



LLOYDS TSB GROUP plc

(incorporated under the Companies Act 1985 and registered in Scotland with Registered No. 95000)

£300,000,000 9.25% Non-Cumulative Irredeemable Preference Shares
£100,000,000 9.75% Non-Cumulative Irredeemable Preference Shares
£198,065,600 6.475% Non-Cumulative Preference Shares
£750,000,000 6.0884% Non-Cumulative Fixed to Floating Rate Preference Shares
£350,002,000 6.3673% Non-Cumulative Fixed to Floating Rate Preference Shares
U.S.\$750,000,000 6.413% Non-Cumulative Fixed to Floating Rate Preference Shares
U.S.\$750,000,000 5.92% Non-Cumulative Fixed to Floating Rate Preference Shares
U.S.\$750,000,000 6.657% Non-Cumulative Fixed to Floating Rate Preference Shares
£3,000,000,000 12% Non-Cumulative Fixed to Floating Rate Preference Shares
£1,000,000,000 12% Non-Cumulative Fixed to Floating Rate Preference Shares
(together, the "Preference Shares")

This Supplement (the "**Supplement**") to the Prospectus (the "**Prospectus**") dated 20 November 2008, constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the "**FSMA**") and is prepared in connection with the proposed issue of the Preference Shares by Lloyds TSB Group plc (the "**Company**"). Terms defined in the Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Company.

The Company accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Company (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Publication of Lloyds TSB Supplementary Placing and Open Offer Prospectus

On 17 December 2008, the Company published a supplementary prospectus relating to the Lloyds TSB Placing and Open Offer Prospectus (the "**Lloyds TSB Supplementary Placing and Open Offer Prospectus**"). By virtue of this Supplement, certain parts of the Lloyds TSB Supplementary Placing and Open Offer Prospectus are incorporated by reference in, and shall form part of, the Prospectus, as further described below.

Update on the Preference Scheme

HBOS announced on 12 December 2008 that its shareholders had at the HBOS shareholder meetings convened by the Court for the purposes of sanctioning the Preference Scheme, voted in favour of the Preference Scheme in respect of all classes of HBOS Preference Shares. Lloyds TSB expects that the Preference Scheme will become effective on 16 January 2009.

Incorporation by Reference

The following parts of the Lloyds TSB Supplementary Placing and Open Offer Prospectus and the HBOS Placing and Open Offer Prospectus shall be incorporated by reference in, and shall form part of, the Prospectus:

Lloyds TSB Supplementary Placing and Open Offer Prospectus

- Part II (“Risk Factors”) on page 6;
- Part IV (“HBOS Trading Update”) on pages 9 - 10;
- Part V (“Update on the Acquisition and the Placing and Open Offer, Payment Protection Insurance and Certain Other Matters”) on page 11; and
- Paragraph 3 (“Significant change”) of Part VII (“Additional Information”) on page 20.

HBOS Placing and Open Offer Prospectus

- For the purposes of incorporating by reference Part IV (“HBOS Trading Update”) of the Lloyds TSB Supplementary Placing and Open Offer Prospectus, defined terms used in Part IV (“HBOS Trading Update”) (and not otherwise defined therein) shall have the meanings set out in the section entitled Part XXIII (“Definitions”) on pages 227 – 236 of the HBOS Placing and Open Offer Prospectus, which by virtue of this Supplement, shall be incorporated by reference into the Prospectus; and
- Paragraphs 17.1.2, 17.1.3 and 17.1.5 of Part XXII (“Additional Information”).

Material Adverse Change

Save as disclosed in Lloyds TSB’s Interim Results for the half year ended 30 June 2008 (as incorporated by reference into the Prospectus) and save for a further deterioration in insurance volatility during October, and save as disclosed in the third paragraph of the section headed “Strong relationship banking growth in Wholesale and International Banking”, the third paragraph of the section headed “In a difficult economic environment, asset quality remains satisfactory”, the section headed “Insurance volatility”, in the Interim Management Statement (as incorporated by reference into the Prospectus), and save as disclosed in Part V (“Update on the Acquisition and the Placing and Open Offer, Payment Protection Insurance and Certain Other Matters”) of the Lloyds TSB Supplementary Placing and Open Offer Prospectus (as incorporated by reference) there has been no material adverse change in the prospects of the Lloyds TSB Group since 31 December 2007.

Copies of any or all of the documents which are incorporated in whole or in part by reference herein or in the Prospectus are available for inspection at the Company’s registered office at Henry Duncan House, 120 George Street, Edinburgh EH2 4LH and at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ, as described on page 212 of the Prospectus.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

An investor should be aware of its rights arising pursuant to Section 87Q(4) of the FSMA.