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12 February 2010

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## EXCHANGE CONSIDERATION ANNOUNCEMENT

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, inter alia, the form in which the Exchange Consideration will be settled and the New Shares Price, as set out in the Exchange Offer Memorandum dated 3 November 2009.

### Exchange Consideration

As stated in the announcement on 23 November 2009, Lloyds Banking Group, LBG Capital No.1 and LBG Capital No. 2 accepted Offers to Exchange the Existing Securities specified therein for exchange into the relevant Exchange Consideration Amount. Lloyds Banking Group hereby announces that it will issue 3,140,686,402 New Shares on 18 February 2010 in full satisfaction of the aggregate Exchange Consideration Amount due in respect of all Existing Securities so accepted for exchange.

Applications will be made for the New Shares to be admitted to trading on the London Stock Exchange’s Regulated Market and to the Official List of the UK Listing Authority. It is expected that admission will become effective and that dealings in the New Shares on the London Stock Exchange will commence at 8.00 a.m. on 18 February 2010.

### New Shares Price

The New Shares Price, determined by the Lead Dealer Managers in accordance with the procedures set out in the Exchange Offer Memorandum, is £0.486985, a premium of 1.15 per cent. to the closing price of an Ordinary Share on 11 February 2010.

The New Shares 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>
5 February 2010	49.0416 pence
8 February 2010	47.3749 pence
9 February 2010	48.5427 pence
10 February 2010	50.0396 pence
11 February 2010	48.4936 pence

## FX Rates

In addition, the Lead Dealer Managers have determined the FX Rates set out below in accordance with the procedures described in the Exchange Offer Memorandum. Each FX Rate represents the spot rate of exchange of the relevant currency into sterling prevailing at or about noon (London time) on 11 February 2010 as appearing on the Relevant Page, and will be used for the purpose of determining the number of New Shares for each €1,000 or U.S.\$1,000, as the case may be, of Existing Securities accepted for exchange into the relevant Exchange Consideration Amount.

<b>Currency</b>	<b>FX Rate</b>
Euro	1.1377 *
U.S. dollars	1.5633

\* For purposes of calculation, the inverse of 0.8790 was used for conversion into sterling

## Number of New Shares

Holders of each series or class of Existing Securities which have been accepted for exchange into the relevant Exchange Consideration Amount will receive the number of New Shares shown in the table below for each £1,000, €1,000 or U.S.\$1,000, as the case may be, of Existing Securities so accepted for exchange. The number of New Shares in each case has been calculated by dividing the appropriate Exchange Consideration Amount for each series or class of Existing Securities by the product of the New Shares Price and the relevant FX Rate (if applicable).

<b>Rank in ECA Priority</b>	<b>Title of Existing Securities</b>	<b>Number of New Shares per £1,000, €1,000 or U.S.\$1,000 *</b>	<b>Aggregate number of New Shares</b>
1	Lloyds TSB Bank plc U.S.\$1,000,000,000 6.90% Perpetual Capital Securities XS0156372343	1,155	758,919,646
2	Lloyds TSB Capital 1 L.P. €430,000,000 7.375% Step-up Non-Voting Non-Cumulative Preferred Securities XS0107222258	1,714	490,952,475
3	Lloyds TSB Bank plc €500,000,000 6.35% Step-up Perpetual Capital Securities XS0156923913	1,534	366,335,671
4	Lloyds Banking Group plc €500,000,000 7.875% Non-Cumulative Preference Shares XS0406095637	1,353	442,198,365
5	Lloyds Banking Group plc U.S.\$1,250,000,000 7.875% Non-Cumulative Preference Shares XS0406095041	985	813,917,839
6	Lloyds TSB Bank Capital 2 L.P. £250,000,000 7.834% Sterling Step-up Non-	1,848	69,958,207

Voting Non-Cumulative Preferred Securities

XS0107228024

7	Lloyds Banking Group plc £745,431,000 6.0884% Non-Cumulative Fixed-to-Floating Rate Preference Shares XS0408828803 / GB00B3KSB675	1,437	3,221,228
9	Lloyds TSB Bank plc €750,000,000 4.385% Step-up Perpetual Capital Securities XS0218638236	1,317	13,176
10	Lloyds TSB Bank plc £784,611,000 13.00% Step-up Perpetual Capital Securities callable 2019 XS0408620135	2,053	2,053
12	Lloyds Banking Group plc £334,951,000 6.3673% Non-Cumulative Fixed-to-Floating Rate Preference Shares XS0408826427	1,437	1,371,289
13	Lloyds Banking Group plc £186,190,532 6.475% Non-Cumulative Preference Shares GB00B3KSB568	1,437	19,880,812
14	Lloyds TSB Bank plc £700,022,000 13.00% Sterling Step-up Perpetual Capital Securities callable 2029 XS0408620721	2,053	84,865,031
15	Lloyds Banking Group plc £99,999,942 9.75% Non-Cumulative Irredeemable Preference Shares GB00B3KSB238	2,012	89,050,610

\* Holders whose Offers to Exchange have been accepted should note that, in accordance with the provisions set out in the Non-U.S. Exchange Offer Memorandum, the number of New Shares which they will receive on the Late Settlement Date will be calculated based upon the total nominal amount or liquidation preference (as the case may be) of the Existing Securities which they have Offered for Exchange for the relevant Exchange Consideration Amount, rounded down to the nearest whole number of New Shares. The numbers of New Shares per £1,000, €1,000 or U.S.\$1,000 indicated above are for illustrative purposes only; Offers to Exchange which were made and accepted in larger or smaller amounts may result in a different number of New Shares being issued.

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.

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**

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Attention: Liability Management  
John Cavanagh

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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 and the Exchange Agent in connection with the Non-U.S. Exchange Offer are:

**DEALER MANAGERS**

**Citigroup Global Markets Limited**

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Attention: Liability Management  
Graham Bahan

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**HSBC Bank plc**

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Tel: +44 20 7991 5874

Attention: Liability Management  
Andrew Montgomery

email: liability.management@hsbcib.com

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Richard Howard

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**EXCHANGE AGENT**

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## **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. 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.

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For further information:

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**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.