

18 October 2007

Notice to the holders of Lloyds TSB Bank plc (the “Issuer”)

**U.S.\$1,000,000,000 6.90 per cent. Perpetual Capital Securities
(the “Capital Securities”)**

ISIN: XS0156372343

Common Code: 015637234

Under the terms and conditions of the Capital Securities, Condition 7(b) entitles the Issuer (subject to certain conditions) to elect to redeem all of the Capital Securities on the Coupon Payment Date falling on 22 November 2007 or on any Coupon Payment Date thereafter at their principal amount together with any Outstanding Payments (the “**Call Option**”).

The Issuer has determined not to redeem the Capital Securities on 22 November 2007 pursuant to the Call Option, and has no current intention to do so until, at the earliest, the Coupon Payment Date falling on 22 November 2012.

Capitalised terms in this announcement have the same meanings as those defined in the Offering Circular dated 22 October 2002 with respect to the Capital Securities.

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FORWARD LOOKING STATEMENTS

This announcement contains forward looking statements with respect to the business, strategy and plans of the Lloyds TSB Group, its current goals and expectations relating to its future financial condition and performance. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The Group’s actual future results may differ materially from the results expressed or implied in these forward looking statements as a result of a variety of factors, including UK domestic and global economic and business conditions, risks concerning borrower credit quality, market related risks such as interest rate risk and exchange rate risk in its banking business and equity risk in its insurance businesses, changing demographic trends, unexpected changes to regulation, the policies and actions of governmental and regulatory authorities in the UK or jurisdictions outside the UK, including other European countries and the US, changes in customer preferences,

competition and other factors. Please refer to the latest Annual Report on Form 20-F filed with the US Securities and Exchange Commission for a discussion of such factors. The forward looking statements contained in this announcement are made as at the date of this announcement, and the Group undertakes no obligation to update any of its forward looking statements.