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Rt Hon George Osborne MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
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25 March 2014

Dear Chancellor,

Decision on a further sale of Government shares in Lloyds Banking Group plc

I am writing to confirm that in my view the time is now right to execute a further sale in the Government's shares in Lloyds Banking Group plc to institutional investors. I agree with the advice of UKFI that this would be more appropriate than a sale to retail investors at this time.

I am satisfied that a sale at this time would offer good value for money for the taxpayer and meets all other requirements in accordance with the principles of *Managing Public Money*.

Yours
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N I Macpherson

