



MARKET SERVICES' NEWSLETTER

Welcome to the December 2008 edition of the Market Services' newsletter keeping you updated on events within Market Services.

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1 Interest Payments

Members are reminded that interest earned on cash held within their Funds at Lloyd's (FAL) is paid on a semi-annual basis. Interest is accrued as at 31 December and 30 June and paid in accordance with members' instructions within 5 business days of this date. This applies for both sterling and other currency payments.

Members who have interest paid directly to their bank accounts will see confirmation of this payment on their bank statements for January and July. Additionally, interest will be reflected on the cash movement statement (CMS) sent to all members during the month. Members whose interest is 'rolled back' into FAL will again have this confirmed on the CMS.

Please note all interest earned on cash held in Special Reserve Fund (SRF) must roll back into SRF in accordance with the terms of that fund and the amount will be confirmed on the CMS.

December 2008 Payment

The next payment is due to be paid in early January 2009 in respect of the period covered 28 June 2008 to 31 December 2008, with the CMS due by the end of January.

For further information please contact : Janice Baldwin 01634 392294
E-mail janice.baldwin@lloyds.com

Reminder to advise Market Services re changes to Banking Details

Members are reminded to advise Market Services of any changes they may have made to their bank details as soon as possible.

When providing these instructions members should consider the money laundering section of this newsletter.

Money Laundering

The 2007 UK Money Laundering (ML) Regulations implementing the third ML directive came into force on 15 December 2007. These new regulations introduced to firms the concept of Customer Due Diligence which emphasises the need to obtain identification information about its customers. In Market Services' case this is you, the members. As a result with effect from 15 December 2007, any existing member providing notification of a change of bank account details directly to Market Services, for instance in respect of interest or dividend payments, must provide copy evidence that the bank account and beneficiary account name correspond to that of the member eg provision of a copy paying-in slip. This applies only to notifications of changes or new account details provided direct to Market Services.

Please advise us in writing of any new instructions of payment details to :

Membership Arrangements
Market Services
Fidentia House
Walter Burke Way
Chatham
Kent
ME4 4RN

E-mail membership-arrangements@lloyds.com

For further information please contact : Janice Baldwin 01634 392294
Debbie Nash 01634 392654

2 Members' Cash Interest Rates

Members are advised of the interest rates applied to cash held within Funds at Lloyd's for the period 6 September 2008 to 30 November 2008. Please note the rates quoted below are gross of tax and net of the Market Services cash handling charge of 0.125%.

<u>Currency</u>	<u>Period</u>	<u>Rate</u>
GBP	06/09/2008 – 08/10/2008	4.500%
	09/10/2008 – 19/11/2008	3.875%
	20/11/2008 – 30/11/2008	3.375%
US Dollar	06/09/2008 – 08/10/2008	1.875%
	09/10/2008 – 28/10/2008	1.000%
	29/10/2008 – 19/11/2008	0.625%
	20/11/2008 – 30/11/2008	0.375%
Euro	06/09/2008 – 19/11/2008	4.250%
	20/11/2008 – 30/11/2008	3.500%
Aus Dollar	06/09/2008 – 30/11/2008	5.750%

For further information please contact : Janice Baldwin 01634 392294
E-mail janice.baldwin@lloyds.com

3 Distribution 2009 - Further Acceleration of Profits and Loss Payment Dates

To demonstrate the strategic direction and continuous improvement that Lloyd's and Market Services is striving to achieve we are pleased to advise that the timetable for release of profits will be accelerated further for 2009. Traditionally, releasable profits have been available from 1 June. However, in 2008 this date was brought forward to 15 May. In 2009, subject to the results of the Release Test, profits will be available to non-aligned members from 1 May.

This initiative provides an opportunity to also improve cash flow to the market. Therefore, the traditional loss payment date of the last working day in June will be advanced to 16 June for 2009.

For further information please contact : Theresa Thorp 01634 392417
E-mail theresa.thorp@lloyds.com

4 Members' Deaths Capacity Issues

Under the terms of the Managing Agent's Agreement, the death of a member results in the member being treated as not participating on their relevant syndicate(s) for the purpose of allocating profit/losses in the year of death. This event means that capacity is available to the estate that may be sold at auction. Whilst it may not be an issue that a member wishes to dwell upon, it is important that the member's executors notify Lloyd's and the relevant members' agent of a member's death as promptly as possible. This is particularly important close to year end, due to time constraints, as there may be an opportunity for the estate to receive some value for the deceased member's prospective entitlement of capacity for the subsequent year of account.

For further information please contact : Sally Dunning 01634 392486

E-mail sally.dunning@lloyds.com

5 Telephone Recording

During the first quarter of 2009 for training and compliance purposes, Lloyd's will be introducing telephone recording on various teams within Market Services. This will enable, for example, verbal instructions given by members in relation to their fund holdings to be verified. Members will be made aware that a recording is being made by means of an introductory recorded message prior to being put through to the relevant area. These records will be retained for a period of 6 months.

For further information please contact : Karen Oliver 01634 392120

E-mail karen.oliver@lloyds.com

6 Syndicate Reports and Accounts

Earlier this year Market Services produced approximately 44,000 address labels for managing agents to send hard copies of syndicate reports and accounts to members.

We have found over recent years that many members prefer to receive these documents electronically rather than in hard copy. In addition, the production of physical documents consumes a considerable amount of paper at a time when Lloyd's is committed to reducing its environmental impact.

Market Services is therefore currently discussing proposals for the increased use of electronic communications with managing agents and members' agents, including via a website, for sending copies of the syndicate reports and accounts.

Your members' agent may well contact you in due course to ascertain the form in which you wish to receive your syndicate report and accounts.

For further information please contact : Sally Dunning 01634 392486

E-mail sally.dunning@lloyds.com

7 Citigroup

Citigroup, which acts as custodian for some members' assets held at Lloyd's, has been in the news in recent days as significant falls in the bank's share price created some concern amongst investors. Subsequently, on 24 November, the US authorities announced a significant financial support package for Citigroup. Details of the package are set out in the press release contained within this booklet (Appendix I). Many banks globally are facing difficulties in the current environment and Citigroup is one of many to receive support from Government authorities. This commitment to maintaining stability within the financial system provides significant comfort.

For further information please contact : Karen Oliver 01634 392120
E-mail karen.oliver@lloyds.com

8 'Faster' Payments

Background

In the UK, the usual method for effecting Sterling bank transfers is via BACS (Bankers Automated Clearing System) which takes three working days from the initiation of the payment to the receipt of funds. The alternative is CHAPS (Clearing House Automated Payments System), which enables funds to be cleared within one working day but costs the sender considerably more than BACS. CHAPS is therefore not the most appropriate vehicle for remitting low value payments.

What are 'Faster' Payments and Why?

The banking industry acknowledged that with the growth of internet and telephone banking there was a gap in the range of payment options available to customers. Therefore in May this year Faster Payments was introduced by banks as a new clearance system, designed to allow the transfer of funds to clear quicker than BACS but as a cheaper alternative to CHAPS.

'Faster' Payments is a "Net Settlement" system between banks and in order to limit interbank settlement risk as well as mitigate the risk of fraud, the maximum amount permitted is capped at £10,000 per transaction.

It is felt that a low value, high volume, 24 x 7, real time payment system will become an important part of the economy of the 21st century and an electronic payment system that reflects that speed and availability is required. By introducing this payment system the banks hope to gain income directly from payment charges and indirectly by making the UK an attractive place to do business.

A secondary reason is that the banks will use the new payment system to replace those payments which currently incur float (float is where paying customers are debited on day one but the beneficiary is not credited with the payment until day three; the banks thereby earn two days interest on the payment). Float is a legacy of the older BACS payment systems for inter bank payments and has been an issue with the banking regulators for a while.

Will Lloyd's be remitting monies via the Faster Payments route?

No, at present Faster Payments is available to personal and retail customers only and therefore does not apply to business accounts. If this should alter we shall advise members accordingly.

For further information please contact : Charles Rayner 01634 392097
E-mail charles.rayner@lloyds.com

9 Market Services' Charges 2009

Market Services' Charges for 2009 were approved by the Franchise Board on 24 November 2008.

An inflationary increase of c3% has been applied to all charges together with the following amendments:

- 1 The introduction of a charge in respect of foreign currency exchange rate transactions which will be levied by adjusting the exchange rate at which deals are transacted.
- 2 The amalgamation of the 'Foreign Securities including Citibank' and the 'Foreign Securities in Crest' charges to a single charge 'Foreign Securities' which will be levied at £140 per holding.

As in previous years, the fund holding charges will be based upon members' Funds at Lloyd's position as at 1 January 2009 and Charges Statements will be issued in March 2009.

A copy of the price list is contained within this booklet (Appendix II) for your information.

For further information please contact : Jenny Laverty 01634 392320

E-mail market-services-charges@lloyds.com

I hope you have found this newsletter informative and if you have any comments on the new format or proposals for articles to be included in future newsletters please let me know.

Jenny Laverty

MARKET SERVICES

01634 392320

jenny.laverty@lloyds.com



For Immediate Release

Citigroup Inc. (NYSE symbol: C)

November 24, 2008

CITI ADDS \$40 BILLION OF CAPITAL BENEFIT THROUGH AGREEMENT WITH U.S. TREASURY, FEDERAL RESERVE, AND FDIC

Citi to issue preferred stock and warrants to U.S. Treasury and FDIC

Strike price on warrants set at \$10.61

Citi to receive capital benefits from government guarantee on \$306 billion of assets

Citi secures access to multiple additional liquidity facilities

New York – Citi (NYSE: C) today announced that it has reached an agreement with the U.S. Treasury, the Federal Reserve Board, and the Federal Deposit Insurance Corp. (FDIC) on a series of steps to strengthen Citi's capital ratios, reduce risk, and increase liquidity, as described below:

CAPITAL

- The U.S. Treasury will invest \$20 billion in Citi preferred stock under the Troubled Asset Relief Program (TARP).*
- Citi will issue an incremental \$7 billion in preferred stock to the U.S. Treasury and the FDIC as payment for a government guarantee on \$306 billion of securities, loans, and commitments backed by residential and commercial real estate and other assets.*
- As a result of the asset guarantee, the \$306 billion portfolio will have a new risk weighting of 20%, thus freeing up an additional \$16 billion of capital to the company.*
- Citi will issue warrants to the U.S. Treasury and the FDIC for approximately 254 million shares of the company's common stock at a strike price of \$10.61.*
- Citi also has agreed not to pay a quarterly common stock dividend exceeding \$0.01 (one cent) per share for three years effective on the next quarterly common stock dividend payment.*

The program significantly strengthens Citi's key capital ratios by generating approximately \$40 billion of capital benefits as follows:

- \$20 billion from the TARP investment.*
- \$3.5 billion, the portion of the \$7 billion of preferred stock fee recognized for capital purposes.*
- \$16 billion of capital benefits resulting from the asset guarantee.*

Citi's Tier 1 capital ratio for the third quarter ended September 30, 2008, on a pro forma basis, for the October TARP capital injection and the new capital generated by today's announcement, subject to Federal Reserve Board approval, is expected to be approximately 14.8% and its TCE/RWMA ratio would be approximately 9.3%.

RISK REDUCTION

Under the guarantee, Citi will assume any losses on the portfolio up to \$29 billion on a pre-tax basis, in addition to Citi's existing reserves; the government entities will assume 90% of any losses above that level and Citi will assume the balance. Citi will retain these assets on its balance sheet and realize the associated cash flow.

LIQUIDITY

In addition to its extensive access to existing liquidity sources, Citi has been provided expanded access to both the Federal Reserve's Primary Dealer Credit Facility and the discount window, resulting in strong additional liquidity resources should they be needed. Citi also has access to the yet-unused Federal Reserve's Commercial Paper Funding Facility and intends to issue debt under the FDIC's Temporary Liquidity Guarantee Program.

The agreement also provides that an executive compensation plan, including bonuses, that rewards long-term performance and profitability, with appropriate limitations, must be submitted to, and approved by, the U.S. government.

"This weekend, the U.S. government and Citi worked together in an unprecedented way to address market confidence and the recent decline in Citi's stock price," said Vikram S. Pandit, Chief Executive Officer. "We reached an agreement based on an innovative market solution to further strengthen our capital ratios, reduce risk, and increase liquidity. We appreciate the tremendous effort by the government to assure market stability.

"We are committed to streamlining our business and providing outstanding banking services to our clients around the world. We will continue to focus on opportunities and alternatives to further enhance the company's overall position and value," Mr. Pandit concluded.

The transaction has been unanimously approved by the Citi Board of Directors.

For more details, please see the term sheet for the transaction at www.citigroup.com/citi/fin/index.htm

Citi

Citi, the leading global financial services company, has some 200 million customer accounts and does business in more than 100 countries, providing consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, and wealth management. Citi's major brand names include Citibank, CitiFinancial, Primerica, Smith Barney, Banamex, and Nikko. Additional information may be found at www.citigroup.com or www.citi.com.

Forward-Looking Statements

Certain statements in this document are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements due to a variety of factors. More information about these factors is contained in Citi's filings with the Securities and Exchange Commission.

INDIVIDUAL MEMBERS

Chargeable Item	Frequency	Price 2009	VAT Status – Note 3	Description of Service
Base Service Charge – Active and Naturally Open Participation	Annual	£315	Outside Scope	Basic charge for membership administration
Base Service Charge – Run-Off Participation Only	Annual	£255	Outside Scope	Basic charge for membership administration
Bank/Building Society Accounts	Annual	£53	Outside Scope	Single charge for administration of accounts within funds at Lloyd's (FAL)
UK securities and Unit Trusts (UK and Foreign) (per holding)	Annual	£48	Outside Scope	Per holding charge for administration of UK Securities and all Unit Trusts held in FAL
Foreign Securities (per holding)	Annual	£140	Outside Scope	Per holding charge for administration of foreign securities held in FAL
Guarantees / Letter of Credits	Annual	£98	Outside Scope	Per holding charge for administration of guarantees or letters of credit held in FAL
Life Policy / Bond	Annual	£148	Outside Scope	Per holding charge for administration of life policies / bonds held in FAL
Merrill Lynch Monitoring	Annual	£325	Outside Scope	Single charge for monitoring of securities held in FAL via Merrill Lynch
FX Contract – base charge	Per contract	£216	Outside Scope	Per holding charge for receipt and initial set up of contract
FX Contract – monitoring	Per month or part thereof	£93	Outside Scope	Per holding charge for daily monitoring of contract margin
Unregulated CIS – initial charge	Once	£500	Outside Scope	Single charge for approval of initial unregulated CIS
Special Reserve Fund Administration	Annual	£77	Outside Scope	Single charge for administration of Special Reserve Fund
Market Services Taxation – Active and Naturally Open Participation	Annual	£91	Standard Rate	Processing Charge for UK, US and Canadian tax return data in respect of naturally open member
Dewey and LeBoeuf Taxation – Active and Naturally Open Participation	Annual	£165	Standard Rate	Dewey and LeBoeuf charge for filing US tax return in respect of naturally open member
Market Services Taxation – Run-Off Participation Only	Annual	£37	Standard Rate	Market Services Processing Charge for UK, US and Canadian tax return data in respect of run-off member
Dewey and LeBoeuf Taxation – Run-Off Participation Only	Annual	£90	Standard Rate	Dewey and LeBoeuf charge for filing US tax return in respect of run-off member
US Resident Administration	Annual	£350	Standard Rate	Single charge for providing data for US resident tax return
MAPA Participation – Active and Naturally Open	Annual	£106	Standard Rate	Single charge for administration of MAPA participations
MAPA Participation – Run-Off Only	Annual	£15	Standard Rate	Single charge for administration of MAPA participations
Partial Release - under £500	Per Release under £500	£111	Outside Scope	To ensure efficient use of resources only releases under £500 are subject to a charge
Partial Release – additional request	Per additional request	£111	Outside Scope	To ensure efficient use of resources a charge is levied for each additional release
Partial Release – late request	Per late request	£111	Outside Scope	To ensure efficient use of resources a charge is levied for each additional release
Voluntary Drawdown - under £500	Per drawdown under £500	£111	Outside Scope	To ensure efficient use of resources only drawdowns under £500 are subject to a charge
Compulsory Drawdown	Per Request	£111	Outside Scope	To cover additional costs incurred processing compulsory drawdown
Company Report and Accounts	Per Account Provided	£15	Standard Rated	Fee for provision of company report and accounts
Enquiries	Per half-hour	£42	Standard Rated	Fee for handling general enquiries
Duplicate Requests -including payments	Per duplicate	£42	Standard Rated	Fee for provision of duplicate items
Coming into Line Extension Requests	Per Day per £5m or part thereof	£52	Outside Scope	Fee for granting extension to coming into line deadline – based on amount outstanding in multiples of £5m or part thereof per day
Cash Service Charge	Bi-annual	0.125%	Exempt	Charge for administration of cash held at the rate of 0.125% per annum
Foreign Exchange Transactions	Per exchange	0.05%	Exempt	Charge for administration of foreign currency deals at of 0.05% of the transaction value
TAROT Access	Annual	£105	Standard Rated	Single charge for remote access to TAROT – all infrastructure costs to be borne by member
UK Securities Overtrading	Per overtrade	£15	Exempt	Per trade charge in excess of the allowance of 2 trades per holding charge
Foreign Securities Overtrading	Per overtrade	£20	Exempt	Per trade charge in excess of the allowance of 2 trades per holding charge

CORPORATE MEMBERS

Chargeable Item	Frequency	Price 2009	VAT Status – Note 3	Description of Service
Base Service Charge – Active and Naturally Open Participation	Annual	£635	Outside Scope	Basic charge for membership administration
Base Service Charge – Run-Off Participation Only	Annual	£570	Outside Scope	Basic charge for membership administration
Bank/Building Society Accounts	Annual	£53	Outside Scope	Single charge for administration of accounts within funds at Lloyd's (FAL)
UK securities and Unit Trusts (UK and Foreign) (per holding)	Annual	£48	Outside Scope	Per holding charge for administration of UK Securities and all Unit Trusts held in FAL
Foreign Securities (per holding)	Annual	£140	Outside Scope	Per holding charge for administration of foreign securities held in FAL
Guarantees / Letter of Credits	Annual	£98	Outside Scope	Per holding charge for administration of guarantees or letters of credit held in FAL
Merrill Lynch Monitoring	Annual	£325	Outside Scope	Single charge for monitoring of securities held in FAL via Merrill Lynch
FX Contract – base charge	Per contract	£216	Outside Scope	Per holding charge for receipt and initial set up of contract
FX Contract – monitoring	Per month or part thereof	£93	Outside Scope	Per holding charge for daily monitoring of contract margin
Unregulated CIS – initial charge	Once	£500	Outside Scope	Single charge for approval of initial unregulated CIS
Covenant & Charge Additional Monitoring Fee	Annual	£325	Outside Scope	Single charge for monitoring of securities held in FAL under Covenant and Charge
Interavailable Recipient per Donor	Annual	£160	Outside Scope	Per participant charge for FAL administration made interavailable to successor member
Market Services Taxation	Annual	£145	Standard Rate	Processing Charge for UK, US and Canadian tax return data
Dewey and LeBoeuf Taxation	Annual	£280	Standard Rate	Dewey and LeBoeuf charge for filing US tax
US Resident Administration	Annual	£350	Standard Rate	Single charge for providing data for US resident tax return
MAPA Participation – Active and Naturally Open	Annual	£106	Standard Rate	Single charge for administration of MAPA participations
MAPA Participation – Run-Off Only	Annual	£15	Standard Rate	Single charge for administration of MAPA participations
Partial Release - under £500	Per Release under £500	£111	Outside Scope	To ensure efficient use of resources only releases under £500 are subject to a charge
Partial Release – additional request	Per additional request	£111	Outside Scope	To ensure efficient use of resources a charge is levied for each additional release
Partial Release – late request	Per late request	£111	Outside Scope	To ensure efficient use of resources a charge is levied for each additional release
Voluntary Drawdown - under £500	Per drawdown under £500	£111	Outside Scope	To ensure efficient use of resources drawdowns under £500 are subject to charge
Compulsory Drawdown	Per Request	£111	Outside Scope	To cover additional costs incurred processing compulsory drawdown
Company Report and Accounts	Per Account Provided	£15	Standard Rated	Fee for provision of company report and accounts
Enquiries	Per half-hour	£42	Standard Rated	Fee for handling general enquiries
Duplicate Requests – including payments	Per duplicate	£42	Standard Rated	Fee for provision of duplicate items
Coming into Line Extension Requests	Per Day per £5m or part thereof	£52	Outside Scope	Fee for granting extension to coming into line deadline – based on amount outstanding in multiples of £5m or part thereof per day
Approval of Director / Controller Change	Per change	£155	Outside Scope	Fee for the approval of the change
Declaration of Compliance Extension Request	Per request	£260	Outside Scope	Fee for granting extension to the Declaration of Compliance Request
Breach of Declaration of Compliance	Per breach	£103	Outside Scope	Fee for unauthorised changes in director/controller highlighted by Declaration of Compliance checking
Cash Service Charge	Bi-annual	0.125%	Exempt	Charge for administration of cash held at the rate of 0.125% per annum
Foreign Exchange Transactions	Per exchange	0.05%	Exempt	Charge for administration of foreign currency deals at of 0.05% of the transaction value
TAROT Access	Annual	£105	Standard Rated	Single charge for remote access to TAROT – all infrastructure costs to be borne by member
UK Securities Overtrading	Per overtrade	£15	Exempt	Per trade charge in excess of the allowance of 2 trades per holding charge
Foreign Securities Overtrading	Per overtrade	£20	Exempt	Per trade charge in excess of the allowance of 2 trades per holding charge

Third party and other charges applicable to all members

Note	
1	Where third party costs are incurred by Market Services in providing a service, these will be charged to the member concerned (e.g. bank charges, Citibank global custody fee, Companies House filing fee, Crest settlement charges, legal fees, postage and packaging, stamp duty). NB Corporate members may also incur charges in relation to mergers and acquisitions or special circumstances where additional specialist input is required to incorporate the impact and change in the US tax return.
2	Full details of each service are available upon request.
3	The rates shown are subject to confirmation by Customs and Excise.

