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14 December 2009

**EXCHANGE OF PREFERENCE SHARES FOR ENHANCED CAPITAL NOTES**

Lloyds Banking Group plc (“Lloyds Banking Group”) announces that it has agreed to repurchase U.S.\$15,400,000 of its U.S.\$750,000,000 6.413 per cent. Non-Cumulative Fixed to Floating Rate Preference Shares (ISIN: GB00B3KSBH82), U.S.\$183,610,000 of its U.S.\$750,000,000 5.92 per cent. Non-Cumulative Fixed to Floating Rate Preference Shares (ISIN: GB00B3KSBJ07), U.S.\$62,808,000 of its U.S.\$750,000,000 6.657 per cent. Non-Cumulative Fixed to Floating Rate Preference Shares (ISIN: GB00B3KSBK12) and U.S.\$14,840,000 of its U.S.\$1,000,000,000 6.267 per cent. Non-Cumulative Fixed to Floating Rate Preference Shares (ISIN: XS0460002693), for new U.S.\$276,658,000 8.50 per cent. Undated Enhanced Capital Notes (the “ECNs”). The ECNs will rank as upper tier two capital for regulatory purposes. It is expected that these exchanges will complete on or around 17 December 2009.

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