has for the purposes of the Taxation of Capital Gains Act 1992 by virtue of Part 8 of that act,

**Member:** a registered holder of Shares,

**a member of the same group:** as regards any company, a company which is for the time being a holding company or a subsidiary of that company or of any such holding company and **Group** and **Group Company** shall be construed accordingly,

**Ordinary Conversion Notice:** a notice given in accordance with Article 4 7,

**Ordinary Shares:** ordinary shares of £0 001 each in the capital of the Company,

**the Ordinary Shareholders:** the Members for the time being holding Ordinary Shares,

**parent company:** in respect of any company, a company of which it is a subsidiary,

**Perpetual Capital Notes** means the perpetual capital notes issued by the Company on or around 31 December 2011,

**Permitted Transferees** means in relation to

- (a) the Stanhope Investor
  - (i) the Abu Dhabi Investment Council,
  - (ii) any of its Affiliates or the Affiliates of the Abu Dhabi Investment Council,
- (b) a WLR Investor
  - (i) WL Ross & Co LLC,
  - (ii) any of its Affiliates or the Affiliates of WL Ross & Co LLC,
  - (iii) any body corporate controlled by a WLR Investor or WL Ross & Co , LLC or any of their respective Affiliates or any investment manager or adviser of the Investor and/or such Affiliate or which immediately following the transfer of Ordinary Shares concerned will be such a body corporate,
  - (iv) any investment fund or trust or partnership or body corporate controlled or managed or advised (in an investment adviser capacity) or promoted by, or which is a vehicle for co investment with, (x) a WLR Investor or WL Ross & Co LLC, or (y) any of



their respective Affiliates or any Affiliates of WL Ross & Co , LLC or (z) any investment manager or advisor of the Investor and/or any such Affiliate, or

(v) a nominee or custodian for any of the above,

and shall include any person described in paragraphs (ii) to (v) above to any other person who has or will, following the transfer, have the same relationship to a WLR Investor or WL Ross & Co , LLC as such person,

(b) the Virgin Investor

(i) Sir Richard Branson, together with the trustees (acting in the capacity as such) of any settlement created by Sir Richard Branson of which he or any of the persons listed in (ii) below are the principal beneficiaries,

(ii) any spouse of Sir Richard Branson or any child or remoter issue of his grandparents and any spouses of such child or remoter issue,

(iii) the trustee or trustees for the time being of any settlement made by any person mentioned in (ii) above, acting in the capacity as such, where the principal beneficiaries are Sir Richard Branson or any persons mentioned in (ii) above,

(iv) any personal representative of Sir Richard Branson,

(v) any person acting as bare nominee, acting in the capacity as such, for any persons referred to in (i) to (iv) inclusive above,

(vi) any undertaking which is wholly owned or controlled, in each case directly or indirectly, by any of the persons listed in (i) to (v) inclusive above, save where any such person, settlement or undertaking listed in (i) to (v) above is subject to or placed in receivership, bankruptcy, administration, liquidation, voluntary arrangement or other formal insolvency procedure or procedures and where references to control in relation to any person means

(A) the right to exercise, directly or indirectly, more than 50 per cent of the voting rights attributable to the management of that person, and/or,

(B) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of that person,

(vii) any subsidiary undertaking of Virgin Group Holdings Limited from time to time,

**the Prescribed Price:** shall have the meaning given in Article 9 5,

**Relevant Date:** the date on which the Employee in question ceased to be an Employee or became bankrupt,

**Relevant Shares:** the Shares originally transferred or issued to a Family Member of an Employee or to the trustees of a Family Trust of an Employee, and any additional Shares issued to such person or persons by way of capitalisation or acquired by such person or persons on the exercise of any right or option granted or arising by virtue of the holding of the Relevant Shares or any of them,

**Remuneration Committee:** the remuneration committee of the Board as constituted from time to time,

**Sale Value:** the aggregate value of the entire issued share capital of the Company, as determined by the Board, which shall in the context of a Share Sale be calculated by reference to the consideration agreed to be paid to the selling shareholders including both cash consideration and the fair market value of any non-cash consideration (as determined by the Board) and discounted to reflect the aggregate costs incurred by the selling shareholders in respect of the Share Sale and in the context of a Business Sale be calculated by reference to the net asset value of the Company immediately following the Business Sale, discounted to reflect the Board's estimate of the expenses likely to be incurred by the Company in distributing the Company's assets to its Members,

**Share Sale:** an acquisition of Shares by way of transfer which results in a Third Party (together with any other Third Parties acting in concert with such Third Party and any connected persons of such Third Party or Third Parties) holding Shares having a right to exercise more than 66.66 per cent of the votes which may be cast on a poll at a general meeting of the Company on all, or substantially all, matters,

**Shares:** ordinary shares of any class in the Company,

**the Stanhope Investor:** Stanhope Investments,

**Subscription Agreement:** the subscription agreement relating to the investment by the Investors in the Company dated 16 November 2011,

**subsidiary:** as defined in section 1159 of the 2006 Act,

**subsidiary undertaking:** as defined in section 1162 of the 2006 Act,

**Third Party:** a person who is not at the relevant date (i) an Ordinary Shareholder or (ii) a Permitted Transferee of an Ordinary Shareholder,

**Unrestricted Market Value:** what would be the market value of the relevant Shares at the relevant time but for any restrictions,

**Vesting:** in respect of A Ordinary Shares or B Ordinary Shares the ability for the holder of such shares to realise value in respect of them in accordance with Article 4.2, 4.3, 4.4, 4.7 or as a result of the Good Leaver provisions under Article 9.2,

**the Virgin Investor:** Virgin Financial Services UK Holdings Limited,

**Virgin Licence** the licences dated 25 November 2007 granted to various members of the Company's Group by Virgin Enterprises Limited as amended from time to time,

**Virgin Money Holding Company:** any parent company of the Company incorporated specifically for the purposes of a Flotation, the only assets of which comprise shares in the Company and which has incurred no liabilities other than in respect of customary advisers fees relating to such Flotation,

**the WLR Investors:** WLR IV VM LLC and WLR IV VM II LLC, each a **WLR Investor**,

2 2 In these Articles

2 2 1 the term **transfer** shall, unless the context otherwise requires, include

2 2 1 1 a sale or disposal of any legal or equitable interest in a Share, whether or not by the Member registered as the holder of that Share,

2 2 1 2 any renunciation or other direction by a Member entitled to an allotment or transfer of Shares that such Shares be allotted, issued or transferred to another person,

2 2 2 any reference to an **interest** in the context of any transfer of Shares shall include any interest in shares as defined by section 820 of the 2006 Act,

2 2 3 references to a **connected person** in relation to another person are references to a person who is an associate of or connected with the other person within the meaning of sections 448 and 1122 of the Corporation Tax Act 2010 or section 993 or 994 of the Income Tax Act, as appropriate, as in force on the date of this Agreement,

2 2 4 **control** shall, unless the context otherwise requires, have the meaning ascribed to it in section 840 of the Income and Corporation Taxes Act 1988

2 3 The liability of the members is limited to the amount, if any, unpaid on Shares held by them

### 3 **Unrestricted Objects**

Nothing in these Articles shall constitute a restriction on the objects of the Company to do (or omit to do) any act and, in accordance with section 31(1) of the 2006 Act, the Company's objects are unrestricted

### 4 **Share rights**

The Ordinary Shares, A Ordinary Shares and B Ordinary Shares shall have, and be subject to, the following rights and restrictions

4 1           **Income**

4 1 1           The holders of Ordinary Shares, A Ordinary Shares and B Ordinary Shares shall be entitled to receive, when and as declared by the Board, but only out of funds legally available therefor, a dividend of such amount as the Board in its sole discretion may determine

4 1 2           Sums distributed by the Company pursuant to Article 4 1 1 shall be distributed among the holders of the Ordinary Shares, the A Ordinary Shares and the B Ordinary Shares as follows

4 1 2 1           in respect of each such distribution the A Ordinary Shareholders shall receive in respect of the A Ordinary Shares held by them an aggregate amount equal to X where

$$X = AP \times (R - P)$$

(provided that, if P is greater than R, then (R - P) shall be deemed to be zero),

such amount to be divided amongst the holders of the A Ordinary Shares in proportion to the number of such Shares held by them respectively,

4 1 2 2           in respect of each such distribution the B Ordinary Shareholders shall receive in respect of the B Ordinary Shares held by them an aggregate amount equal to Y where

$$Y = BP \times (R - Q)$$

(provided that, if Q is greater than R, then (R - Q) shall be deemed to be zero),

such amount to be divided amongst the holders of the B Ordinary Shares in proportion to the number of such Shares held by them respectively, and

4 1 2 3           the remaining balance (if any, following all such distributions in accordance with Articles 4 1 2 1 and 4 1 2 2) will be distributed amongst the holders of the Ordinary Shareholders in proportion to the number of such Shares held by them respectively

4 1 3           For the purposes of this Article 4 1

**AP** shall mean the A Percentage,

**BP** shall mean the B Percentage,

**R** shall mean the aggregate amount to be distributed pursuant to this Article 4 1 (or in the case of a dividend in specie the fair market value of the assets to be distributed as determined by the Board),

**P** shall mean the A Threshold Amount, and

**Q** shall mean the B Threshold Amount

4 1 4 Regulations 70 (save for Regulation 70(5), which shall not apply to the Company) and 76 of the Model Articles shall be subject to this Article 4 1

4 1 5 For the avoidance of doubt the Company may pay a dividend in specie in respect of the Ordinary Shares and pay to the A Ordinary Shareholders and B Ordinary Shareholders instead a cash dividend equal to the fair market value of the dividend in specie to which they would otherwise have been entitled

4 2 **Share Sale**

In the event of a Share Sale prior to 1 January 2022

4 2 1 the Board shall determine the Sale Value and the consideration payable for each Share, which shall be calculated as set out in Article 4 2 2,

4 2 2 the consideration payable for each Share shall be calculated by allocating the Sale Value between the different classes of Share as follows and then dividing the aggregate amount allocated in respect of each class of Share by the number of Shares of such class as set out in Article 5 4(c) (i e 1,205,108 A Ordinary Shares and 837,448 B Ordinary Shares)

4 2 2 1 there shall be allocated in respect of the A Ordinary Shares an aggregate amount equal to X where

$$X = (AP \times (S - U))$$

(provided that, if U is greater than S, then (S - U) shall be deemed to be zero),

4 2 2 2 there shall be allocated in respect of the B Ordinary Shares an aggregate amount equal to Y where

$$Y = (BP \times (S - V))$$

(provided that, if V is greater than S, then (S - V) shall be deemed to be zero), and

4 2 2 3 the remaining balance (if any, following all such allocations in accordance with Articles 4 2 3 1 and 4 2 3 2) will be allocated to the Ordinary Shareholders

4 2 3 For the purposes of this Article 4 2

**AP** shall mean the A Percentage,

**BP** shall mean the B Percentage,

**S** shall mean the Sale Value,

U shall mean the A Threshold Amount, and

V shall mean the B Threshold Amount

4 2 4 The consideration for the A Ordinary Shares and B Ordinary Shares as calculated in accordance with Articles 4 2 2 1 and 4 2 2 2 shall, unless otherwise determined by the purchaser of the Shares pursuant to the Share Sale (the **Purchaser**), be held in escrow by the Purchaser on behalf of the relevant holders of A Ordinary Shares and B Ordinary Shares and become payable as follows

4 2 4 1 as to one third of the consideration on completion of the Share Sale,

4 2 4 2 as to one third of the consideration on the first anniversary of completion of the Share Sale, and

4 2 4 3 as to one third of the consideration on the second anniversary of completion of the Share Sale

4 2 5 Any non-cash consideration payable for shares in respect of a Share Sale shall be distributed among the Members such that each Member receives cash and non-cash consideration in the same proportion as the others, provided always that the Board, with Majority Consent, may at its entire discretion determine that the A Ordinary Shareholders and/or B Ordinary Shareholders shall instead receive an amount of cash equal to the fair market value of the non-cash consideration to which they would otherwise have been entitled (calculated using the value attributed to the non-cash consideration for the purposes of the calculation of the Sale Value)

#### 4 3 **Business Sale**

In the event of a Business Sale prior to 1 January 2022

4 3 1 all of the A Ordinary Shares and B Ordinary Shares in issue on the date of completion of the Business Sale shall convert into such number of Ordinary Shares as have an aggregate Unrestricted Market Value equal to the Unrestricted Market Value of the A Ordinary Shares and B Ordinary Shares For these purposes the Unrestricted Market Value of the A Ordinary Shares and B Ordinary Shares (as the case may be) shall be the amount which would have been payable for the A Ordinary Shares and B Ordinary Shares in accordance with Article 4 2 as a result of a Share Sale occurring immediately following completion of the Business Sale, as determined by the Board applying the principles set out in Article 4 2 and, for the avoidance of doubt, taking into account the consideration paid pursuant to the Business Sale in determining the Sale Value

4 3 2 The holders of the A Ordinary Shares and the B Ordinary Shares shall be required to undertake to the Company as part of the conversion of their A Ordinary Shares and their B Ordinary Shares that the Ordinary Shares into which the A Ordinary Shares and the B Ordinary Shares have converted on completion of the Business Sale (the **Business Sale Converting Shares**) shall be subject to the following terms

- 4 3 2 1           that one third only of the Business Sale Converting Shares may be sold on or following completion of the Business Sale,
- 4 3 2 2           that one third only of the Business Sale Converting Shares may be sold on or following the first anniversary of completion of the Business Sale, and
- 4 3 2 3           that one third only of the Business Sale Converting Shares may be sold on or following the second anniversary of completion of the Business Sale,

and any assets to be returned to any holder of Business Sale Converting Shares (a **Business Sale Converting Shareholder**) by way of a dividend, return of capital or other distribution paid or made on the relevant Business Sale Converting Shares following and as a result of completion of the Business Sale (in respect of such Business Sale Shareholder, the **Returned Assets**) shall be retained in escrow by the Company and shall be released to the Business Sale Shareholder in the same proportions and on the same dates as its Business Sale Converting Shares restricted under Articles 4 3 2 1 to 4 3 2 3 provided always that the provisions of Articles 9 1, 9 2 and 9 6 shall apply to any Business Sale Converting Shares and Returned Assets restricted under this Article, *mutatis mutandis* as if references in Article 9 to Shares were references to Shares and Returned Assets

- 4 3 3           Each Member agrees that that they will vote in favour of or, if requested by the Board, sign any shareholder resolutions required in order to effect the conversion of Business Sale Converting Shares pursuant to this Article and that they will consent to any meetings which are required being held on short notice

- 4 3 4           Any conversion pursuant to this Article 4 3 shall be made on the following terms -

- 4 3 4 1           conversion shall take effect immediately following the completion of the Business Sale at no charge to the relevant holders and the shares resulting from the conversion of each class of Shares shall be apportioned rateably (or as near thereto as may be practicable to avoid the apportionment of a fraction of a share) among the holders of Business Sale Converting Shares of such class and the decision of the Board as to the number of Shares to be converted, the Shares into which they convert, and the apportionment of such Shares among the relevant holders shall (in the absence of fraud or manifest error) be conclusive and binding on the Company and upon all of its holders,
- 4 3 4 2           forthwith after the date of conversion the Company shall issue to the persons entitled thereto certificates for the Shares resulting from the conversion and the certificates for the Shares falling to be converted shall be deemed invalid for all purposes and the relevant holders shall be bound to deliver the same to the Company for cancellation, and

4 3 4 3 the Ordinary Shares arising on conversion of the A Ordinary Shares and B Ordinary Shares shall in all respects rank as one uniform class of shares with the Ordinary Shares then in issue

#### 4 4 **Flotation**

In the event of a Flotation prior to 1 January 2022

4 4 1 the Board shall be required, on or prior to the date of Admission, either to give an Ordinary Conversion Notice in accordance with Article 4 7 or to give a notice pursuant to Article 4 4 2, as applicable

4 4 2 If a proposed Flotation involves the Admission of shares in a Virgin Money Holding Company the Board may give notice to the holders of all of the A Ordinary Shares and B Ordinary Shares and to the holders of all of the Ordinary Shares requiring them, conditional on Admission, to transfer all of such Shares to the Virgin Money Holding Company in consideration for the issue to them of such number of ordinary shares in the Virgin Money Holding Company as (i) in the case of the A Ordinary Shares and B Ordinary Shares, have an Unrestricted Market Value at the Admission Price equal to the amount which would have been payable for the A Ordinary Shares or B Ordinary Shares held by them (as applicable), and (ii) in the case of the Ordinary Shares have an Unrestricted Market Value at the Admission Price equal to the amount which would have been payable for the Ordinary Shares held by them in each case applying the principles of Article 4 2 as a result of a Share Sale occurring on the date of Admission, as determined by the Board, having regard to the aggregate Admission Price of all of the shares in the Virgin Money Holding Company the subject of the Flotation For the avoidance of doubt such transfer may be effected by the exchange of A Ordinary Shares, B Ordinary Shares and Ordinary Shares for loan notes and/or shares issued by one or more intermediate Virgin Money Holding Companies which are then exchanged for ordinary shares in another Virgin Money Holding Company Any transfers pursuant to the provisions of this Article 4 4 2 shall be of the entire legal and beneficial interest in the Shares free from all Encumbrances and together with all rights attaching thereto Any stock transfer forms required to be completed in order to effect the transfer of shares pursuant to this Article may be signed either by the selling shareholder or by any director of the Company as agent and attorney for and on behalf of the selling shareholder After the name of the purchaser has been entered in the Register of Members in purported exercise of these powers, the validity of the proceedings shall not be questioned by any person

4 4 3 Following service of a notice given pursuant to Article 4 4 2, the holder of the Ordinary Shares in the Virgin Money Holding Company that have been issued in consideration of the transfer of the relevant A Ordinary Shares and the B Ordinary Shares (the **Consideration Shares**) shall be required to undertake to the Virgin Money Holding Company the following

4 4 3 1 that one third only of the Consideration Shares may be sold on or following Admission,

4 4 3 2 that one third only of the Consideration Shares may be sold on or following the first anniversary of Admission, and



4 4 3 3 that one third only of the Consideration Shares may be sold on or following the second anniversary of Admission

and the provisions of Articles 9 1 and 9 6 shall apply to the Consideration Shares restricted under this clause, *mutatis mutandis*

4 4 4 In the event that any Member is required to enter into any lock up agreement in respect of any or all of the Shares it retains following Admission all other Members shall if required by the Board enter into an agreement on the same or substantially the same terms in respect of such proportion of the Shares held by them as is equal to the proportion of the Shares held by such Member immediately prior to the Flotation which it is prevented from selling under such lock up agreement For the avoidance of doubt, any Shares which are the subject of an undertaking given pursuant to Article 4 4 3 or 4 7 2 shall be the subject of such a lock up agreement in priority to any Shares held by such Member which are not so subject

#### 4 5 Capital

4 5 1 On a return of capital on liquidation or otherwise the capital returned to shareholders shall be distributed among the holders of Shares as follows

4 5 1 1 in respect of each such payment the A Ordinary Shareholders shall receive in respect of the A Ordinary Shares held by them an aggregate amount equal to X where

$$X = AP \times (R - P)$$

(provided that, if P is greater than R, then (R - P) shall be deemed to be zero),

such amount to be divided amongst the holders of the A Ordinary Shares in proportion to the number of such Shares held by them respectively,

4 5 1 2 in respect of each such payment the B Ordinary Shareholders shall receive in respect to the B Ordinary Shareholders held by them an aggregate amount equal to Y where

$$Y = BP \times (R - Q)$$

(provided that, if Q is greater than R, then (R - Q) shall be deemed to be zero),

such amount to be divided amongst the holders of B Ordinary Shares in proportion to the number of such Shares held by them respectively,

4 5 1 3 the holders of any Deferred Shares shall be entitled to the repayment of the nominal value of the Deferred Shares held by them, and

- 4 5 1 4            the remaining balance (if any, following all such distributions in accordance with Articles 4 5 1 1, 4 5 1 2 and 4 5 1 3) will be distributed to the Ordinary Shareholders in respect of the Ordinary Shares held by them and divided amongst the holders of Ordinary Shares in proportion to the number of such Shares held by them respectively
- 4 5 2            For the purposes of this Article 4 5
- AP** shall mean the A Percentage,
- BP** shall mean the B Percentage,
- R** shall mean the aggregate amount of capital to be returned to shareholders pursuant to Article 4 5,
- P** shall mean the A Threshold Amount, and
- Q** shall mean the B Threshold Amount
- 4 6                **Voting**
- 4 6 1            On a show of hands every Ordinary Shareholder who (being an individual) is present in person or (being a corporation) is present by a representative shall have one vote and on a poll every Ordinary Shareholder who is present in person or by a proxy or (being a corporation) by a representative shall have one vote for every Ordinary Share of which he is the holder
- 4 6 2            The A Ordinary Shareholders and the B Ordinary Shareholders shall not be entitled to vote at general meetings of the Company in respect of the A Ordinary Shares or B Ordinary Shares held by them
- 4 7                **Conversion of Shares on Flotation**
- 4 7 1            In the event of a Flotation of the Company the Board shall be required, on or prior to the date of Admission, to give an Ordinary Conversion Notice in writing to all of the Ordinary Shareholders, the A Ordinary Shareholders and the B Ordinary Shareholders
- 4 7 2            Following service of the Ordinary Conversion Notice, (conditional only upon Admission) all of the A Ordinary Shares and the B Ordinary Shares shall automatically on Admission be converted into and be redesignated as Ordinary Shares or Deferred Shares in accordance with the provisions of Article 4 7 3 (following which any share capital reorganisation occurring on Admission shall take effect) The holders of the A Ordinary Shares and the B Ordinary Shares shall be required to undertake to the Company as part of the conversion of their A Ordinary Shares and their B Ordinary Shares that the Ordinary Shares into which the A Ordinary Shares and the B Ordinary Shares have converted (or any shares acquired in respect of such shares as a result of any share capital reorganisation occurring on Admission) (the **Converting Shares**) shall be subject to the following terms

4 7 2 1           that one third only of the Converting Shares may be sold on or following Admission,

4 7 2 2           that one third only of the Converting Shares may be sold on or following the first anniversary of Admission, and

4 7 2 3           that one third only of the Converting Shares may be sold on or following the second anniversary of Admission,

and the provisions of Articles 9 1 and 9 6 shall apply to any assets restricted under this clause, *mutatis mutandis*

4 7 3           Conversion referred to in Article 4 7 2 shall be on the following basis

4 7 3 1           such number of A Ordinary Shares shall convert into such number of Ordinary Shares as have an aggregate Unrestricted Market Value equal to the aggregate Unrestricted Market Value of the A Ordinary Shares ignoring, for the avoidance of doubt, the value of any conversion right, and the balance of the A Ordinary Shares shall be converted into Deferred Shares For these purposes the Unrestricted Market Value of the A Ordinary Shares shall be the amount which would have been payable for the A Ordinary Shares in accordance with Article 4 2 as a result of a Share Sale occurring on the date of Admission, as determined by the Board applying the principles set out in Article 4 2 and having regard to the aggregate Admission Price of all of the Shares the subject of the Flotation, and

4 7 3 2           such number of B Ordinary Shares shall convert into such number of Ordinary Shares as have an aggregate Unrestricted Market Value equal to the aggregate Unrestricted Market Value of the B Ordinary Shares ignoring, for the avoidance of doubt, the value of any conversion right, and the balance of the B Ordinary Shares shall be converted into Deferred Shares For these purposes the Unrestricted Market Value of the B Ordinary Shares shall be the amount which would have been payable for the B Ordinary Shares in accordance with Article 4 2 as a result of a Share Sale occurring on the date of Admission, as determined by the Board applying the principles set out in Article 4 2 and having regard to the aggregate Admission Price of all of the Shares the subject of the Flotation

For the purposes of this Article 4 7 3 the Unrestricted Market Value of the Ordinary Shares shall be determined by the Board by reference to the Admission Price

4 7 4           Each Member agrees that that they will vote in favour of or, if requested by the Board, sign any shareholder resolutions required in order to effect the conversion of Converting Shares pursuant to this Article and that they will consent to any meetings which are required being held on short notice

4 7 5           Any conversion pursuant to this Article 4 7 shall be made on the following terms -

- 4 7 5 1 conversion shall take effect immediately on the date of conversion at no charge to the relevant holders and the shares resulting from the conversion of each class of Shares shall be apportioned rateably (or as near thereto as may be practicable to avoid the apportionment of a fraction of a share) among the holders of Converting Shares of such class and the decision of the Board as to the number of Shares to be converted, the Shares into which they convert, and the apportionment of such Shares among the relevant holders shall (in the absence of fraud or manifest error) be conclusive and binding on the Company and upon all of its holders,
- 4 7 5 2 forthwith after the date of conversion the Company shall issue to the persons entitled thereto certificates for the Shares resulting from the conversion and the certificates for the Shares falling to be converted shall be deemed invalid for all purposes and the relevant holders shall be bound to deliver the same to the Company for cancellation, and
- 4 7 5 3 the Ordinary Shares arising on conversion of the A Ordinary Shares and B Ordinary Shares shall in all respects rank as one uniform class of shares with the Ordinary Shares then in issue

4 8 **Deferred Shares**

- 4 8 1 The rights and restrictions attached to and imposed on the Deferred Shares shall be as follows

4 8 1 1 **Income and Capital**

Subject only to Article 4 5 1 3, the Deferred Shares shall not confer on the holders thereof any entitlement to any participation in the profits or the assets of the Company

4 8 1 2 **Voting**

The Deferred Shares shall not confer on the holders thereof any entitlement to receive notice of or to attend or vote at any general meeting of the Company

- 4 8 1 3 Conversion of A Ordinary Shares or B Ordinary Shares into Deferred Shares in accordance with Article 4 7 shall be deemed to confer an irrevocable authority on the Company, at that time, or at any time thereafter

- (1) to appoint any person to execute (on behalf of the holders thereof) a transfer of the Deferred Shares held by each shareholder and/or an agreement to transfer the same (in accordance with the provisions of the Companies Act 2006) for no consideration to the Company or to such person or persons as the Company may determine as custodian thereof, and/or

- (ii) to purchase the same (in accordance with the provisions of the 2006 Act) for not more than an aggregate sum (for all the Deferred Shares held by each shareholder) of 1p, without any requirement to obtain the consent or sanction of the holders thereof and, for the purposes of such purchase, to appoint a person to execute (as agent and attorney for and on behalf of the holders of the Deferred Shares) a contract for the sale to the Company of any Deferred Shares held by any such holders, and/or
- (iii) pending such transfer and/or purchase, to retain the certificates for such Deferred Shares

4 8 1 4 In respect of all Deferred Shares, except those Deferred Shares to which Article 4 8 1 3 applies, the Company shall have an irrevocable authority at any time

- (i) to purchase the same (in accordance with the provisions of the 2006 Act) for £0.001 per Deferred Share, without any requirement to obtain the consent or sanction of the holders thereof and, for the purposes of such purchase, to appoint a person to execute (as agent and attorney for and on behalf of the holders of the Deferred Shares) a contract for the sale to the Company of any Deferred Shares held by any such holders, and/or
- (ii) pending such purchase, to retain the certificates for such Deferred Shares

#### 4 9 **Vesting of A Ordinary Shares and B Ordinary Shares**

4 9 1 No A Ordinary Share or B Ordinary Share will be capable of Vesting until the earlier of

4 9 1 1 the completion of a Share Sale, a Business Sale or a Flotation, prior to 1 January 2022 in accordance with Articles 4 2, 4 3 and 4 4 respectively, and

4 9 1 2 any exercise of the Remuneration Committee's discretion in relation to a Good Leaver in accordance with Article 9 2 1

4 9 2 To the extent that an A Ordinary Share or B Ordinary Share is no longer capable of Vesting under Article 4 9 1 1 or because the Remuneration Committee has not exercised its discretion in respect of it under Article 4 9 1 2, the relevant provisions of Article 9 shall apply

#### 5 **Issue of new shares**

5 1 In accordance with section 551 of the Companies Act, the directors are generally and unconditionally authorised, subject to Articles 5 3 and 5 4, to exercise any power of the Company to allot Shares or to grant rights to subscribe for or

- convert any security into Shares with such rights and restrictions as they may determine
- 5 2 Sections 561 and 562 of the 2006 Act are excluded
- 5 2(A) None of the 2014 Deferred Shares shall be reclassified or redesignated as a different class of Shares without the prior written consent of the holders of a majority by value of the A Ordinary Shares
- 5 3 Subject always to Article 5 4, no Shares shall be issued without the prior written consent of the holders of a majority by value of the A Ordinary Shares save for
- 5 3 1 Shares issued to a Third Party, or
- 5 3 2 Shares issued at fair market value (as determined by a professional valuer appointed by the Board, acting as an expert),
- 5 3 3 Shares issued pursuant to the Perpetual Capital Notes,
- 5 3 4 Shares issued pursuant to the Subscription Agreement, or
- 5 3 5 Shares issued pursuant to the Additional Tier 1 Securities
- 5 4 The Company shall not allot any Shares (which term shall for the purposes of this Article 5 4 include equity securities as defined in Section 560 of the Companies Act 2006 and any other security) (other than in respect of (a) an allotment of Shares to Employees pursuant to an employee share scheme, (b) Shares issued pursuant to the Perpetual Capital Notes, (c) an issue of up to 1,205,108 A Ordinary Shares or 837,448 B Ordinary Shares (in each case in aggregate) approved by the Remuneration Committee), or (d) Shares issued pursuant to the Additional Tier 1 Securities which are to be wholly or partly paid up in cash unless it shall have first offered such Shares to each of the holders of Shares of that class as follows
- 5 4 1 the offer shall be made by notice in writing to each of the holders of Shares of that class specifying the number and class and subscription price of the Shares on offer limiting the time (not being less than twenty one days) within which the offer may be accepted, and
- 5 4 2 acceptances shall be given to the Company by notice in writing and in that acceptance the applicant shall state the number of the Shares on offer which he is willing to subscribe for, which may be up to all of the Shares being offered
- 5 5 After the end of the offer period under Article 5 4 1 or after the Company shall have received notice of the acceptance or as the case may be refusal of the offer from every offeree (whichever shall be the earlier event) the directors shall allot the offered Shares to and amongst the applicants in accordance with their applications or to the extent there is competition between them, pro-rata according to the number of Shares in respect of which they are respectively registered as holders
- 5 6 If all or any of the unissued Shares to which this paragraph applies are not taken up in accordance with the provisions of Articles 5 4 and 5 5, the directors may

offer those Shares to a third party and, subject to the provisions of the 2006 Act, those Shares shall be at the disposal of the directors who may allot, grant options over or otherwise dispose of them to such persons at such times and generally on such terms and conditions as they think proper, provided that

5 6 1 none of them shall be issued more than three months after the expiry of the period for acceptance of the last offer of them made under Article 5 4 unless the procedure set out in Articles 5 4 and 5 5 is repeated in respect of such shares, and

5 6 2 none of them shall be issued at a price less than that at which they were offered in accordance with paragraphs Articles 5 4 and 5 5

5 7 Regulation 43 of the Model Articles shall be modified accordingly

## **6 Variation of class rights**

6 1 Whenever the capital of the Company is divided into different classes of shares the rights attached to any class may only be varied or abrogated either whilst the Company is a going concern, or during or in contemplation of a winding up, with the consent in writing of the holders of three fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of the holders of that class or, in the case of the A Ordinary Shares or the B Ordinary Shares either with the prior written consent of the holders of a majority by value of the A Ordinary Shares or, provided the proposed variation will affect the Ordinary Shares, A Ordinary Shares and B Ordinary Shares equally, in accordance with Article 6 3 To every such separate meeting all the provisions of these Articles relating to general meetings of the Company shall apply mutatis mutandis except that

(a) the necessary quorum shall be at least two persons holding or representing by proxy one third in nominal amount of the issued shares of the class, but so that at any adjourned meeting of such holders at which such a quorum is not present the holder or holders present shall be a quorum, and

(b) the holders of shares of the class in question shall on a poll have one vote in respect of every share of the class held by them respectively

6 2 Regulation 42 of the Model Articles shall be modified accordingly

6 3 Subject to the provisions of Article 6 1, the rights attaching to the A Ordinary Shares and the B Ordinary Shares as classes may be varied or abrogated by an ordinary resolution of the Company

6 4 The rights attached to any class of Shares shall not (unless otherwise provided by the rights attached to the Shares of that class) be deemed to be varied by the creation or issue of further Shares ranking in some or all respects *pari passu* therewith or in priority thereto or by the purchase or redemption by the Company of any of its own Shares

## **7 Transfer of shares**

7 1 Shares may be transferred only in accordance with the provisions of Articles 7 to 10 (to the extent applicable), any other transfer shall be void

- 7 2 The directors shall be required (subject only to Article 7 3 and 7 5) to register promptly any transfer of Shares made in accordance with the provisions of Articles 8 to 10 (to the extent applicable), but shall not register any transfer of Shares not so made
- 7 3 In addition to the circumstances set out in Article 7 5 in which the directors may refuse to register the transfer of a Share, the directors may also refuse to register the transfer of a Share to a bankrupt, a minor or a person of unsound mind
- 7 4 For the purpose of ensuring that a transfer of Shares is authorised under these Articles or that no circumstances have arisen by reason of which Shares should have been offered under Article 9, the directors may from time to time require any Member or past Member or the personal representatives or trustee in bankruptcy, receiver or liquidator of any Member, or any person named as transferee in any instrument of transfer lodged for registration to provide to the Company such information as the directors reasonably think fit regarding any matter which they consider relevant
- 7 5 The directors may refuse to register the transfer of a Share which is not fully paid to a person of whom they do not approve and they may refuse to register the transfer of a Share on which the Company has a lien They may also refuse to register a transfer unless
- (a) it is lodged at the office or at such other place as the directors may appoint and is accompanied by the certificate for the Shares to which it relates and such other evidence as the directors may reasonably require to show the rights of the transferor to make the transfer,
  - (b) it is in respect of only one class of Shares, and
  - (c) it is in favour of not more than four transferees
- 7 6 Where any Shares are held by a partnership which is a private equity or similar fund or by a general partner or nominee on behalf of such a partnership, any change in ownership of the underlying partnership interests (through transfer or issue of new partnership interests or otherwise) shall not constitute a transfer of those Shares or any of them or any interest in them for the purposes of these Articles
- 7 7 Nothing in these Articles shall prevent a Member from granting a pledge, charge or other similar security interest over its Shares to a commercial bank
- 8 **Permitted transfers**
- 8 1 **Permitted transfers**
- Subject to the provisions of Article 7 and 10, any Shares may at any time be transferred
- 8 1 1 with Majority Consent or by Board consent, following recommendation by the Remuneration Committee consent, by an Employee (not being a holder of the Shares concerned as a trustee) during his lifetime to a Family Member of that



Employee to whom the Employee is transferring the entire legal and beneficial interest in the Shares concerned, or

- 8 1 2 by any Investor, to any of its Permitted Transferees, or
- 8 1 3 with Majority Consent or by Board consent, following recommendation by the Remuneration Committee consent, by an Employee to trustees of a Family Trust of that Employee to whom the Employee is transferring the entire legal and beneficial interest in the Shares concerned, or
- 8 1 4 by any Member, with Majority Consent or by Board consent, following recommendation by the Remuneration Committee consent, to the trustee(s) or nominee for the time being of an employee benefit trust, or
- 8 1 5 by the trustee(s) or nominee for the time being of an employee benefit trust, with Majority Consent or with Board consent, following recommendation by the Remuneration Committee consent, to any beneficiary of such employee benefit trust, or
- 8 1 6 subject to Article 8 4, by any Member, with Majority Consent, or
- 8 1 7 by any Member in accordance with Article 9, or
- 8 1 8 by any Member in consequence of acceptance of an offer made to that Member or pursuant to a notice given under Article 10, or
- 8 1 9 by any Member in accordance with the provisions of Article 4 3 or 4 4,

provided that if a person to whom Shares have been transferred under Article 8 1 2, is about to cease to be a Permitted Transferee, it shall, prior to so ceasing to be a such a Permitted Transferee, notify the Company and shall transfer both any Shares and the rights transferred to it to a Permitted Transferee

## 8 2 **Transfers by trustees of Family Trusts**

Where Shares have been transferred under Article 8 1 3 or under Article 8 2 1 or 8 2 2 to trustees of a Family Trust of an Employee, or been issued to trustees of a Family Trust of an Employee, the trustees and their successors may transfer all or any of the Relevant Shares as follows

- 8 2 1 on any change of trustees, the Relevant Shares may be transferred to the trustees for the time being of the Family Trust concerned,
- 8 2 2 pursuant to the terms of such Family Trust or in consequence of the exercise of any power or discretion vested in the trustees or any other person, all or any of the Relevant Shares may be transferred to the trustees for the time being of any other Family Trust of the same Employee or to any Family Member of the relevant Employee or deceased or former Employee who has become entitled to the Shares proposed to be transferred

## 8 3 **Relevant Shares passing to third parties**

- 8 3 1 In the event that

- 8 3 1 1 any Relevant Shares held by trustees cease to be held on a Family Trust of the Employee from whom shares were originally acquired by such trustees (otherwise than where a permitted transfer of those Shares has been made), or
- 8 3 1 2 a person holding Relevant Shares who is a Family Member of the Employee from whom Shares were originally acquired by such person, whether directly or indirectly through a series of two or more transfers, ceases to be so, or
- 8 3 1 3 a person holding Relevant Shares who is a Family Member of the Employee from whom Shares were originally acquired by such person, whether directly or indirectly through a series of two or more transfers, becomes bankrupt,

the Member holding the Relevant Shares shall forthwith notify the Company in writing that that event has occurred and the Member shall (if required to do so by the Board by notice in writing) procure the transfer of all Relevant Shares to the Employee from whom Shares were originally acquired by the relevant Family Member or the relevant trustees of a Family Trust (as the case may be) and provide evidence of such transfer to the Company not later than 20 business days after the date of the Board's notice

- 8 3 2 If a Member, having become bound to procure the transfer any Shares under the provisions of this Article 8 3 shall fail to do so the directors may authorise any individual to execute on behalf of and as agent or attorney for the relevant Family Member or trustees any necessary instruments of transfer and shall register the relevant Employee as the holder of the Shares After the name of the transferee has been entered in the Register of Members in purported exercise of these powers, the validity of the proceedings shall not be questioned by any person

#### 8 4 **Right of First Offer**

- 8 4 1 For a period of two years following 31 December 2011, no Member shall transfer or agree to transfer or otherwise dispose of any Ordinary Share or any interest in any Ordinary Share other than by way of a transfer to a Permitted Transferee or pursuant to a Flotation or Share Sale

- 8 4 2 If a Member or any of its Permitted Transferees (the **Proposed Transferor**) intends to transfer or dispose of any Ordinary Share or any interest in any Ordinary Share to a person (the **Proposed Transferee**) other than as permitted or required by any of Articles 8 4 1, 4 3 2, 4 4 2, 8 1, 9 or 10, the Proposed Transferor shall notify the Company and each other Member holding Ordinary Shares (each such Member being a **Rights Party**) of the Proposed Transferor's wish to transfer those Ordinary Shares or interest in them (such notice, a **Pre-Disposal Notice**) The Pre Disposal Notice shall

- 8 4 2 1 set out the number of Ordinary Shares which are the subject of the Pre-Disposal Notice (the **Disposal Shares**),

8 4 2 2            set out the price at which the Disposal Shares are offered (the **Specified Price**), and

8 4 2 3            constitute the Company as agent for the sale of the Disposal Shares to the other Members,

and the Pre-Disposal Notice may contain a provision that, unless all of the Disposal Shares are sold under this paragraph, none shall be sold. The Pre-Disposal Notice may not be revoked unless the Board, with Majority Consent, agrees otherwise.

8 4 3            Upon receipt of a Pre-Disposal Notice, each Rights Party shall have the right to offer to purchase, for cash, such number of the Disposal Shares as it may specify, on the terms set out in the Pre-Disposal Notice (the **ROFO Right**), such election to be made by the Rights Party by written notice delivered to the Company (a **Response Notice**) within ten Business Days of receipt of the Pre-Disposal Notice (the **Offer Period**). A Rights Party which expresses its wish to exercise its ROFO Right shall be a **Purchaser**.

8 4 4            A Rights Party which fails to provide a Response Notice within the Offer Period shall be deemed to have made an election not to offer to purchase any of the Disposal Shares.

8 4 5            On the expiration of the Offer Period, the Company shall allocate the Disposal Shares to or among those Purchasers and such allocation shall be made so far as practicable as follows:

8 4 5 1            the Disposal Shares shall be allocated to the Purchasers (and in the case of competition shall be allocated among the Purchasers pro rata to the number of Shares held by them), and

8 4 5 2            if the Pre-Disposal Notice states that the proposing transferor is not willing to transfer part only of the Disposal Shares, no allocation will be made unless all of the Disposal Shares are allocated.

8 4 6            On the allocation being made, the Company shall give details of the allocation in writing to the Proposed Transferor and each Purchaser. On the tenth day (or, if such day is not a Business Day, the next day which is a Business Day) after such details are given, the Purchasers to whom the allocation has been made shall be bound to pay the purchase price for, and to accept or join in a transfer of, the Disposal Shares allocated to them respectively and the Proposed Transferor shall be bound, on payment of the purchase price, to transfer the Disposal Shares to the respective Purchasers to whom the allocation has been made.

8 4 7            If following the expiry of the Offer Period any of the Disposal Shares have not been allocated in accordance with the provisions of Article 8 4 5, the Proposed Transferor may at any time within a period of six months after the expiry of the Offer Period transfer the Disposal Shares not allocated to the Rights Parties and at any price (being not less than the Specified Price) provided that if the Pre-Disposal Notice contained a provision that, unless all the Disposal Shares are sold, none shall be sold, he shall not be entitled to transfer any of the Offered Shares unless all the Offered Shares are so transferred.

9                   **Leavers, Malus and forfeiture of Shares**

- 9 1               If, prior to any Employee's Shares Vesting under Articles 4 2, 4 3, 4 4 or 4 7 or, in the case of a Vesting under Articles 4 3, 4 4 or 4 7, after such Vesting but prior to the second anniversary of such Vesting, any Employee ceases to be an Employee for any reason which is not a Good Leaver reason or becomes bankrupt, he and any Member holding Shares which were previously held by such Employee and which have been subsequently transferred or transmitted to such Member (whether directly or as a result of a series of transfers) shall be required immediately to transfer any Shares held by them in each case to an Employee Benefit Trust for nil consideration
- 9 2               If any Employee ceases to be an Employee for a Good Leaver reason, his Shares shall not be required to be transferred for nil consideration pursuant to Article 9 1 but the Remuneration Committee shall have the discretion either to
- 9 2 1             procure the purchase of the Shares at the Prescribed Price as soon as practicable following the cessation of Employment, or
- 9 2 2             permit the Employee and any Member holding Shares which were previously held by such Employee and which have been subsequently transferred or transmitted to such Member (whether directly or as a result of a series of transfers) to retain the Shares so that the provisions of the Articles continue to apply in respect of those Shares
- 9 3               If there is no Share Sale, Business Sale or Flotation prior to 1 January 2022 all A Ordinary Shares and B Ordinary Shares shall be forfeited and transferred to the Employee Benefit Trust for no consideration
- 9 4               Any transfers pursuant to the provisions of this Article 9 shall be of the entire legal and beneficial interest in the Shares free from all Encumbrances and together with all rights attaching thereto Any stock transfer forms required to be completed in order to effect the transfer of shares pursuant to this Article may be signed either by the transferors or by any director of the Company as agent or attorney for and on behalf of the transferors If a Member shall fail to deliver the certificates for any shares transferred pursuant to this Article 9 (or an indemnity in a form acceptable to the directors) the Company shall hold the Prescribed Price on trust for the selling Member, but shall not be bound to earn or pay interest thereon After the name of the purchaser has been entered in the Register of Members in purported exercise of these powers, the validity of the proceedings shall not be questioned by any person
- 9 5               The Prescribed Price shall be the fair market value, being the amount which would be payable for a Share of the relevant class in accordance with Article 4 2 in the event of a Share Sale at a Sale Value equal to the market value of the Company at the Relevant Date, as determined by the Company's then auditors (or any other firm of accountants appointed for the purpose by the Board) acting as experts
- 9 6               If, in the opinion of the Board (on the recommendation of the Remuneration Committee) at any time prior to an Employee's Shares Vesting in accordance with Articles 4 2, 4 3, 4 4 or 9 2 1, or, in the case of a Vesting under Articles 4 3,

4 4 or 4 7, after such Vesting but prior to the second anniversary of such Vesting, any one or more of the following occurs

9 6 1 the Board obtains or receives reasonable evidence of the Employee's misbehaviour or material error in connection with or in the course of his employment with the Company or any of its subsidiaries,

9 6 2 the Company or the relevant business unit in which the Employee works suffers a material downturn in financial performance, or

9 6 3 the Company or the relevant business unit in which the Employee works suffers a material failure of risk management,

then the Employee shall be required to transfer some or all of his Shares, at the discretion of the Remuneration Committee, to an the Employee Benefit Trust for nil consideration

## 10 **Tag-along rights and drag along rights**

10 1 No Member shall transfer any Shares in the Company if that transfer, when taken with all other contemporaneous sales or transfers of Shares, would result in person or persons acting in concert obtaining, when taken with any Shares already held by such person(s), an interest in excess of 50 per cent of the Ordinary Shares in issue (the **Proposed Transfer**) unless

10 1 1 where the Proposed Transfer would result in the relevant person obtaining an interest in excess of 66 6 per cent , a Drag Along Notice is issued before or at the same time as the Proposed Transfer, or

10 1 2 an offer (a **Tag Along Offer**) has been made to all the other holders of Shares to acquire all of their Shares on terms no less favourable than those applying to the proposed transfer, such offer to be expressed to be open for acceptance for at least 15 Business Days

10 2 Subject to Article 10 3, if the holders of more than 66 6 per cent of the Ordinary Shares (for the purposes of this Clause, the **Drag Along Sellers**) propose to transfer all of their Ordinary Shares to any person or group of connected persons or persons acting in concert (the **Transferee**) in one or a series of connected transactions and the Transferee is not a connected person of any of the Drag Along Sellers, all the other Members (including any persons who become Shareholders upon exercise of any rights of subscription or conversion) (the **Compulsory Sellers**) shall, if so required by the Drag Along Sellers by notice in writing given to the Compulsory Sellers at any time before or at the same time as the proposed transfer (a **Drag Along Notice**), transfer (on such date, being no earlier than the date of the transfer by the Drag Along Sellers of their Ordinary Shares, as may be specified by the Drag Along Sellers in the Drag Along Notice or otherwise) all of their Ordinary Shares to the Transferee on terms no less favourable than those applying to the transfer by any of the Drag Along Sellers and at the Drag Along Price For the purposes of this Article 10 2, the **Drag Along Price**

- 10 2 1 1 means the same price per Share as that received or receivable by the Drag Along Sellers from the Transferee for their Shares,
- 10 2 1 2 shall include an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the Drag Along Sellers which having regard to the substance of the transaction as a whole can reasonably be regarded as in addition to the price paid or payable for their Shares, and
- 10 2 1 3 in the case of 10 2 1 1 or 10 2 1 2, if such price or other consideration is not payable in cash, include a cash alternative which is commensurate with the non-cash price or consideration

If the Drag Along Sellers and the Compulsory Sellers do not agree within 5 Business Days of the service of the Drag Along Offer that the cash alternative is commensurate with the relevant non-cash price or consideration for the purposes of paragraph 10 2 1 3, the amount of the cash alternative shall be determined by the Company's auditors on the application of a Drag Along Seller or a Compulsory Seller given at any time after expiry of such 5 Business Day period. For this purpose, the Company's auditors shall act as expert and not as an arbitrator and their decision shall be binding on the parties save in the case of manifest error or fraud. The Company's auditors shall be asked to render their decision as soon as reasonably practicable and in any event within 15 Business Days of first being instructed.

- 10 3 Each of the Compulsory Sellers shall be deemed on and with effect from the date of service of a Drag Along Notice and as security for the due performance of that Compulsory Seller's obligations under Article 10 2 irrevocably to appoint such person as shall be nominated for this purpose by the Drag Along Sellers as its agent and attorney for the purposes of receiving and accepting and executing any documents and attending to such other things on its part as may be required under the terms of Article 10 2 and also receiving as agent or trustee on its behalf (without obligation to earn or pay interest on it) any consideration payable under the terms of the Drag Along Notice

- 10 4 If the Drag Along Sellers issue a Drag Along Notice at any time when the Company continues to be licensed pursuant to the Virgin Licence, the Virgin Investor shall be permitted to retain up to 10 per cent of the Ordinary Shares in issue as at the date of the Drag Along Notice and the Drag Along Notice shall only apply to such Ordinary Shares which the Virgin Investor holds in excess of that amount

## 11 **General meetings**

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Any Member or Group of Members which holds 50 per cent or more of the Ordinary Shares in issue, present in person or by proxy or representative shall constitute a quorum and shall be deemed for this purpose to constitute a valid meeting.

12           **Directors**

12 1           Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall not be less than two

12 2           Any Member which holds 15 per cent or more of the issued Ordinary Shares shall have the right at any time and from time to time to appoint one person to be a director of the Company. Any such appointment shall be effected by notice in writing to the Company by the relevant Member and the relevant Member may in like manner at any time and from time to time remove from office any such director

12 3           For so long as the Company (or any member of its Group) continues to be licensed under the Virgin Licence, the Virgin Investor, or if the Virgin Investor ceases to be a Member, the licensor under the Virgin Licence shall have the right at any time to appoint one person to be a director of the Company. Any such appointment shall be effected by notice in writing to the Company by the Virgin Investor or licensor, if applicable, may in like manner at any time and from time to time remove from office any such director

12 4           Subject to the provisions of the 2006 Act, the directors may appoint one more of their number to the office of managing director or to any other executive office under the Company and may enter into an agreement or arrangement with any director for his employment by the Company or for the provision by him or any service outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate any such director for his services as they think fit

12 5           The office of a director shall be vacated if

- (a)   he ceases to be a director by virtue of any provision of the 2006 Act or he becomes prohibited by law from being a director, or
- (b)   he becomes bankrupt or makes any arrangement or composition with his creditors generally, or
- (c)   he is, or may be, suffering from mental disorder and either
  - (i)   he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under Mental Health (Scotland) Act 1960, or
  - (ii)   an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs, or
- (d)   he resigns his office by notice to the Company, or

- (e) he is removed from office under the provisions of this Article 12 of the Company's Articles of Association

**13 Proceedings of directors**

13 1 Every director shall receive notice of a meeting, whether or not he is absent from the United Kingdom. A director may waive the requirement that notice be given to him of a board meeting either prospectively or retrospectively. Questions arising at a meeting shall be decided by a majority of votes. On any resolution each director shall have one vote each and, in the event the votes are divided equally, any the chairman shall have a casting vote. Regulation 10 of the Model Articles shall be amended by the deletion of the words "may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless so fixed it is two" and the addition of the words "must be four of whom at least two are directors appointed in accordance with Article 12 2"

13 2 The Board may appoint a director to be chairman of the Board and may at any time remove him from that office. In its application to the Company, Regulation 12(1) of the Model Articles shall be modified accordingly

13 3 A director may vote at a meeting of the directors, and form part of a quorum present at that meeting, in relation to any matter in which he has, directly or indirectly, an interest or duty which conflicts or which may conflict with the interests of the Company, provided that he has previously disclosed the nature of such duty or interest to the directors. For the purposes of this Article 13 3

(a) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified, and

(b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his

13 4 If a Conflict Situation arises, the directors may authorise it for the purposes of section 175 of the 2006 Act by a resolution of the directors made in accordance with that section and these Articles. At the time of the authorisation, or at any time afterwards, the directors may impose any limitations or conditions or grant the authority subject to such terms which (in each case) they consider appropriate and reasonable in all the circumstances. Any authorisation may be revoked or varied at any time in the discretion of the directors

13 5 It is recognised that certain directors may be employees, consultants, directors, members or other officers of other Virgin Entities. Such directors shall not, by reason of their office, be accountable to the Company for any benefit which they derive from any such directorships, memberships, offices, employments or relationships with other Virgin Entities and shall not be in breach of the duties they owe to the Company as a result of any Conflict Situation which arises from the relationships contemplated by this Article, including (without limitation) in



- relation to proposals for financing or otherwise promoting the business of (whether in competition with the Company or not) any such other entity
- 13 6 In the circumstances contemplated by Article 13 5 and notwithstanding any other provision of these Articles, each director affected shall
- 13 6 1 be entitled to receive any papers or other documents in relation to, or concerning, matters to which the Conflict Situation relates,
- 13 6 2 not be excluded from those parts of meetings of the directors or meetings of a committee of the directors at which matters to which the Conflict Situation relates are discussed,
- 13 6 3 be entitled to vote (and form a part of the quorum) at any such meeting, and
- any information which he obtains, other than in his capacity as a director or employee of the Company, which is confidential in relation to an entity referred to in the preceding Article, need not be disclosed or used for the benefit of the Company where such disclosure or use would constitute a breach of confidence
- 13 7 Regulation 21 of the Model Articles shall not apply to the Company Regulations 13(3) and 16 of the Model Articles in so far as they relate to the Company shall be adapted accordingly
- 14 **Alternate directors**
- 14 1 Any director (other than an alternate director) may appoint any other director, or any other person approved with Majority Consent and willing to act, to be an alternate director and may remove from office an alternate director so appointed to him, provided that any person so appointed must first be approved by the FSA and must also have appropriate experience of the financial services industry
- 14 2 An alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member, to attend and vote at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence but shall not be entitled to receive any remuneration from the Company for his services as an alternate director
- 14 3 An alternate director shall cease to be an alternate director if his appointor ceases to be a director, but, if a director retires by rotation or otherwise but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate director made by him which was in force immediately prior to his retirement shall continue after his reappointment
- 14 4 Any appointment or removal of an alternate director shall be by notice to the Company signed by the director making or revoking the appointment or in any other manner approved by the directors
- 14 5 Save as otherwise provided in the articles, an alternative director shall be deemed for all purposes to be a director and shall alone be responsible for his own acts

and defaults and he shall not be deemed to be the agent of the director appointing him

14 6 Regulations 25, 26 and 27 of the Model Articles shall not apply to the Company

## 15 **Execution of documents**

In its application to the Company, Regulation 81 of the Model Articles shall be modified by the addition of the following sentence

“(5) Any instrument expressed to be executed by the Company and signed by two directors, or by one director and the secretary, by the authority of the directors or of a committee authorised by the directors or in any other manner permitted by the 2006 Act for the execution of documents shall (to the extent permitted by the 2006 Act) have effect as if executed by affixing the seal ”

## 16 **Indemnity**

16 1 Subject to section 232 of the 2006 Act

16 1 1 every director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation to his office, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 144 or 727 of the Act in which relief is granted to him by the Court, and no director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or otherwise in relation to his office,

16 1 2 the Company may purchase and maintain insurance for any such director or other officer against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company

16 2 Regulations 85 and 86 of the Model Articles shall be amended accordingly

## 17 **Electronic Communications**

17 1 Any director who participates in the proceedings of a meeting by means of an electronic communication by which all the other directors present at such meeting (whether in person or by alternate or by means of electronic communication) may hear at all times such director and such director may hear at all times all other directors present at such meeting (whether in person or by alternate or by means of electronic communication) shall be deemed to be present at such meeting and shall be counted when reckoning a quorum