

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you have any doubt about the action you should take, it is recommended that you consult your stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all your ordinary shares in Lloyds Banking Group plc, please give this and the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was made.

Sir Winfried Bischoff
Chairman

**LLOYDS
BANKING
GROUP**



30 March 2010

Lloyds Banking Group plc
25 Gresham Street
London EC2V 7HN

Dear Shareholder,

Annual general meeting

I am pleased to provide you with information about the annual general meeting of Lloyds Banking Group plc (the "Company") which will be held at the Edinburgh International Conference Centre, The Exchange, Edinburgh, EH3 8EE on Thursday 6 May 2010 at 11.00 am.

Enclosed with this letter you will find the notice of meeting (set out on pages 3-8 of this document) together with either a copy of our annual report and accounts or the annual review for the year ending 31 December 2009.

You will also find enclosed a proxy form or, if you hold shares in the Lloyds Banking Group Shareholder Account administered by Halifax Share Dealing Limited, a voting form to enable you to exercise your voting rights. Holders of shares through the Lloyds Banking Group Shareholder Account will also receive an annual statement of their shareholding.

The annual general meeting provides an opportunity for the Company's shareholders to communicate with the directors and I sincerely hope that you will take this opportunity to do so. However, I appreciate that most shareholders will not be able to attend the meeting in person. If you cannot attend, I strongly encourage you to exercise your right to vote by appointing a proxy.

To appoint a proxy please complete the enclosed form according to the instructions printed on it and send to our registrar, Equiniti Limited. Alternatively, you may also register your proxy appointment and instructions electronically. Full details of the website to use are on the form of proxy or voting form. All proxies must be received by the registrar by 11.00 am on Tuesday 4 May 2010.

Appointing a proxy will not prevent you from attending and voting at the meeting in person, if you subsequently find that you are able to do so.

Meeting arrangements

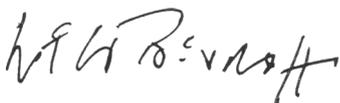
As in previous years, all the resolutions in the notice of the meeting will be decided on a poll. We believe that this is fair and democratic and means that shareholders who attend the meeting, as well as those who vote by proxy, may have their votes taken into account, according to the number of shares they hold. Details of the results of the poll will be announced through the stock exchange information service and will appear on our website www.lloydsbankinggroup.com.

If you are attending, you will have the opportunity to ask questions relating to the business of the meeting. There will be a designated area where customer service issues may be raised both before and after the meeting. Therefore, in the interests of all the shareholders who attend the meeting, it would not be appropriate for us to respond during the meeting to questions which relate to individual customer, as distinct from shareholder, issues.

Recommendation

Your directors consider that all the resolutions in the notice of meeting are in the best interests of the Company and shareholders as a whole and we recommend that you vote in favour of them.

Yours faithfully



Winfried Bischoff
Chairman

Note

If you wish to receive a paper copy of any of these documents, please contact our registrar, Equiniti Limited, on 0871 384 2990 (from inside the United Kingdom) or +44 121 415 7066 (from outside the United Kingdom), available 8.30 am to 5.30 pm Monday to Friday. Please have the accompanying proxy form or voting form available as you may be asked to quote the shareholder reference number shown on the form. A request for a paper copy of any of these documents may also be made in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

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Notice of annual general meeting

The annual general meeting of Lloyds Banking Group plc (the "Company") will be held at the Edinburgh International Conference Centre, The Exchange, Edinburgh, EH3 8EE on Thursday, 6 May 2010 at 11.00 am, for the following purposes:

1. Report and accounts

To receive the Company's accounts and the reports of the directors and of the auditors for the year ended 31 December 2009.

2. Directors' remuneration report

To approve the directors' remuneration report for the year ended 31 December 2009.

3. Election of directors

By separate resolutions, to elect as directors, the following who retire under article 79 of the Company's articles of association, having been appointed by the board since the last annual general meeting:

- (a) Sir Winfried Bischoff
- (b) Mr G R Moreno
- (c) Mr D L Roberts

(We consider that these directors should be elected, to maintain the appropriate balance of skills, knowledge and experience on the board.)

4. Re-election of directors

By separate resolutions, to re-elect as directors, the following, who retire under article 82 of the Company's articles of association:

- (a) Dr W C G Berndt
- (b) Mr J E Daniels
- (c) Mrs H A Weir

(Following an evaluation of the performance of the board, its committees and individual directors, we consider that the performance of the directors, including those mentioned above, continues to be effective and that they have demonstrated commitment to their roles.)

5. Re-appointment of auditors

To re-appoint PricewaterhouseCoopers LLP as auditors of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

6. Auditor's remuneration

To authorise the audit committee to set the remuneration of the Company's auditors.

7. Directors' authority to allot shares

To resolve:

That the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security in the shares:

- (i) up to an aggregate nominal amount of (I) £2,233,203,900 in respect of ordinary shares and (II) £100,000,000, US\$40,000,000, €40,000,000 and ¥1,250,000,000 in respect of preference shares;
- (ii) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a further nominal amount of £2,233,203,900 in connection with an offer by way of a rights issue; such authorities to apply in substitution for all previous authorities pursuant to section 551 of the Companies Act 2006, or preceding legislation, and to expire at the end of the next annual

general meeting or on 5 August 2011, whichever is the earlier but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted after the authority ends.

For the purposes of this resolution 'rights issue' means an offer to:

- (a) ordinary shareholders in proportion (or as nearly as may be practicable) to their existing holdings; and
- (b) people who are holders of other equity securities if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities, to subscribe further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory.

(In relation to paragraph (i) this would, as in previous years, extend the directors' authority, so that for the period mentioned above they would be able to allot up to 66.7 per cent. of the whole of the issued share capital, including the preference share capital. None of the ordinary shares of the Company are held in treasury.)

8. Limited disapplication of the pre-emption rights

To resolve as a special resolution:

That subject to the passing of resolution 7 above, the directors be empowered to allot equity securities (as defined in section 560(1) of the Companies Act 2006) wholly for cash:

- (i) pursuant to the authority given by paragraph (i) of resolution 7 above or where the allotment constitutes an allotment of equity securities by virtue of section 551 of the Companies Act 2006 in each case:
 - (a) in connection with a pre-emptive offer; and
 - (b) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £334,980,500; and
- (ii) pursuant to the authority given by paragraph (ii) of resolution 7 above in connection with a rights issue, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment;

such power to expire at the end of the next annual general meeting or on 5 August 2011, whichever is the earlier but so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends and the directors may allot equity securities under any such offer or agreement as if the power had not ended.

For the purposes of this resolution:

- (a) 'rights issue' has the same meaning as in resolution 7 above;
- (b) 'pre-emptive offer' means an offer of equity securities open for acceptance for a period fixed by the directors to (a) holders (other than the Company) on the register on a record date fixed by the directors of ordinary shares in proportion to their respective holdings and (b) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory;
- (c) references to an allotment of equity securities shall include a sale of treasury shares; and
- (d) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

(This would, as in previous years, renew the directors' power to issue shares for cash, for example in a rights issue, or to persons other than existing shareholders provided that any such issue of ordinary shares to these persons would represent no more than 5 per cent. of the issued ordinary share capital. In addition, if the Company were to purchase its own shares and hold them in treasury, this resolution would give the directors power to sell these shares for cash to persons other than existing shareholders, subject to the same limit that would apply to issues of shares for cash to these persons. In addition, the resolution authorises the directors to issue shares for cash in connection with a rights issue on a non pre-emptive basis. In applying the powers to be granted by virtue of this resolution, the Company intends to adhere to the Pre-emption Group's Statement of Principles which provides that no more than 7.5 per cent. of the issued share capital should be issued on a non pre-emptive basis over a rolling three-year period without prior consultation with shareholders.)

9. Authority to purchase ordinary shares

To resolve as a special resolution:

That the Company's general and unconditional authority, conferred by resolution passed at the annual general meeting of the Company on 7 May 2009 in accordance with section 701 of the Companies Act 2006, to make market purchases (within the meaning of section 693 of the Companies Act 2006) of ordinary shares of 10p each in the capital of the Company be further renewed and extended from the conclusion of this meeting, and where such shares are held in treasury, the Company may use them for the purposes of its employees' share plans, provided that:

- (a) the maximum aggregate number of ordinary shares authorised to be purchased shall be 6,699,611,000;
- (b) the minimum price which may be paid for each ordinary share shall be 10p;
- (c) the maximum price, exclusive of expenses, which may be paid for each ordinary share shall be an amount equal to the higher of (a) 105 per cent. of the average of the closing price of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the 5 London business days immediately preceeding the day on which such share is contracted to be purchased or (b) the higher of the price of the last independent trade and the highest current bid as stipulated by Article 5(1) of Commission Regulated (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments (No 2273/2003);
- (d) the renewed and extended authority shall expire at the conclusion of the Company's annual general meeting in 2011 or on 30 June 2011, whichever is the earlier, unless that authority be further renewed before then; and
- (e) the Company may make a contract to purchase its ordinary shares under the renewed and extended authority before its expiry which would or might be executed wholly or partly after the expiry, and may make a purchase of its ordinary shares under that contract.

(This would, as last year, renew the authority for the Company to purchase its ordinary shares in the market and would be limited to 6,699,611,000 ordinary shares, equivalent to 10 per cent. of the issued ordinary share capital. Any shares purchased in this way may be cancelled or held in treasury for eventual sale for cash, transfer in connection with an employees' share plan or cancellation.

The above resolution explicitly authorises the Company to use any shares purchased and held in treasury for the purposes of its employees' share plans. If any shares were used in this way, the Company would take them into account when calculating the share issuing limits in the share plans, as long as required under the guidelines of the ABI.

212,546,313 ordinary shares, equivalent to 0.32 per cent. of the issued ordinary share capital, may be issued on the exercise of outstanding options. If the Company were to purchase and cancel shares up to the maximum permitted by this resolution that percentage would increase to 0.35 per cent. The directors would exercise the authority only if they felt it would be in the best interests of the Company to do so and would result in an increase in earnings per share. To the extent that any such shares were held in treasury, earnings per share would only be increased on a temporary basis, until the shares were sold or transferred out of treasury. Also, if the directors were to decide to use the

authority, they would, at that time, determine whether, in the best interests of shareholders as a whole, the shares purchased should be cancelled or held in treasury.)

10. Authority to purchase preference shares

To resolve as a special resolution:

That, the Company be and is hereby unconditionally and generally authorised for the purpose of section 701 of the Companies Act 2006 to make market purchases (as defined in section 693 of the Companies Act 2006) of the following issuances of securities:

- (a) £299,987,729 9.25 per cent. Non-Cumulative Irredeemable Preference Shares;
- (b) £99,999,942 9.75 per cent. Non-Cumulative Irredeemable Preference Shares;
- (c) £186,190,532 6.475 per cent. Non-Cumulative Preference Shares;
- (d) £745,431,000 6.0884 per cent. Non-Cumulative Fixed to Floating Rate Preference Shares;
- (e) £334,951,000 6.3673 per cent. Non-Cumulative Fixed to Floating Rate Preference Shares;
- (f) U.S.\$750,000,000 6.413 per cent. Non-Cumulative Fixed to Floating Rate Preference Shares;
- (g) U.S.\$750,000,000 5.92 per cent. Non-Cumulative Fixed to Floating Rate Preference Shares;
- (h) U.S.\$750,000,000 6.657 per cent. Non-Cumulative Fixed to Floating Rate Preference Shares;
- (i) U.S.\$1,000,000,000 6.267 per cent. Fixed to Floating Rate Non-Cumulative Callable Dollar Preference Shares;
- (j) U.S.\$1,250,000,000 7.875 per cent. Non-Cumulative Preference Shares;
- (k) €500,000,000 7.875 per cent. Non-Cumulative Preference Shares; and
- (l) £600,000,000 Non-Cumulative Fixed to Floating Rate Callable Preference Shares,

(together, the 'Preference Shares'), in accordance with, amongst other things, the terms of the exchange offers as previously approved at the Company's general meeting held on 26 November 2009, provided that:

- (i) the maximum number of Preference Shares which may be purchased is all such Preference Shares in issue;
- (ii) the minimum price which may be paid for each Preference Share is the nominal value of the relevant Preference Share;
- (iii) the maximum price which may be paid for a share is an amount equal to 120 per cent. of the liquidation preference of the relevant Preference Share;
- (iv) this authority shall expire at the conclusion of the Company's annual general meeting in 2011 or on 30 June 2011, whichever is the earlier, unless this authority be renewed before then; and
- (v) the Company may make a contract to purchase the Preference Shares under this authority before its expiry which would or might be executed wholly or partly after the expiry, and may make a purchase of the Preference Shares under that contract.

(This would renew the authority of the Company to purchase certain preference shares in the market. This authority was originally granted to the Company at the Company's general meeting held on 26 November 2009 in connection with the exchange offers approved at the time, and its renewal is proposed here to bring the expiry for such authority in line with the expiry of the Company's other authorities relating to buybacks and issuances of shares.)

11. Notice period

To resolve as a special resolution:

That a general meeting of the Company, other than an annual general meeting, may be called on not less than 14 clear days' notice.

(Under the Shareholder Rights Directive, if the Company wishes to retain the ability to call a general meeting on 14 (rather than 21) days' notice a specific annual approval is required notwithstanding that the articles of association of the Company permit a meeting to be called on 14 days' notice. It is our intention only to use this authority in circumstances when it would disadvantage the Company to delay shareholder approval for an urgent matter concerning the issue or alteration of share capital. It is not intended to use this authority for routine Company business.)

A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member. A proxy need not be a member of the Company.

By order of the board

Registered office:
The Mound
Edinburgh
EH1 1YZ

H F Baines
Company Secretary
25 February 2010

Notes

1. The annual general meeting must be held in Scotland, according to the Company's articles of association.
2. Only shareholders, proxies and authorised representatives of corporations which are shareholders of the Company are entitled to attend and speak at the meeting and shareholders' names must be entered in the register at 6.00 pm on Tuesday 4 May 2010, so that such shareholders, proxies and authorised representatives of corporations may have the right to vote at the meeting. Should the meeting be adjourned, members who wish to attend and vote must have their names entered in the Company's register of members by 6.00 pm two days prior to the date fixed for the adjourned meeting.
3. Shareholders are invited to complete and return the enclosed form of proxy to Equiniti Limited, Aspect House, Lancing, West Sussex BN99 6DA or register their proxy appointment electronically at www.sharevote.co.uk. A proxy need not be a shareholder of the Company but must attend the meeting to represent a shareholder. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Appointment of a proxy will not prevent shareholders from attending and voting at the meeting. The form of proxy and, if relevant, the power of attorney or other authority under which it is signed, or a certified copy of that power or authority, must be received by Equiniti Limited by 11.00 am on Tuesday 4 May 2010.

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146(2) of the Companies Act 2006 ('nominated persons'). **Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.**

4. CREST participants who wish to appoint and/or give instructions to a proxy or proxies through the CREST electronic proxy appointment service may do so through Equiniti Limited ID RA19 by 11.00 am on Tuesday 4 May 2010 by following the procedures described in the CREST manual available at www.euroclear.com/CREST. The time of receipt by Equiniti Limited will be deemed to be the time (as determined by the time stamp applied to the message by the CREST 'applications host') from which Equiniti Limited is able to retrieve the message by enquiry of Euroclear in the manner prescribed by Euroclear. Equiniti Limited may treat as invalid a CREST instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
5. Proxy appointments may be revoked by written notice to Equiniti Limited, Aspect House, Lancing, West Sussex BN99 6DA, which must be received by 10.00 am on Thursday 6 May 2010. Proxy instructions may be amended by notice under article 127 of the Company's articles of association served at any time up to the time of the relevant poll. CREST participants may also give instructions to revoke or amend by CREST message but only if the message is received by Equiniti Limited by 11.00 am on Thursday 6 May 2010.
6. It would be helpful if any shareholder intending to come to the meeting would remove the attendance card from the form of proxy and bring it to the meeting. The shareholder will then be asked to produce the attendance card to show that he or she has the right to attend, speak and vote. The card is not transferable and may only be used by the shareholder attending in person. If you are using our website to appoint a proxy, you may also use it to register your intention to attend the meeting.
7. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or good order of the meeting that the question be answered. If any shareholder intending to come to the meeting would like to ask a question, which should relate to the business of the meeting, they may, if they wish, register this in advance. They can send advance notice of their question to agmquestions@lloydsbanking.com.

8. You may not use any electronic address provided either in this notice of meeting or any related documents to communicate with the Company for any purpose other than those expressly stated. Any electronic communication sent by a shareholder to the Company or the registrar that is found to contain a computer virus will not be accepted.
9. Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged. Shareholders who decide to use them will, in future, receive an electronic mail message, sent to the electronic address registered, giving details of the location on the Lloyds Banking Group website, www.lloydsbankinggroup.com, where this notice, together with other relevant documents and information may be viewed. The Company will not regard itself as responsible for any failure in transmission beyond its control. There is no particular software needed, other than that which is described and is available on our website.
10. Biographical details relating to the directors are given in the annual review and in the report and accounts.
11. As at 25 February 2010 (the date this notice was approved) the total number of shares issued by Lloyds Banking Group plc with rights to vote which are exercisable in all circumstances at general meetings is 66,915,197,938 ordinary shares of 10p each, which includes shares represented by American Depositary Receipts.
12. Shareholders should note that, under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the annual general meeting for the financial year ended 31 December 2009; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year ending 31 December 2009 ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 (requirements as to website availability) of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the annual general meeting for the relevant financial year includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
13. Copies of this notice are available in large print, Braille or on CD-ROM. If you would like a copy in any of these forms, please contact Equiniti Limited, Aspect House, Lancing, West Sussex BN99 6ZL; telephone 0871 384 2990; textphone 0871 384 2255.

Note

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