

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you have any doubt about the action you should take, it is recommended that you consult your stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all your ordinary shares in Lloyds Banking Group plc, please give this and the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was made.

Sir Winfried Bischoff
Chairman

**LLOYDS
BANKING
GROUP**



23 March 2012

Lloyds Banking Group plc
25 Gresham Street
London EC2V 7HN

Dear Shareholder,

Annual general meeting

I am pleased to invite you to the annual general meeting of Lloyds Banking Group plc (the '**Company**') which will be held at the Edinburgh International Conference Centre, The Exchange, Edinburgh EH3 8EE on Thursday 17 May 2012 at 11.30 am.

Enclosed with this letter you will find the notice of annual general meeting (set out on pages 3-12 of this document) together with either a copy of our annual report and accounts or the annual review for the year ended 31 December 2011.

You will also find enclosed a proxy form or, if you hold shares in the Lloyds Banking Group Shareholder Account administered by Halifax Share Dealing Limited, a voting form to enable you to exercise your voting rights. Holders of shares through the Lloyds Banking Group Shareholder Account will also receive an annual statement of their shareholding.

The annual general meeting provides an opportunity for the Company's shareholders to communicate with the directors and I sincerely hope that you will take this opportunity to do so. However, I appreciate that most shareholders will not be able to attend the meeting in person. If you cannot attend, I strongly encourage you to exercise your right to vote by appointing a proxy.

To appoint a proxy, please complete the enclosed form according to the instructions printed on it and send it to our registrar, Equiniti Limited, in the reply paid envelope provided. Alternatively, you may also register your proxy appointment and instructions electronically. Full details of the website to use are on the proxy or voting form. Instructions must be received by the registrar no later than 11.30 am on Tuesday 15 May 2012.

Meeting arrangements

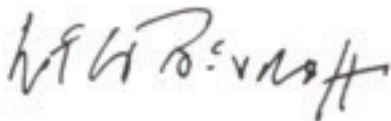
As in previous years, all the resolutions in the notice of annual general meeting will be decided on a poll. We believe that this is fair and democratic and means that shareholders who attend the meeting, as well as those who vote by proxy, may have their votes taken into account according to the number of shares they hold. The results of the poll will be announced through the London Stock Exchange information service and will appear on our website www.lloydsbankinggroup.com

If you are attending, you will have the opportunity to ask questions relating to the business of the meeting. There will be a designated area where customer service issues may be raised both before and after the meeting. Therefore, in the interests of all the shareholders who attend the meeting, it would not be appropriate for us to respond during the meeting to questions which relate to individual customer, as distinct from shareholder, issues.

Recommendation

Your directors consider that all the resolutions in the notice of annual general meeting are in the best interests of the Company and its shareholders as a whole and we recommend that you vote in favour of them.

Yours faithfully,



Winfried Bischoff
Chairman

Note

If you wish to receive a paper copy of any of these documents, please contact our registrar, Equiniti Limited, on 0871 384 2990 (from inside the United Kingdom) or +44 121 415 7066 (from outside the United Kingdom), available 8.30 am to 5.30 pm Monday to Friday. Please have the accompanying proxy or voting form available as you may be asked to quote your account number shown on the form. A request for a paper copy of any of these documents may also be made in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Calls to 0871 numbers are charged at 8p per minute from a BT landline. Charges for calls from mobiles and other networks may vary. Calls to +44 121 415 7066 from outside the UK are charged at applicable international rates.

Notice of annual general meeting

The annual general meeting of Lloyds Banking Group plc (the '**Company**') will be held at the Edinburgh International Conference Centre, The Exchange, Edinburgh EH3 8EE on Thursday 17 May 2012 at 11.30 am to transact the business set out in the resolutions below.

Resolutions 1. to 15. (inclusive) are proposed as ordinary resolutions. This means that for each of these resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolutions 16. to 19. (inclusive) are proposed as special resolutions. This means that for each of these resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

The Board recommends that you vote in favour of all resolutions.

Resolution 1. Report and accounts

To receive the Company's accounts and the reports of the directors and of the auditors for the year ended 31 December 2011.

Resolution 2. Directors' remuneration report

To approve the directors' remuneration report for the year ended 31 December 2011.

Resolution 3. To elect Mr G Culmer as a director of the Company.

Resolution 4. To elect Ms S V Weller as a director of the Company.

Resolution 5. To re-elect Sir Winfried Bischoff as a director of the Company.

Resolution 6. To re-elect Ms A M Frew as a director of the Company.

Resolution 7. To re-elect Mr A Horta-Osório as a director of the Company.

Resolution 8. To re-elect Mr D L Roberts as a director of the Company.

Resolution 9. To re-elect Mr T T Ryan, Jr as a director of the Company.

Resolution 10. To re-elect Mr M A Scicluna as a director of the Company.

Resolution 11. To re-elect Mr A Watson as a director of the Company.

Resolution 12. Re-appointment of the auditors

To re-appoint PricewaterhouseCoopers LLP as auditors of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

Resolution 13. Auditors' remuneration

To authorise the Audit Committee to set the remuneration of the Company's auditors.

Resolution 14. Continued operation of the Lloyds Banking Group Share Incentive Plan

To authorise the directors of the Company to continue to operate the Lloyds Banking Group Share Incentive Plan.

Resolution 15. Directors' authority to allot shares

To resolve that the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares:

- (i) up to an aggregate nominal amount of £2,298,526,692; and
- (ii) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a further nominal amount of £4,597,053,384 (such amount to be reduced by the aggregate nominal amount of shares allotted or rights to subscribe for or to convert any security into shares in the Company granted under paragraph (i) above) in connection with an offer by way of a rights issue,

such authorities to apply in substitution for all previous authorities pursuant to section 551 of the Companies Act 2006 and to expire at the conclusion of the next annual general meeting or on 30 June 2013, whichever is the earlier but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for, or convert other securities into, shares to be granted after the authority ends.

For the purposes of this resolution '**rights issue**' means an offer to:

- (a) ordinary shareholders in proportion (or as near as may be practicable) to their existing holdings; and
- (b) people who are holders of other equity securities if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities,

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory.

Resolution 16. Limited disapplication of pre-emption rights

That, subject to the passing of Resolution 15 above, the directors be empowered to allot equity securities (as defined in section 560(1) of the Companies Act 2006) wholly for cash:

- (i) pursuant to the authority given by paragraph (i) of Resolution 15 above or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Companies Act 2006 in each case:
 - (a) in connection with a pre-emptive offer; and
 - (b) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £344,779,003; and
- (ii) pursuant to the authority given by paragraph (ii) of Resolution 15 above in connection with a rights issue, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment,

such power to expire at the conclusion of the next annual general meeting or on 30 June 2013, whichever is the earlier, but so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends and the directors may allot equity securities under any such offer or agreement as if the power had not ended.

For the purposes of this resolution:

- (a) '**rights issue**' has the same meaning as in Resolution 15 above;
- (b) '**pre-emptive offer**' means an offer of equity securities open for acceptance for a period fixed by the directors to (a) holders (other than the Company) on the register on a record date fixed by the directors of ordinary shares in proportion to their respective holdings and (b) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory;
- (c) references to an allotment of equity securities shall include a sale of treasury shares; and
- (d) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

Resolution 17. Authority to purchase ordinary shares

That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693 of the Companies Act 2006) of ordinary shares of 10p each in the capital of the Company and where such shares are held in treasury, the Company may use them for the purposes of its employees' share plans, provided that:

- (a) the maximum aggregate number of ordinary shares authorised to be purchased shall be 6,895,580,076;
- (b) the minimum price which may be paid for each ordinary share shall be 10p;
- (c) the maximum price, exclusive of expenses, which may be paid for each ordinary share shall be an amount equal to the higher of (a) 105 per cent. of the average of the closing price of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five London business days immediately preceding the day on which such share is contracted to be purchased or (b) the higher of the price of the last independent trade and the highest current bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments (No 2273/2003);
- (d) this authority shall expire at the conclusion of the next annual general meeting or on 30 June 2013, whichever is the earlier, unless such authority is renewed before then; and
- (e) the Company may make a contract to purchase its ordinary shares under this authority before its expiry which would or might be executed wholly or partly after the expiry, and may make a purchase of its ordinary shares under that contract.

Resolution 18. Authority to purchase preference shares

That the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693 of the Companies Act 2006) of the following issuances of securities:

- (a) £299,987,729 9.25 per cent. non-cumulative irredeemable preference shares;
- (b) £99,999,942 9.75 per cent. non-cumulative irredeemable preference shares;
- (c) £186,190,532 6.475 per cent. non-cumulative preference shares;
- (d) £745,431,000 6.0884 per cent. non-cumulative fixed to floating rate preference shares;
- (e) £334,951,000 6.3673 per cent. non-cumulative fixed to floating rate preference shares;
- (f) US\$750,000,000 6.413 per cent. non-cumulative fixed to floating rate preference shares;
- (g) US\$750,000,000 5.92 per cent. non-cumulative fixed to floating rate preference shares;
- (h) US\$750,000,000 6.657 per cent. non-cumulative fixed to floating rate preference shares;
- (i) US\$1,000,000,000 6.267 per cent. fixed to floating rate non-cumulative callable dollar preference shares;
- (j) US\$1,250,000,000 7.875 per cent. non-cumulative preference shares; and
- (k) €500,000,000 7.875 per cent. non-cumulative preference shares

(together, the '**Preference Shares**'), provided that:

- (i) the maximum number of Preference Shares which may be purchased is all such Preference Shares in issue;
- (ii) the minimum price which may be paid for each Preference Share is the nominal value of the relevant Preference Share;
- (iii) the maximum price which may be paid for a share is an amount equal to 120 per cent. of the liquidation preference of the relevant Preference Share;
- (iv) this authority shall expire at the conclusion of the next annual general meeting or on 30 June 2013, whichever is the earlier, unless such authority is renewed before then; and
- (v) the Company may make a contract to purchase the Preference Shares under this authority before its expiry which would or might be executed wholly or partly after the expiry, and may make a purchase of the Preference Shares under that contract.

Resolution 19. Notice period

That a general meeting of the Company, other than an annual general meeting, may be called on not less than 14 clear days' notice, such authority shall expire at the conclusion of the next annual general meeting unless such authority is renewed at a general meeting of the Company before then.

A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member. A proxy need not be a member of the Company.

By order of the Board



H F Baines
Company Secretary
9 March 2012

Registered office:
The Mound
Edinburgh
EH1 1YZ

Notes

1. In accordance with the Company's articles of association, the annual general meeting must be held in Scotland.
2. Only shareholders, proxies and authorised representatives of corporations which are shareholders of the Company are entitled to attend, speak and vote at the meeting. Shareholders' names must be entered in the register at 6.00 pm on Tuesday 15 May 2012, in order for such shareholders, proxies and authorised representatives of corporations to have the right to vote at the meeting. Should the meeting be adjourned, members who wish to attend and vote must have their names entered in the Company's register of members by 6.00 pm two days prior to the date fixed for the adjourned meeting.
3. Shareholders are invited to complete and return the enclosed form of proxy to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or register their proxy appointment electronically at www.sharevote.co.uk. A proxy need not be a shareholder of the Company but must attend the meeting to represent a shareholder. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Appointment of a proxy will not prevent shareholders from subsequently attending and voting at the meeting. The form of proxy and, if relevant, the power of attorney or other authority under which it is signed, or a certified copy of that power or authority, must be received by Equiniti Limited no later than 11.30 am on Tuesday 15 May 2012.

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146(2) of the Companies Act 2006 ('Nominated Persons'). Nominated Persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

4. CREST participants who wish to appoint and/or give instructions to a proxy or proxies through the CREST electronic proxy appointment service may do so through Equiniti Limited ID RA19, by following the procedures described in the CREST manual available at www.euroclear.com/CREST. Instructions must be received by Equiniti Limited no later than 11.30 am on Tuesday 15 May 2012. The time of receipt by Equiniti Limited will be deemed to be the time (as determined by the time stamp applied to the message by the CREST 'Applications Host') from which Equiniti Limited is able to retrieve the message by enquiry of Euroclear in the manner prescribed by Euroclear. Equiniti Limited may treat as invalid a CREST instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
5. Proxy appointments may be revoked or amended by written notice to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, which must be received by 10.30 am on Thursday 17 May 2012. CREST participants may also give instructions to revoke or amend by CREST message but only if the message is received by Equiniti Limited no later than 10.30 am on Thursday 17 May 2012.
6. It would be helpful if any shareholder coming to the meeting would remove the attendance card from the form of proxy and bring it to the meeting. The shareholder will then be asked to produce the attendance card to show that he or she has the right to attend, speak and vote. The card is not transferable and may only be used by the shareholder attending in person.
7. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or good order of the meeting that the question be answered. If any shareholder intending to come to the meeting would like to ask a question, which should relate to the business of the meeting, they may, if they wish, register this in advance. They can send advance notice of their question by sending an email to agmquestions@lloydsbanking.com
8. You may not use any electronic address provided either in this notice of annual general meeting or any related documents to communicate with the Company for any purpose other than those expressly stated. Any electronic communication sent by a shareholder to the Company or Equiniti Limited that is found to contain a computer virus will not be accepted.
9. Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged. Shareholders who decide to use them will receive an electronic mail message sent to the electronic address registered. This will give details of the location on our website www.lloydsbankinggroup.com where this notice, together with other relevant documents and information may be viewed. The Company will not regard itself as responsible for any failure in transmission beyond its control. There is no particular software needed, other than that which is described and is available on our website.
10. A summary of the skills and experience of each director proposed for election or re-election can be found on page 12 of this document and should be read in conjunction with the biographical details given in the annual report and accounts, the annual review and on our website, www.lloydsbankinggroup.com
11. As at 9 March 2012 (the last practicable date prior to the publication of this document) the total number of shares issued by Lloyds Banking Group plc with rights to vote which are exercisable in all circumstances at general meetings is 68,874,879,723 ordinary shares of 10p each, which includes shares represented by American Depositary Receipts. The holders of ordinary shares are entitled to attend and vote at general meetings of the Company. On a vote by show of hands every ordinary shareholder who is present has one vote and every proxy present who has been duly appointed by a shareholder entitled to vote has one vote. The Board considers it more democratic that each of the resolutions put to the meeting be voted on by poll. On a vote by poll every ordinary shareholder who is present in person or by proxy has one vote for every ordinary share held. In addition, 80,921,051 limited voting ordinary shares are in issue and held by the Lloyds TSB Foundations. These shares do not entitle the holders to vote at general meetings except in certain limited circumstances.

12. Shareholders should note that, under Sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 4 April 2012, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
13. Shareholders should note that, under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the annual general meeting for the financial year ended 31 December 2011; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year ended 31 December 2011 ceasing to hold office since the previous meeting at which annual report and accounts were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 (requirements as to website availability) of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the annual general meeting for the relevant financial year includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
14. A copy of the Share Incentive Plan rules will be available for inspection at the Company's registered office at The Mound, Edinburgh EH1 1YZ during normal business hours until the end of the meeting. The Share Incentive Plan rules will also be available on www.lloydsbankinggroup.com and for inspection at the Edinburgh International Conference Centre from 10.30 am on Thursday 17 May 2012 until the end of the meeting.
15. If you would like a paper copy of this notice, or a version in large print, Braille or on audio CD, please contact our Registrar, Equiniti Limited, on 0871 384 2990 or textphone 0871 384 2255 (from inside the United Kingdom) or +44 121 415 7066 (from outside the United Kingdom). Requests may also be made in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Calls to 0871 numbers are charged at 8p per minute from a BT landline. Charges for calls from mobiles and other networks may vary. Calls to +44 121 415 7066 from outside the United Kingdom are charged at applicable international rates.

Explanatory notes on Resolutions

Resolution 1. Report and accounts

The directors are required to present the Company's accounts and the reports of the directors and of the auditors for the year ended 31 December 2011 at the annual general meeting.

Resolution 2. Directors' remuneration report

The Company is required to ask shareholders to approve the directors' remuneration report for the year ended 31 December 2011. This is contained on pages 187 to 203 of the annual report and accounts.

Resolutions 3 to 11. Election and re-election of directors

Mr G Culmer and Ms S V Weller have been appointed to the Board since the annual general meeting held in 2011 and stand for election in accordance with the Company's articles of association. (Resolutions 3 and 4)

The Board considers that these directors should be elected to maintain the appropriate balance of skills, knowledge and experience on the Board.

In the interests of good corporate governance and in accordance with the provisions of the UK Corporate Governance Code, the Board has decided that all of the other directors will retire voluntarily and those willing to serve again will submit themselves for re-election at the annual general meeting. Sir Julian Horn-Smith and Glen Moreno have announced their intention to retire from the Board and will not be submitting themselves for re-election. (Resolutions 5 to 11)

After careful consideration, the Nomination and Governance Committee recommended to the Board that the 2011 evaluation of the Board, its committees and the performance of its directors should be facilitated internally. Following the evaluation, the Chairman considers that the performance of each of the directors continues to be effective, and that they have each demonstrated commitment to their roles. The performance of the Chairman was reviewed by the non-executive directors, led by the Senior Independent Director, who consider that the performance of the Chairman continues to be effective.

A summary of the skills and experience of each director proposed for election or re-election can be found on page 12 of this document and should be read in conjunction with the biographical details given in the annual report and accounts, the annual review and on our website, www.lloydsbankinggroup.com

Resolutions 12 and 13. Auditors

The appointment of PricewaterhouseCoopers LLP as auditors of the Company terminates at the conclusion of the annual general meeting and the Company's Audit Committee recommends their re-appointment (Resolution 12). Resolution 13 follows best corporate governance practice in authorising the Audit Committee to set the auditors' remuneration.

Resolution 14. Continued operation of the Lloyds Banking Group Share Incentive Plan

The Company considers it important for employees to have the opportunity to acquire shares in Lloyds Banking Group. The Company currently operates the Lloyds Banking Group Share Incentive Plan (the 'SIP') under which employees are given the opportunity to purchase shares and receive a corresponding award of matching shares. In line with good practice, the Company is seeking shareholder approval for the continued operation of the SIP. It is our intention to seek renewal of the authority after 10 years or as required by the Association of British Insurers' guidelines. The terms of the amended SIP are materially the same as those of the existing plan.

The principal features of the SIP are set out below.

Overview of the SIP

Under the SIP, three types of shares can be offered to employees based in the UK: free; partnership; and matching shares. The SIP rules contain all three elements, and the directors have power to decide which, if any, of them should be implemented. No awards of free shares have been made since 2008. Currently, SIP participants are offered partnership and matching shares and the current intention is that this will continue to be the case.

The SIP operates in conjunction with a trust, which holds shares on behalf of employees. The SIP has been approved by HM Revenue and Customs.

Eligibility

Executive directors and all employees of the Company and any subsidiaries designated by the directors as participating companies are eligible to join the SIP, if they are UK tax resident and have worked for the Company or a participating company for a qualifying period, which may not exceed 18 months, as determined by the directors. When the SIP is operated, all eligible employees must be invited to participate.

Free shares

The SIP provides for the award of free shares up to a maximum set by legislation (currently £3,000) to each eligible employee each year. The shares must generally be offered on similar terms, but the award may be subject to performance targets. 'Similar terms' means the terms may only be varied by reference to remuneration, length of service or hours worked.

Free shares must be held in trust for a period of between three and five years at the discretion of the Company and will be free of income tax if held in trust for five years. If a participant leaves employment with Lloyds Banking Group, his shares cease to be subject to the SIP. The shares may be forfeited if the participant leaves employment within three years of the award other than by reason of death, retirement, redundancy, injury or disability, or if his employing company or business was sold out of Lloyds Banking Group.

Partnership shares

The SIP provides for employees to be offered the opportunity to purchase shares out of monthly savings contributions from pre-tax salary of up to the maximum set by legislation (currently £1,500 in each tax year, or 10% of salary if less). Employees can stop saving at any stage. The employees' contributions may be used to buy partnership shares immediately or accumulated for up to 12 months before they are used to buy shares. Where they are accumulated the price at which they are acquired is the lesser of the price at the beginning of the accumulation period and the end. Currently there is no accumulation period.

Partnership shares can be withdrawn from the SIP by the participant at any time, but there will be an income tax liability if the shares are withdrawn before five years.

Matching shares

The SIP provides that where employees buy partnership shares, they may be awarded additional shares by the Company on a matching basis, up to a maximum of two matching shares for each partnership share (currently one matching share is offered for each partnership share bought subject to a monthly matching share limit of £30). Matching shares must be held in trust for a minimum of three years and will be free of income tax if held in trust for five years.

If a participant withdraws his corresponding partnership shares before the trustees have held them for three years, he will forfeit the linked matching shares. If the participant ceases to be employed within the minimum three year period (or within such shorter period as the directors may decide) other than for a specified reason such as death, retirement, redundancy, injury or disability, or if his employing company or business was sold out of Lloyds Banking Group, his matching shares will be forfeited.

Dividends

The SIP provides that the directors may permit any dividends paid on the free, partnership or matching shares to be re-invested in the purchase of additional shares, which must be held in the SIP for a period of three years.

Voting rights

Participants may be offered the opportunity to direct the trustees how to exercise the voting rights attributable to the shares held on their behalf. The trustees will not exercise the voting rights unless they receive the participants' instructions.

Dilution limits

Commitments to issue new shares may not, on any day, exceed 10% of the issued ordinary share capital of the Company in issue immediately before that day when added to the total number of ordinary shares which have been allocated in the previous 10 years under the SIP and any other employee share plan operated by the Company. This limit does not include rights to shares which have lapsed or been surrendered. The limit includes any shares transferred out of treasury but only for as long as the Association of British Insurers requires treasury shares to be included.

Amendment provisions

Although the directors will have the power to amend the provisions of the SIP in any way, the provisions relating to: the participants; the limits on the number of shares which may be issued under the SIP; the individual limit; the basis for determining a participant's entitlement to shares or cash under the SIP or the adjustments of awards in the event of a variation of capital; and the amendment rule, cannot be altered to the advantage of participants without prior approval of shareholders in general meeting (except for minor amendments to benefit the administration of the SIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the SIP or for the Company or any other members of Lloyds Banking Group).

Amendments to a key feature of the SIP require prior approval of HM Revenue and Customs.

The directors may, without shareholder approval, establish further plans based on the SIP, but modified to take account of overseas securities laws, exchange controls or tax legislation. Shares made available under such further plans will be treated as counting against any limits on individual or overall participation in the SIP.

General

Benefits under the SIP are not pensionable.

Resolution 15. Directors' authority to allot shares

This resolution (as in previous years) renews the directors' authority to allot shares. It gives them maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise. The directors consider it desirable to have this flexibility. Paragraph (i) gives the directors the authority to issue new shares equal to approximately one-third of the whole of the issued ordinary share capital of the Company (including the limited voting shares). Paragraph (ii) authorises the directors to allot up to a further one-third for use only in connection with a fully pre-emptive rights issue. The aggregate of the amounts in Resolution 15 represents approximately two-thirds of the whole of the issued ordinary share capital of the Company (including the limited voting shares). This authority will expire at the conclusion of the next annual general meeting or on 30 June 2013, whichever is the earlier.

There are no present plans to undertake a rights issue or to allot new shares other than in connection with employees' share plans.

Resolution 16. Limited disapplication of pre-emption rights

The Companies Act 2006 requires that if the directors wish to allot new shares or other equity securities that these are first offered to shareholders in proportion to their existing holdings. The passing of this resolution would (as in previous years) allow directors in limited circumstances the flexibility to finance business opportunities by allotting shares or other securities without first offering them to existing holders in proportion to their existing holdings.

Any issue of ordinary shares under these provisions would represent no more than 5 per cent. of the issued ordinary share capital of the Company (including the limited voting shares). In addition, if the Company were to purchase its own shares and hold them in treasury, this resolution would give the directors power to sell these shares for cash to persons other than existing shareholders, subject to the same limit that would apply to issues of shares for cash to these persons. In addition, the resolution authorises the directors to issue shares for cash in connection with a rights issue on a non pre-emptive basis. In applying the powers to be granted by virtue of this resolution, the Company intends to adhere to the Pre-Emption Group's Statement of Principles which provides that no more than 7.5 per cent. of the issued share capital should be issued on a non pre-emptive basis over a rolling three-year period without prior consultation with shareholders.

Resolutions 17 and 18. Authority to purchase ordinary shares/preference shares

These resolutions renew the authority of the Company to purchase its own ordinary shares and certain of its preference shares (as listed in the resolution wording) in the market.

The authority for the Company to purchase its ordinary shares in the market is limited to 6,895,580,076 ordinary shares, equivalent to 10 per cent. of the issued ordinary share capital of the Company (including the limited voting shares). Any shares purchased in this way may be cancelled or held in treasury for eventual sale for cash, transfer in connection with an employees' share plan or cancellation. The resolution explicitly authorises the Company to use any shares purchased and held in treasury for the purposes of its employees' share plans. If any shares were used in this way, the Company would take them into account when calculating the share issuing limits in the share plans, as long as required under the Association of British Insurers' guidelines. There is no limit on the number or value of preference shares that can be purchased.

1,222,417,867 ordinary shares, equivalent to 1.773 per cent. of the issued ordinary share capital, may be issued on the exercise of outstanding awards and options. If the Company were to purchase and cancel shares up to the maximum permitted by this resolution that percentage would increase to 1.970 per cent. The directors would exercise the authority only if they felt it would be in the best interests of the Company to do so and would result in an increase in earnings per share. To the extent that any such shares were held in treasury, earnings per share would only be increased on a temporary basis, until the shares were sold or transferred out of treasury. Also, if the directors were to decide to use the authority, they would, at that time, determine whether, in the best interests of shareholders as a whole, the shares purchased should be cancelled or held in treasury.

Resolution 19. Notice period

Under the Companies Act 2006 the notice period required for all general meetings of the Company is 21 days. Annual general meetings will continue to be held on at least 21 clear days' notice. However, shareholders can approve a shorter notice period of not less than 14 clear days for other general meetings.

It is our intention only to use this authority in circumstances when it would disadvantage the Company to delay shareholder approval for an urgent matter concerning, for instance, the issue or alteration of share capital. It is not intended to use this authority for routine Company business. The resolution shall be valid until the conclusion of the next annual general meeting (unless the authority granted by the resolution is renewed at a general meeting of the Company before then) and it is our intention to renew the authority at each annual general meeting.

Resolutions 3 and 4 - Election of Directors

George Culmer

Group Finance Director

Joins 16 May 2012



Formerly Chief Financial Officer at RSA Group, George has deep operational and financial expertise including strategic and financial planning and control. With a strong background in insurance and shareholder advocacy, his skills and experience will enhance the Board and strengthen further the senior management team.

Sara V Weller

Independent Director

Joined 1 February 2012

Member of Remuneration Committee and Risk Committee.



With a background in retail and associated sectors, including financial services, Sara brings a broad perspective to the Board. She is a strong advocate of customers and of the application of new technology, both of which directly support Lloyds Banking Group's strategy. Sara has considerable experience of boards at both executive and non-executive level.

Resolutions 5 to 11 - Re-election of Directors

Sir Winfried Bischoff

Chairman

Joined September 2009

Chairman of Nomination & Governance Committee. Member of Remuneration Committee and Risk Committee.



Sir Win has substantial experience of leading complex international boards in the UK, Asia and the US. His background spans a range of sectors, including banking and capital markets, finance and government regulation and public policy. Sir Win is an effective leader with the experience and judgement to lead Lloyds Banking Group through the next stage of its development.

Anita M Frew

Independent Director

Joined December 2010

Member of Audit Committee and Risk Committee.



Anita has extensive board, financial and general management experience across a range of sectors, including banking, asset management, manufacturing and utilities. Her breadth of experience enhances the diversity of perspectives on the Board. She is an experienced non-executive director with strong leadership qualities and is currently Chair of Victrex plc.

António Horta-Osório

Group Chief Executive (from March 2011)

Joined January 2011



António brings extensive experience in, and understanding of, both retail and commercial banking. This has been built over a period of more than 20 years, working both internationally as well as in the UK. António's drive, enthusiasm and commitment to customers, along with his proven ability to build and lead strong management teams, brings significant value to all stakeholders of Lloyds Banking Group.

David L Roberts

Independent Director

(Deputy Chairman from 17 May 2012)

Joined March 2010

Chairman of Risk Committee. Member of Audit Committee, Nomination & Governance Committee and Remuneration Committee.



David has many years experience at board and executive management at the most senior levels in retail and commercial banking in the UK and internationally. As Chair of the Risk Committee, he has a deep understanding of risk management, underpinned by recent, in-depth knowledge of all aspects of banking operations.

T Timothy Ryan, Jr

Independent Director

Joined March 2009

Member of Audit Committee, Remuneration Committee and Risk Committee.



Tim is a senior investment banker with international board and management experience and a strong background in the US government sector. Tim brings an international perspective to the Board with a strong focus on financial markets and securities, government relations and international emerging best practice.

Martin A Scicluna

Independent Director

Joined September 2008

Chairman of Audit Committee. Member of Nomination & Governance Committee and Risk Committee.



Martin has significant Finance experience. He was with Deloitte for 34 years including 26 years as an Audit Partner serving a number of FTSE100 companies. He was on the Board at Deloitte for 16 years including 12 years as Chairman. He is Chairman of Great Portland Estates plc. His background and experience enables him to fulfil the role of Audit Committee Chair and for SEC purposes the role of Audit Committee Financial Expert.

Anthony Watson CBE

Independent Director

(Senior Independent Director from 17 May 2012)

Joined April 2009

Chairman of Remuneration Committee. Member of Audit Committee and Nomination & Governance Committee.



Tony has over 40 years' experience in the investment management industry and related sectors. As Chair of the Remuneration Committee he ensures close and regular dialogue with shareholders with the aim of better aligning executive reward with shareholder interests. Tony is a former Chief Executive of Hermes Pensions Management with a strong interest in promoting constructive relationships between companies and shareholders, an approach which is further served by his role as Senior Independent Director at Hammerson plc.

Further biographical details are given in the annual report and accounts, the annual review and on our website, www.lloydsbankinggroup.com