

DATED 28 June 2017

BETWEEN

THE CO-OPERATIVE BANK P.L.C.

AND

THE CONSENTING HOLDERS

LOCK-UP AND SUPPORT AGREEMENT

PAUL

HASTINGS

Paul Hastings
Ten Bishops Square
Eighth Floor
London E1 6EG
Tel: 020 3023 5100
Fax: 020 3023 5109

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THIS AGREEMENT is dated 28 June 2017 between:

- (1) **THE CO-OPERATIVE BANK P.L.C.**, a public limited company incorporated in England with registered number 00990937 whose registered office is at PO box 101, 1 Balloon Street, Manchester, M60 4EP (the “**Bank**”); and
- (2) **THE CONSENTING HOLDERS** (as defined below).

WHEREAS:

- (A) The Parties wish to consummate a recapitalisation of the Bank on the terms set out in this Agreement and in the Governance and Structure Term Sheet (as defined below), the Pensions Term Sheet (as defined below); the Group Term Sheet (as defined below) and the Commercial Transaction Term Sheet (as defined below), each of which is expressly incorporated by reference herein and made part of this Agreement as if fully set forth herein (the “**Restructuring**”).
- (B) The following sets forth the agreement among the Bank and each Consenting Holder concerning their support to implement the Restructuring.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement:

“**2023 Consent Solicitation**” means, the consent solicitation memorandum to be issued by the Bank seeking the consent of the holders of the 2023 Notes to the 2023 Noteholder Resolution;

“**2023 Notes**” means, the £206,000,000 subordinated unsecured 11% p.a. notes due 2023 constituted by and issued pursuant to 2023 Note Trust Deed;

“**2023 Note Coupon**” means, the interest payments due in respect of the 2023 Notes on 18 June 2017;

“**2023 Note Trust Deed**” means, the trust deed dated 20 December 2013 by and between the Bank and Law Debenture Trustees Limited as trustee (as amended, supplemented or otherwise modified from time to time);

“**2023 Noteholder Resolution Meeting**” means, a noteholder meeting convened of the holders of the 2023 Notes, to be held for the purposes of considering and, if thought fit, passing the 2023 Noteholder Resolution;

“**2023 Noteholder Resolution**” means, a noteholder resolution amending the 2023 Note Trust Deed in the manner set out in the Commercial Transaction Term Sheet;

“**2025 Notes**” means, the £250,000,000 subordinated unsecured 8.5% p.a. notes due 2025 constituted by and issued pursuant to 2025 Note Trust Deed;

“**2025 Note Coupon**” means, the interest payment due in respect of the 2025 Notes on 1 July 2017;

“**2025 Note Trust Deed**” means, the trust deed dated 1 July 2015 by and between the Bank and Law Debenture Trustees Limited as trustee (as amended, supplemented or otherwise modified from time to time);

“**Acceding Consenting Holder**” means, a holder of 2023 Notes and/ or 2025 Notes and/or Ordinary Shares which has acceded to this Agreement in accordance with Clause 2.4 below;

“**Accession Deed**” means, an accession deed substantially in the form set out in Schedule 1;

“**Account Holder**” means, a holder of a Book Entry Interest;

“**Ad-Hoc Committee**” means, the informal ad-hoc committee of holders of the Notes, each of whom are also anticipated to become the Initial Backstop Providers, identified as such on the signature pages to this Agreement, and that are represented from time to time by the Ad-Hoc Committee’s Advisers;

“**Ad-Hoc Committee’s Advisers**” means, PJT Partners (UK) Limited, Paul Hastings (Europe) LLP, Lincoln Pensions Limited, Mr. Tom Wood, Portland PR Limited and Promontory Financial Group (UK) Limited;

“**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;

“**Backstop Agreement**” means, the backstop agreement to be entered into by the Initial Backstop Providers, the Bank and Holdco for potential backstop funding in connection with the issuance of shares by the Holdco;

“**Book Entry Interest**” means, in relation to the Notes a beneficial interest as principal in a global note held through and shown on, and transferred only through, records maintained in book entry by the Common Depository;

“**Business Day**” means, any day other than Saturday, Sunday and any day that is a legal holiday or a day on which banking institutions in London, England are authorised by law or governmental action to close;

“**Business Plan**” means, the Bank's 2017-2021 strategic plan, including the May outlook on the same, in the form presented to the Bank's Board of directors on 15 June 2017 and approved by the Ad-Hoc Committee, as confirmed to the Bank by the Ad-Hoc Committee's Advisers on or before the date of this Agreement;

“**Chief Restructuring Officer**” has the meaning given to that term in the Governance and Structure Term Sheet;

“**Clearstream, Luxembourg**” means, Clearstream Banking, société anonyme;

“**Closing**” means, the date on which the Restructuring is consummated;

“**Commercial Transaction Term Sheet**” means, the term sheet attached hereto as Schedule 3, as may be amended, modified or supplemented from time to time in accordance with this Agreement;

“**Commercial Transaction Milestone Conditions**” means, each of the “**Commercial Transaction Milestone Conditions**” listed in Schedule 6;

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

“**CA06**” or the “**Act**” means, the Companies Act 2006 as in force from time to time;

“**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; (c) its Affiliates' partners, officers, employees, legal and other professional advisers (including auditors), agents and representatives; and (d) with respect to the Ad-Hoc Committee and the Initial Backstop Providers only, the Ad-Hoc Committee's Advisers;

“**Consenting Holder**” means, an Original Consenting Holder and an Acceding Consenting Holder, and “**Consenting Holders**” means any or all of them as the context requires;

“**Court**” means, the High Court of Justice of England and Wales;

“**Creditors' Scheme**” means, the creditors' scheme of arrangement of the Bank under section 895 of the Act under which the Restructuring will, in part, be effected;

“**Creditors' Scheme Meeting**” means, the meeting of the Scheme Creditors to vote on the Creditors' Scheme convened pursuant to an order of the Court (and any adjournment of such meeting);

“**Creditors' Scheme Milestone Conditions**” means, each of the “**Creditors' Scheme Milestone Conditions**” listed in Schedule 6;

“**Diligence Item**” means, a financial due diligence report prepared by Ernst & Young LLP or another international firm of accountants approved by the Initial Backstop Providers, on which each of the Initial Backstop Providers will be entitled to rely, in form and substance satisfactory to the Initial Backstop Providers;

“**Early Termination Date**” means, 14 July 2017, or such later date as the Bank and the Majority Consenting Holders may agree;

“**Encumbrance**” means, any mortgage, pledge, lien, charge or other security interest;

“**Enforcement Action**” means:

- (a) the initiation or continuation of any step, action or proceedings of any nature whatsoever against the Bank or any of its subsidiaries to enforce the terms of the Existing Trust Deeds or any of the Notes; or
- (b) any written notice given to the Bank stating that any or all of the Notes are immediately due and payable or otherwise demanding from the Bank, the payment of any principal amounts or interest under any of the Notes; or
- (c) the initiation or continuation of any other step or action to accelerate the debt obligations under the 2023 Notes or the 2025 Notes; or
- (d) the petitioning, application for or where such action would be applicable, voting in favour of any Insolvency Proceedings in relation to the Bank (whether as creditor or member);

“Euroclear” means, Euroclear Bank SA/NV as operator of the Euroclear System;

“Existing Trust Deeds” means, the 2023 Note Trust Deed and the 2025 Note Trust Deed;

“Explanatory Statement” means, the explanatory statement to be prepared in accordance with section 897 of the Act to which the terms of the of the Creditors’ Scheme and the Members’ Scheme will be appended;

“FCA” means the Financial Conduct Authority;

“FSMA” means the Financial Services and Markets Act 2000;

“Global Note” means, the note in global bearer form representing the 2023 Notes or 2025 Notes (as applicable) and held by the Common Depository;

“Governance and Structure Term Sheet” means, the term sheet attached hereto as Schedule 2, as may be amended, modified or supplemented from time to time in accordance with this Agreement;

“Group” means, Co-operative Group Limited;

“Group Term Sheet” means, the term sheet on the future arrangements for continuing the relationship between the Bank and Group after implementation of the Restructuring as listed in Schedule 5;

“Holdco” means, the company to be established in order to (among other things) acquire the entire shareholding in the Bank;

“Holder Obligations” means, the 2023 Notes and the 2025 Notes and all obligations arising under or relating to the 2023 Notes, the 2023 Note Trust Deed, the 2025 Notes, the 2025 Note Trust Deed and/or the Ordinary Shares;

“Holder Rights” means, at any relevant time any rights, powers, discretions or claim of whatsoever nature which a Consenting Holder may have against or in respect of the Bank or any of its subsidiaries at that time arising under any instrument, security (including each Ordinary Share), contract or in law or equity;

“Initial Backstop Commitments” has the meaning given to that term in the Commercial Transaction Term Sheet;

“Initial Backstop Providers” has the meaning given to that term in the Commercial Transaction Term Sheet;

“Insolvency Proceedings” means:

- (a) the bankruptcy, insolvent winding up, dissolution, or administration of the Bank or any of its subsidiaries;
- (b) the declaration of a moratorium or suspension of payments in relation to any indebtedness of that Person;
- (c) any general assignment, arrangement or composition with or for the benefit of the Bank's creditors (including any scheme of arrangement under the Act);
- (d) the appointment of any liquidator, receiver, administrative receiver, administrator, trustee in bankruptcy, or other similar officer in respect of that Person or any material part of its assets;
- (e) any analogous step or procedure to any of those specified in paragraphs (a) to (d) above is taken in any jurisdiction,

provided that that the following shall not constitute Insolvency Proceedings:

- (i) any scheme of arrangement or other step entered into for the purposes of the Restructuring that has been approved in advance by the Majority Consenting Holders;
- (ii) any solvent winding up, dissolution, or reorganisation of any of the Bank's subsidiaries that has been disclosed to the Ad-Hoc Committee before the date of this Agreement or that has been notified to the Ad Hoc Committee's Advisers before the date of this Agreement or approved in advance by the Majority Consenting Holders;
- (iii) any proceedings, procedure, or step taken by a Consenting Holder in breach of its obligations under this Agreement; and
- (iv) any proceedings, procedure, or step which is frivolous or vexatious and is dismissed or stayed within fifteen (15) Business Days;

“Launch Conditions Date” means, the first date on which each of the following has occurred:

- (a) the Bank has received a copy of this Agreement duly executed by the Bank and Consenting Holders holding:
 - (i) not less than 75 per cent. of the principal amount outstanding under each of the 2023 Notes and the 2025 Notes; and
 - (ii) Ordinary Shares;

- (b) the Bank has received a copy of a lock-up agreement(s) or deed(s) of adherence to the applicable terms of this Agreement (each in a form which the Ad-Hoc Committee's Advisers have each confirmed to the Bank is satisfactory to them) duly executed by the Bank and persons who are holders of Ordinary Shares but who are not holders of any of the Notes, and provided the amount of such persons' shareholdings subject to such lock-up agreement(s) and deed(s) of adherence when aggregated with the shareholdings of Consenting Holders (referenced under sub-paragraph (a) above) is not less than 75 per cent. of the Ordinary Shares;
- (c) the Bank has received a written confirmation from the Initial Backstop Providers that they have received (or the Ad-Hoc Committee's Advisers have received) the Diligence Item unless the Initial Backstop Providers have waived its receipt;
- (d) the Bank, the Holdco and the Initial Backstop Providers have entered into the Backstop Agreement;
- (e) the Holdco has been incorporated by the Initial Backstop Providers;
- (f) the Initial Backstop Providers have approved a sources and uses statement (including extracts from engagement letters covering fees and success events for all agents and advisers whose fees are likely to be (in the Bank's reasonable estimate) over £300,000) provided to them by the Bank in respect of the fees and expenses to be incurred by the Bank in connection with the Restructuring, such approval not to be unreasonably withheld or delayed; and
- (g) each Initial Backstop Provider's investment committee (or equivalent) has given its final approval to the terms of the Restructuring;

“Launch Conditions Date RNS” means, an announcement from the Bank to confirm that the Launch Conditions Date has occurred in relation to this Agreement and distributed via RNS;

“Launch RNS” means, an announcement from the Bank in connection with the Restructuring distributed via RNS on the date it launches the Schemes;

“Lock-up RNS” means, an announcement from the Bank in connection with its entry into this Agreement and distributed via RNS;

“Long Stop Date” means, 18 September 2017, as may be extended or substituted in accordance with Clause 7.2;

“Majority Consenting Holders” means, Consenting Holders holding in aggregate greater than 50% of the aggregated principal amount of the 2023 Notes and the 2025 Notes held by the Consenting Holders at the relevant time;

“Material Adverse Change” means, the occurrence of events which in the reasonable and good faith judgement of Consenting Holders holding in aggregate at least two-thirds of the aggregated principal amount of the 2023 Notes and 2025 Notes held by the Consenting Holders at the relevant time, constitute a material adverse

change in the financial situation, operating results and/or profits of the Bank and which, in the reasonable judgement and good faith of such Consenting Holders, would significantly adversely affect the completion of the Restructuring;

“Members’ Scheme” means, the members’ scheme of arrangement of the Bank under section 895 of the Act under which the Restructuring will, in part, be effected;

“Members’ Scheme Meeting” means, the meeting of the Scheme Members to vote on the Members’ Scheme convened pursuant to an order of the Court (and any adjournment of such meeting);

“Members’ Scheme Milestone Conditions” means, each of the **“Members’ Scheme Milestone Conditions”** listed in Schedule 6;

“Milestone Conditions” means, each of:

- (a) the Commercial Transaction Milestone Conditions;
- (b) the Creditors’ Scheme Milestone Conditions;
- (c) the Members’ Scheme Milestone Conditions; and
- (d) the Pensions Milestone Condition;

“Milestone Dates” means, in respect of each Milestone Condition, the date set out opposite that condition in Schedule 6, (as applicable) or such later date as may be varied or extended under Clause 7.4;

“Notes” means, together, the 2023 Notes and the 2025 Notes;

“Ordinary Shares” means, the ordinary shares in the capital of the Bank;

“Original Consenting Holders” means the funds and institutions set forth on the signature pages to this Agreement as holders of the 2023 Notes and/or the 2025 Notes and/or Shares and **“Original Consenting Holder”** means any one of them;

“Party” means, each of the Bank and the Consenting Holders, and together, the **“Parties”**;

“Pensions Heads of Terms” means, heads of terms dated 1 May 2017, describing in further detail the transactions described in the Pensions Term Sheet;

“Pensions Milestone Condition” means, each of the **“Pensions Milestone Condition”** listed in Schedule 6;

“Pensions Term Sheet” means, the term sheet listed in Schedule 4;

“Pensions Trustee” has the meaning given to such term in Clause 6.1(c);

“Person” means, an individual a partnership, a joint venture, a limited liability company, a corporation, a trust, an unincorporated organisation, a group or any legal entity or association;

“**PRA**” means, the Prudential Regulation Authority;

“**Practice Statement Letter**” means, the practice statement letter to be issued from the Bank to the Scheme Creditors and the Scheme Members;

“**Proposed Transferee**” has the meaning given to such term in Clause 8.1;

“**Scheme Calculation Date**” means, the date shortly before the date of the Creditors’ Scheme Meeting described in the Explanatory Statement by reference to which the quantum of the claims of the Scheme Creditors for the purposes of voting on the Creditors’ Scheme are determined;

“**Restructuring Documents**” means:

- (a) the Explanatory Statement;
- (b) the Practice Statement Letter;
- (c) the prospective articles of association of the Holdco;
- (d) the 2023 Consent Solicitation, the 2023 Noteholder Resolution and a deed to effect the amendments to the 2023 Note Trust Deed as contemplated thereby;
- (e) the Backstop Agreement;
- (f) the Pensions Heads of Terms;
- (g) the Lock-up RNS;
- (h) the Launch Conditions Date RNS; and
- (i) the Launch RNS,

and such other documentation relating to the Restructuring as is necessary to consummate the same;

“**Restructuring Period**” means, the period from and including the date of this Agreement to the Termination Date;

“**RNS**” means, the Regulatory News Service operated by the London Stock Exchange;

“**Scheme Creditors**” means, the creditors of the Bank whose claims against the Bank are the subject of the Creditors’ Scheme;

“**Scheme Members**” means, the members of the Bank whose interests in the Bank are the subject of the Members’ Scheme;

“**Scheme Meetings**” means, the Creditors’ Scheme Meeting and the Members’ Scheme Meetings;

“**Shareholder Resolutions**” means, the resolutions to be passed by the shareholders of the Bank and/or the shareholders of the Holdco as contemplated by each applicable Special General Meeting and “**Shareholder Resolution**” means any of them;

“**Shares**” means, the Ordinary Shares in the Bank or those issued pursuant to the incorporation of the Holdco (as applicable), as more particularly set out in the Governance Term Sheet;

“**Special General Meeting**” means, each of the special general meetings of (i) the shareholders of the Bank; and (ii) the shareholders of the Holdco, to be held for the purposes of considering and, if thought fit, passing the resolutions required or desirable in order to give effect to the Restructuring;

“**Specified Fund or Separate Account**” has the meaning given to such term in Clause 22.3;

“**Stabilisation Power**” has the meaning given to that term in the Banking Act 2009;

“**Termination Date**” has the meaning given to such term in Clause 8.3;

“**Termination Event**” has the meaning given to such term in Clause 8.1;

“**Term Sheets**” means, the Commercial Transaction Term Sheet, the Governance and Structure Term Sheet, the Group Term Sheet and the Pensions Term Sheet;

“**Trustee**” means, Law Debenture Trustees Limited in its capacity as trustee appointed in respect of the 2023 Notes and 2025 Notes; and

“**US Securities Act**” means the US Securities Act of 1933.

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 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 masculine gender shall include the feminine gender and *vice versa*;
- (c) the headings do not affect the interpretation of this Agreement;
- (d) a reference to a provision of law is a reference to that provision as extended, applied, amended or re-enacted from time to time and includes any subordinate legislation;
- (e) 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;
- (f) 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;

- (g) a reference to any document is a reference to that document as amended, supplemented, novated or restated;
- (h) 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;
- (i) the words “include” and “including” shall be deemed to be followed by the words “without limitation” where not so followed;
- (j) a reference to “GBP”, “£” or “British pounds” is to the lawful currency for the time being of the United Kingdom;
- (k) a reference to any “Restructuring Document”, “Scheme Document” or any other agreement, document or instrument is a reference to such “Restructuring Document”, “Scheme Document” or other agreement, document or instrument as amended, varied, supplemented, amended and restated, novated or replaced from time to time;
- (l) “acting in concert” shall mean “acting in concert” for the purposes of section 178(2) of FSMA or within the meaning given in the UK Takeover Code and “act in concert” shall be construed accordingly; and
- (m) a “holder” of Notes or Shares refers to the owner of, or an investment manager for or adviser to certain discretionary accounts or funds that are the owner of, the legal or beneficial interest in those Notes or Shares and the terms “holding”, “hold”, “held”, “held by”, “holdings”, shall be construed accordingly.

2. EFFECTIVENESS OF THIS AGREEMENT

- 2.1 This Agreement shall become effective between the Bank and each Original Consenting Holder on the date of this Agreement; and between the Bank and each Acceding Consenting Holder on the date on which such Acceding Consenting Holder accedes to this Agreement.
- 2.2 Promptly upon execution of this Agreement the Bank shall issue the Lock-up RNS and shall specify in such announcement the existence of this Agreement and the principal terms of the Restructuring.
- 2.3 Promptly upon the occurrence of the Launch Conditions Date the Bank shall issue the Launch Conditions Date RNS and shall specify in such announcement the date of the Launch Conditions Date.
- 2.4 Until the Termination Date, any holder of the Notes who is not an Original Consenting Holder may accede to this Agreement by delivering a duly completed Accession Deed to the Bank, and upon acceding to this Agreement (if the Launch Conditions Date has occurred) the terms of this Agreement shall be effective in respect of such Party.

3. CONSENTING HOLDERS STANDSTILL AND FORBEARANCE

3.1 Subject to the terms and conditions of this Agreement, during the Restructuring Period, each Consenting Holder, for so long as it is the holder of any Holder Obligations, agrees that it shall:

- (a) not, and agrees not to instruct the relevant Trustee to (and agrees not to vote in favour of a resolution of holders of Notes to instruct the relevant Trustee to) take any Enforcement Action;
- (b) not support, instruct, or encourage any action by any other holders of Notes or persons to take any Enforcement Action,

and provided each of the 2023 Note Coupon and the 2025 Note Coupon is paid by the Bank on the relevant payment date.

3.2 Each Consenting Holder hereby agrees and confirms that any action (including any notice, request or direction made or given) taken in breach of Clause 3.1(a) shall be void and of no effect and that damages for breach of Clause 3.1 would be an inadequate remedy and consents to the Bank seeking specific performance and/or injunctive relief to restrain any such breach.

3.3 Nothing in this Clause 3 shall prevent or restrict the taking of any Enforcement Action or any Person from directing, supporting, instructing or encouraging any other Person to take any Enforcement Action which is necessary, and strictly in accordance with the steps required, to implement the Restructuring.

4. SUPPORT OF CONSENTING HOLDERS

Subject to the terms and conditions of this Agreement during the Restructuring Period, each Consenting Holder, so long as it is the holder of any Holder Obligations agrees that it shall:

- (a) use its best efforts and take such reasonable and necessary actions (that are consistent with this Agreement and the Restructuring) as it may have available to it or be able to take under, or in respect of, any Holder Obligations, Holder Rights or Shares in furtherance of the implementation and consummation of the Restructuring;
- (b) attend, or procure that its Account Holder attends on its behalf, the relevant Meeting(s) and vote, or procure that its Account Holder votes on its behalf, in favour of the Creditors' Scheme in respect of all Holder Obligations or Holder Rights in connection with the Notes, and in favour of the Members' Scheme in respect of all Shares, now or hereafter held by such Consenting Holder eligible to vote at the relevant Meeting(s), or for which it now or hereafter serves as the nominee, investment manager or adviser for beneficial holders thereof, and not to fetter any of the voting rights attached to such Holder Obligations;
- (c) exercise (or use reasonable efforts to procure the exercise of), in favour of and support of the Restructuring, any rights, powers, discretions, authorities or votes (and not to fetter any such rights, powers, discretions, authorities or

votes) which it may have in relation to any matter affecting the Restructuring in respect of any Holder Obligations, Holder Rights or Shares held by such Consenting Holder; and in so far as applicable to it, execute and/or deliver, within any reasonably requested time period, the Restructuring Documents (applicable to it) and all other documents, agreements, instructions, proxies, directions, and to consent, and file all notices, and take such other action that is consistent with and reasonably necessary to implement, the Restructuring, including voting in favour of the resolutions proposed at each Meeting applicable to it;

- (d) not take any action (or refrain from taking any action) or instruct any third party, delegate, nominee, or agent to take (or refrain from taking any action), that, directly or indirectly, would in any material respect interfere with, delay, impede, or postpone the implementation and consummation of the Restructuring or that is otherwise inconsistent with this Agreement or the Restructuring;
- (e) not act nor knowingly advise, assist, support, or encourage any Person to act, whether alone or in concert with any other Person, in a manner which could reasonably be expected to delay, frustrate, impede or otherwise prevent the Restructuring or act in a manner that is otherwise inconsistent with the terms of this Agreement, including entering into or continuing, facilitating or encouraging, any discussions, negotiations, agreements or arrangements with any Person relating to a financial restructuring or related transaction of the Bank other than the Restructuring;
- (f) not grant any Encumbrances in respect of any Holder Obligations or Shares, or agree to grant any Encumbrances in respect of any such Holder Obligations or Shares, or enter into any trust, option, pre-emption, sub-participation or other contractual arrangement of any kind whatsoever which would prevent or materially impede it from complying with its obligations under this Agreement;
- (g) promptly upon it appearing likely to acquire or increase control of the Bank (as contemplated by section 178 of FSMA) as a consequence of the Restructuring, notify the PRA and thereafter to use its reasonable endeavours to obtain all necessary approvals from the PRA as soon as reasonably practicable in relation thereto, and it shall keep the Ad-Hoc Committee's Advisers apprised of all developments in connection with the same; and
- (h) promptly upon the Bank's or any of the Ad-Hoc Committee's Advisers' request, deliver evidence in the form of a custodian's certificate or other form reasonably acceptable to the Bank of the principal amount of 2023 Notes, 2025 Notes and/or Shares that it holds.

5. COMMITMENT OF THE BANK

Subject to the terms and conditions of this Agreement during the Restructuring Period, the Bank agrees that it shall:

- (a) use its best efforts and support and take all reasonable and necessary actions (that are consistent with this Agreement and the Restructuring) to implement and consummate the Restructuring (including in particular the conditions for which it is principally responsible under the Term Sheets) and to execute, deliver and/or issue each Restructuring Document applicable to it, in furtherance of and to satisfy each of the Milestone Conditions by the relevant Milestone Date set out in Schedule 6 (*Milestones*);
- (b) co-operate, to the extent that it is not prohibited from doing so by law, regulation or a regulatory authority (having taken necessary and timely professional advice to determine the extent of any such purportedly applicable prohibition), with all reasonable requests made by the Ad-Hoc Committee's Advisers in relation to the provision of information in all matters relating to the implementation and consummation of the Restructuring, and consult with the Ad-Hoc Committee's Advisers regarding the implementation of the Restructuring, and take reasonable steps, to keep them informed of any discussions (including the content of any discussions) with, and (if relevant) consents or objections obtained from, third parties (including any shareholders and governmental bodies or authorities) which involve the Bank or any of their subsidiaries and could affect the implementation and consummation of the Restructuring;
- (c) convene all meetings of the shareholders and/or creditors of the Bank which are required to consider any resolutions and/or decisions in relation to the Restructuring, including specific approvals as are required in relation to the Restructuring and, to the extent required by applicable law or customary issue, a recommendation in favour of the Restructuring;
- (d) exercise in favour and support of the Restructuring any rights, powers, discretions, authorities or votes which it may have in relation to any matter affecting the Restructuring in respect of any shares in any subsidiary held or controlled by it, in favour of any shareholder resolution, including, without limitation, any action or inaction, to the extent reasonably required in order to implement or consummate the Restructuring;
- (e) refrain, except with the written consent of the Majority Consenting Holders or as otherwise expressly permitted or required under the terms of this Agreement, from: (i) issuing or agreeing to issue additional shares of any class, or securities convertible into or exchangeable for additional shares of any class, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities except in each case in favour of Persons who are irrevocably committed to exercise any votes they may have in respect of such shares in support of the Restructuring; (ii) purchasing or redeeming any of its own shares or other securities or reducing or making any other change to any part of its share capital; and (iii) entering into any agreement, commitment or arrangement or passing any resolution or making any offer (which remains open for acceptance) or proposing or announcing any intention to do any of the transactions, matters or events referred to in this sub-Clause (e); provided that this sub-Clause (e) shall not apply to any step required to be taken in order to implement the Restructuring;

- (f) continue to operate its business, activities and assets in the ordinary course and only undertake capital expenditure in accordance with its Business Plan;
- (g) pay each of the 2023 Note Coupon and the 2025 Note Coupon on the relevant payment date;
- (h) make all securities and other filings and announcements and publish all documents and make all submissions required in connection with the matters contemplated by this Agreement as and when necessary to comply with all applicable laws and regulations;
- (i) to the extent that it is not prohibited from doing so by law, regulation or regulatory authority (having taken necessary and timely professional advice to determine the extent of any such purportedly applicable prohibition), keep the Ad-Hoc Committee's Advisers regularly informed in relation to the material business and financial (including liquidity) performance of the Bank and the status and progress of the Restructuring, including progress in relation to the Restructuring Documents and the Scheme Documents and to obtaining any necessary or desirable authorisations (including any consents) from, any competent judicial, government body, banking, taxation, supervisory or regulatory body or any stock exchange;
- (j) not take any action (nor refrain from taking any action) nor instruct any third party, delegate, nominee, or agent to take any action (nor refrain from taking any action) and use reasonable endeavours to procure that its respective subsidiaries refrain from taking any action, that, directly or indirectly, would in any material respect interfere with, delay, impede, or postpone the implementation and consummation of the Restructuring or that is otherwise inconsistent with this Agreement or the Restructuring;
- (k) not act nor advise, assist, support, or encourage any Person to act, whether alone or in concert with any other Person, in a manner which could reasonably be expected to delay, frustrate impede or otherwise prevent the Restructuring or act in a manner that is otherwise inconsistent with the terms of this Agreement, including entering into or continuing, facilitating or encouraging, any discussions, negotiations, agreements or arrangements with any Person relating to a financial restructuring or related transaction of the Bank other than the Restructuring; and
- (l) refrain, other than pursuant to the Restructuring, from taking any steps and from directing its representatives or subsidiaries to take any steps to, or in relation to, supporting, negotiating or preparing, and casting all votes that are controlled by it (if applicable) against, any proposed restructuring, reorganisation, arrangement, composition, or restructuring procedure or Insolvency Proceedings in respect of the Bank or any of its subsidiaries.

6. NEGOTIATION OF THE RESTRUCTURING DOCUMENTS AND IMPLEMENTATION OF THE RESTRUCTURING

- 6.1 The Bank and the Ad-Hoc Committee (and the Initial Backstop Providers in respect of the Backstop Agreement) shall negotiate in good faith:

- (a) with a view to fulfilling the Milestone Conditions and agreeing the operative provisions of the Restructuring Documents, in a form that is in all material respects consistent with the Term Sheets (taken as a whole), in order to implement and consummate the Restructuring as soon as reasonably practicable and in any event before the Long-Stop Date. Each Party hereby acknowledges that the Term Sheets set out in summary only the key terms which may be pursued in order to effect the Restructuring and the Parties agree that the Bank and the Majority Consenting Holders shall together determine the precise terms of the operative provisions of the Restructuring Documents, provided that the Restructuring Documents shall be consistent in all material respects with the Term Sheets (taken as a whole). The Bank shall consult with the Ad Hoc Committee and the Ad-Hoc Committee's Advisers in relation to any disclosure contained in or relating to the Restructuring Documents, and the Ad-Hoc Committee and the Ad-Hoc Committee's Advisers shall provide reasonable co-operation, information and assistance to the Bank in relation to such disclosure;
 - (b) with the PRA, to obtain in a timely manner their respective consents, approvals and co-operation in connection with the Restructuring, and in the event that the PRA terminates such negotiations with the Bank, the Bank shall promptly notify the Ad-Hoc Committee's Advisers and the Initial Backstop Providers of the same for the purposes of Clause 8.1(d);
 - (c) with the trustees of the Co-operative Group pension scheme (PACE) (the "**Pensions Trustee**") and the Group to agree in principle the Pensions Heads of Terms by 10 July 2017 or such other date (up to and including the Milestone Date in respect of the Pensions Milestone Condition) and in the event that the Pensions Trustee or the Group terminate such negotiations with the Bank, the Bank shall promptly notify the Ad-Hoc Committee's Advisers and the Initial Backstop Providers of the same for the purposes of Clause 8.1(b); and
 - (d) with the Group to agree, in due course, any documents required to implement the Group Term Sheet, and in the event that the Group terminates such negotiations with the Bank, the Bank shall promptly notify the Ad-Hoc Committee's Advisers and the Initial Backstop Providers of the same for the purposes of Clause 8.1(b).
- 6.2 Subject to Clause 6.3 below, as and when the Restructuring Documents are in an agreed form, after the Launch Conditions Date, the relevant Parties shall execute, deliver and/or issue the relevant Restructuring Documents in a timely manner in order to fulfil the Milestone Conditions.
- 6.3 Notwithstanding Clause 6.1(b) above, the Bank and the Initial Backstop Providers shall enter into the Backstop Agreement promptly upon its being in agreed form on or before the Launch Conditions Date.
- 6.4 The Initial Backstop Providers shall promptly provide the confirmation referred to in paragraph (c) of the definition of Launch Conditions Date upon receipt of the Diligence Item (unless the Diligence Item has been waived).

- 6.5 The Bank shall use reasonable endeavours to procure that the Chief Restructuring Officer is appointed within 14 days of the Bank receiving confirmation that all regulatory approvals necessary or advisable for his appointment have been obtained.
- 6.6 The Ad Hoc Committee will procure that Holdco will be incorporated promptly following the date of this Agreement, and that on and from the date of its incorporation it shall:
- (a) use its best efforts and support and take all reasonable and necessary actions (that are consistent with this Agreement and the Restructuring) to implement and consummate the Restructuring (including in particular the conditions for which it is principally responsible under the Term Sheets) and to execute, deliver and/or issue each Restructuring Document applicable to it, in furtherance of and to satisfy each of the Milestone Conditions by the relevant Milestone Date set out in Schedule 6 (*Milestones*);
 - (b) co-operate, to the extent that it is not prohibited from doing so by law, regulation or a regulatory authority (having taken necessary and timely professional advice to determine the extent of any such purportedly applicable prohibition), with all reasonable requests made by the Bank in relation to the provision of information in all matters relating to the implementation and consummation of the Restructuring, including (without limitation) by promptly providing such representations and warranties in relation to its establishment, conduct, and operations, and its directors, as the Bank may reasonably require for the purposes of any disclosure to be made in connection with the Restructuring and/or applying for any regulatory permissions or authorisations which it is necessary or desirable for the Bank to seek in connection with the implementation and consummation of the Restructuring;
 - (c) apply for any regulatory permissions or authorisations which it is necessary or desirable for Holdco to seek in connection with the implementation and consummation of the Restructuring;
 - (d) propose any resolutions or meetings necessary or desirable for the implementation of the Restructuring (and each member of the Ad-Hoc Committee shall vote in favour of such resolutions or the business of such meetings);
 - (e) not take any action (nor refrain from taking any action) nor instruct any third party, delegate, nominee, or agent to take any action (nor refrain from taking any action) and use reasonable endeavours to procure that its respective subsidiaries refrain from taking any action, that, directly or indirectly, would in any material respect interfere with, delay, impede, or postpone the implementation and consummation of the Restructuring or that is otherwise inconsistent with this Agreement or the Restructuring; and
 - (f) not act nor advise, assist, support, or encourage any Person to act, whether alone or in concert with any other Person, in a manner which could reasonably be expected to delay, frustrate impede or otherwise prevent the Restructuring or act in a manner that is otherwise inconsistent with the terms of this Agreement, including entering into or continuing, facilitating or encouraging,

any discussions, negotiations, agreements or arrangements with any Person relating to a financial restructuring or related transaction of the Bank other than the Restructuring,

6.7 The Ad Hoc Committee will procure the directors of Holdco are appointed in accordance with and at the times contemplated by the Term Sheets.

7. EARLY TERMINATION DATE, LONG STOP DATE, AND MILESTONE CONDITIONS

7.1 Either the Bank or the Majority Consenting Holders may terminate this Agreement by notice to each of the other Parties if the Launch Conditions Date has not occurred on or before the Early Termination Date.

7.2 This Agreement shall terminate automatically on the Long Stop Date, provided that the Long Stop Date may be extended on one or more occasions with consent of the Bank and the Majority Consenting Holders. Any extension of the Long Stop Date shall, unless and until there is a subsequent extension, become the Long Stop Date for all purposes.

7.3 The Parties shall use all commercially reasonable endeavours to seek to implement the Restructuring, and for the Closing to occur, on or before 1 September 2017, it being acknowledged that this Agreement shall not terminate and shall remain in full force and effect (subject to the other terms of this Agreement) if the Closing does not occur by such date.

7.4 In the event any Milestone Condition is not achieved by the relevant Milestone Date set out in Schedule 6 to this Agreement, the Parties will work together and co-operate in good faith for a period of up to five (5) Business Days to amend the relevant Milestone Date (and effect any consequential amendments to other Milestone Dates affected thereby) with a view to progressing the Restructuring.

7.5 Each of the Milestone Conditions and Milestone Dates set out in Schedule 6 may be waived or extended on one or more occasions with the consent of the Bank and the Majority Consenting Holders. Any extension of any Milestone Date for a particular Milestone Condition shall, unless and until there is a subsequent extension of that Milestone Date, become the Milestone Date for that Milestone Condition for all purposes.

8. TERMINATION

8.1 This Agreement shall terminate upon the earlier of: (i) the date of termination pursuant to Clause 7.1; (ii) the date of termination pursuant to Clause 7.2; (iii) Closing; (iv) written consent of the Bank and the Majority Consenting Holders; or (v) at any time, by any of the Bank or the Majority Consenting Holders with respect to the obligations hereunder upon the occurrence of any of the following events (each a “**Termination Event**”); provided, however that the Bank may not terminate this Agreement upon the occurrence of a Termination Event pursuant to Clauses 8.1(f)(I) or 8.1(g) below, and the Majority Consenting Holders may not terminate this Agreement upon the occurrence of a Termination Event pursuant to Clause 8.1(f)(II) below, and only the Initial Backstop Providers and not the Majority Consenting

Holders may terminate this Agreement upon the occurrence of a Termination Event pursuant to Clauses 8.1(c) or (d) below:

- (a) any court of competent jurisdiction or other competent governmental or regulatory authority shall have issued an order making illegal or otherwise restricting, preventing or prohibiting the Restructuring or any material part thereof in a manner that cannot reasonably be remedied by the Bank or the Majority Consenting Holders;
- (b) the Initial Backstop Providers give notice to the Bank, acting reasonably and in good faith, that the Pensions Trustee and/or the Group has and/or have ceased to act reasonably and in good faith with respect to the negotiation of the Pensions Heads of Terms, or the documentation required to implement the Group Term Sheet in due course (as applicable), and the Initial Backstop Providers conclude (acting reasonably and in good faith) after 10 Business Days that the Pensions Trustee and/or the Group (as applicable) has not and/or have not recommenced good faith negotiations;
- (c) the PRA notifies the Bank of its intention to make, any adverse change in the regulatory capital requirements applicable to the Bank (by reference to its own circumstances) from such requirements applicable at the date of this Agreement, for any reason (including but not limited to a change in markets, market conditions, or economic circumstances), provided that Consenting Holders holding in aggregate at least two-thirds of the aggregated principal amount of the Notes at the relevant time determine that any such adverse change is material in their reasonable and good faith judgement;
- (d) any regulatory approval or confirmation specified in the Commercial Transaction Term Sheet, is not obtained by the applicable date (if any) specified in the Commercial Transaction Term Sheet or otherwise by a date sufficiently early to enable the implementation and consummation of the Restructuring to proceed to the Closing before the Longstop Date;
- (e) the Bank of England exercises, or formally notifies the Bank in writing that it has unconditionally determined to exercise, any of the Stabilisation Powers granted to it by the Banking Act 2009;
- (f) the occurrence of a material breach by any of the Parties of any of their respective obligations, representations, warranties, covenants or commitments set forth in this Agreement, and to the extent any such breach is remediable it is not cured within ten (10) Business Days after receipt of written notice: (I) from the Majority Consenting Holders, in the case of a breach by the Bank, or (II) from the Bank, in the case of a material breach by a Consenting Holder, in each case, that would (or could reasonably be expected to) prevent the implementation of the Restructuring prior to the Long Stop Date; or
- (g) after receipt of written notice from the Majority Consenting Holders if: (I) the Bank fails to have satisfied any of the Milestone Conditions by the relevant Milestone Date and no agreement to amend the relevant Milestone Date is reached with the Ad-Hoc Committee under Clause 7.4; (II) Insolvency Proceedings in relation to the Bank are commenced and, if it involves a

petition for winding up, it is not dismissed or discharged within fifteen (15) Business Days; (III) the Bank terminates or breaches any obligation under its engagement letters and fee arrangements with the Ad-Hoc Committee's Advisers; or (IV) the Bank fails to pay the 2023 Note Coupon or the 2025 Note Coupon on the relevant payment date.

- 8.2 Each Consenting Holder may by written notice to the Bank terminate this Agreement in respect only of itself and rescind any consent previously provided by it to acceptance of the Restructuring if (i) an order of a government body or court of competent jurisdiction restraining or otherwise preventing the Consenting Holder from participating in the implementation of the Restructuring has been made and is continuing; (ii) if entry into the Restructuring would put the Consenting Holder in breach of any law or regulation applicable to it; or (iii) Consenting Holders holding in aggregate at least two-thirds of the aggregated principal amount of the 2023 Notes and 2025 Notes held by the Consenting Holders at the relevant time, have given notice to Bank in writing that a Material Adverse Change has occurred during the period commencing on the date falling three (3) Business Days prior to, and ending on the Business Day immediately prior to, the Creditors' Scheme Meeting.
- 8.3 The date on which this Agreement is terminated in accordance with the provisions of this Clause 8 (with exception to the individual termination by a Consenting Holder as described above) shall be referred to as the "**Termination Date**" and the provisions of this Agreement shall terminate on such date, save as provided below. In the event of the termination of this Agreement pursuant to this Clause 8, other than a Termination Event pursuant to Clause 8.1(i) or 8.1(ii), written notice thereof shall forthwith be given by the terminating Party to the other Parties hereto specifying the provision hereof pursuant to which such termination is made, and this Agreement shall be terminated and become void and have no effect and there shall be no liability hereunder on the part of any Party, provided that such termination shall not limit the effect of Clauses 7.1, 8, 19, 21 through 24 and 27 which shall continue to apply. Nothing in this Clause 8 shall relieve any Party of liability for any breach of this Agreement that occurred prior to the occurrence of the Termination Date.
- 8.4 The Bank will maintain at all times an updated list of all Parties and their respective notice details and shall provide to any Party upon request within five (5) Business Days a copy of such list and notice details.

9. TRANSFER OF HOLDER OBLIGATIONS

- 9.1 Notwithstanding anything to the contrary in this Agreement, each of the Consenting Holders agrees that until the occurrence of the Termination Date, it shall not sell, assign, transfer, convey, pledge, charge, hypothecate or otherwise dispose of, directly or indirectly (each such transfer, a "**Transfer**"), or permit a Transfer of, all or any of its Holder Obligations (or any rights related thereto and including any voting rights associated with such Holder Obligations), unless the transferee (the "**Proposed Transferee**") thereof: (i) is a Consenting Holder or (ii) (A) agrees in writing by executing an Accession Deed to assume and be bound by this Agreement, and to assume the rights and obligations of the transferring Consenting Holder under this Agreement in respect of the Holder Obligations transferred and in respect of the Holder Obligations, if any, beneficially owned by the transferee prior to executing the Accession Deed and (B) promptly delivers the Accession Deed to the Bank (each

such transferee becoming, upon the Transfer, a Consenting Holder hereunder), who shall provide promptly a copy of such executed Accession Deed to the Ad-Hoc Committee's Advisers and inform them about the identity of the transferring Party (failing which the transferring Party may provide a copy of such executed Accession Deed to the Bank and the Ad-Hoc Committee's Advisers and the amount of the relevant holdings transferred and the identity of the Transferee).

- 9.2 An Accession Deed will take effect on and from the date on which it is delivered to the Bank, in the manner contemplated in the Accession Deed and in this Clause 9, and with effect from that date: (i) any transferor Party shall be discharged from all its obligations towards the other Parties under this Agreement in respect of the Holder Obligations transferred and their respective rights against one another in respect of those Holder Obligations shall cease to apply (except in each case for those rights which arose prior to that date), and (ii) the transferee shall become a Party to this Agreement as a Consenting Holder and shall assume the same obligations and become entitled to the same rights and shall be entitled to enforce the terms of this Agreement, as if it had been an original Party to this Agreement in that capacity.
- 9.3 Any Transfer of any Holder Obligation by a Consenting Holder that does not comply with the procedure set forth in the first sentence of this Clause 9 shall be deemed void *ab initio*.
- 9.4 Each Consenting Holder agrees that any Holder Obligations acquired by it after the Launch Conditions Date shall be subject to the terms of this Agreement.

10. OWNERSHIP OF HOLDER OBLIGATIONS

- 10.1 Each Original Consenting Holder represents and warrants that as of the date of this Agreement, and each Acceding Consenting Holder represents and warrants that as at the date of its accession to this Agreement:
- (a) it is the holder of the principal amount of the Holder Obligations as set forth on the signature page for such Consenting Holder or in its Accession Deed and has full power and authority to perform or procure the performance of its obligations under this Agreement;
 - (b) other than pursuant to this Agreement, its Holder Obligations are held free and clear of any Encumbrances of any kind, that would adversely affect in any way such Consenting Holder's performance of its obligations contained in this Agreement at the time such obligations are required to be performed;
 - (c) it is legally entitled and able to control the exercise and the casting of votes in relation to its Holder Obligations in order to comply with the terms of this Agreement;
 - (d) it is not acting in concert with any other person (including any other Consenting Holder) with respect to the Holder Obligations held or to be held directly or indirectly by it, except to the extent the Holder Obligations held or to be held directly or indirectly by such other person are managed by the same investment manager and might be so construed;

- (e) it is, as indicated on its signature page or in its Accession Deed, either:
 - (i) not a U.S. person (within the meaning of Regulation S under the US Securities Act) and is not acting for the account or benefit of any U.S. person, and that it is not located or resident in the United States; or
 - (ii) if it is does not satisfy the description under paragraph (i) above, it above, it is either:
 - (i) a qualified institutional buyer within the meaning of Rule 144A under the US Securities Act; or
 - (ii) an institutional "accredited investor" within the meaning of clauses (1), (2), (3) or (7) of paragraph (a) of Rule 501 of Regulation D under the US Securities Act or an entity wholly owned by any person that is an institutional "accredited investor" within the meaning of clauses (1), (2), (3) or (7) of paragraph (a) of Rule 501 of Regulation D under the US Securities Act; and
- (f) it has no intention of it or any of its subsidiary undertakings or any fund, investment vehicle or other entity formed or incorporated in any jurisdiction which is managed or advised by such Consenting Holder, acting in concert with any other person (including any other Consenting Holder) with respect to the Holder Obligations held or to be held directly or indirectly by it.

10.2 The representations in Clause 10.1 above shall, subject to any Transfers (as defined in, and undertaken in accordance with, Clause 9.1), be deemed to be repeated on each of the Launch Conditions Date and the Scheme Calculation Date by reference to the facts and circumstances in existence at each such date.

11. MAJORITY CONSENTING HOLDERS AND AD-HOC COMMITTEE'S ADVISERS

11.1 Where this Agreement contemplates that a particular matter requires the approval, consent, election or agreement of the Majority Consenting Holders, the Bank or any other Person seeking that approval, consent, election or agreement of the Majority Consenting Holders shall (i) in respect of the Ad-Hoc Committee or the Initial Backstop Providers, send its request to Paul Hastings (Europe) LLP (on behalf of the Ad-Hoc Committee's Advisers) in writing, and (ii) in respect of Consenting Holders who are not part of the Ad-Hoc Committee, to the address set forth on the signature page for such Consenting Holders with a copy to Paul Hastings (Europe) LLP (on behalf of the Ad-Hoc Committee's Advisers and the Initial Backstop Providers).

11.2 Any Person seeking the determination by approval, consent, election or agreement of the Majority Consenting Holders shall specify in its request that matter in respect of which that approval, consent, election or agreement is sought and as much information in relation to that matter as is reasonably practicable.

11.3 Promptly, and in any event within two (2) Business Days of receipt of any such request, the Ad-Hoc Committee's Advisers shall send a copy of the relevant request

to each Initial Backstop Provider, unless any Initial Backstop Provider has previously notified the Ad-Hoc Committee's Advisers that it does not wish to receive a copy of any such request.

- 11.4 After each Initial Backstop Provider has received such request each Initial Backstop Provider shall confirm within five (5) Business Days whether they support the relevant request and the Ad-Hoc Committee's Advisers shall notify the Bank or any other Person seeking the relevant approval, consent, election or agreement of which Initial Backstop Providers have approved the relevant request.
- 11.5 After each Consenting Holder who is not part of the Ad-Hoc Committee has received such request, those Consenting Holders shall each confirm within five (5) Business Days whether they support the relevant request and shall notify Paul Hastings (Europe) LLP who shall notify: (i) the Bank or any other Person seeking the relevant approval, consent, election or agreement of their approval of the relevant request, and (ii) the other Ad-Hoc Committee's Advisers of the same.
- 11.6 Without prejudice to the Ad-Hoc Committee's Advisers' duties to the Ad-Hoc Committee's members, the Ad-Hoc Committee's Advisers, the Initial Backstop Providers and the Ad-Hoc Committee members do not act for the Consenting Holders in any representative capacity and have no fiduciary or other duties or obligations to the Consenting Holders or any other Party. None of the Ad-Hoc Committee's Advisers, none of the Initial Backstop Providers nor the Ad-Hoc Committee members are under any obligation to advise or to consult with any Consenting Holder on any matter related to this Agreement. Each member of the Ad-Hoc Committee is a Party to this Agreement in its capacity as a Consenting Holder and in no other capacity.
- 11.7 The Ad-Hoc Committee members, the Initial Backstop Providers and each other Consenting Holder will remain free to deal with the Bank, each on its own account and will therefore not be bound to account to any Consenting Holder or any other Party for any sum, or the profit element of any sum, received by it for its own account.
- 11.8 No information or knowledge regarding the Bank or its affairs received or produced by any member of the Ad-Hoc Committee in its capacity as a Consenting Holder (or as an investment manager to any Consenting Holder) shall be imputed to any other member of the Ad-Hoc Committee.
- 11.9 The Ad-Hoc Committee members and each other Consenting Holder will remain free to seek advice from their own professional advisers (other than the Ad-Hoc Committee's Advisers) at their own cost regarding their exposure to the Bank and will as regards their exposure as Consenting Holders at all times continue to be solely responsible for making their own independent investigation and appraisal of the business, financial condition, credit-worthiness, status and affairs of the Bank.
- 11.10 The Ad-Hoc Committee and each Initial Backstop Provider may assume that (and shall not be under any obligation to any Person to verify or arrange, co-ordinate or facilitate the verification of):
 - (a) any representation, notice or document delivered to them is genuine, correct and appropriately authorised; and

- (b) any statement made by a director, authorised signatory or employee of any Person regarding any matters which may reasonably be assumed to be within that Person's knowledge or within that Person's power to verify is within that Person's knowledge or within that Person's power to verify.

11.11 None of the Initial Backstop Providers nor any member of the Ad-Hoc Committee:

- (a) shall be responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by any Consenting Holder, the Bank or any other Person given in or in connection with the Restructuring, the Restructuring Documents, this Agreement or any associated documentation or the transactions contemplated therein;
- (b) shall be responsible for the legality, validity, effectiveness, completeness, adequacy or enforceability of the Restructuring, the Restructuring Documents, this Agreement or any other agreement, arrangement or document entered into, made or duly executed in anticipation of or in connection with the Restructuring;
- (c) shall be responsible for any determination as to whether any information provided or to be provided to any Consenting Holder is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise;
- (d) shall be responsible for verifying that any information provided to the Consenting Holders (using reasonable endeavours and usual methods of transmission such as email or post) has actually been received and/or considered by each Consenting Holder;
- (e) shall be liable for any failure to provide information to any Consenting Holder; and
- (f) shall be bound to distribute to any Consenting Holder or to any other Person, information received by it in a capacity other than as a member of the Ad-Hoc Committee or an Initial backstop Provider.

11.12 The Parties agree that the Ad-Hoc Committee's Advisers represent the Ad-Hoc Committee and the Initial Backstop Providers. The Ad Hoc Committee and each Initial Backstop Provider confirms to each other Party that the Ad-Hoc Committee's Advisers are duly authorised to negotiate the Restructuring Documents and the terms of the Restructuring on behalf of the Ad-Hoc Committee and the Initial Backstop Providers respectively.

11.13 Without limiting Clause 11.14 below, none of the Ad-Hoc Committee's Advisers nor any member of the Ad-Hoc Committee will be liable for any action taken by it (or any inaction) under or in connection with the Restructuring or this Agreement.

11.14 Other than by members of the Ad-Hoc Committee with respect to the engagement letters of the Ad-Hoc Committee's Advisers, no Party may take any proceedings against any partner, director, officer, employee or agent of either the Ad-Hoc Committee's Advisers or any member of the Ad-Hoc Committee, in respect of any

claim it might have against the Ad-Hoc Committee's Advisers or any member of the Ad-Hoc Committee or in respect of any act or omission of any kind by that partner, director, officer, employee or agent in relation to the Restructuring or this Agreement. For the avoidance of doubt, a member of the Ad-Hoc Committee may still be liable in its capacity as a Consenting Holder if it has breached the terms of this Agreement.

12. REPRESENTATIONS

12.1 Each Party represents to each other Party that:

- (a) it has all requisite corporate, partnership, limited liability company or similar authority to enter into this Agreement and carry out the Restructuring contemplated hereby and perform its obligations hereunder, and the execution, delivery and performance of such Party's obligations hereunder have been duly authorised by all necessary corporate, partnership, limited liability, or similar action on its part (and it is acknowledged that the Bank (as contemplated by the other terms of this Agreement) will use its best efforts to seek those consents and agreements which it requires in order to implement the Restructuring as contemplated by this Agreement and the Term Sheets);
- (b) the execution, delivery and performance of this Agreement by such Party does not and shall not: (A) violate in any material respect any provision of law, rule or regulation applicable to it or any of its subsidiaries or its organisational documents or those of any of its subsidiaries or (B) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a material default under any contractual obligations under any material agreement with a Person who is not a Party to which it, or any of its subsidiaries, is a party or, under its organisational documents (and it is acknowledged that the Bank (as contemplated by the other terms of this Agreement) will use its best efforts to seek those consents and agreements which it requires in order to implement the Restructuring as contemplated by this Agreement and the Term Sheets);
- (c) the execution, delivery and performance by it of this Agreement does not and shall not require any registration or filing with, consent or approval of, or notice to, or other action to, with or by, any federal, state or other governmental authority or regulatory body, except such filings, consents or approvals as may be necessary or required in order to effect the Restructuring; and
- (d) this Agreement is the legally valid and binding obligation of such Party, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganisation, moratorium or other similar laws, both foreign and domestic, relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

12.2 Each Consenting Holder represents to the Bank that:

- (a) the information set out with its signature (in the case of an Original Consenting Holder) or in its Accession Deed (in the case of an Acceding Consenting Holder) as to the place of its statutory seat, place of incorporation, or (where there is no such place) the place under the law of which its

formation took place, is true and correct. Each Consenting Holder undertakes to inform the Bank promptly should any such information change or become incorrect;

- (b) in entering into this Agreement and undertaking its obligations hereunder, it is acting independently and is not acting, directly or indirectly, through contract, arrangement, understanding, relationship or otherwise with any other holder of Holder Obligations other than (where applicable) in its capacity as a member of the Ad-Hoc Committee; and
- (c) it has sufficient knowledge and experience to evaluate properly the terms and conditions of the Restructuring and this Agreement, and has been afforded the opportunity to consult with its legal and financial advisers with respect to its investment decision and its decision to execute this Agreement, and it has made its own analysis and decision to enter into this Agreement and otherwise investigated this matter to its full satisfaction.

12.3 The representations set out in Clauses 12.1 and 12.2 are made (as applicable):

- (a) by the Bank and each Original Consenting Holder, as at the date of this Agreement and by reference to the facts and circumstances existing as at the date of this Agreement;
- (b) by each Acceding Consenting Holder, as at the date that it accedes to this Agreement and by reference to the facts and circumstances existing as at such date.

12.4 The Bank represents to each Original Consenting Holder that the written information and materials provided, or made available, to the Original Consenting Holders by or on behalf of the Bank in connection with the Bank and/or the Restructuring on or before the date of this Agreement is accurate and not misleading in any material respect and all projections and forecasts provided, or made available, to any Original Consenting Holder on or before the date of this Agreement have been prepared in good faith on the basis of assumptions which were fair and reasonable at the time at which they were prepared and supplied.

13. CONFIDENTIAL INFORMATION, PUBLICITY AND DISCLOSURE

13.1 The Parties shall not disclose to any other person this Agreement, any Accession Deed or the holdings of any Consenting Holder or use the name of any Consenting Holder or its manager, adviser or affiliates in any press release or other statement to any other person without that Consenting Holder's prior written consent provided that:

- (a) the Bank or the Ad Hoc Committee may disclose a copy of this Agreement to any Person who it believes in good faith is a holder of the 2023 Notes, the 2025 Notes and/or shares in the Bank (or who manages or advises such a person), for the purposes of enabling such Person to determine whether to accede to this Agreement, provided that such Person has undertaken to the Bank to keep this Agreement confidential on the terms of this Clause 13;

- (b) the Bank may disclose this Agreement to the PRA, the Bank of England, the Financial Conduct Authority, and any other relevant regulatory or supervisory body that it is required to disclose this Agreement to but shall advise any such prospective recipient of the confidential nature of this Agreement;
- (c) the Bank may disclose at any time the aggregate number of Consenting Holders who have entered into this Agreement or any Accession Deed (and given instructions, directions or made requests under this Agreement) and the aggregate amount of the claims against the Bank of all Consenting Holders with respect to their holdings who have entered into this Agreement or any Accession Deed;
- (d) the Bank may disclose a copy of this Agreement or any Accession Deed (and any notices served hereunder) to any Trustee which has agreed with the Bank to keep the terms of this Agreement confidential on the terms of this Clause 13;
- (e) the Bank may disclose this Agreement or any Accession Deed to their Connected Persons provided that prior to such disclosure the relevant Connected Person has agreed with the Bank to keep the terms of this Agreement and each Accession Deed confidential on the terms of this Clause 13 (unless already bound by law, regulation, or professional duty to keep the same confidential);
- (f) the Consenting Holders may disclose this Agreement to their respective Connected Persons provided that prior to such disclosure the relevant Connected Person has agreed with the Consenting Holder to keep the terms of this Agreement confidential on the terms of this Clause 13 (unless already bound by law, regulation, or professional duty to keep the same confidential);
- (g) the Consenting Holders may disclose this Agreement or any Accession Deed and its terms to a Proposed Transferee of all or part of its holding, provided that such Proposed Transferee has agreed for the benefit of the Bank to keep the terms of this Agreement and each Accession Deed confidential on the terms of this Clause 13;
- (h) the Parties may disclose this Agreement or any Accession Deed if they are required to do so by the laws, rules or regulations of any country with jurisdiction, or if 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; and
- (i) each Consenting Holder agrees that; (I) the Ad-Hoc Committee's Advisers may disclose its holdings to the Bank or a Connected Person of the Bank; and (II) the Bank may disclose its holdings to the Ad-Hoc Committee's Advisers, in either case only to the extent such disclosure is reasonably required to make any determination under, or in respect of, this Agreement but in no circumstances to any other Consenting Holder.

13.2 Nothing in this Agreement shall prevent any Party from making any announcement or disclosure where this is required by law or regulation. Any Party required to make

such an announcement or disclosure shall, to the extent practicable and not prohibited by applicable law or regulation, consult with and take into account the Bank's, the Ad-Hoc Committee's, and (to the extent specifically referred to therein) each other Party's reasonable requirements as to the timing, content, and manner of making of such announcement or disclosure. If such Party is unable to consult with such other Parties before the announcement or disclosure is made, such Consenting Holder shall to the extent not prohibited by law or regulation from doing so, inform the Bank, the Ad-Hoc Committee, and any other Parties referred to in such disclosure of the circumstances, timing, content and manner of making of the announcement or disclosure immediately after such announcement or disclosure is made.

- 13.3 If a third party makes any announcement to which the Ad-Hoc Committee has not given its prior approval in relation to the Restructuring which announcement directly or by implication refers to the position of the Ad-Hoc Committee and where it would be reasonably necessary or desirable in order to protect the legitimate interest of the Ad-Hoc Committee (including in their capacity as shareholders or creditors of the Bank) in the outcome of the Restructuring for the Ad-Hoc Committee to make an announcement relating to its own position then the Ad-Hoc Committee shall be at liberty to make such announcement or disclosure as may reasonably be necessary or desirable to protect those interests after consultation with the Bank and after taking into account our reasonable requirements as to its timing, content and manner of making.

14. ENTIRE AGREEMENT

This Agreement, including the schedules and annexes hereto, and each Accession Deed, constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement, and supersedes all other prior negotiations, agreements and understandings, whether written or oral, among the Parties with respect to the subject matter of this Agreement.

15. RESERVATION OF RIGHTS

Except as expressly provided in this Agreement, nothing herein is intended to, or does, in any manner waive, limit, impair or restrict the ability of each Party to protect and preserve its rights, remedies, and interests, including, without limitation, its claims against any other Party or their respective affiliates. Except as expressly provided in this Agreement nothing contained herein effects a modification of the Bank's, the Consenting Holders' or the respective Trustees' rights under the 2023 Notes, the 2025 Notes, the Existing Trust Deeds, or other documents and agreements (including the Holder Rights). If this Agreement terminates for any reason prior to the Closing, the Parties fully reserve any and all of their rights (including the Holder Rights). To the extent that a grace period has expired in relation to any events of default (howsoever described) under the Existing Trust Deeds prior or during the Restructuring Period, that grace period shall remain expired following the expiry or termination of the Restructuring Period. Unless the Closing has occurred, any grace period continuing on the Launch Conditions Date shall be treated as expired on the expiry or termination of the Restructuring Period.

16. EACH PARTY'S RIGHTS AND OBLIGATIONS

The rights of each Party under or in connection with this Agreement are separate and independent rights. A Party may separately enforce its rights under this Agreement. The obligations of each Party under this Agreement are separate and independent obligations. Failure by a Party to perform its obligations under this Agreement does not affect the obligations of any other Parties. No Party is responsible for the obligations of any other Party. The obligations of the Consenting Holders under this Agreement are several and not joint.

17. LIMITATIONS

Nothing in this Agreement shall:

- (a) create a partnership, business agreement or any other such arrangement between any of the Parties;
- (b) require the Consenting Holders to incur any material costs or out of pocket expenses unless such material costs or out of pocket expenses are indemnified to their reasonable satisfaction;
- (c) require the Consenting Holders to make any additional equity, debt or other financing available to the Bank or any of its subsidiaries or group companies other than in accordance with this Agreement;
- (d) require any Party (or any director, manager or officer of that Party) to take action which is prohibited or otherwise restricted by applicable law or regulation or direction of any governmental authority or contractual obligations or to waive or forego the benefit of any applicable legal professional privilege;
- (e) prevent any Party from taking action which is required by applicable law or regulation or direction of any governmental authority;
- (f) restrict any director, manager or officer of the Bank from complying with any legal obligations, legal and/or fiduciary duties or obligations including, without limitation, in relation to the commencement of Insolvency Proceedings;
- (g) require any Consenting Holder to incur any financial obligation (including providing any additional capital or financing) or to provide any indemnity in favour of any Person; and
- (h) require any Consenting Holder, as a noteholder or as an expected equity holder, by reason of this Agreement or the transactions contemplated by this Agreement to make, seek or receive any filings, notifications, consents, determinations, authorisations, permits, approvals, licenses or the like with or provide any documentation or information to any regulatory or self-regulatory bodies having jurisdiction over the Bank or the Consenting Holder (save as required by, or in respect of, the PRA as contemplated by Clause 4(g)).

18. COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which, when so executed, shall constitute the same instrument and the counterparts may be delivered by facsimile transmission or by electronic mail in portable document format (pdf).

19. AMENDMENTS

19.1 Except as otherwise provided in this Agreement, this Agreement, (including, for the avoidance of doubt, the Term Sheets) may not be modified, amended, waived or supplemented without the prior written consent of the Bank and the Majority Consenting Holders (who may delegate their consent to the Ad-Hoc Committee, to execute any modification, amendment or waiver permitted by this Clause 19.1) and any such modification, amendment, waiver or supplement will be binding on all Parties, provided that no amendment may be made which would require any Consenting Holder to incur any financial obligation (including providing any additional capital or financing) or out of pocket expense, other than de minimis amounts, or to provide any indemnity in favour of any Person without such Consenting Holder's prior written consent.

19.2 Any decision in respect of any modification, amendment, waiver, termination, supplement or exercise of discretion in relation to this Agreement that is expressed to be subject to the agreement or consent of the Initial Backstop Providers (acting together and not severally) shall be determined by:

- (a) in respect of any decision arising before the date and time on which the Backstop Agreement becomes effective, members of the Ad Hoc Committee holding in aggregate greater than 50% of the aggregate principal amount of the 2023 Notes and the 2025 Notes held by members of the Ad Hoc Committee at the relevant time; or
- (b) in respect of any decision arising after the date and time on which the Backstop Agreement becomes effective, Initial Backstop Providers holding in aggregate greater than 50% of the aggregated principal amount of the Initial Backstop Commitments of the Initial Backstop Providers at the relevant time,

and each such determination shall be binding on all Consenting Holders.

20. SPECIFIC PERFORMANCE

20.1 It is understood and agreed by the Parties that money damages would be an insufficient remedy for any breach of this Agreement by any Party and each non-breaching Party may be entitled to specific performance and injunctive or other equitable relief as a remedy of any such breach, including, without limitation, an order of any court of competent jurisdiction requiring any Party to comply promptly with any of its obligations hereunder, and no proof of special damages shall be necessary; provided, however, that each Party agrees to waive any requirement for the securing or posting of a bond in connection with such remedy.

20.2 Nothing contained in this Agreement shall be construed as prohibiting any Party from pursuing any other remedies available, either at law or in equity, for any such threatened or actual breach of this Agreement including recovery of damages.

21. NOTICES

All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally, by email, courier, by facsimile transmission or mailed (first class postage prepaid) to the Parties at the following addresses, emails or facsimile numbers:

If to the Bank:

The Co-operative Bank p.l.c.
St Paul's House
10 Warwick Lane
London, EC4M 7BP
Attention: John Worth, Chief Financial Officer; and Brona McKeown,
General Counsel

Email: john.worth@cfs.coop; brona.mckeown@cfs.coop

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

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

If to the Consenting Holders:

To each Consenting Holder at the address set forth
on the signature page hereof

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

Paul Hastings (Europe) LLP
10 Bishops Square
London E1 6EG
United Kingdom
Attention: David Ereira and Karl Clowry
Email: davidereira@paulhastings.com and karlclowry@paulhastings.com

22. EXECUTION BY CONSENTING HOLDERS

22.1 In the event a Consenting Holder acts in more than one capacity in relation to the Restructuring, it hereby undertakes to use all rights, powers, discretions, authorities or votes (as the case may be) which it may have in respect of such capacities (including,

but not limited to, in respect of Shares) in relation to any matter affecting the Restructuring in accordance with this Agreement and in support of the Restructuring.

- 22.2 The Bank acknowledges that a Consenting Holder acting in different capacities in relation to the Restructuring may have conflicting interests in respect of such different capacities. In the event of such conflict, the Consenting Holder must exercise all rights, powers, discretions, authorities or votes (as the case may be) which it may have in relation to the Notes in priority to any other conflicting interests.
- 22.3 Where a Consenting Holder expressly executes or accedes to this Agreement in its capacity as investment adviser or manager on behalf of specified funds or accounts it advises or manages (a “**Specified Fund or Separate Account**”), the Agreement shall apply only to the investment adviser or manager with respect to that Specified Fund or Separate Account and will not apply to any other fund or account advised or managed by that investment adviser or manager or to its or their affiliates and any funds or accounts advised or managed by its or their affiliates. To the extent that any investment manager, investment adviser, depository, agent and/or custodian (as applicable) is executing this Agreement on behalf of any Consenting Holder, each other Party acknowledges that:
- (a) the relevant investment manager, investment adviser, depository, agent and/or custodian (as applicable) is not executing this Agreement in any personal capacity;
 - (b) the relevant investment manager, investment adviser, depository, agent and/or custodian (as applicable) is executing this Agreement pursuant to, and to the extent of its authority to act in such capacity on behalf of any Consenting Holder; and
 - (c) the relevant investment manager, investment adviser, depository, agent and/or custodian (as applicable) does not make any representations, warranties or undertakings of any kind in any personal capacity to any Party, and shall have no personal liability whatsoever to any Party, under or in connection with this Agreement, and no Party will have any recourse to it in any personal capacity in any way whatsoever.

23. THIRD-PARTY BENEFICIARIES

Other than in respect of Clause 11.5, 11.6, 11.12, 11.13 and 11.14 which the Ad-Hoc Committee’s Advisers are entitled to benefit from and enforce, the terms and provisions of this Agreement are intended solely for the benefit of the Parties, and their respective successors and permitted assigns, and a Person who is not a party to this Agreement has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

24. SUCCESSORS AND ASSIGNS

Except as otherwise provided in this Agreement, this Agreement is intended to bind and inure to the benefit of each of the Parties and each of their respective successors and permitted assigns.

25. INTERPRETATION

This Agreement is the product of negotiations among the Parties, and the enforcement or interpretation of this Agreement is to be interpreted in a neutral manner; and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement or any portion of this Agreement, shall not be effective in regard to the interpretation of this Agreement.

26. SERVICE OF PROCESS

26.1 Without prejudice to any other mode of service allowed under any relevant law, each Consenting Holder (other than a Consenting Holder incorporated in England and Wales):

- (a) irrevocably appoints Jordans Trust Company Limited as its agent for service of process in relation to any proceedings before the English courts in connection with this Agreement; and
- (b) agrees that failure by a process agent to notify the Consenting Holder of the process will not invalidate the proceedings concerned.

27. GOVERNING LAW AND JURISDICTION

27.1 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.

27.2 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.

27.3 Each of the Parties irrevocably waives any objection which it might now or hereafter have to the courts referred to in Clause 27.2 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.

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

SCHEDULE 1

DEED OF ACCESSION

THIS DEED POLL IS MADE ON [•]

BY: [•] (the “Acceding Consenting Holder”)

1. BACKGROUND

- 1.1 This is an Accession Deed as defined in the lock-up and support agreement, dated as of [•] June 2017 (as amended, modified or supplemented from time to time, the “**Agreement**”), by and between the Bank and the Consenting Holders and is being entered in to in connection with the transfer of Holder Obligations and Holder Rights from a Consenting Holder to the Agreement to the Acceding Consenting Holder.
- 1.2 Capitalised terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement.

2. AGREEMENT TO BE BOUND

The Acceding Consenting Holder hereby agrees to be bound by all of the terms of the Agreement, which is attached to this Accession Deed as Annex II (as the same may be hereafter amended, restated, or otherwise modified from time to time) as if the Acceding Consenting Holder were an original signatory to the Agreement as a Consenting Holder.

3. REPRESENTATIONS AND WARRANTIES

With respect to the amount of Holder Obligations set forth below its name on the signature page hereof and all related claims, rights, and causes of action arising out of or in connection with or otherwise relating to such claim, the Acceding Consenting Holder hereby makes the representations and warranties of such Consenting Holder set forth in Clauses 10 and 12 of the Agreement to each other Party.

4. GOVERNING LAW AND JURISDICTION

- 4.1 This Accession Deed and any non-contractual obligations arising out of or in connection with this Accession Deed shall be governed by and construed in accordance with English law.
- 4.2 We 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 Accession Deed and, for such purposes, irrevocably submit to the jurisdiction of such courts.
- 4.3 We irrevocably waive any objection which we might now or hereafter have to the courts referred to in Clause 4.2 of this Accession Deed 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 agree not to claim that any such court is not a convenient or appropriate forum.

IN WITNESS whereof this deed has been duly executed and delivered as a deed poll on the date stated at the beginning of this deed.

EXECUTED AS A DEED POLL

[INSERT RELEVANT EXECUTION BLOCK]

Annex I

Name of Acquiring Consenting Holder: _____

Details of holdings:

Principal Amount of 2023 Notes (£)	Principal Amount of 2025 Notes (£)	Amount of Ordinary Shares (Number)

The Acquiring Consenting Holder (by ticking the relevant box below) confirms it is:

- Not a U.S. person (within the meaning of Regulation S under the US Securities Act) and is not acting for the account or benefit of any U.S. person, and that it is not located or resident in the United States.
- A qualified institutional buyer within the meaning of Rule 144A under the US Securities Act.
- An institutional "accredited investor" within the meaning of clauses (1), (2), (3) or (7) of paragraph (a) of Rule 501 of Regulation D under the US Securities Act or an entity wholly owned by any person that is an institutional "accredited investor" within the meaning of clauses (1), (2), (3) or (7) of paragraph (a) of Rule 501 of Regulation D under the US Securities Act.

Address, Email and Phone Number of Contact for Notices:

Address:[●]

Address:[●]

Email:[●]

For the attention of:[●]

Phone Number:[●]

Place of Acquiring Consenting Holder's statutory seat, place of incorporation, or (where there is no such place) the place under the law of which its formation took place:

Execution Version

Once executed, please email to: projectlima@cfs.coop, with a copy to ProjectRio-Lima@CliffordChance.com (subject: Co-op Bank Accession Deed Submission) by no later than (5pm, London time, on the date of execution)

Annex II

[FORM OF THE LOCK-UP AGREEMENT TO BE ATTACHED]

SCHEDULE 2
GOVERNANCE AND STRUCTURE TERM SHEET

Privileged and Confidential

28 June 2017

Project Copenhagen – Governance and Structure Term Sheet

This Term Sheet is to be read in conjunction with:

- the term sheet dated 28 June headed Project Copenhagen – Commercial Terms of the same date (the “**Commercial Term Sheet**”);
- the term sheet dated 28 June headed Project Copenhagen – PACE Pension Arrangements (the “**PACE Term Sheet**”); and
- the term sheet dated 28 June headed Project Copenhagen – Co-op Group Arrangements (the “**Group Term Sheet**”),

together (the “**Term Sheets**”).

Capitalised terms defined in the other Term Sheets and not defined herein shall have the same meaning when used in this Term Sheet.

STRUCTURE There will be three companies in the structure. Holdco, Issuer Co (which will not be incorporated at this time) and the Bank.

All three companies will form part of a group which will be subject to the consolidated regulation and supervision of the PRA. The boards of all three companies will be identical. Holdco and its subsidiaries are referred to as the “**Holdco Group**”.

HOLDCO

Holdco A newly incorporated English private limited company. Holdco shares will not be listed on any exchange or submit itself to the application of the listing rules. Holdco will not be subject to the Takeover Code.

Share Capital of Holdco Holdco will have two classes of shares:

A shares (“**A Shares**”) – these will be the shares with the primary economic interest in Holdco but, save following an A Share Governance Event or in relation to an A Shareholder Class Matter, no voting rights or rights to appoint any directors.

B shares (“**B Shares**”) – these will be the shares carrying all of the voting rights, and having attached to them instruments granting certain economic rights on exit.

Rights Attaching to A Shares A Shares will entitle the holder to participate in distributions and to receive a dividend on liquidation. The A Shares will be structured so as to constitute CET1 Capital. Holders of A Shares will not have the power to attend or to vote at general meetings except on (i) matters

affecting their rights as a class, including changes to the articles of association; and (ii) an exit (“**A Shareholder Class Matters**”).

The issue of A Shares will be subject to pre-emption rights. A Shares may be freely transferred subject to compliance with all applicable regulatory requirements.

If at any time (i) there are no B Shares in issue; or (ii) an Equitisation Event (as defined below) occurs at Issuer Co or the Bank (the occurrence of that being the “**A Share Governance Event**”) then all voting rights will revert to the A Shares and following the A Share Governance Event, the A Shares will carry all rights to vote (save that, in the event that any A shareholder (or a group of A shareholders acting in concert for the purposes of Part XII of FSMA) owns 10 per cent or more of the A shares, such shareholder will not be able to exercise the votes attaching to those A shares prior to, if required, being approved by the PRA as a "controller") and there shall be no specific Shareholder Notification Matters or Shareholder Approval Matters and the board of the Issuer Co and the Bank shall be appointed by the then shareholders thereof.

An “**Equitisation Event**” shall occur if as a result of a mandatory write down or bail-in or the automatic conversion of securities by reason of the Bank failing to meet certain regulatory thresholds in respect of any security issued by Issuer Co or the Bank, Holdco then ceases to own (directly or indirectly) more than 50% of the shares of the Bank.

Ownership of A Shares

A Shares will initially be owned on a pro forma fully diluted basis:

- as to 5% by the existing shareholders of the Bank;
- as to approximately 17.4% by the previous holders of the LT2 Notes of the Bank under the Creditor Scheme;
- as to approximately 67.6% by the subscribers of new equity shares under the Subscription or Backstop Arrangements;
- as to 5% by the Initial Backstop Providers; and
- as to 5% by the Backstop Providers.

Any A Shares that may be issued pursuant to the Bank’s MIP will equally dilute all of the A Shares in issue at the relevant time.

Rights Attaching to B Shares

B Shares will (until the occurrence of an A Share Governance Event) be the only shares which will entitle the holders to attend and vote at meetings of Holdco on any matter other than A Shareholder Class Matters. Each person who is a holder of B Shares must at all times satisfy the Qualifying Conditions described below. If at any time a holder fails to satisfy the Qualifying Conditions then its B Shares

shall be automatically cancelled. B Shares shall have a par value of £0.01. B Shares shall not be entitled to participate in distributions and shall only be entitled to a preferred return of the amount of £0.01 on liquidation. B Shares shall be redeemable by Holdco for payment of par value in the circumstances noted below. It is not intended that B Shares will constitute CET1 Capital.

Each holder of B Shares shall be entitled to their pro rata share, as is equal to their percentage holding of B Shares, of a £25 million premium from Holdco on an exit, resulting in Holdco ceasing to be Bank's direct or indirect holding company, provided the value of Bank on such exit is equal to or greater than 0.4x tangible book value of Bank in Holdco's consolidated financial statements (the "**Exit Premium**"). The entitlement to an Exit Premium will vest over a period of time to be determined, subject to the relevant holder of B Shares continuing engagement and effort via the exercise of their rights. Holders of B Shares shall have the right to assign their right to any vested portion of their Exit Premium to third parties. The Exit Premium will be structured such that it will not create a liability of the Bank for capital requirements.

Ownership of B Shares

A person may become a B shareholder if, at the relevant time, they are an A shareholder who satisfies the Qualifying Conditions.

The number of B Shares that can be held by a particular holder of A Shares will be dependent on the number of A Shares owned by that person.

If the A shareholding is below 10% of the issued A Shares, then the shareholder shall not meet the Qualifying Conditions and may not hold any B Shares.

If the A shareholding is 10% or greater, then the holder shall be entitled, subject to the other Qualifying Conditions, to 1 B Share for every 1% of the A Shares held by it. In such case, the holder shall be entitled to subscribe for cash, and Holdco shall be obliged to issue to them, in each case at par, B Shares equal to their full entitlement for their level of holding of A Shares at such time.

If a B shareholder increases the number of A Shares that it holds such that it is entitled to hold more B Shares, then the holder shall be entitled to subscribe for cash, and Holdco shall be obliged to issue them, in each case at par, that number of B Shares which takes its total holding of B Shares up to its full entitlement for its level of holding of A Shares at such time.

If a B shareholder decreases the number of A Shares it holds such that it holds more B Shares than its holding of A Shares entitles it to hold, then any excess B Shares shall be redeemed and cancelled.

**Transfer /
Ownership
Restrictions**

No person may become a B shareholder without the approval, by way of simple majority, of the B shareholders if they are considered by the Holdco board to be, or to be a controller in, a commercial competitor to the Bank. What constitutes a commercial competitor is to be defined further in Holdco articles.

B Shares may not be transferred.

**Qualifying
Conditions**

In order to hold B Shares, the holder must at all times:

- own at least 10% of the A Shares of Holdco;
- be approved by the PRA as a “controller” of Holdco; and
- execute the Shareholders Agreement and appropriate non-disclosure undertakings to the extent not within the Shareholders Agreement.

Board of Holdco

This will consist of:

- Up to 5 independent NEDs (always constituting a majority by number and votes of the board of the Holdco. Determination of "independence" of a director is to be a matter for the Board, having regard to the criteria for independence as set out in B.1.1 of the UK Corporate Governance Code;
- Up to 2 directors nominated by the B shareholders (“**B Directors**”). The B Directors will not be employees of the B shareholders. The B Directors will be executive directors. One of the B Directors may be the Chief Restructuring Officer of the Bank;
- the Bank’s CEO (as CEO of Holdco); and
- the Bank’s CFO (as CFO of Holdco).

Without prejudice to the terms of any service agreement or appointment letter, each director of Holdco will be subject to annual re-appointment by the B shareholders at an Annual General Meeting of Holdco. Directors of Bank and/or Issuer Co will be subject to appointment by the shareholders of the relevant company.

Each director with an executive function shall report to the CEO.

Chairman of Holdco

This will be one of the independent NEDs. The Chairman will also be chair of the nominations committee of Holdco.

SID

This will be one of the independent NEDs.

Chief Restructuring

The Bank will as soon as practicable after announcement of the

Officer	Restructuring appoint a person nominated by the Ad Hoc Committee and approved by the PRA to be its Chief Restructuring Officer.
Meetings of the Board of the Holdco	<p>A quorum will require the attendance of at least one B Director.</p> <p>The B Directors shall have the right to attend any meeting of any committee of the board, subject to appropriate processes for any conflicts and recusal.</p>
Information	Holdco shall provide reporting to all its shareholders quarterly on the same basis as the current reporting provided to holders of Existing Senior Notes and Notes and will hold a quarterly investors call with appropriate confidentiality restrictions.
Directors' Materials	<p>The B Directors shall be entitled to receive all board papers and any other material or information available to directors, subject to appropriate processes for any conflicts and recusal. The B Directors shall be at liberty to share those papers and information with any B shareholder who requests them provided that: (i) the B Directors shall not be at liberty to disclose any materials which under applicable regulatory constraints cannot be shared with persons outside the regulated Holdco Group without the permission of the relevant regulator ("Regulatory Restricted Materials"). If a B Director, acting reasonably, considers that by reason of circumstances affecting or reasonably likely to affect the Holdco Group, there is a risk to the ability of the Holdco Group to meet its business plan in some material respect which could be alleviated by sharing some identified Regulatory Restricted Materials with B shareholders who were willing to receive it, then the B Director may request the PRA to consent to that information being shared and if the PRA agree it may only be shared on the basis of and subject to any terms and conditions imposed by the PRA relating to that permission; and (ii) to the extent that any disclosure would restrict the ability of a B shareholder to trade, then protocols will be agreed in advance with Holdco for cleansing and to enable trading to occur. It is expected that restrictions may exist for certain closed periods but it is also expected that any material non-public information ("MNPI") is cleansed, for example when the usual financial calendar requires release, following which A shareholders will be able to trade in A Shares until the beginning of the next closed period. If there is MNPI which it would not be appropriate to cleanse, then the B Directors may establish arrangements reasonably satisfactory to the board and the relevant B shareholder for the information to either be shared with B shareholders who have confirmed that they are willing to receive it notwithstanding that it may not be cleansed or with other B shareholders on a redacted basis in a form which can be cleansed.</p> <p>Appropriate directors' and officers' liability insurance shall be procured and or maintained for Holdco, Bank and Issuer Co.</p>

Remuneration of the Board The independent directors will receive fixed remuneration set at a sufficiently high level to attract the best qualified candidates for the roles.

The executive directors, including the B Directors, will be entitled to receive variable remuneration based around a LTIP. The LTIP will comply with all applicable regulatory requirements. Details of the LTIP arrangement are to be determined by the Remuneration Committee having taken account of the views of the Initial Backstop Providers, which are aware of the restrictions on variable payments.

Appointment and Removal of Directors of Holdco

The appointment and removal of Holdco directors will be a matter decided upon by a majority vote of the holders of the B Shares, subject to the below.

The B shareholders may requisition a shareholders meeting of Holdco to consider a resolution to remove or suspend any director of Holdco provided that there shall always be a majority of independent NEDs on the board of Holdco and that Holdco would thereafter remain compliant with applicable regulatory requirements (such as chapter 5 of the General Organisational Requirements chapter of the PRA Rulebook).

The B shareholders and the nominations committee of Holdco shall have the right to nominate persons to be appointed to the board of Holdco for any vacancy. The B Directors may only be nominated by the B shareholders. In each case, the nominee shall be a person who has their fitness and propriety assessed by the nominations committee of the Bank and satisfies the FCA and the PRA of their fitness and propriety and general suitability to serve in that capacity and who satisfy all other regulatory requirements.

Holdco shall procure any changes to its board and its executive management are subsequently reflected in the directors and executive management of Issuer Co and Bank as soon as reasonably practicable.

Following an Equitisation Event it is not envisaged that the board of Holdco will be the same as Bank.

Management of Holdco

Save for the Notification Matters described below the board of Holdco shall have full power and responsibility to conduct the business and affairs of Holdco and oversight of the Holdco Group.

Shareholder Notification Matters

In addition to any other matters which the board of Holdco is required to or believes it is appropriate in accordance with good corporate governance to keep its principal shareholders informed, the board of Holdco shall at all times prior to making a decision on such matters, inform the B shareholders of the following matters (“**Notification Matters**”) where the amounts involved at any time exceed 5% of the consolidated CET 1 of the Holdco Group as shown in the most recent financial reports (the “**Notification Threshold**”).

These are:

- a capital expenditure or programme of capital expenditure involving total proposed commitments or expenditure in excess of the Notification Threshold;
- acquisitions or disposals of any one asset or series of connected assets with a proposed value or consideration in excess of the Notification Threshold; and
- material contracts or other corporate actions with actual or potential commitments in respect of any one matter in excess of the Notification Threshold.

In each case, the notification of such a matter to the B shareholders shall not affect the powers of the Board in relation to those matters unless such a matter is a Shareholder Approval Matter.

Shareholder Approval Matters

In addition to any other matters which the board of Holdco is required to or believes it is appropriate in accordance with good corporate governance to obtain approval of its shareholders, the B shareholders shall be required to consider and if thought fit approve any of the following (each, a "**Shareholder Approval Matter**"):

- any Notification Matter where the value of that matter exceeds twice the Notification Threshold;
- the appointment and services agreements of the CEO and CFO;
- the appointment of and terms of engagement for the Chief Restructuring Officer;
- the appointment of the B Directors; and
- any decision to change the corporate status or governance of Issuer Co or the Bank from that set out in this Term Sheet which if it were made at Holdco would require a shareholder vote at Holdco.

Decisions of B Shareholders

A decision of the B shareholders shall require a vote of more than 50% of the B Shares then in issue.

Shareholders Agreement

The B shareholders and Holdco will enter into a shareholders agreement.

The shareholders agreement will contain the procedures and processes through which the B shareholders will determine any matter which the shareholders of Holdco need to determine including the circumstances in which the process of an exit can be triggered. The shareholders agreement will not make the B shareholders parties

acting in concert for FSMA or other purposes and each B shareholder shall be entirely free to exercise its rights as a B shareholder as it sees fit in its own interest.

Mandatory Offer If any person (or group) acquires more than 50% of the A Shares, then that person will be required to make an offer to all A shareholders to buy their shares on the best terms given by the acquirer in the previous 12 months and make a payment to each B shareholder equal to that it would have received if such transaction were an exit for the purposes of triggering an Exit Premium by Holdco.

Drag Along Rights If any person (or group) acquires more than 75% of the A Shares, then they shall be entitled to require the remaining A shareholders to sell them their A Shares on the best terms given by the acquirer in the previous 12 months provided they made a payment to each B shareholder equal to that it would have received if such transaction were an exit for the purposes of triggering an Exit Premium by Holdco.

Principles of Governance Neither Holdco nor the Bank shall be required or voluntarily oblige itself to comply with the listing rules save in as much as they apply to any listed debt securities issued by it. Neither Holdco nor the Bank will be subject to the corporate governance code. Holdco, Issuer Co and Bank will be subject to governance requirements imposed by the PRA.

Each of Holdco, Bank and Issuer Co will incorporate Co-operative values and ethics into their respective articles of association.

Senior Accountability It is envisaged that all of the directors of Holdco, including B Directors, will be subject to the senior managers' regime ("SMR").

No Liabilities Holdco shall have no other assets or liabilities other than those related to Bank, Issuer Co and their businesses and shall not conduct any other business other than being holding company of Bank's group.

ISSUER CO

Issuer Co Issuer Co will be a UK incorporated public limited company. It will be owned 100% by Holdco. It will own 100% of the shares of the Bank. Issuer Co will be created at such time as is necessary or desirable in order for it to issue MREL or other listed securities.

Issuer Securities To the extent necessary or desirable in order to obtain the correct regulatory treatment and it is economically efficient, any securities issued to raise capital for the Holdco Group will be issued by Issuer Co. Issuer Co will downstream the net proceeds of any issuance to the Bank in a manner appropriate to obtain the desired capital

treatment.

Governance

The board and governance arrangements of Issuer Co will be the same as those of the Bank.

BANK

Bank

The Co-operative Bank plc (to be converted, as soon as reasonably practicable, into a private company, but only following the creation of Issuer Co and consideration of the covered bonds programme).

The Board of the Bank

The membership of the board of the Bank will be identical to the board of Holdco and the shareholder of the Bank (Holdco or Issuer Co as the case may be) shall exercise its rights as shareholder to effect this. Like Holdco, all members of the board, including the B Directors, will be subject to the SMR. As for Holdco, there will always be a majority of independent NEDs on the board of the Bank and the Bank would thereafter remain compliant with applicable regulatory requirements (such as chapter 5 of the General Organisational Requirements chapter of the PRA Rulebook)

Chairman and SID of the Bank

This will be the Chairman of Holdco. The Chairman will also be chair of the nominations committee of the Bank. The senior independent director (the “SID”) will be the SID of Holdco.

Committees of the Board

The chair of each of the key committees of the board of the Bank (Remuneration, Value and Ethics, Risk and Audit) will all be independent NEDs. The B Directors shall have the right to attend any committee meeting, subject to appropriate processes for any conflicts and recusal.

Meetings of the Board of the Bank

A quorum will require the attendance of at least one B Director.

The B Directors shall be entitled to receive all board papers and other materials on the same basis as in Holdco.

SCHEDULE 3
COMMERCIAL TRANSACTION TERM SHEET

Privileged and Confidential

28 June 2017

Project Copenhagen - Commercial Term Sheet

This Term Sheet is to be read in conjunction with:

- the term sheet dated 28 June headed Project Copenhagen – Governance and Structure of the same date (the “**Governance Term Sheet**”);
- the term sheet dated 28 June headed Project Copenhagen – PACE Pension Arrangements (the “**PACE Term Sheet**”); and
- the term sheet dated 28 June headed Project Copenhagen – Co-op Group Arrangements (the “**Group Term Sheet**”),

(together, the “**Term Sheets**”).

Capitalised terms defined in the other Term Sheets and not defined herein shall have the same meaning when used in this Term Sheet.

The Bank	The Co-Operative Bank plc.
The Notes	The £206 million Subordinated Unsecured 11% p.a. 2023 Notes with ISIN GB00BFXW0853 (the “ 2023 Notes ”); and The £250 million Subordinated Unsecured 8.5% p.a. 2025 Notes with ISIN GB1249403541 (the “ 2025 Notes ” and together with the 2023 Notes, the “ Notes ”).
The Ad Hoc Committee	An informal group of holders of Notes comprised of (in alphabetical order) funds managed and/or advised by Anchorage Capital Group L.L.C, BlueMountain Capital Management, LLC, Cyrus Capital Partners L.P., GoldenTree Asset Management UK LLP and Silver Point Capital, L.P.
Holdco	A newly incorporated English limited company established for the purposes of the Restructuring and described in more detail in the Governance Term Sheet.
The Bank Group	Holdco, the Bank and all of the subsidiaries of the Bank.
The Group	The Co-operative Group Limited, save in the section “Releases” where it shall mean the Co-operative Group Limited and its affiliates other than the Bank Group.
The Restructuring	The restructuring and recapitalisation of the Bank (the “ Restructuring ”) will consist of the following principal

elements:

1. The cancellation of the entire outstanding principal amount of the Notes (other than 2023 Notes held by Retail Holders) which is in aggregate expected to amount to approximately £426 million in principal amount of the Notes in consideration of the delivery of A Shares of Holdco representing in aggregate 17.4% of the issued diluted A Shares of Holdco (the “**Conversion**”). The terms and implementation of the Conversion and the arrangements for Retail Holders are described in more detail below.
2. A subscription generating net proceeds of £250 million in cash for ordinary shares of Holdco representing in aggregate 67.6 % of the issued diluted A Shares of Holdco (the “**Subscription**”). The Subscription will be backstopped by the members of the Ad Hoc Committee and possibly other holders of Notes (the “**Backstop Arrangements**”). The terms and implementation of the Subscription and the Backstop Arrangements are described in more detail below.
3. Holdco will become the holding company of the Bank Group (the “**Holdco Acquisition**”). All of the persons holding shares in the Bank (“**Bank Shares**”) will exchange their Bank Shares for A Shares of Holdco representing in aggregate 5% of the issued fully diluted A Shares of Holdco. The terms and implementation of the Holdco Acquisition arrangements are described in more detail below.
4. Holdco will subscribe into the Bank an amount equal to the proceeds of the Subscription as CET1 of the Bank.
5. The PACE Trustee, Group and the Bank will agree to new arrangements for the PACE Pension Scheme by way of a sectionalisation on the terms set out in the PACE Term Sheet.
6. The Group and the Bank will implement the arrangements described in the Group Term Sheet.

2023 Noteholder Resolution Holders of the 2023 Notes will convene and hold a meeting to approve a noteholder resolution (the “**Noteholder Resolution**”) to amend the terms of the 2023 Notes to insert a mandatory cancellation condition that will, on satisfaction of the Closing Conditions, effect the cancellation of the 2023 Notes of Retail Holders only in consideration of the payment

of a cash amount to such Retail Holders. This cash amount (the "**Retail Cash Consideration**") shall not exceed 45% of the aggregate principal amount of the 2023 Notes to be so cancelled and may be adjusted downwards to ensure that the aggregate cash amount paid to the Retail Holders of the 2023 Notes does not exceed £13.5 million.

Retail Holders will also receive their accrued interest in respect of the 2023 Notes from (and including) the interest payment date for the 2023 Notes immediately preceding Closing to up to (but excluding) 31 July 2017.

The Noteholder Resolution will be put to a meeting of 2023 Noteholders to take place immediately preceding the Creditor Scheme meeting.

The Conversion

The Conversion will be implemented at Closing through a Creditor Scheme of Arrangement under Part 26 of the Companies Act 2006 (the "**Creditor Scheme**"). The Creditor Scheme will be conditional upon the approval of the Noteholder Resolution, the Shareholder Resolution (if required), the Shareholder Scheme and the satisfaction or waiver of the further Closing Conditions (as set out below).

The Creditor Scheme will include all of the holdings of Notes of all of the holders of Notes who are not Retail Holders ("**Scheme Creditors**").

Under the Creditor Scheme each Scheme Creditor will give up its Scheme Claim in return for:

1. for its pro rata share (being its Scheme Claim as fraction of all the Scheme Claims of all of the Scheme Creditors) of 17.4% of the issued fully diluted A Shares of Holdco;
2. if it is an Eligible Investor, the right to subscribe for further shares of Holdco in the Subscription determined by reference to the principal amount of Notes held; and
3. if it is an Eligible Investor, the right to participate in the Backstop Arrangements.

"**Eligible Investors**" shall be (i) an Accredited Investor (as defined in Regulation D of the U.S. Securities Act of 1983) who is also a qualified institutional buyer inside the U.S., as such term is defined in Rule 144A of the U.S. Securities Act of 1933; or (ii) a qualified investor (as defined in the Prospectus Directive) who is not a U.S. Person (as such term

is defined under Regulation S of the U.S. Securities Act of 1933) outside of the U.S. Scheme Creditors who are not Eligible Investors will be given an opportunity to become Eligible Investors.

The amount of the scheme claim (the “**Scheme Claim**”) of a holder of Notes shall be all of its claims in respect of the principal amount of Notes held by that holder plus the amount of all accrued but unpaid coupon on those Notes calculated on a daily basis from the last coupon payment date up to 31 July 2017 (the “**Interest Cut Off Date**”).

Scheduled payments of coupons under the Notes will continue to be paid on the relevant coupon dates until the Interest Cut Off Date, including the coupons due on 18 June and 1 July 2017.

The record date for determining who is a creditor under the Creditor Scheme (the “**Record Date**”) shall be the day before the Lock-up RNS (as defined in the Lock-up).

If a Scheme Creditor is not an Eligible Investor it will not be able to participate in the Subscription or the Backstop Arrangements.

The Creditor Scheme meeting will take place immediately after the meeting of the holders of the 2023 Notes held to approve the Noteholder Resolution.

Retail Holders

Any natural person or person holding on behalf of a natural person (in each case who is not an Eligible Investor) who holds 2023 Notes with an aggregate principal value of less than £100,000 as of the Record Date is a Retail Holder. At Closing, subject to the satisfaction or waiver by a Majority Consenting Holders or Initial Backstop Providers (as applicable) of the Closing Conditions, the 2023 Notes of Retail Holders will be cancelled in consideration of the payment of the Retail Cash Consideration to such Retail Holders.

Disclosure Documents

The Bank will prepare one or more public disclosure documents capable of providing all disclosure to an appropriate standard for transactions of this type in connection with the Noteholder Resolution, the Shareholder Resolution (if any), the Creditor Scheme and the Shareholder Scheme, which will fully describe all material aspects of the Restructuring and its consequences including the constitution and shareholdings of Holdco and the structure and governance arrangements as set out in more detail in the Governance Term Sheet.

Releases

The documentation of the Restructuring will contain releases in favour of, amongst others, the Bank, the Ad Hoc Committee, the Group, the Scheme Creditors, the Shareholders, the Backstop Providers and each of their respective directors, employees and advisers, in respect of claims in connection with the Restructuring, but excluding any claim arising as a result of breaching or causing a breach of any Restructuring Document.

Subscription

Subject to the satisfaction or waiver by a Majority Consenting Holders or Initial Backstop Providers (as applicable) of the Closing Conditions, (i) holders of Notes who are Scheme Creditors and Eligible Investors will be entitled under the Creditor Scheme to apply to subscribe for A Shares of Holdco representing in aggregate 64.2% of the total fully diluted issued A Shares of Holdco for an aggregate cash consideration of £237.5 million; and (ii) holders of Bank Shares who are Eligible Investors and are subject to the Shareholder Scheme (defined below) may apply to subscribe for A Shares of Holdco representing in aggregate 3.4% of the total fully diluted issued A Shares of Holdco for an aggregate net cash consideration of £12.5 million. Applications may be made by each holder in proportion to the numbers of Notes or Bank Shares, as the case may be, held by that holder. All subscriptions must be funded in full before Closing. Any shares not applied and paid for in the Subscription will be acquired and paid for under the Backstop Arrangements by the Backstop Providers in the proportion of their Final Backstop Commitments (as described below).

The entire net proceeds of the Subscription, totalling £250 million, will all be applied by Holdco in making a subscription for CET1 capital of the Bank.

Backstop Arrangements

The members of the Ad Hoc Committee (the “**Initial Backstop Providers**”) shall under the Backstop Arrangements commit severally in proportion to their respective entitlements to subscribe in the Subscription (the “**Initial Backstop Commitment**”) on the date of execution of the Lock-up, that if any A Shares which are open to be subscribed for in the Subscription are not in fact subscribed and paid for they will, subject to the satisfaction or waiver by the Majority Backstop Providers of the Closing Conditions, subscribe and pay for those A Shares.

Prior to a certain date sufficiently in advance of the relevant meetings in respect of the Creditors’ Scheme and the Members’ Scheme (the “**Backstop Cut-Off Date**”), other holders of Notes who are eligible to subscribe in the Subscription may also commit, by acceding to the Backstop

Arrangements, to assume on a several basis a share of the obligations under the Backstop Arrangements in proportion to their Notes and the Backstop Commitment of each other Backstop Provider shall be adjusted to take account of the new Backstop Commitment. The Initial Backstop Providers and such further persons who accede to the Backstop Arrangements shall be referred to collectively as the “**Backstop Providers**” and the several Backstop Commitment of each Backstop Provider on the Backstop Cut-Off Date is referred to as its “**Final Backstop Commitment**”.

Holding Period Trust

An A Share, or any fractional entitlement to an A Share, issued in connection with the Restructuring which is unclaimed, or which cannot be delivered to the person who would otherwise be entitled to claim them (a “**Disqualified Person**”), will be placed on trust, to be held for a period of time to be determined until claimed or disposed of following an instruction from a Disqualified Person or at the conclusion of the trust period. Any cash proceeds which are unclaimed will be paid to the Bank.

Initial Subscription

The Initial Backstop Providers shall, as their several obligation, in proportion to their holdings of Notes on the date of execution of the Lock-up, make an initial subscription in cash at par for A Shares in Holdco. The aggregate number of A Shares issued under this initial subscription shall be equal to 5% of the total fully diluted issued A Shares of Holdco.

Premium for being a party to the Backstop Arrangements

Each Backstop Provider (including the Initial Backstop Providers) will be entitled to a premium in respect of their commitment to take up any shortfall on the Subscription. The premium will be paid to them by the issue of A Shares in Holdco equal to 5% of the fully diluted issued A Shares of Holdco to be issued to each of them pro rata to the Final Backstop Commitment.

The Backstop Providers will fund in full any A Shares to be taken by them pursuant to their Backstop Commitments before Closing.

The “**Majority Backstop Providers**” are those providers who together represent more than 50% of the Backstop Commitments of all of the Backstop Providers.

Existing Senior Notes

The outstanding £400m of 5.125% senior notes issued by the Bank will be paid when due in accordance with their terms.

Holdco Acquisition

Subject to the satisfaction or waiver by a Majority Consenting Holders or Initial Backstop Providers (as applicable) of the Closing Conditions, this will be effected by a Shareholder Scheme of Arrangement under Part 26 of the Companies Act 2006 of the shareholders of the Bank (the “**Shareholder Scheme**”). A Shareholder Resolution (as defined below) will also effect all necessary or desirable changes to the constitutional documents of the Bank in order to give effect to the arrangements set out in the Term Sheets. Under the Shareholder Scheme shareholders who are Eligible Investors will be given the right to apply in the Subscription for A Shares of Holdco representing in aggregate 3.4% of the total diluted issued A Shares of Holdco for an aggregate net cash consideration of £12.5 million. Such application shall be in proportion to the number of Bank Shares held by them.

Following Closing, it is intended that Holdco shall undertake a consolidation of its share capital such that holders of less than 0.1% of the Bank Shares as at the date of the launch of the Shareholder Scheme will receive a cash payment in respect of their fractional entitlement to an A Share, such payment and mechanics to be determined.

The preference shares of the Bank will be cancelled via a court approved reduction of capital.

The Shareholder Resolution

To the extent that any resolution of holders of Bank Shares (a “**Shareholder Resolution**”) is required in order to whitewash the Holdco Acquisition or for any other step required to effect the Restructuring, an EGM to approve the Shareholder Resolution will be held immediately before the Shareholder Scheme meeting. The Group will commit under the Group Term Sheet to support the Shareholder Resolution.

The PACE Term Sheet

The PACE Term Sheet shall be implemented in accordance with its terms.

The Group Term Sheet

The Group Term Sheet shall be implemented in accordance with its terms.

Capital Treatment

It shall be a termination event for the purposes of the Lock-up if the Bank has not received the following confirmations from the PRA before the date that the Bank launches the Creditor Scheme:

1. that, subject to any final approval of any change in the Controllers of the bank as defined in s422 FSMA and permissions relating to issuance and exchange of capital instruments, the PRA approves the

Restructuring;

2. that, without prejudice to the impact of any future change in applicable rules affecting the governance of the PRA supervised firms generally, the terms of the governance structure set out in the Governance Term Sheet are acceptable to the PRA and will not give rise to a management or governance scalar;
3. that the PRA has stated its view that a "significant risk transfer" will not be achieved by the Calico transaction;
4. confirming the PRA's view that, subject to any material change in circumstances, managing out the Optimum portfolio in an orderly manner and in a manner which maximises the sale price, is beneficial to the Bank;
5. confirming that the PRA has no expectation of revising the pillar 2A or pillar 2B requirements before the end of September 2017, other than in 6 below;
6. confirming the PRA's expectation to reset pillar 2A in Q4 2017 anticipating a material reduction in the pension risk add-on, taking into account Sectionalisation and similarly, when the Bank addresses the weaknesses which the PRA has identified in its IRB model framework, that the PRA expects to reduce or remove model risk add-on that currently applies;
7. confirming that the Bank should expect that the PRA may reset the pillar 2A and pillar 2B capital requirements of the Bank at reasonable intervals in and after Q4 2017 during the course of the Bank's strategic plan, in line with the PRA's objectives depending on the risks the Bank is carrying at those points and in line with the approach the PRA has set out in various public documents that are applied on a consistent basis to all PRA supervised firms; and
8. confirming that the Bank may engage with the PRA on the timing of new tier 2 issuance.

The Closing Conditions

Without prejudice to the other terms of this Term Sheet and the Lock-up Agreement, the Parties agree that the final effectiveness of the Restructuring Documents and the occurrence of the Closing shall be conditional upon the satisfaction of each of the Closing Conditions (set out below), unless waived by the Majority Consenting Holders

(except 7, which can only be waived by Initial Backstop Providers):

1. the passing of the Noteholder Resolution and the Shareholder Resolution (and if required, including Rule 9 waiver);
2. approval by the requisite majorities at the Creditor and the Shareholder Scheme Meetings and the receipt of sanction of both Schemes by the court;
3. agreements between the Group and the Bank in accordance with the Group Term Sheet in a form satisfactory to the Initial Backstop Providers (in their reasonable good faith judgement) being entered into and the terms of such agreements being observed in all material respects;
4. the PRA has not indicated an intention to adversely adjust the capital requirements of the Bank to a material degree as determined by the Initial Backstop Providers (in their reasonable good faith judgement), other than as a result of changes of wider application to PRA regulated firms;
5. no illegality affecting the Restructuring;
6. no Insolvency affecting the Bank Group;
7. that the sum of £250 million has been received under the Subscription or the Backstop Arrangements;
8. confirmation from the Bank's auditors as to the accounting treatment of the transaction steps such confirmation to be shared with the Ad hoc Committee and its advisors on a non-reliance basis. Receipt of tax advice with reliance in form and substance reasonably satisfactory to the Initial Backstop Providers from the Bank's advisors and, to the extent available from Her Majesty's Revenue and Customs, a clearance on the Restructuring, such advice and clearance (as appropriate) to confirm: (i) the tax consequences of the Restructuring for the Bank and the Holdco; (ii) no material reduction in the amount of deferred tax assets available to the Bank as a consequence of the Restructuring (being the amount of deferred tax assets available immediately prior to the Restructuring); and (iii) the circumstances in which such deferred tax assets will continue to be available to the Bank after Closing;

9. Bank having provided all reasonable assistance necessary to the Initial Backstop Providers to help analyse the US tax rules relating to PFIC and/or controlled foreign corporations as they may apply in respect of holdings (direct or indirect) in Bank and Holdco; and
10. that the Lock-up remains in full force and effect and has not been terminated.

Regulatory Conditions

Without prejudice to the other terms of this Term Sheet and the Lock-up Agreement, the Parties agree that the final effectiveness of the Restructuring Documents and the occurrence of the Closing shall be conditional upon fulfilment of each of the following Regulatory Conditions (set out below), unless waived by the PRA (or another competent regulator):

1. the granting of consent by the PRA, and FCA (if required), to all applications for a change in controller submitted in respect of each member of the Ad Hoc Committee (as applicable) and HoldCo pursuant to Part XII Financial Services and Markets Act 2000;
2. the granting of permission by the PRA to the HoldCo's issuance of Class A shares (pursuant to the terms agreed by the Parties) pursuant to Article 26(3) of Regulation 575/2013 of the European Parliament and of the Council of 26th June 2013 on prudential requirements for credit institutions and investment firms (the "CRR"); and
3. the granting of permission by the PRA to reduce, repurchase, call or redeem the Tier 2 capital held by the Bank (pursuant to the terms agreed by the parties) pursuant to Articles 77 and 78 of the CRR.

Fees and expenses

The Bank will promptly pay or reimburse all of the external fees and expenses of the Ad Hoc Committee incurred in relation to the Restructuring on the terms of agreed engagements letters.

The Ad Hoc Committee will review the transaction fees and expenses incurred or payable by the Bank to ensure that they are reasonable.

Lock-up

The Lock-up Agreement to which the Term Sheets are annexed and executed by the Ad Hoc Committee and the Bank. Further holders of Notes will be able accede to the Lock-Up.

Taxation	To the extent consistent with the express provisions of the each of the Term Sheets, the Bank and the Initial Backstop Providers shall co-operate together to ensure that the transactions implemented to effect the Restructuring are structured in a manner so as to be tax efficient and are consistent with the financial modelling which the Ad Hoc Committee and the Bank have shared.
Timing	The Lock-Up will contain provisions regarding the timing of the process for the Restructuring.
Law	The documentation to be entered into by all parties relating to the Restructuring shall be governed by English Law.
Counsel	For the Ad Hoc Committee – Paul Hastings (Europe) LLP. For the Bank – Clifford Chance LLP.

SCHEDULE 4
PENSIONS TERM SHEET

Privileged and Confidential

28 June 2017

Project Copenhagen – PACE Pension Arrangements Term Sheet

This Term Sheet is to be read in conjunction with:

- the term sheet dated 28 June headed Project Copenhagen – Governance and Structure of the same date (the “**Governance Term Sheet**”);
- the term sheet dated 28 June headed Project Copenhagen – Commercial Term of the same date (the “**Commercial Term Sheet**”); and
- the term sheet dated 28 June headed Project Copenhagen – Co-op Group Arrangements (the “**Group Term Sheet**”),

(together, the “**Term Sheets**”).

Capitalised terms defined in the other Term Sheets and not defined herein shall have the same meaning when used in this Term Sheet.

Structure: The separation proposals will be based on the unsigned Heads of Terms dated 1 May 2017 (the “**HoT**”) save as set out in this Term Sheet. This Term Sheet relates only to the Pace Pension Scheme separation arrangements and is subject to agreement by the parties on the other aspects of the proposed recapitalisation of the Bank.

The Revised Heads of Terms (as defined below) shall be subject only to the following conditions:

- (a) the occurrence of a recapitalisation involving the equity raise in an amount of not less than £250m, the call for approximately £30m from retail investors and the debt for equity conversion of approximately £426m in respect of the 2023 and 2025 subordinated unsecured notes (“**Recapitalisation**”); and
- (b) clearance from the Pensions Regulator before the convening hearing for the scheme meetings.

Sectionalisation of the Pace Pension Scheme shall not be conditional upon satisfaction of any of the five conditions set out in the HoT under “number of issues outstanding arising....” on pages 1 and 2 of the HoT.

Bank Section of the Pace Pension Scheme

Low Risk Target Basis	Defined as per Appendix B of the HoT, to include salary growth at RPI + 0.5% p.a.
Technical Provisions	As per Low Risk Target Basis except: <ol style="list-style-type: none">(a) Discount rate equal to gilts + 0.5% p.a. for the period to 31 December 2027 and thereafter at a discount rate equal to gilts + 0.25% p.a.(b) To provide that the margin in respect of mortality will

	<p>incrementally increase from 0 for the purposes of the 5 April 2016 valuation by 0.83% at each of the next 3 triennial valuations (as at 5 April 2019, 5 April 2022 and 5 April 2025) (the “Triennial Valuation Dates”) so that it is 2.5% by April 2025.</p> <p>For the avoidance of doubt, at 31 December 2027 the Technical Provisions Basis will equal the Low Risk Target Basis as above.</p>
Deficit Recovery Plan Payments	<p>Initial schedule of contributions commencing from 1 January 2018:</p> <ul style="list-style-type: none"> • Years 1-5: £12.5m p.a. (total £62.5m) • Years 6-10: £7.5m p.a. (total £37.5m) <p>Deficit recovery contributions shall be payable by 1 January in each calendar year with credit for contributions made during the period from 1 January 2018 until sectionalisation.</p> <p>Recovery plan and schedule of contributions to be reviewed at each Triennial Valuation Date in accordance with statutory funding obligations. If at any Triennial Valuation Date experience shows that the Low Risk Target Basis will not be achieved by 31 December 2027 then the Bank and the Trustee will enter into good faith discussions to reconsider the schedule of contributions to seek to achieve that target by 31 December 2027.</p>
Collateral	<ul style="list-style-type: none"> • On sectionalisation date: £216m (post “haircuts”) of assets in accordance with the HoT subject to those additional security points detailed below. • The collateral referred to above shall be used to satisfy any unpaid deficit recovery contributions at the relevant time and any debt owed by the Bank pursuant to section 75 of the Pensions Act 1995 where such section 75 debt (or proxy debt as per clause 18 of the HoT) is due and payable from time to time. • For the purposes of the definition of “Secured Obligations” the maximum amount before 1 January 2028 shall be £216m and on or after 1 January 2028 shall be £250m. • Collateral value reduces £ for £ in line with deficit recovery plan cash payments • For the avoidance of doubt, collateral is not removed if technical provisions are strengthened and for this purpose includes any collateral put in place as a result of the Collateral Extension (cf the previous AHC proposal dated 23 June 2017). • Collateral remains in place until at least 31 December 2027 even if full funding on the Low Risk Target Basis is achieved before that date, unless the Trustee, at its discretion, decides otherwise. • If Group LMS is not released by the end of 31 December 2027, then the Bank will increase the remaining collateral to a total

	<p>amount (post “haircut”) of £250m (“Collateral Extension”).</p> <ul style="list-style-type: none"> • If the Collateral Extension takes place then the total collateral value posted on 1 January 2028 will reduce £ for £ with further deficit recovery plan cash payments from 1 January 2028 onwards but will otherwise remain in place (“evergreen”). • Collateral throughout the period from the sectionalisation date (including collateral following the Collateral Extension) is enforceable in the following circumstances: <ul style="list-style-type: none"> ○ An Insolvency Event in relation to the Bank (defined as per clause 35.8 of the HoT). ○ Non-Payment Event as per clause 36.2 ○ Events of Default as per clause 35.9. • The eligibility criteria and terms in relation to the collateral package, including enforcement, will be as described in clause 35 of the HoT but with the following additional provisions/amendments: <ol style="list-style-type: none"> a) valuations will take place monthly; b) additional top up security will be provided within 20 days; c) eligible securities to have third party servicer/cash manager or where a Bank entity carries out servicer/cash manager role, securities should have a warm back up servicer in place or in the case of the cash manager role, securities should have a back up cash manager in place; d) credit ratings to be maintained for all securities which are posted as collateral; e) information shared with noteholders under the terms of the collateral securities to be made available to the Trustee; and f) amendments to be made so that security qualifies as a security financial collateral arrangement i.e. collateral to be under the possession and control of the Trustee with withdrawals to be permitted of amounts of contractually agreed “excess” determined on the basis of periodic valuations and there shall be a regime/mechanism included in the security deed that provides for the Trustee to value for the purposes of appropriation in accordance with the terms of the arrangement set out in the security deed, and in any event in a commercially reasonable manner.
Last Man Standing Obligations	<ul style="list-style-type: none"> • Bank to be released from LMS for the Group Section on the sectionalisation date. • Group released from LMS for the Bank Section as set out in the HoT as per clause 43, and/or clause 45 (with clause 45 extended to

	cover release of LMS without bulk transfer).
Orphans	The allocation of Orphans will be as per the HoT.
Group Involvement	<p>The Trustee will consult with the Bank and the Group on any changes to the investment strategy for the Bank Section</p> <p>“Group Involvement” shall mean the Trustee and the Bank consulting with the Group prior to the Trustee and the Bank reaching agreement on the matters under consideration, except that Group consent shall be required for any reduction in the amount of the total collateral value secured beyond any reduction which happens as a result of contributions paid by the Bank.</p> <p>No Group Involvement once the Group is released from its LMS obligation.</p>
Bulk transfer	A bulk transfer of the Bank Section may be made at the Trustee’s discretion in accordance with clause 44 or 45 of the HoT.
Covenant advisor	A covenant advisor appointed by the Trustee who owes a duty of care to the Trustee and the Group so long as Group LMS remains outstanding.
Trustee fees and expenses	<p>Trustee adviser costs and supplier expenses of implementing sectionalisation to be paid 50/50 between the Group and the Bank and any amounts then outstanding to be paid as a condition to entry into Revised Heads of Terms.</p> <p>Bank to consult with the Trustee on any communications (whether to the public, members or staff) about fees and expenses in respect of Project Copenhagen.</p>
Revised Heads of Terms	On or before the posting of the practice statement letter in respect of the scheme the Group, the Bank and the Trustee shall enter into a legally binding revised heads of terms agreement which shall be the same as the HoT amended solely to reflect the changes referred to in this Term Sheet.
Law	The documentation to be entered into by all parties relating to the matters described in this Term Sheet shall be governed by English Law.

SCHEDULE 5
GROUP TERM SHEET

Privileged and Confidential

28 June 2017

Project Copenhagen – Co-op Group Arrangements Term Sheet

This Term Sheet is to be read in conjunction with:

- the term sheet dated 28 June headed Project Copenhagen – Governance and Structure of the same date (the “**Governance Term Sheet**”);
- the term sheet dated 28 June headed Project Copenhagen – Commercial Terms of the same date (the “**Commercial Term Sheet**”); and
- the term sheet dated 28 June headed Project Copenhagen – PACE Pension Arrangements (the “**PACE Term Sheet**”),

(together, the “**Term Sheets**”).

Capitalised terms defined in the other Term Sheets and not defined herein shall have the same meaning when used in this Term Sheet.

Structure: Recapitalisation implemented including the agreed sectionalisation for PACE pension scheme. Group to vote shares in favour of the recapitalisation arrangements	
PACE Pension Scheme: See agreed Pension Term Sheet	
Relationship Agreement	
Existing Relationship Agreement	Termination of Relationship Agreement - enters into run-off on its terms save as provided below
Non-compete	Run-off under Relationship Agreement
Non-solicitation	Run-off under Relationship Agreement
Promote to Members	Run-off under Relationship Agreement
Corporate banking services	Run-off under Relationship Agreement
Anti-Disparagement	Mutual anti-disparagement provisions for a period of 24 months from the implementation date (for these purposes “disparagement” means critical comments about another party, its management or its shareholders)
Public statements	Any public statements prior to implementation of the recapitalisation to be mutually agreed
Co-existence Principles	
Status	Immediate termination (no run-off periods)
Trade Marks and Brand	<ul style="list-style-type: none">• Bank retain ownership of TM “The Co-operative Bank PLC”

	<ul style="list-style-type: none"> • Bank to ensure branding is distinguishable from Group
Costs and release	
Costs	Group advisor fees reimbursed by the Bank up to £6 million
Preference Shares	Group will support the cancellation of its preference shares in Bank
Release	Mutual release of claims by bondholders, shareholders, Bank, Group and PACE Trustees Limited of any claims arising in connection with the Bank's restructuring process (including usual waivers in favour of directors, employees and advisers)
Tax Debtor	
Status	<p>Tax Deed remains in effect on current terms provided that:</p> <ul style="list-style-type: none"> • Group will not, and procure that its subsidiaries will not, take any action the principal purpose of which is to avoid making or reducing a payment to Bank under the Tax Deed; • Group shall provide such information consistent with past practice that Bank reasonably requires to enable Bank to calculate what payments are or may become due under the Tax Deed; and • Group shall not be required to pay the next £4m after the implementation date which would otherwise be due

SCHEDULE 6

MILESTONES

Capitalised terms defined in these Milestones and not defined herein shall have the same meanings ascribed to them in the Lock-Up and Support Agreement between The Co-Operative Bank P.L.C. and certain Consenting Holders dated 28 June 2017, or the corresponding Term Sheet attached therein.

	Commercial Transaction Milestone Conditions	Milestone Date
1.	Approval of the 2023 Noteholder Resolution and (if required) the Shareholder Resolution	8 September 2017
2.	Approval by the requisite majorities at the Creditors' Scheme Meeting and the Members' Scheme Meeting	8 September 2017

	Creditors' Scheme Milestone Conditions	Milestone Date
1.	Claim form and Practice Statement Letter issued	3 August 2017
2.	First court hearing for permission to convene Scheme Meetings	17 August 2017
3.	Scheme Documents (including Explanatory Statement) distributed to Scheme Creditors and Scheme Members	18 August 2017
4.	Scheme Meetings	8 September 2017
5.	Sanction hearing	12 September 2017
6.	Delivery of Order to Companies House; Closing	12 September 2017

	Members' Scheme Milestone Conditions	Milestone Date
1.	Claim form and Practice Statement Letter issued	3 August 2017
2.	First court hearing for permission to convene Scheme Meetings	17 August 2017
3.	Scheme Documents (including Explanatory Statement) distributed to Scheme Creditors and Scheme Members	18 August 2017
4.	Scheme Meetings	8 September 2017
5.	Sanction hearing	12 September 2017
6.	Delivery of Order to Companies House; Closing	12 September 2017

	Pensions Milestone Condition	Milestone Date
1.	The Bank has confirmed that the Bank, the Group and the Pensions Trustee have agreed in principle the Pensions Heads of Terms (in a form approved by the Initial Backstop Providers)	18 September 2017