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### Announcement regarding the publication of Prospectus

Lloyds TSB

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# Lloyds TSB

100/08

19 November 2008

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, CANADA OR JAPAN OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION.**

**Announcement regarding the publication of Prospectus, update on timetable and details of the Excess Application Facility for Lloyds TSB Group plc (“Lloyds TSB”) shareholders in the context of the Placing and Open Offer.**

*Unless otherwise defined in this announcement, capitalised definitions shall have the same meaning as in the circular to shareholders distributed by Lloyds TSB on 3 November 2008.*

Lloyds TSB set out in its circular to shareholders dated 3 November 2008 its intention to raise £4.5 billion (before costs and expenses) through a Placing and Open Offer to be undertaken in conjunction with an issue of £1 billion of preference shares to HM Treasury. HM Treasury has agreed to acquire the Open Offer Shares at the Issue Price of 173.3p subject to Admission of the Open Offer Shares and subject to clawback in respect of valid applications by Qualifying Shareholders at the Issue Price. This announcement provides further information for Qualifying Shareholders on their rights under the Placing and Open Offer, and in particular in relation to the Excess Application Facility.

A Prospectus in relation to Lloyds TSB was published yesterday in connection with the proposed admission to the Official List and admission to trading on the main market of the London Stock Exchange of the Open Offer Shares and Consideration Shares (shares to be issued as consideration for the proposed Acquisition). The Prospectus has been made available as provided below.

The Open Offer will be made on the terms and subject to the conditions set out in the Prospectus and, in relation to Qualifying Non-Crest Shareholders, in the Application Form that will be posted in mid-December. Subject to the fulfilment of such terms and conditions, Qualifying Shareholders will be given the opportunity to apply for Open Offer Shares at the Issue Price of 173.3p (payable in full on application and free of all expenses), which shall be calculated on the basis of:

#### **0.4347 Open Offer Shares for every Existing Ordinary Share**

registered in the name of each Qualifying Shareholder at the close of business on 5 December 2008 and so in proportion for any other number of Existing Ordinary Shares then registered (the “Original Application Entitlement”). Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares, as appropriate. Any fractional entitlements will be aggregated and the resulting shares will be issued and sold for the benefit of Lloyds TSB.

Each of the Lloyds TSB Directors intends to take up his or her Open Offer Entitlement in full.

In addition, provided they take up their Open Offer Entitlement in full, Qualifying Shareholders may apply for additional Open Offer Shares should they wish to do so pursuant to the terms of the Excess Application Facility. Qualifying Shareholders may apply for additional Open Offer Shares up to a maximum of thirty five times the number of shares received as their Original Application Entitlement. This limit on excess applications is due to technical reasons to ensure the orderly processing of such applications.

If the total number of Open Offer Shares applied for by all Qualifying Shareholders exceeds 2,596,693,203 as a result of Qualifying Shareholders taking up their Original Application Entitlement and applying under the Excess Application Facility, all Original Application Entitlements taken up will be satisfied but applications under the Excess Application Facility will be scaled back pro rata to the number of Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility.

By way of example, if a Qualifying Shareholder held 100 Existing Ordinary Shares, they would be able to apply for 43 shares as their Original Application Entitlement (calculated as  $100 \times 0.4347$ , rounded down to 43). Under the Excess Application Facility, the Qualifying Shareholder in this example would be able to apply for up to a further 1,505 Open Offer Shares (calculated as  $43 \times 35$ ), amounting to a total of 1,548 Open Offer Shares in addition to the 100 Existing Ordinary Shares they currently hold.

Further details of the Excess Application Facility are set out in the Prospectus and, in relation to Qualifying Non-CREST Shareholders, will be set out in the Application Form.

Any Open Offer Shares for which application has not been made in respect of the Open Offer, including pursuant to the Excess Application Facility, may, although there is no current intention to do so, be placed with any placees and, to the extent they are not placed, will be acquired by HM Treasury. HM Treasury has informed Lloyds TSB that it is not a permanent investor in UK banks. Its intention, over time, is to dispose of any Lloyds TSB Shares it may acquire under the Placing and Open Offer in an orderly way and it would normally expect to consult the Lloyds TSB Board prior to making disposals.

### **Availability of the Prospectus**

The Prospectus, which contains prescribed information relating to, amongst other things, Lloyds TSB, is available on request up until Admission of the Consideration Shares free of charge by writing to the head office of Lloyds TSB (25 Gresham Street, London EC2V 7HN (Attention: Investor Relations)) or by calling Equiniti Limited (0845 600 3579). A copy of the Prospectus is also available via Lloyds TSB's website ([www.investorrelations.lloydstsb.com](http://www.investorrelations.lloydstsb.com)). The implications of the information contained in the Prospectus for Overseas Shareholders may be affected by the laws of the relevant jurisdiction. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements.

A copy of the Prospectus is also available for viewing at the Document Viewing Facility of the FSA (25 North Colonnade, London E14 5HS) and is available for inspection at our registered office (Henry Duncan House, 120 George Street, Edinburgh EH2 4LH) as well as at the offices of Linklaters LLP (One Silk Street, London EC2Y 8HQ) during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until Admission of the Consideration Shares.

## Timetable Update

Since the publication of the circular on 3 November 2008, the expected timetable has been updated. The current expectation for key dates is set out below:

Lloyds TSB General Meeting	11.00 a.m. on 19 November 2008
Open Offer Record Date for entitlement under the Open Offer for Qualifying Shareholders	5.00 p.m. on 5 December 2008
HBOS Court Meeting	10.00 a.m. on 12 December 2008
HBOS General Meeting	10.10 a.m. on 12 December 2008 <sup>(1)</sup>
Despatch of Application Forms to Qualifying Non-CREST Shareholders	12 December 2008
Latest date on which Existing Ordinary Shares trade cum entitlement under Open Offer	12 December 2008
Ex-entitlement date for the Open Offer	8.00 a.m. on 15 December 2008
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	by 15 December 2008
Recommended last time and date for withdrawing Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 2 January 2009
Latest time and date for depositing Open Offer Entitlements into CREST	3.00 p.m. on 6 January 2009
Latest time and date for splitting Application Forms (to satisfy bona fide market claims only)	3.00 p.m. on 7 January 2009
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 9 January 2009
Expected date of announcement of results of Open Offer	12 January 2009
Scheme Court Hearing to sanction the Scheme	12 January 2009
Open Offer Shares in uncertificated form expected to be credited to accounts in CREST	by 13 January 2009 <sup>(2)</sup>
Expected time and date of admission and commencement of dealings in Open Offer Shares on the London Stock Exchange	8.00 a.m. on 13 January 2009 <sup>(2)</sup>
Suspension of listing and dealings in, and last time for registration of transfers of, HBOS shares	6.00 p.m. on 14 January 2009
Scheme Record Date	6.00 p.m. on 15 January 2009 <sup>(2)</sup>
Reduction Court Hearing to confirm the Capital Reduction	16 January 2009 <sup>(2)</sup>
Effective Date of the Scheme	16 January 2009 <sup>(2)</sup>
Issue of Consideration Shares	at or after 5.00 p.m. on 16 January 2009 <sup>(2)</sup>
Cancellation of HBOS listing	8.00 a.m. on 19 January 2009 <sup>(2)</sup>
Consideration Shares in uncertificated form expected to be credited to accounts in CREST	8.00 a.m. on 19 January 2009 <sup>(2)</sup>
Expected time and date of admission and commencement of dealings in Consideration Shares on the London Stock Exchange	8.00 a.m. on 19 January 2009 <sup>(2)</sup>
Despatch of share certificates in respect of Consideration Shares and Open Offer Shares to certificated holders	by 30 January 2009 <sup>(2)</sup>

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<sup>(1)</sup> The HBOS General Meeting will commence at the specific time above or, if later, as soon thereafter as the HBOS Court meeting shall have been concluded or adjourned

<sup>(2)</sup> The above times and dates are indicative only and will depend, among other things, on the date upon which the Court sanctions the Scheme

For further information:-

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The Lloyds TSB Directors accept responsibility for the information contained in this announcement. To the best of the knowledge and belief of the Lloyds TSB Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This announcement does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security.

The securities mentioned herein have not been, and will not be, registered under the Securities Act. Securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act. There will be no public offer of the securities mentioned herein in the United States. It is expected that Lloyds TSB securities to be received by holders of HBOS securities under the Scheme of Arrangement will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof. The New Preference Shares will be offered to non-US persons outside the United States in reliance on Regulation S under the Securities Act.

The securities mentioned herein may not be offered or sold in any Restricted Jurisdiction absent registration or an applicable exemption from the registration requirements of the relevant laws of any Restricted Jurisdiction. There will be no public offer of such securities in any Restricted Jurisdiction.

This announcement does not constitute a prospectus or prospectus equivalent document. Nothing in this announcement should be interpreted as a term or condition of the Placing and Open Offer. Any decision to acquire Lloyds TSB Shares under the Placing and Open Offer must be made only on the basis of the information contained in and incorporated by reference into the Prospectus.

Unless the context otherwise requires, references in this announcement to the “Enlarged Group” are to Lloyds TSB and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings as constituted immediately following completion of the Acquisition and therefore such references include the Lloyds TSB Group as enlarged by the HBOS Group. Completion of the Acquisition is subject to a number of conditions which are described in the letter from Sir Victor Blank reproduced in the Circular.

No statement in this announcement is intended to constitute a profit forecast or profit estimate for any period, nor should any statement be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for either Lloyds TSB or HBOS as appropriate.

Neither the content of Lloyds TSB’s website (or any other website) nor the content of any website accessible from hyperlinks on Lloyds TSB’s website (or any other website) is incorporated in, or forms part of, this announcement.

The distribution of this announcement, the Circular, the Prospectus, the Application Forms and/or related documents into certain jurisdictions (including but not limited to the United States) other than the United Kingdom is or may be restricted by law and therefore persons into whose possession this announcement and any such documents come should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement has been prepared for the purposes of complying with applicable law and regulation in the United Kingdom and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of the United Kingdom

### **Forward-Looking Statements**

This announcement, the Circular, the Prospectus and the information incorporated by reference into the Circular and the Prospectus include certain “forward-looking statements”. Statements that are not historical facts, including statements about the Lloyds TSB Group’s or the HBOS Group’s or their respective directors’ and or management’s beliefs and expectations are forward-looking statements. Words such as “believes”, “anticipates”, “estimates”, “expects”, “intends”, “aims”, “potential”, “will”, “would”, “could”, “considered”, “likely”, “estimate” and variations of these words and similar future or conditional expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon future circumstances that may or may not occur, many of which are beyond Lloyds TSB’s control and all of which are based on the Lloyds TSB Directors’ current beliefs and expectations about future events. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Lloyds TSB, HBOS or the Enlarged Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Lloyds TSB’s, HBOS’s and the Enlarged Group’s present and future business strategies and the environment in which the Enlarged Group will operate in the future. These forward-looking statements speak only as at the date of this announcement.

Examples of such forward-looking statements include, but are not limited to, statements about expected benefits and risks associated with the Acquisition and the Placing and Open Offer, projections or expectations of profit attributable to shareholders, anticipated provisions or writedowns, economic profit, dividends, capital structure or any other financial items or ratios; statements of plans, objectives or goals of Lloyds TSB, HBOS or the Enlarged Group following completion of the Acquisition, including in relation to the achievement of anticipated cost synergies, other operating efficiencies, business growth opportunities, revenue and other benefits; statements about the future trends in interest rates, liquidity, foreign exchange rates, stock market levels and demographic trends and any impact that those matters may have on Lloyds TSB, HBOS or the Enlarged Group following completion of the Acquisition; statements concerning any future UK, US or other economic environment or performance; statements about strategic goals, competition, regulation, regulatory approvals, dispositions and consolidation or technological developments in the financial services industry; and statements of assumptions underlying such statements.

Except as required by the FSA, the London Stock Exchange, the Takeover Panel, the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules, the City Code or any other applicable law or regulation, Lloyds TSB expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement to reflect any change in Lloyds TSB's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

### **Dealing Disclosure Requirements**

Under the provisions of Rule 8.3 of the City Code, if any person is, or becomes, "interested" (directly or indirectly) in one per cent. or more of any class of "relevant securities" of Lloyds TSB or HBOS, all "dealings" in any "relevant securities" of that company (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 p.m. on the London business day following the date of the relevant transaction. This requirement will continue until the Effective Date, or on which the "offer period" for the purposes of the City Code otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Lloyds TSB or HBOS, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the City Code, all "dealings" in "relevant securities" of Lloyds TSB or HBOS by Lloyds TSB or HBOS, or by any of their respective "associates", must be disclosed by no later than 12.00 noon on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk).

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel.