

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS), ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA (THE “UNITED STATES”) OR INTO ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS ANNOUNCEMENT.

IMPORTANT: You must read the following before continuing. The following disclaimer applies to the attached Exchange Offer Memorandum and you are therefore required to read it carefully before reading or making any other use of the Exchange Offer Memorandum. By accepting the email to which this disclaimer and the Exchange Offer Memorandum were attached and by accessing the Exchange Offer Memorandum, you shall be deemed (in addition to giving the representations below) to agree to be bound by all of the following terms and conditions, including any modifications to them from time to time, each time you receive any information from Lloyds TSB Bank plc (the “Issuer”), Deutsche Bank AG, London Branch, J.P. Morgan Securities Ltd., Lloyds TSB Bank plc (acting through Lloyds Bank Corporate Markets), Merrill Lynch International or UBS Limited (together, where the context so requires, with their respective affiliates, the “Dealer Managers”) and/or Lucid Issuer Services Limited or Citibank N.A. (together, the “Exchange Agents”) as a result of such acceptance and access. Capitalised terms used but not otherwise defined in this disclaimer shall have the meanings given to them in the attached Exchange Offer Memorandum.

Any Offer to Exchange Existing Notes must relate to a principal amount equal to or greater than the relevant Minimum Existing Holding, being a sufficient principal amount of such Existing Notes which when multiplied by the relevant Exchange Ratio (as defined in the Exchange Offer Memorandum) is at least equal to A\$500,000, in the case of the Australian Dollar New Notes, C\$100,000, in the case of the Canadian Dollar New Notes, €50,000, in the case of the Euro New Notes, £50,000, in the case of the Sterling New Notes, or U.S.\$75,000, in the case of the U.S. Dollar New Notes.

Existing Notes are currently held in or through a number of Clearing Systems, including Euroclear, Clearstream, Luxembourg, CDS and the Austraclear System. The applicable procedures for making an Offer to Exchange vary according to the operating procedures of the relevant Clearing System in which Existing Notes are held, and Holders should note the appropriate procedures set out in the section of the Exchange Offer Memorandum entitled “Terms of the Exchange Offer - 7. Procedures for Offering to Exchange Existing Notes”.

Confirmation of your representation: The attached Exchange Offer Memorandum contains an invitation by the Issuer to the holders of the outstanding Existing Notes to make offers to exchange any or all of their outstanding Existing Notes for the New Notes (the “Exchange Offer”). The Exchange Offer Memorandum was sent at your request and, by accepting the email to which the Exchange Offer Memorandum was attached and accessing the Exchange Offer Memorandum, you shall be deemed (in addition to the above) to have represented to each LBGp Company, the Dealer Managers and the Exchange Agents that:

- (i) you are a holder or a beneficial owner of the Existing Notes;
- (ii) the electronic mail address which you have given to us and to which the Exchange Offer Memorandum has been delivered is not located in the United States;

- (iii) neither you nor any beneficial owner of the Existing Notes nor any other person on whose behalf you are acting, either directly or indirectly, is located or resident in the United States or is a U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933);
- (iv) you are a person to whom it is lawful to send the Exchange Offer Memorandum or for the Issuer to make an invitation pursuant to the Exchange Offer under applicable laws and regulations; and
- (v) you consent to the delivery of the Exchange Offer Memorandum to you by electronic transmission.

You are otherwise reminded that the Exchange Offer Memorandum has been delivered to you on the basis that you are a person into whose possession the Exchange Offer Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located or resident. If you have recently sold or otherwise transferred your entire holding of Existing Notes, you should immediately forward the Exchange Offer Memorandum to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, but if and only if you are permitted to do so by applicable law, and subject to the Offer Restrictions set out on this and the following page. Save as referred to above, the Exchange Offer Memorandum should not be forwarded or distributed to any other person and should not be reproduced in any manner whatsoever.

Any materials relating to the Exchange Offer do not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the Exchange Offer be made by a licensed broker or dealer and any of the Dealer Managers or any of their affiliates is such a licensed broker or dealer in that jurisdiction, the Exchange Offer shall be deemed to be made by such Dealer Manager or such affiliate, as the case may be, on behalf of the Issuer in such jurisdiction. If the Exchange Offer Memorandum is communicated to persons in the United Kingdom, it may only be so communicated in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

The Exchange Offer Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Dealer Managers or the Exchange Agents nor any person who controls any of them nor any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Exchange Offer Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Exchange Agents.

Restrictions

In any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the “Prospectus Directive”), the Exchange Offer Memorandum is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive.

Nothing in the attached Exchange Offer Memorandum constitutes an offer of securities for sale in: (a) the United States; (b) Australia, except to those persons to whom they may be lawfully offered for sale as set out in the section of the Exchange Offer Memorandum entitled “Offer Restrictions – Australia”; (c) Canada, except in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale and then only by persons permitted to sell such securities as set out in the section of the Exchange Offer Memorandum entitled “Offer Restrictions – Canada”; (d) Italy (other than (i) to qualified investors (*investitori qualificati*) pursuant to article 34-ter, paragraph 1, letter (b) of CONSOB Regulation No. 11971 of 14 May

1999, as amended from time to time (the “Consob Regulation”) acting on their own account or (ii) in any other circumstances where an express exemption from compliance with the restrictions on public purchases or exchange offers applies pursuant to the Financial Services Act or the Consob Regulation); (e) Belgium (other than to qualified investors in the sense of Article 10 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, acting on their own account); (f) France (other than to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d’investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*); (g) the United Kingdom (other than to (i) an existing member or creditor of a LBGp Company or (ii) a person within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or (iii) any other person to whom the documents and materials may lawfully be communicated), or (h) any other jurisdiction in which such offer would be unlawful.

The Exchange Offer Memorandum contains important information which should be read carefully before any decision is made with respect to the Exchange Offer. If any holder or a beneficial owner of Existing Notes is in any doubt as to the action it should take, it is recommended to seek its own financial and legal advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent financial adviser or legal adviser. Any individual or company whose Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to Offer to Exchange Existing Notes in the Exchange Offer.

Exchange Offer Memorandum dated 1 December 2011

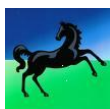
Not for distribution to any U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933) or in or into the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia (the "United States").

The Exchange Offer is not being made to, and any offers will not be accepted from, or on behalf of, Holders in any jurisdiction in which the making of the Exchange Offer would not be in compliance with the laws or regulations of such jurisdiction. See "Offer Restrictions" below.

This Exchange Offer Memorandum and the Base Prospectus contain and incorporate by reference important information which should be read carefully before any decision is made to participate in the Exchange Offer. If you are in any doubt as to the action you should take, you are recommended to seek your own financial and legal advice, including in respect of any tax consequences, immediately from your stockbroker, bank manager, accountant or other independent financial adviser or legal adviser.

Any individual or company whose Existing Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if they wish to participate in the Exchange Offer. None of Deutsche Bank AG, London Branch, J.P. Morgan Securities Ltd., Lloyds TSB Bank plc (acting through Lloyds Bank Corporate Markets), Merrill Lynch International or UBS Limited (together, where the context so requires, with their respective affiliates, the "Dealer Managers"), Lloyds TSB Bank plc (in making the Exchange Offer on behalf of the LBGp Companies) or Lucid Issuer Services Limited or Citibank N.A. (together, the "Exchange Agents") (or their respective directors, employees or affiliates) makes any recommendation as to whether or not Holders should offer the Existing Notes for exchange.

Unless otherwise defined herein or the context otherwise requires, capitalised expressions used in this Exchange Offer Memorandum shall have the meanings set out under "Definitions" below.



Lloyds TSB Bank plc

*(incorporated in England with limited liability under the Companies Act 1862
and the Companies Act 1985 with registered number 2065)*

INVITATION TO HOLDERS OF

HBOS plc

- €300,000,000 Floating Rate Undated Subordinated Step-up Notes (XS0111627112)
 - €300,000,000 Fixed to Floating Rate Undated Subordinated Notes (XS0138988042)
 - €500,000,000 Callable Floating Rate Subordinated Notes due September 2016 (XS0192560653)
 - €500,000,000 Subordinated Callable Notes due 29 March 2016 (XS0249026682)
 - U.S.\$750,000,000 Subordinated Callable Notes due 30 September 2016 (XS0269136163)
 - €1,000,000,000 Subordinated Callable Notes due March 2017 (XS0292269544)
 - A\$200,000,000 Subordinated Callable Fixed/Floating Rate Australian Domestic Instruments due May 2017 (AU3CB0024883)
 - A\$400,000,000 Subordinated Callable Floating Rate Australian Domestic Instruments due May 2017 (AU3FN0002549)
 - U.S.\$1,000,000,000 Subordinated Callable Notes due September 2017 (XS0304201790)
 - C\$500,000,000 Callable Fixed to Floating Rate Notes due June 2017 (CA42205MAF38)
 - £500,000,000 Subordinated Callable Fixed to Floating Rate Notes due October 2017 (XS0325811296)
- and*

Lloyds TSB Bank plc

- €500,000,000 Subordinated Callable Floating Rate Notes due 2016 (XS0195810717)
- £300,000,000 Subordinated Callable Floating Rate Notes due 2016 (XS0218023447)

by Lloyds TSB Bank plc (the "Issuer") on behalf of the Issuer, HBOS plc and any other subsidiary or associated undertaking of Lloyds Banking Group plc (together, the "LBGp Companies") to offer to exchange any or all of such Existing Notes for either

Lloyds TSB Bank plc

- Australian Dollar Denominated Subordinated Fixed to Fixed Rate Notes due 2021 Callable 2016 (the "Australian Dollar New Notes"),
- Canadian Dollar Denominated Subordinated Fixed to Fixed Rate Notes due 2021 Callable 2016 (the "Canadian Dollar New Notes"),
- Euro Denominated Subordinated Fixed to Fixed Rate Notes due 2021 Callable 2016 (the "Euro New Notes"),
- Sterling Denominated Subordinated Fixed to Fixed Rate Notes due 2021 Callable 2016 (the "Sterling New Notes") or
- U.S. Dollar Denominated Subordinated Fixed to Fixed Rate Notes due 2021 Callable 2016 (the "U.S. Dollar New Notes") (together, the "New Notes")

The Issuer, on behalf of the LBGp Companies, hereby invites the Holders (subject as set out under "Offer Restrictions" below) to Offer to Exchange, on the terms and subject to the conditions set out in this Exchange Offer Memorandum, any or all of their outstanding Existing Notes for the New Notes (the "Exchange Offer"). Under the terms of the Exchange Offer, Holders are invited to Offer to Exchange their Existing Notes at the ratio (rounded down to six decimal places) resulting from the division of the relevant Exchange Price for such Series of Existing Notes by the relevant New Notes Price (the "Exchange Ratio").

Holders of Australian Dollar Existing Notes shall only be entitled to Offer to Exchange such Australian Dollar Existing Notes for Australian Dollar New Notes. Holders of Canadian Dollar Existing Notes shall only be entitled to Offer to Exchange such Canadian Dollar Existing Notes for Canadian Dollar New Notes. Holders of Euro Existing Notes shall only be entitled to Offer to Exchange such Euro Existing Notes for Euro New Notes. Holders of Sterling Existing Notes shall only be entitled to Offer to Exchange such Sterling Existing Notes for Sterling New Notes. Holders of U.S. Dollar Existing Notes shall only be entitled to Offer to Exchange such U.S. Dollar Existing Notes for U.S. Dollar New Notes.

THE EXCHANGE OFFER WILL EXPIRE AT 4.00 P.M., LONDON TIME, ON 9 DECEMBER 2011, UNLESS EXTENDED, RE-OPENED OR CLOSED EARLY AS PROVIDED IN THIS EXCHANGE OFFER MEMORANDUM.

As soon as reasonably practicable after the relevant Pricing Time (as defined below), the Issuer intends to announce (i) the Mid-Swap Rate, the New Notes Yield, the New Notes Price and the New Notes Initial Coupon for each relevant series of the New Notes, (ii) the Exchange Ratio for each relevant Series of the Existing Notes and each relevant series of the New Notes, (iii) whether valid Offers to Exchange pursuant to the Exchange Offer are accepted by the LBGp Companies and which LBGp Company is accepting Offers to Exchange in respect of each relevant Series of the Existing Notes, (iv) the aggregate principal amounts of each relevant Series of the Existing Notes the relevant LBGp Company will be accepting for exchange, (v) each relevant New Issue Amount, (vi) the Settlement Date and (vii) in relation to the Australian Dollar Existing Notes held in or through the Austraclear System, the Austraclear Transfer Deadline. If, in respect of any Series of Existing Notes, any LBGp Company accepts any valid Offers to Exchange, it intends to accept all valid Offers to Exchange in respect of such Series received by the relevant Exchange Agent by 4.00 p.m., London time, on 9 December 2011 (the "Expiration Date"). The relevant LBGp Company will pay, or procure payment to, Holders of Existing Notes accepted for exchange an Accrued Interest Payment and a Cash Rounding Amount (if applicable) on the Settlement Date. **Holders whose Existing Notes Offered for Exchange are not accepted, or who do not participate in the Exchange Offer, will not be eligible to receive New Notes in exchange for such Existing Notes and shall continue to hold such Existing Notes subject to their terms and conditions.**

Notwithstanding any other provision of this Exchange Offer Memorandum, whether any LBGp Company accepts any or all Offers to Exchange from Holders is at its sole and absolute discretion and each LBGp Company may decide not to accept Offers to Exchange for any reason. No Offer to Exchange Existing Notes will be accepted by any LBGp Company unless such Offer to Exchange Existing Notes relates to a principal amount equal to or greater than the relevant Minimum Existing Holding, being a sufficient principal amount of such Existing Notes which when multiplied by the relevant Exchange Ratio is at least equal to A\$500,000, in the case of the Australian Dollar New Notes, C\$100,000, in the case of the Canadian Dollar New Notes, €50,000, in the case of the Euro New Notes, £50,000, in the case of the Sterling New Notes, or U.S.\$75,000, in the case of the U.S. Dollar New Notes.

The Issuer, on behalf of the LBGp Companies, may, in its sole discretion, extend, re-open, amend, waive any condition of, terminate and/or withdraw the Exchange Offer at any time (subject to applicable law and as provided in this Exchange Offer Memorandum). Details of any such extension, re-opening, amendment, waiver (if permitted), termination and/or withdrawal will be announced wherever applicable as provided in this Exchange Offer Memorandum as soon as reasonably practicable after the relevant decision is made.

Questions and requests for assistance in connection with (i) the Exchange Offer may be directed to the Dealer Managers and (ii) the delivery of Electronic Instruction Notices, CDS Exchange Instructions, Australian Offer Letters and Austraclear Transfers may be directed to the relevant Exchange Agent, the contact details for which are on the penultimate page of this Exchange Offer Memorandum.

Before making any decisions in respect of the Exchange Offer, Holders should carefully consider all of the information in this Exchange Offer Memorandum and, in particular, the risk factors set out under "Risk Factors" below and in the Base Prospectus.

Electronic Instruction Notices, CDS Exchange Instructions and Australian Offer Letters received by the relevant Exchange Agent cannot be revoked except in the limited circumstances described in "Terms of the Exchange Offer - 11. Revocation Rights" below.

The Exchange Offer is not being made, and will not be made, directly or indirectly, in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of a national securities exchange of, the United States or to, or for the account or benefit of, U.S. persons. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. Accordingly, copies of this Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offer are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to, or for the account or benefit of, U.S. persons. Any purported Offers to Exchange Existing Notes pursuant to the Exchange Offer resulting directly or indirectly from a violation of these restrictions will be invalid and Offers to Exchange made by a resident of the United States or from U.S. persons or any agent, fiduciary or other Intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States or for U.S. persons will not be accepted.

The Exchange Offer and the distribution of this Exchange Offer Memorandum in EEA Member States that have implemented the Prospectus Directive, Australia, Canada, Italy, Belgium, France and the United Kingdom is restricted by the laws of those jurisdictions. No action has been or will be taken in any jurisdiction in relation to the Exchange Offer that would permit a public offering of securities other than the preparation of this Exchange Offer Memorandum in compliance with articles 652a and 1156 of the Swiss Code of Obligations for purposes of making the Exchange Offer in Switzerland.

This Exchange Offer Memorandum is an advertisement and does not comprise a prospectus for the purposes of EU Directive 2003/71/EC (the "Prospectus Directive"). The definitive terms of the New Notes will be described in the New Notes Final Terms, when read in conjunction with Schedule 2, Part C to the Trust Deed.

Dealer Managers

BOFA MERRILL LYNCH

DEUTSCHE BANK

J.P. MORGAN CAZENOVE

LLOYDS BANK

UBS INVESTMENT BANK

CORPORATE MARKETS

Details of the Existing Notes

ISIN	Issuer	Currency	Current Coupon	Amount Outstanding	Capital Type	First Call Date/ Reset Date	Reset Coupon	Maturity Date	Exchange Price	New Notes
XS0249026682	HBOS plc	EUR	3 month EURIBOR + 67.5 bps	€500,000,000	Lower Tier 2	29 March 2011	N/A Reset Date already occurred	29 March 2016	77.50	Euro New Notes
XS0195810717	Lloyds TSB Bank plc	EUR	3 month EURIBOR + 80 bps	€500,000,000	Lower Tier 2	11 July 2011	N/A Reset Date already occurred	11 July 2016	77.25	Euro New Notes
XS0192560653	HBOS plc	EUR	3 month EURIBOR + 80 bps	€500,000,000	Lower Tier 2	1 September 2011	N/A Reset Date already occurred	1 September 2016	77.25	Euro New Notes
XS0292269544	HBOS plc	EUR	3 month EURIBOR + 20 bps	€1,000,000,000	Lower Tier 2	21 March 2012	3 month EURIBOR + 70bps	21 March 2017	75.00	Euro New Notes
XS0269136163	HBOS plc	USD	3 month USD-LIBOR-BBA + 70 bps	U.S.\$750,000,000	Lower Tier 2	30 September 2011	N/A Reset Date already occurred	30 September 2016	76.50	U.S. Dollar New Notes
XS0304201790	HBOS plc	USD	3 month USD-LIBOR-BBA + 20 bps	U.S.\$1,000,000,000	Lower Tier 2	6 September 2012	3 month USD-LIBOR-BBA + 70bps	6 September 2017	72.50	U.S. Dollar New Notes
CA42205MAF38	HBOS plc	CAD	5.109%	C\$500,000,000	Lower Tier 2	21 June 2012	3 month CAD-BA-CDOR + 65 bps	21 June 2017	81.75	Canadian Dollar New Notes
XS0325811296	HBOS plc	GBP	6.305%	£500,000,000	Lower Tier 2	18 October 2012	3 month GBP-LIBOR-BBA +120 bps	18 October 2017	79.50	Sterling New Notes
XS0218023447	Lloyds TSB Bank plc	GBP	3 month GBP LIBOR-BBA + 73 bps	£300,000,000	Lower Tier 2	29 April 2011	N/A Reset Date already occurred	29 April 2016	78.00	Sterling New Notes
AU3FN0002549	HBOS plc	AUD	3 month AUD-BBE-BBSW + 26 bps	A\$400,000,000	Lower Tier 2	1 May 2012	3 month AUD-BBR-BBSW + 76 bps	1 May 2017	80.75	Australian Dollar New Notes
AU3CB0024883	HBOS plc	AUD	6.750%	A\$200,000,000	Lower Tier 2	1 May 2012	3 month AUD-BBR-BBSW + 76 bps	1 May 2017	80.75	Australian Dollar New Notes
XS0111627112	HBOS plc	EUR	3 month EURIBOR + 230 bps	€72,598,000	Upper Tier 2	26 August 2010	N/A – Reset Date already occurred	Perpetual	70.00	Euro New Notes
XS0138988042	HBOS plc	EUR	3 month EURIBOR + 225 bps	€75,380,000	Upper Tier 2	23 November 2011	N/A – Reset Date already occurred	Perpetual	70.00	Euro New Notes

Details of the New Notes

Issuer	Currency	Capital Type	New Notes Initial Coupon	Call Date/Optional Redemption Date	New Notes Reset Coupon	Maturity Date
Lloyds TSB Bank plc	AUD	Lower Tier 2	The sum of (i) 8.75% (being the Australian Dollar New Notes Spread) and (ii) the 5 Year Australian Dollar Mid-Swap Rate, rounded down to the nearest 0.125 per cent.	On or around 19 December 2016	The sum of (i) 8.75% (being the Australian Dollar New Notes Spread) and (ii) a reset 5 Year Mid-Swap Rate	On or around 19 December 2021
Lloyds TSB Bank plc	CAD	Lower Tier 2	The sum of (i) 8.75% (being the Canadian Dollar New Notes Spread) and (ii) the 5 Year Canadian Dollar Mid-Swap Rate, rounded down to the nearest 0.125 per cent.	On or around 16 December 2016	The sum of (i) 8.75% (being the Canadian Dollar New Notes Spread) and (ii) a reset 5 Year Mid-Swap Rate	On or around 16 December 2021
Lloyds TSB Bank plc	EUR	Lower Tier 2	The sum of (i) 10.00% (being the Euro New Notes Spread) and (ii) the 5 Year Euro Mid-Swap Rate, rounded down to the nearest 0.125 per cent.	On or around 16 December 2016	The sum of (i) 10.00% (being the Euro New Notes Spread) and (ii) a reset 5 Year Mid-Swap Rate	On or around 16 December 2021
Lloyds TSB Bank plc	GBP	Lower Tier 2	The sum of (i) 9.00% (being the Sterling New Notes Spread) and (ii) the 5 Year Sterling Mid-Swap Rate, the sum of which will be annualised and rounded down to the nearest 0.125 per cent.	On or around 16 December 2016	The sum of (i) 9.00% (being the Sterling New Notes Spread) and (ii) a reset 5 Year Mid-Swap Rate, the sum of which will be annualised	On or around 16 December 2021
Lloyds TSB Bank plc	USD	Lower Tier 2	The sum of (i) 8.50% (being the U.S. Dollar New Notes Spread) and (ii) the 5 Year U.S. Dollar Mid-Swap Rate, the sum of which will be annualised and rounded down to the nearest 0.125 per cent.	On or around 16 December 2016	The sum of (i) 8.50% (being the U.S. Dollar New Notes Spread) and (ii) a reset 5 Year Mid-Swap Rate, the sum of which will be annualised	On or around 16 December 2021

The Issuer (the “Responsible Person”) accepts responsibility for the information contained in this Exchange Offer Memorandum. To the best of the knowledge and belief of the Responsible Person (which has taken all reasonable care to ensure that such is the case), the information contained in this Exchange Offer Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each Holder is solely responsible for making its own independent appraisal of all matters (including those relating to the Exchange Offer, the New Notes and the LBGp Companies) as such Holder deems appropriate, and each Holder must make its own decision as to whether to Offer to Exchange Existing Notes and, if so, the aggregate principal amount of Existing Notes to Offer to Exchange. Each of Lucid Issuer Services Limited (the “Lead Exchange Agent”) and Citibank N.A. (in its capacity as the Australian exchange agent, the “Australian Exchange Agent” and in its capacity as Canadian exchange agent, the “Canadian Exchange Agent”) (each, an “Exchange Agent” and together the “Exchange Agents”) is an agent of the Issuer and owes no duty to any Holder. None of the Dealer Managers or the Exchange Agents (or their respective directors, employees or affiliates) makes any representation or recommendation whatsoever regarding this Exchange Offer Memorandum or the Exchange Offer, or any recommendation as to whether Holders of Existing Notes should participate in the Exchange Offer.

The Law Debenture Trust Corporation p.l.c., as trustee for the Holders of each Series of Existing Notes, has not reviewed or approved this Exchange Offer Memorandum or the terms of the Exchange Offer.

No person has been authorised to give any information or to make any representation about the LBGp Companies or the Exchange Offer other than as contained in this Exchange Offer Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the LBGp Companies, the Dealer Managers, the Trustee, the Exchange Agents or any of their respective agents.

Neither the delivery of this Exchange Offer Memorandum nor any acceptance of an Offer to Exchange by a Holder or any acquisition of New Notes shall, under any circumstances, create any implication that the information contained herein is current as at any time subsequent to the date of such information or that there has been no change in the information set out in it or in the affairs of the LBGp Companies and their respective subsidiaries taken as a whole, since the date of this Exchange Offer Memorandum.

In this Exchange Offer Memorandum, unless otherwise specified or the context otherwise requires: (i) references to “A\$” and “AUD” are to Australian dollars, (ii) references to “C\$” and “CAD” are to Canadian dollars, (iii) references to “€”, “euro” and “EUR” are to the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam, (iv) references to “£”, “GBP”, “pounds” and “sterling” are to pounds sterling and (v) references to “U.S.\$”, “USD” and “U.S. dollar” are to United States dollars.

The applicable provisions of the Financial Services and Markets Act 2000 (the “FSMA”) must be complied with in respect of anything done in relation to the Exchange Offer in, from or otherwise involving the United Kingdom.

Holders may contact the Dealer Managers or the relevant Exchange Agent for assistance in answering questions concerning the terms of the Exchange Offer at the respective addresses set out on the penultimate and back cover pages of this Exchange Offer Memorandum. Questions relating to the procedures for exchange, including, if applicable, the blocking of Existing Notes or the transfer of such Existing Notes within Euroclear Bank S.A./N.V. (“Euroclear”), Clearstream Banking, société anonyme (“Clearstream, Luxembourg”), the settlement and clearing system operated by Austraclear Ltd (the “Austraclear System”) or CDS Clearing and Depository Services Inc. (“CDS”) should be addressed exclusively to the relevant Exchange Agent. All procedures relating to the Exchange Offer may be conducted through, and all

information relating to the Exchange Offer and the Existing Notes (including copies of this Exchange Offer Memorandum) may, subject as set out under “Offer Restrictions” below, be obtained from, the relevant Exchange Agent(s), the contact details of which are set out on the penultimate page of this Exchange Offer Memorandum.

Unless the context otherwise requires, all references in this Exchange Offer Memorandum to Holders include, where relevant:

- (a) each Direct Participant in respect of such Existing Notes; and
- (b) each Beneficial Owner of the Existing Notes holding such Existing Notes, directly or indirectly, in an account in the name of a Direct Participant acting on such Beneficial Owner’s behalf,

except that for the purposes of the exchange of Existing Notes for New Notes and the payment of the Accrued Interest Payment and any Cash Rounding Amount (if applicable), to the extent the Beneficial Owner of the relevant Existing Notes is not a Direct Participant, the relevant New Notes, Accrued Interest Payment and Cash Rounding Amount will only be delivered and paid to the relevant Direct Participant and the delivery and payment of such New Notes, Accrued Interest Payment and Cash Rounding Amount to such Direct Participant will satisfy any obligations of LBGp Companies, the Exchange Agents and the relevant Clearing System in respect of the exchange of such Existing Notes.

The Issuer has entered into a dealer management agreement with the Dealer Managers which contains certain provisions regarding payment of fees, expense reimbursement and indemnity arrangements relating to the Exchange Offer.

The Dealer Managers are entitled to hold positions in the Existing Notes and the New Notes. The Dealer Managers are entitled to continue to own or dispose of, in any manner they may elect, any Existing Notes they may beneficially own as at the date of this Exchange Offer Memorandum or, from such date, to acquire further Existing Notes, subject to applicable law. The Dealer Managers have no obligation to the LBGp Companies to Offer to Exchange or refrain from Offering to Exchange Existing Notes beneficially owned by them in connection with the Exchange Offer.

For the avoidance of doubt, any references in this Exchange Offer Memorandum to the Exchange Offer being made to Holders of Existing Notes, and related references, shall be deemed to be references to the Exchange Offer being made to those Holders who comply with the restrictions set out under “Offer Restrictions” below.

The invitation by the Issuer to Holders contained within this Exchange Offer Memorandum is an invitation to treat by the Issuer, and any references to any offer or invitation being made by the Issuer under or in respect of the Exchange Offer shall be construed accordingly. The invitation is made by the Issuer on behalf of the relevant LBGp Companies.

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DOCUMENTS INCORPORATED BY REFERENCE

This Exchange Offer Memorandum should be read and construed in conjunction with the following documents:

- (i) the base prospectus dated 20 May 2011 (the “Base Prospectus”) relating to the Issuer’s £50,000,000,000 Euro Medium Term Note Programme (the “EMTN Programme”);
- (ii) the supplementary prospectus dated 10 August 2011 relating to the Issuer’s EMTN Programme and being supplemental to the Base Prospectus;
- (iii) the supplementary prospectus dated 23 November 2011 relating to the Issuer’s EMTN Programme and being supplemental to the Base Prospectus;
- (iv) any additional supplementary prospectuses, which are supplemental to the Base Prospectus, and which are published after the date of this Exchange Offer Memorandum; and
- (v) all documents which are incorporated by reference into the Base Prospectus, including as set out in the supplementary prospectus dated 10 August 2011 and the supplementary prospectus dated 23 November 2011 and in any additional supplementary prospectuses which are published after the date of this Exchange Offer Memorandum,

all of which shall be deemed to be incorporated in, and form part of, this Exchange Offer Memorandum, save that any statements contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Exchange Offer Memorandum to the extent that a statement contained, or incorporated by reference, herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Exchange Offer Memorandum.

Any publication of an additional supplementary prospectus pursuant to subparagraph (iv) above shall be effected through RNS, and Holders shall be deemed to have notice thereof by virtue of such publication.

The Issuer will provide, without charge, to each person to whom a copy of this Exchange Offer Memorandum has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated in whole or in part by reference herein. Written or oral requests for such documents should be directed to the attention of the Investor Relations department of the Issuer at 25 Gresham Street, London EC2V 7HN, United Kingdom, telephone: +44 207 356 1273, email: investor.relations@ltsb-finance.co.uk.

OFFER RESTRICTIONS

This Exchange Offer Memorandum does not constitute an offer or an invitation to participate in the Exchange Offer in any jurisdiction in or from which, or to any person to whom, it is unlawful to make such offer or invitation under applicable laws. The distribution of this Exchange Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this Exchange Offer Memorandum comes are required by each of the LBGp Companies, the Dealer Managers and the Exchange Agents to inform themselves about, and to observe, any such restrictions.

No action has been or will be taken in any jurisdiction by the LBGp Companies, the Dealer Managers or the Exchange Agents that would constitute a public offering of the New Notes other than the preparation of this Exchange Offer Memorandum in compliance with articles 652a and 1156 of the Swiss Code of Obligations for purposes of making the Exchange Offer in Switzerland. The Exchange Offer comprises an offer of securities to the public for the purposes of the Prospectus Directive. However, no action is required to be taken under the Prospectus Directive in connection with such offer as Holders must Offer to Exchange at least the relevant Minimum Existing Holding (as defined herein).

United States

The Exchange Offer is not being made, and will not be made, directly or indirectly, in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of, a national securities exchange of, the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet and other forms of electronic communication. Accordingly, copies of this Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offer are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to U.S. persons and the Existing Notes cannot be Offered for Exchange by any such use, means, instruments or facilities or from within the United States or by U.S. persons. Any purported Offer to Exchange Existing Notes resulting directly or indirectly from a violation of these restrictions will be invalid, and any purported Offer to Exchange made by a U.S. person, a resident of the United States or from the United States or from any agent, fiduciary or other Intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States or for a U.S. person will be invalid and will not be accepted.

This Exchange Offer Memorandum is not an offer of securities for sale in the United States or to U.S. persons. The Existing Notes and the New Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons. The purpose of this Exchange Offer Memorandum is limited to the Exchange Offer, and this Exchange Offer Memorandum may not be sent or given to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act.

Each Holder of Existing Notes participating in the Exchange Offer will represent that it is participating in the Exchange Offer in accordance with Regulation S under the Securities Act and that it is not participating in the Exchange Offer from the United States nor is it a U.S. person or an agent, fiduciary or other Intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States or for a U.S. person.

European Economic Area

In any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the “Prospectus Directive”), this Exchange Offer Memorandum is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive.

This Exchange Offer Memorandum has been prepared on the basis that any offer of New Notes in any Member State of the European Economic Area (the “EEA”), which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to produce an Exchange Offer Memorandum for offers of New Notes. Accordingly, any person making or intending to make any offer within the EEA of New Notes which are the subject of the offer contemplated in this Exchange Offer Memorandum may only do so in circumstances in which no obligation arises for the Issuer or the Dealer Managers to produce an Exchange Offer Memorandum pursuant to Article 3 of the Prospectus Directive or supplement an Exchange Offer Memorandum pursuant to and in accordance with Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the Dealer Managers have authorised, nor do they authorise, the making of any offer (i) of any New Notes in circumstances in which an obligation arises for the Issuer or the Dealer Managers to publish or supplement an Exchange Offer Memorandum for such offers or (ii) of New Notes through any financial intermediary, other than offers made by the Dealer Manager which constitute the offering of the New Notes contemplated in this Exchange Offer Memorandum.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any New Notes under the offer contemplated in this Exchange Offer Memorandum will be deemed to have represented, warranted and agreed to and with each Dealer Manager and each LBGp Company that:

- (a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- (b) in the case of any New Notes acquired by it as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, (i) the New Notes acquired by it in the offers have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Dealer Managers has been given to the offer or resale or (ii) where the New Notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those New Notes to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this representation, the expression an “offer” in relation to any New Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any New Notes to be offered so as to enable an investor to decide to purchase or subscribe for the New Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the “Australian Corporations Act”)) in relation to the Exchange Offer or any Existing Notes or New Notes has been, or will be, lodged with the Australian Securities and Investments Commission (“ASIC”) and this Exchange Offer Memorandum does not comply with either Part 6D.2 or Part 7.9 of the Australian Corporations Act. Each Dealer Manager has represented and agreed that it:

- (a) has not made or invited, and will not make or invite, an offer of the New Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, the Exchange Offer Memorandum or any other offering material or advertisement relating to the New Notes in Australia,

unless:

- (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternative currency and disregarding monies lent by the Issuer or its associates) or the offer or invitation does not otherwise require disclosure to investors under Part 6D.2 or Part 7.9 of the Australian Corporations Act;
- (ii) the offer or invitation does not constitute an offer to a “retail client” for the purposes of section 761G of the Australian Corporations Act;
- (iii) such action complies with any other applicable laws, regulations and directives in Australia; and
- (iv) such action does not require any document to be lodged with ASIC.

Each person who accesses or views this document will be deemed to have represented to each LBGp Company and the Dealer Managers that it is not located or resident in Australia or, if it is located or resident in Australia, it is a professional investor as defined in section 9 of the Australian Corporations Act or a wholesale client as defined in section 761G of the Australian Corporations Act or otherwise a person to whom an offer may be made without disclosure under Part 6D.2 or Part 7.9 of the Australian Corporations Act.

Canada

This Exchange Offer Memorandum is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities referred to herein in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this Exchange Offer Memorandum or the merits of the securities described herein and any representation to the contrary is an offence.

Any distribution of the New Notes in Canada is being made on a private placement basis only and is exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of any New Notes to the public in any province or territory of Canada. Accordingly, any resale of such securities must be made in accordance with applicable Canadian securities laws, which may require resales to be made in accordance with prospectus and registration requirements or exemptions therefrom; these resale restrictions may in some circumstances apply to resales outside of Canada. Canadian holders of New Notes are advised to seek legal advice prior to any resale of such securities.

Each Canadian Holder of Existing Notes who Offers to Exchange any or all such Existing Notes for New Notes will be deemed to have represented to each LBGp Company and the Dealer Managers that:

- (a) it acknowledges the resale restrictions described above;
- (b) where required by law, it is acting as principal, or is deemed to be acting as principal in accordance with applicable securities laws of the Province or Territory in which it is resident, for its own account and not as agent for the benefit of another person;
- (c) it, or any ultimate Beneficial Owner for which it is acting as agent, is entitled under applicable Canadian securities laws to exchange its Existing Notes for New Notes without the benefit of a prospectus qualified under such securities laws, is an “accredited investor” as defined in section 1.1 of *National Instrument 45-106 — Prospectus and Registration Exemptions* (“NI 45-106”), and is not a person created or used solely to purchase or hold the New Notes as an “accredited investor” as described in paragraph (m) of the definition of “accredited investor” in section 1.1 of NI 45-106;
- (d) any trade (including an Offer to Exchange) in the Existing Notes or the New Notes is through a dealer that is appropriately registered in the relevant Canadian jurisdiction or pursuant to an exemption from the dealer registration requirements under applicable Canadian securities laws;
- (e) it has been notified that the Issuer may be required to provide certain personal information pertaining to it as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the number and value of the securities acquired), which Form 45-106F1 may be required to be filed by the Issuer under NI 45-106; and
- (f) it acknowledges that its name, address, telephone number and other specified information may be disclosed to other Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable Canadian laws. By its Offer to Exchange any or all of its Existing Notes, each Canadian Holder of Existing Notes will consent to the disclosure of such information and; it further acknowledges that (i) such personal information may be delivered to the Ontario Securities Commission (the “OSC”) in accordance with NI 45-106, (ii) such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario, (iii) such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario, (iv) the public official in Ontario who can answer questions about the OSC’s indirect collection of such personal information is the Administrative Support Clerk at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, telephone: (416) 593-3684, and each such Holder has authorised the indirect collection of the personal information by the Canadian securities regulatory authorities.

Italy

Neither the Exchange Offer Memorandum nor any other documents or materials relating to the Exchange Offer have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”) pursuant to Italian laws and regulations, and therefore the Exchange Offer may only be made or promoted, directly or indirectly, in or into the Republic of Italy pursuant to an exemption from the rules governing public purchases or exchange offers (*offerte pubbliche di acquisto o scambio*) as defined in article 1, paragraph 1, letter v of the Italian Legislative Decree no. 58 of 24 February 1998, as amended (the “Financial Services Act”).

Accordingly, the Exchange Offer is not addressed to, and neither the Exchange Offer Memorandum nor any other documents, materials or information relating, directly or indirectly, to the Exchange Offer can

be distributed or otherwise made available (either directly or indirectly) to any person in Italy other than:

- (i) to qualified investors (*investitori qualificati*) pursuant to article 34-ter, paragraph 1, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (the “Consob Regulation”) acting on their own account; or
- (ii) in any other circumstances where an express exemption from compliance with the restrictions on public purchases or exchange offers applies pursuant to the Financial Services Act or the Consob Regulation.

United Kingdom

The communication of this Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offer is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may be communicated to (1) those persons who are existing members or creditors of any LBGp Company or other persons within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, and (2) any other persons to whom these documents and/or materials may lawfully be communicated.

Belgium

Neither this Exchange Offer Memorandum nor any other documents or materials relating to the Exchange Offer have been submitted to or will be submitted for approval or recognition to the Financial Services and Markets Authority (*Autorité des services et marchés financiers/Autoriteit financiële diensten en markten*) and, accordingly, 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, both 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 neither this Exchange Offer Memorandum nor any other documents or materials relating to the Exchange Offer (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than “qualified investors” in the sense of Article 10 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, acting on their own account. This Exchange Offer Memorandum 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 in this Exchange Offer Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

France

This Exchange Offer is not being made, directly or indirectly, to the public in France. Neither this Exchange Offer Memorandum nor any other documents or offering materials relating to the Exchange Offer have been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le*

service d'investissement de gestion de portefeuille pour compte de tiers) and/or (ii) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*, are eligible to participate in the Exchange Offer. This Exchange Offer Memorandum has not been and will not be submitted for clearance procedures (visa) of the *Autorité des marchés financiers*.

Switzerland

The section entitled “Selling Restrictions — Switzerland” on pages 163 and 164 of the Base Prospectus shall not apply to the Exchange Offer.

General

The Dealer Managers, the Trustee and the Exchange Agents (and their respective directors, employees or affiliates) make no representations or recommendations whatsoever regarding this Exchange Offer Memorandum or the Exchange Offer. Each Exchange Agent is the agent of the Issuer and owes no duty to any Holder. None of the LBGp Companies, the Dealer Managers, the Trustee 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 Notes and/or the New Notes 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, where the context so requires, 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 the LBGp Companies by such Dealer Manager or affiliate (as the case may be) in such jurisdiction.

SUMMARY OF THE EXCHANGE OFFER

The following does not purport to be complete and is qualified in its entirety by the more detailed information provided elsewhere in this Exchange Offer Memorandum. Capitalised terms shall, unless the context otherwise requires, have the meanings set out under “Definitions” below.

Exchange Offer

The Issuer, on behalf of the LBGp Companies, invites all Holders (subject to certain offer restrictions set out in “Offer Restrictions” above) to Offer to Exchange any or all of their Existing Notes, which are outstanding, for the relevant New Notes. The Exchange Offer is being made upon the terms and subject to the conditions set out in this Exchange Offer Memorandum.

Holders of Australian Dollar Existing Notes shall only be entitled to Offer to Exchange such Australian Dollar Existing Notes for Australian Dollar New Notes. Holders of Canadian Dollar Existing Notes shall only be entitled to Offer to Exchange such Canadian Dollar Existing Notes for Canadian Dollar New Notes. Holders of Euro Existing Notes shall only be entitled to Offer to Exchange such Euro Existing Notes for Euro New Notes. Holders of Sterling Existing Notes shall only be entitled to Offer to Exchange such Sterling Existing Notes for Sterling New Notes. Holders of U.S. Dollar Existing Notes shall only be entitled to Offer to Exchange such U.S. Dollar Existing Notes for U.S. Dollar New Notes.

The Exchange Offer will commence on 1 December 2011 and will expire at the Expiration Time, unless the Exchange Offer Period is extended or closed earlier by the Issuer, on behalf of the LBGp Companies, as described herein.

Purpose of the Exchange Offer

The Group is undertaking an exchange offer on its Tier 2 capital securities which are eligible for call in 2012, with the exception of those already being treated on an economic basis.

This decision has been taken (i) in light of ongoing market volatility and regulatory uncertainty and (ii) as a consequence of the effects of a prohibition on capital calls which was imposed on the Group as part of the restructuring plan mandated by the European Commission following the receipt of state aid by the Group during 2009.

The Exchange Offer also provides the Group with an opportunity to improve the quality of the Group’s capital base.

It is the intention of the Group that all decisions to exercise calls on any Existing Notes (the securities targeted in this exchange offer) that remain outstanding after 31 January 2012, will be made with reference to the prevailing regulatory, economic, and market conditions at the time.

No decisions have been made with regards to other callable capital securities, aside from those where the Group has made statements in the context of its prior liability management

Acceptance of Offers to Exchange	<p>exercises.</p> <p>If, in respect of any Series of Existing Notes, any LBGp Company accepts any valid Offers to Exchange, it intends to accept all valid Offers to Exchange in respect of such Series received by the relevant Exchange Agent by the Expiration Time.</p>
New Issue Amount	<p>In respect of each series of New Notes, the principal amount of such series of New Notes to be issued by the Issuer and delivered in exchange for the relevant Series of the Existing Notes pursuant to the Exchange Offer, which will be determined by the Issuer following the expiration of the Exchange Offer Period in its sole and absolute discretion, is intended to be announced by the Issuer as soon as reasonably practicable after the relevant Pricing Time.</p>
Exchange Ratio, Accrued Interest Payments and Cash Rounding Amounts	<p>Holders who validly Offer to Exchange their Existing Notes at or prior to the Expiration Time and whose Offers to Exchange are accepted will receive relevant New Notes in an amount (rounded down to the nearest A\$1,000, C\$1,000, €1,000, £1,000 or U.S.\$1,000, as applicable) equal to the aggregate principal amount of such Existing Notes accepted for exchange multiplied by the relevant Exchange Ratio, subject to the requirement for each Holder to Offer to Exchange at least the relevant Minimum Existing Holding. Each such Holder will also be entitled to receive Accrued Interest Payments on their Existing Notes so accepted for exchange.</p> <p>If, as a result of the application of the relevant Exchange Ratio, a Holder would be entitled to receive an aggregate principal amount of New Notes that is not an integral multiple of A\$1,000, C\$1,000, €1,000, £1,000 or U.S.\$1,000, as applicable, the relevant LBGp Company will pay, or procure that there is paid, in cash in the currency of the relevant New Notes to that Holder on the Settlement Date, the Cash Rounding Amount, which is the amount equal to (i) the fractional portion of such aggregate principal amount that is not such an integral multiple, multiplied by (ii) the relevant New Notes Price (rounded to the nearest A\$0.01, C\$0.01, €0.01, £0.01 or U.S.\$0.01, as applicable, with half a cent or penny, as the case may be, being rounded upwards).</p>
Minimum Existing Holding	<p>No Offer to Exchange Existing Notes will be accepted unless such Offer to Exchange relates to a sufficient principal amount of such Existing Notes (the “Minimum Existing Holding”) which when multiplied by the relevant Exchange Ratio is at least equal to A\$500,000, in the case of the Australian Dollar New Notes, C\$100,000, in the case of the Canadian Dollar New Notes, €50,000, in the case of the Euro New Notes, £50,000, in the case of the Sterling New Notes, or U.S.\$75,000, in the case of the U.S. Dollar New Notes.</p>

Pricing and Results Announcement

As soon as reasonably practicable after the relevant Pricing Time, the Issuer intends to announce (i) the Mid-Swap Rate, the New Notes Yield, the New Notes Price and the New Notes Initial Coupon for each relevant series of the New Notes, (ii) the Exchange Ratio for each relevant Series of the Existing Notes and each relevant series of the New Notes, (iii) whether valid Offers to Exchange pursuant to the Exchange Offer are accepted by the LBGp Companies and which LBGp Company is accepting Offers to Exchange in respect of each relevant Series of the Existing Notes, (iv) the aggregate principal amounts of each relevant Series of the Existing Notes the relevant LBGp Company will be accepting for exchange, (v) each relevant New Issue Amount, (vi) the Settlement Date and (vii) in relation to the Australian Dollar Existing Notes held in or through the Austraclear System, the Austraclear Transfer Deadline (each being referred to in this document as a “Pricing and Results Announcement”). In the case of the Australian Dollar Existing Notes and the Australian Dollar New Notes (iv) and (v) are expected to be announced via RNS later on the same London business day as the Pricing Date for the Australian Dollar New Notes.

Existing Notes

Details of the Existing Notes are set out in the table entitled “Details of the Existing Notes” above.

New Notes

The Australian Dollar New Notes, Canadian Dollar New Notes, Euro New Notes, Sterling New Notes and U.S. Dollar New Notes comprise the “New Notes”. The New Notes comprise Australian dollar, Canadian dollar, euro, sterling and U.S. dollar denominated subordinated Notes to be issued by the Issuer. Details of the New Notes are set out in the table entitled “Details of the New Notes” above and in the forms of Final Terms set out in Annex I.

The Australian Dollar New Notes will be issued in registered form in the single denomination of A\$1,000. For additional information regarding the Australian Dollar New Notes, see the section entitled “Considerations relating to Australian Dollar New Notes” below.

The Canadian Dollar New Notes will be in registered form in the denomination of C\$1,000 and higher integral multiples of C\$1,000 in excess thereof, and will initially be issued in global form which will be held by the CDS Nominee as nominee for CDS or any other nominee appointed by CDS from time to time. For additional information regarding the Canadian Dollar New Notes, see the section entitled “Considerations relating to Canadian Dollar Existing Notes and Canadian Dollar New Notes” below.

The Euro New Notes will be in bearer form in the denomination of €1,000 and higher integral multiples of €1,000 in excess

thereof, and will initially be issued in global form.

The Sterling New Notes will be in bearer form in the denomination of £1,000 and higher integral multiples of £1,000 in excess thereof, and will initially be issued in global form.

The U.S. Dollar New Notes will be in registered form in the denomination of U.S.\$1,000 and higher integral multiples of U.S.\$1,000 in excess thereof, and will initially be issued in global form.

The New Notes will be issued pursuant to the Issuer's EMTN Programme – see the forms of New Notes Final Terms set out in Annex I. The terms and conditions of, and other information relating to, the New Notes are set out in Schedule 2, Part C of the Trust Deed, when read in conjunction with the New Notes Final Terms and the Base Prospectus. In particular, if a Capital Event (as defined in paragraph 42 of the relevant New Notes Final Terms) has occurred and is continuing, then the Bank may without any requirement for the consent or approval of the Holders or the Trustee either substitute all (but not some only) of the relevant series of New Notes for, or vary the terms of the relevant series of New Notes so that they remain or, as appropriate, become, Compliant Securities (as defined in paragraph 42 of the relevant New Notes Final Terms).

The terms and conditions of the New Notes remain subject to the Issuer's general discretion to amend the terms of the Exchange Offer, as further described in "Terms of the Exchange Offer – 10. Amendment and Termination" below.

Applications will be made for the New Notes to be admitted to the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's Regulated Market pursuant to the Issuer's EMTN Programme and the Drawdown Prospectus with effect from (or shortly following) the Settlement Date.

The New Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

Expected ratings

Each series of New Notes to be issued pursuant to the Exchange Offer is expected by the Issuer to be rated:

S&P: BBB-

Moody's: Baa2 (currently under review for downgrade)

Fitch: BBB-

Fitch, Moody's and S&P (each as defined below) are established in the European Union and registered under Regulation (EC) No 1060/2009.

Conditions to the Exchange Offer

Notwithstanding any other provision of this Exchange Offer Memorandum, whether any LBGp Company accepts any or all Offers to Exchange from Holders is at its sole and absolute discretion and it may decide not to accept Offers to Exchange

for any reason.

**Amendment of Exchange Offer Terms;
Termination**

Subject as provided herein, the Issuer, on behalf of the LBGp Companies, may, in its sole discretion, extend, re-open, amend, waive any condition of, terminate and/or withdraw the Exchange Offer (including, without limitation, early closure of the Exchange Offer Period and amending the terms and conditions of any or all series of the New Notes or any Exchange Price) at any time up to and including when it announces whether, and which, LBGp Companies accept valid Offers to Exchange pursuant to the Exchange Offer, which the Issuer expects to do in relation to each relevant Series of the Existing Notes as soon as reasonably practicable after the relevant Pricing Time. Notice will be given to Holders if the terms and conditions or timing of the Exchange Offer are amended. If any amendment to the terms of the Exchange Offer is made by the Issuer as set out above or any supplement to the Base Prospectus is published after the date of this Exchange Offer Memorandum and, in the Issuer's opinion (in consultation with the Dealer Managers), such amendment or the contents of such supplement is materially prejudicial to Holders that have already submitted Offers to Exchange before the announcement of such amendment or supplement (which announcement shall include a statement that, in the Issuer's opinion, such amendment or the contents of such supplement is materially prejudicial to such Holders), Holders that have already submitted Offers to Exchange will have the right to withdraw their Offers to Exchange for a period of two Business Days from the date of such announcement or notification (for the avoidance of doubt, this right to withdraw shall not be triggered by an increase in any Exchange Price, decrease in any New Notes Price or increase in any New Notes Spread).

Revocation

Electronic Instruction Notices, CDS Exchange Instructions and Australian Offer Letters received by the Exchange Agents cannot be revoked, except in the limited circumstances described in "Terms of the Exchange Offer – 11. Revocation Rights" below.

Procedures for Offering to Exchange Existing Notes (other than Australian Dollar Existing Notes held in or through the Austraclear System and Canadian Dollar Existing Notes held in or through CDS)

Holders (other than Holders of Australian Dollar Existing Notes held in or through the Austraclear System and Canadian Dollar Existing Notes held in or through CDS) wishing to participate in the Exchange Offer must submit, or arrange to have submitted on their behalf, not later than the Expiration Time and, in any event, before such earlier deadline as may be imposed by the relevant Clearing System (unless the Exchange Offer is closed earlier), a duly completed Electronic Instruction Notice in the form specified in the relevant Clearing System Notice.

Holders should check with any bank, securities broker or other Intermediary through which they hold their Existing Notes whether such Intermediary will apply different

deadlines for participation to those set out in this Exchange Offer Memorandum and, if so, should factor in additional time, as necessary, to follow those deadlines.

The receipt of such Electronic Instruction Notice by the relevant Clearing System will be acknowledged by such Clearing System and will result in the blocking of the relevant Existing Notes. Beneficial Owners of Existing Notes (other than Australian Dollar Existing Notes held in or through the Austraclear System and Canadian Dollar Existing Notes held in or through CDS) must take the appropriate steps through the relevant Clearing System to ensure that no transfers may be effected in relation to such blocked Existing Notes at any time after such date, in accordance with the requirements of the relevant Clearing System and the deadlines required by such Clearing System. By blocking such Existing Notes in the relevant Clearing System, each Holder or Direct Participant will be deemed to consent to have the relevant Clearing System provide details concerning such Holder's and/or Direct Participant's identity to, amongst others, the Exchange Agents.

The procedures described above also apply in relation to interests in Australian Dollar Existing Notes and Canadian Dollar Existing Notes held in or through Euroclear and Clearstream, Luxembourg.

See "Terms of the Exchange Offer — 7. Procedures for Offering to Exchange Existing Notes" below for more detailed instructions on how to offer Existing Notes.

Procedures for Offering to Exchange Australian Dollar Existing Notes held in or through the Austraclear System

Holders of Australian Dollar Existing Notes held in or through the Austraclear System wishing to participate in the Exchange Offer must (i) deliver a properly completed and duly executed Australian Offer Letter (in the form set out in Annex II) to the Australian Exchange Agent (with a copy to the Dealer Managers) prior to the Expiration Time and (ii) transfer the Australian Dollar Existing Notes to the Designated Austraclear Account prior to the Austraclear Transfer Deadline in accordance with the Austraclear Regulations. The Designated Austraclear Account has been established by the Australian Exchange Agent in the Austraclear System for the purpose of the Exchange Offer. The delivery of the Australian Offer Letter to the Australian Exchange Agent (with a copy to the Dealer Managers) will constitute an Offer to Exchange.

See "Terms of the Exchange Offer — 7. Procedures for Offering to Exchange Existing Notes — (g) Specific procedures for Holders of Australian Dollar Existing Notes held in or through the Austraclear System" below for more detailed instructions on how to Offer to Exchange Australian Dollar Existing Notes held in or through the Austraclear System.

Procedures for Offering to Exchange Canadian Dollar Existing Notes held in

Holders of Canadian Dollar Existing Notes held in or through CDS wishing to participate in the Exchange Offer must do so by

or through CDS

following the procedures for a book-entry transfer established by CDS, provided that a book-entry confirmation through CDS is received by the Canadian Exchange Agent prior to the Expiration Time. The Canadian Exchange Agent has established an account at CDS for the purpose of the Exchange Offer. Any CDS Participant may cause CDS to make a book-entry transfer of a Holder's Canadian Dollar Existing Notes into the account of the Canadian Exchange Agent in accordance with CDS procedures for such transfer. The delivery of Canadian Dollar Existing Notes to the specified account of the Canadian Exchange Agent by means of a book-entry transfer will constitute a CDS Exchange Instruction and an Offer to Exchange.

See "Terms of the Exchange Offer — 7. Procedures for Offering to Exchange Existing Notes — (f) Specific procedures for Holders of Canadian Dollar Existing Notes held in or through CDS" and "Considerations relating to Canadian Dollar Existing Notes and Canadian Dollar New Notes" below for more detailed instructions on how to Offer to Exchange Canadian Dollar Existing Notes held in or through CDS.

Representations and Warranties of Holders

By Offering to Exchange Existing Notes in the Exchange Offer, Holders will be deemed to make a series of representations and warranties, which are set out in full below - see "Terms of the Exchange Offer — 8. Acknowledgements, Representations, Warranties and Undertakings" below.

EXPECTED TIMETABLE

The times and dates below are indicative only. The below times and dates are subject, where applicable, to the right of the Issuer to extend, re-open, amend, waive any condition of, terminate and/or withdraw the Exchange Offer (subject to applicable law and as provided in this Exchange Offer Memorandum). Accordingly, the actual timetable may differ significantly from the expected timetable set out below.

Events	Dates and Times
Commencement of the Exchange Offer Period	
Exchange Offer announced and notice of the Exchange Offer submitted to the Clearing Systems and published via RNS and Luxembourg Stock Exchange Notices. Exchange Offer Memorandum available from Exchange Agents.	1 December 2011
Expiration Date and Time	
Deadline for receipt of all Electronic Instruction Notices, CDS Exchange Instructions, Australian Offer Letters, as applicable.	At or around 4.00 p.m. London time on 9 December 2011
End of Exchange Offer Period.	
Pricing Dates and Times	
Determination of (i) the Mid-Swap Rate, the New Notes Yield, the New Notes Price and the New Notes Initial Coupon for each series of the New Notes and (ii) the Exchange Ratio for each relevant Series of the Existing Notes and each relevant series of the New Notes.	At or around 1.00 p.m. London time on 12 December 2011 for the Canadian Dollar New Notes, Euro New Notes, Sterling New Notes and U.S. Dollar New Notes
	At or around 11.00 a.m. Sydney time on 13 December 2011 for the Australian Dollar New Notes
<i>Each New Notes Reset Coupon will be determined at the time and in the manner specified in the relevant New Notes Final Terms.</i>	
Announcement of Pricing and Exchange Offer Results	
Announcements by the Issuer detailing (i) the Mid-Swap Rate, the New Notes Yield, the New Notes Price and the New Notes Initial Coupon for each relevant series of the New Notes, (ii) the Exchange Ratio for each relevant Series of the Existing Notes and each relevant series of the New Notes, (iii) whether valid Offers to Exchange pursuant to the Exchange Offer are accepted by the LBGp Companies and which LBGp Company is accepting Offers to Exchange in respect of each relevant Series of the Existing Notes, (iv) the aggregate principal amounts of each relevant Series of the Existing Notes the relevant LBGp Company accepts for exchange, (v) each relevant New Issue Amount, (vi) the Settlement Date and (vii) in relation to the Australian Dollar	As soon as reasonably practicable after the relevant Pricing Time.

Dates and Times

Events

Existing Notes held in or through the Austraclear System, the Austraclear Transfer Deadline.

In the case of the Australian Dollar Existing Notes and the Australian Dollar New Notes, (iv) and (v) are expected to be announced via RNS later on the same London business day as the Pricing Date for the Australian Dollar New Notes.

Settlement Date

Settlement Date for the Exchange Offer, including (i) deadline for settlement of all Austraclear Transfers, (ii) delivery of the New Notes, in exchange for Existing Notes validly Offered for Exchange and accepted, and (iii) payment of Accrued Interest Payments and Cash Rounding Amounts (if any).

Expected to be no later than the sixth Business Day following the Expiration Date
Austraclear Transfer Deadline expected to be at or around 12.00 noon Sydney time on the Settlement Date

Holders are advised to check with any bank, securities broker, Clearing Systems or other Intermediary through which they hold their Existing Notes whether such Intermediary applies different deadlines for any of the events specified above, and then to allow for such deadlines if the deadlines set by such persons are prior to the deadlines set out above.

Unless stated otherwise, announcements will be made by the Issuer (i) by the issue of a press release to a Notifying News Service, (ii) in relation to the Euro Existing Notes, the Sterling Existing Notes and the U.S. Dollar Existing Notes, by the delivery of notices to the relevant Clearing Systems for communication to Direct Participants, (iii) in relation to the Australian Dollar Existing Notes, by the Australian Exchange Agent on behalf of the Issuer through a Notifying News Service (expected to be Reuters or Bloomberg), (iv) in relation to the Canadian Dollar Existing Notes, by the delivery by CDS of a CDS Notice and (v) through RNS and Luxembourg Stock Exchange Notices, and may also be found on the relevant Reuters International Insider Screen. Copies of all such announcements, press releases and notices can also be obtained from the Exchange Agents, the contact details for which are on the penultimate page of this Exchange Offer Memorandum. In addition, holders of Existing Notes may contact the Dealer Managers for information using the contact details on the back cover of this Exchange Offer Memorandum. Any announcements made by the Issuer pursuant to the Exchange Offer shall be deemed to be made by the Issuer on behalf of the LBGp Companies.

Existing Notes are currently held in or through a number of Clearing Systems, including Euroclear, Clearstream, Luxembourg, CDS and the Austraclear System. The applicable procedures vary according to the operating procedures of the relevant Clearing System in which Existing Notes are held, and Holders should note the appropriate procedures set out “Terms of the Exchange Offer – 7. Procedures for Offering to Exchange Existing Notes” below.

DEFINITIONS

Capitalised terms used but not defined in this Exchange Offer Memorandum shall, unless the context otherwise requires, have the meanings set out in the Conditions.

5 Year Australian Dollar Mid-Swap Rate	In relation to Interest Periods commencing prior to the Reset Date, the rate as determined by the Dealer Managers in accordance with domestic Australian Dollar market convention by reference to the associated matched asset swap levels to be agreed by the Dealer Managers at the relevant Pricing Time. In relation to Interest Periods commencing on or following the Reset Date, the 5 Year Mid-Swap Rate will be determined in the manner set out in paragraph 16 of the Australian Dollar New Notes Final Terms.
5 Year Canadian Dollar Mid-Swap Rate	The mid-market arithmetic mean, expressed as a percentage and rounded up to the nearest 0.001 per cent., of the 5 Year Canadian Dollar Swap Rates, as determined by the Dealer Managers at the relevant Pricing Time.
5 Year Canadian Dollar Swap Rates	The bid and offered swap rates for Canadian dollar swap transactions with a maturity of 5 years, in each case which appear on the Bloomberg Screen ICAC1 Page.
5 Year Euro Mid-Swap Rate	The mid-market arithmetic mean, expressed as a percentage and rounded up to the nearest 0.001 per cent., of the 5 Year Euro Swap Rates, as determined by the Dealer Managers at the relevant Pricing Time.
5 Year Euro Swap Rates	The bid and offered swap rates for euro swap transactions with a maturity of 5 years, in each case which appear on the Bloomberg Screen ICAE1 Page.
5 Year Sterling Mid-Swap Rate	The mid-market arithmetic mean, expressed as a percentage and rounded up to the nearest 0.001 per cent., of the 5 Year Sterling Swap Rates, as determined by the Dealer Managers at the relevant Pricing Time.
5 Year Sterling Swap Rates	The bid and offered swap rates for sterling swap transactions with a maturity of 5 years, in each case which appear on the Bloomberg Screen ICAB1 Page.
5 Year U.S. Dollar Mid-Swap Rate	The mid-market arithmetic mean, expressed as a percentage and rounded up to the nearest 0.001 per cent., of the 5 Year U.S. Dollar Swap Rates, as determined by the Dealer Managers at the relevant Pricing Time.
5 Year U.S. Dollar Swap Rates	The bid and offered swap rates for U.S. dollar swap transactions with a maturity of 5 years, in each case which appear on the Bloomberg Screen ICAU1 Page.
Accrued Interest	In respect of each Series of Existing Notes, the amount of accrued and unpaid interest, in respect of the Existing Notes of such Series, which have been accepted for exchange pursuant to the Exchange Offer, from (and including) the

	immediately preceding interest payment date in respect of such Existing Notes to (but excluding) the Settlement Date, calculated in accordance with the Conditions of such Existing Notes.
Accrued Interest Payment	An amount in cash (rounded to the nearest A\$0.01, C\$0.01, €0.01, £0.01 or U.S.\$0.01, as applicable, with half a cent or penny, as the case may be, being rounded upwards) payable by the relevant LBGp Company to a Holder on the Settlement Date as part of the consideration under the Exchange Offer, equal to the Accrued Interest on the Existing Notes validly Offered for Exchange by a Holder and accepted by the relevant LBGp Company.
Austraclear	Austraclear Ltd (ABN 94 002 060 773) as operator of the Austraclear System.
Austraclear Regulations	The regulations known as the “Austraclear Regulations”, together with any instructions or directions (as amended or replaced from time to time), established by Austraclear to govern the use of the Austraclear System and which are binding on the participants in that system.
Austraclear System	The system operated by Austraclear in Australia for holding securities and electronic recording of and settling transactions in those securities between the members of the system.
Austraclear Transfer Deadline	12.00 noon, Sydney time, on the Settlement Date.
Austraclear Transfers	The transfer of the Australian Dollar Existing Notes to the Designated Austraclear Account prior to the Austraclear Transfer Deadline in accordance with the terms of the Exchange Offer and the Austraclear Regulations.
Australia	The Commonwealth of Australia.
Australian Dollar Existing Notes	The relevant Series of the Existing Notes (as described in the table entitled “Details of the Existing Notes” above) which may be exchanged for Australian Dollar New Notes pursuant to the Exchange Offer.
Australian Dollar New Notes	Australian dollar denominated Subordinated Fixed to Fixed Rate Notes due 2021 Callable 2016 (as described in the table entitled “Details of the New Notes” above and set out in the New Notes Final Terms for the Australian Dollar New Notes).
Australian Dollar New Notes Initial Coupon	<p>The rate of interest applicable to the Australian Dollar New Notes from and including the relevant Settlement Date to but excluding the Australian Dollar New Notes Optional Redemption Date, as specified in the New Notes Final Terms for the Australian Dollar New Notes.</p> <p>The Australian Dollar New Notes Initial Coupon will be equal to the Australian Dollar New Notes Yield, rounded down to the nearest 0.125 per cent.</p>

Australian Dollar New Notes Maturity Date	Expected to be on or around 19 December 2021.
Australian Dollar New Notes Optional Redemption Date	Expected to be on or around 19 December 2016.
Australian Dollar New Notes Spread	The spread to be added to the 5 Year Australian Dollar Mid-Swap Rate to determine the New Notes Price and the New Notes Initial Coupon in respect of the Australian Dollar New Notes. The Australian Dollar New Notes Spread is 875 bps.
Australian Dollar New Notes Yield	The sum of the Australian Dollar New Notes Spread and the 5 Year Australian Dollar Mid-Swap Rate.
Australian Exchange Agent	Citibank N.A.
Australian Offer Letter	The Offer Letter to be delivered by a participating Holder of Australian Dollar Existing Notes in the form provided to such Holders by the Australian Exchange Agent or a Dealer Manager set out in Annex II.
Australian Register	The Register to be established and maintained by the Australian Registrar in relation to the Australian Dollar New Notes.
Australian Registrar	Citigroup Pty Limited in its capacity as registrar of the Australian Dollar New Notes.
Base Prospectus	The base prospectus dated 20 May 2011, as supplemented by a supplementary prospectus dated 10 August 2011 and a supplementary prospectus dated 23 November 2011, together with any further supplementary prospectuses published after the date of this Exchange Offer Memorandum, in each case relating to the Issuer's EMTN Programme.
Beneficial Owner	A person who is the owner of an interest in a particular principal amount of the Existing Notes, as shown in the records of Euroclear, Clearstream, Luxembourg, the Austraclear System or CDS, or their respective Direct Participants.
Bloomberg Screen ICAA1 Page	The display page on the Bloomberg Service designated as the "ICAA1" page or such other page as may replace it on that information service or on such other equivalent information service as determined by the Dealer Managers.
Bloomberg Screen ICAB1 Page	The display page on the Bloomberg Service designated as the "ICAB1" page or such other page as may replace it on that information service or on such other equivalent information service as determined by the Dealer Managers.
Bloomberg Screen ICAC1 Page	The display page on the Bloomberg Service designated as the "ICAC1" page or such other page as may replace it on that information service or on such other equivalent information service as determined by the Dealer Managers.

Bloomberg Screen ICAE1 Page	The display page on the Bloomberg Service designated as the “ICA E1” page or such other page as may replace it on that information service or on such other equivalent information service as determined by the Dealer Managers.
Bloomberg Screen ICAU1 Page	The display page on the Bloomberg Service designated as the “ICA U1” page or such other page as may replace it on that information service or on such other equivalent information service as determined by the Dealer Managers.
bps	Basis points, each representing one one-hundredth of a percentage point.
Business Day	A day other than a Saturday or Sunday or a public holiday on which commercial banks and foreign exchange markets are open for business in London and, in the case of a sum payable on the Settlement Date in a currency other than sterling or euro, a day other than a Saturday or Sunday or a public holiday on which commercial banks and foreign exchange markets are open for business in the principal financial centre of the country of the relevant currency, or (in the case of a sum payable on the Settlement Date in euro) a day on which the TARGET 2 System is open.
Canadian Dollar Existing Notes	The relevant Series of the Existing Notes (as described in the table entitled “Details of the Existing Notes” above) which may be exchanged for Canadian Dollar New Notes pursuant to the Exchange Offer.
Canadian Dollar New Notes	Canadian dollar denominated Subordinated Fixed to Fixed Rate Notes due 2021 Callable 2016 (as described in the table entitled “Details of the New Notes” above and set out in the New Notes Final Terms for the Canadian Dollar New Notes).
Canadian Dollar New Notes Initial Coupon	<p>The rate of interest applicable to the Canadian Dollar New Notes from and including the relevant Settlement Date to but excluding the Canadian Dollar New Notes Optional Redemption Date, as specified in the New Notes Final Terms for the Canadian Dollar New Notes.</p> <p>The Canadian Dollar New Notes Initial Coupon will be equal to the Canadian Dollar New Notes Yield, rounded down to the nearest 0.125 per cent.</p>
Canadian Dollar New Notes Maturity Date	Expected to be on or around 16 December 2021.
Canadian Dollar New Notes Optional Redemption Date	Expected to be on or around 16 December 2016.
Canadian Dollar New Notes Spread	The spread to be added to the 5 Year Canadian Dollar Mid-Swap Rate to determine the New Notes Price and the New Notes Initial Coupon in respect of the Canadian Dollar New Notes. The Canadian Dollar New Notes Spread is 875 bps.
Canadian Dollar New Notes Yield	The sum of the Canadian Dollar New Notes Spread and the

	5 Year Canadian Dollar Mid-Swap Rate.
Canadian Exchange Agent	Citibank N.A.
Cash Rounding Amount	The amount in cash in the currency of the relevant New Notes (rounded to the nearest A\$0.01, C\$0.01, €0.01, £0.01 or U.S.\$0.01, as applicable, with half a cent or penny, as the case may be, being rounded upwards) to be paid, or procured to be paid, by the relevant LBGp Company to a Holder on the Settlement Date for any fractional portion of New Notes that such Holder would otherwise be entitled to receive as a result of the application of the relevant Exchange Ratio and, if applicable, the application of the relevant Exchange Rate that is not an integral multiple of A\$1,000, C\$1,000, €1,000, £1,000 or U.S.\$1,000, as applicable, which is to be calculated in the manner described in “Terms of the Exchange Offer — 4. Exchange Ratio” and “Terms of the Exchange Offer — 2. Exchange Offer” below.
CDS	CDS Clearing and Depository Services Inc. (or such other nominee of CDS as an authorised representative of CDS may advise).
CDS Exchange Instruction	A book-entry transfer of a Holder’s Canadian Dollar Existing Notes into the account of the Canadian Exchange Agent in accordance with CDS procedures and by the relevant deadlines specified in the CDS Notice in order for Holders of the Canadian Dollar Existing Notes held in or through CDS to be able to participate in the Exchange Offer.
CDS Nominee	CDS & Co., as nominee for CDS.
CDS Notice	The notice to be sent to CDS Participants by CDS on or about the date of this Exchange Offer Memorandum informing CDS Participants, among other things, of the procedures to be followed in order to participate in the Exchange Offer.
CDS Participant	Each person who is shown in the records of CDS as a holder of an interest in the Canadian Dollar Existing Notes.
CDSX	The clearing and settlement system comprising the depository service and the settlement service provided by CDS, as described in and governed by the CDS Participant Rules (Release 2011.07.25) dated 1 March 2010.
Clearing System Notice	The notice to be sent to Direct Participants by each of the Clearing Systems other than CDS on or about the date of this Exchange Offer Memorandum informing Direct Participants, <i>inter alia</i> , of the procedures to be followed in order to participate in the Exchange Offer.
Clearing Systems	Euroclear, Clearstream, Luxembourg, the Austraclear System and CDS.
Clearstream, Luxembourg	Clearstream Banking, <i>société anonyme</i> .
Conditions	The terms and conditions of the Existing Notes.

Dealer Managers	Deutsche Bank AG, London Branch, J.P. Morgan Securities Ltd., Lloyds TSB Bank plc (acting through Lloyds Bank Corporate Markets), Merrill Lynch International and UBS Limited (together, where the context so requires, with their respective affiliates).
Designated Austraclear Account	Mnemonic CITI35.
Direct Participant	Each person who is shown in the records of Euroclear, Clearstream, Luxembourg, the Austraclear System or CDS as a holder of an interest in the Existing Notes.
Drawdown Prospectus	The drawdown prospectus expected to be published following the Pricing and Results Announcements but prior to the Settlement Date, relating to the listing and admission to trading of the New Notes.
Electronic Instruction Notice	The electronic exchange and blocking instruction in the form specified in the relevant Clearing System Notice (to the effect set out in “Terms of the Exchange Offer — 7. Procedures for Offering to Exchange Existing Notes” below), which, in the case of all Existing Notes other than Australian Dollar Existing Notes held in or through the Austraclear System and Canadian Dollar Existing Notes held in or through CDS, must be submitted by Holders, Direct Participants or Beneficial Owners in accordance with the requirements of the relevant Clearing System.
EMTN Programme	The £50,000,000,000 Euro Medium Term Note Programme of the Issuer.
Euroclear	Euroclear Bank S.A./N.V.
Euro Existing Notes	The relevant Series of the Existing Notes (as described in the table entitled “Details of the Existing Notes” above) which may be exchanged for Euro New Notes pursuant to the Exchange Offer.
Euro New Notes	Euro denominated Subordinated Fixed to Fixed Rate Notes due 2021 Callable 2016 (as described in the table entitled “Details of the New Notes” above and set out in the New Notes Final Terms for the Euro New Notes).
Euro New Notes Initial Coupon	<p>The rate of interest applicable to the Euro New Notes from and including the Settlement Date to but excluding the Euro New Notes Optional Redemption Date, as specified in the New Notes Final Terms for the Euro New Notes.</p> <p>The Euro New Notes Initial Coupon will be equal to the Euro New Notes Yield, rounded down to the nearest 0.125 per cent.</p>
Euro New Notes Maturity Date	Expected to be on or around 16 December 2021.
Euro New Notes Optional Redemption Date	Expected to be on or around 16 December 2016.
Euro New Notes Spread	The spread to be added to the 5 Year Euro Mid-Swap Rate to determine the New Notes Price and the New Notes Initial

	Coupon in respect of the Euro New Notes. The Euro New Notes Spread is 1000 bps.
Euro New Notes Yield	The sum of the Euro New Notes Spread and the 5 Year Euro Mid-Swap Rate.
Exchange Agents	The Australian Exchange Agent, the Canadian Exchange Agent and the Lead Exchange Agent.
Exchange Offer	The invitation by the Issuer, on behalf of the LBGp Companies, to Holders to Offer to Exchange Existing Notes for New Notes.
Exchange Offer Memorandum	This Exchange Offer Memorandum dated 1 December 2011.
Exchange Offer Period	From the commencement of the Exchange Offer on 1 December 2011 until the Expiration Time, unless such period is extended or closed earlier, in relation to any series, as described herein.
Exchange Price	In respect of each Series, the price for each A\$1,000, C\$1,000, €1,000, £1,000 or U.S.\$1,000, as applicable, in principal amount at which Existing Notes validly Offered for Exchange at or prior to the Expiration Time and accepted for exchange will be exchanged for the relevant series of the New Notes, expressed as a percentage and rounded to the nearest 0.001 per cent., as set out in the table entitled “Details of the Existing Notes” above.
Exchange Ratio	In respect of each Series of Existing Notes, the ratio (rounded down to six decimal places) resulting from the division of the relevant Exchange Price for such Series of Existing Notes by the relevant New Notes Price. This ratio determines the aggregate principal amount of the relevant New Notes to be received in exchange for the relevant aggregate principal amount of Existing Notes validly Offered for Exchange at or prior to the Expiration Time and accepted for exchange by the relevant LBGp Company.
Existing Notes	The Australian Dollar Existing Notes, the Canadian Dollar Existing Notes, the Euro Existing Notes, the Sterling Existing Notes and the U.S. Dollar Existing Notes, as more particularly described in the table entitled “Details of the Existing Notes” above.
Expiration Date	9 December 2011, or such earlier or later date as notified by the Exchange Agents to the Holders and subject to the right of the Issuer to extend, re-open, amend, waive any condition of, terminate and/or withdraw the Exchange Offer pursuant to the provisions set out herein.
Expiration Time	4.00 p.m., London time, on the Expiration Date.
Fitch	Fitch Ratings Limited.
FSMA	The Financial Services and Markets Act 2000.
Group	Lloyds Banking Group plc and its subsidiary and associated

	undertakings.
Holder	A holder of Existing Notes.
Intermediary	Any broker, dealer, commercial bank, trust company or other nominee or custodian who holds Existing Notes or an interest in Existing Notes on behalf of another person.
Issuer	Lloyds TSB Bank plc.
LBGp Company	The Issuer, HBOS plc and any other subsidiary or associated undertaking of Lloyds Banking Group plc (together, the “LBGp Companies”) and “relevant LBGp Company” shall mean, in respect of each series, the LBGp Company specified as such in the relevant Pricing and Results Announcement.
Lead Exchange Agent	Lucid Issuer Services Limited.
London Stock Exchange	The London Stock Exchange plc.
Mid-Swap Rate	The 5 Year Australian Dollar Mid-Swap Rate, the 5 Year Canadian Dollar Mid-Swap Rate, the 5 Year Euro Mid-Swap Rate, the 5 Year Sterling Mid-Swap Rate or the 5 Year U.S. Dollar Mid-Swap Rate, as applicable.
Minimum Existing Holding	The minimum principal amount of Existing Notes that is sufficient to entitle a Holder to be eligible to receive, in accordance with the terms of the Exchange Offer, a principal amount of New Notes which when multiplied by the relevant Exchange Ratio is at least equal to A\$500,000, in the case of the Australian Dollar New Notes, C\$100,000, in the case of the Canadian Dollar New Notes, €50,000, in the case of the Euro New Notes, £50,000, in the case of the Sterling New Notes, or U.S.\$75,000, in the case of the U.S. Dollar New Notes.
Moody’s	Moody’s Investors Service Ltd.
New Issue Amount	The amount, in respect of each series of New Notes, to be determined by the Issuer following the expiration of the Exchange Offer Period, as the aggregate principal amount of such series of New Notes to be issued by the Issuer and delivered in exchange for the relevant Series of the Existing Notes pursuant to the Exchange Offer. Each New Issue Amount will be determined by the Issuer in its sole and absolute discretion, and, in each case, is intended to be announced by the Issuer as soon as reasonably practicable after the relevant Pricing Time.
New Notes	The Australian Dollar New Notes, the Canadian Dollar New Notes, the Euro New Notes, the Sterling New Notes and the U.S. Dollar New Notes.
New Notes Conditions	The terms and conditions of the New Notes set out in Schedule 2, Part C of the Trust Deed, as completed by the relevant New Notes Final Terms including in relation to a new Condition 5A. Schedule 2, Part C of the Trust Deed is

	<p>replicated on pages 52 to 112 of the Base Prospectus, which pages are incorporated by reference herein.</p>
New Notes Final Terms	<p>The final terms relating to and completing the New Notes Conditions, the form of each of which is set out in Annex I (which, until publication of the Drawdown Prospectus, should be read in conjunction with the relevant Pricing and Results Announcement).</p>
New Notes Initial Coupon	<p>The Australian Dollar New Notes Initial Coupon, the Canadian Dollar New Notes Initial Coupon, the Euro New Notes Initial Coupon, the Sterling New Notes Initial Coupon or the U.S. Dollar New Notes Initial Coupon, as applicable.</p>
New Notes Price	<p>The issue price of each series of New Notes (expressed as a percentage). The New Notes Price will be announced by the Issuer, as soon as reasonably practicable after the relevant Pricing Time. Each New Notes Price will be expressed as a percentage and rounded to the nearest 0.001 per cent. (with 0.0005 rounded upwards).</p>
New Notes Reset Coupon	<p>In relation to each series of New Notes, the rate of interest applicable to such series of New Notes from and including the relevant Optional Redemption Date, as specified in the relevant New Notes Final Terms.</p>
New Notes Spread	<p>The Australian Dollar New Notes Spread, the Canadian Dollar New Notes Spread, the Euro New Notes Spread, the Sterling New Notes Spread or the U.S. Dollar New Notes Spread, as applicable.</p>
New Notes Yield	<p>The Australian Dollar New Notes Yield, the Canadian Dollar New Notes Yield, the Euro New Notes Yield, the Sterling New Notes Yield or the U.S. Dollar New Notes Yield, as applicable.</p>
Notifying News Service	<p>A recognised financial news service or services as selected by the Issuer (e.g. Reuters/Bloomberg).</p>
Offer to Exchange	<p>An offer validly made to each of the LBGp Companies by a Holder of Existing Notes to exchange such Existing Notes for New Notes, in accordance with and pursuant to the terms of the Exchange Offer, and “Offers to Exchange”, “Offered for Exchange” and “Offering to Exchange” shall be construed accordingly.</p>
Optional Redemption Date	<p>The Australian Dollar New Notes Optional Redemption Date, the Canadian Dollar New Notes Optional Redemption Date, the Euro New Notes Optional Redemption Date, the Sterling New Notes Optional Redemption Date or the U.S. Dollar New Notes Optional Redemption Date, as applicable.</p>
Pricing and Results Announcements	<p>The announcements by the Issuer, as soon as reasonably practicable after the relevant Pricing Time, detailing (i) the Mid-Swap Rate, the New Notes Yield, the New Notes Price and the New Notes Initial Coupon for each relevant series of</p>

the New Notes, (ii) the Exchange Ratio for each relevant Series of the Existing Notes and each relevant series of the New Notes, (iii) whether valid Offers to Exchange pursuant to the Exchange Offer are accepted by the LBGp Companies and which LBGp Company is accepting Offers to Exchange in respect of each relevant Series of the Existing Notes, (iv) the aggregate principal amounts of each relevant Series of the Existing Notes the relevant LBGp Company will be accepting for exchange, (v) each relevant New Issue Amount, (vi) the Settlement Date and (vii) in relation to the Australian Dollar Existing Notes held in or through the Austraclear System, the Austraclear Transfer Deadline. In the case of the Australian Dollar Existing Notes and the Australian Dollar New Notes, (iv) and (v) are expected to be announced via RNS later on the same London business day as the Pricing Date for the Australian Dollar New Notes.

Pricing Date

Save in relation to Australian Dollar New Notes, 12 December 2011, subject to the right of the Issuer to amend the relevant Pricing Date.

In relation to Australian Dollar New Notes, 13 December 2011, subject to the right of the Issuer to amend the relevant Pricing Date.

Pricing Time

Save in relation to Australian Dollar New Notes, at or around 1.00 p.m., London time, on the relevant Pricing Date, subject to the right of the Issuer to amend the relevant Pricing Time.

In relation to Australian Dollar New Notes, at or around 11.00 a.m., Sydney time, on the relevant Pricing Date, subject to the right of the Issuer to amend the relevant Pricing Time.

RNS

Regulatory News Service provided by the London Stock Exchange (being a Regulated Information Service on the list of Regulatory Information Services maintained by the Financial Services Authority).

S&P

Standard & Poor's Credit Market Services Europe Limited.

Securities Act

The United States Securities Act of 1933.

Series

A series of the Existing Notes, each as further described in the table entitled "Details of the Existing Notes" above.

Settlement Date

The date on which the relevant LBGp Company will deliver, or procure the delivery of, through the Clearing Systems to each relevant Holder (i) the relevant New Notes in exchange for the relevant Existing Notes Offered for Exchange by such Holder and accepted for exchange pursuant to the Exchange Offer (if any) and (ii) the Accrued Interest Payments and Cash Rounding Amounts (if any), which is expected to be no later than the sixth Business Day following the Expiration Date, to be announced by the

	Issuer as soon as reasonably practicable after the relevant Pricing Time.
Sterling Existing Notes	The relevant Series of the Existing Notes (as described in the table entitled “Details of the Existing Notes” above) which may be exchanged for Sterling New Notes pursuant to the Exchange Offer.
Sterling New Notes	Sterling denominated Subordinated Fixed to Fixed Rate Notes due 2021 Callable 2016 (as described in the table entitled “Details of the New Notes” above and set out in the New Notes Final Terms for the Sterling New Notes).
Sterling New Notes Initial Coupon	<p>The rate of interest applicable to the Sterling New Notes from and including the Settlement Date to but excluding the Sterling New Notes Optional Redemption Date, as specified in the New Notes Final Terms for the Sterling New Notes.</p> <p>The Sterling New Notes Initial Coupon will be equal to the Sterling New Notes Yield, rounded down to the nearest 0.125 per cent.</p>
Sterling New Notes Maturity Date	Expected to be on or around 16 December 2021.
Sterling New Notes Optional Redemption Date	Expected to be on or around 16 December 2016.
Sterling New Notes Spread	The spread to be added to the 5 Year Sterling Mid-Swap Rate to determine the New Notes Price and the New Notes Initial Coupon in respect of the Sterling New Notes. The Sterling New Notes Spread is 900 bps.
Sterling New Notes Yield	The sum of the Sterling New Notes Spread and the 5 Year Sterling Mid-Swap Rate, expressed on an annualised basis for the purposes of determining the New Notes Initial Coupon and the New Notes Price for the Sterling New Notes.
TARGET 2 System	The Trans-European Automated Real-Time Gross Settlement Express Transfer System.
Temporary Global Note	A temporary global note which will represent a series of New Notes in bearer form on issue, substantially in the form set out in Schedule 1 Part C to the Trust Deed.
Trust Deed	The trust deed dated 20 May 2011 between the Issuer and the Trustee, relating to the Issuer’s EMTN Programme as amended and/or supplemented as at the Settlement Date.
Trustee	The Law Debenture Trust Corporation p.l.c., as trustee for the Holders of each Series of Existing Notes.
UK Listing Authority	The Financial Services Authority in its capacity as competent authority under the FSMA.
United Kingdom	United Kingdom of Great Britain and Northern Ireland.
United States or U.S.	United States of America.
U.S. Dollar Existing Notes	The relevant Series of the Existing Notes (as described in the table entitled “Details of the Existing Notes” above)

	which may be exchanged for U.S. Dollar New Notes pursuant to the Exchange Offer.
U.S. Dollar New Notes	U.S. dollar denominated Subordinated Fixed to Fixed Rate Notes due 2021 Callable 2016 (as described in the table entitled “Details of the New Notes” above and set out in the New Notes Final Terms for the U.S. Dollar New Notes).
U.S. Dollar New Notes Initial Coupon	The rate of interest applicable to the U.S. Dollar New Notes from and including the Settlement Date to but excluding the U.S. Dollar New Notes Optional Redemption Date, as specified in the New Notes Final Terms for the U.S. Dollar New Notes. The U.S. Dollar New Notes Initial Coupon will be equal to the U.S. Dollar New Notes Yield, rounded down to the nearest 0.125 per cent.
U.S. Dollar New Notes Maturity Date	Expected to be on or around 16 December 2021.
U.S. Dollar New Notes Optional Redemption Date	Expected to be on or around 16 December 2016.
U.S. Dollar New Notes Spread	The spread to be added to the 5 Year U.S. Dollar Mid-Swap Rate to determine the New Notes Price and the New Notes Initial Coupon in respect of the U.S. Dollar New Notes. The U.S. Dollar New Notes Spread is 850 bps.
U.S. Dollar New Notes Yield	The sum of the U.S. Dollar New Notes Spread and the 5 Year U.S. Dollar Mid-Swap Rate, expressed on an annualised basis for the purposes of determining the New Notes Initial Coupon and the New Notes Price for the U.S. Dollar New Notes.

RISK FACTORS

The following section does not describe all of the risks for Holders participating in the Exchange Offer. Prior to making a decision as to whether to participate, Holders should consider carefully, in light of their own financial circumstances and investment objectives, all the information set out in this Exchange Offer Memorandum and, in particular, the following risk factors and those described in the Base Prospectus (including, in particular, those in relation to dated subordinated Notes) in evaluating whether to participate in the Exchange Offer.

Differences between the Existing Notes and the New Notes

The Conditions of the Existing Notes (which are intended to be eligible to count as either Upper Tier 2 or Lower Tier 2 capital of the relevant issuer of the Existing Notes and/or of the Group) may be substantially different from those of the New Notes. Holders should consider the differences (which include, *inter alia*, the payment dates, the coupon, the ranking and, in some cases, the identity of the obligor and the form in which the New Notes are issued) closely. The full terms and conditions of the New Notes are set out in the New Notes Final Terms (the form of which, subject to modification, is appended to this Exchange Offer Memorandum, which should be read together with the relevant Pricing and Results Announcement) in conjunction with Schedule 2, Part C of the Trust Deed. In addition, Holders should be aware that the credit ratings assigned to the New Notes by any rating agency may be lower than those currently assigned by any rating agencies to the Existing Notes.

Likelihood of capital calls of Existing Notes

It is the intention of the Group that all decisions to exercise calls on any Existing Notes (the securities targeted in this exchange offer) that remain outstanding after 31 January 2012, will be made with reference to the prevailing regulatory, economic, and market conditions at the time.

No decisions have been made with regards to other callable capital securities, aside from those where the Group has made statements in the context of its prior liability management exercises.

Uncertainty as to the trading market for Existing Notes which remain outstanding

Although the Existing Notes which are not Offered for Exchange and accepted will continue to be listed, to the extent that Existing Notes are exchanged for New Notes, the trading market for the Existing Notes which remain outstanding following the completion of the Exchange Offer may be significantly more limited. Such outstanding Existing Notes may command a lower price than a comparable issue of securities with greater market liquidity. A reduced market value may also make the trading price of the remaining Existing Notes more volatile. As a result, the market price for the Existing Notes that remain outstanding after the completion of the Exchange Offer may be adversely affected as a result of the Exchange Offer.

Substitution or variation of the New Notes

Upon the occurrence and continuation of a Capital Event (as defined in the relevant New Notes Final Terms), the Issuer may, subject as provided in Condition 5A as set out at paragraph 42 of each New Notes Final Terms and without the need for any consent of the Holders or the Trustee, substitute all (but not some only) of the relevant series of New Notes, or vary the terms of the relevant series of New Notes so that they remain or, as appropriate, become, Compliant Securities (as defined in Condition 5A).

Uncertainty as to the trading market for New Notes

The Issuer does not intend to apply for listing or admission to trading of the New Notes on any securities exchange other than the London Stock Exchange's Regulated Market from (or shortly following) the Settlement Date. The New Notes are securities for which there is currently no trading market and there can be no assurance as to the development of liquidity of any trading market for the New Notes.

Future actions in respect of the Existing Notes

Whether or not any Offer to Exchange is accepted, the Dealer Managers and the LBGp Companies and their respective affiliates may, to the extent permitted by applicable law, continue to acquire, from time to time during or after the Exchange Offer, Existing Notes other than pursuant to the Exchange Offer, including through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as they may determine, which may be more or less than the prices to be paid pursuant to the Exchange Offer and could be for cash or other consideration or otherwise on terms more or less favourable than those contemplated in the Exchange Offer.

No obligation to accept Offers to Exchange

The LBGp Companies are under no obligation to accept Offers to Exchange. Offers to Exchange may be rejected in the sole discretion of the relevant LBGp Company for any reason and the relevant LBGp Company is under no obligation to Holders to furnish any reason or justification for refusing to accept an Offer to Exchange. For example, Existing Notes Offered for Exchange may be rejected if the Exchange Offer is terminated, if the Exchange Offer does not comply with the relevant requirements of a particular jurisdiction, if the Minimum Existing Holding condition is not satisfied or for other reasons.

Responsibility for complying with the procedures of the Exchange Offer

Holders are responsible for complying with all of the procedures for exchanging the Existing Notes pursuant to the terms of this Exchange Offer Memorandum. None of the LBGp Companies, the Dealer Managers or the Exchange Agents assumes any responsibility for informing Holders of irregularities with respect to Offers to Exchange from the Holders.

Completion, termination and amendment

No assurance can be given that the Exchange Offer will be completed. Completion of the Exchange Offer is conditional upon the satisfaction or waiver (if permitted) of the conditions to the Exchange Offer set out herein. In addition, subject as provided herein, the Issuer, on behalf of the LBGp Companies, may, in its sole discretion, extend, re-open, amend, waive any condition of, terminate and/or withdraw the Exchange Offer (including, but not limited to, the terms and conditions of the New Notes) at any time prior to its announcement of whether, and which, LBGp Companies accept valid Offers to Exchange pursuant to the Exchange Offer, which the Issuer expects to make as soon as reasonably practicable after the relevant Pricing Time, and may, in its sole discretion, waive conditions to the Exchange Offer after this date.

Revocation of Electronic Instruction Notices, CDS Exchange Instructions and Australian Offer Letters

Electronic Instruction Notices, CDS Exchange Instructions and Australian Offer Letters received by the relevant Exchange Agent cannot be revoked, except in the limited circumstances set out in “Terms of the Exchange Offer — 11. Revocation Rights” below. Any such revocation will only be accepted if validly submitted such that it is received by the relevant Exchange Agent by 4.00 p.m., London time, on the second Business Day following notification of the relevant amendment or supplement (or any earlier deadlines set by any Clearing System or other Intermediary).

Blocking of Existing Notes

When considering whether to participate in the Exchange Offer, Holders should take into account that restrictions on the transfer of Existing Notes (other than Australian Dollar Existing Notes held in or through the Austraclear System) by Holders will apply from the time of submission of Electronic Instruction Notices or CDS Exchange Instructions, as applicable. A Holder will, on submitting an Electronic Instruction Notice or CDS Exchange Instruction, as applicable, agree that its Existing Notes will be blocked in the relevant account in the relevant Clearing System from the date the relevant Electronic Instruction Notice or CDS Exchange Instruction, as applicable, is submitted until the earlier of (i) the time of settlement on the Settlement Date and (ii) the date of any termination of the Exchange Offer (including where such Existing Notes are not accepted for exchange) or on which the Electronic Instruction Notice or CDS Exchange Instruction, as applicable, is validly revoked (in the limited circumstances in which it is permitted to do so).

Restrictions on transfer of Australian Dollar Existing Notes

When considering whether to participate in the Exchange Offer, Holders of Australian Dollar Existing Notes held in or through the Austraclear System should take into account that upon submitting an Australian Offer Letter such Holder will irrevocably undertake to instruct an Austraclear Transfer to the Designated Austraclear Account to settle prior to the Austraclear Transfer Deadline such that it will not transfer, sell or otherwise deal with such Australian Dollar Existing Notes from the date of such Australian Offer Letter until the earliest of (i) the time of settlement on the Settlement Date, (ii) the date of any termination of the Exchange Offer (including where such Australian Dollar Existing Notes are not accepted for exchange) or (iii) the date on which the Australian Offer Letter is validly revoked (in the limited circumstances in which it is permitted to do so), otherwise than in connection with the delivery of the Australian Dollar Existing Notes to the Designated Austraclear Account and settlement of the Exchange Offer.

Compliance with Offer Restrictions

Holders are referred to the offer restrictions on pages 3 to 8 and the deemed representations and warranties on pages 43 to 47 of this Exchange Offer Memorandum. Non-compliance with the offer restrictions by a Holder could result in, among other things, an inability to validly Offer to Exchange Existing Notes, the unwinding of trades and/or heavy penalties.

Responsibility to consult advisers

Holders should consult their own tax, accounting, financial and legal advisers regarding the suitability to themselves of the tax or accounting consequences of participating or declining to participate in the Exchange Offer and an investment in the New Notes.

The relevant Exchange Ratio may not reflect the market value of the corresponding New Notes

The New Notes will be admitted to the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's Regulated Market with effect from (or shortly following) the Settlement Date. To the extent that the New Notes are traded on any stock or securities exchange, prices of the New Notes will fluctuate greatly, depending on the trading volume and the balance between buy and sell orders. Holders are urged to contact their brokers to obtain the best available information as to the potential market price of the New Notes and for advice concerning the effect of the applicable Exchange Ratio.

HOLDERS ARE ADVISED TO CHECK WITH ANY BANK, SECURITIES BROKER, CLEARING SYSTEM OR OTHER INTERMEDIARY THROUGH WHICH THEY HOLD THEIR EXISTING NOTES WHETHER SUCH INTERMEDIARY APPLIES DIFFERENT DEADLINES FOR ANY OF THE EVENTS SPECIFIED IN THIS EXCHANGE OFFER MEMORANDUM, AND THEN TO ALLOW FOR SUCH DEADLINES IF DEADLINES SET BY SUCH PERSONS ARE PRIOR TO THE DEADLINES SET OUT IN THIS EXCHANGE OFFER MEMORANDUM.

TAXATION

In view of the number of different jurisdictions where tax laws may apply to a Holder, this Exchange Offer Memorandum does not discuss the tax consequences for Holders arising from the exchange of Existing Notes in the Exchange Offer for New Notes, or in relation to the New Notes. Holders are urged to consult their own professional advisers regarding these possible tax consequences under the laws of the jurisdictions that apply to them or to the exchange of their Existing Notes and the receipt pursuant to the Exchange Offer of New Notes, the Accrued Interest Payment and any Cash Rounding Amount (if applicable). Holders are liable for their own taxes and have no recourse to any LBGp Company, the Dealer Managers or the Exchange Agents with respect to taxes arising in connection with the Exchange Offer.

TERMS OF THE EXCHANGE OFFER

Capitalised terms used but not defined herein have the meanings assigned to such terms in “Definitions” above.

1 Background to the Exchange Offer

The Group is undertaking an exchange offer on its Tier 2 capital securities which are eligible for call in 2012, with the exception of those already being treated on an economic basis.

This decision has been taken (i) in light of ongoing market volatility and regulatory uncertainty and (ii) as a consequence of the effects of a prohibition on capital calls which was imposed on the Group as part of the restructuring plan mandated by the European Commission following the receipt of state aid by the Group during 2009.

The Exchange Offer also provides the Group with an opportunity to improve the quality of the Group’s capital base.

2 Exchange Offer

- (a) The Issuer, on behalf of the LBGp Companies, invites all Holders (subject to certain offer restrictions set out in “Offer Restrictions” above) to Offer to Exchange for the relevant New Notes any or all of such Existing Notes that are outstanding upon the terms and subject to the conditions of the Exchange Offer as further described below. Offers to Exchange must be made to each of the LBGp Companies, but, if accepted in relation to Existing Notes of a particular Series, will only be accepted in relation to that Series by the relevant LBGp Company specified in the relevant Pricing and Results Announcement.
- (i) Holders who validly Offer to Exchange their Existing Notes at or prior to the Expiration Time will, if their Offer to Exchange is accepted by the relevant LBGp Company, receive relevant New Notes in a principal amount (rounded down to the nearest A\$1,000, C\$1,000, €1,000, £1,000 or U.S.\$1,000, as applicable) equal to the product of (i) the aggregate principal amount of such Existing Notes accepted for exchange and (ii) the relevant Exchange Ratio, as calculated by the Issuer, in consultation with the Dealer Managers, subject to the requirement that any such Offer to Exchange relates to Existing Notes with a principal amount at least equal to the relevant Minimum Existing Holding. Such Holders will also receive any applicable Accrued Interest Payments and Cash Rounding Amounts.
- (ii) Holders of Australian Dollar Existing Notes shall only be entitled to Offer to Exchange such Australian Dollar Existing Notes for Australian Dollar New Notes. Holders of Canadian Dollar Existing Notes shall only be entitled to Offer to Exchange such Canadian Dollar Existing Notes for Canadian Dollar New Notes. Holders of Euro Existing Notes shall only be entitled to Offer to Exchange such Euro Existing Notes for Euro New Notes. Holders of Sterling Existing Notes shall only be entitled to Offer to Exchange such Sterling Existing Notes for Sterling New Notes. Holders of U.S. Dollar Existing Notes shall only be entitled to Offer to Exchange such U.S. Dollar Existing Notes for U.S. Dollar New Notes.
- (iii) The Exchange Offer Period will start on 1 December 2011 and end at the Expiration Time, unless extended or earlier closed by the Issuer. Subject thereto, Holders are invited to Offer to Exchange any or all of their Existing Notes that are outstanding from 1

December 2011 up to 4.00 p.m., London time, on 9 December 2011, subject to any earlier deadlines set by the Clearing Systems or other Intermediaries.

- (iv) An Offer to Exchange will only be considered eligible for acceptance by the relevant LBGp Company if it relates to Existing Notes with a principal amount at least equal to the relevant Minimum Existing Holding.
- (v) Notwithstanding any other provision of this Exchange Offer Memorandum, whether any LBGp Company accepts any or all Offers to Exchange from Holders is at its sole and absolute discretion and the relevant LBGp Company may decide not to accept Offers to Exchange for any reason.
- (vi) The Issuer intends to announce, *inter alia*, whether and which, LBGp Companies accept Offers to Exchange as soon as reasonably practicable after the relevant Pricing Time.
- (b) If, in respect of any Series of Existing Notes, any LBGp Company accepts any valid Offers to Exchange, it intends to accept all valid Offers to Exchange in respect of such Series received by the relevant Exchange Agent prior to the Expiration Time.
- (c) Holders whose Existing Notes Offered for Exchange are not accepted, or who do not participate in the Exchange Offer, will not be eligible to receive New Notes in exchange for such Existing Notes and shall continue to hold such Existing Notes subject to their terms and conditions.
- (d) A Holder whose Existing Notes are accepted for exchange in the Exchange Offer and who, following the exchange of such Existing Notes on the Settlement Date, will continue to hold in its account with the relevant Clearing System a principal amount of Existing Notes which is less than the minimum denomination for such Series, would need to purchase a principal amount of Existing Notes of such Series such that its holding amounts to at least the amount of such minimum denomination. Otherwise, such residual holding may not be tradeable in the Clearing Systems.
- (e) On the Settlement Date, subject to the satisfaction or waiver (if permitted) of the conditions to the Exchange Offer, the relevant LBGp Company will procure that New Notes will be delivered to the Holders in respect of the Existing Notes of such Holders validly Offered for Exchange under the Exchange Offer pursuant to the terms set out in this Exchange Offer Memorandum and accepted for exchange by that LBGp Company. In addition, on the Settlement Date, the relevant LBGp Company will pay, or procure that there is paid, to Holders in respect of the Existing Notes of such Holders validly Offered for Exchange and accepted by the relevant LBGp Company any (i) Accrued Interest Payment on such Existing Notes and (ii) Cash Rounding Amounts, as applicable.
- (f) The Australian Dollar New Notes will be issued in a single denomination of A\$1,000; the Canadian Dollar New Notes will be issued in denominations of C\$1,000, and higher integral multiples of C\$1,000 in excess thereof; the Euro New Notes will be issued in denominations of €1,000; and higher integral multiples of €1,000 in excess thereof; the Sterling New Notes will be issued in denominations of £1,000, and higher integral multiples of £1,000 in excess thereof; and the U.S. Dollar New Notes will be issued in denominations of U.S.\$1,000, and higher integral multiples of U.S.\$1,000 in excess thereof. Application will be made for the New Notes to be admitted to the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's Regulated Market pursuant to the Issuer's EMTN Programme with effect from (or shortly following) the Settlement Date.
- (g) Participating Holders whose Electronic Instruction Notices, CDS Exchange Instructions or Australian Offer Letters, as applicable, are received by the relevant Exchange Agent prior to the

Expiration Time may only revoke their Offers to Exchange in the limited circumstances set out under “Terms of the Exchange Offer – 11. Revocation Rights” below.

- (h) None of the LBGp Companies, the Dealer Managers, the Trustee or the Exchange Agents (or their respective directors, employees or affiliates) makes any recommendation as to whether or not Holders should Offer to Exchange their Existing Notes.

3 Pricing of the New Notes

New Notes Spread

The Australian Dollar New Notes Spread will be used to calculate the New Notes Price and New Notes Initial Coupon in respect of the Australian Dollar New Notes. The Australian Dollar New Notes Spread is 875 bps.

The Canadian Dollar New Notes Spread will be used to calculate the New Notes Price and New Notes Initial Coupon in respect of the Canadian Dollar New Notes. The Canadian Dollar New Notes Spread is 875 bps.

The Euro New Notes Spread will be used to calculate the New Notes Price and New Notes Initial Coupon in respect of the Euro New Notes. The Euro New Notes Spread is 1000 bps.

The Sterling New Notes Spread will be used to calculate the New Notes Price and New Notes Initial Coupon in respect of the Sterling New Notes. The Sterling New Notes Spread is 900 bps.

The U.S. Dollar New Notes Spread will be used to calculate the New Notes Price and New Notes Initial Coupon in respect of the U.S. Dollar New Notes. The U.S. Dollar New Notes Spread is 850 bps.

New Notes Price and New Notes Initial Coupon

The New Notes Price and the New Notes Initial Coupon in respect of each series of New Notes will be calculated in accordance with market convention by reference to the relevant New Notes Yield, which is the sum of the relevant New Notes Spread and (excluding the Australian Dollar New Notes) the relevant Mid-Swap Rate (the sum of which will be expressed on an annualised basis in the case of the Sterling New Notes and the U.S. Dollar New Notes). The relevant Mid-Swap Rate will be determined at the relevant Pricing Time. In the case of the Australian Dollar New Notes, the Mid-Swap Rate for determining the Australian Dollar New Notes Yield and the associated Australian Dollar New Notes Initial Coupon will be calculated in accordance with domestic Australian Dollar market convention by reference to the associated matched asset swap levels to be agreed by the Dealer Managers at the relevant Pricing Time.

The New Notes Yield is intended to reflect the yield to the relevant Optional Redemption Date of the relevant New Notes on the Settlement Date. The New Notes Initial Coupon will be equal to the New Notes Yield, rounded down to the nearest 0.125 per cent. in accordance with market convention.

The New Notes Price shall be as close as possible to 100 per cent. of the nominal amount of the New Notes, adjusted to allow for rounding down of the New Notes Initial Coupon as aforesaid, rounded to the nearest 0.001 per cent. (with 0.0005 rounded upwards).

4 Exchange Ratio

The Exchange Ratio applicable to a Series of Existing Notes will be calculated as the ratio (rounded down to six decimal places) resulting from the division of the relevant Exchange Price for such Series of Existing Notes (as described in the table entitled “Details of Existing Notes” above) by the relevant New Notes Price. Holders who validly Offer to Exchange their Existing Notes at or prior to the Expiration Time and whose Offer to Exchange is accepted will receive relevant New Notes in an

amount (rounded down to the nearest A\$1,000, C\$1,000, €1,000, £1,000 or U.S.\$1,000, as applicable) equal to the aggregate principal amount of such Existing Notes accepted for exchange multiplied by the relevant Exchange Ratio.

If, as a result of the application of the relevant Exchange Ratio, a Holder would be entitled to receive an aggregate principal amount of New Notes that is not an integral multiple of A\$1,000, C\$1,000, €1,000, £1,000 or U.S.\$1,000, as applicable, the relevant LBGp Company will pay, or procure that there is paid, in cash in the currency of the relevant New Notes to that Holder on the Settlement Date the Cash Rounding Amount, which is the amount equal to (i) the fractional portion of such aggregate principal amount that is not such an integral multiple, multiplied by (ii) the relevant New Notes Price (rounded to the nearest A\$0.01, C\$0.01, €0.01, £0.01 or U.S.\$0.01, as applicable, with half a cent or penny, as the case may be, being rounded upwards).

5 Accrued Interest Payment

On the Settlement Date, the relevant LBGp Company will pay or procure that there is paid to all Holders who have validly Offered to Exchange Existing Notes pursuant to the Exchange Offer and which Existing Notes the relevant LBGp Company has accepted, any applicable Accrued Interest Payment. Provided that the Issuer has deposited the New Notes and the relevant funds have been deposited with the Clearing Systems on or before the Settlement Date, no further amount calculated by reference to interest will be payable for the period of any delay in respect of the receipt by the Holder of the New Notes or any Accrued Interest Payment.

6 Announcements

As soon as reasonably practicable after the relevant Pricing Time, the Issuer will announce (i) the Mid-Swap Rates, the New Notes Yield, the New Notes Price and the New Notes Initial Coupon for each relevant series of the New Notes, (ii) the Exchange Ratio for each relevant Series of the Existing Notes and each relevant series of the New Notes, (iii) whether valid Offers to Exchange pursuant to the Exchange Offer are accepted by the LBGp Companies and which LBGp Company is accepting Offers to Exchange in respect of each relevant Series of the Existing Notes, (iv) the aggregate principal amounts of each relevant Series of the Existing Notes the relevant LBGp Company will be accepting for exchange, (v) each relevant New Issue Amount, (vi) the Settlement Date and (vii) in relation to the Australian Dollar Existing Notes held in or through the Austraclear System, the Austraclear Transfer Deadline. In the case of the Australian Dollar Existing Notes and the Australian Dollar New Notes, (iv) and (v) are expected to be announced via RNS later on the same London business day as the Pricing Date for the Australian Dollar New Notes.

Unless stated otherwise, announcements will be made by the Issuer (i) by the issue of a press release to a Notifying News Service, (ii) in relation to the Euro Existing Notes, the Sterling Existing Notes and the U.S. Dollar Existing Notes, by the delivery of notices to the relevant Clearing Systems for communication to Direct Participants, (iii) in relation to the Australian Dollar Existing Notes, by the Australian Exchange Agent on behalf of the Issuer through a Notifying News Services (expected to be Reuters or Bloomberg), (iv) in relation to the Canadian Dollar Existing Notes, by the delivery by CDS of a CDS Notice to CDS Participants and (v) through RNS and Luxembourg Stock Exchange Notices, and may also be found on the relevant Reuters International Insider Screen. Holders are hereby informed that significant delays may be experienced in publishing notices through the Clearing Systems. Holders are urged to contact the Dealer Managers or the Exchange Agents at the telephone numbers specified on the penultimate and back cover pages of this Exchange Offer Memorandum for the relevant announcements during the Exchange Offer Period. All announcements will be made available upon release at the offices of the Exchange Agents.

7 Procedures for Offering to Exchange Existing Notes

Set out below are certain procedures relevant to Offering to Exchange Existing Notes. In relation to the additional procedures relevant to Offering to Exchange Australian Dollar Existing Notes and Canadian Dollar Existing Notes held in or through Euroclear or Clearstream, Luxembourg as well as Euro Existing Notes, Sterling Existing Notes and U.S. Dollar Existing Notes, see also “(f) Specific procedures for Holders of Existing Notes held in or through Euroclear and Clearstream, Luxembourg” below. In relation to the additional procedures relevant to Offering to Exchange Australian Dollar Existing Notes held in or through the Austraclear System, see also “(g) Specific procedures for Holders of Australian Dollar Existing Notes held in or through the Austraclear System” below. In relation to the additional procedures relevant to Offering to Exchange Canadian Dollar Existing Notes held in or through CDS, see also “(h) Specific procedures for Holders of Canadian Dollar Existing Notes held in or through CDS” below.

- (a) A Holder, Direct Participant or Beneficial Owner wishing to participate in the Exchange Offer must submit, or arrange to have submitted on its behalf, at or before the Expiration Time or, in any event, before the deadlines set by each Clearing System (unless the Exchange Offer is closed earlier), (i) a duly completed Electronic Instruction Notice or CDS Exchange Instruction, as applicable, to the relevant Clearing System in accordance with the requirements of the relevant Clearing System and in the manner specified herein or (ii) (in the case of Australian Dollar Existing Notes held in or through the Austraclear System) a duly completed Australian Offer Letter to the Australian Exchange Agent (with a copy to the Dealer Managers) in accordance with the requirements of the Australian Exchange Agent and in the manner specified herein. Holders and Beneficial Owners should check with the bank, securities broker or any other Intermediary through which they hold their Existing Notes whether such Intermediary will apply different deadlines for participation to those set out in this Exchange Offer Memorandum and, if so, should follow those deadlines.
- (b) The offer of Existing Notes for exchange by a Holder or a Direct Participant will be deemed to have occurred upon (i) receipt by the Holder of record as nominee for the relevant Clearing System of a valid Electronic Instruction Notice or CDS Exchange Instruction, as applicable, in accordance with the requirements of such Clearing System or (ii) (in the case of Australian Dollar Existing Notes held in or through the Austraclear System) the receipt by the Australian Exchange Agent (with a copy to the Dealer Managers) of a valid Australian Offer Letter in the manner specified herein and in accordance with the requirements the Australian Exchange Agent.
- (c) The receipt of an Electronic Instruction Notice or CDS Exchange Instruction, as applicable, by the relevant Clearing System or Exchange Agent, as applicable (which, in the case of the Clearing Systems, will be acknowledged in accordance with the standard practices of such Clearing System) will result:
 - (i) in the case of Existing Notes tendered through Euroclear or Clearstream, Luxembourg, in the blocking of the relevant Existing Notes in the Holder’s account with the relevant Clearing System; and
 - (ii) in the case of Existing Notes tendered through CDS, in the transfer of such Existing Notes to an account of the relevant Exchange Agent in the relevant Clearing System set up in connection with the Exchange Offers, in each case so that such Existing Notes are immobilised such that no transfers may be effected in relation to such Existing Notes.

- (d) For information in relation to procedures for Offering to Exchange Australian Dollar Existing Notes held in or through the Austraclear System, see subsection “7(g) Specific procedures for Holders of Australian Dollar Existing Notes held in or through the Austraclear System” below.
- (e) The Lead Exchange Agent shall act as Exchange Agent in respect of Existing Notes held in or through Euroclear and Clearstream, Luxembourg, and shall also act as principal co-ordinating Exchange Agent in respect of the Exchange Offers generally. The Australian Exchange Agent will act as Exchange Agent in respect of Australian Dollar Existing Notes held in or through the Austraclear System. The Canadian Exchange Agent will act as Exchange Agent in respect of Canadian Dollar Existing Notes held in or through CDS. The Australian Exchange Agent, the Canadian Exchange Agent and the Lead Exchange Agent will co-ordinate and share information as necessary or desirable to facilitate the Offers.
- (f) **Specific procedures for Holders of Existing Notes held in or through Euroclear and Clearstream, Luxembourg**
 - (i) Holders and Direct Participants must take the appropriate steps through the relevant Clearing System to ensure that no transfers may be effected in relation to such blocked Existing Notes at any time after such date, in accordance with the requirements of the relevant Clearing System and the deadlines required by such Clearing System. By blocking its Existing Notes in the relevant Clearing System, each Holder and Direct Participant will be deemed to consent to the relevant Clearing System providing details concerning such Holder’s and/or Direct Participant’s identity to the Exchange Agent.
 - (ii) Only Direct Participants may submit Electronic Instruction Notices. If a Holder or Beneficial Owner is not a Direct Participant, it must arrange for the Direct Participant through which it holds Existing Notes to submit an Electronic Instruction Notice on its behalf to the relevant Clearing System prior to the deadline specified by the relevant Clearing System.
 - (iii) Holders and Beneficial Owners of Existing Notes that are held in the name of a broker, dealer, commercial bank, trust company or other nominee or custodian (collectively, an “Intermediary”) should contact such entity sufficiently in advance of the Expiration Date if they wish to participate in the Exchange Offer and procure that their Existing Notes are blocked in accordance with the normal procedures of the relevant Clearing System and the deadlines imposed by such Clearing System.
 - (iv) The offer by a Holder or a Direct Participant to participate in the Exchange Offer may only be revoked by such Holder or Direct Participant in the limited circumstances set out in “Terms of the Exchange Offer – 11. Revocation Rights” below by submitting an electronic withdrawal instruction to the relevant Clearing System in accordance with the procedures of such Clearing System.
- (g) **Specific procedures for Holders of Australian Dollar Existing Notes held in or through the Austraclear System**

The procedures contained under this subsection 7(g) apply only to Australian Dollar Existing Notes held in or through the Austraclear System and not to such Existing Notes held in or through Euroclear or Clearstream, Luxembourg.

- (i) Holders of Australian Dollar Existing Notes held in or through the Austraclear System wishing to participate in the Exchange Offer must (i) deliver a valid Australian Offer Letter (in the form set out in Annex II) to the Australian Exchange Agent (with a copy to the Dealer Managers) prior to the Expiration Time and (ii) transfer such Australian Dollar

Existing Notes to the Designated Austraclear Account prior to the Austraclear Transfer Deadline in accordance with the Austraclear Regulations. The Designated Austraclear Account has been established by the Australian Exchange Agent in the Austraclear System for the purpose of the Exchange Offer. The delivery of a valid Australian Offer Letter to the Australian Exchange Agent (with a copy to the Dealer Managers) will constitute an Offer to Exchange. Any transfer by a Holder of Australian Dollar Existing Notes to the Designated Austraclear Account will be irrevocable and will be subject to the terms of this Exchange Offer Memorandum and the Australian Offer Letter.

- (ii) Holders of Australian Dollar Existing Notes must ensure instructions for an Austraclear Transfer are given to enable such Austraclear Transfer to settle prior to the Austraclear Transfer Deadline (and, in any event, before such earlier deadline as may be imposed by Austraclear) and in accordance with Austraclear's procedures for transfer.
- (iii) In addition, in order to be able to receive Australian Dollar New Notes on completion of the Exchange Offer, Holders of Australian Dollar Existing Notes held in or through the Austraclear System who participate in the Exchange Offer must, in completing the Australian Offer Letter, provide valid securities account numbers in Austraclear for receipt of both (i) the Australian Dollar New Notes and (ii) Accrued Interest Payments and Cash Rounding Amounts (if any) to which they may become entitled pursuant to the Exchange Offer. Alternatively, if a Holder of the Australian Dollar Existing Notes held in or through the Austraclear System wishes to hold the Australian Dollar New Notes in or through Euroclear or Clearstream, Luxembourg, such Holders need to procure access to an account with Euroclear or Clearstream, Luxembourg in order to receive and hold any Australian Dollar New Notes and any Accrued Interest Payment and Cash Rounding Amount (if any) to which they may become entitled pursuant to the Exchange Offer in or through Euroclear or Clearstream, Luxembourg, and should contact their broker, financial adviser, dealer, bank, custodian, trust company or other nominees as soon as possible to arrange access to an account at either Euroclear or Clearstream, Luxembourg, or contact the Australian Exchange Agent for further information. Offers to Exchange Australian Dollar Existing Notes received from Holders who do not provide details of a valid Austraclear, Euroclear or Clearstream, Luxembourg account may not be accepted.

For further information regarding the holding of an interest in Australian Dollar New Notes through Euroclear and Clearstream, Luxembourg see the section entitled "Considerations relating to Australian Dollar New Notes – 3. Holding Australian Dollar New Notes through Euroclear and Clearstream, Luxembourg" below.

- (iv) The method of delivery of Australian Dollar Existing Notes, Australian Offer Letters and all other required documents is at a Holder's election and risk. In all cases, Holders should allow sufficient time to assure timely delivery. No Australian Dollar Existing Notes should be sent to any LBGp Company or the Dealer Managers. There are no guaranteed delivery provisions provided for in conjunction with the Exchange Offer under the terms of this Exchange Offer Memorandum and the Australian Offer Letter.
- (v) If the Australian Offer Letter or any Australian Dollar Existing Notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing. Unless waived by the relevant LBGp Company, proper evidence satisfactory to the relevant LBGp Company of their authority to so act must be submitted with the Australian Offer Letter.

The Australian Exchange Agent has established the Designated Austraclear Account with respect to such Australian Dollar Existing Notes in the Austraclear System for the purposes of the Exchange Offer.

(h) **Specific procedures for Holders of Canadian Dollar Existing Notes held in or through CDS**

The procedures contained under this subsection 7(h) apply only to Canadian Dollar Existing Notes held in or through CDS and not to Existing Notes held in or through Euroclear or Clearstream, Luxembourg.

- (i) The Offer to Exchange Canadian Dollar Existing Notes by a Holder will be deemed to have occurred upon receipt by the Canadian Exchange Agent from CDS of a valid CDS Exchange Instruction submitted in accordance with the requirements of CDS. In order to participate in the Exchange Offer, Holders or the custodial entity, Intermediary or CDS Participant (as the case may be) through which Holders hold their Canadian Dollar Existing Notes must submit, or arrange to have submitted on their behalf, by the Expiration Time, a CDS Exchange Instruction in the manner described in this section.
- (ii) Beneficial owners whose Canadian Dollar Existing Notes are held in or through CDS may Offer to Exchange all or part of their Existing Notes by following the procedures for a book-entry transfer established by CDS, provided that a book-entry confirmation through CDSX is received by the Canadian Exchange Agent prior to the Expiration Time. The Canadian Exchange Agent has established an account at CDS for the purpose of the Exchange Offer. Any CDS Participant may cause CDS to make a book-entry transfer of a beneficial owner's Canadian Dollar Existing Notes held by the CDS Participant into the account of the Canadian Exchange Agent in accordance with CDS procedures for such transfer. The delivery of Canadian Dollar Existing Notes to the specified account of the Canadian Exchange Agent by means of a book-entry transfer will constitute a CDS Exchange Instruction and an Offer to Exchange.
- (iii) Holders of Canadian Dollar Existing Notes that have instructed a CDS Participant to make a book-entry transfer of a Holder's Existing Notes into the specified account of the Canadian Exchange Agent in accordance with CDS procedures will not be able to effect subsequent transfers of such Canadian Dollar Existing Notes, and the Canadian Exchange Agent will not act on any transfer instructions received from Holders of Existing Notes until the earlier of (i) in the limited circumstances in which revocation of a CDS Exchange Instruction is permitted, the time of the valid revocation of the CDS Exchange Instruction (including its automatic revocation on the termination of the Exchange Offer), in accordance with the terms of the Exchange Offer and (ii) the time of settlement on the relevant Settlement Date. In the limited circumstances in which revocation of CDS Exchange Instruction is permitted (as described in "Terms of the Exchange Offer – 11. Revocation Rights" below), the CDS Exchange Instruction may be revoked by a CDS Participant by submitting a valid electronic withdrawal instruction to CDS. To be valid, such instruction must specify the Canadian Dollar Existing Notes to which the original CDS Exchange Instruction related, the securities account to which such Canadian Dollar Existing Notes are to be credited and any other information required by the Canadian Exchange Agent or CDS. On receipt of a valid instruction to revoke the CDS Exchange Instruction, the Canadian Exchange Agent will cause CDS to make a book-entry transfer of a beneficial owner's Canadian Dollar Existing Notes into the account of the CDS Participant indicated in the electronic withdrawal instruction.

- (iv) In the event that any Canadian Dollar Existing Notes are accepted for exchange, the transfer of Canadian Dollar New Notes and payment of any applicable Cash Rounding Amounts and/or Accrued Interest Payments in respect of such Canadian Dollar Existing Notes will be made to the account of the relevant CDS Participant. In order to enable the calculation of any such applicable Cash Rounding Amounts and/or Accrued Interest Payments on the basis of underlying Beneficial Owners holdings, CDS Participants should ensure that each CDS Exchange Instruction submitted to CDS relates to only one underlying Beneficial Owner's holding.
- (v) Any questions with respect to Offering to Exchange Existing Notes via CDS should be directed to the Canadian Exchange Agent, whose address and telephone number are listed on the penultimate page of this Exchange Offer Memorandum. For additional information regarding the procedures for Offering to Exchange Canadian Dollar Existing Notes, see the section entitled "Considerations relating to Canadian Dollar Existing Notes and Canadian Dollar New Notes" below.
- (i) By submitting a valid Electronic Instruction Notice or, in the case of Australian Dollar Existing Notes, a valid Australian Offer Letter or, in the case of Canadian Dollar Existing Notes, a valid CDS Exchange Instruction to the relevant Clearing System in accordance with the standard procedures of the relevant Clearing System or the relevant Exchange Agent (as applicable), Holders, Beneficial Owners and Direct Participants shall be deemed to make the acknowledgements, representations, warranties and undertakings set out below to each LBGp Company, the Dealer Managers and the Exchange Agents on each of the Expiration Date and the Settlement Date (and if the relevant Holder, Beneficial Owner or Direct Participant is unable to give such representations, warranties and undertakings, such Holder or the relevant Direct Participant on its behalf should contact the Dealer Managers immediately).

8 Acknowledgements, Representations, Warranties and Undertakings

By submitting an Electronic Instruction Notice, CDS Exchange Instruction or Australian Offer Letter, as applicable, each Holder and the relevant Direct Participant (on behalf of the relevant Beneficial Owner) represents, warrants and undertakes that:

- (a) It has received, reviewed and accepts the terms of this Exchange Offer Memorandum and, if it holds Australian Dollar Existing Notes in or through the Austraclear System, the Australian Offer Letter.
- (b) It is assuming all the risks inherent in participating in the Exchange Offer and has undertaken all the appropriate analysis of the implications of the Exchange Offer without reliance on the LBGp Companies, the Dealer Managers or the Exchange Agents.
- (c) By blocking Existing Notes in the relevant Clearing System or making an Austraclear Transfer, it will be deemed to consent to the relevant Clearing System providing details concerning its identity to each LBGp Company, the Dealer Managers, the Exchange Agents and their respective legal advisers.
- (d) Upon the terms and subject to the conditions of the Exchange Offer, it thereby Offers to Exchange the principal amount of Existing Notes in its account blocked in the relevant Clearing System or, in the case of Australian Dollar Existing Notes held in or through the Austraclear System, specified in the Australian Offer Letter for the relevant number of New Notes of the relevant series.

- (e) If the Existing Notes are accepted for exchange, it acknowledges that (i) the Accrued Interest Payment, if any, will be paid in the contractual currency of the relevant Series of the Existing Notes, (ii) the Cash Rounding Amount, if any, will be paid in the contractual currency of the relevant Series of the Existing Notes, (iii) Accrued Interest Payments and any Cash Rounding Amounts in respect of Existing Notes accepted for exchange will be deposited by or on behalf of the relevant LBGp Company with the relevant Clearing Systems on the Settlement Date and (iv) the Clearing Systems thereafter will make payments promptly to the relevant accounts in the Clearing Systems of the relevant Holders.
- (f) As long as Austraclear is recorded in the Australian Register as the holder of any Australian Dollar New Notes issued under the Exchange Offer, each person in whose Security Record (as defined in the Austraclear Regulations) an Australian Dollar New Note is recorded acknowledges in favour of the Issuer, the Australian Registrar and Austraclear that:
 - (i) the Australian Registrar's decision to act as the Australian Registrar of that Australian Dollar New Note is not a recommendation or endorsement by the Australian Registrar or Austraclear in relation to that Australian Dollar New Note, but only indicates that the Australian Registrar considers that the holding of the Australian Dollar New Note is compatible with the performance by it of its obligations as Australian Registrar under the Amended and Restated Agency Agreement dated 20 May 2011 as amended and/or supplemented as at the Settlement Date; and
 - (ii) the holder of an Australian Dollar New Note does not rely on any fact, matter or circumstance contrary to paragraph (f)(i) above.
- (g) It agrees to ratify and confirm each and every act or thing that may be done or effected by the Issuer and/or the LBGp Companies, any of their respective directors or any person nominated by the Issuer and/or the LBGp Companies in the proper exercise of his or her powers and/or authority hereunder.
- (h) It agrees to do all such acts and things as shall be necessary and execute any additional documents deemed by the Issuer and/or the LBGp Companies to be desirable, in each case to complete the transfer of the Existing Notes to the relevant LBGp Company or its nominee in exchange for the New Notes and/or to perfect any of the authorities expressed to be given hereunder.
- (i) It has observed the laws of all relevant jurisdictions, obtained all requisite governmental exchange control or other required consents, complied with all requisite formalities and paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with any offer or acceptance in any jurisdiction and it has not taken or omitted to take any action in breach of the terms of the Exchange Offer or which will or may result in the LBGp Companies, the Dealer Managers, the Exchange Agents or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Exchange Offer or invitation for Holders to Offer to Exchange Existing Notes in connection therewith.
- (j) All authority conferred or agreed to be conferred pursuant to its representations, warranties and undertakings and all of its obligations shall be binding upon its successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives and shall not be affected by, and shall survive, its death or incapacity.
- (k) No information has been provided to it by the LBGp Companies, the Dealer Managers, the Trustee or the Exchange Agents with regard to the tax consequences to Holders, Beneficial Owners or Direct Participants arising from the exchange of Existing Notes in the Exchange

Offer or the receipt of New Notes, Accrued Interest Payments and (if applicable) the Cash Rounding Amount. It hereby acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Exchange Offer and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the LBGp Companies, the Dealer Managers, the Exchange Agents or any other person in respect of such taxes and payments.

- (l) It is not a person to whom it is unlawful to make an invitation under the Exchange Offer under applicable laws.
- (m) The New Notes are being offered and sold in transactions not involving a public offering in the United States within the meaning of the Securities Act, and the New Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (terms used in this and the following paragraph that are defined in Regulation S under the Securities Act are used as defined in Regulation S).
- (n) It (i) has not received or been sent copies of this Exchange Offer Memorandum or any related documents in, into or from the United States, (ii) is participating in the Exchange Offer in an offshore transaction in accordance with Regulation S under the Securities Act, (iii) is not located or resident in the United States, (iv) is not an agent, fiduciary or other Intermediary acting on a non-discretionary basis for a principal who has given instructions with respect to the Exchange Offer from within the United States or for a U.S. person, (v) has not otherwise utilised in connection with the Exchange Offer, directly or indirectly, the mails, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, email and other forms of electronic transmission) of interstate or foreign commerce, or of any facilities of a national securities exchange, of the United States and (vi) is participating in the Exchange Offer from outside the United States and is not a U.S. person.
- (o) It is not located in a Relevant Member State or, if it is located within a Relevant Member State, (a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive and (b) in the case of any New Notes acquired by it as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, (i) the New Notes acquired by it in the Exchange Offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Dealer Managers has been given to the offer or resale or (ii) where the New Notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those New Notes to it is not treated under the Prospectus Directive as having been made to such persons.
- (p) It is outside the United Kingdom or, if it is located within the United Kingdom, it is an existing member or creditor of a LBGp Company or a person within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or any other person to whom these documents and/or materials may lawfully be communicated.
- (q) It is not located or resident in France or, if it is located or resident in France, it is a (i) provider of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investor (*investisseur qualifié*) other than an individual (as defined in,

and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*), acting on its own account.

- (r) It is outside the Kingdom of Belgium or, if it is located in the Kingdom of Belgium, it is a qualified investor referred to in Article 10 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 acting on their own account.
- (s) It is outside Italy or, if it is located in Italy, it is a qualified investor (*investitori qualificati*) pursuant to article 34-ter, paragraph 1, letter (b) of the Consob Regulation acting on its own account; or there are other circumstances where an express exemption from compliance with the restrictions on public purchases or exchange offers applies pursuant to the Financial Services Act or the Consob Regulation.
- (t) If it is located in or a resident of Australia or otherwise a Holder of Australian Dollar Existing Notes, (a) it has received, reviewed and accepts the terms and conditions of the Exchange Offer and the offer distribution restrictions, all as described in this Exchange Offer Memorandum and it is not a person to whom it is unlawful to make an invitation pursuant to the Exchange Offer under applicable securities laws and (b) it has the right to transfer such Australian Dollar Existing Notes (and the interest held by it in such Australian Dollar Existing Notes in accordance with the Austraclear Regulations) to the Australian Exchange Agent on behalf of the Issuer free and clear of all security interests.
- (u) It is located outside Canada or, if it is located in Canada, is, where required by law, acting as principal, or is deemed to be acting as principal in accordance with applicable securities laws of the Province or Territory in which it is resident, for its own account and not as agent for the benefit of another person and is, or any ultimate holder for which it is acting as agent is, entitled under applicable Canadian securities laws to exchange its Existing Notes for Canadian Dollar New Notes without the benefit of a prospectus qualified under such securities laws, is an “accredited investor” as defined in section 1.1 of NI 45-106, and is not a person created or used solely to purchase or hold the Canadian Dollar New Notes as an “accredited investor” as described in paragraph (m) of the definition of “accredited investor” in section 1.1 of NI 45-106.
- (v) It has full power and authority to submit for exchange and transfer the Existing Notes hereby submitted for exchange and if such Existing Notes are accepted for exchange, such Existing Notes will be transferred to, or to the order of, the relevant LBGp Company with full title free from all liens, charges and encumbrances, not subject to any adverse claim and together with all rights attached thereto.
- (w) Save in the case of Australian Dollar Existing Notes held in or through the Austraclear System, it holds and will hold, until the time of settlement on the Settlement Date, the Existing Notes blocked in the relevant Clearing System and, in accordance with the requirements of the relevant Clearing System and by the deadline required by the relevant Clearing System, it has submitted, or has caused to be submitted, an Electronic Instruction Notice or CDS Exchange Instruction, as applicable, to the relevant Clearing System, as the case may be, to authorise the blocking of the submitted Existing Notes with effect on and from the date thereof so that, at any time pending the transfer of such Existing Notes on the relevant Settlement Date to the relevant LBGp Company or on its behalf and the cancellation thereof, no transfers of such Existing Notes may be effected. In the case of Australian Dollar Existing Notes held in or through the Austraclear System, upon submitting an Australian Offer Letter, it also irrevocably undertakes to instruct an Austraclear Transfer to the Designated Austraclear Account to settle prior to the Austraclear Transfer Deadline such that from the time of such instruction until the time of

settlement on the Settlement Date it will not transfer, sell, or otherwise deal with such Australian Dollar Existing Notes, except as set out in this Exchange Offer Memorandum.

- (x) The terms of the Exchange Offer shall be deemed to be incorporated in, and form a part of, the Electronic Instruction Notice, CDS Exchange Instruction or Australian Offer Letter, as applicable, which shall be read and construed accordingly, and the information given by or on behalf of such existing Holder in the Electronic Instruction Notice, CDS Exchange Instruction or Australian Offer Letter, as applicable, is true and will be true in all respects at the time of the exchange.
- (y) It accepts that the LBGp Companies are under no obligation to accept Offers to Exchange, and that, accordingly, Offers to Exchange may be accepted or rejected by the relevant LBGp Company in its sole discretion; and it has reviewed and accepts that the relevant LBGp Company may not be able to accept an Offer to Exchange for a variety of reasons, including because of the import of the relevant Minimum Existing Holding. Furthermore, it accepts that, whether or not any Offer to Exchange is accepted, the Dealer Managers and the LBGp Companies and their respective affiliates may, to the extent permitted by applicable law, continue to acquire, from time to time during or after the Exchange Offer, Existing Notes other than pursuant to the Exchange Offer, including through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as they may determine, which may be more or less than the prices to be paid pursuant to the Exchange Offer and could be for cash or other consideration or otherwise on terms more or less favourable than those contemplated in the Exchange Offer.

The receipt from a Holder or from a Direct Participant on behalf of a Beneficial Owner of an Electronic Instruction Notice or CDS Exchange Instruction, as applicable, by the relevant Clearing System will constitute instructions to debit the securities in such Holder's or Direct Participant's account on the Settlement Date in respect of all of the Existing Notes that such Holder or Direct Participant has Offered for Exchange and which have been accepted, upon receipt by the relevant Clearing System of an instruction from the relevant Exchange Agent to receive those Existing Notes for the account of the relevant LBGp Company and against credit of the New Notes and payment by, or on behalf of, the relevant LBGp Company of any Accrued Interest Payments and any Cash Rounding Amounts, subject to the automatic withdrawal of those instructions in the event that the Exchange Offer is terminated by the Issuer or the withdrawal of such Electronic Instruction Notice or CDS Exchange Instruction, as applicable (in the limited circumstances in which such withdrawal is permitted), in accordance with the procedure set out in this Exchange Offer Memorandum.

The receipt from a Holder or from a Direct Participant on behalf of a Beneficial Owner of an Australian Offer Letter and/or an Austraclear Transfer in accordance with the terms of the Exchange Offer will constitute instructions to debit the relevant Australian Dollar Existing Notes in the Designated Austraclear Account on the Settlement Date in respect of all of the Australian Dollar Existing Notes that such Holder or Direct Participant has Offered for Exchange and which have been accepted, upon receipt by the Australian Exchange Agent of an instruction from the relevant LBGp Company to (i) receive those Australian Dollar Existing Notes for the account of the relevant LBGp Company against payment by, or on behalf of, the relevant LBGp Company of any Accrued Interest Payments and any Cash Rounding Amounts and (ii) forthwith upon the successful completion of (i), to credit the relevant Australian Dollar New Notes to the account of the relevant Holder or Direct Participant, subject to the automatic withdrawal of those instructions in the event that the Exchange Offer is terminated by the Issuer or the withdrawal of such Australian Offer Letter or Austraclear Transfer (in the limited circumstances in which such withdrawal is permitted) in accordance with the procedure set out in this Exchange Offer Memorandum.

9 Responsibility for Delivery of Electronic Instruction Notices, Exchange Instructions and Australian Offer Letters

- (a) None of the LBGp Companies, the Dealer Managers or the Exchange Agents will be responsible for the communication of Offers to Exchange and corresponding Electronic Instruction Notices, CDS Exchange Instructions and/or Australian Offer Letters by:
 - (i) Beneficial Owners to the Direct Participant through which they hold Existing Notes; or
 - (ii) the Direct Participant to the relevant Clearing System.
- (b) If a Beneficial Owner holds its Existing Notes through a Direct Participant, such Beneficial Owner should contact that Direct Participant to discuss the manner in which exchange acceptances and transmission of the corresponding Electronic Instruction Notice, CDS Exchange Instruction or Australian Offer Letter and, as the case may be, transfer instructions may be made on its behalf.
- (c) In the event that the Direct Participant through which a Beneficial Owner holds its Existing Notes is unable to submit an Electronic Instruction Notice, CDS Exchange Instruction or Australian Offer Letter, as applicable, on its behalf, such Beneficial Owner should telephone the Exchange Agents for assistance on the number which appears on the penultimate page of this Exchange Offer Memorandum.
- (d) Holders, Direct Participants and Beneficial Owners are solely responsible for arranging the timely delivery of their Electronic Instruction Notices, Exchange Instructions and Australian Offer Letters, as applicable.
- (e) If a Beneficial Owner offers its Existing Notes through a Direct Participant, such Beneficial Owner should consult with that Direct Participant as to whether it will charge any service fees in connection with the participation in the Exchange Offer.

10 Amendment and Termination

Notwithstanding any other provision of the Exchange Offer, the Issuer, or, where applicable, the relevant LBGp Company, may, subject to applicable laws, at its option and in its sole discretion on behalf of the LBGp Companies, at any time before the Issuer announces whether it or any LBGp Company accepts valid Offers to Exchange pursuant to the Exchange Offer, which it expects to do as soon as reasonably practicable after the relevant Pricing Time:

- (a) extend the Expiration Date or re-open the Exchange Offer, as applicable (in which case all references in this Exchange Offer Memorandum to “Expiration Date” and “Expiration Time” shall, unless the context otherwise requires, be to the latest date and time to which the Expiration Date, as applicable, has been so extended or the Exchange Offer re-opened);
- (b) otherwise extend, re-open or amend the Exchange Offer in any respect (including, but not limited to, any extension, re-opening, increase, decrease or other amendment, as applicable, in relation to the Expiration Date, the Settlement Date, each Exchange Price, each New Notes Price and/or the terms and conditions of the New Notes);
- (c) delay acceptance or, subject to applicable law, exchange of Existing Notes validly submitted for exchange in the Exchange Offer until satisfaction or waiver (if permitted) of the conditions to the Exchange Offer, even if the Exchange Offer has expired;

- (d) terminate the Exchange Offer in respect of any one or more or all Series of Existing Notes, including with respect to Electronic Instruction Notices, CDS Exchange Instructions and Australian Offer Letters submitted before the time of such termination; or
- (e) in respect of any Series of Existing Notes, choose not to accept all valid Offers to Exchange received by the Exchange Agents prior to the Expiration Time.

The Issuer also reserves the right at any time to waive any or all of the conditions of the Exchange Offer as set out in this Exchange Offer Memorandum.

The Issuer will ensure that Holders are notified of any such extension, re-opening, amendment, waiver, termination and/or withdrawal as soon as is reasonably practicable after the relevant decision is made (i) by the issue of a press release to a Notifying News Service, (ii) in relation to the Euro Existing Notes, the Sterling Existing Notes and the U.S. Dollar Existing Notes, by the delivery of notices to the Clearing Systems for communication to Direct Participants, (iii) in relation to the Australian Dollar Existing Notes, by an announcement by the Australian Exchange Agent on behalf of the Issuer via a Notifying News Service (expected to be Reuters or Bloomberg), (iv) in relation to the Canadian Dollar Existing Notes, by the delivery by CDS of a CDS Notice to CDS Participants and (v) through RNS and Luxembourg Stock Exchange Notices, and may also be found on the relevant Reuters International Insider Screen.

11 Revocation Rights

Save as set out below, all Electronic Instruction Notices, CDS Exchange Instructions, Australian Offer Letters and Austraclear Transfers, once delivered or settled (as the case may be), are irrevocable.

If any amendment to the terms of the Exchange Offer is made by the Issuer as set out in “Terms of the Exchange Offer – 10. Amendment and Termination” above or (save as set out herein) any supplement to the Base Prospectus is published after the date of this Exchange Offer Memorandum and, in the Issuer’s opinion (in consultation with the Dealer Managers), such amendment or the content of such supplement is materially prejudicial to Holders that have already submitted Electronic Instruction Notices, CDS Exchange Instructions, Australian Offer Letters or Austraclear Transfers, as applicable, before the announcement of such amendment or supplement (which announcement shall include a statement that in the Issuer’s opinion such amendment, or the contents of such supplement, is materially prejudicial to such Holders), then such Electronic Instruction Notices, CDS Exchange Instructions, Australian Offer Letters or Austraclear Transfers, as applicable, may be revoked at any time from the date and time of the notification of such amendment or supplement until 4.00 p.m., London time, on the second Business Day following such announcement or notification (subject to the earlier deadlines required by the Clearing Systems or any Intermediary through which Holders hold their Existing Notes). For the avoidance of doubt, and without prejudice to the generality of the foregoing, a decision by the Issuer, or, where appropriate, the relevant LBGp Company, to increase any Exchange Price, decrease any New Notes Price, increase any New Notes Spread or not accept all valid Offers to Exchange in respect of any Series of Existing Notes which are received by the relevant Exchange Agent prior to the Expiration Date shall not entitle Holders to revoke Offers to Exchange.

Holders wishing to exercise any such right of revocation should do so by submitting an electronic withdrawal notice in accordance with the procedures of the relevant Clearing System or, in the case of Australian Dollar Existing Notes, by delivering written notice of revocation to the Australian Exchange Agent (with a copy to the Dealer Managers). Beneficial owners of Existing Notes that are held through an Intermediary are advised to check with such entity when it would require to receive instructions to revoke an Electronic Instruction Notice, CDS Exchange Instruction, Australian Offer Letter or Austraclear Transfer, as applicable, in order to meet the above deadline. For the avoidance of doubt (i)

any Holder who does not exercise any such right of revocation in the circumstances and in the manner specified above shall be deemed to have waived such right of revocation and its original Electronic Instruction Notice, CDS Exchange Instruction, Australian Offer Letter or Austraclear Transfer, as applicable, will remain effective and (ii) the publication of the Drawdown Prospectus shall not of itself provide Holders with any right of withdrawal.

12 Irregularities

All questions as to the validity, form and eligibility (including the time of receipt) of any Electronic Instruction Notice, CDS Exchange Instruction, Australian Offer Letter or Austraclear Transfer, Offer to Exchange Existing Notes, or a revocation or revision thereof or delivery of Existing Notes will be determined by the Issuer in its sole discretion, which determination will be final and binding. The LBGp Companies reserve the absolute right to reject any and all Electronic Instruction Notices, any and all CDS Exchange Instructions, any and all Australian Offer Letters and any and all Austraclear Transfers not in proper form or for which any corresponding agreement by the relevant LBGp Company to exchange would, in the opinion of the relevant LBGp Company, be unlawful. The LBGp Companies also reserve the absolute right to waive any of the conditions of the Exchange Offer or defects in Electronic Instruction Notices, CDS Exchange Instructions, Australian Offer Letters and Austraclear Transfers with regard to any Existing Notes. None of the LBGp Companies, the Dealer Managers or the Exchange Agents shall be under any duty to give notice to Holders, Direct Participants or Beneficial Owners of any irregularities in Electronic Instruction Notices, CDS Exchange Instructions, Australian Offer Letters and Austraclear Transfers; nor shall any of them incur any liability for failure to give notification of any material amendments to the terms of the Exchange Offer.

13 Participation by the Dealer Managers

Each of the Dealer Managers may submit Electronic Instruction Notices, CDS Exchange Instructions, Australian Offer Letters and Austraclear Transfers for its own account and, subject to offer restrictions, on behalf of other Holders.

14 Governing Law

The terms of the Exchange Offer, including, without limitation, each Electronic Instruction Notice, CDS Exchange Instruction and Australian Offer Letter and any non-contractual obligations arising out of or in connection with the Exchange Offer shall be governed by, and construed in accordance with, English law. By submitting an Electronic Instruction Notice, a Holder or Direct Participant irrevocably and unconditionally agrees for the benefit of the LBGp Companies, the Dealer Managers and the Exchange Agents that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Exchange Offer or any of the documents referred to above and that, accordingly, any suit, action or proceedings arising out of or in connection with the foregoing may be brought in such courts.

15 Miscellaneous

Holders who need assistance with respect to the procedure relating to making an Offer to Exchange should contact the relevant Exchange Agent, the contact details for whom appear on the penultimate page of this Exchange Offer Memorandum.

CONSIDERATIONS RELATING TO AUSTRALIAN DOLLAR NEW NOTES

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Austraclear System currently in effect. The information in this section concerning the Austraclear System has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor any Dealer Manager takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of the Austraclear System are advised to confirm the continued applicability of the rules, regulations and procedures of the Austraclear System. The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Australian Dollar Existing Notes or the Australian Dollar New Notes held through the facilities of the Austraclear System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

1 Form, Denomination and Title

The Australian Dollar New Notes will be issued in registered form and inscribed in the Australian Register. The Australian Dollar New Notes will be represented by a registered global certificate, registered in the name of Austraclear, as nominee of the Austraclear System (the “Australian Global Certificate”), substantially in the form set out in Schedule 1 Part E to the Trust Deed as amended and/or supplemented as at the Settlement Date in order to reflect entry of the Australian Dollar New Notes into the Austraclear System.

The Issuer shall issue and deliver, and procure the authentication by the Australian Registrar of, the Australian Global Certificate. The Australian Global Certificate is not a negotiable instrument nor is it a document of title in respect of any Australian Dollar New Notes represented by it. In the event of a conflict between the Australian Global Certificate and the Register, the Register shall prevail (subject to correction or fraud or error).

Other than the Australian Global Certificate, no certificate or other evidence of title will be issued by or on behalf of the Issuer to evidence title to the Australian Dollar New Notes unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

Each entry in the Australian Register constitutes a separate and individual acknowledgement to the relevant holder of the indebtedness of the Issuer to such holder.

2 The Austraclear System

On issue of any Australian Dollar New Notes, the Issuer will procure that the Australian Dollar New Notes are lodged with the Austraclear System. On lodgement, Austraclear will become the sole registered holder and legal owner of the Australian Dollar New Notes. Subject to the Austraclear Regulations, participants of the Austraclear System (“Accountholders”) may acquire rights against Austraclear in relation to those Australian Dollar New Notes as beneficial owners and Austraclear is required to deal with the Australian Dollar New Notes in accordance with the directions and instructions of the Accountholders. Any holders of Australian Dollar New Notes who are not Accountholders would need to hold their interest in such New Notes through a nominee who is an Accountholder. All payments by the Issuer in respect of Australian Dollar New Notes entered in the Austraclear System will be made directly to an account agreed with Austraclear or as it directs in accordance with the Austraclear Regulations.

The rights of a person holding an interest in any Australian Dollar New Note are subject to the Austraclear Regulations, together with any instructions or directions (as amended or replaced from time to time) established by Austraclear to govern the use of the Austraclear System. The Issuer is not responsible for anything the Austraclear System does or omits to do

As long as Austraclear is recorded in the Australian Register as the holder of the Australian Dollar New Notes, each person in whose Security Record (as defined in the Austraclear Regulations) an Australian Dollar New Note is recorded is deemed to acknowledge in favour of the Issuer, the Australian Registrar and Austraclear that:

- (a) the Australian Registrar's decision to act as the Australian Registrar of that Australian Dollar New Note is not a recommendation or endorsement by the Australian Registrar or Austraclear in relation to that Australian Dollar New Note, but only indicates that the Australian Registrar considers that the holding of the Australian Dollar New Note is compatible with the performance by it of its obligations as Australian Registrar under the Amended and Restated Agency Agreement dated 20 May 2011, as amended and/or supplemented as at the Settlement Date; and
- (b) the holder of an Australian Dollar New Note does not rely on any fact, matter or circumstance contrary to paragraph (a) above.

For the purposes of Condition 6 of the New Note Conditions in respect of the Australian Dollar New Notes, payments of:

- (a) principal in respect of the Australian Dollar New Notes will be made to each person registered at 10.00 a.m. (Sydney time) on the payment date as the holder of an Australian Dollar New Note (or to the first named of joint holders); and
- (b) interest on the Notes shall be paid to the person shown on the Australian Register at the close of business on the Record Date.

Payments in respect of the Australian Dollar New Notes will be made in Australia, unless prohibited by law, and:

- (a) if the Australian Dollar New Note is held in or through the Austraclear System, by crediting on the payment date, the amount due to:
 - (i) the account of Austraclear (as the holder of the Australian Dollar New Note) in Australia previously notified to the Issuer and the Australian Registrar; or
 - (ii) if requested by Austraclear, the accounts of the persons in whose Security Record (as defined in the Austraclear Regulations) the Australian Dollar New Note is recorded as previously notified by Austraclear to the Issuer and the Australian Registrar in accordance with Austraclear Regulations; and
- (b) if the Australian Dollar New Note is not held in or through the Austraclear System, by crediting on the payment date, the amount then due under each Australian Dollar New Note to an account previously notified by the holder of the Australian Dollar New Note to the Issuer and the Australian Registrar.

If a payment in respect of the Australian Dollar New Note is prohibited by law from being made in Australia, such payment will be made in an international financial centre for the account of the relevant payee, and on the basis that the relevant amounts are paid in immediately available funds, freely transferable at the order of the payee.

3 Holding of Australian Dollar New Notes through Euroclear and Clearstream, Luxembourg

Once lodged with the Austraclear System, interests in the Australian Dollar New Notes may be held through Euroclear or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in the Australian Dollar New Notes in Euroclear would be held in or through the Austraclear System by HSBC Custody Nominees (Australia) Limited as nominee of Euroclear, while entitlements in respect of holdings of interests in the Australian Dollar New Notes in Clearstream, Luxembourg would be held in or through the Austraclear System by a nominee of J.P. Morgan Chase Bank N.A., as custodian for Clearstream, Luxembourg.

The rights of a holder of interests in Australian Dollar New Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations of Euroclear and Clearstream, Luxembourg, the arrangements between Euroclear and Clearstream, Luxembourg and their respective nominees and the Austraclear Regulations.

4 Transfers

Any transfer of Australian Dollar New Notes will be subject to the Australian Corporations Act and the other requirements set out in the terms and conditions of the Australian Dollar New Notes and, where the Australian Dollar New Notes are entered in the Austraclear System, the Austraclear Regulations.

Secondary market sales of Australian Dollar New Notes settled in the Austraclear System will be settled in accordance with the Austraclear Regulations.

5 Relationship of Accountholders with Austraclear System

Accountholders who acquire an interest in Australian Dollar New Notes lodged with the Austraclear System must look solely to Austraclear for their rights in relation to such Australian Dollar New Notes and will have no claim directly against the Issuer in respect of such Australian Dollar New Notes, although, under the Austraclear Regulations, Austraclear may direct the Issuer to make payments direct to the relevant Accountholders.

Where Austraclear is registered as the holder of any Australian Dollar New Notes that is lodged with the Austraclear System, Austraclear may, where specified in the Austraclear Regulations, transfer the Australian Dollar New Notes to the person in whose Security Record (as defined in the Austraclear Regulations) those Australian Dollar New Notes are recorded and, as a consequence, remove those Australian Dollar New Notes from the Austraclear System.

Holders of Australian Dollar Existing Notes should inform themselves of, and satisfy themselves with, the Austraclear Regulations and (where applicable) the rules of Euroclear and Clearstream, Luxembourg and the arrangements between them and their nominees in the Austraclear System.

Australian Dollar New Notes lodged with the Austraclear System will be transferable only in accordance with the Austraclear Regulations (in force from time to time) of the Austraclear System. The transferor of an Australian Dollar New Notes is deemed to remain the holder of such Australian Dollar New Notes until the name of the transferee is entered in the Australian Register in respect of such Australian Dollar New Notes.

6 Certificates

If the Australian Dollar New Notes are redeemed in accordance with the New Notes Conditions in respect of the Australian Dollar New Notes then the Australian Global Certificate will be deemed to be cancelled without any further formality.

If any Australian Dollar New Notes are purchased and cancelled in accordance with the Conditions then the Issuer will, promptly and without charge, issue and deliver, and procure the authentication by the Australian Registrar of, a new Australian Global Certificate in respect of those Australian Dollar New Notes which remain outstanding following such purchase and cancellation.

Should the Australian Global Certificate be lost, stolen, mutilated, defaced or destroyed, upon written notice of such having been received by the Issuer and the Australian Registrar then (i) the Australian Global Certificate will be deemed to be cancelled without any further formality, and (ii) the Issuer will, promptly and without charge, issue and deliver, and procure the authentication by the Australian Registrar of, a new Australian Global Certificate.

CONSIDERATIONS RELATING TO CANADIAN DOLLAR EXISTING NOTES AND CANADIAN DOLLAR NEW NOTES

1 Rights of Action

Securities legislation in certain of the Canadian provinces and territories provides purchasers of securities pursuant to an offering memorandum (such as this Exchange Offer Memorandum) with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment to it contains a “Misrepresentation”. Where used herein, “Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

1.1 Saskatchewan

The right of action for damages or rescission described herein is conferred by section 138 of The Securities Act, 1988 (Saskatchewan) (the “Saskatchewan Act”). The Saskatchewan Act provides, in relevant part, that where an offering memorandum (such as this Exchange Offer Memorandum), or any amendment thereto, is sent or delivered to a purchaser and it contains a Misrepresentation, as defined in the Saskatchewan Act, a purchaser who purchases a security covered by the offering memorandum or any amendment thereto has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for rescission against the issuer or a selling securityholder on whose behalf the distribution is made or a right of action for damages against:

- (a) the issuer or the selling securityholder on whose behalf the distribution is made;
- (b) every promoter and director of the issuer or the selling securityholder, as the case may be, at the time the offering memorandum or any amendment thereto was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person or company that, in addition to the persons or companies mentioned in paragraphs (a) to (c) above, signed the offering memorandum or any amendment thereto; and
- (e) every person or company that sells securities on behalf of the issuer or the selling securityholder under the offering memorandum or any amendment thereto.

Such rights of action for damages or rescission are subject to certain limitations, including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or selling securityholder, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the Misrepresentation relied on;
- (c) no person or company, other than the issuer or a selling securityholder, will be liable for any part of the offering memorandum or any amendment thereto not purporting to be

made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation or believed that there had been a Misrepresentation;

- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for damages or rescission if that person or company proves that the purchaser purchased the securities with knowledge of the Misrepresentation.

All or any one or more of the persons or companies referred to above are jointly and severally liable, and every person who or company that becomes liable to make any payment pursuant to section 138 of the Saskatchewan Act may recover a contribution from any person who or company that, if sued separately, would have been liable to make the same payment. Notwithstanding the foregoing, a court may deny such right to recover contribution where, in the circumstances of the case, it is satisfied that to permit recovery of a contribution would not be just and equitable.

In addition, no person or company, other than the issuer or selling securityholder, will be liable if the person or company proves that:

- (a) the offering memorandum or any amendment thereto was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or
- (b) with respect to any part of the offering memorandum or any amendment thereto purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, or the part of the offering memorandum or any amendment thereto did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which an issuer, selling securityholder or other person may rely are described herein. Canadian participants in the Exchange Offer should refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a Misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a Misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the

securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for damages or rescission to a purchaser of securities to whom an offering memorandum or any amendment thereto was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by section 80.1 of the Saskatchewan Act.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission, the earlier of:
 - (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or
 - (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act with a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two Business Days of receiving the amended offering memorandum.

1.2 Ontario

Section 130.1 of the Securities Act (Ontario) (the "Ontario Act") provides that every purchaser of securities pursuant to an offering memorandum (such as this Exchange Offer Memorandum) shall have a statutory right of action for damages or rescission against the issuer and any selling securityholder in the event that the offering memorandum contains a Misrepresentation. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages, or, alternatively, while still the owner of the securities, for rescission, against the issuer and any selling securityholder, provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling securityholders, if any;
- (b) the issuer and the selling securityholders, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) the issuer and the selling securityholders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the Ontario Act provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years after the date of the transaction that gave rise to the cause of action.

This Exchange Offer Memorandum is being delivered in reliance on the exemption from the prospectus requirement contained under section 2.3 of NI 45-106 (the “accredited investor exemption”). The rights referred to in section 130.1 of the Ontario Act do not apply in respect of an offering memorandum (such as this Exchange Offer Memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in NI 45-106);
- (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b) above, if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

1.3 New Brunswick

Section 150 of the Securities Act (New Brunswick) provides that where an offering memorandum (such as this Exchange Offer Memorandum) contains a Misrepresentation, a purchaser who purchases securities shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase and:

- (a) the purchaser has a right of action for damages against the issuer and any selling securityholder(s) on whose behalf the distribution is made, or
- (b) where the purchaser purchased the securities from a person referred to in paragraph (a) above, the purchaser may elect to exercise a right of rescission against the person, in which case the purchaser shall have no right of action for damages against the person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchaser relied on the Misrepresentation. However, there are various defences available to the issuer and the selling securityholder(s). In particular, no person will be liable for a Misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the Misrepresentation when the purchaser purchased the securities. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the Misrepresentation.

If the purchaser intends to rely on the rights described in paragraph (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence an action to cancel the agreement within 180 days of the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

- (a) one year of the purchaser first having knowledge of the facts giving rise to the cause of action; and
- (b) six years of the date of the transaction that gave rise to the cause of action.

1.4 Nova Scotia

The right of action for damages or rescission described herein is conferred by section 138 of the Securities Act (Nova Scotia) (the “Nova Scotia Act”). Section 138 of the Nova Scotia Act provides, in relevant part, that in the event that an offering memorandum (such as this Exchange Offer Memorandum), together with any amendment thereto, or any advertising or sales literature (as defined in the Nova Scotia Act) contains a Misrepresentation, the purchaser will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum, or, alternatively, while still the owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date on which the initial payment was made for the securities;
- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum or amendment to the offering memorandum was sent or delivered to the purchaser without the person’s or company’s knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person’s or company’s knowledge or consent;
- (b) after delivery of the offering memorandum or amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or amendment to the offering memorandum, the person or company withdrew the person’s or company’s consent to the offering memorandum or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or amendment to the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum or amendment to the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Furthermore, no person or company, other than the issuer, will be liable with respect to any part of the offering memorandum or amendment to the offering memorandum not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation or (ii) believed that there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum or amendment to the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum or an amendment to the offering memorandum.

The rights of action for damages or rescission discussed above are in addition to, and without derogation from, any other right or remedy which purchasers may have at law.

Upon receipt of this Exchange Offer Memorandum, each Canadian Holder hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the Canadian Dollar Existing Notes or Canadian Dollar New Notes described herein (including, for greater certainty, any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de cette notice d'offre d'échange, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières existantes ou aux nouveaux billets décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

2 Additional Information Regarding the Canadian Dollar New Notes

2.1 Form, Denomination and Title

The Canadian Dollar New Notes will be issued in registered form and represented by a registered global certificate, registered in the name of CDS & Co., as nominee of CDS and held by CDS (the "Global Certificate"), substantially in the form set out in Schedule 1 Part E to the Trust Deed as amended and/or supplemented as at the Settlement Date in order to reflect entry of the Canadian Dollar New Notes into CDS. Beneficial interests in the Global Certificate will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in CDS. Investors may elect to hold interests in the Global Certificate directly through any of CDS (in Canada) or Euroclear or Clearstream, Luxembourg (in Europe) if they are participants of such systems, or indirectly through organisations which are participants in such systems. Euroclear and Clearstream, Luxembourg will hold interests on behalf of their participants either through customers' securities accounts in their respective names on the books of their respective Canadian subcustodians, each of which is a Canadian schedule I chartered bank ("Canadian Subcustodians"), which in turn will hold such interests in customers' securities accounts in the names of the Canadian Subcustodians on the books of CDS. Except in the limited circumstances described below, owners of beneficial interests in the Global Certificate will not be entitled to have Canadian Dollar New Notes registered in their names, will not receive or be entitled to receive physical delivery of Certificates and will not be considered owners or holders thereof under the Trust Deed.

All Canadian Dollar New Notes will be recorded in a register maintained by Citibank, N.A. in its capacity as registrar (the "Registrar") and will be registered in the name of CDS & Co. (or such other nominee of CDS as an authorised representative of CDS may advise) for the benefit of owners of beneficial interests in the Global Certificate, including participants of CDS, Euroclear and Clearstream, Luxembourg.

For so long as any of the Canadian Dollar New Notes are represented by the Global Certificate, the Issuer, the Trustee, the Registrar and any other paying agents shall treat CDS & Co., or any other nominee appointed by CDS, as the sole owner or holder of such Canadian Dollar New Notes for all purposes under the Trust Deed. Principal and interest payments on the Global Certificate registered in the name of CDS & Co. or any other nominee appointed by CDS will be made on behalf of the Issuer to CDS & Co., or any other nominee appointed by CDS and CDS will distribute the payment received.

2.2 Transfer of Certificates

No beneficial owner of the Canadian Dollar New Notes will be entitled to receive physical delivery of a Certificate except in the limited circumstances set out in the Global Certificate, including if CDS notifies the Issuer that it is unwilling or unable to continue as depository for the Global Certificate or CDS ceases to be a recognised clearing agency under the Ontario Act or a self-regulatory organisation under the Securities Act (Québec) or other applicable Canadian securities legislation, or CDS ceases to be eligible to be a depository and a successor clearing system or depository for the Global Certificate, as the case may be, satisfactory to the Trustee is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such unwillingness, inability, cessation or ineligibility on the part of CDS.

2.3 Direct Rights

Direct rights can only be exercised in accordance with the procedures of CDS.

3 Additional Information Regarding Clearing and Settlement

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor any Dealer Manager takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the applicable Clearing System. The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Canadian Dollar Exiting Notes or the Canadian Dollar New Notes held through the facilities of CDS or for maintaining, supervising or reviewing any records relating to or payments made on account of, such beneficial ownership interests.

Links have been established among CDS, Euroclear and Clearstream, Luxembourg to facilitate the initial issuance of the Canadian Dollar New Notes and cross-market transfers of the Canadian Dollar New Notes associated with secondary market trading. CDS will be directly linked to Euroclear and Clearstream, Luxembourg through the CDS accounts of their respective Canadian Subcustodians.

3.1 The Clearing System: CDS

CDS was formed in November 2006 pursuant to the restructuring of The Canadian Depository for Securities Limited (“CDS Ltd.”). CDS Ltd. was incorporated in 1970 and, after the restructuring, remains the holding company for CDS and two other operating subsidiaries and is Canada’s national securities clearing and depository services organisation. Functioning as a service utility for the Canadian financial community, CDS provides a variety of computer automated services for financial institutions and investment dealers active in domestic and international capital markets. CDS Participants include banks (including the Canadian Subcustodians), investment dealers and trust companies and may include the Dealer Managers or affiliates of the Dealer Managers. Indirect access to CDS is available to other organisations that clear through or maintain a custodial relationship with a CDS Participant. Transfers of

ownership and other interests, including cash distributions, in Canadian Dollar New Notes in CDS may only be processed through CDS Participants and will be completed in accordance with existing CDS rules and procedures. CDS operates in Montreal, Toronto, Calgary and Vancouver to centralise securities clearing functions through a central securities depository.

CDS is wholly owned by CDS Ltd., which is a private corporation owned one-third by investment dealers, one-third by banks and one-third by trust companies through their respective industry associations. CDS is the exclusive clearing house for equity trading on the Toronto Stock Exchange and also clears a substantial volume of over the counter trading in equities and bonds.

3.2 Global Clearance and Settlement Procedures

Initial settlement for the Canadian Dollar New Notes will be made via the exchange of the Canadian Dollar Existing Notes for the Canadian Dollar New Notes pursuant to the Exchange Offer, which will be determined by the Issuer following the expiration of the Exchange Offer Period in its sole and absolute discretion.

Secondary market trading between CDS Participants will be in accordance with market conventions applicable to transactions in book-based Canadian domestic bonds. Secondary market trading between Euroclear participants and/or Clearstream, Luxembourg participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

3.3 Transfers between CDS and Euroclear or Clearstream, Luxembourg

Cross-market transfers between persons holding directly or indirectly through CDS Participants, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg participants, on the other, will be effected in CDS in accordance with CDS rules; however, such cross-market transactions will require delivery of instructions to the relevant clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. The relevant clearing system will, if the transaction meets its settlement requirements, deliver instructions to CDS directly or through its Canadian Subcustodian to take action to effect final settlement on its behalf by delivering or receiving Canadian Dollar New Notes in CDS, and making or receiving payment in accordance with normal procedures for settlement in CDS. Euroclear participants and Clearstream, Luxembourg participants may not deliver instructions directly to CDS or the Canadian Subcustodians.

Because of time zone differences, credits of Canadian Dollar New Notes received in Euroclear or Clearstream, Luxembourg as a result of a transaction with a CDS Participant will be made during subsequent securities settlement processing and dated the Business Day following the CDS settlement date. Such credits or any transactions in such Canadian Dollar New Notes settled during such processing will be reported to the relevant Euroclear participants or Clearstream, Luxembourg participants on such Business Day. Cash received in Euroclear or Clearstream, Luxembourg as a result of sales of Canadian Dollar New Notes by or through a Euroclear participant or a Clearstream, Luxembourg participant to a CDS Participant will be received with value on the CDS settlement date but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the Business Day following settlement in CDS.

RECENT DEVELOPMENTS AND GENERAL INFORMATION

- (1) For information on the Issuer, please refer to the Base Prospectus as supplemented (in particular, the section in the Base Prospectus entitled “Lloyds Banking Group”).
- (2) On 7 October 2011, and 13 October 2011, respectively, Moody’s and Fitch downgraded the ratings of the Issuer, Lloyds Banking Group plc, HBOS plc and Bank of Scotland plc, together with a number of other UK financial institutions. On 11 October 2011, and 13 October 2011, respectively, these ratings agencies also downgraded the ratings of the Group’s insurance subsidiaries.

On 9 November 2011 Moody’s placed certain ratings of the Issuer, Lloyds Banking Group plc, HBOS plc and Bank of Scotland plc on review for possible downgrade. The review was prompted by the management update announced by Lloyds Banking Group plc via RNS on 2 November 2011.

On 9 November 2011 Standard & Poor’s Ratings Services updated its methodologies and assumptions for rating banks entitled “Criteria – Financial Institutions – Banks: Rating Methodology and Assumptions” and confirmed that as a result S&P expected to announce changes to current bank ratings within the following six months. On 29 November 2011, the short- and long-term ratings of Lloyds Banking Group plc and HBOS plc and the long-term ratings of the Issuer and Bank of Scotland plc, together with a number of other UK financial institutions, were downgraded by S&P. For more detail on credit ratings risks see “*Risk Factors – Financial soundness related risks*” in the Base Prospectus. In particular, see risk factor 4.3 entitled “*The Group’s borrowing costs and access to the capital markets is dependent on a number of factors, and increased costs or reduction in access could materially adversely affect the Group’s results of operations, financial condition and prospects*”.

Each of Moody’s, Fitch and S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

The Issuer expects to publish a supplementary prospectus relating to the above matter prior to the first Settlement Date. For the avoidance of doubt, the publication of such a supplementary prospectus shall not be considered materially prejudicial to Holders for the purposes of paragraph 11 (*Revocation Rights*) of the section entitled “Terms of the Exchange Offer” above.

- (3) Copies of this Exchange Offer Memorandum are available (subject to applicable laws and the offer and distribution restrictions set out in “Offer Restrictions” above) on request, free of charge, from the Exchange Agents, the contact details for which appear on the penultimate page of this Exchange Offer Memorandum. In addition, copies of the Base Prospectus, the Issuer’s financial statements and all other documents incorporated by reference into this Exchange Offer Memorandum, together with copies of the Trust Deed (as amended or supplemented from time to time) may also be obtained from the places indicated in “Documents Incorporated by Reference” above.
- (4) The Issuer was incorporated on 20 April 1865 (Registration number 2065). The Issuer’s registered office is at 25 Gresham Street, London EC2V 7HN, telephone number 020 7626 1500.
- (5) The most recent Articles of Association of the Issuer were adopted on 1 October 2008. Pursuant to section 28 of the Companies Act 2006, the first six clauses of the Memorandum of Association are to be treated as provisions of the Issuer’s Articles of Association with effect

from 1 October 2009. The Memorandum of Association and Articles of Association of the Issuer are available for inspection on the website of Lloyds Banking Group plc at www.lloydsbankinggroup.com.

- (6) The Memorandum of Association of the Issuer provides, amongst other things, that the main objects for which the Issuer is formed and incorporated are to carry on the business of banking including (but without limitation) the transaction of all financial, monetary and other businesses which are now or may be at any time during the existence of the Issuer usually or commonly carried on in any part of the world by banks, merchant banks, discount houses or financiers. The objects of the Issuer are set out in full in clause 4 of its Memorandum of Association (as incorporated into the Articles of Association).
- (7) Articles 111 to 116 of Table A (which form part of the Issuer's Articles of Association) regulate how the Issuer provides notices to its members. These Articles do not apply to the provision of notices to holders of debt securities issued by the Issuer, as the provision of such notices is regulated by the terms and conditions of the debt securities themselves and any requirements of the Financial Services Authority and any stock exchange on which such debt securities are listed.
- (8) The Issuer's nominal share capital is comprised of £1,693,750,101, U.S.\$40,000,000, €40,000,000 and ¥1,250,000,000, divided into (i) 1,650,000,000 £1.00 ordinary shares, (ii) one £1.00 cumulative floating rate preference share, (iii) 100 £1.00 6 per cent. non-cumulative redeemable preference shares, (iv) 160,000,000 €0.25 preference shares, (v) 50,000,000 ¥25.00 preference shares, (vi) 175,000,000 £0.25 preference shares and (vii) 160,000,000 U.S.\$0.25 preference shares.
- (9) The issued share capital of the Issuer is comprised of:
 - (i) 1,574,285,751 £1.00 ordinary shares;
 - (ii) 100 £1.00 6 per cent. non-cumulative redeemable preference shares (the "6 per cent. Preference Shares"), which are redeemable at the option of the Issuer at any time and carry rights to a fixed-rate non-cumulative preferential dividend at a rate of 6 per cent. per annum. No dividend shall be payable in the event that the directors of the Issuer determine that prudent capital ratios would not be maintained if the dividend were paid. Upon winding-up or administration of the Issuer, the 6 per cent. Preference Shares will rank equally with such other preference shares in issue, or which may be issued by the Issuer which rank, or are expressed to rank, equally therewith;
 - (iii) 600,000 £0.25 floating rate non-cumulative redeemable Series III preference shares, each with a liquidation preference of £1,000 (the "Sterling Series III Preference Shares") which carry rights to a floating rate non-cumulative preferential dividend, payable quarterly in arrear. The Sterling Series III Preference Shares may be redeemed on 25 August 2015 or upon any dividend payment date thereafter. Upon winding-up or administration of the Issuer, the Sterling Series III Preference Shares will rank equally with certain other preference shares issued by the Issuer;
 - (iv) 1,000,000 U.S.\$0.25 floating rate non-cumulative redeemable Series III preference shares, each with a liquidation preference of U.S.\$1,000 (the "Dollar Series III Preference Shares") which carry rights to a floating rate non-cumulative preferential dividend, payable monthly in arrear. The Dollar Series III Preference Shares may be redeemed on 14 November 2016 or every ten years thereafter. Upon winding-up or

administration of the Issuer, the Dollar Series III Preference Shares will rank equally with certain other preference shares issued by the Issuer;

- (v) 1,250,000 U.S.\$0.25 7.875 per cent. non-cumulative callable preference shares, each with a liquidation preference of U.S.\$1,000 (the “Fixed Rate Dollar Preference Shares”) which carry rights to a fixed rate non-cumulative preferential dividend at a rate of 7.875 per cent. per annum, payable semi-annually in arrear. The Fixed Rate Dollar Preference Shares may be redeemed on 29 November 2013. Upon winding-up or administration of the Issuer, the Fixed Rate Dollar Preference Shares will rank equally with certain other preference shares issued by the Issuer; and
 - (vi) 500,000 €0.25 7.875 per cent. non-cumulative callable preference shares, each with a liquidation preference of €1,000 (the “Fixed Rate Euro Preference Shares”) which carry rights to a fixed rate non-cumulative preferential dividend at a rate of 7.875 per cent. per annum, payable annually in arrear. The Fixed Rate Euro Preference Shares may be redeemed on 29 November 2013. Upon winding-up or administration of the Issuer, the Fixed Rate Euro Preference Shares will rank equally with certain other preference shares issued by the Issuer.
- (10) The Issuer has paid the following dividends on its ordinary shares for the previous five years:

Year	Dividend Paid
	<i>(pence per ordinary share)</i>
2010	—
2009	—
2008	148.8
2007	126.9
2006	124.4

As at the date of this Exchange Offer Memorandum no dividends have been paid in 2011.

- (11) The issue of the New Notes by the Issuer has been duly authorised by written resolutions of the Board of Directors of the Issuer passed on 24 February 2011 and 22 September 2011 and by a committee of the Board of Directors held on 30 November 2011.
- (12) To the extent that any LBGp Company other than the Issuer accepts any Offers to Exchange Existing Notes, the Issuer will enter into an agreement with such LBGp Company pursuant to which, in return for payment, the Issuer will agree to satisfy the consideration due under the Exchange Offer by delivering the relevant principal amount of New Notes to Holders.

ANNEX I
FORMS OF NEW NOTES FINAL TERMS

The forms of the New Notes Final Terms set out below relate to each series of New Notes. Each New Notes Final Terms does not contain all information relating to the New Notes and should be read in conjunction with Schedule 2, Part C of the Trust Deed and, until such time as the New Notes Final Terms are completed by the publication of the Drawdown Prospectus, the relevant Pricing and Results Announcement.

The New Notes Conditions relating to the New Notes (other than Condition 5A), which are set out in Schedule 2, Part C to the Trust Deed, are replicated on pages 52 to 112 of the Base Prospectus, and are incorporated by reference herein.

PART 1
FORM OF AUSTRALIAN DOLLAR NEW NOTES FINAL TERMS

Final Terms dated [●] December 2011

Lloyds TSB Bank plc
(the “**Bank**”)

AUD[●] Subordinated Fixed to Fixed Rate Notes due 2021 Callable 2016 (the “**Notes**”)
under the Bank’s £50,000,000,000
Euro Medium Term Note Programme (the “**Programme**”)

Part A - CONTRACTUAL TERMS

The terms and conditions of the Notes shall consist of the “Terms and Conditions of the Notes” set out on pages 52 to 112 of the Base Prospectus as amended and supplemented below. References in the Prospectus to “Final Terms”) shall be deemed to refer to the final terms set out below.

Terms used herein but not otherwise defined shall have the meanings given to them in the Base Prospectus.

1	Issuer:	Lloyds TSB Bank plc
2	(i) Series Number:	EMTN [●]
	(ii) Tranche Number:	1
3	Specified Currency or Currencies:	Australian dollars (“ AUD ”)
4	Aggregate Nominal Amount:	AUD [●]
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount
6	(i) Specified Denominations:	AUD1,000 provided that the Notes will not be issued to a subscriber of the Notes unless the aggregate consideration paid by the relevant subscriber for such Notes is at least AUD500,000 (disregarding moneys lent by the offeror or its associates) within Australia, and the Notes are otherwise issued in a manner that does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Corporations Act 2001 of Australia (the “ Corporations Act ”)
	(ii) Calculation Amount:	AUD1,000
7	(i) Issue Date:	[●] December 2011
	(ii) Interest Commencement Date:	Issue Date
8	Maturity Date:	[●] December 2021, subject to any early redemption of the Notes in accordance with items 23 and 32 below
9	Interest Basis:	Fixed Rate (single reset) <i>(further particulars specified below)</i>
10	Redemption/Payment Basis:	Redemption at par

11	Change of Interest or Redemption/Payment Basis:	See item 16 below
12	Alternative Currency Equivalent	Not Applicable
13	Put/Call Options:	Call Option <i>(further particulars specified below)</i>
14	Status of the Notes:	Dated Subordinated
15	Method of distribution:	Non-syndicated (initial delivery only to holders of existing securities issued by the Bank or its subsidiaries)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	Fixed Rate Note Provisions	Applicable
	(i) Rate(s) of Interest:	<p>In respect of each Interest Period commencing prior to [●] 2016 (the “Reset Date”), [●] per cent. per annum Fixed Rate, payable semi-annually in arrear</p> <p>In respect of each Interest Period commencing on or following the Reset Date, the Notes will bear interest at a fixed rate of interest per annum determined on the date falling two Business Days prior to the Reset Date as the 5-year Mid Swap Rate plus the Initial Margin, payable semi-annually in arrear,</p> <p>where:</p> <p>“Calculation Agent” means Citigroup Pty Limited (ABN 88 004 325 080)</p> <p>“5 Year Mid-Swap Rate” means the mid-market arithmetic mean, expressed as a percentage and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards), of the 5 Year Australian Dollar Swap Rates, as determined by the Calculation Agent at 11.00 a.m. (Sydney time) on the date falling two Business Days prior to the Reset Date</p> <p>“5 Year Australian Dollar Swap Rates” means the bid and offered swap rates for Australian Dollar swap transactions with a maturity of 5 years displayed on Bloomberg page “ICAA1” (or such other page as may replace that page on Bloomberg, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at 11.00 a.m. (Sydney time) on the date falling two Business Days prior to the Reset Date. If swap rates do not appear on that page, the 5-year Mid Swap Rate shall instead be determined by the Calculation Agent on the basis of (i) quotations provided by the principal office of each of four major banks in the Australian Dollar swap market of the rates at which swaps in</p>

Australian Dollars are offered by it at approximately 11.00 a.m. (Sydney time) on the date falling two Business Days prior to the Reset Date to participants in the Australian Dollar swap market for a five year period and (ii) the arithmetic mean expressed as a percentage and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) of such quotations

“**Initial Margin**” means 8.75 per cent.

(ii)	Interest Payment Date(s):	[●] June and [●] December in each year commencing [●] June 2012, up to and including the Maturity Date
(iii)	Fixed Coupon Amount(s):	In respect of Interest Periods commencing prior to the Reset Date, AUD [●] per Calculation Amount The Fixed Coupon Amount for Interest Periods commencing on or following the Reset Date will be notified by the Calculation Agent once calculated on the date falling two Business Days prior to the Reset Date in accordance with Conditions 4(l) and 20
(iv)	Broken Amount(s):	Not Applicable
(v)	Day Count Fraction:	RBA Bond Basis (meaning that the Day Count Fraction in respect of the calculation of an amount of interest in accordance with the Conditions will be (a) one divided by the number of Interest Payment Dates in a year or (b) where the period for which interest is being calculated is not a full Interest Period one half multiplied by the product of (i) the actual number of days in the period divided by (ii) the number of days in the half-year ending on the next Interest Payment Date).
(vi)	Determination Dates:	Not Applicable
(vii)	Business Day Convention:	Not Applicable. Condition 6(h) (Non-Business Days) applies
(viii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17	Floating Rate Note Provisions	Not Applicable
18	Zero Coupon Note Provisions	Not Applicable
19	Index Linked Interest Note, Inflation Linked Interest Note and other variable-linked interest Note Provisions	Not Applicable
20	Equity Linked Interest Note Provisions	Not Applicable

21	Currency Linked Note Provisions	Not Applicable
22	Dual Currency Note Provisions	Not Applicable
PROVISIONS RELATING TO REDEMPTION		
23	Call Option	Applicable
	(i) Optional Redemption Date(s):	The Reset Date
	(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	AUD1,000 per Calculation Amount
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	Not Applicable
	(b) Maximum Redemption Amount:	Not Applicable
	(iv) Notice period:	Condition 5(d) applies
24	Put Option	Not Applicable
25	Final Redemption Amount	AUD1,000 per Calculation Amount
26	Index Linked, Inflation Linked and other variable-linked Redemption Note Provisions	Not Applicable
27	Equity Linked Redemption Notes Provisions:	Not Applicable
28	Relevant Assets:	Not Applicable
29	Additional Disruption Events:	Not Applicable
30	Credit Linked Notes Provisions:	Not Applicable
31	Currency Linked Redemption Notes Provisions:	Not Applicable
32	Early Redemption Amount:	
	Early Redemption Amount(s) payable on event of default or other early redemption:	As per Conditions save that Condition 5(c) “Redemption for Taxation Reasons” shall not apply
	Unwind Costs:	Not Applicable
GENERAL PROVISIONS APPLICABLE TO THE NOTES		
33	Form of Notes:	Registered Notes: Unrestricted Global Certificate
34	New Global Note:	No
35	Financial Centre(s) or other special provisions relating to payment dates:	London, Sydney

- 36 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): No
- 37 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made: Not Applicable
- 38 Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: Not Applicable
- 39 Redenomination, renominatisation and reconventioning provisions: Not Applicable
- 40 Consolidation provisions: The provisions in Condition 19 apply
- 41 Additional U.S. Federal Tax Considerations: Not Applicable
- 42 Other final terms: The Conditions of the Notes shall be amended to include a new Condition 5A as set out below:
- 5A Substitution or variation following a Capital Event**
- If a Capital Event has occurred and is continuing, then the Bank may, subject to the other provisions of this Condition 5A (without any requirement for the consent or approval of the Holders or the Trustee) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Compliant Securities. Upon the expiry of the notice required by this Condition 5A, the Bank shall either vary the terms of, or substitute, the Notes in accordance with this Condition 5A, as the case may be and, subject as set out below, the Trustee shall agree to such substitution or variation.
- In connection with any substitution or variation in accordance with this Condition 5A, the Bank shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.
- Any substitution or variation in accordance with this Condition 5A is subject to the Bank (i) obtaining the prior written consent of the FSA, provided that at the relevant time such consent is required to be given; (ii) both at the time of, and immediately following, the substitution or variation, being in compliance with its “Capital Resources Requirement” as provided in the Capital Regulations applicable to it from time to time (and a certificate from two authorised signatories of the Bank confirming such

compliance shall be conclusive evidence of such compliance); and (iii) giving not less than 30 nor more than 60 calendar days' notice to the Holders (which notice shall be irrevocable), the Trustee and the Paying Agents, in accordance with Condition 20, which notice shall be irrevocable.

Any substitution or variation in accordance with this Condition 5A does not give the Bank an option to redeem the Notes under the Conditions.

Prior to the publication of any notice of substitution or variation pursuant to this Condition 5A, the Bank shall deliver to the Trustee a certificate signed by two authorised signatories of the Bank stating that the Capital Event giving rise to the right to substitute or vary has occurred and is continuing as at the date of the certificate and the Trustee shall accept such certificate without any further inquiry as sufficient evidence of the occurrence of a Capital Event in which event it shall be conclusive and binding on the Trustee and the Holders.

The Trustee shall use its reasonable endeavours to participate in, or assist the Bank with, the substitution of the Notes for, or the variation of the terms of the Notes so that they become, Compliant Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Compliant Securities or the participation in, or assistance with, such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or require the Trustee to incur any liability for which it is not indemnified and/or secured and/or pre-funded to its satisfaction.

The Trustee may rely without liability to Holders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Bank, the Trustee and the Holders.

A "**Capital Event**" is deemed to have occurred if as a result of any amendment to, or change in, the Capital Regulations, the Notes (or any part thereof) may no

longer be included in full in the Tier 2 Capital of the Bank and/or the Group by reason of their non-compliance with CRD IV.

“**Capital Regulations**” means, at any time, the regulations, requirements, guidelines and policies relating to capital adequacy of the FSA then in effect.

“**Compliant Securities**” means securities issued directly or indirectly by the Bank that:

(a) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Bank, and provided that a certification to such effect of two authorised signatories of the Bank shall have been delivered to the Trustee prior to the issue of the relevant securities), provided that such securities (1) contain terms such that they comply with the then current requirements of the FSA in relation to Tier 2 Capital; (2) include terms which provide for the same Rate of Interest from time to time and Maturity Date applying to the Notes; (3) rank pari passu with the Notes; and (4) shall preserve any existing rights under the Conditions to any accrued interest which has not been satisfied; and

(b) are listed on (i) the regulated market of the London Stock Exchange or (ii) such other Recognised Stock Exchange as selected by the Bank; and

(c) where the Notes which have been substituted or varied had a published rating from a Rating Agency immediately prior to their substitution or variation each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Notes.

“**CRD IV**” means taken together, (i) the CRD IV Directive, (ii) the CRD IV Regulation and (iii) the Future Capital Instruments Regulations.

“**CRD IV Directive**” means a directive of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms amending Directive 2002/87/EC, a draft of which was published on 20 July 2011.

“**CRD IV Regulation**” a regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, a draft of which was published on 20 July 2011.

“**Future Capital Instruments Regulations**” means regulatory capital rules which may in the future be

introduced by the FSA and which are applicable to the Bank (on a solo or consolidated basis) as applied and construed by the FSA, which lay down the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Bank (on a solo or consolidated basis) as required by (i) the CRD IV Regulation or (ii) the CRD IV Directive.

“**FSA**” means the Financial Services Authority or such other governmental authority in the United Kingdom (or, if the Bank becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction) having primary supervisory authority with respect to the Bank.

“**Group**” means Lloyds Banking Group plc and its subsidiaries and subsidiary undertakings from time to time.

“**Rating Agency**” means Fitch Ratings Limited or Moody's Investors Service Ltd. or Standard & Poor's Credit Market Services Europe Limited or their respective successors.

“**Recognised Stock Exchange**” means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time.

“**Tier 2 Capital**” has the meaning given to it by the FSA from time to time.

DISTRIBUTION

43	(i) If syndicated, names and addresses of Managers <i>and underwriting commitments</i> :	Not Applicable
	(ii) Date of Subscription Agreement:	Not Applicable
	(iii) Stabilising Manager(s) (if any):	Not Applicable
44	If non-syndicated, name and address of Dealer:	Not Applicable
45	Total commission and concession:	Not Applicable
46	U.S. Selling Restrictions:	Reg S Category 2; TEFRA Rules not applicable
47	Non-exempt Offer:	Not Applicable
48	Additional selling restrictions:	Not Applicable

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required for issue and admission to trading of the Notes described herein pursuant to the £50,000,000,000 Euro Medium Term Note Programme of Lloyds TSB

Bank plc.

RESPONSIBILITY

The Bank accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Bank:

By: _____

Duly authorised

Part B - Other Information

1 LISTING

- | | | |
|-------|---|--|
| (i) | Listing: | London |
| (ii) | Admission to trading: | Application has been made for the Notes to be admitted to trading on the regulated market of the London Stock Exchange with effect from [●] December 2011. |
| (iii) | Estimate of total expenses related to admission to trading: | £[●] |

2 RATINGS

- | | |
|----------|---|
| Ratings: | The Notes to be issued have been rated:
S & P: [●]
Moody's: [●]
Fitch: [●] |
|----------|---|

Fitch Ratings Limited (“**Fitch**”), Moody's Investors Service Ltd. (“**Moody's**”) and Standard & Poor's Credit Market Services Europe Limited (“**S&P**”) are established in the European Union and registered under Regulation (EC) No 1060/2009.

Credit ratings are for distribution only to a person (a) who is not a “retail client” within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive these Final Terms and anyone who receives these Final Terms must not distribute it to any person who is not entitled to receive them.

3 NOTIFICATION

Not applicable

4 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in “*Subscription and Sale*” in the Base Prospectus, so far as the Bank is aware, no person involved in the invitation to subscribe for the Notes has an interest material to the issue of the Notes.

5 REASONS FOR THE OFFER, ESTIMATED NET PROCEED AND TOTAL EXPENSES

- | | | |
|-------|---------------------------|--------------------|
| (i) | Reasons for the offer: | Capital management |
| (ii) | Estimated net proceeds: | Not Applicable |
| (iii) | Estimated total expenses: | £[●] |

6 YIELD

Indication of yield

For the period from (and including) the Issue Date to (but excluding) the Reset Date, [●] per cent.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

7 OPERATIONAL INFORMATION

ISIN Code:

AU[●]

Common Code:

[●]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s):

Austraclear System
[Austraclear Code: [●]]

Delivery:

Delivery Free of Payment (other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* where delivery shall be against delivery of the Existing Securities pursuant to the Exchange Offer).

Names and addresses of additional Paying Agent(s) (if any):

Citigroup Pty Limited (ABN 88 004 325 080) has been appointed as Australian Registrar, Issuing and Paying Agent and Calculation Agent in respect of the Notes. The Australian Registrar's, Issuing and Paying Agent's and Calculation Agent's address is Level 16, 120 Collins Street, Melbourne, VIC 3000, Australia.

Intended to be held in a manner which would allow Eurosystem eligibility:

No

PART 2
FORM OF CANADIAN DOLLAR NEW NOTES FINAL TERMS

Final Terms dated [●] December 2011

Lloyds TSB Bank plc
(the “**Bank**”)

CAD[●] Subordinated Fixed to Fixed Rate Notes due 2021 Callable 2016 (the “**Notes**”)
under the £50,000,000,000
Euro Medium Term Note Programme

Part A - CONTRACTUAL TERMS

The terms and conditions of the Notes shall consist of the “Terms and Conditions of the Notes” set out on pages 52 to 112 of the Base Prospectus as amended and supplemented below. References in the Prospectus to “Final Terms”) shall be deemed to refer to the final terms set out below.

Terms used herein but not otherwise defined shall have the meanings given to them in the Base Prospectus.

1	Issuer:	Lloyds TSB Bank plc
2	(i) Series Number:	EMTN [●]
	(ii) Tranche Number:	1
3	Specified Currency or Currencies:	Canadian dollars (“ CAD ”)
4	Aggregate Nominal Amount:	CAD [●]
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount
6	(i) Specified Denominations:	CAD1,000 The Notes will not be issued to a subscriber of the Notes unless the aggregate consideration paid by the relevant subscriber for such Notes is at least CAD100,000
	(ii) Calculation Amount:	CAD1,000
7	(i) Issue Date:	[●] December 2011
	(ii) Interest Commencement Date:	Issue Date
8	Maturity Date:	[●] December 2021, subject to any early redemption of the Notes in accordance with items 23 and 32 below
9	Interest Basis:	Fixed Rate (single reset) <i>(further particulars specified below)</i>
10	Redemption/Payment Basis:	Redemption at par
11	Change of Interest or Redemption/Payment Basis:	See item 16 below
12	Alternative Currency Equivalent	Not Applicable
13	Put/Call Options:	Call Option

(further particulars specified below)

- 14 Status of the Notes: Dated Subordinated
- 15 Method of distribution: Non-syndicated (initial delivery only to holders of existing securities issued by the Bank or its subsidiaries)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16 **Fixed Rate Note Provisions** Applicable
- (i) Rate(s) of Interest: In respect of each Interest Period commencing prior to [●] 2016 (the “**Reset Date**”), [●] per cent. per annum Fixed Rate, payable semi-annually in arrear
- In respect of each Interest Period commencing on or following the Reset Date, the Notes will bear interest at a fixed rate of interest per annum determined on the date falling two Business Days prior to the Reset Date as the 5-year Mid Swap Rate plus the Initial Margin, payable semi-annually in arrear,
- where:
- “**Calculation Agent**” means Citibank N.A., London branch
- “**5 Year Mid-Swap Rate**” means the mid-market arithmetic mean, expressed as a percentage and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) of the 5 Year Canadian Dollar Swap Rates, as determined by the Calculation Agent at 11.00 a.m. (Toronto time) on the date falling two Business Days prior to the Reset Date
- “**5 Year Canadian Dollar Swap Rates**” means the bid and offered swap rates for Canadian dollar swap transactions with a maturity of 5 years displayed on Bloomberg page “ICAC1” (or such other page as may replace that page on Bloomberg, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at 11.00 a.m. (Toronto time) on the date falling two Business Days prior to the Reset Date. If swap rates do not appear on that page, the 5-year Mid Swap Rate shall instead be determined by the Calculation Agent on the basis of (i) quotations, provided by the principal office of each of four major banks in the Canadian dollar swap market of the rates at which swaps in Canadian dollar are offered by it at approximately 11.00 a.m. (Toronto time) on the date falling two Business Days prior to the Reset Date to participants in the Canadian dollar swap market for a five year period and (ii) the arithmetic mean expressed as a

percentage and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) of such quotations

“**Initial Margin**” means 8.75 per cent.

(ii)	Interest Payment Date(s):	[●] June and [●] December in each year commencing [●] June 2012, up to and including the Maturity Date
(iii)	Fixed Coupon Amount(s):	In respect of Interest Periods commencing prior to the Reset Date, CAD [●] per Calculation Amount The Fixed Coupon Amount for Interest Periods commencing on or following the Reset Date will be notified by the Calculation Agent once calculated on the date falling two Business Days prior to the Reset Date in accordance with Conditions 4(1) and 20
(iv)	Broken Amount(s):	Not Applicable
(v)	Day Count Fraction:	Whenever it is necessary to compute any amount of accrued interest in respect of the Notes for a period of less than one full year, other than in respect to regular semi-annual interest payments, such interest will be calculated on the basis of the actual number of days in the period and a year of 365 days
(vi)	Determination Dates:	Not Applicable
(vii)	Business Day Convention:	Not Applicable. Condition 6(h) (Non-Business Days) applies
(viii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17	Floating Rate Note Provisions	Not Applicable
18	Zero Coupon Note Provisions	Not Applicable
19	Index Linked Interest Note, Inflation Linked Interest Note and other variable-linked interest Note Provisions	Not Applicable
20	Equity Linked Interest Note Provisions	Not Applicable
21	Currency Linked Note Provisions	Not Applicable
22	Dual Currency Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

23	Call Option	Applicable
(i)	Optional Redemption Date(s):	The Reset Date
(ii)	Optional Redemption Amount(s) and method, if any,	CAD1,000 per Calculation Amount

	of calculation of such amount(s):	
(iii)	If redeemable in part:	
	(a) Minimum Redemption Amount:	Not Applicable
	(b) Maximum Redemption Amount:	Not Applicable
(iv)	Notice period:	Condition 5(d) applies
24	Put Option	Not Applicable
25	Final Redemption Amount	CAD1,000 per Calculation Amount
26	Index Linked, Inflation Linked and other variable-linked Redemption Note Provisions	Not Applicable
27	Equity Linked Redemption Notes Provisions:	Not Applicable
28	Relevant Assets:	Not Applicable
29	Additional Disruption Events:	Not Applicable
30	Credit Linked Notes Provisions:	Not Applicable
31	Currency Linked Redemption Notes Provisions:	Not Applicable
32	Early Redemption Amount:	
	Early Redemption Amount(s) payable on event of default or other early redemption:	As per Conditions save that Condition 5(c) "Redemption for Taxation Reasons" shall not apply
	Unwind Costs:	Not Applicable
GENERAL PROVISIONS APPLICABLE TO THE NOTES		
33	Form of Notes:	Registered Notes: Unrestricted Global Certificate
34	New Global Note:	No
35	Financial Centre(s) or other special provisions relating to payment dates:	London, Toronto
36	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
37	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made:	Not Applicable
38	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	Not Applicable

39	Redenomination, renominatisation and reconventioning provisions:	Not Applicable
40	Consolidation provisions:	The provisions in Condition 19 apply
41	Additional U.S. Federal Tax Considerations:	Not Applicable
42	Other final terms:	<p>The Conditions of the Notes shall be amended to include a new Condition 5A as set out below:</p> <p>5A Substitution or variation following a Capital Event</p> <p>If a Capital Event has occurred and is continuing, then the Bank may, subject to the other provisions of this Condition 5A (without any requirement for the consent or approval of the Holders or the Trustee) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Compliant Securities. Upon the expiry of the notice required by this Condition 5A, the Bank shall either vary the terms of, or substitute, the Notes in accordance with this Condition 5A, as the case may be and, subject as set out below, the Trustee shall agree to such substitution or variation.</p> <p>In connection with any substitution or variation in accordance with this Condition 5A, the Bank shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.</p> <p>Any substitution or variation in accordance with this Condition 5A is subject to the Bank (i) obtaining the prior written consent of the FSA, provided that at the relevant time such consent is required to be given; (ii) both at the time of, and immediately following, the substitution or variation, being in compliance with its “Capital Resources Requirement” as provided in the Capital Regulations applicable to it from time to time (and a certificate from two authorised signatories of the Bank confirming such compliance shall be conclusive evidence of such compliance); and (iii) giving not less than 30 nor more than 60 calendar days’ notice to the Holders (which notice shall be irrevocable), the Trustee and the Paying Agents, in accordance with Condition 20, which notice shall be irrevocable.</p> <p>Any substitution or variation in accordance with this Condition 5A does not give the Bank an option to redeem the Notes under the Conditions.</p> <p>Prior to the publication of any notice of substitution</p>

or variation pursuant to this Condition 5A, the Bank shall deliver to the Trustee a certificate signed by two authorised signatories of the Bank stating that the Capital Event giving rise to the right to substitute or vary has occurred and is continuing as at the date of the certificate and the Trustee shall accept such certificate without any further inquiry as sufficient evidence of the occurrence of a Capital Event in which event it shall be conclusive and binding on the Trustee and the Holders.

The Trustee shall use its reasonable endeavours to participate in, or assist the Bank with, the substitution of the Notes for, or the variation of the terms of the Notes so that they become, Compliant Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Compliant Securities or the participation in, or assistance with, such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or require the Trustee to incur any liability for which it is not indemnified and/or secured and/or pre-funded to its satisfaction.

The Trustee may rely without liability to Holders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Bank, the Trustee and the Holders.

A “**Capital Event**” is deemed to have occurred if as a result of any amendment to, or change in, the Capital Regulations, the Notes (or any part thereof) may no longer be included in full in the Tier 2 Capital of the Bank and/or the Group by reason of their non-compliance with CRD IV.

“**Capital Regulations**” means, at any time, the regulations, requirements, guidelines and policies relating to capital adequacy of the FSA then in effect.

“**Compliant Securities**” means securities issued directly or indirectly by the Bank that:

(a) have terms not materially less favourable to an

investor than the terms of the Notes (as reasonably determined by the Bank, and provided that a certification to such effect of two authorised signatories of the Bank shall have been delivered to the Trustee prior to the issue of the relevant securities), provided that such securities (1) contain terms such that they comply with the then current requirements of the FSA in relation to Tier 2 Capital; (2) include terms which provide for the same Rate of Interest from time to time and Maturity Date applying to the Notes; (3) rank pari passu with the Notes; and (4) shall preserve any existing rights under the Conditions to any accrued interest which has not been satisfied; and

(b) are listed on (i) the regulated market of the London Stock Exchange or (ii) such other Recognised Stock Exchange as selected by the Bank; and

(c) where the Notes which have been substituted or varied had a published rating from a Rating Agency immediately prior to their substitution or variation each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Notes.

“**CRD IV**” means taken together, (i) the CRD IV Directive, (ii) the CRD IV Regulation and (iii) the Future Capital Instruments Regulations.

“**CRD IV Directive**” means a directive of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms amending Directive 2002/87/EC, a draft of which was published on 20 July 2011.

“**CRD IV Regulation**” a regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, a draft of which was published on 20 July 2011.

“**Future Capital Instruments Regulations**” means regulatory capital rules which may in the future be introduced by the FSA and which are applicable to the Bank (on a solo or consolidated basis) as applied and construed by the FSA, which lay down the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Bank (on a solo or consolidated basis) as required by (i) the CRD IV Regulation or (ii) the CRD IV Directive.

“**FSA**” means the Financial Services Authority or such other governmental authority in the United

Kingdom (or, if the Bank becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction) having primary supervisory authority with respect to the Bank.

“**Group**” means Lloyds Banking Group plc and its subsidiaries and subsidiary undertakings from time to time.

“**Rating Agency**” means Fitch Ratings Limited or Moody's Investors Service Ltd. or Standard & Poor's Credit Market Services Europe Limited or their respective successors.

“**Recognised Stock Exchange**” means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time.

“**Tier 2 Capital**” has the meaning given to it by the FSA from time to time.

DISTRIBUTION

43	(i) If syndicated, names and addresses of Managers <i>and underwriting commitments</i> :	Not Applicable
	(ii) Date of Subscription Agreement:	Not Applicable
	(iii) Stabilising Manager(s) (if any):	Not Applicable
44	If non-syndicated, name and address of Dealer:	Not Applicable
45	Total commission and concession:	Not Applicable
46	U.S. Selling Restrictions:	Reg S Category 2; TEFRA Rules not applicable
47	Non-exempt Offer:	Not Applicable
48	Additional selling restrictions:	Not Applicable

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required for issue and admission to trading of the Notes described herein pursuant to the £50,000,000,000 Euro Medium Term Note Programme of Lloyds TSB Bank plc.

RESPONSIBILITY

The Bank accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Bank:

By: _____

Duly authorised

Part B - Other Information

1 LISTING

- (i) Listing: London
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the regulated market of the London Stock Exchange with effect from [●] December 2011.
- (iii) Estimate of total expenses related to admission to trading: £[●]

2 RATINGS

- Ratings: The Notes to be issued have been rated:
S & P: [●]
Moody's: [●]
Fitch: [●]

Fitch Ratings Limited (“**Fitch**”), Moody's Investors Service Ltd. (“**Moody's**”) and Standard & Poor's Credit Market Services Europe Limited (“**S&P**”) are established in the European Union and registered under Regulation (EC) No 1060/2009.

3 NOTIFICATION

Not applicable

4 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in “*Subscription and Sale*” in the Base Prospectus, so far as the Bank is aware, no person involved in the invitation to subscribe for the Notes has an interest material to the issue of the Notes.

5 REASONS FOR THE OFFER, ESTIMATED NET PROCEED AND TOTAL EXPENSES

- (i) Reasons for the offer: Capital management
- (ii) Estimated net proceeds: Not Applicable
- (iii) Estimated total expenses: £[●]

6 YIELD

Indication of yield: For the period from (and including) the Issue Date to (but excluding) the Reset Date, [●] per cent.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

7 OPERATIONAL INFORMATION

- ISIN Code: CA[●]
- Common Code: [●]
- Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream CDS Clearing and Depositary Services Inc. CUSIP: [●]

Banking, *société anonyme* and the relevant identification number(s):

Delivery:

Delivery against delivery of the Existing Securities pursuant to the Exchange Offer

Names and addresses of additional Paying Agent(s) (if any):

Not Applicable

Intended to be held in a manner which would allow Eurosystem eligibility:

No

PART 3
FORM OF EURO NEW NOTES FINAL TERMS

Final Terms dated [●] December 2011

Lloyds TSB Bank plc
(the “**Bank**”)

€[●] Subordinated Fixed to Fixed Rate Notes due 2021 Callable 2016 (the “**Notes**”)
under the £50,000,000,000
Euro Medium Term Note Programme

Part A - CONTRACTUAL TERMS

The terms and conditions of the Notes shall consist of the “Terms and Conditions of the Notes” set out on pages 52 to 112 of the Base Prospectus as amended and supplemented below. References in the Prospectus to “Final Terms”) shall be deemed to refer to the final terms set out below.

Terms used herein but not otherwise defined shall have the meanings given to them in the Base Prospectus.

1	Issuer:	Lloyds TSB Bank plc
2	(i) Series Number:	EMTN [●]
	(ii) Tranche Number:	1
3	Specified Currency or Currencies:	Euro (“€”)
4	Aggregate Nominal Amount:	€[●]
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount
6	(i) Specified Denominations:	€1,000 The Notes will not be issued to a subscriber of the Notes unless the aggregate consideration paid by the relevant subscriber for such Notes is at least €50,000
	(ii) Calculation Amount:	€1,000
7	(i) Issue Date:	[●] December 2011
	(ii) Interest Commencement Date:	Issue Date
8	Maturity Date:	[●] December 2021, subject to any early redemption of the Notes in accordance with items 23 and 32 below
9	Interest Basis:	Fixed Rate (single reset) <i>(further particulars specified below)</i>
10	Redemption/Payment Basis:	Redemption at par
11	Change of Interest or Redemption/Payment Basis:	See item 16 below
12	Alternative Currency Equivalent	Not Applicable
13	Put/Call Options:	Call Option <i>(further particulars specified below)</i>

- | | | |
|-----------|-------------------------|---|
| 14 | Status of the Notes: | Dated Subordinated |
| 15 | Method of distribution: | Non-syndicated (initial delivery only to holders of existing securities issued by the Bank or its subsidiaries) |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- | | | |
|-----------|-----------------------------------|---|
| 16 | Fixed Rate Note Provisions | Applicable |
| | (i) Rate(s) of Interest: | <p>In respect of each Interest Period commencing prior to [●] 2016 (the “Reset Date”), [●] per cent. per annum Fixed Rate, payable annually in arrear</p> <p>In respect of each Interest Period commencing on or following the Reset Date, the Notes will bear interest at a fixed rate of interest per annum determined on the date falling two Business Days prior to the Reset Date as the 5-year Mid Swap Rate plus the Initial Margin, payable annually in arrear,</p> <p>where:</p> <p>“Calculation Agent” means Citibank N.A., London branch</p> <p>“5 Year Mid-Swap Rate” means the mid-market arithmetic mean, expressed as a percentage and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) of the 5 Year Euro Swap Rates, as determined by the Calculation Agent at 11.00 a.m. (Central European time) on the date falling two Business Days prior to the Reset Date</p> <p>“5 Year Euro Swap Rates” means the bid and offered swap rates for euro swap transactions with a maturity of 5 years displayed on Bloomberg page “ICA1” (or such other page as may replace that page on Bloomberg, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at 11.00 a.m. (Central European time) on the date falling two Business Days prior to the Reset Date. If swap rates do not appear on that page, the 5-year Mid Swap Rate shall instead be determined by the Calculation Agent on the basis of (i) quotations provided by the principal office of each of four major banks in the euro swap market of the rates at which swaps in euro are offered by it at approximately 11.00 a.m. (London time) on the date falling two Business Days prior to the Reset Date to participants in the euro swap market for a five year period and (ii) the arithmetic mean expressed as a percentage and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded</p> |

		upwards) of such quotations “ Initial Margin ” means 10.00 per cent.
(ii)	Interest Payment Date(s):	[●] in each year commencing [●] 2012, up to and including the Maturity Date
(iii)	Fixed Coupon Amount(s):	In respect of Interest Periods commencing prior to the Reset Date, €[●] per Calculation Amount The Fixed Coupon Amount for Interest Periods commencing on or following the Reset Date will be notified by the Calculation Agent once calculated on the date falling two Business Days prior to the Reset Date in accordance with Conditions 4(l) and 20
(iv)	Broken Amount(s):	Not applicable
(v)	Day Count Fraction:	Actual/Actual ICMA (unadjusted)
(vi)	Determination Dates:	[●] in each year
(vii)	Business Day Convention:	Not Applicable. Condition 6(h) (Non-Business Days) applies
(viii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17	Floating Rate Note Provisions	Not Applicable
18	Zero Coupon Note Provisions	Not Applicable
19	Index Linked Interest Note, Inflation Linked Interest Note and other variable-linked interest Note Provisions	Not Applicable
20	Equity Linked Interest Note Provisions	Not Applicable
21	Currency Linked Note Provisions	Not Applicable
22	Dual Currency Note Provisions	Not Applicable
PROVISIONS RELATING TO REDEMPTION		
23	Call Option	Applicable
(i)	Optional Redemption Date(s):	The Reset Date
(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	€1,000 per Calculation Amount
(iii)	If redeemable in part:	
(a)	Minimum Redemption Amount:	Not Applicable
(b)	Maximum Redemption	Not Applicable

Amount:

	(iv) Notice period:	Condition 5(d) applies
24	Put Option	Not Applicable
25	Final Redemption Amount	€1,000 per Calculation Amount
26	Index Linked, Inflation Linked and other variable-linked Redemption Note Provisions	Not Applicable
27	Equity Linked Redemption Notes Provisions:	Not Applicable
28	Relevant Assets:	Not Applicable
29	Additional Disruption Events:	Not Applicable
30	Credit Linked Notes Provisions:	Not Applicable
31	Currency Linked Redemption Notes Provisions:	Not Applicable
32	Early Redemption Amount:	
	Early Redemption Amount(s) payable on event of default or other early redemption:	As per Conditions save that Condition 5(c) “Redemption for Taxation Reasons” shall not apply
	Unwind Costs:	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

33	Form of Notes:	Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note
34	New Global Note:	No
35	Financial Centre(s) or other special provisions relating to payment dates:	TARGET Business Day and London
36	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
37	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made:	Not Applicable
38	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	Not Applicable
39	Redenomination, renominalisation and reconventioning provisions:	Not Applicable
40	Consolidation provisions:	The provisions in Condition 19 apply

41 Additional U.S. Federal Tax Not Applicable
Considerations:

42 Other final terms:

The Conditions of the Notes shall be amended to include a new Condition 5A as set out below:

5A Substitution or variation following a Capital Event

If a Capital Event has occurred and is continuing, then the Bank may, subject to the other provisions of this Condition 5A (without any requirement for the consent or approval of the Holders or the Trustee) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Compliant Securities. Upon the expiry of the notice required by this Condition 5A, the Bank shall either vary the terms of, or substitute, the Notes in accordance with this Condition 5A, as the case may be and, subject as set out below, the Trustee shall agree to such substitution or variation.

In connection with any substitution or variation in accordance with this Condition 5A, the Bank shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Any substitution or variation in accordance with this Condition 5A is subject to the Bank (i) obtaining the prior written consent of the FSA, provided that at the relevant time such consent is required to be given; (ii) both at the time of, and immediately following, the substitution or variation, being in compliance with its “Capital Resources Requirement” as provided in the Capital Regulations applicable to it from time to time (and a certificate from two authorised signatories of the Bank confirming such compliance shall be conclusive evidence of such compliance); and (iii) giving not less than 30 nor more than 60 calendar days’ notice to the Holders (which notice shall be irrevocable), the Trustee and the Paying Agents, in accordance with Condition 20, which notice shall be irrevocable.

Any substitution or variation in accordance with this Condition 5A does not give the Bank an option to redeem the Notes under the Conditions.

Prior to the publication of any notice of substitution or variation pursuant to this Condition 5A, the Bank shall deliver to the Trustee a certificate signed by two authorised signatories of the Bank stating that the Capital Event giving rise to the right to substitute or

vary has occurred and is continuing as at the date of the certificate and the Trustee shall accept such certificate without any further inquiry as sufficient evidence of the occurrence of a Capital Event in which event it shall be conclusive and binding on the Trustee, the Couponholders and the Holders.

The Trustee shall use its reasonable endeavours to participate in, or assist the Bank with, the substitution of the Notes for, or the variation of the terms of the Notes so that they become, Compliant Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Compliant Securities or the participation in, or assistance with, such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or require the Trustee to incur any liability for which it is not indemnified and/or secured and/or pre-funded to its satisfaction.

The Trustee may rely without liability to Holders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Bank, the Trustee and the Holders.

A "**Capital Event**" is deemed to have occurred if as a result of any amendment to, or change in, the Capital Regulations, the Notes (or any part thereof) may no longer be included in full in the Tier 2 Capital of the Bank and/or the Group by reason of their non-compliance with CRD IV.

"**Capital Regulations**" means, at any time, the regulations, requirements, guidelines and policies relating to capital adequacy of the FSA then in effect.

"**Compliant Securities**" means securities issued directly or indirectly by the Bank that:

(a) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Bank, and provided that a certification to such effect of two authorised

signatories of the Bank shall have been delivered to the Trustee prior to the issue of the relevant securities), provided that such securities (1) contain terms such that they comply with the then current requirements of the FSA in relation to Tier 2 Capital; (2) include terms which provide for the same Rate of Interest from time to time and Maturity Date applying to the Notes; (3) rank pari passu with the Notes; and (4) shall preserve any existing rights under the Conditions to any accrued interest which has not been satisfied; and

(b) are listed on (i) the regulated market of the London Stock Exchange or (ii) such other Recognised Stock Exchange as selected by the Bank; and

(c) where the Notes which have been substituted or varied had a published rating from a Rating Agency immediately prior to their substitution or variation each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Notes.

“**CRD IV**” means taken together, (i) the CRD IV Directive, (ii) the CRD IV Regulation and (iii) the Future Capital Instruments Regulations.

“**CRD IV Directive**” means a directive of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms amending Directive 2002/87/EC, a draft of which was published on 20 July 2011.

“**CRD IV Regulation**” a regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, a draft of which was published on 20 July 2011.

“**Future Capital Instruments Regulations**” means regulatory capital rules which may in the future be introduced by the FSA and which are applicable to the Bank (on a solo or consolidated basis) as applied and construed by the FSA, which lay down the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Bank (on a solo or consolidated basis) as required by (i) the CRD IV Regulation or (ii) the CRD IV Directive.

“**FSA**” means the Financial Services Authority or such other governmental authority in the United Kingdom (or, if the Bank becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction) having primary supervisory

authority with respect to the Bank.

“**Group**” means Lloyds Banking Group plc and its subsidiaries and subsidiary undertakings from time to time.

“**Rating Agency**” means Fitch Ratings Limited or Moody's Investors Service Ltd. or Standard & Poor's Credit Market Services Europe Limited or their respective successors.

“**Recognised Stock Exchange**” means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time.

“**Tier 2 Capital**” has the meaning given to it by the FSA from time to time.

DISTRIBUTION

43	(i)	If syndicated, names and addresses of Managers <i>and underwriting commitments</i> :	Not Applicable
	(ii)	Date of Subscription Agreement:	Not Applicable
	(iii)	Stabilising Manager(s) (if any):	Not Applicable
44		If non-syndicated, name and address of Dealer:	Not Applicable
45		Total commission and concession:	Not Applicable
46		U.S. Selling Restrictions:	Reg S Category 2; TEFRA D
47		Non-exempt Offer:	Not Applicable
48		Additional selling restrictions:	Not Applicable

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required for issue and admission to trading of the Notes described herein pursuant to the £50,000,000,000 Euro Medium Term Note Programme of Lloyds TSB Bank plc.

RESPONSIBILITY

The Bank accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Bank:

By: _____

Duly authorised

Part B - Other Information

1 LISTING

- (i) Listing: London
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the regulated market of the London Stock Exchange with effect from [●] December 2011.
- (iii) Estimate of total expenses related to admission to trading: £[●]

2 RATINGS

- Ratings: The Notes to be issued have been rated:
S & P: [●]
Moody's: [●]
Fitch: [●]

Fitch Ratings Limited (“**Fitch**”), Moody's Investors Service Ltd. (“**Moody's**”) and Standard & Poor's Credit Market Services Europe Limited (“**S&P**”) are established in the European Union and registered under Regulation (EC) No 1060/2009.

3 NOTIFICATION

Not applicable

4 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in “*Subscription and Sale*” in the Base Prospectus, so far as the Bank is aware, no person involved in the invitation to subscribe for the Notes has an interest material to the issue of the Notes.

5 REASONS FOR THE OFFER, ESTIMATED NET PROCEED AND TOTAL EXPENSES

- (i) Reasons for the offer: Capital management
- (ii) Estimated net proceeds: Not Applicable
- (iii) Estimated total expenses: £[●]

6 YIELD

Indication of yield For the period from (and including) the Issue Date to (but excluding) the Reset Date, [●] per cent.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

7 OPERATIONAL INFORMATION

- ISIN Code: XS[●]
- Common Code: [●]
- Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Not Applicable

Banking, *société anonyme* and the relevant identification number(s):

Delivery:

Delivery against delivery of the Existing Securities pursuant to the Exchange Offer

Names and addresses of additional Paying Agent(s) (if any):

Not Applicable

Intended to be held in a manner which would allow Eurosystem eligibility:

No

PART 4
FORM OF STERLING NEW NOTES FINAL TERMS

Final Terms dated [●] December 2011

Lloyds TSB Bank plc
(the “Bank”)

£[●] Subordinated Fixed to Fixed Rate Notes due 2021 Callable 2016 (the “Notes”)
under the £50,000,000,000
Euro Medium Term Note Programme

Part A – Contractual Terms

The terms and conditions of the Notes shall consist of the “Terms and Conditions of the Notes” set out on pages 52 to 112 of the Base Prospectus as amended and supplemented below. References in the Prospectus to “Final Terms”) shall be deemed to refer to the final terms set out below.

Terms used herein but not otherwise defined shall have the meanings given to them in the Base Prospectus.

1	Issuer:	Lloyds TSB Bank plc
2	(i) Series Number:	EMTN [●]
	(ii) Tranche Number:	1
3	Specified Currency or Currencies:	Sterling (“£”)
4	Aggregate Nominal Amount:	£[●]
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount
6	(i) Specified Denominations:	£1,000 The Notes will not be issued to a subscriber of the Notes unless the aggregate consideration paid by the relevant subscriber for such Notes is at least £50,000
	(ii) Calculation Amount:	£1,000
7	(i) Issue Date:	[●] December 2011
	(ii) Interest Commencement Date:	Issue Date
8	Maturity Date:	[●] December 2021, subject to any early redemption of the Notes in accordance with items 23 and 32 below
9	Interest Basis:	Fixed Rate (single reset) <i>(further particulars specified below)</i>

10	Redemption/Payment Basis:	Redemption at par
11	Change of Interest or Redemption/Payment Basis:	See item 16 below
12	Alternative Currency Equivalent	Not Applicable
13	Put/Call Options:	Call Option <i>(further particulars specified below)</i>
14	Status of the Notes:	Dated Subordinated
15	Method of distribution:	Non-syndicated (initial delivery only to holders of existing securities issued by the Bank or its subsidiaries)
16	Fixed Rate Note Provisions	Applicable
	(i) Rate(s) of Interest:	<p>In respect of each Interest Period commencing prior to [●] 2016 (the “Reset Date”), [●] per cent. per annum Fixed Rate, payable annually in arrear</p> <p>In respect of each Interest Period commencing on or following the Reset Date, the Notes will bear interest at a fixed rate of interest per annum determined on the date falling two Business Days prior to the Reset Date as the 5-year Mid Swap Rate plus the Initial Margin (the sum of which will be annualised), payable annually in arrear, where:</p> <p>“Calculation Agent” means Citibank N.A., London branch</p> <p>“5 Year Mid-Swap Rate” means the mid-market arithmetic mean, expressed as a percentage and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) of the 5 Year Sterling Swap Rates, as determined by the Calculation Agent at 11.00 a.m. (London time) on the date falling two Business Days prior to the Reset Date</p> <p>“5 Year Sterling Swap Rates” means the bid and offered swap rates for sterling swap transactions with a maturity of 5 years displayed on Bloomberg page “ICAB1” (or such other page as may replace that page on Bloomberg, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at 11.00 a.m. (London time) on the date falling two Business Days prior to the Reset Date. If swap rates do not appear on that page, the 5 Year Mid-Swap Rate shall instead be determined by the Calculation Agent on the basis of (i) quotations provided by the principal office of each of four major banks in the sterling swap market of the rates at which swaps in sterling are offered by it at approximately 11.00 a.m. (London time) on the date</p>

falling two Business Days prior to the Reset Date to participants in the sterling swap market for a five year period and (ii) the arithmetic mean expressed as a percentage and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) of such quotations

“**Initial Margin**” means 9.00 per cent.

(ii) Interest Payment Date(s):	[●] in each year commencing [●] 2012, up to and including the Maturity Date
(iii) Fixed Coupon Amount(s):	In respect of Interest Periods commencing prior to the Reset Date, £[●] per Calculation Amount. The Fixed Coupon Amount for Interest Periods commencing on or following the Reset Date will be notified by the Calculation Agent once calculated on the date falling two Business Days prior to the Reset Date in accordance with Conditions 4(1) and 20.
(iv) Broken Amount(s):	Not applicable
(v) Day Count Fraction:	Actual/Actual ICMA (unadjusted)
(vi) Determination Dates:	[●] in each year
(vii) Business Day Convention:	Not Applicable. Condition 6(h) (Non-Business Days) applies
(viii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17 Floating Rate Note Provisions	Not Applicable
18 Zero Coupon Note Provisions	Not Applicable
19 Index Linked Interest Note, Inflation Linked Interest Note and other variable-linked interest Note Provisions	Not Applicable
20 Equity Linked Interest Note Provisions	Not Applicable
21 Currency Linked Note Provisions	Not Applicable
22 Dual Currency Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

23 Call Option	Applicable
(i) Optional Redemption Date(s):	The Reset Date
(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	£1,000 per Calculation Amount
(iii) If redeemable in part:	
(a) Minimum Redemption Amount:	Not Applicable

(b) Maximum Redemption Amount:	Not Applicable
(iv) Notice period:	Condition 5(d) applies
24 Put Option	Not Applicable
25 Final Redemption Amount	£1,000 per Calculation Amount
26 Index Linked, Inflation Linked and other variable-linked Redemption Note Provisions	Not Applicable
27 Equity Linked Redemption Notes Provisions:	Not Applicable
28 Relevant Assets:	Not Applicable
29 Additional Disruption Events:	Not Applicable
30 Credit Linked Notes Provisions:	Not Applicable
31 Currency Linked Redemption Notes Provisions:	Not Applicable
32 Early Redemption Amount:	
Early Redemption Amount(s) payable on event of default or other early redemption:	As per Conditions save that Condition 5(c) “Redemption for Taxation Reasons” shall not apply
Unwind Costs:	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

33 Form of Notes:	Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note
34 New Global Note:	No
35 Financial Centre(s) or other special provisions relating to payment dates:	London
36 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
37 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made:	Not Applicable
38 Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	Not Applicable
39 Redenomination, renominalisation and reconventioning provisions:	Not Applicable
40 Consolidation provisions:	The provisions in Condition 19 apply

41 Additional U.S. Federal Tax Considerations:

Not Applicable

42 Other final terms:

The Conditions of the Notes shall be amended to include a new Condition 5A as set out below:

5A Substitution or variation following a Capital Event

If a Capital Event has occurred and is continuing, then the Bank may, subject to the other provisions of this Condition 5A (without any requirement for the consent or approval of the Holders or the Trustee) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Compliant Securities. Upon the expiry of the notice required by this Condition 5A, the Bank shall either vary the terms of, or substitute, the Notes in accordance with this Condition 5A, as the case may be and, subject as set out below, the Trustee shall agree to such substitution or variation.

In connection with any substitution or variation in accordance with this Condition 5A, the Bank shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Any substitution or variation in accordance with this Condition 5A is subject to the Bank (i) obtaining the prior written consent of the FSA, provided that at the relevant time such consent is required to be given; (ii) both at the time of, and immediately following, the substitution or variation, being in compliance with its “Capital Resources Requirement” as provided in the Capital Regulations applicable to it from time to time (and a certificate from two authorised signatories of the Bank confirming such compliance shall be conclusive evidence of such compliance); and (iii) giving not less than 30 nor more than 60 calendar days’ notice to the Holders (which notice shall be irrevocable), the Trustee and the Paying Agents, in accordance with Condition 20, which notice shall be irrevocable.

Any substitution or variation in accordance with this Condition 5A does not give the Bank an option to redeem the Notes under the Conditions.

Prior to the publication of any notice of substitution or variation pursuant to this Condition 5A, the Bank shall deliver to the Trustee a certificate signed by two authorised signatories of the Bank stating that the Capital Event giving rise to the right to substitute or vary has occurred and is continuing as at the date of the certificate and the Trustee shall accept such certificate without any further inquiry as sufficient evidence of the occurrence of

a Capital Event in which event it shall be conclusive and binding on the Trustee, the Couponholders and the Holders.

The Trustee shall use its reasonable endeavours to participate in, or assist the Bank with, the substitution of the Notes for, or the variation of the terms of the Notes so that they become, Compliant Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Compliant Securities or the participation in, or assistance with, such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or require the Trustee to incur any liability for which it is not indemnified and/or secured and/or pre-funded to its satisfaction.

The Trustee may rely without liability to Holders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Bank, the Trustee and the Holders.

A “**Capital Event**” is deemed to have occurred if as a result of any amendment to, or change in, the Capital Regulations, the Notes (or any part thereof) may no longer be included in full in the Tier 2 Capital of the Bank and/or the Group by reason of their non-compliance with CRD IV.

“**Capital Regulations**” means, at any time, the regulations, requirements, guidelines and policies relating to capital adequacy of the FSA then in effect.

“**Compliant Securities**” means securities issued directly or indirectly by the Bank that:

(a) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Bank, and provided that a certification to such effect of two authorised signatories of the Bank shall have been delivered to the Trustee prior to the issue of the relevant securities), provided that such securities (1) contain terms such that they comply with the then current requirements of the FSA in relation to Tier 2 Capital; (2) include terms which provide for the same

Rate of Interest from time to time and Maturity Date applying to the Notes; (3) rank pari passu with the Notes; and (4) shall preserve any existing rights under the Conditions to any accrued interest which has not been satisfied; and

(b) are listed on (i) the regulated market of the London Stock Exchange or (ii) such other Recognised Stock Exchange as selected by the Bank; and

(c) where the Notes which have been substituted or varied had a published rating from a Rating Agency immediately prior to their substitution or variation each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Notes.

“**CRD IV**” means taken together, (i) the CRD IV Directive, (ii) the CRD IV Regulation and (iii) the Future Capital Instruments Regulations.

“**CRD IV Directive**” means a directive of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms amending Directive 2002/87/EC, a draft of which was published on 20 July 2011.

“**CRD IV Regulation**” a regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, a draft of which was published on 20 July 2011.

“**Future Capital Instruments Regulations**” means regulatory capital rules which may in the future be introduced by the FSA and which are applicable to the Bank (on a solo or consolidated basis) as applied and construed by the FSA, which lay down the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Bank (on a solo or consolidated basis) as required by (i) the CRD IV Regulation or (ii) the CRD IV Directive.

“**FSA**” means the Financial Services Authority or such other governmental authority in the United Kingdom (or, if the Bank becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction) having primary supervisory authority with respect to the Bank.

“**Group**” means Lloyds Banking Group plc and its subsidiaries and subsidiary undertakings from time to time.

“**Rating Agency**” means Fitch Ratings Limited or Moody's Investors Service Ltd. or Standard & Poor's Credit Market Services Europe Limited or their respective successors.

“**Recognised Stock Exchange**” means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time.

“**Tier 2 Capital**” has the meaning given to it by the FSA from time to time.

DISTRIBUTION

- | | | |
|-----------|--|---------------------------|
| 43 | (i) If syndicated, names and addresses of Managers <i>and underwriting commitments</i> : | Not Applicable |
| | (ii) Date of Subscription Agreement: | Not Applicable |
| | (iii) Stabilising Manager(s) (if any): | Not Applicable |
| 44 | If non-syndicated, name and address of Dealer: | Not Applicable |
| 45 | Total commission and concession: | Not Applicable |
| 46 | U.S. Selling Restrictions: | Reg S Category 2; TEFRA D |
| 47 | Non-exempt Offer: | Not Applicable |
| 48 | Additional selling restrictions: | Not Applicable |

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required for issue and admission to trading of the Notes described herein pursuant to the £50,000,000,000 Euro Medium Term Note Programme of Lloyds TSB Bank plc.

RESPONSIBILITY

The Bank accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Bank:

By: _____

Duly authorised

Part B – Other Information

1 LISTING

- (i) Listing: London
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the regulated market of the London Stock Exchange with effect from [●] December 2011.
- (iii) Estimate of total expenses related to admission to trading: £[●]

2 RATINGS

- Ratings: The Notes to be issued have been rated:
S & P: [●]
Moody's: [●]
Fitch: [●]
- Fitch Ratings Limited (“**Fitch**”), Moody's Investors Service Ltd. (“**Moody's**”) and Standard & Poor's Credit Market Services Europe Limited (“**S&P**”) are established in the European Union and registered under Regulation (EC) No 1060/2009.

3 NOTIFICATION

Not applicable

4 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in “*Subscription and Sale*” in the Base Prospectus, so far as the Bank is aware, no person involved in the invitation to subscribe for the Notes has an interest material to the issue of the Notes.

5 REASONS FOR THE OFFER, ESTIMATED NET PROCEED AND TOTAL EXPENSES

- (i) Reasons for the offer: **Capital management**
- (ii) Estimated net proceeds: Not Applicable
- (iii) Estimated total expenses: £[●]

6 YIELD

- Indication of yield: For the period from (and including) the Issue Date to (but excluding) the Reset Date, [●] per cent.
- As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

7 OPERATIONAL INFORMATION

- ISIN Code: XS[●]
- Common Code: [●]
- Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): Not Applicable
- Delivery: Delivery against delivery of the Existing Securities

pursuant to the Exchange Offer

Names and addresses of additional Paying Agent(s) (if any): Not Applicable

Intended to be held in a manner which would allow Eurosystem eligibility: No

PART 5
FORM OF U.S. DOLLAR NEW NOTES FINAL TERMS

Final Terms dated [●] December 2011

Lloyds TSB Bank plc
(the “**Bank**”)

U.S.\$[●] Subordinated Fixed to Fixed Rate Notes due 2021 Callable 2016 (the “**Notes**”)
under the £50,000,000,000
Euro Medium Term Note Programme

Part A - CONTRACTUAL TERMS

The terms and conditions of the Notes shall consist of the “Terms and Conditions of the Notes” set out on pages 52 to 112 of the Base Prospectus as amended and supplemented below. References in the Prospectus to “Final Terms”) shall be deemed to refer to the final terms set out below.

Terms used herein but not otherwise defined shall have the meanings given to them in the Base Prospectus.

1	Issuer:	Lloyds TSB Bank plc
2	(i) Series Number:	EMTN [●]
	(ii) Tranche Number:	1
3	Specified Currency or Currencies:	U.S. dollar (“ U.S.\$ ”)
4	Aggregate Nominal Amount:	U.S.\$[●]
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount
6	(i) Specified Denominations:	U.S.\$1,000 The Notes will not be issued to a subscriber of the Notes unless the aggregate consideration paid by the relevant subscriber for such Notes is at least U.S.\$75,000
	(ii) Calculation Amount:	U.S.\$1,000
7	(i) Issue Date:	[●] December 2011
	(ii) Interest Commencement Date:	Issue Date
8	Maturity Date:	[●] December 2021, subject to any early redemption of the Notes in accordance with items 23 and 32 below
9	Interest Basis:	Fixed Rate (single reset) <i>(further particulars specified below)</i>
10	Redemption/Payment Basis:	Redemption at par
11	Change of Interest or Redemption/Payment Basis:	See item 16 below
12	Alternative Currency Equivalent	Not Applicable
13	Put/Call Options:	Call Option

(further particulars specified below)

- 14 Status of the Notes: Dated Subordinated
- 15 Method of distribution: Non-syndicated (initial delivery only to holders of existing securities issued by the Bank or its subsidiaries)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16 **Fixed Rate Note Provisions** Applicable
- (i) Rate(s) of Interest: In respect of each Interest Period commencing prior to [●] 2016 (the “**Reset Date**”), [●] per cent. per annum Fixed Rate, payable annually in arrear
- In respect of each Interest Period commencing on or following the Reset Date, the Notes will bear interest at a fixed rate of interest per annum determined on the date falling two Business Days prior to the Reset Date as the 5-year Mid Swap Rate plus the Initial Margin (the sum of which will be annualised), payable annually in arrear,
- where:
- “**Calculation Agent**” means Citibank N.A., London branch
- “**5 Year Mid-Swap Rate**” means the mid-market arithmetic mean, expressed as a percentage and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) of the 5 Year U.S. Dollar Swap Rates, as determined by the Calculation Agent at 11.00 a.m. (New York time) on the date falling two Business Days prior to the Reset Date
- “**5 Year U.S. Dollar Swap Rates**” means the bid and offered swap rates for U.S. dollar swap transactions with a maturity of 5 years displayed on Bloomberg page “ICAU1 ” (or such other page as may replace that page on Bloomberg, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at 11.00 a.m. (New York time) on the date falling two Business Days prior to the Reset Date. If swap rates do not appear on that page, the 5-year Mid Swap Rate shall instead be determined by the Calculation Agent on the basis of (i) quotations provided by the principal office of each of four major banks in the U.S. dollar swap market of the rates at which swaps in U.S. dollar are offered by it at approximately 11.00 a.m. (New York time) on the date falling two Business Days prior to the Reset Date to participants in the U.S. dollar swap market for a five year period and (ii) the arithmetic

mean expressed as a percentage and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) of such quotations

“**Initial Margin**” means 8.50 per cent.

(ii)	Interest Payment Date(s):	[●] in each year commencing [●] 2012, up to and including the Maturity Date
(iii)	Fixed Coupon Amount(s):	In respect of Interest Periods commencing prior to the Reset Date, U.S.\$[●] per Calculation Amount The Fixed Coupon Amount for Interest Periods commencing on or following the Reset Date will be notified by the Calculation Agent once calculated on the date falling two Business Days prior to the Reset Date in accordance with Conditions 4(1) and 20
(iv)	Broken Amount(s):	Not Applicable
(v)	Day Count Fraction:	30/360 (unadjusted)
(vi)	Determination Dates:	Not Applicable
(vii)	Business Day Convention:	Not Applicable. Condition 6(h) (Non-Business Days) applies
(viii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17	Floating Rate Note Provisions	Not Applicable
18	Zero Coupon Note Provisions	Not Applicable
19	Index Linked Interest Note, Inflation Linked Interest Note and other variable-linked interest Note Provisions	Not Applicable
20	Equity Linked Interest Note Provisions	Not Applicable
21	Currency Linked Note Provisions	Not Applicable
22	Dual Currency Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

23	Call Option	Applicable
(i)	Optional Redemption Date(s):	The Reset Date
(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	U.S.\$1,000 per Calculation Amount
(iii)	If redeemable in part:	
	(a) Minimum Redemption	Not Applicable

	Amount:	
	(b) Maximum Redemption Amount:	Not Applicable
	(iv) Notice period:	Condition 5(d) applies
24	Put Option	Not Applicable
25	Final Redemption Amount	U.S.\$1,000 per Calculation Amount
26	Index Linked, Inflation Linked and other variable-linked Redemption Note Provisions	Not Applicable
27	Equity Linked Redemption Notes Provisions:	Not Applicable
28	Relevant Assets:	Not Applicable
29	Additional Disruption Events:	Not Applicable
30	Credit Linked Notes Provisions:	Not Applicable
31	Currency Linked Redemption Notes Provisions:	Not Applicable
32	Early Redemption Amount:	
	Early Redemption Amount(s) payable on event of default or other early redemption:	As per Conditions save that Condition 5(c) “Redemption for Taxation Reasons” shall not apply
	Unwind Costs:	Not Applicable
GENERAL PROVISIONS APPLICABLE TO THE NOTES		
33	Form of Notes:	Registered Notes: Unrestricted Global Certificate
34	New Global Note:	No
35	Financial Centre(s) or other special provisions relating to payment dates:	London, New York
36	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
37	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made:	Not Applicable
38	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	Not Applicable
39	Redenomination, renominatisation and reconventioning provisions:	Not Applicable
40	Consolidation provisions:	The provisions in Condition 19 apply

- 41 Additional U.S. Federal Tax Considerations: Not Applicable
- 42 Other final terms: The Conditions of the Notes shall be amended to include a new Condition 5A as set out below:
- 5A Substitution or variation following a Capital Event**
- If a Capital Event has occurred and is continuing, then the Bank may, subject to the other provisions of this Condition 5A (without any requirement for the consent or approval of the Holders or the Trustee) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Compliant Securities. Upon the expiry of the notice required by this Condition 5A, the Bank shall either vary the terms of, or substitute, the Notes in accordance with this Condition 5A, as the case may be and, subject as set out below, the Trustee shall agree to such substitution or variation.
- In connection with any substitution or variation in accordance with this Condition 5A, the Bank shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.
- Any substitution or variation in accordance with this Condition 5A is subject to the Bank (i) obtaining the prior written consent of the FSA, provided that at the relevant time such consent is required to be given; (ii) both at the time of, and immediately following, the substitution or variation, being in compliance with its “Capital Resources Requirement” as provided in the Capital Regulations applicable to it from time to time (and a certificate from two authorised signatories of the Bank confirming such compliance shall be conclusive evidence of such compliance); and (iii) giving not less than 30 nor more than 60 calendar days’ notice to the Holders (which notice shall be irrevocable), the Trustee and the Paying Agents, in accordance with Condition 20, which notice shall be irrevocable.
- Any substitution or variation in accordance with this Condition 5A does not give the Bank an option to redeem the Notes under the Conditions.
- Prior to the publication of any notice of substitution or variation pursuant to this Condition 5A, the Bank shall deliver to the Trustee a certificate signed by two authorised signatories of the Bank stating that the Capital Event giving rise to the right to substitute or

vary has occurred and is continuing as at the date of the certificate and the Trustee shall accept such certificate without any further inquiry as sufficient evidence of the occurrence of a Capital Event in which event it shall be conclusive and binding on the Trustee and the Holders.

The Trustee shall use its reasonable endeavours to participate in, or assist the Bank with, the substitution of the Notes for, or the variation of the terms of the Notes so that they become, Compliant Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Compliant Securities or the participation in, or assistance with, such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or require the Trustee to incur any liability for which it is not indemnified and/or secured and/or pre-funded to its satisfaction.

The Trustee may rely without liability to Holders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Bank, the Trustee and the Holders.

A "**Capital Event**" is deemed to have occurred if as a result of any amendment to, or change in, the Capital Regulations, the Notes (or any part thereof) may no longer be included in full in the Tier 2 Capital of the Bank and/or the Group by reason of their non-compliance with CRD IV.

"**Capital Regulations**" means, at any time, the regulations, requirements, guidelines and policies relating to capital adequacy of the FSA then in effect.

"**Compliant Securities**" means securities issued directly or indirectly by the Bank that:

(a) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Bank, and provided that a certification to such effect of two authorised signatories of the Bank shall have been delivered to

the Trustee prior to the issue of the relevant securities), provided that such securities (1) contain terms such that they comply with the then current requirements of the FSA in relation to Tier 2 Capital; (2) include terms which provide for the same Rate of Interest from time to time and Maturity Date applying to the Notes; (3) rank pari passu with the Notes; and (4) shall preserve any existing rights under the Conditions to any accrued interest which has not been satisfied; and

(b) are listed on (i) the regulated market of the London Stock Exchange or (ii) such other Recognised Stock Exchange as selected by the Bank; and

(c) where the Notes which have been substituted or varied had a published rating from a Rating Agency immediately prior to their substitution or variation each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Notes.

“**CRD IV**” means taken together, (i) the CRD IV Directive, (ii) the CRD IV Regulation and (iii) the Future Capital Instruments Regulations.

“**CRD IV Directive**” means a directive of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms amending Directive 2002/87/EC, a draft of which was published on 20 July 2011.

“**CRD IV Regulation**” a regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, a draft of which was published on 20 July 2011.

“**Future Capital Instruments Regulations**” means regulatory capital rules which may in the future be introduced by the FSA and which are applicable to the Bank (on a solo or consolidated basis) as applied and construed by the FSA, which lay down the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Bank (on a solo or consolidated basis) as required by (i) the CRD IV Regulation or (ii) the CRD IV Directive.

“**FSA**” means the Financial Services Authority or such other governmental authority in the United Kingdom (or, if the Bank becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction) having primary supervisory authority with respect to the Bank.

“**Group**” means Lloyds Banking Group plc and its subsidiaries and subsidiary undertakings from time to time.

“**Rating Agency**” means Fitch Ratings Limited or Moody's Investors Service Ltd. or Standard & Poor's Credit Market Services Europe Limited or their respective successors.

“**Recognised Stock Exchange**” means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time.

“**Tier 2 Capital**” has the meaning given to it by the FSA from time to time.

DISTRIBUTION

43	(i) If syndicated, names and addresses of Managers <i>and underwriting commitments</i> :	Not Applicable
	(ii) Date of Subscription Agreement:	Not Applicable
	(iii) Stabilising Manager(s) (if any):	Not Applicable
44	If non-syndicated, name and address of Dealer:	Not Applicable
45	Total commission and concession:	Not Applicable
46	U.S. Selling Restrictions:	Reg S Category 2; TEFRA Rules not applicable
47	Non-exempt Offer:	Not Applicable
48	Additional selling restrictions:	Not Applicable

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required for issue and admission to trading of the Notes described herein pursuant to the £50,000,000,000 Euro Medium Term Note Programme of Lloyds TSB Bank plc.

RESPONSIBILITY

The Bank accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Bank:

By: _____

Duly authorised

Part B - Other Information

1 LISTING

- (i) Listing: London
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the regulated market of the London Stock Exchange with effect from [●] December 2011.
- (iii) Estimate of total expenses related to admission to trading: £[●]

2 RATINGS

- Ratings: The Notes to be issued have been rated:
S & P: [●]
Moody's: [●]
Fitch: [●]

Fitch Ratings Limited ("**Fitch**"), Moody's Investors Service Ltd. ("**Moody's**") and Standard & Poor's Credit Market Services Europe Limited ("**S&P**") are established in the European Union and registered under Regulation (EC) No 1060/2009.

3 NOTIFICATION

Not applicable

4 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in "*Subscription and Sale*" in the Base Prospectus, so far as the Bank is aware, no person involved in the invitation to subscribe for the Notes has an interest material to the issue of the Notes.

5 REASONS FOR THE OFFER, ESTIMATED NET PROCEED AND TOTAL EXPENSES

- (i) Reasons for the offer: **Capital management**
- (ii) Estimated net proceeds: Not Applicable
- (iii) Estimated total expenses: £[●]

6 YIELD

Indication of yield For the period from (and including) the Issue Date to (but excluding) the Reset Date, [●] per cent.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

7 OPERATIONAL INFORMATION

- ISIN Code: XS[●]
- Common Code: [●]
- Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Not Applicable

Banking, *société anonyme* and the relevant identification number(s):

Delivery:

Delivery against delivery of the Existing Securities pursuant to the Exchange Offer

Names and addresses of additional Paying Agent(s) (if any):

Not Applicable

Intended to be held in a manner which would allow Eurosystem eligibility:

No

ANNEX II
FORM OF AUSTRALIAN OFFER LETTER

**PLEASE NOTE: THIS LETTER IS ONLY APPLICABLE TO HOLDERS OF AUSTRALIAN
DOLLAR EXISTING NOTES HELD IN OR THROUGH THE AUSTRACLEAR SYSTEM**

Australian Offer Letter

Lloyds TSB Bank plc
Invitation to Holders of HBOS plc

**A\$200,000,000 Subordinated Callable Fixed/Floating Rate Australian Domestic Instruments due May
2017 (ISIN: AU3CB0024883)**

**A\$400,000,000 Subordinated Callable Floating Rate Australian Domestic Instruments due May 2017
(ISIN: AU3FN0002549)**

to offer to exchange any or all of such Australian Dollar Existing Notes for the
Australian Dollar Denominated Subordinated Fixed to Fixed Rate Notes due 2021 Callable 2016
(the “Australian Dollar New Notes”), referred to below

Terms used but not defined in this Australian Offer Letter have the meanings given to them in the Exchange Offer Memorandum dated 1 December 2011 (the “EOM”)

Important Notice: this Australian Offer Letter (together with a certified copy of any relevant power of attorney, if executed under power of attorney) must be delivered as set out in “Important notice regarding delivery” below by no later than 4.00 p.m. London time on 9 December 2011 (the “Expiration Time”).

- 1 As at _____ [insert date], I confirm that I _____ [insert Austraclear Participant's name], am an Austraclear Participant (as defined in the Austraclear Regulations) for the Australian Dollar Existing Notes that are hereby Offered for Exchange (“Offered Australian Dollar Existing Notes”) in accordance with the terms of the Exchange Offer as set out in the EOM (the “Terms of the Exchange Offer”). **I have not sold, transferred or otherwise disposed of any of the Offered Australian Dollar Existing Notes referred to in the table in the Appendix and, pursuant to the Terms of the Exchange Offer, and in accordance with the Austraclear Regulations, I hereby undertake to transfer such Offered Australian Dollar Existing Notes to the Designated Austraclear Account (Mnemonic CITI35) against receipt of any Accrued Interest Payment and any Cash Rounding Amounts by no later than 12.00 noon (Sydney time) on the Settlement Date for the Australian Dollar Existing Notes (the “Austraclear Transfer Deadline”).** This undertaking is irrevocable (except in the limited circumstances permitted in accordance with the Terms of the Exchange Offer). Thereafter, the Issuer will deliver Australian Dollar New Notes pursuant to the Terms of the Exchange Offer.
- 2 I confirm that I have read, understood and irrevocably agree with the Terms of the Exchange Offer and, in coming to my decision to Offer to Exchange the Offered Australian Dollar Existing Notes, I have considered my own individual circumstances and consulted with my own professional advisers as necessary. In particular, I confirm that, upon delivery of this Australian Offer Letter to the Australian Exchange Agent at the address noted below, my Offer to Exchange the Offered Australian Dollar

Existing Notes is irrevocable (except in the limited circumstances permitted in accordance with the Terms of the Exchange Offer).

- 3 I acknowledge and agree that the Dealer Managers have not been appointed, and nor are they acting, as underwriters in connection with the Exchange Offer and none of the Dealer Managers, the Exchange Agents or the LBGp Companies have any obligation to purchase my Australian Dollar Existing Notes should the Exchange Offer not proceed for any reason.
- 4 I agree to do anything necessary to give effect to my Offer to Exchange the Offered Australian Dollar Existing Notes, including transferring the Offered Australian Dollar Existing Notes to the Designated Austraclear Account by no later than the Austraclear Transfer Deadline as set out above and on the Terms of the Exchange Offer and in accordance with the Austraclear Regulations.
- 5 I acknowledge and agree that as long as Austraclear is recorded in the Australian Register as the holder of the Australian Dollar New Notes, that:
- (a) the Australian Registrar's decision to act as the Australian Registrar of that Australian Dollar New Note is not a recommendation or endorsement by the Australian Registrar or Austraclear in relation to that Australian Dollar New Note, but only indicates that the Australian Registrar considers that the holding of the Australian Dollar New Note is compatible with the performance by it of its obligations as Australian Registrar under the Amended and Restated Agency Agreement dated 20 May 2011, as amended and/or supplemented as at the Settlement Date; and
 - (b) I do not, and a holder of an Australian Dollar New Note (including any person to whom an Australian Dollar New Note is transferred) may not, rely on any fact, matter or circumstance contrary to paragraph 5(a) above.
- 6 I agree that I will not transfer, sell or otherwise deal with the Offered Australian Dollar Existing Notes to be transferred to the Designated Austraclear Account from the date of this Australian Offer Letter until the earliest of (i) the time of settlement on the Settlement Date, (ii) the date of any termination of the Exchange Offer (including where such Offered Australian Dollar Existing Notes are not accepted for exchange) and (iii) the date on which this Australian Offer Letter is validly revoked (in the limited circumstances permitted in accordance with the Terms of the Exchange Offer), otherwise than in connection with the delivery of the Australian Dollar Existing Notes to the Designated Austraclear Account and settlement of the Exchange Offer.
- 7 I agree that all Australian Dollar New Notes issued to me are to be transferred to the Austraclear account number(s)/mnemonic below (via a free of payment (FOP) transfer by the Australian Exchange Agent):

Name of Participant (as recorded by Austraclear): [●]

Austraclear Mnemonic (Participant Identifier): [●]

Contact: [●]

- 8 This Australian Offer Letter and any non-contractual obligations arising out of or in connection with it is governed by the English law.
- 9 Please tick one of the following boxes and complete as appropriate

I have an ABN, it is

I do not have an ABN.

Important notice regarding delivery

By the Expiration Time, **deliver** this Australian Offer Letter (together with a certified copy of any relevant power of attorney, if executed under power of attorney) to:

Email: exchange.gats@citi.com
Fax: +44(0) 20 3320 2405

For any queries please contact:

Tel (UK): +44(0) 20 7508 3867
Tel (AUS): +61 3 8643 9137

For attention of:

Exchange Team, Citibank N.A., London
Branch

Email: exchange.gats@citi.com

with a copy to the Dealer Managers:

**Deutsche Bank AG,
London Branch**

Winchester House
1 Great Winchester
Street
London EC2N 2DB
United Kingdom

**J.P. Morgan
Securities
Limited**

125 London Wall
London EC2Y
5AJ
United Kingdom

**Lloyds TSB Bank
plc
trading as Lloyds
Bank Corporate
Markets**

10 Gresham Street
London EC2V 7AE
United Kingdom

**Merrill Lynch
International**

2 King Edward
Street
London EC1A 1HQ
United Kingdom

UBS Limited

1 Finsbury
Avenue
London EC2M
2PP
United Kingdom

In Europe

Tel: +44 20 7545
8011

Attention: Liability
Management Group

Email:
liability.management
@db.com

In Europe

Tel: +44 20 7779
2468 / +44 20
7325 4851

Attention: FIG
Syndicate /
Liability
Management

Email:
FIG_Syndicate@j
pmorgan.com /
emea_lm@jpmorg
an.com

In Europe

Tel: +44 20 7158
3981

Attention: Liability
Management Group

Email:
liability.management
@
lloydsbanking.com

In Europe

Tel: +44 20 7995
3715/ 2324

Attention: John
Cavanagh/ Tommaso
Gros-Pietro

Email :
john.m.cavanagh@ba
ml.com/
tommaso.gros-
pietro@baml.com

In Europe

Tel +44 20 7567
0525

Attention: Mark
Watkins

Email:
mark-
t.watkins@ubs.co
m

In Australia

Tel: +61 28258
2419/1339

Attention: Rod
Everitt / Craig
Johnston

Email:
rod.everitt@db.com/
craig.johnston@db.c
om

In Australia

**J.P. Morgan
Australia Limited**
(ABN 52 002 888
011 / AFSL No.
238188)

Tel: +61 29220
1594

Attention : Stuart
Raynes
Email:
stuart.g.raynes@jp
morgan.com

In Australia

Tel: +61 29226 5564

Attention : Chad
Karpes

Email:
chad.karpes@baml.c
om

In Australia

Tel: +61 29324
2191

Attention: Dean
O'Hara

Email:
dean.ohara
@ubs.com

Executed:

	<p>EXECUTED by</p> <p>(insert name of Austraclear Participant) in accordance with section 127(1) of the Corporations Act 2001:</p> <p>.....</p> <p>Signature of Director</p> <p>.....</p> <p>Name of Director</p> <p>.....</p> <p>Signature of Director/Secretary*</p> <p>.....</p> <p>Name of Director/Secretary*</p> <p>*delete whichever is not applicable</p> <p>OR</p>	<p>.....</p> <p>Insert date of execution above</p>
	<p>SIGNED, SEALED AND DELIVERED by</p> <p>.....</p> <p>(name of attorney)</p> <p>as attorney for</p> <p>.....</p> <p>(name of Austraclear Participant)</p> <p>.....</p> <p>Signature of witness</p> <p>.....</p> <p>Name of witness (block letters)</p> <p>.....</p> <p>Signature of attorney</p> <p>When signed under power of attorney the attorney states that the attorney has received no notice of revocation of the power of attorney</p>	<p>.....</p> <p>Insert date of execution above</p>

Important notice regarding execution

This Australian Offer Letter must be signed by either:

- (i) a director and secretary or two directors of the Austraclear Participant; or
- (ii) a person under a power of attorney given by the Austraclear Participant (if the Australian Offer Letter is signed in this way, then you must deliver a certified copy of the power of attorney at the same time that you deliver your completed Australian Offer Letter to the addresses noted above).

Appendix

The footnotes below contain instructions for completing this table and an important representation and warranty.

Australian Dollar Existing Notes	Aggregate outstanding principal amount of Offered Australian Dollar Existing Notes	Name of persons (“beneficial holders”) on whose behalf this Australian Offer Letter is being executed and outstanding principal amount being offered by each such beneficial holder*		Contact details of beneficial holders			Hedge required by beneficial holder (Y/N)†	Name of settlement advice contact (including telephone number and email address)‡			Unique reference:§
		Name	Amount	Name	Tel**	Email		Name	Tel	Email	
A\$200,000,000 Subordinated Callable Fixed/Floating Rate Australian Domestic Instruments due May 2017 (ISIN: AU3CB0024883)											

* *This information is not compulsory but is requested to facilitate settlement arrangements. However, if a hedge is indicated in the 5th column as being required by a beneficial holder, these details must be provided. If information with respect to the beneficial holder is provided, the Austraclear Participant represents and warrants that it has the consent of the beneficial holder to make such disclosure.*

† *Hedging arrangements will be discussed directly between the Dealer Managers and beneficial holders if required.*

‡ *This advice will be sent by the Exchange Agent to confirm the relevant details required in the delivery versus payment (DvP) trade to settle Offered Australian Dollar Existing Notes versus the Accrued Interest Payments and Cash Rounding Amounts. This trade is at Aggregate/Participant level (i.e. one Australian Offer Letter will have a maximum of two trades - one per ISIN).*

§ *Please include a unique reference (6 digits/letters of your choice) to relate to your aggregate position/DvP trade.*

** *Please include international dialling codes.*

A\$400,000,000 Subordinated Callable Floating Rate Australian Domestic Instruments due May 2017 (ISIN: AU3FN0002549)		Name	Amount	Name	Tel	Email		Name	Tel	Email		

ISSUER

Lloyds TSB Bank plc

25 Gresham Street
London EC2V 7HN
United Kingdom

TRUSTEE FOR THE NEW NOTES

The Law Debenture Trust Corporation p.l.c.

Fifth Floor, 100 Wood Street
London EC2V 7EX
United Kingdom

LEGAL ADVISERS

*To the Issuer
as to English Law*

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

*To the Issuer
as to Australian Law*

Mallesons Stephen Jaques
Level 61 Governor Phillip Tower
1 Farrer Place
NSW 2000
Australia

*To the Issuer
as to Canadian Law*

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto ON M5L 1B9
Canada

To the Dealer Managers and the Trustee

Allen & Overy LLP

One Bishops Square
London E1 6AD
United Kingdom

EXCHANGE AGENTS

In relation to Existing Notes

Lucid Issuer Services Limited
Leroy House
436 Essex Road
London N1 3QP
United Kingdom

Tel: +44 20 7704 0880
Fax: +44 20 7067 9098
Attention: Sunjeev Patel/David Shilson/
Thomas Choquet/Paul Kamminga
email: lbg@lucid-is.com

*In relation to Existing Notes
denominated in Australian dollars*

Citibank N.A., London Branch
14th Floor
Canada Square
Citigroup Centre
London
E14 5LB

Tel (UK): +44 20 7508 3867
Tel (AUS): +613 8643 9137
Fax: +44 20 3320 2405
Attention: Andrew Gibson/Stephen
Rylands
email: exchange.gats@citi.com

*In relation to Existing Notes
denominated in Canadian dollars*

Citibank N.A., London Branch
14th Floor
Canada Square
Citigroup Centre
London
E14 5LB

Tel (UK): +44 20 7508 3867
Tel (CAN): +1 905 212 8906
Fax: +44 20 3320 2405
Attention: Michelle Chotoosingh
email: exchange.gats@citi.com

Any questions or requests for assistance or additional copies of this Exchange Offer Memorandum may be directed to the Exchange Agents listed above and any questions regarding the terms of the Exchange Offer may be directed to any of the Dealer Managers listed below.

THE DEALER MANAGERS

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

In Europe

Tel: +44 20 7545 8011
Attention: Liability Management Group
email: liability.management@db.com

In Australia

Tel: +61 28258 2419/1339
Attention: Rod Everitt/Craig Johnston
email: rod.everitt@db.com/
craig.johnston@db.com

In Canada

Tel: +1 416 682 8470
Attention : Scott Lampard
email: scott.lampard@db.com

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
United Kingdom

In Europe

Tel: +44 20 7995 3715/
+44 20 7995 2324
Attention: John Cavanagh, Tommaso Gros-Pietro
email: john.m.cavanagh@baml.com/
tommaso.gros-pietro@baml.com

In Australia

Tel: +61 29226 5564
Attention: Chad Karpes
email: chad.karpes@baml.com

In Canada

Tel: +1 416 369 7645
Attention: Ian Morrison
email: ian.morrison@baml.com

J.P. Morgan Securities Limited

125 London Wall
London EC2Y 5AJ
United Kingdom

In Europe

Tel: +44 20 7779 2468 / +44 20 7325 4851
Attention: FIG Syndicate / Liability
Management
email: FIG_Syndicate@jpmorgan.com /
emea_lm@jpmorgan.com

In Australia

J.P. Morgan Australia Limited

(ABN 52 002 888 011 / AFSL No.
238188)

Tel: +61 29220 1594
Attention : Stuart Raynes
email: stuart.g.raynes@jpmorgan.com

Lloyds TSB Bank plc Lloyds Bank Corporate Markets

10 Gresham Street
London EC2V 7AE
United Kingdom

In Europe

Tel: +44 20 7158 3981
Attention: Liability Management Group
email:
liability.management@lloydsbanking.com

UBS Limited

1 Finsbury Avenue
London EC2M 2PP
United Kingdom

In Europe

Tel: +44 20 7567 0525
Attention: Liability Management Group
email: mark-t.watkins@ubs.com

In Australia

Tel: +61 29324 2191
Attention: Dean O'Hara
email: dean.ohara@ubs.com