

The Company Secretary
The Co-operative Bank p.l.c.
PO Box 101
1 Balloon Street
Manchester
M60 4EP

~~29 November~~ 2013

1 December

Dear Sirs,

Project LME – modification request to scheme of arrangement

Further to the launch of The Co-operative Bank p.l.c.'s (the **Bank**) liability management exercise (the **LME**) on 4 November 2013 and as announced on 28 November 2013, certain members of an ad hoc group of holders of Dated Notes have requested that the Bank apply to Court to seek a modification to the scheme of arrangement under part 26 of the Companies Act 2006 to be conducted in connection with the LME (the **Scheme**). If the Court were to approve the proposed modification of the Scheme (the Scheme as so modified, the **Modified Scheme**), an amended and restated explanatory statement relating to the Modified Scheme and a supplementary prospectus in connection with the Bank T2 Notes and the prospectus published by the Co-operative Group Limited in connection with the LME would be published thereafter.

We refer to the following documents, being:

- (a) the 2014 Commitment Agreement between Co-operative Group Limited (the **Group**), Co-operative Banking Group Limited (**CBGL**) and the Bank dated 4 November 2013;
- (b) the Bridge Loan Facility Agreement between the Group, CBGL and the Bank dated 4 November 2013;
- (c) the Security Agreement (Assignment of Receivables) between CBGL and the Group dated 4 November 2013; and
- (d) the Relationship Agreement between the Group, CBGL and the Bank dated 4 November 2013 (the **Relationship Agreement**),

(together, the **Commitment and Relationship Documents**).

Should the Court approve the terms of the Modified Scheme in the form announced on 28 November 2013, we hereby confirm and acknowledge that:

- (a) the Bank's, Group's and CBGL's rights and obligations under the Commitment and Relationship Documents shall remain in full force and effect;
- (b) any references to the "Scheme" in the Commitment and Relationship Documents shall be deemed to refer to the Modified Scheme in the form announced on 28 November 2013; and

- (c) any references to the "Purchasers" in the Relationship Agreement shall be deemed to refer to the "Modified Scheme Purchasers" under and as defined in the modified scheme purchase agreement relating to the Modified Scheme dated on or about the date of this letter.

Please note that capitalised terms used but not defined in this letter shall have the meaning given to them in the Bank's lower tier 2 debt prospectus dated 4 November 2013.

Yours faithfully



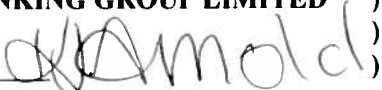
CO-OPERATIVE GROUP LIMITED
acting by its attorney

)
)
)

Lawrence Hagan
Authorised Sealing Officer
CG6058

CO-OPERATIVE BANKING GROUP LIMITED
acting by its attorney

)
)
)



K. Arnold
Authorised Sealing Officer
CBG158

Acknowledged and agreed by:

THE CO-OPERATIVE BANK P.L.C.
acting by its attorney )
_____)

K. Arnold
Authorised Sealing Officer
TCB3175