



108/09

18 November 2009

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES OR TO ANY PERSON LOCATED OR RESIDENT IN THE REPUBLIC OF ITALY**

## **Unadjusted Conversion Price Announcement – Non US Exchange Offer**

Further to the announcement on 3 November 2009, pursuant to which Lloyds Banking Group plc (“Lloyds Banking Group”) invited Holders of certain Existing Securities to Offer to Exchange their Existing Securities for Enhanced Capital Notes, or, in the case of the Non-U.S. Exchange Offer only, an Exchange Consideration Amount, Lloyds Banking Group hereby announces the Unadjusted Conversion Price and each Fixed Rate of Exchange, as set out in the Exchange Offer Memorandum dated 3 November 2009.

### **Unadjusted Conversion Price**

The Unadjusted Conversion Price, determined by the Lead Dealer Managers in accordance with the procedures set out in the Exchange Offer Memorandum, is 89.7246 pence.

The Unadjusted Conversion Price was calculated based upon the arithmetic average of the daily per share Volume-Weighted Average Price (“VWAP”) of Ordinary Shares on the London Stock Exchange (calculated in sterling) for each of the five consecutive trading days, as set out below:

<b>Trading Day</b>	<b>VWAP per Ordinary Share</b>
11 November 2009	87.7229 pence
12 November 2009	89.8848 pence
13 November 2009	89.6939 pence
16 November 2009	90.0671 pence
17 November 2009	91.2545 pence

The Unadjusted Conversion Price shall apply to all series of ECNs and Additional ECNs issued pursuant to the Exchange Offer, and will be adjusted by application of the Rights Issue Factor in order to calculate the Conversion Price. The Conversion Price will be announced by Lloyds Banking Group on 27 November 2009.

### **Fixed Rates of Exchange**

In addition, the Lead Dealer Managers have determined the Fixed Rates of Exchange set out below in accordance with the procedures described in the Exchange Offer Memorandum. Each Fixed Rate of Exchange represents the spot rate of exchange of the relevant currency into sterling prevailing at or about noon (London time) on 17 November 2009, and will be used for the purpose of determining acceptances of Offers to Exchange up to the Maximum ECN New Issue Amount and the Maximum Exchange Consideration Amount).

<b>Currency</b>	<b>Fixed Rate of Exchange</b>
Euro	1.1262
U.S. dollars	1.6778
Yen	149.57

Capitalised terms used, but not otherwise defined in this announcement, shall have the meanings given to them in the Exchange Offer Memorandum dated 3 November 2009 relating to the Non-U.S. Exchange Offer.

– END –

For further information:

#### **Investor Relations**

Michael Oliver +44 (0) 20 7356 2167  
Director of Investor Relations  
Email: michael.oliver@ltsb-finance.co.uk

Moira d’Arcy +44 (0) 20 7356 2164  
Head of Debt Investor Relations  
Email: moira.d’arcy@ltsb-finance.co.uk

#### **Media Relations**

Sara Evans +44 (0) 20 7356 2075  
Media Relations Manager  
Email: sara.evans2@lloydstsb.co.uk

In addition, requests for information in relation to the Non-U.S. Exchange Offer may be directed to:

**JOINT GLOBAL CO-ORDINATORS, JOINT SPONSORS, LEAD DEALER MANAGERS AND JOINT STRUCTURING ADVISERS**

**Merrill Lynch International**  
Merrill Lynch Financial Centre  
2 King Edward Street  
London EC1A 1HQ  
United Kingdom

Tel: +44 20 7995 3715  
Fax: +44 20 7995 8582  
Attention: Liability Management –  
John Cavanagh  
email: john.m.cavanagh@baml.com

**UBS Limited**  
1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

Tel: +44 20 7567 0525  
Fax: +44 20 7568 5332  
Attention: Liability Management Group  
email: OL-Lloyds-Exchange@ubs.com

The other Dealer Managers in connection with the Non-U.S. Exchange Offer are:

**DEALER MANAGERS**

**Citigroup Global Markets Limited**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

Tel: +44 20 7986 8969  
Attention: Liability Management  
Graham Bahan  
email: liabilitymanagement.europe@citi.com

**Goldman Sachs International**  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

Tel: +44 20 7552 9912  
Fax: +44 20 7774 4477  
Attention: European Fixed Income Syndicate  
Oliver Sedgwick  
email: [oliver.sedgwick@gs.com](mailto:oliver.sedgwick@gs.com)

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

Tel: +44 20 7991 5874  
Attention: Liability Management – Andrew  
Montgomery  
email: liability.management@hsbcib.com

**J.P. Morgan Securities Ltd.**  
125 London Wall  
London EC2Y 5AJ  
United Kingdom

Tel: +44 20 7779 2468  
Attention: FIG Syndicate - Richard Howard  
email: richard.v.howard@jpmorgan.com

## **FORWARD LOOKING STATEMENTS**

This announcement contains forward looking statements with respect to the business, strategy and plans of Lloyds Banking Group, its current goals and expectations relating to its future financial condition and performance. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The Group's actual future results may differ materially from the results expressed or implied in these forward looking statements as a result of a variety of factors, including UK domestic and global economic and business conditions, the ability to derive cost savings and other benefits as well as to mitigate exposures from the acquisition and integration of HBOS, risks concerning borrower quality, market related trends and developments, changing demographic trends, changes in customer preferences, changes to regulation, the policies and actions of governmental and regulatory authorities in the UK or jurisdictions outside the UK, including other European countries and the U.S., exposure to regulatory scrutiny, legal proceedings or complaints, competition and other factors. Please refer to the latest Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission for a discussion of such factors. The forward looking statements contained in this announcement are made as at the date of this announcement, and the Group undertakes no obligation to update any of its forward looking statements.

## **DISCLAIMER**

This announcement must be read in conjunction with the exchange offer memorandum for the Non-U.S. Exchange Offer dated 3 November 2009 (the "Non-U.S. Exchange Offer Memorandum"). This announcement and the Non-U.S. Exchange Offer Memorandum contain important information which must be read carefully before any decision is made with respect to the Non-U.S. Exchange Offer. If any Holder is in any doubt as to the action it should take, it is recommended to seek its own legal, tax, financial and accounting advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent financial adviser. Any individual or company whose Existing Securities are held on its behalf by a broker, dealer, bank, custodian, trust company, or other nominee must contact such entity if it wishes to participate in the Non-U.S. Exchange Offer. None of the Dealer Managers, the Exchange Agent, the ECN Trustee, or any person who controls, or is a director, officer, employee or agent of such persons, or any affiliate of such persons, makes any recommendation as to whether Holders should participate in the Non-U.S. Exchange Offer. No offer or invitation to acquire or exchange any securities is being made pursuant to this announcement. Neither this announcement nor the Non-U.S. Exchange Offer Memorandum constitute an invitation to participate in the Non-U.S. Exchange Offer in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such invitation under applicable securities laws and offers of Existing Securities for exchange pursuant to the Non-U.S. Exchange Offer will not be accepted from Holders in any jurisdiction where such invitation is unlawful.

The distribution of this announcement and the Non-U.S. Exchange Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement and/or the Non-U.S. Exchange Offer Memorandum come are required by each of the ECN Issuers, Lloyds Banking Group, the Dealer Managers and the Exchange Agent to inform themselves about, and to observe, any such restrictions.

## **OFFER RESTRICTIONS**

### **European Economic Area**

This announcement and the Non-U.S. Exchange Offer Memorandum have been prepared on the basis that the Non-U.S. Exchange Offer will either be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the EEA, from the requirement to produce a prospectus for offers of the ECNs or the relevant Exchange Consideration or by the use of the Non-U.S. Exchange Offer Memorandum, as a prospectus approved by the UKLA and prepared in accordance with the Prospectus Directive and the Prospectus Rules made under section 73A of FSMA and passported to the EEA Permitted Jurisdictions. Accordingly, any person making or intending to make an Offer to Exchange within the EEA should only do so in the EEA Permitted Jurisdictions using the Non-U.S. Exchange Offer Memorandum, or, in any other EEA jurisdiction, in circumstances in which no obligation arises for the ECN Issuers, Lloyds Banking Group or any of the Dealer Managers to produce a prospectus for such offer.

### **United States**

The Non-U.S. Exchange Offer is not being made, and will not be made, directly or indirectly, in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of or of any facilities of a national securities exchange of, the United States or to, or for the account or benefit of, U.S. persons. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. Accordingly, copies of this announcement, the Non-U.S. Exchange Offer Memorandum and any other documents or materials relating to the Non-U.S. Exchange Offer are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to U.S. persons and the Existing Securities for the Non-U.S. Exchange Offer cannot be Offered for Exchange by any such use, means, instruments or facilities or from within the United States or by U.S. persons. Any purported Offer to Exchange such Existing Securities resulting directly or indirectly from a violation of these restrictions will be invalid, and any purported Offer to Exchange made by a U.S. person, a resident of the United States or from the United States or from any agent, fiduciary or other intermediary acting on a nondiscretionary basis for a principal giving instructions from within the United States or for a U.S. person will be invalid and will not be accepted.

Neither this announcement nor the Non-U.S. Exchange Offer Memorandum constitute an offer of securities for sale in the United States or to U.S. persons. The New Securities have not been, and will not be, registered under the Securities Act or the securities laws of any state or jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons. There will be no public offering of securities in the United States. The purpose of this announcement and the Non-U.S. Exchange Offer Memorandum is limited to the Non-U.S. Exchange Offer, and neither this announcement nor the Non-U.S. Exchange Offer Memorandum may be sent or given to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act.

Each Holder of Existing Securities participating in the Non-U.S. Exchange Offer will represent that it is not a U.S. person and is participating in the Non-U.S. Exchange Offer in accordance with Regulation S under the Securities Act and that it is not participating in the Non-U.S. Exchange Offer from the United States nor is it a U.S. person or an agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States or for a U.S. person.

## **Italy**

This announcement and the Non-U.S. Exchange Offer is not being made in the Republic of Italy. The Non-U.S. Exchange Offer, this announcement and the Non-U.S. Exchange Offer Memorandum have not been submitted to the clearance procedure of the Commissione Nazionale per le Società e la Borsa (“CONSOB”) pursuant to Italian laws and regulations. Accordingly, the Non-U.S. Exchange Offer is not made or made available to holders of Existing Securities who are Italian residents and/or persons located in the Republic of Italy and they may not submit acceptances relating to Existing Securities in respect of the Non-U.S. Exchange Offer and, as such, any acceptances received from or on behalf of such Holders of Existing Securities shall be ineffective and void. Neither the Non-U.S. Exchange Offer Memorandum nor any other information material relating to the Non-U.S. Exchange Offer or the Existing Securities may be distributed or made available in the Republic of Italy.

## **Belgium**

Neither this announcement, the Non-U.S. Exchange Offer Memorandum nor any other offering material has been submitted or will be submitted for approval or recognition to the Belgian Banking, Finance and Insurance Commission (“Commission bancaire, financière et des assurances/Commissie voor het Bank-, Financie- en Assurantiewezen”). The Non-U.S. Exchange Offer may not be made in Belgium by way of a public offering, as defined in Articles 3 and 6 of the Belgian Law of 1 April 2007 on public takeover bids or as defined in Article 3 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets (the “Belgian Public Offer Law”), each as amended or replaced from time to time. Accordingly, the Non-U.S. Exchange Offer may not be advertised and the Non-U.S. Exchange Offer will not be extended and no Non-U.S. Exchange Offer Memorandum, other memorandum, information circular, brochure or any similar document has or will be distributed, directly or indirectly, to any person in Belgium other than “qualified investors” in the meaning of Article 10 of the Belgian Public Offer Law (as amended from time to time). This announcement and the Non-U.S. Exchange Offer Memorandum have been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Non-U.S. Exchange Offer. Accordingly, the information contained herein and in the Non-U.S. Exchange Offer Memorandum, may not be used for any other purpose or disclosed to any other person in Belgium.

## **General**

The Dealer Managers, the Registrars and the Exchange Agent (and their respective directors, employees or affiliates) make no representations or recommendations whatsoever regarding this document or the Non-U.S. Exchange Offer. The Exchange Agent is the agent of the ECN Issuers and Lloyds Banking Group and owes no duty to any Holder. None of Lloyds Banking Group, the ECN Issuers, the Dealer Managers, the Registrars or the Exchange Agent makes any recommendation as to whether or not Holders should participate in the Non-U.S. Exchange Offer.

The Non-U.S. Exchange Offer does not constitute an offer to buy or the solicitation of an offer to sell the Existing Securities and/or the New Securities in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities or other laws require the Non-U.S. Exchange Offer to be made by a licensed broker or dealer and either of the Dealer Managers or any of their respective affiliates is such a licensed broker or dealer in that jurisdiction, the Non-U.S. Exchange Offer shall be deemed to be made on behalf of Lloyds Banking Group and the ECN Issuers by such Dealer Manager or affiliate (as the case may be) in such jurisdiction.