

FORM OF ACCOUNT HOLDER LETTER

For use by Account Holders in Euroclear and Clearstream, Luxembourg in respect of

€34,980,000 Floating Rate Callable Step-up Dated Subordinated Notes due 2016 (ISIN: XS0254625998)
(the **2016 Notes**)

£37,775,000 5.875% Subordinated Callable Notes due 2019 (ISIN: XS0189539942) (the **2019 Notes**)

£275,000,000 9.25% Subordinated Notes due April 2021 (ISIN: XS0620315902) (the **April 2021 Notes**)

£8,747,000 Fixed/Floating Rate Subordinated Notes due November 2021 (ISIN: XS0274155984)
(the **November 2021 Notes**)

£235,402,000 7.875% Subordinated Notes due 2022 (ISIN: XS0864253868) (the **2022 Notes**)

£200,000,000 5.75% Dated Callable Step-up Subordinated Notes due 2024 (ISIN: XS0188218183)
(the **2024 Notes**)

and

£150,000,000 5.875% Subordinated Notes due 2033 (ISIN: XS0145065602) (the **2033 Notes**)

issued by

THE CO-OPERATIVE BANK P.L.C.
(the **Company**)

in relation to

The Company's scheme of arrangement under
Part 26 of the Companies Act 2006 (the **Scheme**)

The Scheme will, if implemented, materially affect certain creditors of the Company, including the holders of the 2016 Notes, the 2019 Notes, the April 2021 Notes, the November 2021 Notes, the 2022 Notes, the 2024 Notes and the 2033 Notes (together, the Dated Notes).

Persons who are account holders with Euroclear and Clearstream, Luxembourg (together, **Account Holders**) must use this Account Holder Letter to register details of their interests in the Dated Notes and to make certain elections in relation to the voting in respect of the Scheme.

DEADLINE FOR RECEIPT OF BLOCKING INSTRUCTIONS AND ACCOUNT HOLDER LETTER

THIS ACCOUNT HOLDER LETTER HAS 6 PARTS.

IN ALL CASES PART 1 OF THIS ACCOUNT HOLDER LETTER MUST BE COMPLETED AND, IN ADDITION:

IN ORDER TO VOTE AND/OR LOCK-UP

Part 2 of this Account Holder Letter: In order to vote and/or lock-up in respect of the Scheme, Part 2 (*Voting and Lock-up*) of this Account Holder Letter must be delivered by post, facsimile or email to the Information Agent using the contact details set out below and must be received by the Information Agent by

no later than 4.30 p.m. (London time) on 13 December 2013 (the **Voting Instruction Deadline**). Account Holder Letters received after the Voting Instruction Deadline will not constitute valid voting instructions for the purposes of the Scheme. The Dated Notes identified in this Account Holder Letter must be blocked by no later than the Business Day preceeding the Voting Instruction Deadline.

IN ORDER TO ELECT TO PARTICIPATE IN THE ADDITIONAL NEW ORDINARY SHARES SUBSCRIPTION AND/OR THE SUB-PURCHASING OFFER

Part 3 of this Account Holder Letter: In order to elect to subscribe for any Additional New Ordinary Shares or participate in the Sub-purchasing Offer in accordance with the Scheme, Part 3 Section 1 (*Election to Subscribe*) (in respect of the Additional New Ordinary Shares Offer) and/or Part 3 Section 2 (*Election to Sub-purchase*) (in respect of the Sub-purchasing Offer in respect of the Additional New Ordinary Shares Offer) of this Account Holder Letter must be delivered by post, facsimile or email to the Information Agent using the contact details set out below and must be received by the Information Agent by no later than the Voting Instruction Deadline. Such delivery will constitute an irrevocable offer by the relevant Noteholder to subscribe for Additional New Ordinary Shares pursuant to the Additional New Ordinary Shares Offer (if Part 3 Section 1 (*Election to Subscribe*) is completed) and/or the Sub-purchasing Offer (if Part 3 Section 2 (*Election to Sub-purchase*) is completed)..

If Part 3 Section 1 (*Election to Subscribe*) and/or Part 3 Section 2 (*Election to Sub-purchase*) are completed, Part 4 (*Scheme Consideration, Eligibility And Delivery Of The Additional New Ordinary Shares*) must also be completed so as to confirm that the Account Holder and Noteholder (or if the Noteholder has appointed a Designated Recipient, its Designated Recipient), are Eligible Persons.

IN ORDER TO RECEIVE SCHEME CONSIDERATION AND ADDITIONAL NEW ORDINARY SHARES

Part 4 of this Account Holder Letter: In order to receive Scheme Consideration and (if applicable) Additional New Ordinary Shares pursuant to the terms of the Scheme on the Scheme Settlement Date, and to participate in the Sub-purchasing Offer, Part 4 (*Scheme Consideration, Eligibility And Delivery Of The Additional New Ordinary Shares*) of this Account Holder Letter must be delivered by post, facsimile or email to the Information Agent using the contact details set out below and must be received by the Information Agent by no later than the Voting Instruction Deadline.

IN ORDER TO VOTE FOR OR AGAINST THE APPOINTMENT OF THE NOMINATED DIRECTORS

Part 5 of this Account Holder Letter: In order to vote for or against the appointment of one or both of the Nominated Directors, Part 5 (*Director Nominations*) must be delivered by post, facsimile or email to the Information Agent by no later than the Voting Instruction Deadline.

IN ALL CASES PART 6 OF THIS ACCOUNT HOLDER LETTER SHOULD BE COMPLETED.

Part 6 of this Account Holder Letter: In order to be valid, this Account Holder Letter must be signed by the Account Holder.

A separate Account Holder Letter must be completed in respect of each separate beneficial holding of/interest in the Dated Notes.

Capitalised terms used in this Account Holder Letter but not defined in it have the same meaning as given to them in the explanatory statement relating to the Scheme dated 18 November 2013 (as amended on 4 December 2013) (the **Explanatory Statement**), subject to any amendments or modifications made by the Court.

You are strongly advised to read the Explanatory Statement and the Scheme and, in particular, Appendix 2 (*Instructions and guidance for Scheme Creditors and any person with an interest in the Dated Notes*) to the Explanatory Statement, before you complete the Account Holder Letter. Appendix 2 (*Instructions and guidance for Scheme Creditors and any person with an interest in the Dated Notes*) to the Explanatory Statement contains detailed information on the various options contained in this Account Holder Letter. All relevant documentation can be found at the Scheme Website www.co-operative.coop/Bondholders.

This Account Holder Letter and any non-contractual obligations arising out of or in relation to this Account Holder Letter shall be governed by, and interpreted in accordance with, English law.

FOR ASSISTANCE CONTACT THE INFORMATION AGENT:

Lucid Issuer Services Limited

Leroy House
436 Essex Road
London
N1 3QP

Attention: Sunjeeve Patel / Yves Theis

Telephone: +44 20 7704 0880

Email: co-op@lucid-is.com

Facsimile: +44 20 7067 9098

PART 1: NOTEHOLDER AND HOLDING DETAILS

SECTION 1: NOTEHOLDER DETAILS

If you are not the Noteholder (that is, the person that is the beneficial owner of and/or the holder of the ultimate economic interest in the relevant Dated Notes, held in global form through the Clearing Systems with a claim in respect of any amount outstanding under the Dated Notes as at the Record Date (being 4.30 p.m. (London time) on 13 December 2013) (unless the Company, in its sole discretion, elects to recognise a transfer of Dated Notes after the Record Date)), please identify the Noteholder on whose behalf you are submitting this Account Holder Letter. If such Noteholder does not wish to provide details of its identity, please identify a person with full legal right and authority to act on behalf of that Noteholder as its representative.

To be completed for all Noteholders:

Full Name of Noteholder _____

Country¹ _____

E-mail Address _____

Telephone Number (with country code) _____

Passport Number² _____

To be completed if the Noteholder is an institution:

Jurisdiction of Incorporation of Noteholder _____

Name of Authorised Employee of Noteholder _____

Department _____

Passport Number³ _____

To be completed if the Noteholder is an investment fund, managed account, discretionary account or similar over which a manager, adviser or general partner has discretionary authority:

Name of Investment Manager / Investment Adviser / General Partner _____

¹ If the Noteholder is an institution, enter the country in which its registered office is located. If the Noteholder is an individual, enter the country in which the individual's home address is located. If a country other than the United Kingdom is entered, the Noteholder should refer to the section(s) entitled "Restrictions" in the Explanatory Statement.

² Required if attending the Scheme Meeting in person or by a duly authorised representative, if a corporation.

³ Required if attending the Scheme Meeting in person by a duly authorised representative.

SECTION 2: HOLDING DETAILS

If this Account Holder Letter is delivered before the Voting Instruction Deadline, the Account Holder on behalf of the relevant Noteholder holds the following Dated Notes to which this Account Holder Letter relates, which have been "blocked" through delivery of Custody Instructions to the relevant Clearing System, the Custody Instruction Reference Number(s) in relation to which is/are identified below.

If this Account Holder Letter is delivered after the Voting Instruction Deadline but before the Scheme Settlement Date, the Account Holder on behalf of the relevant Noteholder held the following Dated Notes to which this Account Holder Letter relates on the Record Date, continues to hold those Dated Notes and those Dated Notes have been "blocked" through delivery of Custody Instructions to the relevant Clearing System, the Custody Instruction Reference Number(s) in relation to which is/are identified below.

If this Account Holder Letter is delivered after the Scheme Settlement Date, the Account Holder on behalf of the relevant Noteholder held the following Notes to which this Account Holder Letter relates, on the Record Date and the relevant Noteholder has not transferred its Dated Notes between the Record Date and the Scheme Settlement Date.

| ISIN | Amount blocked at Clearing System | Clearing System | Clearing System Account number | Custody Instruction Reference Number⁴ |
|-------------|--|------------------------|---------------------------------------|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

⁴ Corresponding to your blocking instruction.

PART 2: VOTING AND LOCK-UP

SECTION 1: ACCOUNT HOLDER CONFIRMATIONS

The Account Holder named below in Part 6 (*Execution of Account Holder Letter by Account Holder*) for itself hereby confirms to the Company, the Co-operative Group and the Information Agent as follows (select "yes" or "no" as appropriate for each item):

A: That all authority conferred or agreed to be conferred pursuant to this Account Holder Letter and every obligation of the Account Holder under this Account Holder Letter (including any elections made in this Account Holder Letter) shall be binding upon the successors and assigns of the Account Holder (in the case of a corporation or institution) or the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the Account Holder (in the case of a natural person) and shall not be affected by, and shall survive, the insolvency, bankruptcy, dissolution, death or incapacity (as the case may be) of the Account Holder and that all of the information in this Account Holder Letter is complete and accurate.

Yes

No

B. That the Account Holder has irrevocably instructed Euroclear and/or Clearstream, Luxembourg, as the case may be, pursuant to Custody Instructions to block the Dated Notes identified in Part 1 Section 2 (*Holding Details*) of this Account Holder Letter on or before the date that this Account Holder Letter is delivered to the Information Agent and that a Custody Instruction Reference Number for each such Custody Instruction appears in this Account Holder Letter under "Custody Instruction Reference Number" in Part 1 Section 2 (*Holding Details*) of the Account Holder Letter.

Yes

No

C. That, in relation to the Dated Notes identified in Part 1 Section 2 (*Holding Details*) of this Account Holder Letter, the Account Holder has authority to (i) give the voting instructions set out in Part 2 Section 3 (*Voting*) of this Account Holder Letter and to nominate the person named in Part 2 Section 3 (*Voting*) of this Account Holder Letter (if applicable) to attend and speak at the Scheme Meeting, and (ii) make the elections and/or give the confirmations set out in Part 2 Section 2 (*Lock-up*) below on behalf of the Noteholder.

Yes

No

An Account Holder who is unable to confirm "yes" in respect of paragraphs A to C above should contact the Information Agent using the contact details set out in this Account Holder Letter for assistance.

By delivering this Account Holder Letter to the Information Agent, the Account Holder confirms that the Noteholder agrees that both it and the Noteholder shall be deemed to have made the representations, warranties and undertakings set out in paragraph 1 of Schedule 1 (*Representations, Warranties and Undertakings*) to this Account Holder Letter in favour of the Company, the Co-operative Group and the Information Agent as at the date on which this Account Holder Letter is delivered to the Information Agent.

SECTION 2: LOCK-UP

The Account Holder named below in Part 6 (*Execution of Account Holder Letter by Account Holder*) hereby confirms to the Company, the Co-operative Group and the Information Agent that the Noteholder agrees that the Noteholder shall be deemed to have made the representations, warranties and undertakings set out in paragraphs (a) and (b) and the undertakings set out in paragraphs (c), (e) and (f) of this Part 2 Section 2 (*Lock-up*) below (select "yes" or "no" as appropriate):

Yes

No

- (a) The Noteholder which submits, delivers or procures the submission and/or delivery of an Account Holder Letter represents and warrants to the Company, the Co-operative Group and the Information Agent that:
- (i) it is legally entitled and able to control the exercise and the casting of votes in relation to its Dated Notes in order to comply with the undertakings set out in paragraph (b) below; and
 - (ii) it has all requisite power, authority and legal capacity to give and carry out the transactions contemplated by, and to perform its obligations under, the undertakings set out in paragraph (b) below.
- (b) The Noteholder undertakes in favour of the Company that it will (or, as applicable, will procure that a duly authorised representative, proxy or nominee will):
- (i) attend the Scheme Meeting by proxy or in person and exercise and cast all of its votes in respect of its Dated Notes (as set out in Part 1 Section 2 (*Holding Details*) (its **Locked-up Notes**)) in favour of the Scheme and any amendment or modification to the Scheme or adjournment to the Scheme Meeting, provided that they are proposed by the Company and that the terms of the Scheme as amended or modified are and remain consistent in all material respects with the terms of the Scheme without such amendments or modifications and are consistent with and do not include any additional material terms which are likely to adversely affect or conflict with the terms of the Proposed Restructuring or its implementation;
 - (ii) except where Subclause b(i) applies, exercise and cast all of its votes in respect of its Locked-up Notes against any amendment or modification to the Scheme or any proposal to adjourn the Scheme Meeting;
 - (iii) not commence or request or instruct that any Trustee or any other person commence proceedings against the Company or take any other action in connection with any Note Event of Default or Potential Note Event of Default arising as a result of an application for or the making of the Scheme or the Proposed Restructuring;
 - (iv) not commence, take, support or actively assist (or request, instruct or procure that any other person commence, take, support, or actively assist) any judicial, arbitration, regulatory proceedings or any other action inconsistent with the terms of the undertakings set out in this paragraph (b) or the Scheme, that would reasonably be expected to impede, prevent or frustrate the implementation of the Scheme or the Proposed Restructuring;
 - (v) promptly notify the Company, by sending an additional Account Holder Letter (with Part 2 Section 2 (*Lock-up*) duly completed to provide the undertakings set out in paragraph (b) of

Part 2 Section 2 (*Lock-up*) of that Account Holder Letter) to the Company and/or the Information Agent, of any change (whether an increase or decrease) to the aggregate principal amount of its Dated Notes and upon actual receipt of a request in writing from the Company (or an agent acting on its behalf) provide such other information in relation to any Scheme Claim (to the extent such information cannot be obtained from this Account Holder Letter or any additional Account Holder Letter delivered by or on behalf of the Noteholder) as the Company (or an agent acting on its behalf) may reasonably require in order to enable it to calculate any Scheme Consideration; and

- (vi) promptly provide to the Company (or an agent acting on its behalf), upon actual receipt of a request in writing from the Company (or an agent acting on its behalf), written confirmation of the aggregate principal amount of its Locked-up Notes.
- (c) From the date of this Account Holder Letter until the date on which the undertakings set out in paragraph (b) above are terminated in accordance with paragraph (d) below, the Account Holder named below hereby confirms to the Company, the Co-operative Group and the Information Agent that the Noteholder undertakes not to sell, transfer, assign or otherwise dispose of its interest in all or any part of its Locked-up Notes to any person unless that person has entered into a Lock-Up Arrangement with the Company.
- (d) Subject to paragraph (e) below, the undertakings set out in paragraph (b) above will terminate immediately upon the occurrence of any of the following events:
 - (i) at a Scheme Meeting at which a vote takes place, the Scheme is not approved by the requisite majorities of the Scheme Creditors specified in section 899(1) of the Companies Act;
 - (ii) on the earlier of the Scheme Settlement Date and the Longstop Date;
 - (iii) the Company gives the Noteholder or any other Noteholder written notice of an intention either:
 - (A) not to proceed with the Scheme; or
 - (B) to proceed with a proposed scheme of arrangement on terms which are different to the Scheme in any material respect;
 - (iv) the Noteholder sells, transfers, assigns or otherwise disposes of all of its Locked-up Notes in the manner permitted by paragraph (c) above; and
 - (v) if:
 - (A) the 5.5555% Bondholders vote against the proposals (to the extent related to the 5.5555% Bonds) contemplated in the relevant Proposed Restructuring Documents at the 5.5555% Bondholders Meeting;
 - (B) the 13% Bondholders vote against the proposals (to the extent related to the 13% Bonds) contemplated in the relevant Proposed Restructuring Documents at the 13% Bondholders Meeting; or
 - (C) the Preference Shareholders vote against the proposals (to the extent related to the Preference Shares) contemplated in the relevant Proposed Restructuring Documents at the Preference Shareholders Meeting.

- (e) The Account Holder named below confirms that the Noteholder agrees and acknowledges to the Company that damages are not an adequate remedy for a breach of any of the undertakings set out in paragraph (b) and (c) above by it and specific performance and/or relief to compel performance are appropriate remedies for any such breach and any such remedies shall not be exclusive but shall be cumulative and in addition to any other remedies available to the Company.

- (f) No undertaking set out in paragraph (b) above will prevent the Noteholder from buying Dated Notes (including Dated Notes which are not subject to a Lock-Up Arrangement) provided that the Account Holder named below confirms that the Noteholder undertakes to the Company that it will deliver an additional Account Holder Letter which will include the undertakings set out in paragraph (b) above in respect of such Dated Notes unless and to the extent that such Dated Notes are (i) held in custody for a third party; or (ii) (unless and to the extent that the Noteholder agrees otherwise) held or otherwise acquired by one or more of the Noteholder's proprietary trading desks when acting as a market maker.

SECTION 3: VOTING

A. Attendance at the Scheme Meeting

The Noteholder wishes:

Tick only ONE of the boxes below.

to appoint the Chairman as its proxy to attend and vote on its behalf at the Scheme Meeting (*please now only complete paragraph B (Appointment of proxy and voting instructions to proxy) below*).

to appoint a proxy (other than the Chairman) to attend and vote on its behalf at the Scheme Meeting (*please now only complete paragraph B (Appointment of proxy and voting instructions to proxy) below*).

to attend and vote at the Scheme Meeting in person or by a duly authorised representative, if a corporation (*please now complete only paragraph C (Indication of voting intention) below*).

Section 3 (*Voting*) is continued on the next page.

B. Appointment of proxy and voting instructions to proxy

The Noteholder wishes to appoint (and the Account Holder is hereby authorised to appoint on its behalf):

Tick only ONE of the boxes below.

Chairman; or (tick box if appropriate)

the following individual (tick box if appropriate and fill in the details immediately below)

(Name):

(Address):

(Passport number):

or failing him:

(Name):

("Alternate 1")

(Address):

(Passport number):

or failing Alternate 1:

the Chairman

as its proxy and wishes its proxy to vote:

Tick only ONE of the boxes below.

FOR the Scheme

AGAINST the Scheme

C. Indication of voting intention

The Noteholder wishes to vote (and the Account Holder is hereby authorised to vote on its behalf) at the Scheme Meeting as follows. The Noteholder understands that this expression of intention is not binding and that it may vote as it sees fit at the Scheme Meeting (provided the authorised representative of a Noteholder wishing to attend the Scheme Meeting must bring his or her passport to the Scheme Meeting)

Tick only ONE of the boxes below.

FOR the Scheme

AGAINST the Scheme

PART 3: ADDITIONAL NEW ORDINARY SHARES OFFER

SECTION 1: ELECTION TO SUBSCRIBE

To participate in the Additional New Ordinary Shares Offer, this Part 3 Section 1 (*Election to Subscribe*) must be delivered to the Information Agent no later than the Voting Instruction Deadline. If you do not wish to participate in the Additional New Ordinary Shares Offer, please leave this Part 3 Section 1 (*Election to Subscribe*) blank.

The Account Holder named in Part 6 (*Execution of Account Holder Letter by Account Holder*) for itself hereby confirms to the Company, the Co-operative Group and the Information Agent that, in relation to the Dated Notes identified in Part 1 Section 2 (*Holding Details*) of this Account Holder Letter, the Account Holder has authority to make the elections and/or give the confirmations set out in Part 3 Section 1 (*Election to Subscribe*) below on behalf of the Noteholder. (select "yes" or "no" as appropriate).

Yes

No

Noteholders who wish to elect for Additional New Ordinary Shares pursuant to the Additional New Ordinary Shares Offer (described in Part B paragraphs 2.22 to 2.30 of the Explanatory Statement) and who procure that their Account Holder completes and returns this Part 3 Section 1 (*Election to Subscribe*) of the Account Holder Letter will be allotted Additional New Ordinary Shares in accordance with the terms of the Scheme on the Scheme Settlement Date.

Noteholders wishing to elect to subscribe for all or any of the Additional New Ordinary Shares pursuant to the Additional New Ordinary Shares Offer should ensure that an Account Holder Letter including a duly completed Part 3 Section 1 (*Election to Subscribe*) is received by the Information Agent no later than the Voting Instruction Deadline, after which time any election received will not be valid.

Any allotment of Additional New Ordinary Shares is subject to the eligibility confirmation being provided in Part 4 Section 2 (*Eligibility Confirmation*) in respect of the Noteholder or its Designated Recipient (as applicable) at the same time as this Part 3 (*Additional New Ordinary Shares Offer*) of the Account Holder Letter is delivered to the Information Agent.

Election in respect of Additional New Ordinary Shares

Election of Additional New Ordinary Shares is subject to a minimum number of 26,667 and a maximum number of 33,333,334 Additional New Ordinary Shares. Insert maximum number of Additional New Ordinary Shares elected below.

.....Additional New Ordinary Shares with a subscription price of £3.75 each (insert number of New Ordinary Shares)

Irrespective of the number of Additional New Ordinary Shares elected for above, allotment of Additional New Ordinary Shares will be determined in accordance with Part B paragraphs 2.22 to 2.30 of the Explanatory Statement. To the extent that the number of Additional New Ordinary Shares allocated is less than the number elected for above, the consideration payable for the Additional New Ordinary Shares will be adjusted accordingly.

Allocation Payments for Additional New Ordinary Shares

The delivery and receipt of a valid Account Holder Letter with this Part 3 Section 1 (*Election to Subscribe*) duly completed constitutes an irrevocable offer to the Company by the relevant Noteholder to subscribe for

up to the maximum number of Additional New Ordinary Shares indicated above. The acceptance of this offer will be effected and evidenced by notification by the Company to the relevant Noteholder of the relevant Noteholder's allocation of Additional New Ordinary Shares in accordance with the terms of the Scheme.

The allocation of Additional New Ordinary Shares, the amount to be paid in respect of such allocation and instructions as to payments to be made to the Company in respect of any Additional New Ordinary Shares issued to a Noteholder or its Designated Recipient shall be notified to the Noteholder by the Company or the Information Agent on the date of the Scheme Meeting.

If this Part 3 Section 1 (*Election to Subscribe*) had been completed, Part 4 (*Scheme Consideration, Eligibility and Delivery of The Additional New Ordinary Shares*) must also be completed.

SECTION 2: ELECTION TO SUB-PURCHASE

To participate in the Sub-purchasing Offer, this Part 3 Section 2 (*Election to Sub-purchase*) must be received by the Information Agent no later than the Voting Instruction Deadline. If you do not wish to participate in the Sub-purchasing Offer, please leave this Part 3 Section 2 (*Election to Sub-purchase*) blank.

The Account Holder named below in Part 6 for itself hereby confirms to the Company, the Co-operative Group and the Information Agent that, in relation to the Dated Notes identified in Part 1 Section 2 (*Holding Details*) of this Account Holder Letter, the Account Holder has authority to make the elections and/or give the confirmations set out in this Part 3 Section 2 (*Election to Sub-purchase*) below on behalf of the Noteholder (select "yes" or "no" as appropriate for each item).

Yes

No

Noteholders who wish to elect to participate in the Sub-purchasing Offer (described in Part B paragraphs 2.33 to 2.46 of the Explanatory Statement) and who procure that their Account Holder completes and returns this Part 3 Section 2 (*Election to Sub-purchase*) of the Account Holder Letter will be allocated a Sub-purchasing Commitment in accordance with the terms of the Scheme.

Noteholders wishing to elect to participate in the Sub-purchasing Offer should ensure that (i) an Account Holder Letter including a duly completed Part 3 Section 2 (*Election to Sub-purchase*) is received by the Information Agent no later than the Voting Instruction Deadline, after which time any election received will not be valid.

Any participation in the Sub-purchasing Offer is subject to the eligibility confirmation being provided in Part 4 Section 2 (*Eligibility Confirmation*) in respect of the Noteholder or its Designated Recipient (as applicable) at the same time this Part 3 Section 2 (*Election to Sub-purchase*) of the Account Holder Letter is delivered to the Information Agent.

Election in respect of the Sub-purchase of the Additional New Ordinary Shares Offer

Election to participate in the Sub-purchase of the Additional New Ordinary Shares Offer is subject to a commitment to purchase a minimum number of 26,667 and a maximum number of 33,333,334 Additional New Ordinary Shares. Insert maximum nominated Sub-purchasing Commitment below.

.....Additional New Ordinary Shares with a subscription price of £3.75 each (insert number of Additional New Ordinary Shares)

Irrespective of the above, allotment of the Sub-purchasing Commitment to purchase Additional New Ordinary Shares in accordance with the Sub-purchasing Offer will be determined as set out in Part B paragraphs 2.33 to 2.46 of the Explanatory Statement. The delivery and receipt of a valid Account Holder Letter with this Part 3 Section 2 (*Election to Sub-purchase*) duly completed constitutes an irrevocable offer to the Company by the relevant Noteholder to subscribe for up to the maximum commitment elected above. The acceptance of this offer will be effected and evidenced by the Company to the relevant Sub-purchaser by notification of the Sub-purchasing Commitment on or around the date of the Scheme Meeting.

Allocation Payments for Sub-purchase of Additional New Ordinary Shares Offer

The Company (or the Information Agent on behalf of the Company) will notify each Sub-purchaser of its Sub-purchasing Commitment and the amount by which the number of Additional New Ordinary Shares

subscribed for by the Noteholders in the Additional New Ordinary Shares Offer is less than 33,333,334 (if any) and the amount of Additional New Ordinary Shares required to be purchased by that Noteholder pursuant to its Sub-purchasing Commitment on the date of the Scheme Meeting.

If this Part 3 Section 2 has been completed, Part 4 must now also be completed.

**PART 4: SCHEME CONSIDERATION, ELIGIBILITY AND DELIVERY OF THE ADDITIONAL
NEW ORDINARY SHARES**

IN ORDER TO RECEIVE SCHEME CONSIDERATION AND ADDITIONAL NEW ORDINARY SHARES IN ACCORDANCE WITH THE TERMS OF THE SCHEME ON THE SCHEME SETTLEMENT DATE AND IN ORDER TO PARTICIPATE IN THE SUB-PURCHASING OFFER THIS PART OF THE ACCOUNT HOLDER LETTER MUST BE DELIVERED BY POST, FACSIMILE OR EMAIL TO THE INFORMATION AGENT USING THE CONTACT DETAILS SET OUT ABOVE AND MUST BE RECEIVED BY THE INFORMATION AGENT BY NO LATER THAN THE VOTING INSTRUCTION DEADLINE.

SECTION 1: ELIGIBILITY AND DESIGNATED RECIPIENT

Requirement to complete Part 4 Section 2 (*Eligibility Confirmation*)

To be eligible to receive the Scheme Consideration, any Additional New Ordinary Shares pursuant to the Scheme, and to be eligible to participate in the Sub-purchasing Offer the Account Holder for itself and on behalf of the Noteholder (or, if the Noteholder has appointed a Designated Recipient, its Designated Recipient) must provide confirmation to the Company, the Co-operative Group, the Information Agent and the Holding Period Trustee that it and the Noteholder (or, if the Noteholder has appointed a Designated Recipient, its Designated Recipient) is an Eligible Person by confirming that it and the Noteholder (or, if the Noteholder has appointed a Designated Recipient, its Designated Recipient) is an "Eligible Person" in Part 4 Section 2 (*Eligibility Confirmation*) below.

Option to appoint Designated Recipient

If the Noteholder is unable to provide the confirmation in Part 4 Section 2 (*Eligibility Confirmation*) referred to above itself it may nominate a Designated Recipient that is an Eligible Person in order that the Scheme Consideration and/or the Additional New Ordinary Shares can be distributed to that Designated Recipient on behalf of the Noteholder **provided that** the account number of the Account Holder in respect of both the Noteholder **and** the Designated Recipient must be the same as that specified by the Account Holder in Part 6 (*Execution of Account Holder Letter by Account Holder*) below. The details of the Designated Recipient, if applicable, must be completed below.

Is the Noteholder unable to provide the confirmation in Part 4 Section 2 (*Eligibility Confirmation*) below and does it wish to nominate a Designated Recipient?

No (Please now only complete Section 2)

Yes (Please provide details below)

DESIGNATED RECIPIENT

Designated Recipient's Name

Jurisdiction of incorporation _____

Address of Designated Recipient

City _____

State _____

Postal Code _____

Country _____

Contact Name: _____

Telephone no. of Designated Recipient

(with country code)

E-mail of Designated Recipient

SECTION 2: ELIGIBILITY CONFIRMATION

This Part 4 Section 2 (*Eligibility Confirmation*) of this Account Holder Letter should be completed in all cases. If the Account Holder fails to tick one of the boxes below the Noteholder will be deemed an Unadmitted Noteholder and will not receive Scheme Consideration or any Additional New Ordinary Shares to which it would otherwise be entitled under the terms of the Scheme on the Scheme Settlement Date or participate in the Sub-purchasing Offer. For more details please see paragraphs 2.17, 2.24 and 2.36 of Part B (*Overview of the Scheme*) of the Explanatory Statement.

The Account Holder for itself confirms to the Company, Co-operative Group, the Information Agent and the Holding Period Trustee as follows (select "yes" or "no" as appropriate for each item):

- A. That all authority conferred or agreed to be conferred pursuant to this part of the Account Holder Letter and every obligation of the Account Holder under this part of the Account Holder Letter shall be binding upon the successors and assigns of the Account Holder (in the case of a corporation or institution) or the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the Account Holder (in the case of a natural person) and shall not be affected by, and shall survive, the insolvency, bankruptcy, dissolution, death or incapacity (as the case may be) of the Account Holder and that all of the information in this part of the Account Holder Letter is complete and accurate.

Yes

No

- B. That it has authority to (i) give the confirmation set out in this Part 4 Section 2 (*Eligibility Confirmation*) for itself and for the Noteholder (or, if the Noteholder has appointed a Designated Recipient, its Designated Recipient), (ii) identify the person who is to be the Designated Recipient of the Scheme Consideration and the Additional New Ordinary Shares (if applicable) and (iii) give, on behalf of the Noteholder or its Designated Recipient (as applicable), the confirmation and request set out in Part 4 Section 3 (*Delivery of Bank T2 Notes, New Ordinary Shares and The Additional New Ordinary Shares*).

Yes

No

An Account Holder who is unable to confirm "yes" in respect of paragraphs A and B above should contact the Information Agent or the Holding Period Trustee (as appropriate) using the contact details set out in this Account Holder Letter for assistance.

By ticking the box below marked "Yes", the Account Holder confirms that it and the Noteholder (or, if the Noteholder has appointed a Designated Recipient, its Designated Recipient) confirm, agree and represent or are deemed to have confirmed, agreed or represented the statements set out in paragraph 2 of Schedule 1 (*Representations, Warranties and Undertakings*) to this Account Holder Letter with or in favour of the Company, the Co-operative Group, the Information Agent and the Holding Period Trustee as at the date on

which this Account Holder Letter is received by the Information Agent or the Holding Period Trustee (as applicable), on the Voting Instruction Deadline (to the extent not already passed), on the Scheme Settlement Date (to the extent not already passed) and, to the extent the Scheme Settlement Date has already occurred, the date on which the Holding Period Trustee transfers the relevant Scheme Consideration to the Noteholder.

If the Account Holder is unable to give the confirmation referred to in the paragraph above, it may only tick the box below marked “No” below and should contact the Information Agent or the Holding Period Trustee using the contact details set out in this Account Holder Letter for assistance.

Eligible Person

Yes

No

**SECTION 3: DELIVERY OF BANK T2 NOTES, NEW ORDINARY SHARES AND ADDITIONAL
NEW ORDINARY SHARES**

The Account Holder named below in Part 6 (*Execution of Account Holder Letter by Account Holder*) of this Account Holder Letter confirms, acknowledges and agrees to the Company, Information Agent and Holding Period Trustee that, subject to the eligibility confirmation set out in Part 4 Section 2 (*Eligibility Confirmation*) above having been provided, any Bank T2 Notes, New Ordinary Shares and Additional New Ordinary Shares to be delivered to the Account Holder (on behalf of the Noteholder or its Designated Recipient) as Scheme Consideration or in connection with the Additional New Ordinary Shares Offer or any Sub-purchase Commitment and any Sub-purchaser Premium payable to the Noteholder in connection with the Sub-purchasing Offer shall be delivered to the clearing system account referred to in Part 6 (*Execution of Account Holder Letter by Account Holder*) of this Account Holder Letter.

PART 5: DIRECTOR NOMINATIONS

The Account Holder named in Part 6 (*Execution of Account Holder Letter by Account Holder*) below for itself hereby confirms to the Company, the Co-operative Group and the Information Agent that, in relation to the Dated Notes identified in Part 1 Section 2 (*Holding Details*) of this Account Holder Letter, the Account Holder has authority to make the elections and/or give the confirmations set out in this Part 5 (*Director Nominations*) below on behalf of the Noteholder. (select "yes" or "no" as appropriate for each item).

Yes

No

As described in Part B paragraph 6 of the Explanatory Statement, the Company may publish a notice no later than 5 Business Days before the Scheme Meeting setting out details of two directors nominated by the Modified Scheme Purchasers (the **Nominated Directors**). The appointment of such Nominated Directors is subject to Noteholder approval as described in paragraph 6.3 of Part B of the Explanatory Statement. Noteholders who wish to vote for or against the appointment of one or both of the Nominated Directors should procure that their Account Holder completes and returns this Part 5 (*Director Nominations*) of the Account Holder Letter before the Voting Instruction Deadline. Alternatively, Noteholders may attend the Scheme Meeting to vote for or against the nomination of one or both of the Nominated Directors.

A. Attendance at the Director Appointment Meeting

The Noteholder wishes:

Tick only ONE of the boxes below.

to appoint the Chairman as its proxy to attend and vote on its behalf on the appointment of the Nominated Directors at the Scheme Meeting (*please now only complete paragraph B (Appointment of proxy and voting instructions to proxy) below*).

to appoint a proxy (other than the Chairman) to attend and vote on its behalf on the appointment of the Nominated Directors at the Scheme Meeting (*please now only complete paragraph B (Appointment of proxy and voting instructions to proxy) below*).

to attend and vote on the appointment of the Nominated Directors at the Scheme Meeting in person or by a duly authorised representative, if a corporation (*please now complete only paragraph C (Indication of voting intention) below*).

B. Appointment of proxy and voting instructions to proxy

The Noteholder wishes to appoint (and the Account Holder is hereby authorised to appoint on its behalf):

Tick only ONE of the boxes below.

Chairman; or (tick box if appropriate)

the following individual (tick box if appropriate and fill in the details immediately below)

(Name):

(Address):

(Passport number):

or failing him:

(Name): ("Alternate 1")

(Address):

(Passport number):

or failing Alternate 1:

the Chairman

as its proxy and wishes its proxy to vote:

Nominee Director 1

Tick only ONE of the boxes below.

FOR the appointment of Nominee Director 1

AGAINST the appointment of Nominee Director 1

Nominee Director 2

Tick only ONE of the boxes below.

FOR the appointment of Nominee Director 2

AGAINST the appointment of Nominee Director 2

C. Indication of voting intention

The Noteholder wishes to vote as follows. The Noteholder understands that this expression of intention is not binding and that it may vote as it sees fit at the Scheme Meeting.

Nominee Director 1

Tick only ONE of the boxes below.

FOR the appointment of Nominee Director 1

AGAINST the appointment of Nominee Director 1

Nominee Director 2

Tick only ONE of the boxes below.

FOR the appointment of Nominee Director 2

AGAINST the appointment of Nominee Director 2

Please note: If you do not tick any box you will be deemed not to have attended the Scheme Meeting for the purposes of voting on the appointment of the Nominated Directors.

PART 6: EXECUTION OF ACCOUNT HOLDER LETTER BY ACCOUNT HOLDER

Full name of Euroclear or
Clearstream Account Holder _____

Account Number of Account
Holder or Participant at
Clearing System _____

Authorised Employee of
Account Holder _____
(print name)

Department _____

Telephone no. of Authorised
Employee (with country
code) _____

E-mail of Authorised
Employee _____

Authorised Employee
Signature _____
(sign)

Date _____

Before returning this Account Holder Letter, please make certain that you have provided all the information requested.

By signing above, the Account Holder confirms that it has obtained all necessary consents, authorisations, approvals and/or permissions required to be obtained by it under the laws and regulations applicable to it in any jurisdiction in order to sign this Account Holder Letter on behalf of the Noteholder.

Before returning this Account Holder Letter or either part of this Account Holder Letter, please make certain that you have provided all the information requested.

Acceptance of Part 2 (*Voting and Lock-up*) of this Account Holder Letter by the Information Agent is subject to receipt by the Information Agent by no later than the Voting Instruction Deadline of valid Custody Instruction Reference Numbers in respect of the Dated Notes which are the subject of this Account Holder Letter. Custody Instructions must be delivered to Euroclear or Clearstream, Luxembourg, as the case may be, in respect of the Dated Notes identified in Part 1 Section 2 (*Holding Details*) of this Account Holder Letter as being held in one of those Clearing Systems prior to the Custody Instruction Deadline. Information in this Account Holder Letter must be consistent with such Custody Instructions and in the event of any ambiguity, the Custody Instructions shall take precedence.

Acceptance of Part 4 (*Scheme Consideration, Eligibility And Delivery Of The Additional New Ordinary Shares*) of this Account Holder Letter by the Information Agent or the Holding Period Trustee (as applicable) is subject to receipt by the Information Agent or the Holding Period Trustee (as applicable) of evidence satisfactory to it that the Noteholder held the Dated Notes to which Part 4 (*Scheme Consideration, Eligibility And Delivery Of The Additional New Ordinary Shares*) of this Account Holder Letter relates on the Record Date and that the Noteholder did not transfer the Dated Notes between the Record Date and the Scheme Settlement Date unless the Company, in its sole discretion, elected to recognise a transfer of Dated Notes after the Record Date.⁵

The Account Holder may complete and submit this Account Holder Letter or either part of this Account Holder Letter on behalf of the Noteholder if the Account Holder has authority to do so.

Facsimile or pdf copies of this Account Holder Letter will be accepted and originals are not required.

⁵ For the purposes of determining priorities in the First Round Exception, if a valid Account Holder Letter is delivered to and received by the Information Agent in respect of a Noteholder (which has validly elected to participate in the Additional New Ordinary Shares Offer and/or the Sub-purchasing Offer) on whose behalf an Old Account Holder Letter has, prior to the delivery of that Account Holder Letter, been delivered to and received by the Information Agent (and not revoked), that Account Holder Letter will be deemed to have been received by the Information Agent on the date and at the time that the Old Account Holder Letter was received by the Information Agent.

SCHEDULE 1

REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

1. Voting Representations, Warranties and Undertakings

Each Noteholder which submits, delivers or procures the delivery of an Account Holder Letter represents, warrants and undertakes to the Company, the Co-operative Group and the Information Agent that:

- (a) it is lawful to seek voting instructions from that Noteholder in respect of the Scheme;
- (b) it is assuming all of the risks inherent in that Noteholder participating in the Scheme and has undertaken all the appropriate analysis of the implications of participating in the Scheme for that Noteholder without relying on the Company, the Co-operative Group, the Dealer Managers or the Information Agent (other than any representations or warranties given in favour of that Noteholder by the Company or the Co-operative Group (as the case may be) under any of the Bank T2 Notes Prospectus and Group Notes Prospectus and the Explanatory Statement and, if applicable, a Lock-up Agreement to which that Noteholder is a party);
- (c) the Dated Notes which are the subject of the Account Holder Letter are, at the time of delivery of such Account Holder Letter held by it (directly or indirectly) or on its behalf at Euroclear or Clearstream, Luxembourg (and that Noteholder will use all reasonable endeavours to ensure that those Dated Notes will continue to be so held up to and including the Scheme Settlement Date (prior to their transfer in accordance with the terms of the Scheme));
- (d) by instructing the relevant Clearing System, it will be deemed to have authorised the relevant Clearing System to provide details concerning its identity, the Dated Notes which are the subject of the Account Holder Letter delivered on its behalf and its applicable account details to the Company and the Information Agent and their respective legal and financial advisers at the time the Account Holder Letter is submitted;
- (e) neither the Information Agent nor the Dealer Managers nor any of their Affiliates, directors, officers or employees has made any recommendation to that Noteholder as to whether, or how, to vote in relation to the Scheme, and that it has made its own decision with regard to voting based on any legal, tax or financial advice that it has deemed necessary to seek;
- (f) all authority conferred or agreed to be conferred pursuant to these representations, warranties and undertakings shall be binding on the successors and assigns of that Noteholder (in the case of a corporation or institution) or the successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives of that Noteholder (in the case of a natural person) and shall not be affected by, and shall survive, the insolvency, bankruptcy, dissolution, death or incapacity (as the case may be) of that Noteholder; and
- (g) no information has been provided to it by the Company, the Co-operative Group, the Dealer Managers, the Information Agent or any of their respective Affiliates, directors, officers, advisers or employees with regard to the tax consequences to that Noteholder arising from voting in favour of the Scheme, and that it is solely liable for any taxes or similar payments imposed on it under the laws of any applicable jurisdiction as a result of voting in favour of the Scheme, and that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Company, the Co-operative Group, the Dealer Managers, the Information Agent or any of their Affiliates, directors, officers, advisers or employees in respect of such taxes or similar payments.

2. Eligibility

- (a) The Account Holder and Noteholder (or, if the Noteholder has appointed a Designated Recipient, its Designated Recipient) each confirm, agree and represent with or in favour of the Company, the Co-operative Group, the Information Agent and the Holding Period Trustee that the offer to, issue to or subscription by it in respect of any New Ordinary Shares, Bank T2 Notes (and, if applicable, Additional New Ordinary Shares):
- (i) would not be unlawful or prohibited under the laws or regulations of any applicable jurisdiction; and
 - (ii) would not, or would not be likely to result in the Company being required to comply with any filing, registration, disclosure or other onerous requirement in any jurisdiction where that person is a citizen or subject to the laws of or in which that person is domiciled or resident.