3 Of A Kind - Fund Basket

(Asia/Pacific, Latin America, Middle East)

Euro Medium-Term Note / 4-Year Structured Note in USD

100% or 95% capital protection at maturity / Subscriptions until 19.10.2006, 14:00 CET

Final terms

Issuer	Lloyds TSB Bank plc
Rating	Aaa (Moody's)
Calculation Agent	Lloyds TSB Bank plc
Currency	USD
Minimum investment	USD 100'000 (minimum increments of USD 10'000)
Subscription date	19.10.2006, 14:00 CET
Effective date	23.10.2006 (closing level)
Payment date	30.10.2006
Final Observation date	25.10.2010
Maturity and Repayment Value date	01.11.2010
Issue Price	100%
Capital protection level	**Series I:** 100% **Series II:** 95%
Participation ratio	**Series I:** 100% of the average Fund Basket performance **Series II:** 128% of the average Fund Basket performance
Averaging Method used for Fund Basket performance (Asian End)	4-year full term, simple average of 16 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:** 2'739'809 (Isin XS0270468431) **Series II:** 2'738'999 (Isin XS0270468787)

What is it?

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

The funds contained in the Basket are the following (equally weighted):

- Aberdeen Global – Asia Pacific Fund USD
  (Bloomberg: AETASEI LX, Isin LU0011963245)
- Merrill Lynch Latin American Fund A USD
  (Bloomberg: MERLTAI LX, Isin LU0072463663)
- JPMorgan Fund – Middle East Equity Fund A USD
  (Bloomberg: FLEMEFI LX, Isin LU0083573666)

How does it work?

At maturity, investors will receive:

- Series I: 100% of the invested capital plus 100% of the positive average Fund Basket performance over 4 years
- Series II: 95% of the invested capital plus 128% of the positive average Fund Basket performance over 4 years

The performance of the Fund Basket is calculated using quarterly averaging during the full 4-year term of the note (16 quarterly observation points).

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

Who is it for?

It is designed for conservative investors who are interested in medium-term access to emerging markets, more specifically the Asia/Pacific region, Latin America and the Middle East, in a 100% principal and currency protected manner. For balanced investors, a version with 95% capital protection is available.

What is the investment rationale?

Asia/Pacific

- After three years of underperformance compared to emerging peers, the Asia/Pacific region now seems to be the most attractive one within the global emerging equity markets' (GEM) universe
- Asia offers the highest rates of economic growth worldwide, with an average regional GDP rise of 5.9% expected in 2006. Asian economies are stable financially, thanks to good current account balances, decreasing public debts and rising foreign exchange reserves. Healthy fiscal and external positions should allow Asia to weather a deterioration in global liquidity conditions
- With an average ratio of public-debt-to-GDP at 48%, Asian economies are not heavily indebted
- The region trades at 11.8x P/E (Price/Earning ratio) 2007, compared to the GEM's 11.0x, largely due to the high multiples of India. Emerging Asia trades at an estimated 2.0x P/Book (Price to Book ratio) for 2006, which is lower than the GEM's average at 2.1x

Latin America

- In the last two years, Latin America has grown at its fastest pace in 25 years, with more balance and breadth than in past recoveries, due to sound macroeconomic policies and market-based reforms
- Latin America's GDP-weighted growth should reach 4.9% in 2006. Current account surpluses have raised foreign exchange reserves and reduced the dependence on external capital inflows, adding to the prospects that the current expansion may be long lasting
- Brazil, Chile, Colombia, Mexico and Peru have adopted inflation targets; they have been successful in anchoring inflation expectations and allowing monetary policy to play a more active counter-cyclical role
- A key success is the region's reduction in the average public-debt-to-GDP ratio. It now stands at a comfortable level of 38%
- The region trades at 9.5x P/E 2007, compared to the GEM's 11.0x. Latin America trades at an estimated 2.3x P/Book for 2006, which is higher than the GEM's average at 2.1x

Middle East (including Turkey and excluding the Persian Gulf countries)

- Middle Eastern countries have been suffering from continued geopolitical tensions curbing investment sentiment and directly impacting their economic growth. In the absence of further turbulence, long-term prospects for the Middle East equity markets would be supported by Israeli economic expansion and the Turkish EU convergence benefits. The region's GDP growth should reach 5.1% this year and remain close to 5.0% in 2007
- Israel has a technologically advanced and stable market economy based on diversified high value-added exports. The highest public-debt-to-GDP ratio in the emerging world (at 100%) makes Israel sensitive to tightening global liquidity conditions, while the US economic growth is essential for the Israeli exports, with 38% going to the US
- Egypt is a concentrated equity market with telecom stocks accounting for 42% of the MSCI Egypt index. In 2005, the government reduced personal and corporate tax rates, cut energy subsidies, and privatised several enterprises. The stock market boomed, and GDP grew by 4.9%. Despite these achievements, the state has failed to raise living standards for the average Egyptian, and has had to continue providing subsidies for basic necessities. Subsidies have contributed to a growing budget deficit - more than 8% of GDP in 2005 - and represent a significant drain on the economy. Foreign direct investment remains low. To achieve higher GDP growth, the government will need to continue its aggressive pursuit of reform, especially in the energy sector. Egypt's export sectors - particularly natural gas - have bright prospects
- Turkey's expected benefits from the EU convergence theme, and solid economic growth on the back of growing foreign direct investment (FDI) and rising household consumption are long-term drivers for the Turkish equity market. Among the major problems that need to be addressed by the government are the negative current account balance, the relatively high public debt, and inflation

Underlying Funds

Aberdeen Global – Asia Pacific Fund USD

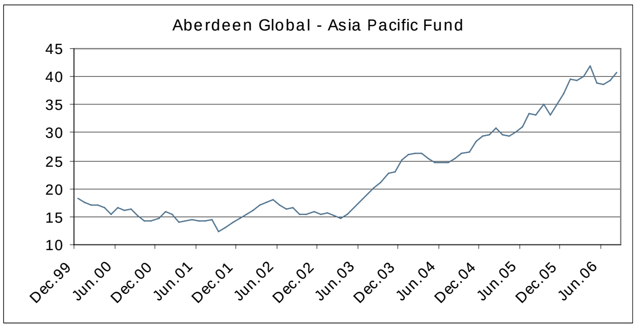
(Bloomberg: AETASEI LX, Isin LU0011963245)

- Open end fund incorporated in Luxembourg, incepted in April 1988
- Its objective is long-term total return
- The Fund invests in equities and equity-related securities of companies which are registered in Asia/Pacific countries (excluding Japan) or companies which derive a significant portion of their revenue or profit from Asia/Pacific countries (excluding Japan)

Weighting by country

Country	Weighting	Country	Weighting
Singapore	17.5%	China	7.5%
South Korea	17.2%	Taiwan	7.3%
Hong Kong	14.6%	Thailand	5.0%
India	13.6%	Others	7.9%
Australia	8.5%	Cash	0.9%

(Source: Aberdeen Asset Managers Limited, 31.08.06)



(Source: Bloomberg, 31.08.06)

Past Fund performance

1 year: 23.0%

3 years: 102.7%

5 years: 182.8%

Note: Past performance is not a guarantee for future performance.

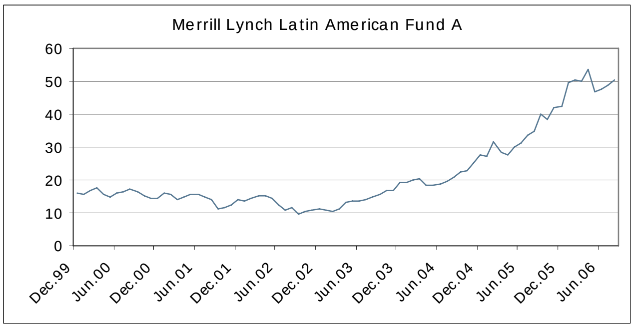
Merrill Lynch Latin American Fund A USD
(Bloomberg: MERLTAI LX, Isin LU0072463663)

- Open-end fund incorporated in Luxembourg, incepted in January 1997
- Its objective is to maximise capital appreciation
- The Fund invests primarily in Latin American equities and debt securities with an emphasis on Argentina, Brazil, Chile and Mexico

Weighting by country

Country	Weighting	Country	Weighting
Brazil	60.0%	Colombia	0.5%
Mexico	28.2%	Other	1.3%
Chile	4.7%	Cash	0.8%
Argentina	4.5%		

(Source: Merrill Lynch Investment Managers, 31.08.06)



(Source: Bloomberg, 31.08.06)

Past Fund performance

1 year: 45.6%

3 years: 237.0%

5 years: 257.0%

Note: Past performance is not a guarantee for future performance.

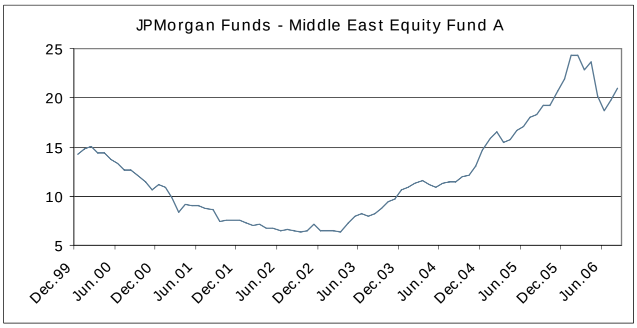
JPMorgan Fund – Middle East Equity Fund A USD
(Bloomberg: FLEMEFI LX, Isin LU0083573666)

- Open-end investment fund incorporated in Luxembourg, incepted in May 1998
- Its objective is to provide long-term capital growth
- The Fund invests primarily in Middle Eastern companies. Additionally the Fund may invest, to a limited extent, in Morocco and Tunisia

Weighting by country

Country	Weighting	Country	Weighting
Turkey	33.0%	Lebanon	2.0%
Israel	25.1%	UK	1.1%
Egypt	20.8%	Oman	0.9%
Morocco	5.0%		
Jordan	4.9%	Cash	7.2%

(Source: JPMorgan Asset Management, 31.08.06)



(Source: Bloomberg, 31.08.06)

Past Fund performance

1 year: 16.2%

3 years: 168.2%

5 years: 158.8%

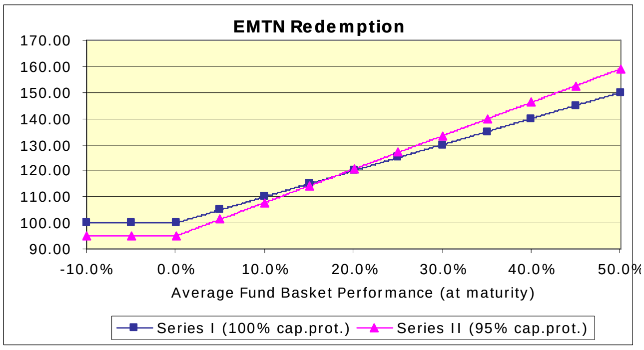
Note: Past performance is not a guarantee for future performance.

Pay-out Table

4 year Fund Basket performance	4 year EMTN payout at maturity (Series I)	4 year EMTN payout at maturity (Series II)
-10%	100.00	95.00
0%	100.00	95.00
5%	105.00	101.40
10%	110.00	107.80
20%	120.00	120.60
30%	130.00	133.40
40%	140.00	146.20
50%	150.00	159.00

Series II only: At maturity, the average Fund Basket performance is added to the Capital Protection Level of 95%, i.e. if the average Fund Basket performance at maturity is 30%, the EMTN will be reimbursed at 133.4% (95% protection level + 128% of the average Fund Basket performance (30.0%) = 38.4%). In case of an average Fund Basket 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



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 Fund Basket 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 4 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:

$$3\% - \frac{2\% \times m}{24}$$

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 3% 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 chosen Fund Basket.

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 (100% x Fund Basket average performance)}

Series II:

a) Nominal Amount x 95%
or
b) Nominal Amount x 95% + {Nominal Amount x (128% x Fund Basket average performance)}

- The Fund Basket performance is defined as:

$$1/3 \times \left(\begin{array}{l} \text{Aberdeen Fund performance +} \\ \text{Merrill Lynch Fund performance +} \\ \text{JPMorgan Fund performance} \end{array} \right)$$

Where the Underlying Fund performance =

$$\frac{\text{(Average Underlying Fund level – Underlying Fund Start level)}}{\text{(Underlying Fund Start level)}}$$

- The Average Underlying Fund level is defined as:

  the simple average of 16 quarterly points, (i.e. over the full term of the product), each point being the Net Asset Value (NAV) of the relevant Underlying Fund (or Replacement Asset as the case may be) as published by the fund management company or sponsor as at the close of business on the Observation Dates

- The Underlying Fund Start level is defined as:

  the Net Asset Value (NAV) of the relevant Underlying Fund (or Replacement Asset as the case may be) as calculated and published by the fund management company, or sponsor as at the close of business on the Effective Date

- The Observation Dates are defined as:

  23rd of each January, April, July and October, adjusted for good business days, from 23.01.2007 up to and including 25.10.2010

- The Underlying Funds are:

  Aberdeen Global – Asia Pacific Fund
  (Bloomberg: AETASEI LX, Isin LU0011963245)

  Merrill Lynch Latin American Fund A
  (Bloomberg: MERLTAI LX, Isin LU0072463663)

  JPMorgan Fund – Middle East Equity Fund A
  (Bloomberg: FLEMEFI LX, Isin LU0083573666)

- The modified business day convention applies only to the individual Fund affected. Any unaffected Fund uses the anticipated Observation Date, not the modified date

Important information

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.

If there are any changes to an Underlying Fund, any disruption to the operation thereof, any suspension or limitation on the trading thereof, any compulsory redemption of the units thereof, any change in management company, advisor or other related organisation, any change to the law/regulations, any insolvency or merger affecting an Underlying Fund or any other change, disruption or event which, in the sole discretion of the Calculation Agent, is deemed material (any such being a “Material Event”), the Calculation Agent reserves the right to replace the affected Underlying Fund, (the “Affected Fund”) at its sole discretion, with a replacement asset (the “Replacement Asset”), which shall be an alternative Fund managed by the same management company, or alternative Fund managed by another management company or an equity index, and/or a cash Fund managed by the same or another management company or any other alternative asset chosen in a commercially reasonable manner by, and at the sole discretion of, the Calculation Agent. Such replacement would take place on such date selected by the Calculation Agent for the replacement of the relevant Underlying Fund (the “Substitution Date”).

The value of the Replacement Asset as at each Observation Date subsequent to the Substitution Date will be calculated as follows:

$$\text{Replacement Asset NAV on Observation Date} \times \frac{\text{Affected Fund NAV on Substitution Date}}{\text{Replacement Asset NAV on Substitution Date}}$$

If a Material Event occurs in respect of a Replacement Asset (whereupon such Replacement Asset will also be an “Affected Fund “), the Calculation Agent shall choose a further Replacement Asset, acting in a commercially reasonable manner.

Following the replacement of an Underlying Fund or Replacement Asset, as the case may be, by a Replacement Index or other Replacement Asset that is not a Fund, such Replacement Asset shall replace the affected Fund on the Substitution Date selected by the Calculation Agent, and the Calculation Agent shall make any corresponding adjustments that it deems appropriate to any variable, calculation or valuation methodology or any other terms relevant to the calculation of the NAV of such Replacement Asset.

The EMTN described herein has not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”) or any state securities law, and may not be offered or sold within the United States or to or for the account or benefit of any US person, except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act.

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 will endeavour to provide a secondary market for early termination daily at market value which may be less than the amount initially invested. An early redemption fee will be applied. Please refer to “What happens if I want to withdraw my investment before maturity?”.

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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