

# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

LLOYDS  
BANKING  
GROUP



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.

19 April 2013

Dear Shareholder

## General meeting

I wrote to you on 28 March 2013 to invite you to the annual general meeting (the “AGM”) of Lloyds Banking Group plc (the “Company”) in Edinburgh on 16 May 2013.

Included in the notice of meeting were resolutions customary at our AGM, all of which the board of directors of the Company (the “Board”) considers to be in the best interests of the Company and its shareholders as a whole.

The recent announcement by the Financial Policy Committee of the Bank of England on the capitalisation of the UK banking sector, including recommendations that the Prudential Regulation Authority assess the current capital position of major UK banks, has highlighted further the need for the Company to maintain as much flexibility as possible to manage its capital position.

To this end, the Board has called a general meeting, which will follow immediately after the AGM on 16 May 2013, to propose two further resolutions to permit the issuance of regulatory capital convertible instruments. Specifically, the Board is seeking authority to allot shares and disapply limited pre-emption rights in relation to the issue of regulatory capital convertible instruments, the terms of which would support regulatory capital requirements and which, if issued, are convertible into or exchangeable for ordinary shares of the Company in certain limited circumstances.

Whilst the Board has no current plans to issue such instruments, the ability to do so will provide the Company with greater flexibility in managing its capital position. Were the Company to issue such instruments, they could convert into ordinary shares in certain circumstances, which would have the effect of diluting the interests of ordinary shareholders at the time of any conversion. Further details are set out in the attached notice of general meeting.

If you cannot attend, I strongly encourage you to exercise your right to vote by appointing a proxy to vote at the general meeting on your behalf. Please refer to the enclosed proxy card or voting form for instructions relating to this and the deadline for submitting your instruction.

## Recommendation

The Board considers that the resolutions set out in the notice of 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

**Sir Winfried Bischoff**  
Chairman

## NOTICE OF GENERAL MEETING

A 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 16 May 2013 at 12.00 noon, (or as soon as possible thereafter immediately following the conclusion or the adjournment of the annual general meeting of the Company convened for the same day) to transact the business set out in the resolutions below.

**Resolution 1. is proposed as an ordinary resolution. For this to be passed, more than half of the votes cast must be in favour of the resolution.**

**Resolution 2. is proposed as a special resolution. For this 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 these resolutions.**

### **Resolution 1. Directors’ authority to allot shares in relation to the issue of Regulatory Capital Convertible Instruments**

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 convert any security into ordinary shares:

- (i) up to an aggregate nominal amount of £1,250,000,000 in relation to the issue of Regulatory Capital Convertible Instruments; and
- (ii) subject to applicable law and regulation, at such conversion prices (or such maximum or minimum conversion prices or conversion price methodologies) as may be determined by the directors of the Company from time to time,

such authority to apply in addition to all other 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 2014, 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 to convert any security into ordinary shares to be granted after the authority ends.

### **Resolution 2. Limited disapplication of pre-emption rights in relation to the issue of Regulatory Capital Convertible Instruments**

That, subject to the passing of Resolution 1 above, and without prejudice to any existing authority, 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 Resolution 1 up to an aggregate nominal amount of £1,250,000,000; and

- (ii) in connection with the issue of such Regulatory Capital Convertible Instruments, 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 2014, whichever is the earlier, but in each case 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.

A member entitled to attend and vote at the general meeting can 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 general 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



Claire A Davies  
Company Secretary  
19 April 2013

Registered office:  
The Mound  
Edinburgh  
EH1 1YZ

# EXPLANATORY NOTES ON RESOLUTIONS

## **Resolution 1. Directors' authority to allot shares in relation to the issue of Regulatory Capital Convertible Instruments**

This resolution gives the directors authority to allot shares or grant rights to subscribe for or convert any security into ordinary shares, in accordance with section 551 of the Companies Act 2006 up to an aggregate nominal amount of £1,250,000,000 in connection with the issue of Regulatory Capital Convertible Instruments.

The Board believes it is in the best interests of the Company to have the flexibility to issue Regulatory Capital Convertible Instruments at any time and from time to time.

The amount of this authority is, in aggregate, equivalent to approximately 17.73 per cent. of the issued ordinary share capital of the Company (including the limited voting shares) as at 17 April 2013, the last practicable date before the publication of this document. No ordinary shares are held in treasury.

This is separate and distinct from the authority sought in resolution 16 of the notice of the 2013 annual general meeting (the **"AGM Notice"**), which is the usual authority sought on an annual basis in line with guidance issued by the Association of British Insurers.

The authority sought in this resolution will be utilised as considered desirable to comply with or maintain compliance with the Regulatory Capital Requirements or targets applicable to the Group. Resolutions 1 and 2 are intended to provide the directors with the flexibility to authorise the issue of Regulatory Capital Convertible Instruments which contain contractual debt to equity conversion features. The resolutions are not intended to provide authority for any future UK statutory conversion requirements as may become part of UK national law in the future, for which such authority would not be required.

The Company intends to seek a new authority for the issuance of Regulatory Capital Convertible Instruments on an annual basis. Furthermore,

conditional upon the passing of Resolutions 1 and 2, the directors would not expect to make use of resolutions 16 and 17 of the AGM Notice to issue Regulatory Capital Convertible Instruments, although these resolutions may be used for other purposes and, if so used, would have the effect of diluting the interests of ordinary shareholders.

For the purpose of this resolution:

**"Regulatory Capital Convertible Instruments"** means any securities to be issued by the Company or any member of the Group, or by a company outside of the Group with the consent of the Company or a member of the Group and which are intended on issue to form all or part of a type or class of securities the terms of which are eligible to meet any Regulatory Capital Requirements and which are:

- (i) convertible into or exchangeable for ordinary shares of the Company; or
- (ii) issued together with share warrants relating to ordinary shares of the Company,

and in each case, which grant to, or require, the holder of such security and/or its nominee a right or obligation (as applicable) to subscribe for such ordinary shares following a specified event relating to an actual or prospective adverse change in the capital position or viability of the Company, any member of the Group or the Group as a whole or any other event specified in the Regulatory Capital Requirements and otherwise on such terms as may be determined by the directors of the Company or a committee thereof upon issue.

**"Regulatory Capital Requirements"** means any applicable requirements specified by the Prudential Regulation Authority or other such authority having primary supervisory authority with respect to the Company from time to time in relation to the margin of solvency, capital resources, capital, contingent capital or buffer capital of the Company, a member of the Group or the Group taken as a whole.

For the purposes of this resolution, **"Group"** means the Company, its subsidiaries and its subsidiary undertakings from time to time.

## **Resolution 2. Limited disapplication of pre-emption rights in relation to the issue of Regulatory Capital Convertible Instruments**

This resolution proposes that, without prejudice to any existing power including that contained in resolution 17 of the AGM Notice, the directors be empowered to allot equity securities (as defined in section 560(1) of the Companies Act 2006) up to an aggregate nominal amount of £1,250,000,000 in relation to the issue of Regulatory Capital Convertible Instruments, wholly for cash or otherwise as if section 561 of the Companies Act 2006, to the extent applicable, did not apply to any such allotment. This is equivalent to approximately 17.73 per cent. of the issued ordinary share capital of the Company (including the limited voting shares) as at 17 April 2013, being the last practicable date before the publication of this document.

This resolution will permit the Company the flexibility necessary to allot equity securities pursuant to any proposal to issue Regulatory Capital Convertible Instruments and, by virtue of such disapplication, without the need to comply with the pre-emption requirements of the UK statutory regime.

For the purposes of this resolution:

**“Regulatory Capital Convertible Instruments”** and **“Regulatory Capital Requirements”** have the same meanings as in Resolution 1.

## NOTES

1. Only shareholders, their appointed 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 of members at 6.00 pm on Tuesday 14 May 2013 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, shareholders who wish to attend and vote must have their names entered in the Company's register of members by 6.00 pm on the day falling two days prior to the date fixed for the adjourned meeting.
2. 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](http://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. The 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 12.00 noon on Tuesday 14 May 2013.

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.

3. 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](http://www.euroclear.com/CREST). Instructions must be received by Equiniti Limited no later than 12.00 noon on Tuesday 14 May 2013. 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.
4. Proxy appointments may be revoked or amended by written notice to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, if received by 11.00 am on Thursday 16 May 2013. 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 11.00 am on Thursday 16 May 2013.
5. Any shareholder, their appointed proxies and authorised representatives of corporations 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 by sending it by email

to agmquestions@lloydsbanking.com and marking the message subject "GM".

6. You may not use any electronic address provided either in this notice of 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.
7. 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](http://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.
8. As at 17 April 2013 (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 was 70,405,204,142 ordinary shares of 10p each, which includes shares represented by American Depositary Receipts. At this date, no shares were held in treasury.

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.

80,921,051 limited voting ordinary shares of 10p each 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.

9. Shareholders should note that, under section 314 of the Companies Act 2006, members meeting the threshold requirements in that section have the right to require the Company to circulate, to members of the Company entitled to receive notice of the meeting, a statement of not more than 1,000 words with respect to matters referred to in the proposed resolutions to be dealt with at the meeting.

Such a request may be in hard copy form or in electronic form, must identify the statement to be circulated, must be authenticated by the person or persons making it, and must be received by the Company not later than 9 May 2013, being the date at least one week before the general meeting.

In accordance with Section 316(2) of the Companies Act 2006 expenses relating to the circulation of such statement must be paid for by the member or members who requested the circulation of the statement.

10. 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 UK) or +44 121 415 7066 (from outside the UK). Requests may also be made in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Calls cost 8p per minute plus network extras. Calls to +44 121 415 7066 from outside the UK are charged at applicable international rates.

