EXCHANGE OF PREFERENCE SHARES FOR ENHANCED CAPITAL NOTES

Lloyds Banking Group plc (“Lloyds Banking Group”) announces that it has agreed to repurchase U.S.$15,400,000 of its U.S.$750,000,000 6.413 per cent. Non-Cumulative Fixed to Floating Rate Preference Shares (ISIN: GB00B3KSBH82), U.S.$183,610,000 of its U.S.$750,000,000 5.92 per cent. Non-Cumulative Fixed to Floating Rate Preference Shares (ISIN: GB00B3KSBJ07), U.S.$62,808,000 of its U.S.$750,000,000 6.657 per cent. Non-Cumulative Fixed to Floating Rate Preference Shares (ISIN: GB00B3KSBK12) and U.S.$14,840,000 of its U.S.$1,000,000,000 6.267 per cent. Non-Cumulative Fixed to Floating Rate Preference Shares (ISIN: XS0460002693), for new U.S.$276,658,000 8.50 per cent. Undated Enhanced Capital Notes (the “ECNs”). The ECNs will rank as upper tier two capital for regulatory purposes. It is expected that these exchanges will complete on or around 17 December 2009.

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For further information:

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This announcement and the information contained herein do not contain or constitute an offer for sale or the solicitation of an offer to purchase securities in the United States. The ECNs referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold in the United States absent registration under the Securities Act or an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of ECNs in the United States.