STIFEL FINANCIAL CORP
Form 424B3
July 11, 2016
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Registration No. 333-201398

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 11, 2016

PRELIMINARY PROSPECTUS SUPPLEMENT

(To prospectus dated January 8, 2015)

$

4.25% Senior Notes due July 2024

The Company: We are a financial holding company that conducts its banking, securities and financial services business through several wholly owned subsidiaries. Our broker-dealer affiliates provide securities brokerage, investment banking, trading, investment advisory and related financial services to individual investors, professional money managers, businesses and municipalities.

The Offering: We are offering $ principal amount of 4.25% Senior Notes due 2024 (the new notes). The new notes are being offered as additional notes under an indenture pursuant to which we previously issued $300,000,000 aggregate principal amount of 4.25% senior notes due 2024 (such previously issued notes, the existing notes). As used herein, the term notes refers to both the new notes and the existing notes. The new notes will be treated as a single series with the existing notes under the indenture governing the notes and will have the same terms and CUSIP number as the existing notes. The new notes and the existing notes will be fungible and will vote as one class under the indenture governing the notes. Immediately after giving effect to the issuance of the new notes offered hereby, we will have $ aggregate principal amount of our 4.25% senior notes due 2024 outstanding.

Interest on the new notes will be deemed to have accrued from January 18, 2016 and will be paid semiannually in arrears on January 18 and July 18 of each year, commencing, with respect to the new notes, on July 18, 2016. The notes will mature on July 18, 2024. We may redeem the notes in whole or in part at our option at a redemption price equal to 100% of their principal amount, plus a make-whole premium and accrued and unpaid interest, if any, to the date of redemption, as described under Description of Notes Optional Redemption. The notes will be issued in minimum denominations of $2,000 and in integral multiples of $1,000 in excess thereof.

The notes will be our general unsecured senior obligations, will rank equally with all of our existing and future senior unsecured indebtedness and will be senior to any other indebtedness expressly made subordinate to the notes. The notes will be effectively subordinated to all of our existing and future secured indebtedness (to the extent of the value of the assets securing such indebtedness) and structurally subordinated to all existing and future liabilities of our subsidiaries, including trade payables.

We are concurrently offering depositary shares, each representing a 1/1000th interest in a share of non-cumulative preferred stock, Series A, by means of a separate prospectus supplement (the concurrent offering). The offering of the new notes is not contingent upon the completion of the concurrent offering, and the concurrent offering is not contingent upon the completion of the offering of the new notes. There can be no assurance that the concurrent offering will be completed.

Investing in the new notes involves risks that are described in the Risk Factors section beginning on page S-5 of this prospectus supplement, and the documents incorporated by reference herein.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

We do not intend to list the notes on any securities exchange.

	Per Note	Total
Public offering price(1)	%	$
Underwriting discount	%	$
Proceeds, before expenses, to us(1)	%	$

(1) Plus accrued interest from January 18, 2016.

The underwriters expect to deliver the new notes to purchasers in book-entry only form through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the

Euroclear System, and Clearstream Banking, *société anonyme*, on or about July , 2016.

Joint Book-Running Managers

Keefe, Bruyette & Woods
A Stifel Company

BofA Merrill Lynch

Morgan Stanley

Co-Manager

US Bancorp

The date of this prospectus supplement is July , 2016.

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer

and sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this new notes offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part, the accompanying prospectus, provides more general information. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information

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contained in this prospectus supplement and the information contained in the accompanying prospectus or any document incorporated by reference therein filed prior to the date of this prospectus supplement, you should rely on the information in this prospectus supplement. If any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference in the accompanying prospectus the statement in the document having the later date modifies or supersedes the earlier statement.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the information incorporated by reference in it contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), that are based upon our current expectations and projections about future events. We intend for these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we are including this statement for purposes of these safe harbor provisions. You can identify these statements from our use of the words may, will, should, could, would, plan, potential, estimate, intend, anticipate, expect and similar expressions. These forward-looking statements cover, among other things statements made about general economic, political, regulatory, and market conditions, the investment banking and brokerage industries, our objectives and results, and also may include our belief regarding the effect of various legal proceedings, management expectations, our liquidity and funding sources, counterparty credit risk, or other similar matters. All statements in this prospectus supplement and the information incorporated by reference in it not dealing with historical results are forward-looking and are based on various assumptions. The forward-looking statements in this prospectus supplement and the information incorporated by reference in it are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements. In addition, our past results of operations do not necessarily indicate our future results. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include:

- the ability to successfully integrate acquired companies or branch offices and financial advisors;
- a material adverse change in our financial condition;
- the risk of borrower, depositor and other customer attrition;
- a change in general business and economic conditions;
- changes in the interest rate environment, deposit flows, loan demand, real estate values and competition;
- changes in accounting principles, policies or guidelines;

changes in legislation and regulation; other economic, competitive, governmental, regulatory, geopolitical and technological factors affecting our operations, pricing and services; and

the risks and other factors set forth in Risk Factors beginning on page S-5 of this prospectus supplement.
Forward-looking statements speak only as to the date they are made. We do not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made. We disclaim any intent or obligation to update these forward-looking statements except as required by law. You should also carefully review the risk factors and cautionary statements described in the other documents we file from time to time with the Securities and Exchange Commission (the SEC), specifically our Annual Report on Form 10-K, as amended by our Annual Report on Form 10-K/A, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K.

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SUMMARY

The following information about this offering summarizes, and should be read in conjunction with, the information contained in this prospectus supplement and in the accompanying prospectus, and the documents incorporated therein by reference.

ABOUT STIFEL FINANCIAL CORP.

Stifel Financial Corp. is a Delaware corporation and a financial holding company headquartered in St. Louis, Missouri. Our principal subsidiary is Stifel, Nicolaus & Company, Incorporated, a full-service retail and institutional wealth management and investment banking firm (Stifel Nicolaus). Our other subsidiaries include: Century Securities Associates, Inc., an independent contractor broker-dealer firm; Keefe, Bruyette & Woods, Inc. (KBW), Miller Buckfire & Co. LLC and Sterne Agee Group, Inc. (Sterne Agee Group), our broker-dealer firms; Stifel Nicolaus Europe Limited, our European subsidiary; Stifel Bank & Trust, our retail and commercial bank subsidiary (Stifel Bank); 1919 Investment Counsel & Trust Company, National Association and Stifel Trust Company Delaware, N.A., our trust companies; and 1919 Investment Counsel, LLC and Ziegler Capital Management, LLC, our asset management firms.

With a 125-year operating history, we have built a diversified business serving private clients, institutional investors, and investment banking clients located across the country. Our principal activities are:

- Private client services, including securities transaction and financial planning services;
- Institutional equity and fixed income sales, trading and research, and municipal finance;
- Investment banking services, including mergers and acquisitions, public offerings, and private placements; and
- Retail and commercial banking, including personal and commercial lending programs.

Our core philosophy is based upon a tradition of trust, understanding, and studied advice. We attract and retain experienced professionals by fostering a culture of entrepreneurial, long-term thinking. We provide our private, institutional, and corporate clients quality, personalized service, with the theory that if we place clients needs first, both our clients and our company will prosper. Our unwavering client and employee focus have earned us a reputation as one of the nation s leading wealth management and investment banking firms.

We have grown our business both organically and through opportunistic acquisitions including our acquisition of the capital markets business of Legg Mason from Citigroup in 2005; our acquisitions of Ryan Beck & Co., Inc. in February 2007 and FirstService Bank in April 2007; our acquisition of ButlerWick & Co., Inc. in 2008; our acquisition of 56 branches from the UBS Wealth Management Americas branch network in 2009; our acquisition of Thomas Weisel Partners Group, Inc. in July 2010; our acquisition of Stone & Youngberg in October 2011; our acquisition of Miller Buckfire & Co. LLC in December 2012; our acquisition of KBW in February 2013; our acquisition of the fixed income sales and trading business of Knight Capital Group, Inc. in July 2013; our acquisition of Acacia Federal Savings Bank in October 2013; our acquisition of Ziegler Lotsoff Capital Management, LLC in November 2013; and our acquisition of De La Rosa & Co. in April 2014; our acquisition of Oriel Securities in July

2014; our acquisition of 1919 Investment Counsel (formerly known as Legg Mason Investment Counsel & Trust Co., National Association) in November 2014; our acquisition of Merchant Capital, LLC in

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December 2014; our acquisition of Sterne Agee Group, Inc. in June 2015; our acquisition of the Barclays Wealth and Investment Management Americas franchise in December 2015; and our acquisition of Eaton Partners in January 2016. Throughout the course of the integration of these businesses, our highly variable cost structure has enabled us to achieve consistent core earnings profitability while growing net revenue for 20 consecutive years.

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THE OFFERING

The summary below describes the principal terms of the new notes. Some of the terms and conditions described below are subject to important limitations and exceptions. See Description of Notes for a more detailed description of the terms and conditions of the notes. All capitalized terms not defined herein have the meanings specified in Description of Notes.

Issuer	Stifel Financial Corp., a Delaware corporation.
Notes Offered	$ million aggregate principal amount of 4.25% notes due 2024.
	The new notes are being offered as additional notes under the indenture pursuant to which we previously issued the existing notes. The new notes will be treated as a single series with the existing notes under the indenture and will have the same terms and CUSIP number as the existing notes. The new notes and the existing notes will be fungible and will vote as one class under the indenture governing the notes.
Offering Price	% of the principal amount.
Maturity	The notes will mature on July 18, 2024, unless redeemed prior to maturity.
Interest Rate and Payment Dates	We will pay 4.25% interest per annum on the principal amount of the notes, payable semiannually in arrears on January 18 and July 18 of each year, commencing, with respect to the new notes, on July 18, 2016, and at maturity. Interest on the new notes will be deemed to have accrued from January 18, 2016.
Priority	The notes are our general unsecured senior obligations, ranking equally in right of payment with all of our existing and future senior indebtedness and will be senior to any other indebtedness expressly made subordinate to the notes. The notes are effectively junior to all of our existing and future secured obligations to the extent of the value of the assets securing such indebtedness. The notes are structurally subordinated to all existing and future indebtedness and liabilities of our subsidiaries.

Optional Redemption	We may redeem the notes, in whole or in part, at our option, at any time and from time to time, prior to maturity at a price equal to 100% of their principal amount, plus a make-whole premium and accrued and unpaid interest, if any, to the date of redemption. See Description of Notes Optional Redemption for additional details.
Use of Proceeds	We will use the net proceeds from this offering to repay our outstanding 5.375% Senior Notes due 2022 and for other general corporate purposes,

	which may include the repayment of additional indebtedness. For additional information, see Use of Proceeds.
Further Issuances	We may create and issue further notes ranking equally and ratably with the notes in all respects, so that such further notes shall constitute and form a single series with the notes and shall have the same terms as to status, redemption or otherwise as the notes.
No Listing	We do not intend to list the notes on any securities exchange.
Form and Denomination	The new notes will be issued in fully registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
Trustee and Paying Agent	U.S. Bank National Association.
Governing Law	The indenture and the notes will be governed by the laws of the State of New York.
Conflicts of Interest	Keefe, Bruyette & Woods, Inc. (KBW), our broker-dealer subsidiary, is a member of the Financial Industry Regulatory Authority (FINRA) and will participate in the distribution of the notes. Since we own more than 10% of the common equity of KBW, a conflict of interest exists for KBW within the meaning of FINRA Rule 5121(f)(5)(B). Additionally, KBW and one or more of its affiliates, as defined in FINRA Rule 5121, will have a conflict of interest as defined in Rule 5121(f)(5)(c)(ii) due to the receipt of more than 5% of the net offering proceeds. Accordingly, this offering will be conducted pursuant to Rule 5121. In accordance with that rule, no qualified independent underwriter is required because the securities offered are investment grade rated or are securities in the same series that have equal rights and obligations as investment grade rated securities. To comply with Rule 5121, the underwriters will not confirm sales of the securities to any account over which KBW exercises discretionary authority without the prior written approval of the customer. U.S. Bancorp Investments, Inc., an affiliate of the trustee, is one of the underwriters. See Underwriting (Conflicts of Interest) Conflicts of Interest.
Concurrent Offering	We are concurrently offering depositary shares, each representing a 1/1000th interest in a share of

non-cumulative preferred stock, Series A, by means of a separate prospectus supplement. The offering of the new notes is not contingent upon the completion of the concurrent offering, and the concurrent offering is not contingent upon the completion of the offering of the new notes. There can be no assurance that the concurrent offering will be completed.

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RISK FACTORS

Before you invest in the new notes, you should know that making such an investment involves significant risks, including the risks described below. You should carefully consider the following information about these risks, together with the other information contained in this prospectus and the information incorporated by reference, including risk factors contained in Part I, Item 1A of our Annual Report on Form 10-K, as amended by our Annual Report on Form 10-K/A, for the year ended December 31, 2015, before purchasing the new notes offered pursuant to this prospectus supplement. The risks that we have highlighted here are not the only ones that we face. For example, additional risks presently unknown to us or that we currently consider immaterial or unlikely to occur could also impair our operations. If any of the risks actually occurs, our business, financial condition or results of operations could be negatively affected.

Risks Relating to This Offering

Our leverage may harm our financial condition and results of operations.

As of March 31, 2016, our total long-term debt was approximately $832.5 million. As of March 31, 2016, we had approximately $269.4 million of consolidated secured, short-term indebtedness, all of which is held by Stifel Nicolaus, $500.0 million of borrowings from the Federal Home Loan Bank, which is held by Stifel Bank, and $58.2 million of term loans, which is held by Sterne Agee Group.

Our level of indebtedness could have important consequences to you, because:

- it could affect our ability to satisfy our financial obligations, including those relating to the notes;
- a substantial portion of our cash flows from operations will have to be dedicated to interest and principal payments and may not be available for operations, working capital, capital expenditures, expansion, acquisitions or general corporate or other purposes;
- it may impair our ability to obtain additional financing in the future;
- it may limit our ability to refinance all or a portion of our indebtedness on or before maturity;
- it may limit our flexibility in planning for, or reacting to, changes in our business and industry; and
- it may make us more vulnerable to downturns in our business, our industry or the economy in general.

Our operations may not generate sufficient cash to enable us to service our debt. If we fail to make a payment on the notes, we could be in default on the notes, and this default could cause us to be in default on our other outstanding indebtedness. Conversely, a default on our other outstanding indebtedness may cause a default under the notes. In addition, we may incur additional indebtedness in the future, and, as a result, the related risks that we now face, including those described above, could intensify. The indenture for the notes will not restrict our ability to incur

additional indebtedness.

The notes are our obligations and not obligations of our subsidiaries and will be structurally subordinated to the claims of our subsidiaries creditors.

The notes are exclusively our obligations and not those of our subsidiaries. We are a holding company and, accordingly, substantially all of our operations are conducted through our subsidiaries. As a result, our cash flow and our ability to service our debt, including the notes, depend upon the earnings of our subsidiaries. In addition, we depend on the distribution of earnings, loans or other payments by our subsidiaries to us. Our subsidiaries are separate and distinct legal entities. Our subsidiaries have no obligation to pay any amounts due on the notes or to provide us with funds to pay our obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us would be subject to regulatory or contractual restrictions. Payments to us by our subsidiaries also will be contingent upon our subsidiaries earnings and business considerations.

Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and, therefore, the right of the holders of the notes to participate in those assets, will be structurally subordinated to the claims of those subsidiaries creditors, including senior and subordinated debtholders and general trade creditors. As of March 31, 2016, we had approximately $269.4 million of consolidated secured, short-term indebtedness, all of which is held by Stifel Nicolaus. In the event of any distribution of assets of Stifel Bank, the claims of depositors and other general or subordinated creditors would be entitled to priority over the claims of holders of the notes. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of those subsidiaries and any indebtedness of those subsidiaries senior to that held by us.

We have made only limited covenants in the indenture governing the notes, and these limited covenants may not protect your investment.

The indenture governing the notes does not:

- require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flows or liquidity and, accordingly, does not protect holders of the notes in the event that we experience significant adverse changes in our financial condition or results of operations;
- limit our subsidiaries ability to incur indebtedness which would effectively rank senior to the notes;
- limit our ability to incur secured indebtedness or indebtedness that is equal in right of payment to the notes;
- restrict our subsidiaries ability to issue securities that would be senior to the common stock of our subsidiaries held by us;
- restrict our ability to repurchase our securities;
- restrict our ability to pledge our assets or those of our subsidiaries, except to the limited extent described under Description of Notes Covenants Limitation on Liens ; or
- restrict our ability to make investments or to pay dividends or make other payments in respect of our common stock or other securities ranking junior to the notes.

Furthermore, the indenture for the notes contains only limited protections in the event of a change in control and does not require us to repurchase the notes upon a change of control. We could engage in many types of transactions, such as acquisitions, refinancings or recapitalizations, that could substantially affect our capital structure and the value of the notes. For these reasons, you should not consider the covenants in the indenture or the repurchase features of the notes as a significant factor in evaluating whether to invest in the notes.

We may redeem the notes before maturity, and you may be unable to reinvest the proceeds at the same or a higher rate of return.

We may redeem all or a portion of the notes at any time. The redemption price will equal the principal amount being redeemed, plus a make-whole premium and accrued and unpaid interest, if any, to the redemption date. See Description of the Notes Optional Redemption. If a redemption does occur, you may be unable to reinvest the money you receive in the redemption at a rate that is equal to or higher than the rate of return on the notes.

In the absence of an active trading market for the notes, you may be unable to sell your notes or to sell your notes at a price that you deem sufficient.

The notes are not currently listed and we do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes on any automated dealer quotation system. Although we expect the new notes offered hereby will be fungible with the existing notes, for which a trading market currently exists, we cannot guarantee:

that such trading market will be maintained;

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- the liquidity of any trading market for the notes;
- your ability to sell the notes at any time or at all; or
- the price at which you would be able to sell the notes.

The liquidity of the trading market, if any, and future trading prices of the notes will depend on many factors, including, among other things, prevailing interest rates, our operating results, financial performance and prospects, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable changes in these factors.

Current economic trends and pressure in the financial services industry could cause significant fluctuations in our results of operations and the trading price of the notes.

The results of operations of financial services firms, including us, have recently experienced significant price and volume fluctuations and downward pressure as a result of volatile market conditions and may continue to experience such pressures in the future. Our results of operations have been negatively impacted, and are likely to continue to be subject to fluctuations which may further negatively impact our operating performance or prospects, and may negatively impact the trading price of the notes. Factors that could significantly impact our results of operations and the trading price of the notes include:

- changes in global financial markets and global economies and general market conditions, such as interest or foreign exchange rates, stock, commodity or asset valuations, or volatility;
- political, constitutional and economic uncertainty arising from the participation of countries in supranational bodies such as the European Union,
- developments in our business or in the financial sector generally;
- regulatory changes affecting our operations;
- the operating and securities price performance of companies that investors consider to be comparable to us; and
- announcements of strategic developments, acquisitions, and other material events by us or our competitors.

Significant declines in results of operations or the trading price of the notes or failure of any of these items to increase could also harm our ability to recruit and retain key employees, including our executives and financial advisors and other key professional employees and those who have joined us from companies we have acquired, reduce our access to debt or equity capital, and otherwise harm our business or financial condition. In addition, we may not be able to use our debt securities to finance future acquisitions.

General market conditions and unpredictable factors could adversely affect the market value of the notes.

There can be no assurance about the market value of the notes. Several factors, many of which are beyond our control, will influence the market value of the notes. Factors that might influence the market value of the notes include:

- our creditworthiness, regulatory capital levels, operating performance, financial condition and prospects;
- the ratings of our securities provided by credit ratings agencies, including ratings on the notes;
- our issuance of additional debt securities;
- interest rates, generally, and expectations regarding changes in rates;
- developments in the credit, mortgage and housing markets, the markets for securities relating to mortgages or housing, and developments with respect to financial institutions generally;
- the market for similar bank holding company securities; and

economic, financial, geopolitical, regulatory or judicial events that affect us or the financial markets generally. Accordingly, the notes that an investor purchases, whether in the offering or in the secondary market, may trade at a discount to their cost, and their value will fluctuate.

An adverse rating of the notes may cause their trading price to fall.

The notes have been rated, but a rating agency may assign a rating to the notes that is lower than the ratings assigned to our other debt. A rating agency may also lower ratings on the notes in the future. If a rating agency assigns a lower-than-expected rating or reduces, or indicates that it may reduce, its ratings in the future, the trading price of the notes could significantly decline.

Our credit rating may not reflect all risks of an investment in the notes and there is no protection in the indenture for holders of the notes in the event of a ratings downgrade.

Our credit rating is an assessment by a rating agency of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit rating will generally affect the market value of the notes. The credit rating may not reflect the potential impact of risks relating to structure or marketing of the notes. A credit rating is not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. Neither we nor any underwriter undertakes any obligation to maintain the ratings or to advise holders of notes of any change in ratings. A credit rating by one agency should be evaluated independently of the credit ratings assigned by other agencies.

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SUMMARY HISTORICAL FINANCIAL INFORMATION

The summary historical financial information is derived from our audited consolidated financial statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013, which are incorporated by reference into this prospectus supplement, and our audited financial statements as of December 31, 2013, 2012 and 2011 and for the years ended December 31, 2012 and 2011, which are not incorporated by reference into this prospectus supplement. The summary historical financial information for the three months ended March 31, 2016 and 2015, and the historical balance sheet data as of March 31, 2016, have been derived from our unaudited condensed consolidated financial statements incorporated by reference into this prospectus supplement and should be read in conjunction with those unaudited consolidated financial statements and notes thereto. The share and per share information has been adjusted to reflect the three-for-two stock split effective April 5, 2011, in the form of a stock dividend to shareholders of record as of March 22, 2011. In the opinion of management, the interim financial information provided herein reflects all adjustments (consisting of normal and recurring adjustments) necessary for a fair statement of the data for the periods presented. Interim results are not necessarily indicative of the results to be expected for the entire fiscal year.

When you read this historical consolidated financial information, it is important that you also read the historical consolidated financial statements and related notes, as well as the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations, each included in our Annual Report on Form 10-K, as amended by our Annual Report on Form 10-K/A, for the year ended December 31, 2015, and the unaudited consolidated financial statements and related notes, as well as the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations, each included in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016, which are incorporated by reference into this prospectus supplement and the accompanying prospectus. In addition, we filed a Form 8-K on July 8, 2016 which included certain pro forma financial information giving pro forma effect to the sale on July 1, 2016 of Sterne Agee, LLC s legacy independent brokerage and clearing businesses to INTL FCStone Inc. as of the dates indicated in such Form 8-K. See Where You Can Find Additional Information.

Three Months Ended March 31,		Year Ended December 31,				
2016	2015	2015	2014	2013	2012	2011
(unaudited)						
97,930	$ 180,302	$ 749,536	$ 674,418	$ 640,287	$ 501,434	$
20,948	100,205	389,319	409,823	408,954	408,935	
00,658	125,089	503,052	578,689	457,736	281,280	
44,532	113,869	493,761	386,001	305,639	257,981	
62,786	42,736	179,101	185,969	142,539	108,705	
7,231	11,800	62,224	14,785	64,659	69,148	

34,085	574,001	2,376,993	2,249,685	2,019,814	1,627,483
14,111	13,019	45,399	41,261	46,368	33,370
19,974	560,982	2,331,594	2,208,424	1,973,446	1,594,113
11,113	355,693	1,568,862	1,403,932	1,311,386	1,010,140
57,255	44,170	207,465	169,040	158,268	128,365
36,660	29,234	130,678	106,926	99,726	79,406
11,732	10,069	42,518	36,555	37,225	29,610
59,301	51,750	240,504	201,177	181,612	116,845

Some or all of these factors will influence the price that y
you sell your Notes prior to the Maturity Date or the Ear
Date in the secondary market, if any. If you sell your No
Maturity Date or the Early Redemption Date, the price th
may be less, and may be substantially less, than the price

The Notes will be subject to early redemption at our opti

We may redeem the Notes prior to the Maturity Date on
Interest Payment Date, beginning on April 26, 2023. In a
the right to redeem the Notes in the event of certain tax e
under "Description of the Notes and the Guarantees—Re
Reasons" in the prospectus supplement and "Description
Securities—Redemption" in the prospectus. If you intend
Notes, you must be willing to have your Notes redeemed
generally more likely to redeem the Notes during periods

expect that interest will accrue on the Notes at a rate that
which we would pay on our traditional interest-bearing d
securities having a maturity equal to the remaining term
general, the more that 30 Year CMS Rate exceeds 5 Yea
the higher the expected semiannual interest payments—t
be that we will elect to redeem the Notes. In contrast, we
likely to redeem the Notes during periods when we expe
on the Notes at a rate that is less than that which we wou
instruments. If we redeem the Notes prior to the Maturity
interest will be paid on the Notes prior to such early rede
will not receive any future interest payments from the No
you may be unable to reinvest your proceeds from the re
investment with a return that is as high as the return on t
have been if they had not been redeemed.

There may be potential conflicts of interest between inve
and us and our affiliates and the Selling Agent and its af

We and our affiliates and the Selling Agent and its affilia
of roles in connection with the issuance of the Notes, inc
Calculation Agent and hedging our obligations under the
activities related to interest rate movements, including sh
long-term interest rate swaps and other instruments that r
rates, have been entered into or may be entered into on b
affiliates, the Selling Agent, its affiliates or their respecti
are not for the account of the investors in the Notes or or
particular, as described below under "Use of Proceeds; H
Selling Agent and/or its affiliates may hedge our obligat
Notes by purchasing securities, futures, options or other
instruments with returns linked or related to changes in t
CMS Rates, and we may adjust these hedges by, among
purchasing or selling securities, futures, options or other
instruments at any time. These trading activities may pre
between the investors' interests in the Notes and the inte
affiliates and the Selling Agent and its affiliates will hav
respective proprietary accounts and in facilitating transac
block trades and options and other derivatives transactio
respective customers and in accounts under each of their
management. These trading activities, if they influence t
CMS Rates or any other factor that may affect the amoun
may be paid on any Floating Interest Rate Interest Payme
adverse to your interests as an investor in the Notes. It is
the Selling Agent and/or its affiliates could receive subst
these hedging activities while the value of the Notes dec

There may be potential conflicts of interest between inve
and the Calculation Agent.

As Calculation Agent for your Notes, Barclays Bank PL
the Selling Agent, will have discretion in making certain

that affect your Notes, including determining the CMS R
Interest Determination Date, which the Paying Agent wi
the amount we will pay on any applicable Floating Inter
Payment Date during the Floating Rate Interest Periods.
this discretion by Barclays Bank PLC could adversely af
your Notes and may present a conflict of interest betwee
interests in the Notes and the interests of Barclays Bank
change the Calculation Agent at any time without notice

We and our affiliates and the Selling Agent and its affili
or may in the future publish reports, express opinions or
recommendations and engage in other transactions that c
affect the value of the Notes.

We and our affiliates and the Selling Agent and its affili
or may in the future publish reports from time to time on
and other matters that may influence the value of the No
opinions or provide recommendations that are inconsiste
or holding the Notes. Any such reports, opinions or reco
not be consistent with each other and may be modified fr
without notice. Investors should make their own indepen
of the merits of investing in the Notes.

We and the Selling Agent or any of its affiliates also ma
or assist unaffiliated entities in the issuance or underwrit
securities or financial instruments that may have features
the Notes, including similar rates of interest or maturitie
competing products into the marketplace in this manner,
Agent or its affiliates could adversely affect the value of

The historical levels of the CMS Rates should not be tak
of the future levels of such rates.

In the past, the levels of the CMS Rates have experience
fluctuations. You should note that historical levels, fluct
of the CMS Rates are not necessarily indicative of future
historical upward

or downward trend in the CMS Rates is not an indicatior
Rates are more or less likely to increase or decrease at an
Floating Rate Interest Periods. Changes in the levels of C
affect the value of the Notes, but neither we nor you can
performances of the CMS Rates based on their historical
The actual performances of the CMS Rates during the Fl
Interest Periods, as well as the interest payable on each F
Rate Interest Payment Date, may bear little or no relation
hypothetical levels of the CMS Rates or to the hypotheti
shown in this pricing supplement.

The Notes may not be a suitable investment for you unde
circumstances.

The Notes may not be a suitable investment for you, if, a

- you are unwilling to forgo guaranteed market interest r of the Notes;
- you anticipate that, after the first year of the term of th Reference Rate will decrease or the Reference Rate on Determination Date will not be sufficient to provide yo desired return;
- you are unable to accept the risk that the Notes may pa Minimum Interest Rate, or interest at a very low rate, i Floating Interest Rate Interest Payment Date;
- you seek a return on your investment that will not be c Maximum Interest Rate with respect to each Floating I Period;
- you seek assurances that there will be a liquid market f want to sell the Notes prior to maturity;
- you are unwilling to accept the risk that the Notes may to maturity, and are unwilling or unable to accept the r be unable to reinvest the proceeds of such redemption with a return that is as high as the return on the Notes they had not been redeemed; or
- you are unwilling or are unable to assume the credit ri Lloyds Bank, as the Issuer of the Notes, and LBG, as t the Issuer's obligations under the Notes.

CMS RATES

Payments on the Notes are determined with reference to
which are "constant maturity swap rates" that measure th
interest payable on a hypothetical fixed-for-floating U.S.
swap transaction with a maturity of thirty years and five
respectively. In such a hypothetical swap transaction, th
interest, payable semi-annually on the basis of a 360-day
twelve 30-day months, is exchangeable for a floating 3-m
LIBOR-based payment stream that is payable semiannua
the actual number of days elapsed during a semiannual p
year. "LIBOR" is the London Interbank Offered Rate, a
interest at which banks borrow funds from each other in
interbank market. 3-Month LIBOR is the rate of interest
London charge each other for loans for a period of three

The "Reference Rate" will be an amount determined by
Agent equal to the CMS Spread, which is 30 Year CMS
CMS Rate.

"CMS Rates" means, the CMS Rate with a maturity of 3
CMS Rate") and the CMS Rate with a maturity of 5 year
Rate"), which appears on Reuters ISDAFIX1 page (the "
of 11:00 a.m., New York City time, on the relevant Inter
Date.

"Interest Determination Dates" means, the second U.S. G
Securities Business Day prior to the relevant Interest Re

"U.S. Government Securities Business Day" means, any
Saturday, Sunday, or a day on which the Securities Indus
Markets Association (or any successor thereto) recomme
income departments of its members be closed for the ent
purposes of trading in U.S. government securities.

UNAVAILABILITY OF CMS RATES

If either CMS Rate does not appear on the ISDAFIX1 Pa
successor page) on any Interest Determination Date, then
Rate or 5 Year CMS Rate, as the case may be, will be a p
determined on the basis of the mid-market, semi-annual
quotations provided by five leading swap dealers in the N
interbank market at approximately 11:00 a.m., New York
Interest Determination Date. For this purpose, the semi-
means the mean of the bid and offered rates for the semi
calculated on a 30/360 day count basis, of a fixed-for-flo
interest rate swap transaction with a term equal to 30 or 5
purposes of determining 30 Year CMS Rate and 5 Year C

respectively), commencing on that Interest Determinatio
acknowledged dealer of good credit in the swap market,
leg, calculated on an Actual/360 day count basis, is equi
displayed on "LIBOR Reuters Page 01" with a maturity

The Calculation Agent will select the five swap dealers a
with us and shall request the principal New York City of
those dealers to provide a quotation of its rate. If (i) mor
quotations are provided in respect of the relevant rate, 30
or 5 Year CMS Rate for that Interest Determination Date
arithmetic mean of the quotations after eliminating the h
quotations (or, in the case of quotations being equal, elim
of the highest and one of the lowest quotations); (ii) if th
provided, the highest and lowest quotations will be elimi
case of quotations being equal, eliminating only one of t
of the lowest quotations) and 30 Year CMS Rate or 5 Ye
that Interest Determination Date will be equal to the sing
quotation; or (iii) if fewer than three leading swap dealer
Calculation Agent are quoting as described above, the 30
or 5 Year CMS Rate, as the case may be, determined as
Interest Determination Date on which such rate(s) was a
remain the relevant 30 Year CMS Rate or 5 Year CMS R
that Interest Determination Date (or, in the case of the fi
Interest Period, the Initial Interest Rate).

HYPOTHETICAL INTEREST RATE AND INTERE
CALCULATIONS

As described above, after any Initial Interest Rate Interes
Notes will pay interest on each Interest Payment Date at
Interest Rate. The following illustrates the process by wh
rate and interest payment amount are determined for any
Rate Interest Periods.

For purposes of these examples, we assume that the Note
redeemed on the applicable Interest Payment Date pursu
Redemption at the Option of the Issuer provisions above
redemption option, you will receive on the Early Redem
Redemption Price applicable to that Early Redemption D
described above.

Floating Interest Rate Calculation

Step 1: Calculate the Reference Rate.

For each Floating Rate Interest Period, a value for the Re
determined by calculating the CMS Spread, which is equ
Rate minus 5 Year CMS Rate on the Interest Determinat
Floating Rate Interest Period (that is, two U.S. Governm
Business Days prior to the first day of the Floating Rate
the value of 30 Year CMS Rate is not greater than 5 Yea
subtraction of 5 Year CMS Rate from 30 Year CMS Rat
negative CMS Spread, and therefore a negative Referenc

Step 2: Calculate the per annum interest rate for each Int
Date.

For each Floating Rate Interest Period, the per annum in
determined by multiplying (1) the Multiplier applicable t
Rate Interest Period by (2) the Reference Rate minus the
applying the Minimum Interest Rate and Maximum Inter
the Minimum Interest Rate on the Notes is equal to 0.00
Reference Rate on any Interest Determination Date was
than 0.50% (because of the application of the Strike), yo
receive an interest payment on the related Interest Paym
Factors—The Notes are subject to interest payment risk
Reference Rate". The per annum interest rate will also b
Maximum Interest Rate of 12.50%.

Step 3: Calculate the interest payment amount payable fo
Payment Date.

For each Floating Rate Interest Period, once the Calculat
determined the applicable interest rate per annum, the Pa

calculate the effective interest rate for that Floating Rate
multiplying the per annum interest rate determined for th
Interest Period by the applicable day count fraction. The
interest rate is then multiplied by the relevant principal a
to determine the actual interest amount payable on the re
Payment Date. No adjustments to the amount of interest
made in the event an Interest Payment Date is not a Busi

Example Interest Rate and Interest Payment Calculations

The following examples illustrate how the per annum int
interest payment amounts would be calculated for a give
Interest Period to which the Floating Interest Rate applie
for the CMS Rates and the Reference Rate. These examp
the applicable Reference Rate for the Notes being the dif
CMS Rate minus 5 Year CMS Rate, the Multiplier of 4.0
0.50%, the Minimum Interest Rate of 0.00% per annum
Interest Rate of 12.50% per annum. We have assumed th
semiannual Interest Payment Dates, and that interest pay
calculated using a 30/360 day count basis (such that the a
count fraction for the semiannual interest payment for th
Interest Period will be 180/360).

These values and assumptions have been chosen arbitrar
of these examples, and should not be taken as indicative
particular Notes or the future performance of the CMS R
Reference Rate. The specific terms for each issuance of
determined at the time such Notes are priced. Numbers i
have been rounded for ease of analysis. These examples
Notes are held until maturity and do not take into accour
consequences from investing in the Notes.

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30 Year CMS Rate	5 Year CMS Rate	Reference Rate1	Reference Rate – minus Strike of 0.50%	Multiplier of 4.0 times (Reference Rate minus Strike)	Floating Interest Rate (per annum)2
3.00%	4.20%	-1.20%	-1.70%	-6.80%	0.00%
4.00%	4.60%	-0.60%	-1.10%	-4.40%	0.00%
5.00%	5.00%	0.00%	-0.50%	-2.00%	0.00%
6.00%	4.50%	1.50%	1.00%	4.00%	4.00
7.00%	4.50 %	2.50%	2.00%	8.00%	8.00
8.00%	4.50%	3.50%	3.00%	12.00%	12.00
9.00%	4.50%	4.50%	4.00%	16.00%	12.50%

1. For any Floating Rate Interest Period, the value of the equal to the CMS Spread, which is 30 Year CMS Rate CMS Rate, as determined by the Calculation Agent on Determination Date.

2. The interest rate per annum is equal to the product of ((4) for that Interest Period and (b) the Reference Rate Period minus the Strike (0.50%), subject to the Minim (0.00% per annum) and the Maximum Interest Rate (1

3. The interest rate per annum for any Interest Period sha the Minimum Interest Rate of 0.00% per annum.

4. The interest rate per annum for any Interest Period sha than the Maximum Interest Rate of 12.50% per annum

5. The effective interest rate for any Interest Period equal interest rate per annum multiplied by the day count fra

6. The interest payment amount for an Interest Payment principal amount multiplied by the effective interest ra Interest Period.

Example 1: If on the Interest Determination Date for the Rate Interest Period the value of 30 Year CMS Rate is 6. CMS Rate is 5.30%, the Reference Rate for the correspo

Period would be 1.20% (equal to 30 Year CMS Rate mi
Rate). In this case, the per annum interest rate for that In
be 2.80% (equal to the product of (1) the Reference Rat
of 0.50% and (2) the Multiplier of 4.00), and you would
payment of $14.00 per $1,000 principal amount of Note
semiannual Interest Payment Date, calculated as follows

Effective Interest Rate = 2.80% x (180/360) = 1.40%
Interest Payment = $1,000 x 1.40% = $14.00

Example 2: If on the Interest Determination Date for the
Rate Interest Period the value of 30 Year CMS Rate is 4.
CMS Rate is 4.60%, the Reference Rate for the Interest
-0.10% (equal to 30 Year CMS Rate minus 5 Year CMS
product of (1) the Reference Rate minus the Strike of 0.
Multiplier of 4.00 is a per annum interest rate of -2.40%
the Minimum Interest Rate of 0.00% per annum, the per
for that Interest Period would be 0.00% (the Minimum I
you would not receive an interest payment on the related
Interest Payment Date.

Example 3: If on the Interest Determination Date for the
Rate Interest Period the value of 30 Year CMS Rate is 8.
CMS Rate is 4.70%, the Reference Rate for the Interest
3.80% (equal to 30 Year CMS Rate minus 5 Year CMS
product of (1) the Reference Rate minus the Strike of 0.
Multiplier of 4.00 is a per annum interest rate of 13.20%
than the Maximum Interest Rate of 12.50% per annum, t
interest rate for that Interest Period would be equal to th
Interest Rate of 12.50% per annum, and you would recei
payment of $62.50 per $1,000 principal amount of Note
semiannual Interest Payment Date, calculated as follows

Effective Interest Rate = 12.50% x (180/360) = 6.25%
Interest Payment = $1,000 x 6.25% = $62.50

We cannot predict the actual CMS Rates on any day or
Notes, and we cannot predict the relationship between t
the value of the Notes at any time prior to the Maturity
Redemption Date, if applicable. The actual interest pay
of the Notes will receive on each Floating Interest Rate
Date and the rate of return on the Notes will depend on
Rates determined by the Calculation Agent over the ter
Consequently, the interest amount to be paid in respect
each Floating Interest Rate Interest Payment Date may
from the information reflected in the table above.

HISTORICAL INFORMATION

We have provided the following historical information t
the behavior of the CMS Rates and hence, the CMS Spre
periods. The historical difference between the CMS Rat
taken as an indication of the future difference between th
the performance of the Notes. Fluctuations in the CMS
the CMS Spread, make the interest rate on the Notes diff
can result in an interest rate to investors that is lower tha
anticipated. Fluctuations in the CMS Rates and interest
have occurred in the past are not necessarily indicative o
may occur in the future, which may be wider or narrowe
have occurred historically.

Neither LBG, Lloyds Bank nor the Selling Agent can gu
difference between the CMS Rates will be maintained or
that 30 Year CMS Rate will be greater than 5 Year CMS
of the Notes so that you will receive a rate of interest gre
Minimum Interest Rate for any Floating Rate Interest Pe
of the Notes. The actual interest rate on the Notes for an
Interest Period will depend on the actual CMS Spread or
Interest Determination Dates.

The following table shows historical month-end differen
CMS Rates from January 2008 through April 18, 2013 b
Rates as published by Bloomberg L.P. The graph below
daily differences between the CMS Rates from June 26,
18, 2013 based on the CMS Rates as published by Bloom
historical values of the Reference Rate provided in the ta
below do not take into account the Strike of 0.50% that i
the Reference Rate when applying the formula for calcul
Interest Rate applicable to any Floating Rate Interest Per
Floating Rate Interest Period, the Floating Interest Rate
product of (1) the Multiplier of 4.00 and (2) an amount e
applicable Reference Rate minus the Strike of 0.50%, wi
subject to the Minimum Interest Rate and Maximum Inte
have not independently verified or performed due diligen
accuracy or completeness of the historical data in the tab
below. The Calculation Agent will determine the actual
Notes for any Floating Rate Interest Period by reference
as published on the ISDAFIX1 Page.

Historical Difference between 30 Year CMS Rate and 5

	2008	2009	2010	2011	
January	1.27700%	0.90300%	1.74100%	2.13600%	1.
February	1.46600%	0.74900%	1.82200%	1.94700%	1.
March	1.33100%	1.03600%	1.79800%	1.88700%	1.

April	1.00400%	1.01400%	1.68400%	2.00000%	1.
May	0.89200%	1.33300%	1.60800%	2.03200%	1.
June	0.69700%	1.21000%	1.66400%	2.06800%	1.
July	0.82800%	1.30800%	1.92700%	2.17900%	1.
August	0.76600%	1.32800%	1.59300%	1.93500%	1.
September	0.61800%	1.27100%	1.82000%	1.45900%	1.
October	0.57700%	1.48200%	2.21600%	1.67800%	1.
November	0.22900%	1.68900%	2.06800%	1.42300%	1.
December	0.59300%	1.54800%	1.95200%	1.35800%	1.

(1) The Reference Rate will be an amount determined b
Agent equal to the CMS Spread, which is 30 Year C
Year CMS Rate. The historical values of the Refere
in this table do not take into account the Strike of 0.5
deducted from the Reference Rate when applying th
calculating the Floating Interest Rate applicable to a
Interest Period. For each Floating Rate Interest Peri
Interest Rate will be equal to the product of (1) the M
and (2) an amount equal to the applicable Reference
Strike of 0.50%, with such product subject to the Mi
Rate and Maximum Interest Rate.

(2) As measured on April 18,

Historical values of the CMS Spread are not indicative of future values of the CMS Spread.

TAX CONSEQUENCES

You should review carefully the section in the prospectu
entitled "U.S. Federal Income Tax Consequences." The
as "contingent payment debt instruments" for U.S. feder
purposes, as described under "—Notes Treated as Conti
Instruments" in that section. Because the Notes will be o
purchasers at varying prices, it is expected that the "issu
for U.S. federal income tax purposes will be uncertain. W
to treat the issue price as $1,000 for each $1,000 princip
and the remainder of this discussion so assumes. Our int
will affect the amounts you will be required to include in
federal income tax purposes. You should consult your ta
the uncertainty with respect to the Notes' issue price, inc
consequences to you if the actual issue price of the Note
income tax purposes is not $1,000 per Note.

In any case, regardless of your method of accounting for
income tax purposes, you generally will be required to a
interest income in each year on a constant yield to matur
"comparable yield," as determined by us, with certain ad
year to reflect the difference, if any, between the actual a
amounts of the interest payments at the Floating Interest
(if any) in that year. Any income recognized upon a sale
Note (including early redemption or redemption at matu
as interest income for U.S. federal income tax purposes.

After the Issue Date, you may obtain the comparable yie
projected payment schedule by contacting Lloyds Invest
investor.relations@ltsb-finance.co.uk. Neither the comp
projected payment schedule constitutes a representation
actual interest payments at the Floating Interest Rate (if
make on the Notes.

If you purchase Notes for an amount that is different fro
you will be required to account for this difference, gener
reasonably among projected payments on the Notes or d
interest that you are required to accrue with respect to th
treating these allocations as adjustments to your income
is made or the interest accrues. You should consult your
regarding the treatment of the difference between your b
and their issue price.

For a discussion of U.K. tax considerations relating to th
should refer to the section in the prospectus supplement
the United Kingdom."

You should consult your tax adviser regarding the U.S. f
consequences of an investment in the Notes, as well as t
arising under the laws of any state, local or non-U.S. tax

VALIDITY OF THE NOTES

In the opinion of Davis Polk & Wardwell LLP, when the
executed and issued by the Issuer and the Guarantor and
the trustee pursuant to the Indenture, and delivered agair
contemplated herein, the Notes will constitute valid and
of the Issuer, and the related guarantee will constitute a
obligation of the Guarantor, in each case enforceable in
their terms, subject to applicable bankruptcy, insolvency
affecting creditors' rights generally, concepts of reasona
equitable principles of general applicability. This opinic
date hereof and is limited to the laws of the State of New
this opinion involves matters governed by Scots law, Da
Wardwell LLP has relied, without independent inquiry o
the opinion of Dundas & Wilson CS LLP, dated April 9,
the Guarantor as an exhibit to a Report on Form 6-K on
2013. Insofar as this opinion involves matters governed
Davis Polk & Wardwell LLP has relied, without indepen
investigation, on the opinion of Linklaters LLP, dated A
filed by the Guarantor as an exhibit to a Report on Form
2013. The opinion of Davis Polk & Wardwell LLP is su
assumptions, qualifications and limitations with respect
are contained in the opinions of Dundas & Wilson CS L
LLP. In addition, the opinion of Davis Polk & Wardwel
customary assumptions about the establishment of the te
the trustee's authorization, execution and delivery of the
authentication of the Notes, and the validity, binding nat
enforceability of the Indenture with respect to the trustee
opinion of Davis Polk & Wardwell LLP dated April 9, 2
filed by the Guarantor as an exhibit to a Report on Form
2013.

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USE OF PROCEEDS; HEDGING

The net proceeds from the sale of the Notes will be used
"Use of Proceeds" in the prospectus and to hedge marke
Bank associated with its obligation to pay the applicable
and the payment amount at maturity of the Notes.

We, the Selling Agent and/or its affiliates may hedge ou
the Notes by, among other things, purchasing securities,
other derivative instruments with returns linked or relate
levels of CMS Rates, and we may adjust these hedges by
things, purchasing or selling securities, futures, options o
instruments at any time. Our cost of hedging will include
profit that our counterparty expects to realize in consider
the risks inherent in hedging our obligations under the N
hedging our obligations entails risk and may be influence
forces beyond our or our counterparty's control, such he
a profit that is more or less than expected, or could resul
possible that we, the Selling Agent and/or its affiliates co
substantial returns from these hedging activities while th
Notes declines.

We and the Selling Agent have no obligation to engage i
hedging activity and we will do so solely at our discretio
account. No holder of the Notes will have any rights or i
hedging activity or any positions we or any unaffiliated c
take in connection with our hedging activity.

The hedging activity discussed above may adversely affe
Notes from time to time. See "Risk Factors— The price
has certain built-in costs, including the Selling Agent's c
cost of hedging, both of which are expected to be reflecte
market prices" and "Risk Factors—There may be potent
between investors in the Notes and us and our affiliates a
Agent and its affiliates" in this pricing supplement for a
adverse effects.

SUPPLEMENTAL PLAN OF DISTRIBU

We have agreed to sell to Barclays Capital, Inc., as the S
the Selling Agent has agreed to purchase from us the agg
amount of the Notes specified on the front cover of this p
at $957.50 per $1,000.00 of principal amount of the Note
aggregate proceeds to us of $13,405,000.00. The Selling
commissions from us of up to $42.50 per $1,000 princip
Notes, or up to $595,000.00 of the aggregate principal ar
and may retain all or a portion of these commissions or u

of these commissions to pay selling concessions or fees t
dealers. The Selling Agent has informed us that such co
vary from dealer to dealer and that not all dealers will pu
repurchase the Notes at the same concession. You can fi
information in the section entitled "Supplemental Plan o
page S-26 of the prospectus supplement.

The Notes will be offered from time to time in one or mo
transactions at varying prices to be determined at the tim
which may be at market prices prevailing, at prices relat
prevailing prices or at negotiated prices; provided, howe
will not be less than $957.50 per $1,000.00 principal am
and will not be more than $1,000.00 per $1,000.00 princ
Notes.

The Selling Agent has agreed to reimburse us for certain
to the offering in an amount up to $21,000.00.

We have entered or will enter into one or more hedging t
connection with this offering of Notes. See "Use of Proc
above. In addition, from time to time, the Selling Agent
have engaged, and in the future may engage, in transacti
have performed, and in the future may perform, services
they have been, and may be, paid customary fees. In par
of the Selling Agent is our swap counterparty for a hedg
under the Notes and will be paid customary fees in conn
hedging.

In the future, the Selling Agent or any of its affiliates ma
resell the offered Notes in market-making transactions, v
made at prices related to prevailing market prices at the t
negotiated prices.

The Notes are a new issue of securities with no establish
market. We have been advised by the Selling Agent tha
intends to make a market in the Notes, but it is not oblig
may

discontinue market making at any time for any reason w
assurance can be given as to the liquidity or existence of
for the Notes.

We may deliver the Notes against payment therefor on a
than three business days after the Trade Date. Under Rul
Securities Exchange Act of 1934, as amended, trades in
market generally are required to settle in three business
parties to any such trade expressly agree otherwise. Acc
initial settlement of the Notes occurs more than three bu
the Trade Date, purchasers who wish to trade the Notes
business days prior to the Issue Date of the Notes will be
specify alternative arrangements to prevent a failed settl
consult their own advisers in connection with that electi

US $14,000,000

Lloyds TSB Bank plc
fully and unconditionally guaranteed b
Lloyds Banking Group plc

Senior Callable CMS Steepener Notes due Apri

Medium-Term Notes, Series A

Pricing Supplement

(to prospectus dated December 22, 201
and prospectus supplement dated June 6, 2