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## **NON-US EXCHANGE OFFER RESULTS ANNOUNCEMENT AND US EXCHANGE OFFER EARLY TENDER DEADLINE UPDATE**

On 3 November 2009, Lloyds Banking Group plc (“Lloyds Banking Group”) announced its Non-US Exchange Offer, pursuant to which it invited Holders of certain Existing Securities to Offer to Exchange their Existing Securities for an aggregate of £7.0 billion of Enhanced Capital Notes or an aggregate Exchange Consideration Amount equivalent to £1.5 billion. Lloyds Banking Group hereby announces the results of the Non-US Exchange Offer, the level of Offers to Exchange received by the Exchange Agents pursuant to the US Exchange Offer as at the Early Tender Deadline and an increase to the Maximum ECN New Issue Amount under the US Exchange Offer.

### **Non-US Exchange Offer Results**

#### **Overview**

Following the expiration of the Exchange Offer Period on 20 November 2009, Lloyds Banking Group is pleased to announce the results of the Non-US Exchange Offer:

- Following strong investor demand, Offers to Exchange £12.51 billion in principal amount of Existing Securities were received by the Exchange Agent, of which £8.78 billion have been accepted.
- An aggregate amount of £1.48 billion of Exchange Consideration will be issued in the form of New Shares, in certain limited circumstances, Additional ECNs and/or paid in cash on the Late Settlement Date, compared to the Maximum Exchange Consideration Amount of £1.5 billion.
- The ECN Issuers will issue an aggregate principal amount of ECNs on the Early Settlement Date equivalent to £6.99 billion, compared to the Maximum ECN New Issue Amount of £7.0 billion.
- Lloyds Banking Group and the ECN Issuers have accepted in full all valid Offers to Exchange in respect of all series and classes of Existing Securities up to and including the class of preference shares ranking in position 15 pursuant to the ECA Priority.
- Lloyds Banking Group and the ECN Issuers have accepted in full all valid Offers to Exchange in respect of all series and classes of Existing Securities up to and including the class of preference shares ranking in position 30 pursuant to the ECN Priority. Series 31 was accepted on a pro rata basis by the application of a factor equal to 0.105338.

The detailed results of the Non-US Exchange Offer are set out below. The table includes information such as the relevant Principal Amount/Liquidation Preference accepted pursuant to the

Exchange Priorities. The table also incorporates the Allocation Type (ECN, ECA, both or none) which a Holder may receive, if accepted, based upon its submission into one of the four Exchange Options, the ranking of the relevant Existing Securities in the Exchange Priorities and the final amounts accepted by Lloyds Banking Group and the ECN Issuers.

		ECNs			ECA		Allocation Type			
Exchange Priority Rank		Title of Existing Securities	Title of ECNs	Principal Amount/ Liquidation Preference Accepted and New Issue Amount	Principal Amount/ Liquidation Preference Accepted	Aggregate Exchange Consideration Amount	Exchange Option			
ECN	ECA						1	2	3	4
1	33	Lloyds TSB Bank plc £410,000,000 6.625% Undated Subordinated Step-up Notes Callable 2010 XS0099508698	LBG Capital No.2 plc £147,591,000 9.125 per cent. ECNs due 2020 XS0459090188	£147,591,000	-	-	ECN	-	ECN	-
2	34	Lloyds TSB Bank plc ¥20,000,000,000 Undated Subordinated 5.57% Step-up Coupon Notes XS0056390007	LBG Capital No.2 plc ¥20,000,000,000 8.07 per cent. ECNs due 2020 XS0459091152	¥20,000,000,000	-	-	ECN	-	ECN	-
3	35	Lloyds TSB Bank plc £500,000,000 5.125% Upper Tier 2 Callable Perpetual Subordinated Notes XS0169667119	LBG Capital No.2 plc £151,422,000 Denominated 7.625 per cent. ECNs due 2019 XS0459091582	£151,422,000	-	-	ECN	-	ECN	-
4	36	Lloyds TSB Bank plc £270,000,000 6.50% Undated Subordinated Step-up Notes callable 2019 XS0099507534	LBG Capital No.2 plc £96,731,000 9.00 per cent. ECNs due 2019 XS0459091665	£96,731,000	-	-	ECN	-	ECN	-
5	37	Lloyds TSB Bank plc £200,000,000 8.00% Undated Subordinated Step-up Notes XS0079927850	LBG Capital No.2 £68,740,000 10.50 per cent. ECNs due 2023 XS0459092473	£68,740,000	-	-	ECN	-	ECN	-
6	38	Lloyds TSB Bank plc £450,000,000 6.50% Undated Subordinated Step-up Notes callable 2029 XS0099507963	LBG Capital No.2 plc £107,439,000 9.00 per cent. ECNs due 2029 XS0459092804	£107,439,000	-	-	ECN	-	ECN	-
7	39	Lloyds Banking Group plc £500,000,000 6.00% Undated Subordinated Guaranteed Bonds callable 2032 XS0145407507	LBG Capital No.2 plc £104,316,000 8.50 per cent. ECNs due 2032 XS0459092986	£104,316,000	-	-	ECN	-	ECN	-
8	21	Bank of Scotland plc £200,000,000 8.625% Perpetual Subordinated Notes XS0046690961	LBG Capital No.2 plc £38,589,000 11.125 per cent. ECNs due 2020 XS0459090691	£38,589,000	-	-	ECN	-	ECN	-
9	23	HBOS plc €750,000,000 4.875% Undated Subordinated Fixed-to- Floating Rate Instruments XS0188201536	LBG Capital No.1 plc €94,737,000 7.375 per cent. ECNs due 2020 XS0459090774	€94,737,000	-	-	ECN	-	ECN	-
10	22	HBOS plc €500,000,000 Floating Rate Undated Subordinated Instruments XS0188201619	LBG Capital No.1 plc €53,040,000 Floating Rate ECNs due 2020 XS0459090931	€53,040,000	-	-	ECN	-	ECN	-

		ECNs			ECA		Allocation Type			
Exchange Priority Rank		Title of Existing Securities	Title of ECNs	Principal Amount/ Liquidation Preference Accepted and New Issue Amount	Principal Amount/ Liquidation Preference Accepted	Aggregate Exchange Consideration Amount	Exchange Option			
ECN	ECA						1	2	3	4
11	24	Bank of Scotland plc £100,000,000 10.25% Subordinated Undated Instruments  XS0059171230	LBG Capital No.2 plc £57,230,000 12.75 per cent. ECNs due 2020  XS0459091079	£57,230,000	-	-	ECN	-	ECN	-
12	25	HBOS plc €750,000,000 5.125% Undated Subordinated Fixed-to- Floating Rate Notes  XS0177955381	LBG Capital No.1 plc €226,172,000 7.625 per cent. ECNs due 2020  XS0459091236	€226,172,000	-	-	ECN	-	ECN	-
13	26	Bank of Scotland plc ¥17,000,000,000 4.25% Subordinated Undated Instruments  XS0063730203	LBG Capital No.2 plc ¥17,000,000,000 6.75 per cent. ECNs due 2020  XS0459091319	¥17,000,000,000	-	-	ECN	-	ECN	-
14	27	HBOS plc £500,000,000 5.625% Cumulative Callable Fixed-to- Floating Rate Undated Subordinated Notes  XS0205326290	LBG Capital No.1 plc £4,056,000 8.125 per cent. ECNs due 2019  XS0459091749	£4,056,000	-	-	ECN	-	ECN	-
15	28	Bank of Scotland plc £100,000,000 12.00% Perpetual Subordinated Bonds  GB0000395094	LBG Capital No.2 plc £79,450,000 14.50 per cent. ECNs due 2022  XS0459091822	£79,450,000	-	-	ECN	-	ECN	-
16	29	Bank of Scotland plc £150,000,000 7.375% Subordinated Undated Instruments  XS0083932144	LBG Capital No.2 plc £57,390,000 9.875 per cent. ECNs due 2023  XS0459092127	£57,390,000	-	-	ECN	-	ECN	-
17	30	Bank of Scotland plc £100,000,000 8.750% Perpetual Subordinated Bonds  GB0000395102	LBG Capital No.2 plc £95,100,000 11.25 per cent. ECNs due 2023  XS0459092390	£95,100,000	-	-	ECN	-	ECN	-
18	31	Bank of Scotland plc £50,000,000 9.375% Perpetual Subordinated Bonds  GB0005242879	LBG Capital No.2 plc £35,274,000 11.875 per cent. ECNs due 2024  XS0459092556	£35,274,000	-	-	ECN	-	ECN	-
19	32	Bank of Scotland plc £75,000,000 13.625% Perpetual Subordinated Bonds  GB0000394915	LBG Capital No.2 plc £61,350,000 16.125 per cent. ECNs due 2024  XS0459093281	£61,350,000	-	-	ECN	-	ECN	-
20	18	HBOS Capital Funding No. 3 L.P. €750,000,000 4.939% Fixed-to- Floating Rate Non- Voting Non-Cumulative Perpetual Preferred Securities  XS0255242769	LBG Capital No.1 plc €710,523,000 6.439 per cent. ECNs due 2020  XS0459088281	€710,523,000	-	-	ECN	-	ECN	-
21	19	HBOS Capital Funding No. 4 L.P. £750,000,000 9.54% Fixed-to-Floating Rate Non-Voting Non- Cumulative Perpetual Preferred Securities  XS0353590366	LBG Capital No.1 plc £736,211,000 11.04 per cent. ECNs due 2020  XS0459088877	£736,211,000	-	-	ECN	-	ECN	-
22	2	Lloyds TSB Capital 1 L.P. €430,000,000 7.375% Step-up Non-	LBG Capital No.2 plc €125,330,000 8.875 per cent.	€125,330,000	€286,314,000	€271,998,300	ECN	ECA	ECN	ECA

				ECNs		ECA		Allocation Type			
Exchange Priority Rank		Title of Existing Securities	Title of ECNs	Principal Amount/ Liquidation Preference Accepted and New Issue Amount	Principal Amount/ Liquidation Preference Accepted	Aggregate Exchange Consideration Amount	Exchange Option				
ECN	ECA						1	2	3	4	
		Voting Non-Cumulative Preferred Securities XS0107222258	ECNs due 2020 XS0459087986								
23	6	Lloyds TSB Bank Capital 2 L.P. £250,000,000 7.834% Sterling Step-up Non-Voting Non-Cumulative Preferred Securities XS0107228024	LBG Capital No.2 plc £207,563,000 9.334 per cent. ECNs due 2020 XS0459088109	£207,563,000	£37,854,000	£34,068,600	ECN	ECA	ECN	ECA	
24	7	Lloyds Banking Group plc £745,431,000 6.0884% Non-Cumulative Fixed-to-Floating Rate Preference Shares XS0408828803 / GB00B3KSB675	LBG Capital No.1 plc £732,276,000 7.5884 per cent. ECNs due 2020 XS0459086582	£732,276,000	£2,241,000	£1,568,700	ECN	ECA	ECN	ECA	
25	8	Saphir Finance Public Limited Company £600,000,000 6.369% Perpetual Non-Cumulative Securities XS0265483064	LBG Capital No.1 plc £596,665,000 7.869 per cent ECNs due 2020 XS0459093364	£596,665,000	£150,000	£105,000	ECN	ECA	ECN	ECA	
26	9	Lloyds TSB Bank plc €750,000,000 4.385% Step-up Perpetual Capital Securities XS0218638236	LBG Capital No.2 plc €661,955,000 6.385 per cent. ECNs due 2020 XS0459088794	€661,955,000	€10,000	€7,300	ECN	ECA	ECN	ECA	
27	10	Lloyds TSB Bank plc £784,611,000 13.00% Step-up Perpetual Capital Securities callable 2019 XS0408620135	LBG Capital No.2 plc £775,158,000 15.00 per cent. ECNs due 2019 XS0459089255	£775,158,000	£1,000	£1,000	ECN	ECA	ECN	ECA	
28	11	Lloyds TSB Bank plc €532,111,000 13.00% Euro Step-up Perpetual Capital Securities callable 2019 XS0408623311	LBG Capital No.2 plc €486,527,000 15.00 per cent. ECNs due 2019 XS0459089412	€486,527,000	-	-	ECN	ECA	ECN	ECA	
29	12	Lloyds Banking Group plc £334,951,000 6.3673% Non-Cumulative Fixed-to-Floating Rate Preference Shares XS0408826427	LBG Capital No.1 plc £331,070,000 7.8673 per cent. ECNs due 2019 XS0459086749	£331,070,000	£954,000	£667,800	ECN	ECA	ECN	ECA	
30	13	Lloyds Banking Group plc £186,190,532 6.475% Non-Cumulative Preference Shares GB00B3KSB568	LBG Capital No.1 plc £102,050,932 7.975 per cent. ECNs due 2024 XS0459086822	£102,050,932	£13,831,013	£9,681,709	ECN	ECA	ECN	ECA	
31	14	Lloyds TSB Bank plc £700,022,000 13.00% Sterling Step-up Perpetual Capital Securities callable 2029 XS0408620721	LBG Capital No.2 plc £67,853,000 15.00 per cent. ECNs due 2029 XS0459089685	£67,853,000	£41,328,000	£41,328,000	ECN	ECA	ECN/ ECA*	ECA	
32	4	Lloyds Banking Group plc €500,000,000 7.875% Non-Cumulative Preference Shares XS0406095637	-	-	€326,650,000	€244,987,500	-	ECA	ECA	ECA	
33	5	Lloyds Banking Group	-	-	US\$826,185,000	US\$619,638,750	-	ECA	ECA	ECA	



		ECNs			ECA		Allocation Type			
Exchange Priority Rank		Title of Existing Securities	Title of ECNs	Principal Amount/ Liquidation Preference Accepted and New Issue Amount	Principal Amount/ Liquidation Preference Accepted	Aggregate Exchange Consideration Amount	Exchange Option			
ECN	ECA						1	2	3	4
		Securities, Class B XS0109139344 (Reg S) XS0109139427 (144a)								
44	44	HBOS Sterling Finance (Jersey) L.P. £245,000,000 7.881% Guaranteed Non-Voting Non-Cumulative Preferred Securities GB0058327924	-	-	-	-	-	-	-	-
45	45	HBOS Capital Funding No. 1 L.P. US\$1,000,000,000 6.85% Guaranteed Non-Voting Non-Cumulative Perpetual Preferred Securities XS0165483164	-	-	-	-	-	-	-	-
46	46	HBOS plc €300,000,000 Floating Rate Undated Subordinated Step-up Notes XS0111627112	-	-	-	-	-	-	-	-
47	47	HBOS plc ¥42,500,000,000 3.50% Undated Subordinated Step-up Notes XS0125599687	-	-	-	-	-	-	-	-
48	48	HBOS plc €500,000,000 6.05% Fixed-to-Floating Rate Undated Subordinated Notes XS0138988042	-	-	-	-	-	-	-	-
49	49	HBOS plc £300,000,000 7.50% Undated Subordinated Step-up Notes XS0111599311	-	-	-	-	-	-	-	-
50	50	HBOS plc £600,000,000 5.75% Undated Subordinated Step-up Notes XS0166717388	-	-	-	-	-	-	-	-
51	51	HBOS plc £500,000,000 5.75% Undated Subordinated Step-up Notes XS0158313758	-	-	-	-	-	-	-	-
52	52	Lloyds TSB Bank plc £100,000,000 11.75% Perpetual Subordinated Bonds GB0001905362	-	-	-	-	-	-	-	-
			<b>Total (£ equivalent)</b>	<b>£6,994,919,567</b>	<b>Total (£ equivalent)</b>	<b>£1,483,738,725</b>				

\* Offers to Exchange specifying Exchange Option 3 which were pro rated as a result of reaching the Maximum ECN New Issue Amount and which constitute Option 3 Residual Offers, have been applied to the ECA Priority in accordance with the ranking of the relative Existing Securities.

### **Offers to Exchange accepted pursuant to the ECA Priority**

Lloyds Banking Group and the ECN Issuers have accepted in full all valid Offers to Exchange in respect of those Existing Securities which have amounts listed in the columns "ECA - Principal

Amount/Liquidation Preference Accepted” and “ECA - Aggregate Exchange Consideration Amount” corresponding to such Existing Securities in the table above for the relevant Exchange Consideration Amount. If no amount is listed in the columns “ECA - Principal Amount/Liquidation Preference Accepted” and “ECA - Aggregate Exchange Consideration Amount” corresponding to any Existing Securities in the table above, the relevant Existing Securities will not be exchanged for the relevant Exchange Consideration Amount. The aggregate Exchange Consideration Amount will be equivalent to £1.48 billion (compared to a Maximum Exchange Consideration Amount of £1.5 billion).

A Holder will receive an Exchange Consideration Amount payable in New Shares and/or cash in an amount, per £1,000, €1,000, US\$1,000 or ¥1,000 (as applicable) of its Existing Securities accepted for exchange pursuant to the ECA Priority, equal to the relevant Exchange Consideration Amount, as specified in Part III of the Non-US Exchange Offer Memorandum, or, in certain limited circumstances, Additional ECNs on a par-for-par basis.

The New Shares, cash and/or, in the applicable limited circumstances, the Additional ECNs, together with any Accrued Interest Payments and Accrued Dividends Payments in respect of Existing Securities accepted for exchange pursuant to the ECA Priority, are expected to be issued or paid (as the case may be) on the Late Settlement Date, being 18 February 2010. Lloyds Banking Group will, on or around 12 February 2010, announce, amongst others, the New Shares Price and whether Holders whose Offers to Exchange have been accepted for the relevant Exchange Consideration Amount, will receive New Shares, cash and/or in certain limited circumstances Additional ECNs, as more particularly set out in the Non-US Exchange Offer Memorandum.

#### ***Offers to Exchange accepted pursuant to the ECN Priority***

Lloyds Banking Group and the ECN Issuers have accepted all valid Offers to Exchange in respect of the Existing Securities which have an amount listed in the column “ECNs - Principal Amount/Liquidation Preference Accepted and New Issue Amount” corresponding to such Existing Securities in the table above for ECNs. If no amount is listed in the column “ECNs - Principal Amount/Liquidation Preference Accepted and New Issue Amount” corresponding to any Existing Securities in the table above the relevant Existing Securities will not be exchanged for ECNs. The Lloyds TSB Bank plc £700,022,000 13.00 per cent. Sterling Step-up Perpetual Capital Securities (ISIN: XS0408620721) were accepted for exchange on a pro rata basis, as further detailed below. The aggregate principal amount of ECNs to be issued by the ECN Issuers will be equivalent to £6.99 billion (compared to the Maximum ECN New Issue Amount of £7.0 billion, which was increased from £5.5 billion by Lloyds Banking Group on 11 November 2009 following high levels of investor interest).

Save as noted immediately below, the ECNs are expected to be issued, and any Accrued Interest Payments and Accrued Dividends Payments in respect of Existing Securities accepted for exchange pursuant to the ECN Priority, are expected to be made, on the Early Settlement Date, being 1 December 2009.

Holders of Existing Securities held through CREST and who do not have access to a securities account with Euroclear or Clearstream, Luxembourg, and who will receive any ECNs to which they have become entitled in the form of CREST Depository Interests (“CDIs”) through CREST, may receive such ECNs and any Accrued Interest Payments or Accrued Dividends Payments after the Early Settlement Date, as noted in the announcement made by Lloyds Banking Group on 12 November 2009.

#### ***General***

- **Exchange Options 3 and 4:** In accordance with the operation of the Exchange Priorities described in Appendix 3 to the Non-US Exchange Offer Memorandum, the ECA Priority was

re-run in Step 3. Consequently (i) any Offers to Exchange Existing Securities specifying Exchange Option 4 which were not accepted pursuant to the ECA Priority did not participate in the ECN Priority; and (ii) any valid Offers to Exchange specifying Exchange Option 3 which were not accepted pursuant to the ECN Priority had the opportunity to participate in the ECA Priority.

- Scaling of Offers to Exchange:** Save as specified in the following sentence, all Offers to Exchange which have been accepted were accepted in full and no scaling factor was applied when accepting such Offers to Exchange. Existing Securities accepted for exchange pursuant to the ECN Priority and belonging to the Lloyds TSB Bank plc £700,022,000 13.00 per cent. Sterling Step-up Perpetual Capital Securities (ISIN: XS0408620721) were scaled in the ECN Priority by a factor of 0.105338.
- Retail Participation in the Exchange Offer:** The Group values the fact that it has one of the largest retail preference shareholder bases in the UK. It has sought to structure the Non-US Exchange Offer to enable the vast majority of such individuals to participate, including an amendment to the terms of the Non-US Exchange Offer to allow ECNs to settle through CREST in the form of CREST Depository Interests, or “CDIs”, as announced by Lloyds Banking Group on 12 November 2009.
- Retail Holdings Offer:** In addition to the above, and as mentioned in the Non-US Exchange Offer Memorandum, the Group intends to invite Eligible Retail Holders to participate in the Retail Holdings Offer. Subject to certain resolutions being passed at the General Meeting on 26 November 2009, the Group will write to each Eligible Retail Holder with details of this offer and of how to participate in it. The Group intends to write to such holders in the first half of December and for the offer to remain open until mid January to allow them sufficient time to participate.

### US Exchange Offer - Offers to Exchange received at the Early Tender Deadline

Further to the announcement on 3 November 2009, pursuant to which Lloyds Banking Group invited Holders of six series of certain Existing Securities to Offer to Exchange their Existing Securities for Enhanced Capital Notes, Lloyds Banking Group hereby announces the expiration of the Early Tender Deadline for the US Exchange Offer. The Early Tender Deadline was 5.00 p.m. (New York City time) on 20 November 2009.

As at the Early Tender Deadline, Lucid and DF King had received Offers to Exchange the Existing Securities which are subject to the US Exchange Offer as follows:

Rank	Title of Existing Securities	Principal Amount Offered for Exchange at Early Tender Deadline
1	HBOS plc US\$1,000,000,000 5.375% Undated Fixed to Floating Rate Subordinated Notes  US4041A2AG96 (144A) / US4041A3AF96 (Reg S)	US\$985,778,000
2	HBOS Capital Funding No.2 L.P. US\$750,000,000 6.071% Non-voting Non-cumulative Perpetual Preferred Securities  USG43648AA57 (Reg S) / US40411CAA09 (144A)	US\$623,973,000
3	Bank of Scotland plc US\$250,000,000 Undated Floating Rate Primary Capital Notes  GB0000765403	US\$185,700,000
4	Lloyds TSB Bank plc US\$500,000,000 Primary Capital Undated Floating Rate Notes (Series 2)  GB0005205751	US\$163,240,000



<b>Rank</b>	<b>Title of Existing Securities</b>	<b>Principal Amount Offered for Exchange at Early Tender Deadline</b>
5	Lloyds TSB Bank plc US\$750,000,000 Primary Capital Undated Floating Rate Notes (Series 1) GB0005224307	US\$477,480,000
6	Lloyds TSB Bank plc US\$600,000,000 Primary Capital Undated Floating Rate Notes GB0005232391	US\$228,620,000
<b>Total</b>		<b>US\$2,664,791,000</b>

### **Increase in Maximum ECN New Issue Amount under the US Exchange Offer; Withdrawal Deadline**

Lloyds Banking Group hereby announces an increase in the Maximum ECN New Issue Amount from US\$800,000,000 to US\$985,636,000. Neither the Withdrawal Deadline nor the withdrawal rights have been extended as a result of this increase for the HBOS plc US\$1,000,000,000 5.375% Undated Fixed to Floating Rate Subordinated Notes. However, for the other Existing Securities which are subject to the US Exchange Offer, the Withdrawal Deadline and withdrawal rights are hereby being extended through to the expiration of the US Exchange Offer.

The US Exchange Offer will expire at 12.00 a.m. midnight (New York City time) on 7 December 2009. Lloyds Banking Group will make a further announcement on 8 December 2009 to announce the final results of the US Exchange Offer by 9.00 a.m. (London time).

Capitalised terms used, but not otherwise defined in this announcement, shall have the meanings given to them in the Exchange Offer Memoranda dated 3 November 2009 relating to the Exchange Offers.

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## **DISCLAIMER**

This announcement must be read in conjunction with the exchange offer memorandum for the Non-US Exchange Offer dated 3 November 2009 (the "Non-US Exchange Offer Memorandum") and with the exchange offer memorandum for the US Exchange Offer dated 3 November 2009 (the "US Exchange Offer Memorandum", and together with the Non-US Exchange Offer Memorandum, the "Exchange Offer Memoranda"). This announcement and the Exchange Offer Memoranda contain important information which must be read carefully before any decision is made with respect to the respective Exchange Offers. 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 relevant Exchange Offer. None of the Dealer Managers, the Exchange Agents, 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 Exchange Offers. No offer or invitation to acquire or exchange any securities is being made pursuant to this announcement. Neither this announcement nor the Exchange Offer Memoranda constitute an invitation to participate in the Exchange Offers 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 Exchange Offers will not be accepted from Holders in any jurisdiction where such invitation is unlawful.

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

## **OFFER RESTRICTIONS**

### **European Economic Area**

This announcement and the Exchange Offer Memoranda have been prepared on the basis that the Exchange Offers 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 (in the case of the Non-US Exchange Offer only) the relevant Exchange Consideration, or (in the case of the Non-US Exchange Offer only) by the use of the Non-US 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 pursuant to the Non-US Exchange Offer within the EEA should only do so in the EEA Permitted Jurisdictions using the Non-US 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-US 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, US persons. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. Accordingly, copies of this announcement, the Non-US Exchange Offer Memorandum and any other documents or materials relating to the Non-US 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 US persons and the Existing Securities for the Non-US Exchange Offer cannot be Offered for Exchange by any such use, means, instruments or facilities or from within the United States or by US 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 US 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 US person will be invalid and will not be accepted.

Each Holder of Existing Securities participating in the Non-US Exchange Offer will represent that it is not a US person and is participating in the Non-US Exchange Offer in accordance with Regulation S under the Securities Act and that it is not participating in the Non-US Exchange Offer from the United States nor is it a US 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 US person. The purpose of this announcement and the Non-US Exchange Offer Memorandum is limited to the Non-US Exchange Offer, and neither this announcement nor the Non-US 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.

This announcement does not constitute an offer of securities for sale in the United States or to US persons. The New Securities being offered in the relevant Exchange Offer 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, US persons. There will be no public offering of securities in the United States.

### **Italy**

This announcement and the Exchange Offers are not being made in the Republic of Italy. The Exchange Offers, this announcement and the Exchange Offer Memoranda 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 Exchange Offers are 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 Exchange Offers and, as such, any acceptances received from or on behalf of such Holders of Existing Securities shall be ineffective and void. Neither the Exchange Offer Memoranda nor any other information material relating to the Exchange Offers or the Existing Securities may be distributed or made available in the Republic of Italy.

### **Belgium**

Neither this announcement, the Exchange Offer Memoranda 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 Exchange Offers 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 Exchange Offers may not be advertised and the Exchange Offers will not be extended and no 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 Exchange Offer Memoranda have been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Exchange Offers. Accordingly, the information contained herein and in the Exchange Offer Memoranda, 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 Agents (and their respective directors, employees or affiliates) make no representations or recommendations whatsoever regarding this document or the Exchange Offers. The Exchange Agents are the agents of the ECN Issuers and Lloyds Banking Group and owe no duty to any Holder. None of Lloyds Banking Group, the ECN Issuers, the Dealer Managers, the Registrars or the Exchange Agents makes any recommendation as to whether or not Holders should participate in the Exchange Offers.

The Exchange Offers do not constitute an offer to buy or the solicitation of an offer to sell the Existing Securities and/or the New Securities in the relevant Exchange Offer in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities or other laws require the Exchange Offers 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 Exchange Offers 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.

– END –

### **FORWARD LOOKING STATEMENTS**

This announcement contains forward looking statements with respect to the business, strategy and plans of the 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 US, 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 US 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.