China – FTSE Xinhua China 25 Index

Euro Medium-Term Note / 3½-Year Structured Note in USD

100% or 95% capital protection at maturity / Subscriptions until 26.03.2007, 14:00 CET

Indicative terms

Issuer	Lloyds TSB Bank plc
Rating	Aaa (Moody's)
Currency	USD
Minimum investment	USD 70,000 (minimum increments of USD 10,000)
Underlying Index	FTSE Xinhua China 25 Index Bloomberg: XIN0I Index
Subscription date	26.03.2007, 14:00 CET
Effective date	28.03.2007 (closing level)
Payment date	04.04.2007
Final Observation date	28.09.2010
Maturity and Repayment Value date	05.10.2010
Issue Price	100%
Capital protection level	**Series I:** 100% **Series II:** 95%
Participation ratio	**Series I:** 114% of the average FTSE Xinhua China 25 Index performance **Series II:** 155% of the average FTSE Xinhua China 25 Index performance
Averaging Method used for FTSE Xinhua China 25 Index performance (Asian End)	3½-year full term, simple average of 14 quarterly observation points
Early Redemption fee	Please see under "What happens if I want to withdraw my investment before maturity?"
Clearing	Euroclear / Clearstream
Security no.	**Series I:** temporary no:462'542 **Series II:** temporary no:462'543

What is it?

It is a Euro Medium-Term Note (EMTN) denominated in USD with a return linked to the positive average performance of the FTSE Xinhua China 25 Index. Two Series are available, Series I carries a 100% capital protection at maturity, Series II carries a 95% capital protection at maturity.

How does it work?

At maturity, investors will receive:

- Series I: 100% of the invested capital plus 114% of the positive average FTSE Xinhua China 25 Index performance over 3½ years
- Series II: 95% of the invested capital plus 155% of the positive average FTSE Xinhua China 25 Index performance over 3½ years

The performance of the FTSE Xinhua China 25 Index is calculated using quarterly averaging during the full 3½-year term of the note (14 quarterly observation points).

Please see below under "Calculation of Return" for further details.

Who is it for?

The 100% capital protected version is designed for conservative investors who are interested in medium-term access to the Chinese equity market. For balanced investors, a version with 95% capital protection is available.

What is the investment rationale?

The Chinese market has had a very good run, being the best-performing emerging market in 2006, with the MSCI China up 79% in USD terms over the year. This tremendous performance has led to a re-rating of the market and thus the latter is now more expensive relative to other emerging markets (with PER 2007e at 15.0x for the MSCI China index versus the emerging markets' average PER 2007e at 12.1x). However, China's market is still supported by a number of favourable factors:

1. China's strong economic expansion is not expected to slow down excessively, with the threat of a Chinese hard-landing looking almost nonexistent today. China's GDP grew by more than 10% a year over the past four years, pushing the country into the fourth spot of the world economic rankings, in front of France and Britain. Growth accelerated to 10.7% in 2006 (a ten-year high), prompting the government to tighten credit and curb investment to reduce the risk of overheating. We believe that China's economic growth might experience a slight decrease following the state's tightening measures and as a result of the global economic slowdown, but it will remain fast and close to 9% for a considerable period of time to come.
2. China's economic growth is still very much based on foreign investments, but domestic private spending has been rising as shown by recent upbeat retail sales data. Indeed, Chinese household consumption has been growing at rates superior to GDP growth.
3. Liquidity in China is abundant (largely thanks to China's high trade surplus and expectations of yuan revaluation) and likely to stay robust despite the central government's tightening efforts.

The Index

The FTSE Xinhua China 25 Index (Bloomberg: XIN0I Index) is designed to represent the performance of the Chinese equity market that is open to international investors. It consists of 25 of the largest and most liquid Chinese stocks (H Shares* and Red

Chips**) that trade on the Hong Kong Stock Exchange. The Index was created in April 2001.

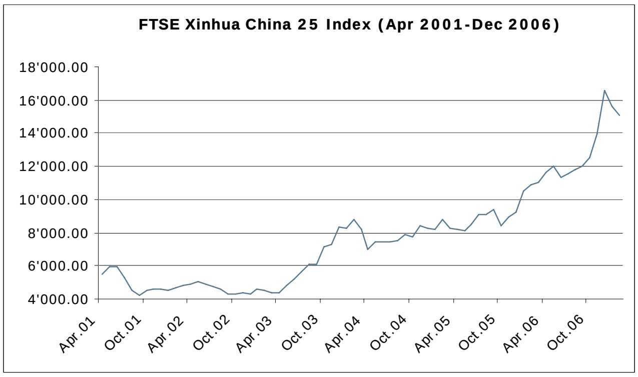
* H Shares: Securities of companies incorporated in Mainland China and nominated by the Chinese government for listing and trading on the Hong Kong Stock Exchange. They are quoted and traded in HKD.

** Red Chips: Securities of companies incorporated in Hong Kong that trade on the Hong Kong Stock Exchange and are quoted in HKD. The constituents are substantially owned, directly or indirectly, by Chinese state-owned enterprises.

Main Index components

Company	Sector	Index weighting
China Mobile Ltd	Mobile Telecom	10.38%
PetroChina Co Ltd	Oil & Gas Producers	8.98%
Industrial & Comm Bank of China	Banks	8.18%
China Life Insurance	Insurance	6.32%
Bank of China Ltd	Banks	6.00%
CNOOC Ltd	Oil & Gas Producers	4.14%
China MerchantsBank	Banks	4.13%
China Petroleum & Chemical Corp	Oil & Gas Producers	4.07%

(Source: Bloomberg, 08.03.07)



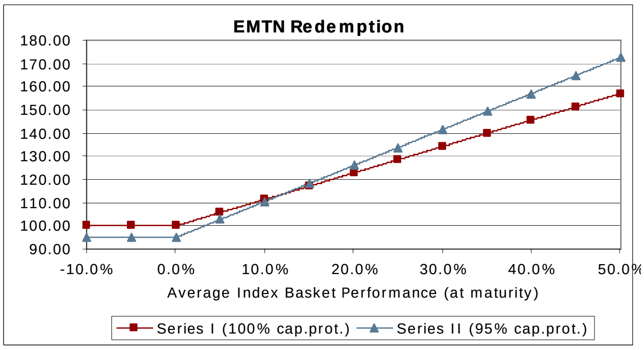
(Source: Bloomberg, 08.03.07)

Pay-out Table

3 ½ year average FTSE Xinhua China 25 Index performance	3 ½ year EMTN payout at maturity (Series I)	3 ½ year EMTN payout at maturity (Series II)
-10%	100.00	95.00
0%	100.00	95.00
5%	105.70	102.75
10%	111.40	110.50
20%	122.80	126.00
30%	134.20	141.50
40%	145.60	157.00
50%	157.00	172.50

Series II only: At maturity, the average FTSE Xinhua China 25 Index performance is added to the Capital Protection Level of 95%, i.e. if the average FTSE Xinhua China 25 Index performance at maturity is 30%, the EMTN will be reimbursed at 141.50% (95% protection level + 155% of the average FTSE Xinhua China 25 Index performance (30.0%) = 41.50%). In case of an average FTSE Xinhua China 25 Index performance that is negative or very low, the EMTN redemption can therefore be below 100%, but not below the protection level of 95%.

Pay-out Diagram



Associated Risks

- Although there is either no loss or a limited loss (depending on the capital protection chosen) of original investment if held to maturity, and the product offers you potentially unlimited upside, if the performance of the FTSE Xinhua China 25 Index is negative you will only receive 100% or 95% of your original investment at maturity. This is in contrast to other investments, where you might expect income and/or capital appreciation, for example by placing the same amount of money in an interest bearing deposit account
- Risk of default of the issuer, although it should be noted that Lloyds TSB has a credit rating allocated to banks with the lowest possible risk of default
- If you are required to sell the note prior to maturity you could receive significantly less than your initial investment as the capital protection only applies at maturity, and if you wish to sell in the first two years an early redemption fee is applied (see below)

How long is my money invested for?

Your money is invested in this structured product for a period of 3½ years.

What happens if I want to withdraw my investment before maturity?

Lloyds TSB will endeavour to provide a secondary market for early termination daily at market value, which may be less than the amount initially invested. In addition to considerations of market value, an early redemption fee of minimum 1% will be applied and is calculated as follows:

$$2\% - \frac{1\% \times m}{24}$$

m being defined as the number of calendar months since the product's issue date. Hence, for the first two years of the product the early redemption fee will be higher, decreasing from 2% immediately after launch to 1% after 2 years.

What does it offer that a cash account does not?

A chance to get better returns than cash based on the performance of the FTSE Xinhua China 25 Index.

What does Capital Protection mean?

It means that you will at least get your capital back at maturity if you have chosen 100% capital protection. If you have chosen 95% capital protection, you will at least get back 95% of the Note's nominal amount.

Calculation of Return

On the Repayment Value date, the investor will receive the higher of:

Series I:

a) Nominal Amount x 100%

or

b) Nominal Amount x 100% + {Nominal Amount x (114% x FTSE Xinhua China 25 Index average performance)}

Series II:

a) Nominal Amount x 95%

or

b) Nominal Amount x 95% + {Nominal Amount x (155% x FTSE Xinhua China 25 Index average performance)}

- The FTSE Xinhua China 25 Index average performance is defined as:

$$\frac{\text{(Average FTSE Xinhua Index level – FTSE Xinhua Index Start level)}}{\text{(FTSE Xinhua Index Start level)}}$$

- The Average FTSE Xinhua Index level is defined as:

  the simple average of 14 quarterly points, (i.e. over the full term of the product), each point being the closing level of the FTSE Xinhua China 25 Index as at the close of business on the Observation Dates

- The FTSE Xinhua Index Start level is defined as:

  the closing level of the FTSE Xinhua China 25 Index as at the close of business on the Effective Date

- The Observation Dates are defined as:

  28^{th} of each June, September, December and March, adjusted for good business days, from 28.06.2007 up to and including 28.09.2010

Important information

This document is for information only and should not be relied upon as authoritative. No representation is made as to its accuracy or completeness and Lloyds TSB Group accepts no liability for any loss arising from any use of this document or its contents.

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The terms and conditions in this document are purely indicative and are subject to the final expression of the terms as detailed in the definitive Pricing Supplement, the relevant EMTN Offering Circular and all related Agreements and documents issued by Lloyds TSB Bank plc London.

Lloyds TSB Bank plc makes no representation as to the existence of a secondary market for the Notes. The market value can be expected to fluctuate significantly and investors should be prepared to assume the market risks associated with these Notes.

Lloyds TSB will endeavour to provide a secondary market for early termination daily at market value which may be less than the amount initially invested. If an early termination is requested within the first 2 years, an early redemption fee will be applied. Please refer to "What happens if I want to withdraw my investment before maturity?".

Following the declaration by an issuer of an Underlying Equity of the terms of an adjustment event or merger event that has a diluting, concentrative or other effect on the theoretical value of the Underlying Equities, the Calculation Agent shall make the corresponding adjustment, if any, to the Underlying Equity Start level and/or any other term as the Calculation Agent determines is appropriate to account for such diluting, concentrative or other effect and determine the effective date of that adjustment.

In case of substantial change in market conditions, we reserve the right to cancel the offering. In case of oversubscription, orders will be handled on a 'first come first serve' basis. We also reserve the right to scale back subscription amounts if necessary.

Lloyds TSB does not assume any responsibility for product suitability for product placements made with institutional or private clients who are not existing clients of Lloyds.

What next ?

Please contact your Relationship Manager who can provide you with further information as well as a document with technical information on this product.

Alternatively you can contact:

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