

# 10 YEAR USD CALLABLE CUMULATIVE CMT RANGE ACCRUAL NOTE

**Traded Termsheet** as of 14 September 2005

Description:	10 year USD denominated Callable Cumulative Daily CMT Range Accrual Notes (the "Notes") with Interest linked to the 10y USD CMT Rate. The Notes are callable by the Issuer after 3 months and quarterly thereafter.	
Issuer:	Lloyds TSB Bank Plc	
Issuer's Ratings:	Aaa / AA	
Status:	Senior Unsubordinated	
Aggregate Nominal Amount:	USD [2,400,000] initial	
Specified Denomination:	USD 10,000 per Note	
Issue Price:	100.00% (subject to market conditions)	
Launch Date:	14 September 2005	
Subscription End:	05 October 2005, 05:00 pm Zurich time	
Issue Date:	13 October 2005	
Maturity Date:	13 October 2015	
Interest Rate:	Year 1-10 (Interest Periods 1-40):	<b>Coupon * (n/N)</b>

Interest Period	Barrier	Coupon
1	No Barrier	13.00%
2 – 4	3.80%	Previous Interest Rate
5 – 40	No Barrier	Previous Interest Rate

n = the number of calendar days in the Interest Period that the Index is **GREATER THAN OR EQUAL TO** the Barrier at Fixing

N = total number of calendar days in the relevant Interest Period

If a particular calendar day in an Interest Period is not a Business Day, then the relevant Index determined by the Calculation Agent for the immediately preceding Business Day shall be applied to such calendar day. In respect of each calendar day from and including the 5th Business Day prior to an Interest Payment Date, the relevant Index determined by the Calculation Agent for such 5th Business Day prior to that Interest Payment Date shall be applied to each such calendar day.

"Previous Interest Rate" means the Interest Rate for the Interest Period immediately preceding the Interest Period for which the Coupon Rate is being determined.

Interest Amount:	Interest Rate x Day Count Fraction x Specified Denomination
Day Count Fraction:	30/360
Business Day Convention:	Modified Following Adjusted
Interest Period:	The initial Interest Period will be the period from and including the Issue Date to but excluding the first Interest Payment Date. Each subsequent Interest Period will be the period between two successive Interest Payment Dates, from and including one Interest Payment Date to but excluding the immediately following Interest Payment Date.
Index:	In respect of each Business Day, the 10 year USD Constant Maturity Treasury (CMT) rate determined by the Calculation Agent in its sole and absolute discretion for such Business Day by referring to the Rate Source for Index in respect of such Business Day. If the Rate Source for Index is not

available on any Business Day for whatever reason, the Calculation Agent shall determine the Index for such Business Day in such manner as it deems appropriate (in its sole and absolute discretion)..

Rate Source for Index:	In respect of each Business Day, the 10-year Constant Maturity Treasury (CMT) rate (which is expressed as a Semi Annual Actual/Actual percentage) as quoted at the close of business on Bloomberg page H15T10Y <Index> or, if that page is not available, on the "H15" page of the Federal Reserve web site.
Calculation Agent:	UBS AG, London Branch
Interest Payment Dates:	13 July, 13 October, 13 January and 13 April of each year commencing on and including 13 January 2006, each as adjusted in accordance with the Business Day Convention.
Redemption Amount:	100%
Early Redemption Option (Call):	The Issuer may redeem the Notes at the Optional Redemption Amount, in whole but not in part, on any Interest Payment Date commencing on or after the Interest Payment Date falling in <b>13 January 2006</b> , upon giving written notice at least five (5) Business Days prior to the relevant Interest Payment Date to the Programme's Issuing and Paying Agent. Note holders will be entitled to any Interest Payments due on the Early Redemption Date.
Early Redemption Date:	If the Notes are called, the Interest Payment Date in respect of which the Early Redemption Option is exercised.
Optional Redemption Amount:	100%
Listing:	No Listing
Business Days:	New York and London
Settlement:	Euroclear / Clearstream Banking
Documentation:	Issued off the Issuer's Euro Medium Term Note Programme. Purchase of the Notes is subject to and should be read in conjunction with the terms and conditions of the Notes, the Information Memorandum for the Programme and the final terms relating to this issue of Notes.
Market Making:	It is the current practice (but not the legal obligation) of UBS to quote on request a live price, which it might pay/charge for early termination of any note of this type, which it arranges. A live unwind price may be affected by then current market conditions, liquidity and market standard denomination. UBS is under no obligation to hold a price quoted for any length of time unless this is agreed at the time of giving the quote.
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Product Risk Disclosure:	The investor must be aware that if, on any Business Day during an Interest Period, the Index is outside the Range on fixing, there will be no accrued interest for that particular Business Day and any immediately following non-Business Days. After the first interest period, the coupon rates are dependent on the coupon rate of previous Interest Periods. This means that if zero coupon is paid out in respect of any Interest Period, this will also be the case for all subsequent Interest Periods.

Selling Restrictions:

**Any Notes purchased by any person for resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Notes in such jurisdiction.**

**Noteholders are advised to read the selling restrictions described more fully in the Offering Memorandum regarding UBS' 35 billion Euro Note Programme. The restrictions listed below must not be taken as definitive guidance as to whether this note can be sold in a jurisdiction. Noteholders should seek specific advice before onselling a Note.**

**Europe** - For EEA jurisdictions (EU member states plus Norway, Iceland and Liechtenstein) that have implemented the EU Prospectus Directive, the Final Terms and Base Prospectus for these Notes DO NOT QUALIFY as a prospectus published in accordance with the requirements of the EU Prospectus Directive. Unless and until a prospectus has been published in accordance with the requirements of the EU Directive, these Notes may not be offered or sold other than 1) in minimum denominations of, or total consideration per investor of at least, EUR 50,000 (or equivalent in other currencies) or 2) only to Qualified Investors; and/or (aggregated for all distributors) to less than 100 offerees that are not Qualified Investors per EEA jurisdiction. A "Qualified Investor" is a legal entity that (i) is authorised or regulated to operate in the financial markets or has the sole purpose to invest in securities; or (ii) meets two of the following three criteria (as shown in its last annual or consolidated accounts): (a) an average number of at least 250 employees during the last financial year; (b) a total balance sheet of more than EUR 43,000,000; and (c) an annual net turnover of more than EUR 50,000,000.

For EEA jurisdictions that have not implemented the EU Prospectus Directive, sales must be in compliance with the law of that jurisdiction."

**USA** - The Notes may not be sold or offered within the United States or to U.S. persons.

**Hong Kong** - The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to the offer. If an investor is in any doubt about any of the contents of this document, the investor should obtain independent professional advice.

The Notes have not been offered and sold, and each purchaser represents and agrees that it will not offer and sell the Notes in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy and sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong or to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance, or in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance. In relation to the issue of the Notes, each purchaser represents and agrees that it has not issued and will not issue any advertisement, invitation or document relating to the Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance and any rules made thereunder.

**Singapore** - This Term Sheet and the Pricing Supplement and Information Memorandum relating to the Notes have not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS") under the Securities and Futures Act (Cap. 289) of Singapore (the "Securities and

Futures Act"). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Terms Sheet, the Pricing Supplement and Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of such Notes be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than (1) to an institutional investor or other person falling within Section 274 of the Securities and Futures Act, (2) to a sophisticated investor (as defined in Section 275 of the Securities and Futures Act) and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (3) otherwise than pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act."

**Luxembourg** - The Certificate has not been approved by and will not be submitted for approval to the competent authorities in Luxembourg (Luxembourg Stock Exchange and/or Commission de Surveillance du Secteur Financier) and consequently is not authorised for public offerings in Luxembourg. The certificate might be sold on a private placement basis to sophisticated/ institutional investors and/ or a limited number of existing clients. As a guide, this certificate should not be sold with a consideration of less than 40,000 EUR or equivalent.

**UK** – The Notes should not be sold with a consideration of less than 40,000 EUR or equivalent.

**Others** - As detailed in the Information Memorandum for the Programme

## PROSPECTUS DIRECTIVE COMPLIANT SELLING RESTRICTIONS

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), the Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of [Notes] to the public in that Relevant Member State, in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of [Notes] to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Bank of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of [Notes] to the public" in relation to the [Notes] in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the [Notes], as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### United Kingdom

The Dealer has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA would not, if the Bank was not an authorised person, apply to the Bank; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.



This information is communicated by UBS AG and/or its affiliates ("UBS"). UBS may from time to time, as principal or agent, have positions in, or may buy or sell, or make a market in any securities, currencies, financial instruments or other assets underlying the transaction to which the termsheet relates. UBS may provide investment banking and other services to and/or have officers who serve as directors of the companies referred to in this term sheet. UBS's trading and/or hedging activities related to this transaction may have an impact on the price of the underlying asset and may affect the likelihood that any relevant barrier is crossed. UBS has policies and procedures designed to minimise the risk that officers and employees are influenced by any conflicting interest or duty and that confidential information is improperly disclosed or made available.

In certain circumstances UBS sells these notes to dealers and other financial institutions at a discount to the issue price or rebates to them for their own account some proportion of the issue price. Further information is available on request.

Structured transactions are complex and may involve a high risk of loss. Prior to entering into a transaction you should consult with your own legal, regulatory, tax, financial and accounting advisors to the extent you consider it necessary, and make your own investment, hedging and trading decisions (including decisions regarding the suitability of this transaction) based upon your own judgement and advice from those advisers you consider necessary. Save as otherwise expressly agreed in writing, UBS is not acting as your financial adviser or fiduciary in any transaction.

This document is for information purposes only and should not be construed as an offer, recommendation or solicitation to conclude a transaction and should not be treated as giving investment advice. The terms of any investment will be exclusively subject to the detailed provisions, including risk considerations, contained in the Information Memorandum, Prospectus or other issuer documentation for the issue of the Notes (the "Prospectus").

UBS makes no representation or warranty relating to any information herein which is derived from independent sources. This term sheet shall not be copied or reproduced without UBS's prior written permission.

No action has been or will be taken in any jurisdiction that would permit a public offering of the securities described herein, save where explicitly stated in the Prospectus. The securities must be sold in accordance with all applicable selling restrictions in the jurisdictions in which they are sold.

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