



12 February 2016

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**(SEE “OFFER AND DISTRIBUTION RESTRICTIONS” BELOW)**

## **LBG CAPITAL NO. 1 PLC AND LBG CAPITAL NO. 2 PLC ANNOUNCE RESULTS OF THEIR CASH TENDER OFFERS ON CERTAIN EURO AND STERLING SECURITIES**

On 29 January 2016:

- (i) LBG Capital No. 1 plc (“**LBG 1**”) invited Holders of certain of its euro denominated Enhanced Capital Notes (the “**LBG 1 Existing Notes**”) to tender any and all of their LBG 1 Existing Notes for purchase by LBG 1 for cash (the “**LBG 1 Offers**”); and
- (ii) LBG Capital No. 2 plc (“**LBG 2**” and, together with LBG 1, the “**Offerors**” and each an “**Offeror**”) invited Holders of certain of its euro and sterling denominated Enhanced Capital Notes (the “**LBG 2 Existing Notes**” and together with the LBG 1 Existing Notes, the “**Existing Notes**”) to tender any and all of their LBG 2 Existing Notes for purchase by LBG 2 for cash (the “**LBG 2 Offers**” and, together with the LBG 1 Offers, the “**Offers**”).

The Offers were made upon the terms and subject to the conditions contained in the tender offer memorandum dated 29 January 2016 as amended by an announcement made on 9 February 2016 (the “**Tender Offer Memorandum**”).

This announcement is made in accordance with the Tender Offer Memorandum. Capitalised terms not otherwise defined in this announcement have the same meaning as assigned to them in the Tender Offer Memorandum.

The Offerors hereby announce that they will accept for purchase all Notes validly tendered under the relevant Offers (c. 730m Sterling equivalent). The below table sets out the results of the Offers.

Title of Security	Issuer	ISIN Number	Series Acceptance Amount	Amount Outstanding Following Settlement of the Offers	Accrued Interest Payment per thousand Principal Amount	Make Whole Redemption Price	Make Whole Premium	Purchase Price
€486,527,000 15.000 per cent. Enhanced Capital Notes due December 2019	LBG 2	XS0459089412	€165,321,000	€321,206,000	€10.30	136.933 %	2 %	€1,389.33 per €1,000 in aggregate principal amount
€125,330,000 8.875 per cent. Enhanced Capital Notes due February 2020	LBG 2	XS0459087986	€31,646,000	€93,684,000	€1.94	N/A	N/A	€1,020 per €1,000 in aggregate principal amount
€53,040,000 Floating Rate Enhanced Capital Notes due March 2020	LBG 1	XS0459090931	€46,603,000	€6,437,000	€5.21	N/A	N/A	€1,020 per €1,000 in aggregate principal amount
€94,737,000 7.375 per cent. Enhanced Capital Notes due March 2020	LBG 1	XS0459090774	€24,675,000	€70,062,000	€68.51	N/A	N/A	€1,020 per €1,000 in aggregate principal amount
€661,955,000 6.385 per cent. Enhanced Capital Notes due May 2020	LBG 2	XS0459088794	€260,202,000	€353,911,000	€48.67	N/A	N/A	€1,020 per €1,000 in aggregate principal amount
€226,172,000 7.625 per cent. Enhanced Capital Notes due October 2020	LBG 1	XS0459091236	€133,863,000	€92,309,000	€25.83	N/A	N/A	€1,020 per €1,000 in aggregate principal amount
£775,158,000 15.000 per cent. Enhanced Capital Notes due December 2019	LBG 2	XS0459089255	£185,877,000	£517,588,000	£10.30	132.290 %	2 %	£1,342.90 per £1,000 in aggregate principal amount
£67,853,000 15.000 per cent. Enhanced Capital Notes due January 2029	LBG 2	XS0459089685	£48,061,000	£19,792,000	£10.30	173.338 %	2 %	£1,753.38 per £1,000 in aggregate principal amount

## Settlement Date

Settlement of the relevant Purchase Price and Accrued Interest Payment in respect of the Existing Notes validly tendered in the Offers and accepted for purchase is expected to be made on 15 February 2016. Following settlement of the Offers, the Offerors intend to cancel any Existing Notes purchased pursuant to the Offers.

## Regulatory Call Right

The Offerors further announced on 29 January 2016 that they had released call notices in respect of certain of their euro, sterling and U.S. dollar denominated Enhanced Capital Notes exercising their right to redeem those ECNs (a “**Regulatory Call Right**”) following a Capital Disqualification Event (as defined in the terms and conditions of the ECNs) (“**CDE**”). The redemption of these securities occurred on 9 February 2016.

The Offerors hereby confirm that, following settlement of the Offers, they will redeem all the Existing Notes which remain outstanding, as set out in the table above in the column entitled “Amount Outstanding Following Settlement of the Offers”. The redemption of such Existing Notes is expected to occur on 29 February 2016 or, in the case of the €53,040,000 Floating Rate Enhanced Capital Notes due March 2020 (ISIN: XS0459090931), on the next scheduled interest payment date, being 14 March 2016.

Lloyds Banking Group plc has been notified that the Supreme Court has granted the ECN trustee leave to appeal the unanimous judgement of the Court of Appeal of 10 December 2015 that a CDE had occurred. The Group continues to seek to balance the interests of all stakeholders in this matter and has previously confirmed that, if the Supreme Court were to determine that a CDE had not occurred in relation to the ECNs, it would compensate fairly the holders of the ECNs whose securities are redeemed by LBG Capital No. 1 plc and LBG Capital No. 2 plc by reason of a CDE for losses suffered as a result of such early redemption.

## **FURTHER INFORMATION**

Lucid Issuer Services Limited has been appointed by the Offerors as tender agent (the “**Tender Agent**”) in connection with the Offers.

BNP Paribas, Deutsche Bank AG, London Branch, Goldman Sachs International, Lloyds Bank plc, Merrill Lynch International and UBS Limited were appointed by the Offerors as Dealer Managers (the “**Dealer Managers**”) for the purposes of the Offers.

For further information please contact:

### **Investor Relations**

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Requests for information in relation to the Offers should be directed to:

## **DEALER MANAGERS**

### **BNP Paribas**

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[ol-liabilitymanagement-eu@ubs.com](mailto:ol-liabilitymanagement-eu@ubs.com)

Requests for information in relation to, and for any documents or materials relating to, the Tender Offer should be directed to:

**TENDER AGENT**

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United Kingdom

Tel: +44 20 7704 0880

Attention: Sunjeeve Patel / Paul Kamminga

Email: lbg@lucid-is.com

**DISCLAIMER**

This announcement must be read in conjunction with the Tender Offer Memorandum. This announcement and the Tender Offer Memorandum contain important information which must be read carefully. If any Holder is in any doubt as to the action it should take, it is recommended to seek its own legal, tax, accounting and financial advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent financial adviser. None of the Offerors, the Dealer Managers, the Tender Agent and any person who controls, or is a director, officer, employee or agent of such persons, or any affiliate of such persons, has made any recommendation in connection with the Offers.

*This announcement and the Tender Offer Memorandum do not constitute an offer or an invitation to participate in the Offers in the United States or in any other jurisdiction in which, or to any person to or from whom, it is unlawful to make such offer or invitation or for there to be such participation under applicable laws. The distribution of this announcement and the Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement and/or the Tender Offer Memorandum comes are required by each of the Offerors, the Dealer Managers and the Tender Agent to inform themselves about and to observe any such restrictions.*

The Dealer Managers and the Tender Agent (and their respective directors, employees or affiliates (other than the Offerors in their capacity as such)) make no representations or recommendations whatsoever regarding this announcement, the Tender Offer Memorandum or the Offers. The Tender Agent is the agent of the Offerors and owes no duty to any Holder.