



09/10

19 February 2010

## REPURCHASE AND CANCELLATION OF PREFERENCE SHARES

On 3 November 2009, Lloyds Banking Group plc (“**Lloyds Banking Group**”) announced its Non-US Exchange Offer, pursuant to which it invited Holders of, inter alia, certain classes of Existing Preference Shares to Offer to Exchange their Existing Securities for Enhanced Capital Notes or the relevant Exchange Consideration Amount (the “**Exchange Offer**”).

Pursuant to the Exchange Offer, Lloyds Banking Group hereby announces that it has accepted Offers to Exchange into New Shares in respect of the following classes of Existing Preference Shares, which it has repurchased and cancelled:

<b>Existing Preference Shares</b>	<b>No. Existing Preference Shares/ Liquidation Preference Accepted for Exchange into Exchange Consideration</b>	<b>No. Existing Preference Shares/ Liquidation Preference Outstanding</b>
Lloyds Banking Group plc £13,155,000 6.0884% Non-Cumulative Fixed-to-Floating Rate Preference Shares XS0408828803 / GB00B3KSB675	2,241 preference shares £2,241,000 in liquidation preference	10,914 preference shares £10,914,000 in liquidation preference
Lloyds Banking Group plc £3,879,000 6.3673% Non-Cumulative Fixed-to- Floating Rate Preference Shares XS0408826427	954 preference shares £954,000 in liquidation preference	2,925 preference shares £2,925,000 in liquidation preference
Lloyds Banking Group plc £70,303,224 6.475% Non-Cumulative Preference Shares GB00B3KSB568	13,831,013 preference shares £13,831,013 in liquidation preference	56,472,211 preference shares £56,472,211 in liquidation preference
Lloyds Banking Group plc £99,992,351 9.75% Non-Cumulative Preference Shares GB00B3KSB238	44,251,465 preference shares £44,251,465 in liquidation preference	55,740,886 preference shares £55,740,886 in liquidation preference
Lloyds Banking Group plc €500,000,000 7.875% Non-Cumulative Fixed-to-Floating Rate Preference Shares XS0406095637	326,650 preference shares €326,650,000 in liquidation preference	173,350 preference shares €173,350,000 in liquidation preference
Lloyds Banking Group plc U.S.\$1,250,000,000 7.875% Non- Cumulative Fixed-to-Floating Rate Preference Shares XS0406095041	826,185 preference shares U.S.\$826,185,000 in liquidation preference	423,815 preference shares U.S.\$423,815,000 in liquidation preference

Capitalised terms used herein but not otherwise defined shall have the meanings given to them in the Exchange Offer Memorandum dated 3 November 2009.

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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.