

DATED 28 JULY 2017

THE CO-OPERATIVE BANK P.L.C.

and

BALLOON STREET HOLDINGS LIMITED

and

LUCID ISSUER SERVICES LIMITED

and

COMPUTERSHARE INVESTOR SERVICES PLC

ESCROW DEED

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Doc Ref: 20172327

Ref: ROS /MWP

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THIS DEED is made on 28 July 2017 between:

- (1) **THE CO-OPERATIVE BANK P.L.C.**, a public limited company incorporated in England and Wales with registered number 00990937 whose registered office is at PO box 101, 1 Balloon Street, Manchester, M60 4EP (the "**Bank**");
- (2) **BALLOON STREET HOLDINGS LIMITED**, a private limited company incorporated in England and Wales with registered number 10865342 whose registered office is at c/o Paul Hastings (Europe) LLP, Ten Bishops Square, Eighth Floor, London, E1 6EG ("**Holdco**");
- (3) **LUCID ISSUER SERVICES LIMITED**, a company incorporated in England and Wales with registered number 05098454, whose registered office is at Tankerton Works, 12 Argyle Walk, London WC1H 8HA as escrow agent pursuant to the Backstop Agreement and the Fee Letter (the "**Escrow Agent**");
- (4) **LUCID ISSUER SERVICES LIMITED**, a company incorporated in England and Wales with registered number 05098454, whose registered office is at Tankerton Works, 12 Argyle Walk, London WC1H 8HA as information agent pursuant to the Backstop Agreement and the Fee Letter (the "**Information Agent**"); and
- (5) **COMPUTERSHARE INVESTOR SERVICES PLC**, a company incorporated in England and Wales with registered number 03498808, whose registered office is at The Pavilions, Bridgwater Road, Bristol, BS13 8AE, as receiving agent for payments made by certain Subscribing Shareholders and Subscribing Scheme Creditors (the "**Registrar**").

WHEREAS:

- (A) The Bank has proposed two schemes of arrangement under Part 26 of the Companies Act 2006 to certain of its creditors (the "**Creditors' Scheme**") and ordinary shareholders (the "**Members' Scheme**") as more specifically described in the Creditors' Scheme Circular, the Members' Scheme Circular and the Consent Solicitation Memorandum issued by the Bank and dated on or around 28 July 2017.
- (B) Pursuant to the Creditors' Scheme and the Members' Scheme, Scheme Creditors and Scheme Shareholders (subject to certain conditions) are entitled to subscribe in cash for new A Shares in Holdco for an aggregate subscription price of up to £250,000,000. To the extent any A Shares are not taken up, the Backstop Providers have agreed to take up the shortfall pursuant to the Backstop Agreement.
- (C) This Deed sets out the terms on which the Escrow Agent will collect and hold monies of Subscribing Scheme Creditors, Scheme Shareholders and Backstop Providers prior to the Settlement Date (as contemplated by the Scheme Documents and pursuant to the terms of the Backstop Agreement and the Fee Letter) and release them pursuant to the Restructuring Deed (as defined below).
- (D) It is the intention of the Parties that this Deed be executed as a deed.

IT IS AGREED as follows:

1. INTERPRETATION

- 1.1 In this Deed, unless the context requires otherwise, the following words and expressions shall have the following meanings:

"**A Shares**" means the class A ordinary shares of £0.0001 each in the capital of Holdco, with rights attaching to those shares as shall be set out in the articles of association of Holdco.

"Accession Deed"	means a deed pursuant to which a Successor Escrow Agent accedes to the terms of this Deed as an escrow agent, which deed shall be in form and substance satisfactory to Holdco.
"Account Holder"	means an account holder with Euroclear or Clearstream.
"Account Holder Letter"	has the meaning given in the Restructuring Deed.
"Application Form"	has the meaning given in the Restructuring Deed.
"Backstop Agreement"	means the agreement dated 14 July 2017 entered into by and between the Bank, Holdco, the Backstop Providers and the Information Agent.
"Backstop Providers"	has the meaning given in the Backstop Agreement.
"Bank Account"	means the account in the name of the Bank with Co-operative Bank plc, London, [REDACTED].
"Beneficiary"	means each Scheme Subscriber whose Escrow Monies have been deposited into the Escrow Account or, at the applicable times, Holdco or Bank pursuant to Clauses 9.1.1 and 9.1.2 respectively.
"Business Day"	means a day not being a Saturday or Sunday on which banks in the City of London are open for business.
"Certificated Holder Letter"	has the meaning given in the Restructuring Deed.
"Certificated Scheme Creditors"	has the meaning given in the Creditors' Scheme Circular.
"Clearing System"	means Euroclear or Clearstream.
"Clearstream"	means Clearstream Banking S.A.
"Consent Solicitation Memorandum"	means the memorandum dated on or around 28 July 2017 circulated to certain of the holders of the Notes in connection with the Restructuring and Recapitalisation.
"Creditors' Scheme Circular"	means the creditor circular published by the Bank dated on or around 28 July 2017 in connection with the Restructuring and Recapitalisation.
"CREST"	means the relevant system, as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755) in respect of which Euroclear UK & Ireland Limited (previously CREST Co Limited) is the operator (as defined in the CREST Regulations).
"CREST Scheme Creditors"	has the meaning given in the Creditors' Scheme Circular.
"Defaulting Backstop Provider"	has the meaning given in the Backstop Agreement.
"Escrow Account"	means the sterling denominated account (account number [REDACTED]).

	<p>() opened by the Escrow Agent with the Escrow Bank in the name of the Escrow Agent for the purposes of receiving the monies payable in sterling by or on behalf of the Backstop Providers under the Backstop Agreement and the other Scheme Subscribers in accordance with their obligations under the terms and conditions of their respective subscriptions set out in the Scheme Documents, their Account Holder Letter, their Certificated Holder Letter, their Application Form and their USE Instruction (as applicable).</p>
"Escrow Account Confirmation Notice"	means a notice substantially in the form set out in Schedule 1 hereto.
"Escrow Agent Default Event"	<p>means the occurrence of any of the following events:</p> <p>(a) Holdco notifying the Escrow Agent in writing that the Escrow Agent has defaulted on, or breached, any of its material obligations under this Deed; or</p> <p>(b) the occurrence of an Insolvency Event in respect of the Escrow Agent.</p>
"Escrow Bank"	means BNP Paribas, S.A. London Branch.
"Escrow Bank Notice"	means a notice substantially in the form set out in Schedule 4 hereto and as agreed between Holdco, the Bank and the Escrow Bank.
"Escrow Monies"	means all monies deposited into the Escrow Account from time to time in accordance with the Backstop Agreement, the Scheme Documents, the Account Holder Letters, the Certificated Holder Letters, the Application Forms and the USE Instructions (as applicable).
"Escrow Parties"	means the Parties other than the Escrow Agent and the Information Agent and "Escrow Party" shall be construed accordingly.
"Escrow Payment Notice"	means a notice substantially in the form set out in Schedule 3 hereto.
"Euroclear"	means Euroclear Bank S.A./N.V.
"Excluded Escrow Monies"	means Escrow Monies held in the Escrow Account that are to be returned pursuant to Clause 9.2.
"Fee Letter"	means the fee letter entered into between the Information Agent and Holdco on 14 July 2017.
"Funding Notice"	<p>means a notice specifying:</p> <p>(a) where addressed to a Scheme Subscriber, its Subscriber Payment Amount (including, for the avoidance of doubt, any amounts payable by it pursuant to the Backstop Agreement);</p> <p>(b) where addressed to an Account Holder, the aggregate Subscriber Payment Amounts of such Account Holder and all Scheme Creditors who hold through such</p>

Account Holder;

- (c) where addressed to a Clearing System, the aggregate Subscriber Payment Amounts of all Scheme Creditors who hold through such Clearing System, and requiring payment of the same to be deposited in the Escrow Account by no later than the third following Business Day; and
- (d) where addressed to the Registrar, the aggregate Subscriber Payment Amounts of all Subscribing Scheme Creditors who are Certificated Scheme Creditors or CREST Scheme Creditors and Subscribing Shareholders, which (for the avoidance of doubt) shall not exceed the Registrar's Receipts.

"Funding Notice Date" has the meaning given in Clause 7.2.

"Holding Period Trustee" means Lucid Issuer Services Limited.

"Insolvency Event" means any corporate action, legal proceedings or other procedure or step taken in relation to:

- (a) the suspension of payments, a moratorium on any indebtedness, winding-up, bankruptcy, liquidation, dissolution, administration, receivership, administrative receivership, judicial composition, or reorganisation (by way of voluntary arrangement, scheme of arrangement, or otherwise) of any person;
- (b) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager, or other similar officer in respect of any person or any of its assets;
- (c) enforcement of any security over any assets of any person; or
- (d) any procedure or step in any jurisdiction analogous to those set out in paragraphs (a) to (c) above.

"Liability" means any loss, damage, cost, charge, claim, demand, expense, penalty, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges, save where arising in respect of fees payable to the Escrow Agent and/or where covered by the Fee Letter) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis.

"Majority Backstop Providers" means the Backstop Providers other than a Defaulting Backstop Provider or a Terminated Backstop Provider whose Note Amounts exceed 50% of the aggregate of the Note Amounts of all of the Backstop Providers other than a Defaulting Backstop Provider or a Terminated Backstop Provider at the relevant time.

"Members' Scheme Circular" means the shareholder circular published by the Bank dated on or around 28 July 2017 in connection with the Restructuring and

Recapitalisation.

"Notes"	means the £206,000,000 subordinated unsecured 11% per annum notes due 2023 constituted by and issued pursuant to a trust deed dated 20 December 2013 by and between the Bank and Law Debenture Trustees Limited as trustee (as amended, supplemented or otherwise modified from time to time) or the £250,000,000 subordinated unsecured 8.5% per annum notes due 2025 constituted by and issued pursuant to a trust deed dated 1 July 2015 by and between the Bank and Law Debenture Trustees Limited as trustee (as amended, supplemented or otherwise modified from time to time) or both of them, as the context requires.
"Note Amount"	means, in respect of Backstop Provider, the principal amount of Notes held by it as at the relevant time.
"Party"	means a party to this Deed.
"Provisional Qualifying Non-CREST Shareholders"	has the meaning given to it in the Members' Scheme Circular.
"Registrar's Receipts"	has the meaning given to it in Clause 7.1.
"Replacement Escrow Account"	means an escrow account held in the name of a Successor Escrow Agent.
"Resignation/Replacement Date"	has the meaning given to it in Clause 15.6.
"Resignation Notice"	has the meaning given to it in Clause 15.3.
"Restructuring Deed"	means the deed substantially in the form set out in the Members' Scheme Circular and the Creditors' Scheme Circular to be entered into by and between the Bank, Holdco, the Escrow Agent, the Holding Period Trustee, the Scheme Creditors and the Scheme Shareholders.
"Restructuring and Recapitalisation"	means the financial and corporate restructuring to be implemented in respect of the Bank as more specifically described in the Creditors' Scheme Circular, the Consent Solicitation Memorandum and the Members' Scheme Circular.
"Scheme Creditors"	has the meaning given in the Creditors' Scheme Circular.
"Scheme Documents"	means the Creditors' Scheme Circular, the Members' Scheme Circular and the Consent Solicitation Memorandum, and each shall be a " Scheme Document " as the context requires.
"Scheme Shareholders"	has the meaning given in the Members' Scheme Circular.
"Scheme Subscribers"	means the Backstop Providers (other than Defaulting Backstop Providers and Terminated Backstop Providers), the Subscribing Scheme Creditors and the Subscribing Shareholders.
"Settlement Date"	has the meaning given in the Restructuring Deed.
"Subscriber Payment"	means the aggregate Subscription Price payable as

"Amount"	consideration for a Scheme Subscriber's aggregate entitlement to A Shares.
"Subscriber Payment Notice"	means a notice substantially in the form set out in Schedule 2 hereto.
"Subscribing Scheme Creditors"	has the meaning given in the Restructuring Deed.
"Subscribing Shareholders"	has the meaning given in the Restructuring Deed.
"Subscription Deadline"	has the meaning given in the Restructuring Deed.
"Subscription Price"	has the meaning given in the Restructuring Deed.
"Successor Escrow Agent"	means an escrow agent appointed in replacement of the Escrow Agent in accordance with Clauses 15.1, 15.3 or 15.5.
"Tax or Taxes"	means any tax, levy, impost, stamp tax, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).
"Terminated Backstop Provider"	has the meaning given in the Backstop Agreement.
"Termination Date"	means the date which falls one calendar month after the date on which the Escrow Monies are applied or released in accordance with Clause 9 of this Deed.
"USE Instruction"	means an unmatched stock event instruction submitted by or on behalf of a Scheme Shareholder or Scheme Creditor to Euroclear UK and Ireland Limited, the operator of CREST, in accordance with the terms set out in the Members' Scheme Circular or the Creditors' Scheme Circular (as applicable).

1.2 In this Deed, unless the context otherwise requires:

- 1.2.1 references to a party include references to the successors or assigns (immediate or otherwise) of that party;
- 1.2.2 references to "**person**" shall include any firm or body of persons whether corporate or incorporate and any person deriving title therefrom and any of their respective successors or assigns;
- 1.2.3 references to "**GBP**", "**£**" or "**sterling**" are to the lawful currency for the time being of the United Kingdom;
- 1.2.4 words importing the singular shall include the plural number and vice versa;
- 1.2.5 the expression "**subsidiary**" shall have the meaning in this Deed as in the Companies Act 2006;
- 1.2.6 a reference to any statute or statutory provision shall be construed as referring to that statute or statutory provision as the same may from time to time be amended, modified, extended, re-enacted or replaced (whether before or after the date of this Deed) and including all subordinate legislation made under it from time to time;

- 1.2.7 headings are for reference purposes only and shall not be incorporated into this Deed and shall not be deemed to be any indication of the meaning of the Clauses and Sub-Clauses to which they relate;
- 1.2.8 words denoting any particular gender only shall include the other genders;
- 1.2.9 Clauses, Sub-Clauses and Schedules shall, unless the context otherwise requires, be construed as references to clauses and sub-clauses of and schedules to this Deed.

1.3 Taxes

References to costs, charges, remuneration or expenses include any irrecoverable value added, turnover or similar tax charged in respect thereof.

1.4 This Deed and other documents

References in this Deed to "this Deed" or any other document are to this deed and the Schedules hereto or those documents as amended, modified, supplemented or replaced from time to time, and include any document that amends, modifies, supplements or replaces them.

1.5 Schedules

The Schedules are part of this Deed and shall have effect accordingly.

2. EFFECTIVE DATE OF THIS DEED

This Deed shall become effective on the date specified at the beginning of this Deed.

3. APPOINTMENT OF THE ESCROW AGENT

3.1 Each Escrow Party hereby appoints the Escrow Agent as trustee on the terms and conditions set out in this Deed, which the Parties hereby agree shall govern and control the rights and obligations of the Escrow Agent. The Escrow Agent hereby accepts such appointment on the terms and conditions set out in this Deed.

3.2 Each Party agrees that the Escrow Monies are held on trust by the Escrow Agent for the benefit of the Beneficiaries pursuant to the terms of this Deed.

4. ESCROW ACCOUNT

The Escrow Agent hereby confirms that:

- 4.1.1 the Escrow Account is open;
- 4.1.2 subject to Clause 16, it is the sole signatory in respect of the Escrow Account; and
- 4.1.3 it shall give notice to Holdco and Bank in the form of an Escrow Bank Notice received pursuant to Clause 5.3.2, that the Escrow Account is a client trust account held for the benefit of the Beneficiaries.

5. OPERATION OF THE ESCROW ACCOUNT

5.1 The Escrow Account may not go into overdraft.

5.2 The Escrow Agent shall hold the Escrow Monies on trust for the Beneficiaries subject to, and until their release pursuant to, the terms of this Deed.

5.3 The Escrow Agent shall:

- 5.3.1 keep separate and not commingle any funds in the Escrow Account with its or any other person's property and ensure that all the requirements necessary to ensure that the Escrow Account remains as a client trust account remote from, and unavailable to, the creditors in its or any other person's insolvency are met;
- 5.3.2 use its reasonable endeavours to procure that the Escrow Bank delivers to the Escrow Agent an Escrow Bank Notice as referred to in Clause 4.1.3;
- 5.3.3 not make any deductions from the Escrow Account by virtue of any right of set-off or claim which it may have against any of the Beneficiaries or combine the Escrow Account with any other account;
- 5.3.4 keep an up to date record of each payment made into and out of the Escrow Account;
- 5.3.5 not release any of the Escrow Monies, except as provided in this Deed; and
- 5.3.6 not be under any obligation to invest the Escrow Monies and shall have express power to retain the Escrow Monies in their existing condition in the Escrow Account.

6. DETERMINATIONS AND DELIVERY OF NOTICES

- 6.1 The Information Agent hereby agrees to undertake each of the determinations and calculations and deliver the relevant notices as specified in the Backstop Agreement and the Restructuring Deed at the times specified therein.

7. FUNDING NOTICES

- 7.1 As soon as reasonably practicable following the Subscription Deadline, and in any event by no later than 4.30 p.m. (London time) on the same day, the Registrar shall provide written confirmation to the Information Agent of the Scheme Subscribers who have, in their capacity as such:

- 7.1.1 deposited funds with it, and the amounts so deposited; and/or
 - 7.1.2 accepted provisional allocations of A Shares against irrevocable payment in CREST, and the amount so paid
- (the aggregate amount so deposited and so paid, the "**Registrar's Receipts**").

- 7.2 Promptly following receipt of the notice referred to above, and in any event by midday (London time) on the next following Business Day (the "**Funding Notice Date**"), the Information Agent shall:

- 7.2.1 calculate the Subscriber Payment Amounts of each Scheme Subscriber in accordance with the provisions set out in each Scheme Subscriber's Application Form, Account Holder Letter, and Certificated Holder Letter (as applicable); and
- 7.2.2 deliver Funding Notices to each Scheme Subscriber, each Account Holder which has submitted an Account Holder Letter, each Clearing System, and the Registrar.

- 7.3 The Registrar shall promptly pay to the Escrow Agent by telegraphic transfer in immediately cleared funds the amount set out in the Funding Notice delivered to it in accordance with Clause 7.2.2 above.

8. CONFIRMATION OF FUNDS

- 8.1 On the Business Day which is three Business Days following the Funding Notice Date, the Escrow Agent shall calculate and determine whether an amount of at least £250,000,000 (excluding any Excluded Escrow Monies) in cleared funds is being held in the Escrow Account.
- 8.2 If the Escrow Agent determines that it holds at least the amount of Escrow Monies (excluding Excluded Escrow Monies) referred to in Clause 8.1, it will, as soon as reasonably practicable, and in any event no later than 5.00 p.m. on the Business Day following the Restructuring Deed Effective Date (as defined in the Restructuring Deed), provide to the Document Co-ordinator (as defined in the Restructuring Deed), Holdco and the Bank an Escrow Account Confirmation Notice.
- 8.3 If the Escrow Agent determines that it does not hold at least the amount of Escrow Monies (excluding Excluded Escrow Monies) referred to in Clause 8.1, it will give notice of the same to the other parties to this Deed as soon as reasonably practicable thereafter.

9. RELEASE OF ESCROW MONIES

Settlement Date

- 9.1 The Escrow Agent agrees that the Escrow Monies (excluding the Excluded Escrow Monies) shall be released on the Settlement Date (or, if later, on implementation of the applicable step in the Restructuring Deed), in the following manner:
- 9.1.1 On the occurrence of Restructuring Step 4 (as defined in the Restructuring Deed), the Bank, for and on behalf of the Scheme Subscribers, shall provide a Subscriber Payment Notice to the Escrow Agent directing that the Escrow Agent hold the aggregate of the Subscriber Payment Amounts of £250,000,000, on trust for the benefit of Holdco. On receipt of such notice, the Escrow Agent agrees that such Escrow Monies shall automatically be held on trust for the benefit of Holdco.
- 9.1.2 On the occurrence of Restructuring Step 7 (as defined in the Restructuring Deed), Holdco shall issue an Escrow Payment Notice to the Escrow Agent directing that the Escrow Agent hold an amount equal to £250,000,000 on trust for the benefit of the Bank and thereafter to pay to the Bank Account an amount equal to £250,000,000 in cleared funds. On receipt of such notice, the Escrow Agent agrees that such Escrow Monies shall automatically be held on trust for the benefit of the Bank, and it shall immediately thereafter pay such amount in cleared funds to the Bank Account.

Return of excess or Excluded Escrow Monies

- 9.2 The Escrow Agent shall promptly after completion of the steps contemplated in Clause 9.1, arrange for any Escrow Monies which remain in (or have been returned to) the Escrow Account, to be returned to the Scheme Subscribers that deposited such monies using the same means of payment by which each such party provided funds into the Escrow Account.
- 9.3 Notwithstanding the other terms of this Deed, in the event that the Backstop Agreement is terminated on or prior to the Scheme Effective Date (as defined in the Backstop Agreement) or the Restructuring Deed is terminated prior to completion of the Restructuring Steps (as defined in the Restructuring Deed) in accordance with either of their terms, Holdco shall promptly notify the Escrow Parties of such termination in writing and:
- 9.3.1 the Parties shall take all reasonable steps necessary to implement the unwinding of the Restructuring and Recapitalisation as contemplated in the Scheme Documents;
- 9.3.2 each Party to whom any Escrow Monies have been released shall procure that such monies are credited back to the relevant Escrow Account promptly; and

- 9.3.3 the Escrow Agent is irrevocably instructed to, and shall, as soon as reasonably practicable, arrange for any Escrow Monies which remain in (or have been returned to) the Escrow Account, to be returned to the Scheme Subscribers that deposited such monies, using the same means of payment by which each such party provided funds into the Escrow Account. Where there are insufficient Escrow Monies to refund Scheme Subscribers in full, refunds shall be made on a pro-rata basis.

10. RETURN OF EXCESS FUNDS HELD BY REGISTRAR

If any Subscribing Shareholder's Subscriber Payment Amount, CREST Scheme Creditor Subscriber Payment Amount or Certificated Scheme Creditor's Subscriber Payment Amount is less than the amount actually received by the Registrar in respect of that Scheme Subscriber, the Registrar will refund any excess promptly after making the payment referred to in Clause 7.3 (save that, in the case of Provisional Qualifying Non-CREST Shareholders, amounts of less than £1 will be retained for the benefit of Holdco and shall be applied as Holdco directs).

11. PAYMENT TERMS

- 11.1 All payments to be made to the Escrow Account under the Backstop Agreement, the Scheme Documents, the Restructuring Deed or this Deed must be made without any set-off or counterclaim and free from any deduction or withholding for or on any account of any Tax unless such deduction or withholding is required by applicable law. If any deduction or withholding is required by law the person making the payment shall be obliged to pay to the Escrow Agent such additional sum as will, after such deduction or withholding has been made, leave the Escrow Agent with the same amount as it would have been entitled to receive absent such deduction or withholding.
- 11.2 Any payment arranged by the Escrow Agent under this Deed will be made without any deduction or withholding for or on any Escrow Account of any Tax unless such deduction or withholding is required by applicable law, rule, regulation, or practice of any relevant government, government agency, regulatory authority with which the Escrow Agent is bound to comply.

12. TRUST

- 12.1 The perpetuity period for any trusts established by this Deed shall be 125 years from the date of this Deed.
- 12.2 Any trusts acknowledged hereunder are not intended to create, nor do they create, any security interest in favour of any person over any property or assets (however described) of the Escrow Agent but rather are intended clearly to delineate the beneficial interests of the Beneficiaries (and, to the extent expressly contemplated in this Deed, Holdco) in the Escrow Account.

13. REPRESENTATIONS AND WARRANTIES

- 13.1 Each of Holdco and the Bank hereby represents and warrants to the Escrow Agent and the Registrar that (i) it is a company duly organised and in good standing in every jurisdiction where it is required so to be, (ii) it has the power and authority to sign and to perform its obligations under this Deed, (iii) this Deed is duly authorised and signed and is its legal, valid, and binding obligation, (iv) any consent, authorisation, or instruction required in connection with its execution and performance of this Deed has been provided by any relevant third party, (v) any act required by any relevant governmental or other authority to be done in connection with its execution and performance of this Deed has been or will be done (and will be renewed if necessary) and (vi) its performance of this Deed will not violate or breach any applicable law, regulation, contract or other requirement.

- 13.2 Each of the Escrow Agent and the Registrar represents and warrants to the Bank, Holdco and the Beneficiaries that (i) it is a company duly organised and in good standing in the United Kingdom, (ii) it has the power and authority to sign and perform its obligations under this Deed, (iii) this Deed is duly authorised and signed and is its legal, valid and binding obligation, (iv) any consent, authorisation or instruction required in connection with its execution and performance of this Deed has been provided by the relevant third party, (v) any act required by any relevant governmental or other authority to be done in connection with its execution and performance of this Deed has been or will be done (and will be renewed if necessary) and (vi) its performance of this Deed will not violate or breach any applicable law, regulation, contract or other requirement.

14. LIABILITY OF ESCROW AGENT

- 14.1 The Escrow Agent shall not be liable or responsible for any Liabilities which may result from anything done or omitted to be done by it in accordance with the provisions of this Deed and shall bear no obligation or responsibility to any person in respect of the operation of the Escrow Accounts or its application of the Escrow Monies unless such liability arises as a result of gross negligence, fraud or wilful default on the part of the Escrow Agent. Under no circumstances shall the Escrow Agent be liable for any consequential or special loss, or indirect, consequential or punitive damages, however caused or arising (including loss of business, goodwill, opportunity, or profit) even if advised of the possibility of such loss or damage.
- 14.2 The duties of the Escrow Agent are purely administrative in nature. No implied duties or obligations shall be imposed on the Escrow Agent by virtue of its entering into this Deed or agreeing to provide the services hereunder, unless otherwise stated in this Deed. The Escrow Agent shall not be obliged to perform any additional duties unless it shall have previously agreed to perform such duties. The Escrow Agent shall not be under any obligation to take any action under this Deed that it expects will result in any expense to, or liability for, it, the payment of which is not, in its opinion, assured to it within a reasonable time.
- 14.3 The Escrow Agent shall not be responsible or liable for any Liability incurred in relation to the Escrow Monies arising from any transaction made by it performing its obligations under this Deed except for any such loss or damage incurred in consequence of gross negligence, fraud or wilful default on the part of the Escrow Agent.
- 14.4 The Escrow Agent shall be entitled to rely on, and shall not be liable for acting upon, and shall be entitled to treat as genuine and as the document it purports to be, any certificate, instruction, letter, notice or other document furnished to it by or on behalf of any Party in whatever format and by whatever means, including electronic, and believed by the Escrow Agent, in its absolute discretion, to be genuine and to have been signed and presented by the proper person or persons. The Escrow Agent may consult with any Party (or their advisers) to the extent it considers it necessary or desirable.

15. REPLACEMENT OF ESCROW AGENT

- 15.1 Holdco may, with the consent of the Majority Backstop Providers (which consent shall not be unreasonably withheld), at any time replace the Escrow Agent by:
- 15.1.1 giving written notice in accordance with Clause 22 to such effect; and
 - 15.1.2 providing to the Escrow Agent details of a replacement escrow agent and the replacement escrow accounts held in the name of such replacement escrow agent; and
 - 15.1.3 procuring that such proposed replacement escrow agent executes an Accession Deed.
- 15.2 Within three Business Days of receipt of a notice and details given in accordance with Clause 15.1, the Escrow Agent shall transfer the amounts standing to the credit of the Escrow

Accounts to the Successor Escrow Agent by crediting such monies to the Replacement Escrow Accounts in cleared funds.

- 15.3 The Escrow Agent may at any time resign for any reason by giving written notice (a "**Resignation Notice**") to such effect to the other Parties. On receipt of a Resignation Notice from the Escrow Agent, Holdco may, with the consent of the Majority Backstop Providers and the Bank (in each case which consent shall not be unreasonably withheld), appoint a successor escrow agent as soon as practicable and:
 - 15.3.1 give written notice in accordance with Clause 22 to such effect to the Escrow Parties; and
 - 15.3.2 provide to the Escrow Agent details of such successor escrow agent and a Replacement Escrow Account.
- 15.4 Within three Business Days of receipt of such notice and details, the Escrow Agent shall transfer the amounts standing to the credit of the Escrow Account to the Successor Escrow Agent by crediting such monies to the Replacement Escrow Account in cleared funds.
- 15.5 If 30 calendar days after the date of deemed receipt of a Resignation Notice a Successor Escrow Agent has not been appointed in accordance with Clause 15.3 above, the Escrow Agent may:
 - 15.5.1 appoint a successor escrow agent itself and transfer the balance standing to the credit of the Escrow Account to the Replacement Escrow Account, provided that the Escrow Agent shall provide details of such successor escrow agent and the Replacement Escrow Account to the other Parties; or
 - 15.5.2 petition a court of competent jurisdiction to appoint a successor escrow agent (to which the Escrow Agent shall transfer the balance standing to the credit of the Escrow Account) or otherwise direct the Escrow Agent in any way in relation to such balance.
- 15.6 The replacement or resignation of the Escrow Agent will take effect on the date of the transfer of the balance standing to the credit of the Escrow Account to the Replacement Escrow Account (such date being the "**Resignation/Replacement Date**").
- 15.7 Until the Resignation/Replacement Date, the Escrow Agent's sole responsibility is to safe keep the Escrow Monies and the Escrow Agent shall be obliged to release amounts in accordance with the terms of this Deed.
- 15.8 On and from the Resignation/Replacement Date, for the purposes of this Deed and the Members' Scheme and Creditors' Scheme, the Successor Escrow Agent shall be the Escrow Agent.
- 15.9 On transfer of the Escrow Monies in accordance with Clauses 15.1, 15.3 or 15.5 above, the outgoing Escrow Agent shall be discharged from all further obligations arising in connection with this Deed, excluding, for the avoidance of doubt, any Liabilities which have arisen under this Deed prior to the release of the Escrow Monies or as a result of the improper release of the Escrow Monies.
- 16. SIGNING AUTHORITIES AND POWER OF ATTORNEY**
- 16.1 Subject to Clause 16.3, the Escrow Agent shall ensure that it has sole signing authority in respect of the Escrow Accounts.
- 16.2 On the date of occurrence of an Escrow Agent Default Event the Parties shall be deemed to have received a Resignation Notice from the Escrow Agent.

- 16.3 From and including the date upon which an Escrow Agent Default Event occurs (unless a Successor Escrow Agent has been appointed in accordance with Clause 15 and is managing the Replacement Escrow Account under an agreement satisfactory to the Escrow Parties (acting reasonably)), each of Holdco and the Bank (each in its capacity as attorney for the Escrow Agent) shall have signing authority in respect of the Escrow Account, on the basis that any instruction to the Escrow Bank must have the signature of both Holdco and the Bank.
- 16.4 The Escrow Agent hereby irrevocably appoints, by way of security for its obligations under this Deed, each of Holdco and the Bank (in its capacity as attorney for the Escrow Agent) from and including the date of an Escrow Agent Default Event as its attorney, with full power of substitution, on its behalf and in its name or otherwise, at such time and in such manner as the attorney considers fit (unless a Successor Escrow Agent has been appointed in accordance with Clause 15 and is managing the Replacement Escrow Account under an Accession Deed) to do anything which the Escrow Agent is obliged to do under this Deed, provided that any action in the name of the Escrow Agent must be agreed in writing between Holdco and the Bank.
- 16.5 Each of Holdco and the Bank confirms that it shall, for the period for which it has signing authority in respect of the Escrow Account under this Clause 16, comply with the obligations of the Escrow Agent under this Deed as if it were the Escrow Agent.
- 16.6 The Escrow Agent ratifies and confirms and agrees to ratify and confirm whatever any attorney shall do in the exercise or purported exercise of the power of attorney granted by it in this Clause 16.

17. FEES AND EXPENSES

Holdco shall pay the fees, costs and expenses of the Escrow Agent for its services pursuant to this Deed on the basis set out in the Fee Letter.

18. MODIFICATION

Once this Deed has become effective, no modification to or variation of this Deed (or any document entered into pursuant to this Deed) shall be valid unless it is in writing and signed by or on behalf of the Bank, Holdco, the Majority Backstop Providers, the Information Agent and the Escrow Agent.

19. TERMINATION

- 19.1 This Deed (and, for the avoidance of doubt, the trusts created hereunder) shall terminate automatically upon the Termination Date. Holdco shall notify the Escrow Agent of the Termination Date.
- 19.2 Clause 17 shall survive termination of this Deed.

20. JOINT AND SEVERAL LIABILITY

- 20.1 The obligations of each Party under this Deed are several and not joint. Failure by a Party to perform its obligations under this Deed does not affect the obligations of any other Party under this Deed. No Party is responsible for the obligations of any other Party under this Deed.
- 20.2 The rights of each Party under or in connection with this Deed are separate and independent rights. A Party may, except as otherwise stated in this Deed, separately enforce its rights under this Deed.

21. SEVERANCE AND VALIDITY

If any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, such provision shall be deemed to be severed from this

Deed and the Parties shall replace such provision with one having an effect as close as possible to the deficient provision. The remaining provisions will remain in full force in that jurisdiction and all provisions will continue in full force in any other jurisdiction.

22. NOTICES

22.1 Any notice or other written communication to be given under or in relation to this Deed shall be given in the English language in writing and shall be deemed to have been duly given if it is delivered by hand, email, pre-paid recorded delivery or international courier to the address or e-mail address as set out below (or as may be notified by notice to Parties from time to time).

22.2 The addresses for notices are as follows:

22.2.1 in the case of Holdco, to c/o Paul Hastings (Europe) LLP, 10 Bishops Square, London E1 6EG, United Kingdom, Attention: David Ereira and Ronan O'Sullivan email: davidereira@paulhastings.com and ronanosullivan@paulhastings.com;

22.2.2 in the case of the Bank, to The Co-operative Bank P.L.C., St Paul's House, 10 Warwick Lane, London, EC4M, 7BP, Attention: John Worth, Chief Financial Officer; and Brona McKeown, General Counsel, email: john.worth@cfs.coop, brona.mckeown@cfs.coop;

with a copy to (which shall not constitute notice):

Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ, United Kingdom, Attention: Lee Coney and Philip Hertz, email: ProjectRio-Lima@CliffordChance.com;

22.2.3 in the case of the Escrow Agent and the Information Agent, to Lucid Issuer Services Limited, Tankerton Works, 12 Argyle Walk, London WC1H 8HA, email: co-op@lucid-is.com, marked for the attention of Sunjeeve Patel;

22.2.4 in the case of the Registrar, to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE. Attention: Ben Carpanini, email: ben.carpanini@computershare.co.uk.

23. COUNTERPARTS

This Deed may be entered into in any number of counterparts, and by the Parties hereto on different counterparts, each of which, when executed and delivered, shall be an original, but all the counterparts shall together constitute one and the same instrument.

24. WHOLE AGREEMENT

Save as expressly set out herein, this Deed represents the whole agreement between the Parties in relation to its subject matter and supersedes all prior representations, promises, agreements, and understandings.

25. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

25.1 Except for the Beneficiaries who are not a Party to this Deed (who expressly have the rights as Beneficiaries set out herein), a person who is not a party to this Deed has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed.

26. GOVERNING LAW AND JURISDICTION

26.1 This Deed and any non-contractual obligations arising out or in connection with it shall be governed by and construed in accordance with the laws of England and Wales.

26.2 In relation to any legal action or proceedings regarding contractual or non-contractual obligations arising out of or in connection with this Deed ("**Proceedings**") the Parties irrevocably submit to the jurisdiction of the courts of England and Wales. Each of the Parties waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

IN WITNESS WHEREOF this Deed has been executed as a Deed and delivered and takes effect on the date stated at the beginning.

**SCHEDULE 1
FORM OF ESCROW ACCOUNT CONFIRMATION NOTICE**

To: **Balloon Street Holdings Limited**
c/o Paul Hastings (Europe) LLP,
Ten Bishops Square, Eighth Floor,
London, E1 6EG

and

The Co-operative Bank p.l.c.,
St Paul's House,
10 Warwick Lane,
London, EC4M, 7BP,

with a **copy** to (which shall not constitute notice):

Clifford Chance LLP,
10 Upper Bank Street,
London E14 5JJ, Attention: Lee Coney and Philip Hertz, email: ProjectRio-Lima@CliffordChance.com

Attention: David Ereira and Ronan O'Sullivan

John Worth, Chief Financial Officer; and Brona McKeown, General Counsel
cc. Lee Coney and Philip Hertz

Email: davidereira@paulhastings.com, ronanosullivan@paulhastings.com

john.worth@cfs.coop, brona.mckeown@cfs.coop
cc ProjectRio-Lima@CliffordChance.com

From: **Lucid Issuer Services Limited**

Dated: _____

Dear Sirs

Restructuring Deed dated _____ August 2017 (the "Restructuring Deed")

Escrow Deed dated _____ 2017 (the "Escrow Deed")

1. We refer to the Restructuring Deed and the Escrow Deed. This is the Escrow Account Confirmation Notice (this "**Notice**"). Terms defined in the Escrow Deed have the same meaning when used in this Notice.
2. In accordance with the terms of the Restructuring Deed and the Escrow Deed, we hereby confirm that we hold Escrow Monies (excluding any Excluded Escrow Monies) in an amount of £250,000,000 in cleared funds in the Escrow Account.
3. We hereby confirm that this Notice is given in accordance with the terms of the Restructuring Deed and the Escrow Deed.

Lucid Issuer Services Limited)
)
acting by)
duly authorised by **Lucid Issuer Services**)
Limited
to sign on its behalf

**SCHEDULE 2
FORM OF SUBSCRIBER PAYMENT NOTICE**

To: **Lucid Issuer Services Limited** as Escrow Agent
Tankerton Works,
12 Argyle Walk,
London WC1H 8HA

Attention: Sunjeeve Patel

Email: co-op@lucid-is.com

From: The Co-operative Bank p.l.c., for and on behalf of the Scheme Subscribers

Dated: _____

Dear Sirs

Restructuring Deed dated _____ August 2017 (the "Restructuring Deed")

Escrow Deed dated _____ 2017 (the "Escrow Deed")

1. We refer to the Restructuring Deed, the Escrow Deed and the Scheme Documents. This is the Subscriber Payment Notice (this "**Notice**"). Terms defined in the Escrow Deed have the same meaning when used in this Notice.
2. In accordance with the terms of the Restructuring Deed and the Escrow Deed, we hereby instruct you to hold all Subscriber Payment Amounts on behalf of Balloon Street Holdings Limited.
3. We hereby confirm that this Notice is given in accordance with the terms of the Restructuring Deed and the Escrow Deed.

The Co-operative Bank p.l.c., acting for)
and on behalf of the Scheme Subscribers)
acting by)
duly authorised by **The Co-operative Bank**)
p.l.c. to sign on its behalf

.....
Director/Authorised signatory (as
appropriate)

**SCHEDULE 3
FORM OF ESCROW PAYMENT NOTICE**

To: **Lucid Issuer Services Limited** as Escrow Agent
Tankerton Works,
12 Argyle Walk,
London WC1H 8HA

Attention: Sunjeeve Patel

Email: co-op@lucid-is.com

From: Balloon Street Holdings Limited

Dated: _____

Dear Sirs

Escrow Deed dated _____ 2017 (the "Escrow Deed")

1. We refer to the Escrow Deed, the Backstop Agreement, the Restructuring Deed and the Scheme Documents. This is the Escrow Payment Notice (this "**Notice**"). Terms defined in the Escrow Deed have the same meaning when used in this Notice.
2. In accordance with the terms of the Escrow Deed, we hereby instruct you to instruct the Escrow Bank to hold the amount of £250,000,000 on behalf of The Co-operative Bank p.l.c. and immediately thereafter pay to the Bank Account from the Escrow Account the amount of £250,000,000 in cleared funds.
3. We hereby confirm that this Notice is given in accordance with the terms of the Scheme Documents.

Balloon Street Holdings Limited)
)
acting by)
duly authorised by **Balloon Street Holdings**)
Limited)
to sign on its behalf

.....
Director/Authorised signatory (as
appropriate)

SCHEDULE 4
FORM OF ESCROW BANK NOTICE

On the Letterhead of BNP Paribas S.A., London Branch

To: Lucid Issuer Services Limited (as Escrow Agent)

Date: _____

Dear Sirs

We refer to:

- (1) the escrow deed (the "**Escrow Deed**") dated _____ 2017 between, among others, Balloon Street Holdings Limited ("**Holdco**"), the Co-operative Bank P.L.C. (the "**Bank**") and the Escrow Agent; and
- (2) the Escrow Account (as defined in the attached Escrow Deed) held at BNP Paribas S.A., London Branch (the "**Escrow Bank**") in the name of the Escrow Agent.

Capitalised terms have the meaning given to them in the Escrow Deed unless otherwise defined herein.

In connection with the Escrow Deed, the Escrow Agent has requested that we make the confirmations and acknowledgements set out in this letter.

1. Subject to the other provisions of this letter, we confirm that we recognise that:
 - (a) we are not a party to the Escrow Deed, our obligations in respect of the Escrow Monies and the other matters referred to in this letter are limited only to the terms of this letter and to the Escrow Bank's standard account documentation;
 - (b) the Escrow Agent has advised us that all monies (from time to time) standing to the credit of the Escrow Account are held by the Escrow Agent on trust for the Beneficiaries on the terms of the Escrow Deed; and
 - (c) the only persons entitled to exercise operational and management functions in relation to the account are:
 - (i) prior to the occurrence of an Escrow Agent Default Event, the Escrow Agent. Until receipt of a notice from Holdco that an Escrow Agent Default Event has occurred, we shall act in accordance with the instructions of the Escrow Agent; and
 - (ii) from and including the date upon which we receive notice from Holdco that an Escrow Agent Default Event has occurred and no Successor Escrow Agent (that is managing the Escrow Account under an agreement satisfactory to all Escrow Parties (acting reasonably)) has been appointed in accordance with Clause 13.3 of the Escrow Deed, the signing authorities in respect of the Escrow Account shall be granted to Holdco and we shall act in accordance with the instructions of Holdco.
2. We are not entitled to combine the Escrow Account with any other account or to exercise any right of set-off or counterclaim against monies in the Escrow Account in respect of any sum owed to us on any other account of the Escrow Agent or any other party. We agree that payment of such charges will not be deducted against the Escrow Account.
3. We are entitled to rely on the presumption that any withdrawal from the Escrow Account by the Escrow Agent is in conformity and compliance with (i) the Escrow Deed; and (ii) the

Escrow Agent's statutory and other obligations, and the Escrow Agent understands and agrees that we are not responsible for ensuring the Escrow Agent's compliance with (i) the Escrow Deed; and (ii) the provisions of any applicable laws, rules and regulations. For the avoidance of doubt, the indemnity in the account documentation in effect between the Escrow Bank and the Escrow Agent shall apply in respect of all claims, expenses (including all reasonable legal fees) and liabilities incurred by the Escrow Bank in connection with any withdrawal or transfer made by the Escrow Agent or any other party in accordance with this letter from the Escrow Account.

4. The Escrow Bank may, and is authorised to, follow any order issued by a court of England or any competent judicial, governmental, supervisory or regulatory body in relation to the Escrow Account.
5. The Escrow Account is subject to, and our operation of the Escrow Account will be in accordance with, the terms and conditions of the account documentation in effect between the Escrow Bank and the Escrow Agent from time to time. In the event of any conflict between this letter and such account documentation, this letter will prevail.
6. For the avoidance of doubt, in respect of monies paid out of the Escrow Account to third parties in accordance with instructions received by the Escrow Bank from the Escrow Agent, the Escrow Bank shall not be under any obligation to verify or enquire as to the suitability of the client money arrangements of the institution or account to which such money is transmitted.
7. The terms of this letter including any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of England and Wales.

Please confirm the Escrow Agent's acceptance and acknowledgement of the terms of this letter by signing and returning to the Escrow Bank the enclosed copy of this letter.

Yours faithfully

Signature

Name:

Contact number:

BNP Paribas S.A., London Branch

Signature

Name:

Contact number:

Lucid Issuer Services Limited as Escrow Agent

ENCL. Escrow Deed

SIGNATORIES

HOLDCO

EXECUTED AS A DEED by

BALLOON STREET HOLDINGS LIMITED

THE CO-OPERATIVE BANK P.L.C.

LUCID ISSUER SERVICES LIMITED

LUCID ISSUER SERVICES LIMITED

COMPUTERSHARE INVESTOR SERVICES PLC