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## **US EXCHANGE OFFER – RESULTS ANNOUNCEMENT**

### **Overview**

Following the expiration of the Exchange Offer Period on 7 December 2009, Lloyds Banking Group is pleased to announce the results of the Exchange Offer:

- Following strong investor demand, Offers to Exchange US\$2.7 billion in principal amount of Existing Securities were received by the Exchange Agents, of which US\$985,636,000 have been accepted.
- LBG Capital No.1 will issue an aggregate principal amount of ECNs on the Settlement Date of US\$985,636,000, being equal to the Maximum ECN New Issue Amount.
- LBG Capital No.1 has accepted in full all valid Offers to Exchange in respect of the HBOS plc US\$1,000,000,000 5.375% Undated Fixed to Floating Rate Subordinated Notes (ISIN: US4041A2AG96 and US4041A3AF96) ranking in position 1 of the Exchange Priority.
- No Offers to Exchange in respect of the Existing Securities ranking in positions 2 to 6 of the Exchange Priority were accepted.

The detailed results of the Exchange Offer are set out below. The table includes information such as the relevant principal amount accepted pursuant to the Exchange Priority. The table also incorporates the ranking of the relevant Existing Securities in the Exchange Priority and the final amounts accepted by LBG Capital No.1.

<b>Rank</b>	<b>Title of Existing Securities</b>	<b>Title of ECNs</b>	<b>Principal Amount Accepted and ECN New Issue Amount</b>
1	HBOS plc US\$1,000,000,000 5.375% Undated Fixed to Floating Rate Subordinated Notes  US4041A2AG96 (144A) / US4041A3AF96 (Reg S)	LBG Capital No.1 plc US\$985,636,000 7.875 per cent. ECNs due 2020  XS0459093794 (QIB only) / XS0459093521 (Reg S)	US\$985,636,000
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)

3	Bank of Scotland plc US\$250,000,000 Undated Floating Rate Primary Capital Notes  GB0000765403	—	—
4	Lloyds TSB Bank plc US\$500,000,000 Primary Capital Undated Floating Rate Notes (Series 2)  GB0005205751	—	—
5	Lloyds TSB Bank plc US\$750,000,000 Primary Capital Undated Floating Rate Notes (Series 1)  GB0005224307	—	—
6	Lloyds TSB Bank plc US\$600,000,000 Primary Capital Undated Floating Rate Notes  GB0005232391	—	—
		<b>Total</b>	<b>US\$985,636,000</b>

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

The aggregate principal amount of ECNs to be issued by LBG Capital No.1 will be US\$985,636,000, equalling the Maximum ECN New Issue Amount of US\$985,636,000. No Offers to Exchange any series of Existing Securities have been accepted other than as shown in the table above.

The ECNs are expected to be issued, and any Accrued Interest Payments in respect of those Existing Securities accepted for exchange pursuant to the Exchange Priority, are expected to be made, on the Settlement Date, being 10 December 2009.

All Offers to Exchange which have been accepted were accepted in full and no scaling factor was applied when accepting such Offers to Exchange.

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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.

**DISCLAIMER**

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. 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 Offer. No offer or invitation to acquire or exchange any securities is being made pursuant to this announcement. This announcement does not constitute an invitation to participate in the 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 Exchange Offer will not be accepted from Holders in any jurisdiction where such invitation is unlawful.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes is 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**

### **United States**

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.

### **European Economic Area**

This announcement has been prepared on the basis that the Exchange Offer 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 the relevant Exchange Consideration or by the use of the 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 within the EEA should only do so in the EEA Permitted Jurisdictions using the 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.

### **Italy**

This announcement and the Exchange Offer is not being made in the Republic of Italy. The Exchange Offer, this announcement and the Exchange Offer Memorandum 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 Offer is 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 Offer and, as such, any acceptances received from or on behalf of such Holders of Existing Securities shall be ineffective and void. No material relating to the Exchange Offer or the Existing Securities may be distributed or made available in the Republic of Italy.

### **Belgium**

Neither this announcement 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 Offer 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 Offer may not be advertised and the Exchange Offer will not be extended and no 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 has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Exchange Offer. Accordingly, the information contained herein and in the Exchange

Offer Memorandum, 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 Offer. The Exchange Agents are agents of the ECN Issuers and Lloyds Banking Group and owes 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 Offer.

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