



03/10

19 January 2010

REPURCHASE AND CANCELLATION OF PREFERENCE SHARES

Pursuant to an invitation to certain eligible retail holders dated 15 December 2009, Lloyds Banking Group plc hereby announces that it has accepted offers to sell the following preference shares, which preference shares it has repurchased and cancelled:

Preference Shares	No. of Preference Shares/ Liquidation Preference repurchased	No. of Preference Shares/ Liquidation Preference outstanding*
Lloyds Banking Group plc £186,190,532 6.475% Non- Cumulative Preference Shares (ISIN GB00B3KSB568)	13,836,376 preference shares £13,836,376 in liquidation preference	70,303,224 preference shares £70,303,224 in liquidation preference
Lloyds Banking Group plc £99,999,942 9.75% Non- Cumulative Preference Shares (ISIN GB00B3KSB238)	7,591 preference shares £7,591 in liquidation preference	99,992,351 preference shares 99,992,351 in liquidation preference

*The figures in this column include preference shares which have been accepted for exchange pursuant to the exchange offer in exchange for the relevant Exchange Consideration Amount as set out in the LBG Capital No.1 plc Exchange Offer Memorandum dated 3 November 2009 (the "Exchange Offer Memorandum"). Such preference shares will remain outstanding until the Late Settlement Date. Capitalised terms used in the two immediately preceding sentences shall have the meanings given to them in the Exchange Offer Memorandum.

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For further information:

Investor Relations

Michael Oliver +44 (0) 20 7356 2167
Director of Investor Relations
Email: michael.oliver@ltsb-finance.co.uk

Douglas Radcliffe +44 (0) 20 7356 1571
Head of Investor Relations
Email: douglas.radcliffe@ltsb-finance.co.uk

Media Relations

Sara Evans +44 (0) 20 7356 2075
Media Relations Manager
Email: sarah.evans2@lloydstsb.co.uk

FORWARD LOOKING STATEMENTS

This announcement contains forward looking statements with respect to the business, strategy and plans of the Lloyds Banking Group, its current goals and expectations relating to its future financial condition and performance. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The Group's actual future results may differ materially from the results expressed or implied in these forward looking statements as a result of a variety of factors, including UK domestic and global economic and business conditions, the ability to derive cost savings and other benefits as well as to mitigate exposures from the acquisition and integration of HBOS, risks concerning borrower quality, market related trends and developments, changing demographic trends, changes in customer preferences, changes to regulation, the policies and actions of governmental and regulatory authorities in the UK or jurisdictions outside the UK, including other European countries and the US, exposure to regulatory scrutiny, legal proceedings or complaints, competition and other factors. Please refer to the latest Annual Report on Form 20-F filed with the US Securities and Exchange Commission for a discussion of such factors. The forward looking statements contained in this announcement are made as at the date of this announcement, and the Group undertakes no obligation to update any of its forward looking statements.