

EXECUTION VERSION

FROM: Norman McLuskie  
TO: CYBG PLC ("CYBG")

18 June 2018

Dear Sirs

**Proposed offer for Virgin Money Holdings (UK) plc ("Virgin Money") by CYBG**

1. **Offer**

In this undertaking (the "**Undertaking**"), the "**Offer**" means the proposed offer by or on behalf of CYBG for all the issued and to be issued ordinary share capital of Virgin Money, to be implemented by way of a court sanctioned scheme of arrangement (the "**Scheme**") under Part 26 of the Companies Act 2006 between Virgin Money and the holders of its ordinary shares, and substantially on the terms set out in the press announcement, a copy of which is annexed to this Undertaking (subject to the inclusion of any alternative or additional terms and conditions as may be required by the Takeover Panel (the "**Panel**") or any applicable law or regulation, or as agreed between CYBG and Virgin Money) (the "**Press Announcement**").

2. **Condition of undertaking**

The terms of this Undertaking are conditional on the Press Announcement being released on the date of this Undertaking, or such later date as CYBG and Virgin Money may agree.

3. **Ownership of shares**

I hereby represent, warrant and undertake to CYBG and Virgin Money that:

3.1 I am the registered holder of and/or owner of beneficial interests in the number of ordinary shares of 0.01p each in the capital of Virgin Money ("**Virgin Money Shares**") specified in Part 1 of Schedule 1 (the "**Existing Virgin Money Shares**");

3.2 save as set out in Schedule 1, I am not interested in any other securities of Virgin Money and I do not have any rights to subscribe, purchase or otherwise acquire any securities of Virgin Money; and

3.3 I have full power and authority and the right (free from any legal or other restrictions) to enter into this Undertaking, to perform the obligations in this Undertaking in accordance with its terms, to exercise (or procure the exercise of) all voting rights attaching to the Existing Virgin Money Shares and to transfer the Existing Virgin Money Shares.

4. **Dealings and undertakings**

I undertake to CYBG and Virgin Money that (other than in connection with the Scheme) before this Undertaking lapses in accordance with paragraph 9.1 below, I shall not (and (where applicable) shall procure that the registered holder shall not):

- 4.1 sell, transfer, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such action to occur in respect of) any interest in any Existing Virgin Money Shares or any other shares in Virgin Money issued or unconditionally allotted to, or otherwise acquired by, me or any shares in the capital of Virgin Money in respect of which I become the registered holder or beneficial owner, before then ("**Further Virgin Money Shares**") or accept any other offer in respect of all or any such Virgin Money Shares;
- 4.2 in my capacity as a holder of Virgin Money Shares or interests in Virgin Money Shares, accept, or give any undertaking (whether conditional or unconditional) to accept, any offer made or proposed to be implemented by way of a contractual offer or vote in favour of a scheme of arrangement in respect of my securities in Virgin Money by any person other than CYBG;
- 4.3 except with the prior written consent of CYBG (not to be unreasonably withheld), acquire or otherwise deal or undertake any dealing in any relevant securities of CYBG or Virgin Money; or
- 4.4 enter into any agreement or arrangement, incur any obligation or give any indication of intent (or, to the extent within my knowledge and control, permit such circumstances to occur):
  - 4.4.1 to do all or any of the acts referred to in paragraphs 4.1, 4.2 and 4.3 above; or
  - 4.4.2 in relation to, or operating by reference to, Virgin Money Shares or any Further Virgin Money Shares,

which would preclude me from complying with this Undertaking, and for the avoidance of doubt, references in this paragraph 4.4 to any agreement, arrangement or obligation shall include any such agreement, arrangement or obligation whether or not legally binding or subject to any condition, or which is to take effect upon or following the Scheme lapsing or being withdrawn, or upon or following this Undertaking ceasing to be binding, or upon or following any other event.

## 5. **Undertaking to vote in favour of the Scheme and related resolutions**

- 5.1 I accept and agree to the terms of the Scheme and hereby irrevocably undertake on the terms of this paragraph 5 in respect of the Existing Virgin Money Shares, the Further Virgin Money Shares and any other shares or interests in shares attributable to or deriving from such shares (together, the "**Shares**").
- 5.2 I hereby irrevocably undertake to CYBG and Virgin Money to and (where applicable) to procure that the registered holder will:
  - 5.2.1 unless CYBG otherwise requests in writing, exercise or, where applicable, procure the exercise of all voting rights attaching to the Shares to vote in favour of the resolutions of Virgin Money's ordinary shareholders to be proposed at: (i) the meeting (including any adjournment thereof, the "**Court Meeting**") to be convened at the direction of the Court pursuant to section 896 of the Companies Act 2006 in order for Virgin Money's ordinary shareholders to consider, and if thought fit approve, the Scheme; and (ii) the special general

meeting (including any adjournment thereof, the “**General Meeting**”) of Virgin Money convened in order for its ordinary shareholders to consider, and if thought fit approve, certain matters in connection with the Offer together with any other resolutions to approve any related matters set out in the Scheme Document (as defined below), including any resolution proposed pursuant to Rule 16 of the Code and (if required) Listing Rule 11;

5.2.2 after the posting of the Scheme Document (as defined below) to the Virgin Money shareholders containing an explanatory statement in respect of the Scheme (and without prejudice to my right to attend and vote in person at the General Meeting or Court Meeting): (i) execute (or procure the execution of) all relevant forms of proxy in respect of all of the Shares validly appointing any person nominated by CYBG to attend and vote at any General Meeting or Court Meeting (or any adjournment thereof) in respect of the resolutions proposed at the Court Meeting and General Meeting and any related matters; and (ii) lodge (or procure the lodgement of) such executed forms of proxy by 1.00 p.m. on the tenth business day after Virgin Money publishes the scheme document setting out the terms and conditions of the Scheme (the “**Scheme Document**”) (or, in respect of Further Virgin Money Shares, by 1.00 p.m. on the date which is the third business day after acquiring an interest in such shares, if later); and

5.2.3 not revoke or amend any proxy submitted in accordance with paragraph 5.2.2, either in writing or by attendance at any General Meeting or Court Meeting (or any adjournment thereof) or otherwise.

5.3 In the event that the Scheme is modified or amended pursuant to the requirements of, or with the approval of, the Court and in accordance with the terms of the Scheme, I confirm and agree that (except where such modification or amendment would materially adversely affect my rights or interests as a Virgin Money shareholder) this Undertaking shall continue to be binding mutatis mutandis in respect of the Shares.

## 6. **Voting Rights and Prejudicial Action**

I hereby irrevocably undertake that:

6.1 I shall not exercise (or procure the exercise of) any of the voting rights attached to the Shares at the Court Meeting or the General Meeting other than in accordance with this Undertaking;

6.2 I shall exercise (or procure the exercise of) the voting rights attached to the Shares against any resolution, and shall not, without CYBG’s consent, exercise my rights as a shareholder (but without prejudice to my duties as a director) to requisition, or join as a shareholder in requisitioning, any shareholder meetings of Virgin Money to approve a resolution, which (i) might reasonably be expected to impede or frustrate implementation of the Scheme; or (ii) purports to approve or give effect to a scheme of arrangement, merger or acquisition of any shares in Virgin Money by a person other than CYBG;

6.3 I shall not, in my capacity as a shareholder, enter into any agreement or arrangement with any person, whether conditionally or otherwise, to do any of the acts referred to in this paragraph 6; and

6.4 I shall execute all such documents or do such acts and things as may be necessary to be executed or done for the purposes of giving effect to this Undertaking.

## 7. **Consents**

I agree to:

7.1 promptly inform you upon written request of all information in relation to my Shares you may require in order to comply with the requirements of the Code, the Panel, the Court or of other applicable law or regulation and consent to the public disclosure of such information, and as soon as I have actual knowledge to notify you in writing of any material change in the accuracy or import of any such information;

7.2 the issue of the Press Announcement with the references to me and the registered holder of any of the Shares in which I have (or will have as the case may be) a beneficial interest and to particulars of this Undertaking;

7.3 particulars of this Undertaking being set out in any other announcement or document issued in connection with the Offer and in the Scheme Document; and

7.4 this Undertaking being available for inspection during the offer (and any related competition reference period) in accordance with Rule 26.2 of the Code or the Listing Rules of the Financial Conduct Authority or its successor from time to time.

## 8. **Announcing and Proceeding with the Offer**

I acknowledge that the release of the Press Announcement is at CYBG's absolute discretion and nothing in this Undertaking shall oblige CYBG to announce or proceed with the Scheme or the Offer.

## 9. **Lapse of Undertaking**

9.1 All of my obligations pursuant to this Undertaking will lapse and cease to have effect on the earlier of the following occurrences:

9.1.1 the Scheme Document is not sent to shareholders of Virgin Money within 28 days (or such longer period as the Panel may agree) after the date of the Press Announcement;

9.1.2 if CYBG publicly announces, with the consent of any relevant authority (if required) and before the Scheme Document is posted, that it does not intend to proceed with the Offer and no new, revised or replacement Scheme or Takeover Offer (as defined below) is contemporaneously announced by CYBG and/or Virgin Money in accordance with Rule 2.7 of the Code;

9.1.3 if any competing offer for the issued and to be issued ordinary share capital of Virgin Money is made which becomes or is declared wholly unconditional (if

implemented by way of a Takeover Offer) or otherwise becomes effective (if implemented by way of a scheme of arrangement);

- 9.1.4 if any shareholder circular to be dispatched to the CYBG shareholders in connection with the Offer (the "**CYBG Circular**") does not include a unanimous and unconditional recommendation made by the board of directors of CYBG to approve the Offer, or if CYBG makes an announcement prior to the publication of such document(s) that: (i) CYBG's board of directors no longer intends to make such recommendation or intends adversely to modify or qualify such recommendation (it being understood that the issue of any holding statement(s) issued to CYBG shareholders following a change of circumstances (so long as any such holding statement (i) contains an express statement that such recommendation is not withdrawn, qualified or modified and (ii) does not contain a statement that the CYBG board of directors intends to, or may or is considering whether to, withdraw, qualify or modify such recommendation) shall not constitute a withdrawal, qualification or modification of such recommendation for purposes of this paragraph); (ii) if a CYBG general meeting is required to effect an Offer, it will not convene such a general meeting; or (iii) if a CYBG Circular is required to effect the Offer, it does not intend to post the CYBG Circular; or
- 9.1.5 the Scheme lapses or is withdrawn in accordance with its terms and CYBG publicly confirms that it does not intend to proceed with the Offer or to implement the Offer by way of a takeover offer (as such term is defined in section 974 of the Companies Act 2006) (a "**Takeover Offer**") or otherwise; or
- 9.1.6 the Scheme has not become effective by the long stop date specified in the Press Announcement (or such later time or date as agreed between CYBG and Virgin Money, with the approval of the Court and/or the Panel if required).
- 9.2 If my obligations in this Undertaking lapse, I shall have no claim against CYBG and CYBG shall not have any claim against me, in each case other than in respect of any prior breach of any of the terms of this Undertaking.

## 10. **Scheme of Arrangement or Takeover Offer**

I note that CYBG reserves the right to implement the Offer by way of a Takeover Offer. In the event that it is so implemented, I confirm and agree that this Undertaking shall continue to be binding *mutatis mutandis* in respect of the Shares and all references to the Scheme shall, where the context permits, be read as references to the Takeover Offer (or to both the Scheme and the Takeover Offer, as appropriate). Notwithstanding the generality of the foregoing, references in this Undertaking:

- 10.1 to voting in favour of the Scheme and voting in favour of the resolutions to be proposed at the Court meeting and/or the General Meeting shall be read and construed as references to accepting the Takeover Offer, which acceptances in such circumstances shall be tendered within ten business days of publication of the formal document containing the Takeover Offer (the "**Offer Document**") to Virgin Money shareholders and even if the terms of the Takeover Offer give accepting shareholders

the right to withdraw acceptances, I shall not withdraw (nor shall I procure the withdrawal of) my acceptances in respect of the Shares;

- 10.2 to the Scheme becoming effective shall be read as references to the Takeover Offer becoming unconditional in all respects; and references to the Scheme lapsing or being withdrawn shall be read as references to the closing or lapsing of the Takeover Offer; and
- 10.3 to the Scheme Document shall be read as references to the Offer Document.

11. **Other**

- 11.1 Any time, date or period referred to in this Undertaking may be extended by mutual agreement but as regards any time, date and period originally fixed or as extended, time shall be of the essence.
- 11.2 I have been given a realistic opportunity to consider whether or not I should give this Undertaking and I have received advice from Allen & Overy LLP about the nature of this Undertaking.
- 11.3 I agree that damages may not be an adequate remedy for breach of this Undertaking and, accordingly, CYBG may be entitled to the remedies of specific performance, injunction or other equitable remedies.
- 11.4 The *ejusdem generis* principle of construction shall not apply to this Undertaking. Any phrase introduced by the terms "other", "including", "include" and "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words following or preceding those terms.
- 11.5 Nothing in this Undertaking shall constitute an obligation for me, in my capacity as a director of Virgin Money, to take any action which is not permitted by Practice Statement No 29 issued by the Panel with respect to Rule 21.2 of the Code, nor should anything in this Undertaking impose any obligations on me in my capacity as a director of Virgin Money which would in any way impede or prejudice my obligations and duties, or fetter my discretion, as a director of Virgin Money. This Undertaking is given by me solely in my capacity as a shareholder of Virgin Money.
- 11.6 In this Undertaking, references to:
- 11.6.1 "**Code**" means the UK Takeover Code as amended from time to time;
- 11.6.2 "**Court**" is to the Courts of England and Wales;
- 11.6.3 "**business day**", "**dealing**" and "**offer period**" shall be interpreted in accordance with the Code as from time to time amended and interpreted by the Panel;
- 11.6.4 being "**interested in**" or having "**interests in**" shares or securities shall be construed in accordance with the Code as from time to time amended and interpreted by the Panel and Part 22 of the Companies Act 2006;

11.6.5 "**Offer**" shall include any new, increased, renewed or revised offer made by or on behalf of CYBG; and

11.6.6 "**relevant securities**" shall be construed in accordance with the Code as from time to time amended and interpreted by the Panel.

## 12. **Governing Law and Jurisdiction**

This Undertaking and all non-contractual obligations arising from or in connection with this Undertaking are governed by and construed in accordance with English law. The English courts shall have exclusive jurisdiction to settle any dispute arising from or connected with this Undertaking (a "**Dispute**") (including a dispute regarding the existence, validity or termination of this Undertaking or relating to any non-contractual or other obligation arising out of or in connection with this Undertaking or its formation). The English courts are the most appropriate and convenient courts to settle any Dispute and accordingly, the parties to this Undertaking will not argue to the contrary.

## SCHEDULE 1

### PART 1

#### Existing Virgin Money Shares

<b>1</b>	<b>2</b>	<b>3</b>
<b>No. of ordinary shares of 0.01p in Virgin Money</b>	<b>Exact name(s) and address(es) of registered holder as appearing on the register of members#</b>	<b>Beneficial owner#</b>
90,080	Norman McLuskie	Norman McLuskie

# Where more than one, indicate number of shares attributable to each.



I intend this document to be a deed and execute and deliver it as a deed.

SIGNED as a deed by: )

Print name: [Redacted] )

Sign: [Redacted]  
Signature of Director

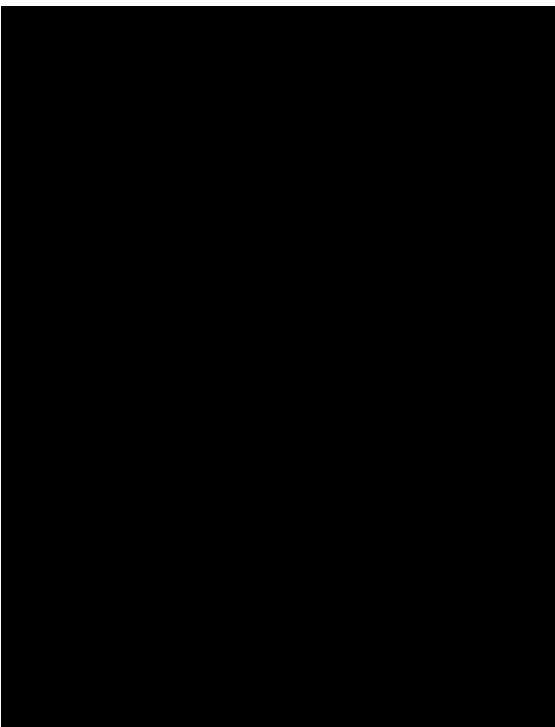
in the presence of: )

Witness's Signature

Name of witness

Address of witness

Occupation of witness



**ANNEX**  
**PRESS ANNOUNCEMENT**