

**LOCK-UP AGREEMENT**

**DATED [●] DECEMBER 2013**

**BETWEEN**

**THE CO-OPERATIVE BANK P.L.C.**

**AND**

**CO-OPERATIVE GROUP LIMITED**

**AND**

**[●]**

**[THE CONSENTING NOTEHOLDER]**

## CONTENTS

<b>Clause</b>		<b>Page</b>
1.	Definitions and Interpretation .....	3
2.	Effective Date.....	10
3.	Undertakings of the Company.....	10
4.	Undertakings of the Company and Group in relation to the Proposed Restructuring .....	11
5.	Representations, Warranties and Undertakings of the Consenting Noteholder .....	11
6.	General Representations, Warranties and Undertakings .....	13
7.	Termination Events .....	13
8.	Specific Performance .....	15
9.	Miscellaneous.....	15
10.	Notices.....	17
11.	Governing Law and Jurisdiction .....	18
<b>Schedule</b>		
1.	Details of Dated Notes held by the Consenting Noteholder.....	20
2.	Form of Locked-Up Notes Notice.....	21
	Signatories .....	24

**THIS AGREEMENT** is dated [●] December 2013 between:

- (1) **THE CO-OPERATIVE BANK P.L.C.**, a public limited company incorporated in England with registered number 00990937 (the **Company**);
- (2) **CO-OPERATIVE GROUP LIMITED**, incorporated and registered in England and Wales under the Industrial and Provident Societies Act 1965-2003 with registered number IP525R (**Group**); and
- (3) [●], [*insert details of Consenting Noteholder*], in its capacity as a Noteholder (the **Consenting Noteholder**).

**WHEREAS:**

- (A) By an order of the Court dated 18 November 2013, the Company was granted leave to convene a meeting of Scheme Creditors in connection with the Scheme and notified the Scheme Creditors accordingly.
- (B) By an order of the Court dated 4 December 2013 varying the order of the Court dated 18 November 2013, the Company was directed to convene a meeting of Scheme Creditors in connection with the Modified Scheme. The Company was directed to notify the Scheme Creditors accordingly.
- (C) By entering into this Lock-Up Agreement, the Consenting Noteholder has agreed to, among other things, vote its Locked-up Notes in favour of the Modified Scheme (subject to the terms of this Agreement).

**IT IS AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

1.1 In this Agreement:

**5.5555% Bondholders** means the holders of the 5.5555% Bonds.

**5.5555% Bondholders Meeting** means the meeting of the 5.5555% Bondholders convened in connection with the Proposed Restructuring (including any adjournment of such meeting).

**5.5555% Bonds** means the 5.5555% perpetual subordinated bonds with ISIN GB00B3VMBW45 issued by the Company in replacement of Britannia Building Society permanent interest bearing shares upon the Company's acquisition of Britannia Building Society on 1 August 2009.

**13% Bondholders** means the holders of the 13% Bonds.

**13% Bondholders Meeting** means the meeting of the 13% Bondholders convened in connection with the Proposed Restructuring (including any adjournment of such meeting).

**13% Bonds** means the 13% perpetual subordinated bonds with ISIN GB00B3VH4201 issued by the Company in replacement of Britannia Building Society permanent interest bearing shares upon the Company's acquisition of Britannia Building Society on 1 August 2009.

**2016 Notes** means the floating rate callable step-up subordinated notes due 2016 with ISIN XS0254625998 originally issued by Britannia Building Society and assumed by the Company upon the Company's acquisition of Britannia Building Society on 1 August 2009.

**2016 Notes Noteholder** means a person who is the beneficial owner of and/or the owner of the ultimate economic interest in any of the Dated Notes representing the 2016 Notes as at the Record Date, whose interests in the 2016 Notes are held through records maintained in book entry form by a Clearing System.

**2019 Notes** means the 5.875% subordinated callable notes due 2019 with ISIN XS0189539942 issued by the Company.

**2019 Notes Noteholder** means a person who is the beneficial owner of and/or the owner of the ultimate economic interest in any of the Dated Notes representing the 2019 Notes as at the Record Date, whose interests in the 2019 Notes are held through records maintained in book entry form by a Clearing System.

**2021 April Notes** means the 9.25% subordinated notes due April 2021 with ISIN XS0620315902 issued by the Company.

**2021 April Notes Noteholder** means a person who is the beneficial owner of and/or the owner of the ultimate economic interest in any of the Dated Notes representing the 2021 April Notes as at the Record Date, whose interests in the 2021 April Notes are held through records maintained in book entry form by a Clearing System.

**2021 November Notes** means the fixed/floating rate subordinated notes due November 2021 with ISIN XS0274155984 issued by the Company.

**2021 November Notes Noteholder** means a person who is the beneficial owner of and/or the owner of the ultimate economic interest in any of the Dated Notes representing the 2021 November Notes as at the Record Date, whose interests in the 2021 November Notes are held through records maintained in book entry form by a Clearing System.

**2022 Notes** means the 7.875% subordinated notes due 2022 with ISIN XS0864253868 issued by the Company.

**2022 Notes Noteholder** means a person who is the beneficial owner of and/or the owner of the ultimate economic interest in any of the Dated Notes representing the 2022 Notes as at the Record Date, whose interests in the 2022 Notes are held through records maintained in book entry form by a Clearing System.

**2024 Notes** means the 5.75% callable step-up subordinated notes due 2024 with ISIN XS0188218183 originally issued by Britannia Building Society and assumed by the Company upon the Company's acquisition of Britannia Building Society on 1 August 2009.

**2024 Notes Noteholder** means a person who is the beneficial owner of and/or the owner of the ultimate economic interest in any of the Dated Notes representing the 2024 Notes as at the Record Date, whose interests in the 2024 Notes are held through records maintained in book entry form by a Clearing System.

**2033 Notes** means the 5.875% subordinated notes due 2033 with ISIN XS0145065602 originally issued by Britannia Building Society and assumed by the Company upon its acquisition of Britannia Building Society on 1 August 2009.

**2033 Notes Noteholder** means a person who is the beneficial owner of and/or the owner of the ultimate economic interest in any of the Dated Notes representing the 2033 Notes as at the Record Date, whose interests in the 2033 Notes are held through records maintained in book entry form by a Clearing System.

**Affiliate** means with respect to a person, any other person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such person and for the purposes of this definition, "control" shall mean the power, direct or indirect, to (a) vote on more than 50 per cent. of the securities having ordinary voting power for the election of directors of such person, or (b) direct or cause the direction of the management and policies of such person whether by contract or otherwise.

**Amended and Restated Explanatory Statement** means the explanatory statement dated 18 November 2013 as amended on 4 December 2013 prepared in accordance with section 897 of the Companies Act in respect of the Modified Scheme and made available by the Company on its website ([www.co-operative.coop/bondholders](http://www.co-operative.coop/bondholders)).

**Amended Scheme Supplemental Prospectuses** means the supplemental prospectuses dated 4 December 2013 in relation to (i) the 11% Final Repayment Subordinated Notes due 2025 and Instalment Repayment (Amortising) Subordinated Notes due 2025 to be issued by the Group and (ii) the 11% Subordinated Notes due 2023 to be issued by the Company, and made available by the Company on its website ([www.co-operative.coop/bondholders](http://www.co-operative.coop/bondholders)), and which relate to, amongst other matters, the amendments described in the Amended and Restated Explanatory Statement and the Modified Scheme.

**Beneficial Owner** means, with respect to any Dated Notes or Locked-up Notes, the beneficial owner of and/or the owner of the ultimate economic interest in those Dated Notes or Locked-up Notes.

**Bridge Loan Facility Agreement** means the execution version of the intragroup loan agreement between, amongst others the Company, Group and CBGL.

**CBGL** means Co-operative Banking Group Limited.

**Claim** means, in relation to any Dated Notes, the aggregate notional amount of such Dated Notes and any accrued but unpaid interest.

**Clearing System** means Clearstream, Luxembourg and/or Euroclear.

**Clearstream, Luxembourg** means Clearstream Banking, société anonyme.

**Co-existence Agreement Termsheet** means a termsheet containing the principal terms for the co-existence agreement to be entered into between the Company and Group.

**Common Depositories** means the common depositories for Clearstream, Luxembourg and Euroclear with whom the Global Notes have been deposited and **Common Depository** means any one of them.

**Companies Act** means the Companies Act 2006.

**Connected Persons** means with respect to a person, (a) its Affiliates; (b) its partners, officers, employees, legal and other professional advisers (including auditors), agents and representatives; and (c) its Affiliates' partners, officers, employees, legal and other professional advisers (including auditors), agents and representatives.

**Convening Order** means the order of the English court convening the Scheme Meeting.

**Court** means the High Court of Justice of England and Wales.

**Dated Notes** means the 2016 Notes, the 2019 Notes, the 2021 April Notes, the 2021 November Notes, the 2022 Notes, the 2024 Notes and/or the 2033 Notes.

**Euroclear** means Euroclear Bank S.A./N.V. as operator of the Euroclear clearing system.

**Explanatory Statement** means the explanatory statement dated 18 November 2013 prepared in accordance with section 897 of the Companies Act in respect of the Scheme and made available by the Company on its website ([www.co-operative.coop/bondholders](http://www.co-operative.coop/bondholders)).

**Global Note** means the note in global bearer form representing any series of Dated Notes and held by the relevant Common Depository.

**Group Commitment Agreement** means the execution version of the 2014 commitment agreement between the Company, Group and CBGL.

**Group Commitment Documents** means the Bridge Loan Facility Agreement, the Group Commitment Agreement and the Security Agreement.

**Insolvency Proceedings** means, in respect of a person, the winding-up, liquidation, dissolution, administration or any resolution procedure under the Banking Act 2009 of such person or any equivalent or analogous proceedings under the law of the jurisdiction in which such person is incorporated or of any jurisdiction in which such person carries on business including the seeking of and the filing for liquidation, winding-up, reorganisation, dissolution, administration by the Company, Group or CBGL or the commencement of any resolution procedure under the Banking Act 2009.

**Launch RNS** means an announcement from the Company in connection with the Proposed Restructuring distributed via the Regulatory News Service operated by the London Stock Exchange on 4 November 2013.

**Locked-up Notes** means, at any time, with respect to the Consenting Noteholder, the aggregate amount of its Claims against the Company with respect to:

- (a) all Dated Notes held by the Consenting Noteholder (the aggregate principal amount of such Dated Notes as at the date of this Agreement is as specified in Schedule 1);
- (b) any additional Dated Notes purchased or otherwise acquired by it after the date of this Agreement; and
- (c) *less* the aggregate amount of any Dated Notes sold, transferred, assigned or otherwise disposed of by the Consenting Noteholder in accordance with Clause 5.4,

which will include Dated Notes held or otherwise acquired by the Consenting Noteholder's broker dealer business unit on its own account but which will exclude (i) Dated Notes held in custody for a third party and (ii) unless and to the extent the Consenting Noteholder agrees, any Dated Notes held by one or more of its proprietary trading desks when acting as a market maker.

**Locked-up Notes Notice** means a notice in substantially the form set out in Schedule 2.

**Lock-Up Agreement** means this Agreement, or as applicable, a lock-up agreement between the Company, Group and a Noteholder which is substantially similar in all material respects to this Agreement.

**Longstop Date** means 31 December 2013.

**Lucid** means Lucid Issuer Services Limited in its capacity as Information Agent (as defined in the Offering Memorandum).

**Modified Scheme** means the Scheme as amended, modified and described in the Amended and Restated Explanatory Statement.

**Modified Scheme Purchase Agreement** means the purchase agreement dated 1 December 2013 between the Company and the purchasers listed therein in connection with the subscription of new ordinary shares in the Company in connection with the Modified Scheme.

**Note Event of Default** means an event of default under and as defined in the terms and conditions of any series of Dated Notes.

**Noteholder** means a holder of Dated Notes from time to time.

**Offering Memorandum** means the consent and exchange offer memorandum dated 4 November 2013 published by the Company.

**Parties** means the parties to this Agreement.

**Pension Liability Undertaking** means the execution version of the pension liability undertaking.

**Permitted Transferee** means any person to whom the Consenting Noteholder sells, transfers, assigns or otherwise disposes of any interest in some or all of its Dated Notes and who, on or prior to such sale, transfer, assignment or other disposal, has entered into a fully executed Lock-Up Agreement which Lock-Up Agreement has not terminated and provided that such Dated Notes constitute Locked-up Notes of that person pursuant to that Lock-Up Agreement.

**Potential Note Event of Default** means any event which may become (with the passage of time, the giving of notice, the making of any determination of any combination thereof) a Note Event of Default.

**Practice Statement Letter** means the Practice Statement Letter dated 4 November 2013 from the Company addressed to the Scheme Creditors.

**Preference Shareholders** means the holders of the Preference Shares.

**Preference Shareholders Meeting** means the meeting of the Preference Shareholders convened in connection with the Proposed Restructuring (including any adjournment of such meeting).

**Preference Shares** means the 9.25% non-cumulative irredeemable preference shares with ISIN GB0002224516 issued by the Company.

**Proposed Restructuring** means the restructuring of the Company described and provided for in the Proposed Restructuring Documents (construed in accordance with clause 1.3(i)).

**Proposed Restructuring Documents** means:

- (a) the Offering Memorandum;
- (b) the Amended and Restated Explanatory Statement (including the Modified Scheme);

- (c) the prospectus dated 4 November 2013 in relation to the 11 per cent. Final Repayment Subordinated Notes due 2025 and Instalment Repayment (Amortising) Subordinated Notes due 2025 to be issued by Group as amended and supplemented by the Amended Scheme Supplemental Prospectuses;
- (d) the prospectus dated 4 November 2013 in relation to the 11 per cent. Subordinated Notes due 2023 to be issued by the Company (the **Bank Prospectus**) as amended and supplemented by the Amended Scheme Supplemental Prospectuses and the draft form of the related trust deed;
- (e) the Practice Statement Letter;
- (f) the prospective articles of association of the Company to be proposed to be adopted at a general meeting of the Company as contemplated in Section 20 of the Bank Prospectus;
- (g) the Modified Scheme Purchase Agreement;
- (h) the Relationship Agreement (as amended by the Confirmation Letter);
- (i) each Group Commitment Document (including a confirmation letter relating thereto dated 1 December 2013 (the **Confirmation Letter**));
- (j) the Launch RNS;
- (k) the Statement of Separation Principles;
- (l) the Co-existence Agreement Termsheet;
- (m) the Pension Liability Undertaking; and
- (n) the Amended Scheme Supplemental Prospectuses,

in the case of the documents listed at paragraphs (a), (c), (d) and (n) above, in the form published by the Company on 4 November 2013 or 4 December 2013 (as the case may be) via the London Stock Exchange website ([www.londonstockexchange.com](http://www.londonstockexchange.com)) and, in the case of the other documents, in the form made available on the Company's website ([www.co-operative.coop/bondholders](http://www.co-operative.coop/bondholders)) as at the date of this Agreement.

**Proposed Transferee** has the meaning given to that term in Clause 5.4.

**Record Date** means the date shortly before the date of the Scheme Meeting described in the the Amended and Restated Explanatory Statement by reference to which the quantum of the claims of the Scheme Creditors for the purposes of voting on the Modified Scheme, the Modified Scheme are determined.

**Related Fund** in relation to a fund (**the First Fund**), means a fund which is managed or advised by the same investment manager or investment adviser as the First Fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the First Fund.

**Relationship Agreement** means the execution version of the relationship agreement between Group, CBGL and the Company.



**Scheme** means the scheme of arrangement under Part 26 of the Companies Act to implement the restructuring of the Dated Notes described in the Explanatory Statement.

**Scheme Consideration** means the entitlement of a Scheme Creditor pursuant to the Modified Scheme.

**Scheme Creditors** means the creditors of the Company whose claims against the Company are the subject of the Modified Scheme.

**Scheme Meeting** means the meeting of the Scheme Creditors to vote on the Modified Scheme convened pursuant to an order of the Court (and any adjournment of such meeting).

**Scheme Settlement Date** means the date on which the Proposed Restructuring is implemented and the Scheme Consideration distributed in accordance with the Modified Scheme.

**Security Agreement** means the execution version of the security agreement between CBGL and Group in connection with the Bridge Loan Facility Agreement.

**Statement of Separation Principles** means the execution version of the statement of separation principles between the Company and Group.

**Sterling-Equivalent** means, with respect to any principal amount outstanding of the 2016 Notes, the amount in Euro notionally converted into Sterling at the FX Rate.

**Termination Event** has the meaning given to that term in Clause 7.

**Trustee** means Law Debenture Trustees Limited in its capacity as trustee appointed in respect of each of the Dated Notes.

1.2 Save as otherwise provided, terms used, but not defined, in this Agreement have the meaning given to them in the terms and conditions of the Dated Notes.

1.3 In this Agreement, save as otherwise provided:

- (a) the singular shall include the plural and *vice versa* (unless the context otherwise requires);
- (b) the headings do not affect the interpretation of this Agreement;
- (c) a reference to a provision of law is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;
- (d) a reference to a regulation includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (e) a reference to a Clause, a Subclause or a Schedule is a reference to a clause of or subclause of, or a schedule to, this Agreement;
- (f) a reference to any document is a reference to that document as amended, supplemented, novated or restated;

- (g) a reference to a person includes any individual, company, corporation, unincorporated association, trust or body (including a partnership, company, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality;
- (h) a reference to (A) a **holder** when used in connection with the Consenting Noteholder or a Noteholder is a reference to the Consenting Noteholder or Noteholder as the Beneficial Owner of the relevant Locked-up Notes or Dated Notes or a person who has the full legal right and authority to act on behalf of that Beneficial Owner and (B) **Locked-up Notes** or **Dated Notes** when used in connection with the Consenting Noteholder or a Noteholder is a reference to the Consenting Noteholder's or Noteholder's interests as a holder in the relevant Global Note or Global Notes held by the relevant Common Depository or Common Depositories, and the terms **held by** and **holdings** and **its Dated Notes** and **its Locked-up Notes** when used in connection with the Consenting Noteholder or a Noteholder shall be construed accordingly; and
- (i) in the event of any conflict between any terms or provisions of (i) the Amended and Restated Explanatory Statement, the Modified Scheme and the Amended Scheme Supplemental Prospectuses and (ii) any other Proposed Restructuring Document (other than the documents listed at paragraphs (f), (g), (h), (i), (k), (l), and (m) of the definition of Proposed Restructuring Documents), for the purposes of construing “the restructuring of the Company described and provided for in the Proposed Restructuring Documents” (as that phrase is used in the definition of “Proposed Restructuring”) only, the relevant terms or provisions of the Amended and Restated Explanatory Statement, the Modified Scheme and the Amended Scheme Supplemental Prospectuses will prevail.

## 2. EFFECTIVE DATE

The obligations of the Parties under this Agreement will have immediate force and effect on and from the date of this Agreement.

## 3. UNDERTAKINGS OF THE COMPANY

The Company undertakes in favour of the Consenting Noteholder that:

- (a) it will seek the approval of the Scheme Creditors and sanction of the Modified Scheme by the Court and ensure the Scheme Settlement Date occurs as soon as reasonably practicable;
- (b) it will use all reasonable endeavours to procure that the chairman of the Scheme Meeting admits the value of the Locked-up Notes of the Consenting Noteholder as at the Record Date for the purposes of voting at the Scheme Meeting. It is acknowledged by the Parties that any admission of claims by the chairman of the Scheme Meeting for the purposes of voting at the Modified Scheme will not amount to an admission of such claim for any purpose other than voting at the Scheme Meeting; and
- (c) it will procure that a public notice is issued on the Scheme Settlement Date (or failing which on the Business Day following the Scheme Settlement Date) on the London Stock Exchange, stating that the Scheme Settlement Date has occurred and the date on which it has occurred.

#### **4. UNDERTAKINGS OF THE COMPANY AND GROUP IN RELATION TO THE PROPOSED RESTRUCTURING**

4.1 Subject to Clause 4.2:

- (a) neither the Company nor Group shall, and Group shall ensure that CBGL shall not, take, encourage or support (or procure that any other person takes, encourages or supports) any action which would be, or would be reasonably expected to be inconsistent with this Agreement or the implementation of the Proposed Restructuring, or delay, impede or prevent the implementation of the Proposed Restructuring;
- (b) each of the Company and Group shall (and Group shall ensure that CBGL shall) cooperate with, actively assist and take all actions and steps to implement the Proposed Restructuring on or before the Longstop Date including, without limitation:
  - (i) taking all reasonable steps to obtain any necessary consents or authorisations required to implement the Proposed Restructuring;
  - (ii) executing and delivering (as applicable) any and all documents which may be necessary to give effect to the Proposed Restructuring (including, without limitation, the Proposed Restructuring Documents);
  - (iii) proposing and filing any legal process or proceedings contemplated by or required to implement the Proposed Restructuring;
  - (iv) calling all creditor meetings required to implement the Proposed Restructuring including, without limitation, any adjourned meetings; and
- (c) neither the Company nor Group shall
  - (i) assign, transfer or otherwise deal with any of its rights or obligations under this Agreement; or
  - (ii) take or consent to the taking of any action which supports or favours any proposed composition, compromise, assignment or arrangement with any creditor of the Company or Group other than pursuant to the implementation and consummation of the Proposed Restructuring or this Agreement excluding for these purposes any proposed amendment or variation to the Proposed Restructuring; and
- (d) the Group shall not sell, transfer, assign or otherwise dispose of any of its equity interest in the Company.

4.2 Clause 4.1 above does not apply to any action which is expressly contemplated by the Proposed Restructuring.

#### **5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS OF THE CONSENTING NOTEHOLDER**

5.1 The Consenting Noteholder represents and warrants to the Company that:

- (a) it is the holder of its Locked-up Notes;

- (b) it is legally entitled and able to control the exercise and the casting of votes in relation to its Locked-up Notes in order to comply with the terms of this Agreement; and
  - (c) as at the date of this Agreement, the aggregate principal amount of its Locked-up Notes is set out in Schedule 1.
- 5.2 The representations and warranties in Clauses 5.1(a) and 5.1(b) are made on the date of this Agreement and shall be deemed to be repeated on the Record Date.
- 5.3 The Consenting Noteholder hereby undertakes in favour of the Company and Group that it will (or, as applicable, will procure that a duly authorised representative, proxy or nominee will):
  - (a) attend the Scheme Meeting by proxy or in person and exercise and cast all of its votes in respect of its Locked-up Notes in favour of the Modified Scheme and any amendment or modification to the Modified Scheme or adjournment to the Scheme Meeting, provided that they are proposed by the Company and that the terms of the Modified Scheme as amended or modified are and remain consistent in all material respects with the terms of the Modified 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;
  - (b) except where Subclause 5.3(a) applies, exercise and cast all of its votes in respect of its Locked-up Notes against any amendment or modification to the Modified Scheme or any proposal to adjourn the Scheme Meeting;
  - (c) 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 Modified Scheme or the Proposed Restructuring;
  - (d) 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 this Agreement or the Modified Scheme, that would reasonably be expected to impede, prevent or frustrate the implementation of the Modified Scheme or the Proposed Restructuring;
  - (e) promptly notify the Company, by sending a Locked-up Notes Notice by email to the Company and/or Lucid at the email addresses specified in Clause 10, of any change (whether an increase or decrease) to the aggregate principal amount of its Locked-up 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 Claim (to the extent such information cannot be obtained from any Locked-up Notes Notice) as the Company (or an agent acting on its behalf) may reasonably require in order to enable it to calculate any Scheme Consideration; and
  - (f) 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.
- 5.4 From the date of this Agreement until the date that this Agreement is terminated in accordance with Clause 7, the Consenting Noteholder agrees that it will not sell, transfer, assign or

otherwise dispose of any interest in all or any part of its Locked-up Notes to any person (the **Proposed Transferee**), unless the Proposed Transferee is a Permitted Transferee.

- 5.5 If an Affiliate or Related Fund of the Consenting Noteholder acquires any Dated Notes after the date of this Agreement, the Consenting Noteholder undertakes to procure that such Affiliate or Related Fund shall, unless such Dated Notes are already subject to a Lock-Up Agreement, at the same time execute and deliver to the Company a Lock-Up Agreement in order that such acquired Dated Notes shall constitute Locked-up Notes of that Affiliate or Related Fund (as the case may be) pursuant to that Lock-Up Agreement.

## **6. GENERAL REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

6.1 Each Party represents and warrants to the other Party as follows:

- (a) it and, if applicable, the duly authorised attorney acting on its behalf has all requisite power, authority and legal capacity to execute and deliver this Agreement and to carry out the transactions contemplated by, and perform its obligations under, this Agreement, including the Schedules;
- (b) the execution, delivery and performance of this Agreement by it and, if applicable, the duly authorised attorney acting on its behalf do not and shall not require any registration, filing, consent, approval, notice or other action to, with or by, any governmental authority, court or regulatory body, except as expressly provided in this Agreement; and
- (c) this Agreement has been duly and validly executed and delivered by it and, if applicable, the duly authorised attorney acting on its behalf and this Agreement represents its legal, valid and binding obligations, enforceable against it in accordance with its terms, except to the extent that enforcement may be limited by bankruptcy, insolvency, reorganisation, moratorium or other similar laws relating to or limiting creditor's rights generally.

## **7. TERMINATION EVENTS**

7.1 Subject to the terms of Clause 7.4, the Company may by giving written notice to the Consenting Noteholder, terminate this Agreement if, at any time, the Consenting Noteholder is in breach in a material respect of any of its obligations, representations, undertakings and/or warranties under the terms of this Agreement and, if capable of remedy, such breach is not remedied within 10 Business Days of the Consenting Noteholder being given notice of such breach.

7.2 This Agreement may be terminated by written notice at the election of the Consenting Noteholder if:

- (a) the implementation of the Proposed Restructuring is materially restricted or prevented by an order of a court of competent jurisdiction which:
  - (i) if subject to appeal, has not been appealed within 10 Business Days of the date of such order; or
  - (ii) if not appealed, has not been revoked or dismissed within 10 Business Days of the date of such order;
- (b) any representation or warranty of the Company or Group under this Agreement proves to have been incorrect or misleading in any material respect and, if capable of remedy,

is not remedied within 3 Business Days from the date the Company or Group is given notice of such breach; or

- (c) the Proposed Restructuring is amended or modified (other than, for the avoidance of doubt, as contemplated in the Amended and Restated Explanatory Statement, the Amended Scheme Supplemental Prospectuses and the Modified Scheme) or any Proposed Restructuring Document is amended, restated, varied or supplemented (or any combination thereof) (other than as contemplated in the Amended and Restated Explanatory Statement, the Amended Scheme Supplemental Prospectuses and the Modified Scheme), in each case in any material respect which is likely to adversely affect or conflict with the terms of the Proposed Restructuring or its implementation or the economic interests of the Noteholders as a class of creditors; or
- (d) an Insolvency Proceeding occurs or commences in respect of the Company, Group or CBGL; or
- (e) the Company or Group fails to comply with any undertaking under this Agreement in any material respect and, if capable of remedy, such breach is not remedied within 10 Business Days from the date the Company is given notice of such breach.

7.3 Subject to the terms of Clause 7.4, this Agreement will terminate immediately upon the occurrence of any of the following events (each a **Termination Event**):

- (a) at a Scheme Meeting at which a vote takes place, the Modified Scheme is not approved by the requisite majorities of the Scheme Creditors specified in section 899(1) of the Companies Act;
- (b) on the earlier of the Scheme Settlement Date and the Longstop Date;
- (c) the Company gives the Consenting Noteholder or any other Noteholder written notice of an intention either:
  - (i) not to proceed with the Modified Scheme; or
  - (ii) to proceed with a proposed scheme of arrangement on terms which are different to the Modified Scheme in any material respect; and
- (d) the Consenting Noteholder sells, transfers, assigns or otherwise disposes of all of its Locked-up Notes in accordance with Clause 5.4; and
- (e) if:
  - (i) 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;
  - (ii) 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
  - (iii) 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.

7.4 If this Agreement terminates in accordance with this Clause 7 (or by mutual written consent of the Parties), the Parties shall be immediately released from all their obligations under this Agreement, provided that such termination and release:

- (a) shall be without limitation to, and does not in any way affect, the obligations of the Company or Group to, or rights of the Company or Group against, any Permitted Transferee, with respect to the Dated Notes which the Consenting Noteholder has sold, transferred, assigned or otherwise disposed of to that Permitted Transferee;
- (b) shall not limit or prejudice the rights of one Party against the other Party which have accrued or relate to breaches of the terms of this Agreement at the time of or prior to termination;
- (c) shall not limit the effectiveness of Clauses 8, 9, 10 and 11 the provisions of which shall continue to apply;
- (d) shall be without limitation to and does not in any way affect any obligations of the Company to bear the costs in respect of the negotiation, preparation and implementation of the Modified Scheme and the Proposed Restructuring as described in the Modified Scheme.

## **8. SPECIFIC PERFORMANCE**

Each Party agrees and acknowledges for the benefit of the other Party that:

- (a) damages are not an adequate remedy for any breach of the terms of this Agreement by either Party; and
- (b) 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 any Party.

## **9. MISCELLANEOUS**

9.1 Except as expressly provided in this Agreement, the Parties agree that nothing contained in this Agreement shall:

- (a) constitute a waiver or modification of any rights of the Consenting Noteholder as against the Company, Group or any third party, all of which rights are hereby reserved;
- (b) constitute a waiver, forgiveness or release of all or any part of the amounts owed in respect of the Locked-up Notes of the Consenting Noteholder; or
- (c) affect any of the rights, remedies or powers of the Consenting Noteholder pursuant to the terms of any of the Dated Notes.

9.2 Nothing in this Agreement will prevent the Consenting Noteholder from buying Dated Notes (including Dated Notes which are not subject to a Lock-Up Agreement) and any such Dated Notes will, and the Consenting Noteholder agrees that such Notes will, automatically become Locked-up 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 Consenting Noteholder agrees otherwise) held or otherwise acquired by one or more of the Consenting Noteholder's proprietary trading desks when acting as a market maker.

- 9.3 This Agreement may not be modified, amended or supplemented except in writing signed by each of the Parties.
- 9.4 Except as provided herein, the Parties shall not disclose to any other person this Agreement and neither the Company nor Group shall disclose the identity of the Consenting Noteholder nor the amount of any individual Consenting Noteholder's Locked-up Notes to any other person without the Consenting Noteholder's prior written consent provided that:
- (a) the Company and Group may disclose at any time the aggregate number of Noteholders who have entered into Lock-Up Agreements with the Company (and given instructions, directions or made requests under such Lock-Up Agreements) and the aggregate amount of the claims against the Company of all Noteholders with respect to their Locked-up Notes who have entered into Lock-Up Agreements;
  - (b) the Company may disclose a copy of this Agreement (and any notices served hereunder) to any Trustee and Lucid which has agreed with the Company to keep the terms of this Agreement confidential on the terms of this Clause 9;
  - (c) the Company and Group may disclose this Agreement to their Connected Persons provided that prior to such disclosure the relevant Connected Person has agreed with the Company to keep the terms of this Agreement confidential on the terms of this Clause 9 (unless already bound by law, regulation, or professional duty to keep the same confidential);
  - (d) the Consenting Noteholder may disclose this Agreement to its Connected Persons provided that prior to such disclosure the relevant Connected Person has agreed with the Consenting Noteholder to keep the terms of this Agreement confidential on the terms of this Clause 9 (unless already bound by law, regulation, or professional duty to keep the same confidential);
  - (e) the Consenting Noteholder may disclose this Agreement and its terms to a Proposed Transferee of all or part of its Locked-up Notes;
  - (f) the Consenting Noteholder may disclose this Agreement to a Noteholder where such Noteholder has entered into a Lock-Up Agreement; and
  - (g) the Parties and the Connected Persons of the Consenting Noteholder may disclose this agreement if they are required to do so by the laws, rules or regulations of any country with jurisdiction, or it is requested to be disclosed by a court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body or it is required to be disclosed to defend claims against them.
- 9.5 This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns and transferees.
- 9.6 A person who is not a Party to this Agreement may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.
- 9.7 This Agreement may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
- 9.8 Nothing in this Agreement shall require any Party to take, or restrict any Party from taking, any action which would breach:



- (a) any legal or regulatory requirement beyond the control of that Party (without prejudice to the representations and warranties made in Clause 6.1 above); or
- (b) any order or direction of any relevant court or governmental body,

and which impediment cannot be avoided or removed by taking reasonable steps.

9.9 Nothing in this Agreement shall:

- (a) restrict or attempt to restrict any officer or director of the Company, Group or CBGL from complying with any fiduciary, common law, regulatory or legal obligation, requirement, direction or instruction to commence Insolvency Proceedings in respect of the Company or Group; or
- (b) require the Company or Group (or their respective directors) to take or refrain from taking any action, or to procure that the Company or Group (or their respective directors or officers) take or refrain from taking any action, to the extent that taking or refraining from taking such action would breach any director's or officer's duties or responsibilities or any regulatory requirements or directions (whether under statute or common law or the equivalent in any jurisdiction).

9.10 Nothing in this Agreement shall require the Consenting Noteholder to:

- (a) incur any material costs or out of pocket expenses unless such material costs or out of pocket expenses are indemnified to its reasonable satisfaction by the Company; or
- (b) make any additional equity, debt or other financing available to Group or any of its subsidiaries.

9.11 The Company and Group each acknowledges that the Consenting Noteholder may act in more than one capacity in relation to the Proposed Restructuring and may have conflicting interests in respect of such different capacities and that the Consenting Noteholder's undertakings and other obligations under this Agreement are the obligations of the Consenting Noteholder solely in its capacity as a Noteholder and do not apply to the Consenting Noteholder in any of its other capacity, in particular, its capacity as a 5.5555% Bondholder, a 13% Bondholder or a Preference Shareholder.

9.12 The Consenting Noteholder may disclose any Proposed Restructuring Document to a Proposed Transferee provided that, in respect of any Proposed Restructuring Document which is not public, such disclosure is not prohibited by any law or regulation and, prior to such disclosure, the Consenting Noteholder has notified the Company in writing (via email) of the identity of the Proposed Transferee and has confirmed that the Proposed Transferee has agreed with the Consenting Noteholder to keep such Proposed Restructuring Documents confidential on the same terms as Clause 9 above.

## **10. NOTICES**

10.1 Any notice under this Agreement must be in writing in the English language and may be given in person or by post, courier, e-mail or fax.

10.2 The contact details of the Parties for all notices under this Agreement are as follows, or such other contact details as the Parties may notify to each other by not less than five (5) Business Days' written notice:

- (a) Consenting Noteholder:

Address: [●]  
Telephone: [●]  
Fax: [●]  
Attention: [●]  
Email: [●]

(b) Company:

Address: 1 Balloon Street, Manchester, M60 4EP  
Telephone: 08448 44 88 44  
Attention: The Company Secretary  
Email: co-op@lucid-is.com

(c) Group:

Address: 1 Angel Square, Manchester, M60 0AG  
Telephone: 0161 834 1212  
Attention: The Company Secretary  
Email: co-op@lucid-is.com

10.3 Any notice under this Agreement will be deemed to be given as follows:

- (a) if in person, at the time of delivery;
- (b) if by post, three (3) Business Days after being deposited in the post, postage prepaid, in a correctly addressed envelope;
- (c) if by international priority courier delivery, three (3) days after delivery to such courier; and
- (d) if by e-mail or fax, when received in legible form.

10.4 For the purpose of this Agreement, an e-mail notice will be treated as being in writing.

## 11. GOVERNING LAW AND JURISDICTION

11.1 This Agreement and any non-contractual obligations arising out of or in connection with this Agreement shall be governed by and construed in accordance with English law.

11.2 The Parties irrevocably agree that the courts of England shall have exclusive jurisdiction to hear and determine any suit, action or proceeding which may arise out of or in connection with this Agreement and, for such purposes, irrevocably submit to the jurisdiction of such courts.

11.3 Each of the Parties irrevocably waives any objection which it might now or hereafter have to the courts referred to in Clause 11.2 being nominated as the forum to hear and determine any suit, action or proceeding which may arise out of or in connection with this Agreement and agrees not to claim that any such court is not a convenient or appropriate forum.

11.4 [The Consenting Noteholder irrevocably appoints its Affiliate, *[insert name of Affiliate]* of *[address to be provided]* as its agent under this Agreement for service of process in any proceedings before the English court in connection with this Agreement.] / [The Consenting Noteholder undertakes to irrevocably appoint, within six Business Days of the date of this

Agreement, an agent in London, England for service of process in any proceedings before the English court in connection with this Agreement and, on making such appointment, to notify the Company immediately of the name and address of such appointed agent by email in accordance with clause 10 (Notices).]<sup>1</sup>

**THIS AGREEMENT** has been entered into on the date stated at the beginning of this Agreement.

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<sup>1</sup> Amend as appropriate.

**SCHEDULE 1**

**DETAILS OF DATED NOTES HELD BY THE CONSENTING NOTEHOLDER**

**Clearing System Account Holder: [●]**

<b>Series of Dated Notes</b>	<b>Principal Amount of Dated Notes held by it as at the date of this Agreement<sup>1</sup></b>	<b>Clearing System through which the Dated Notes are held</b>
2016 Notes (XS0254625998)		
2019 Notes (XS0189539942)		
2021 April Notes (XS0620315902)		
2021 November Notes (XS0274155984)		
2022 Notes (XS0864253868)		
2024 Notes (XS0188218183)		
2033 Notes (XS0145065602)		

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<sup>1</sup> Please insert the principal amount of the Dated Notes held as at the date of the Agreement.

## SCHEDULE 2

### FORM OF LOCKED-UP NOTES NOTICE

#### BY EMAIL

To: **THE CO-OPERATIVE BANK P.L.C.**, a public limited company incorporated in England with registered number 00990937 (**The Company**)

Attention: Sunjeeve Patel / Yves Theis

Email: co-op@lucid-is.com

Copy:

From: [●], [*insert details of Consenting Noteholder*] (the **Consenting Noteholder**).

Date: [●]

#### **Locked-up Notes Notice: Change to details of Notes held by Consenting Noteholder**

1. We refer to a lock-up agreement dated [●] between the Company and the Consenting Noteholder (the **Lock-up Agreement**). Capitalised terms defined in the Lock-up Agreement have the same meaning when used in this letter.
2. This is a Locked-up Notes Notice. We hereby notify you that, as at the date of this notice, the aggregate principal at issue amount of our Locked-up Notes and the relevant details in relation to those Notes are as set out in the following table.

**Clearing System Account Holder:** [●]

<b>Series of Notes</b>	<b>Principal Amount of Notes held by it as at the date of this Notice<sup>1</sup></b>	<b>Clearing System through which the Notes are held</b>
2016 Notes (XS0254625998)		
2019 Notes (XS0189539942)		
2021 April Notes (XS0620315902)		
2021 November Notes (XS0274155984)		

<sup>1</sup> Please insert the principal amount of the Dated Notes held as at the date of the Agreement.

2022 Notes (XS0864253868)		
2024 Notes (XS0188218183)		
2033 Notes (XS0145065602)		

This letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

Yours faithfully

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For

*[Consenting Noteholder]*

**SIGNATORIES**

**THE CO-OPERATIVE BANK P.L.C.**

By: \_\_\_\_\_  
Authorised Signatory  
Name:  
Title:

By: \_\_\_\_\_  
Authorised Signatory  
Name:  
Title:

**CO-OPERATIVE GROUP LIMITED**

By: \_\_\_\_\_  
Authorised Signatory  
Name:  
Title:

By: \_\_\_\_\_  
Authorised Signatory  
Name:  
Title:



**THE CONSENTING NOTEHOLDER**

\_\_\_\_\_  
Print name of the Consenting Noteholder

By: \_\_\_\_\_  
If an entity, signature of authorised person  
signing on behalf of the Consenting Noteholder

By: \_\_\_\_\_  
If an entity, signature of authorised person signing  
on behalf of the Consenting Noteholder

Name: \_\_\_\_\_  
Print name of authorised person

Name: \_\_\_\_\_  
Print name of authorised person

Title: \_\_\_\_\_  
Title of authorised person

Title: \_\_\_\_\_  
Title of authorised person