

HBOS plc
16 January 2009

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Scheme of Arrangement becoming Effective

The Board of HBOS is pleased to announce that the Court has approved the Capital Reduction to effect the recommended Acquisition of HBOS by Lloyds TSB and the Reduction Court Order has been filed with the Registrar of Companies.

Accordingly, the Scheme of Arrangement has become effective in accordance with its terms.

New Lloyds TSB Shares will be issued pursuant to the Scheme of Arrangement at or after 5.00 p.m. today. It is expected that the New Lloyds TSB Shares will be admitted to the Official List and to trading on the London Stock Exchange at 8.00 a.m. on 19 January 2009.

Applications have been made to the UK Listing Authority and to the London Stock Exchange respectively requesting the cancellation of the listing of HBOS Shares on the Official List and the cancellation of trading of such securities on the London Stock Exchange. Cancellation is expected to take place at 8.00 a.m. on 19 January 2009.

Capitalised terms used in this announcement shall have the meanings given to them in the Scheme Document dated 14 November 2008.

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Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Takeover Code (the 'Code'), if any person is, or becomes, 'interested' (directly or indirectly) in 1% or more of any class of 'relevant securities' of Lloyds TSB Group plc ('Lloyds TSB') or of 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 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the 'offer period' otherwise ends.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 of 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 Code, all 'dealings' in 'relevant securities' of Lloyds TSB or of HBOS by Lloyds TSB or HBOS, or by any of their respective 'associates', must be disclosed by no later than 12.00 noon (London time) 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 Takeover Panel's website at 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.