

**NOT FOR DISTRIBUTION TO ANY UNITED STATES PERSON OR TO ANY PERSON RESIDENT AND/OR LOCATED IN THE UNITED STATES**

**THE SOCIETY OF LLOYD'S**

**ANNOUNCES AN INVITATION FOR OFFERS TO SELL ANY AND ALL NOTES  
FOR CASH**

**23 October 2014**

The Society of Lloyd's ("**Lloyd's**") hereby announces an invitation to holders of its £300,000,000 6.875 per cent. Subordinated Notes due 2025 (the "**Notes**") to submit offers (the "**Offers**") to sell any and all Notes to Lloyd's for cash (the "**Invitation**").

Subject to the Minimum Denomination (as defined below), £1,057.50 per £1,000 principal amount of the Notes (the "**Purchase Price**") will be paid by Lloyd's in respect of the validly tendered Offers which are accepted, as further described in the invitation for offers dated 23 October 2014 (the "**Invitation for Offers**"). In addition, Lloyd's will pay accrued and unpaid interest for the period from (and including) the most recent interest payment date for the Notes accepted for purchase to (but not including) the Settlement Date (the "**Accrued Interest**").

The Invitation is made on the terms and subject to the conditions contained in the Invitation for Offers. Capitalised terms used in this announcement have the meanings ascribed to them in the Invitation for Offers.

<b>Description of the Notes</b>	<b>Outstanding Principal Amount</b>	<b>Coupon</b>	<b>Amount subject to the Invitation</b>	<b>ISIN/Common Code</b>	<b>First Call Date</b>	<b>Purchase Price</b>
£300,000,000 6.875 per cent. Subordinated Notes due 2025	£153,241,000	6.875%	Any and all	XS0205875049/020587504	17 November 2015	£1,057.50 per £1,000 principal amount

**Rationale for the Invitation**

Lloyd's is seeking to purchase any and all Notes and this transaction therefore provides a degree of liquidity to those holders whose Notes are accepted in the Invitation. Furthermore, Lloyd's will benefit from reorganisation of its own funds with the intention of complying with the requirements of Directive 2009/138/EC of the European Union (as amended) on the taking-up and pursuit of the business of insurance and reinsurance ("**Solvency II**") as implemented in the United Kingdom and applicable to Lloyd's.

**Procedure**

Lloyd's proposes to accept for purchase any and all Notes validly tendered under the Invitation. A holder of Notes may tender outstanding Notes only in a principal amount of £50,000 (the "**Minimum Denomination**") and integral multiples of £1,000 principal amount of the Notes thereafter.

On 15 October 2014, Lloyd's announced its intention to issue new sterling-denominated fixed rate subordinated notes due 2024 (the "**New Notes**"). Whether Lloyd's will accept for purchase any Notes validly tendered in the Invitation is subject to the successful completion (as determined by Lloyd's in its sole and absolute discretion) of the issue by Lloyd's of the New Notes, on terms satisfactory to it (as determined by it in its sole and absolute discretion), in order to enable it to finance, in whole or in part, the Purchase Price and the Accrued Interest for the Notes validly tendered in the Invitation (the "**New Issue Condition**").

Lloyd's reserves the right, in its sole and absolute discretion, not to accept any Offers, not to purchase the Notes or to modify or waive in any manner any of the terms and conditions of the Invitation (including the right to waive the New Issue Condition).

### **Cash to be Received for Notes**

Holders of Notes whose Offers are accepted by Lloyd's will, subject to the conditions described in the Invitation for Offers, receive the Purchase Price and an amount in cash in sterling equal to the Accrued Interest.

### **Participating in the Invitation**

To tender Notes pursuant to the Invitation, a holder should deliver, or arrange to have delivered on its behalf, through the relevant clearing system and in accordance with the requirements of such clearing system, a valid tender instruction that is received by the Tender Agent by the Expiration Time.

Holders of Notes are advised to check with any bank, securities broker or other intermediary through which they hold Notes whether such intermediary must receive instructions to participate in the Invitation before the deadlines specified in the timeline below.

### **Expected Transaction Timetable**

Wednesday, 15 October 2014    Announcement of the intention of Lloyd's to issue the New  
(the "**New Issue Launch**    Notes.  
**Date**")

Thursday, 23 October 2014    Commencement of the Invitation and Invitation for Offers  
(**Launch Date**)                    available for distribution to eligible holders of Notes.

Expected pricing of the New Notes.

4:00 p.m., London time,    The Invitation expires unless Lloyd's extends it or  
Wednesday, 29 October 2014    terminates it earlier in its sole discretion.  
(**Expiration Time**)

Thursday, 30 October 2014    Issue and settlement of the New Notes (subject to the  
(the "**Closing Date**")            satisfaction of customary conditions precedent to an issue of  
euromarket debt securities) and announcement of issuance  
of New Notes and satisfaction of the New Issue Condition.

Thursday, 30 October 2014    Lloyd's announces whether it will accept any Offers, subject  
(**Announcement Date**)            to the New Issue Condition (as defined herein) (the  
"**Conditional Acceptance**"). Lloyd's also announces the  
aggregate principal amount of the Notes conditionally

accepted for purchase (which may be zero) and the aggregate principal amount of the Notes that would remain outstanding following the completion of the Invitation (which may be zero).

Friday, 31 October 2014 (one Business Day after the Announcement Date), or as soon as practicable thereafter ("**Settlement Date**")

Lloyd's pays the Purchase Price for any Notes being purchased, plus Accrued Interest.

**For further information:**

A complete description of the terms and conditions of the Invitation is set out in the Invitation for Offers. Further details about the transaction can be obtained from:

**The Dealer Managers:**

**Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

Telephone: +44 (0) 20 3134 8515

Email: [eu.lm@barclays.com](mailto:eu.lm@barclays.com)

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

Telephone: +44 20 7986 8969

Email: [liabilitymanagement.europe@citi.com](mailto:liabilitymanagement.europe@citi.com)

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR  
United Kingdom

Telephone: +44 (0) 20 7085 5991

Email: [liabilitymanagement@rbs.com](mailto:liabilitymanagement@rbs.com)

**The Tender Agent:****Citibank, N.A.**

Tel: +44 (0) 20 7508 3867

Email: exchange.gats@citi.com

A copy of the Invitation for Offers is available to eligible persons upon request from the Tender Agent.

The Dealer Managers do not take responsibility for the contents of this announcement and none of Lloyd's, the Dealer Managers, the Tender Agent, or any of their respective directors, employees or affiliates makes any representation or recommendation whatsoever regarding the Invitation, or any recommendation as to whether holders of Notes should tender Notes in the Invitation. This announcement must be read in conjunction with the Invitation for Offers. No Invitation is being made pursuant to this announcement. Any such Invitation is only being made in the Invitation for Offers and any Offers should be made solely on the basis of information contained in the Invitation for Offers. This announcement and the Invitation for Offers contain important information, which should be read carefully before any decision is made with respect to the Invitation. A holder of Notes should consult its own legal advisers as needed to assist it in making its own investment decision and advise it on whether it is legally permitted to offer Notes for cash.

**Jurisdictional Restrictions***General*

This announcement and the Invitation for Offers do not constitute an offer to buy or a solicitation of an offer to sell any Notes, and offers of Notes will not be accepted from holders of Notes, in any jurisdiction in which such offer or solicitation is unlawful. In any jurisdiction where the securities or other laws require the Invitation to be made by a licensed broker or dealer and a Dealer Manager or any of its affiliates is such a licensed broker or dealer in such jurisdictions, the Invitation shall be deemed to be made on behalf of Lloyd's in such jurisdictions by such Dealer Manager or affiliates (where it is so licensed), as the case may be.

This announcement and the distribution of the Invitation for Offers is restricted by law in certain jurisdictions. Persons into whose possession this announcement comes are required to inform themselves of and to observe all of these restrictions.

The Invitation does not constitute, and may not be used in connection with, an offer to buy Notes or a solicitation to sell Notes by anyone in any jurisdiction in which such an offer or solicitation is not authorised or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make an offer or a solicitation. Lloyd's does not accept any responsibility for any violation by any person of the restrictions applicable in any jurisdiction.

*United States*

The Invitation is not being made and will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, email and other forms of electronic transmission) of

interstate or foreign commerce of, or any facility of a national securities exchange of, the United States, and no Offer of Notes may be made by any such use, means, instrumentality or facility from or within the United States or to U.S. persons or to persons located or resident in the United States. Accordingly, copies of this announcement, the Invitation for Offers and any other documents or materials relating to the Invitation are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded in or into the United States or to U.S. persons, or to persons located or resident in the United States. Any purported Offer of Notes resulting directly or indirectly from a violation of these restrictions will be invalid and Offers of Notes made by a person located or resident in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal located or resident in the United States will not be accepted. For the purposes of this paragraph, "**United States**" means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

### *United Kingdom*

The communication of this announcement, the Invitation of Offers and any other documents or materials relating to the Invitation 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 Financial Services and Markets Act 2000. 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, and are only for circulation to persons outside the United Kingdom or to persons within the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**")) or within Article 43(2) of the Order, or to other persons to whom it may lawfully be communicated in accordance with the Order.

### *Italy*

None of the Invitation for Offers or any other documents or materials relating to the Invitation have been or will be submitted to the clearance procedure of the Commissione Nazionale per le Società e la Borsa ("**CONSOB**").

The Invitation and any Offers are being carried out in the Republic of Italy as exempted offers pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Holders of Notes, or beneficial owners of the Notes, can tender some or all of their Notes pursuant to the Offers through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties *vis-à-vis* its clients in connection with the Notes or the Invitation.

***Belgium***

Neither this announcement nor the Invitation for Offers has been submitted for approval to the Belgian Financial Services and Markets Authority and, accordingly, the Invitation may not be made in Belgium by way of a public offer, as defined for the purposes of the law of 1 April 2007 on public takeover bids. Neither this announcement nor the Invitation for Offers is consequently addressed in Belgium exclusively to, and may only be accepted by, holders who are qualifying investors within the meaning of Article 10 of the law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets.

***France***

None of this announcement, the Invitation for Offers, nor any other offering material or information relating to the Invitation, has been submitted for clearance to the *Autorité des Marchés Financiers* and they may not be released, issued, or distributed or caused to be released, issued, or distributed, directly or indirectly, to the public in the French Republic, except to (i) providers of investment services relating to portfolio management for the account of third parties and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French Code *Monétaire et Financier*.

***Switzerland***

None of this announcement, the Invitation for Offers, nor any other offering material or information relating to the Invitation constitute a public offering of securities pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations. The information presented in these documents does not necessarily comply with the information standards set out in the SIX Swiss Exchange listing rules.