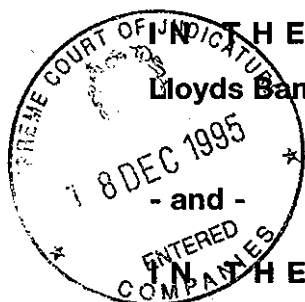


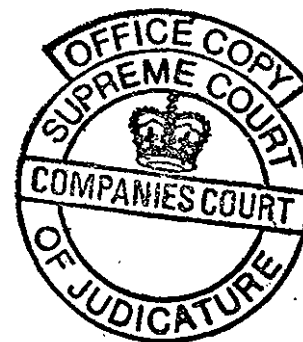
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

MR JUSTICE EVANS-LOMBE



IN THE MATTER OF:-
Lloyds Bank Plc

THE MATTER OF:-
The Companies Act 1985



UPON THE PETITION of Lloyds Bank Plc ("Lloyds Bank") whose registered office is situate at 71 Lombard Street, London EC3P 3BS

AND UPON HEARING counsel for Lloyds Bank and for TSB Group plc ("TSB") referred to in the scheme of arrangement hereinafter mentioned

AND UPON READING the documents recorded on the Court file as having been read

AND UPON TSB by its counsel submitting to be bound by the said scheme of arrangement and undertaking to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect thereto

THE COURT SANCTIONS the scheme of arrangement as set forth in the first schedule hereto

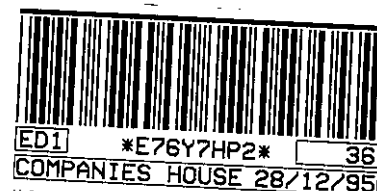
AND THE COURT CONFIRMS the reduction of the capital of Lloyds Bank from £1,650,000,001 to £337,968,052 resolved on and effected by a special resolution passed at an extraordinary general meeting of Lloyds Bank held on 27 November 1995

AND THE COURT APPROVES the minute set forth in the second schedule hereto

AND IT IS ORDERED

- 1 that this order be produced by Lloyds Bank to the Registrar of Companies and that it deliver an office copy to him together with a copy of the said minute
- 2 that notice of the registration by the Registrar of Companies of this order (so far as it confirms the reduction of the capital of Lloyds Bank) and of the said minute be published by Lloyds Bank once in the "Times" newspaper within 21 days after such registration.

Dated the 18th day of December 1995.



FIRST SCHEDULE

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

No. 006530 of 1995

In the matter of
LLOYDS BANK Plc
and in the matter of
THE COMPANIES ACT 1985

SCHEME OF ARRANGEMENT
(under section 425 of the Companies Act 1985)

BETWEEN
LLOYDS BANK Plc
AND
THE HOLDERS OF
SCHEME SHARES
(as hereinafter defined)

PRELIMINARY

- (A) In this scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

"company" or "Lloyds Bank" means Lloyds Bank Plc, incorporated in England and Wales with registered number 2065;

"Court" means The High Court of Justice in England and Wales;

"Court meeting" means the meeting of the members convened by order of the Court for 27th November, 1995;

"effective date" means the date on which this scheme becomes effective in accordance with clause 8;

"holder" includes any person entitled to shares of the company by transmission;

"Lloyds Bank share option schemes" means the Lloyds Bank Senior Executives' UK Share Option Scheme 1987, the Lloyds Bank Senior Executives' Overseas Share Option Scheme 1987 and the Lloyds Bank Staff Savings-Related Share Option Scheme 1990;

"Lloyds Bank shares" means ordinary shares of £1 each in the capital of Lloyds Bank;

"Lloyds TSB" means TSB and, following its proposed change of name, Lloyds TSB Group plc;

"Lloyds TSB shares" means ordinary shares of 25p each in the capital of Lloyds TSB;

"members" means members of the company on the register of members at any relevant date;

"TSB" means TSB Group plc, incorporated in Scotland with registered number 95000;

"record date" means the business day immediately preceding the effective date;

"scheme" means this scheme in its present form or with any modification, addition or condition which the Court may think fit to approve or impose;



"scheme shares" means:

- (a) the Lloyds Bank shares in issue at the date hereof; and
 - (b) any Lloyds Bank shares issued:
 - (i) after the date hereof and prior to the date of the Court meeting;
 - (ii) on or after the date of the Court meeting and before the close of business on the business day preceding the day on which an order is made sanctioning this scheme, to any person who, or any subsequent holder thereof who, shall by such close of business agree in writing that such Lloyds Bank shares shall form part of the scheme shares.
- (B) At the date of this scheme the authorised share capital of Lloyds Bank is £1,650,000,001 divided into one cumulative floating rate preference share of £1 and 1,650,000,000 ordinary shares of £1 each, of which 1,311,721,812 ordinary shares have been issued and are credited as fully paid.
- (C) At the date of this scheme, the Lloyds Bank share option schemes entitle the holders of options to subscribe for an aggregate of 48,701,165 Lloyds Bank shares.
- (D) TSB was incorporated as a public limited company in Scotland on 21st October, 1985 under the Companies Act 1985 and has an authorised share capital of £825,000,000 divided into 2,021,052,632 ordinary shares of 25 pence each, of which 1,531,690,220 have been issued and are credited as fully paid, 78,947,368 limited voting ordinary shares of 25 pence each, all of which have been issued and are credited as fully paid, and 300,000,000 limited voting preference shares of £1 each, none of which have been issued.
- (E) TSB has agreed to appear by counsel on the hearing of the petition to sanction this scheme and to undertake to the Court to be bound thereby and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it or by Lloyds TSB for the purpose of giving effect to this scheme.

THE SCHEME

1. (i) The share capital of Lloyds Bank shall be reduced by the cancellation of the scheme shares.
 - (ii) Forthwith upon the said reduction of capital taking effect, the share capital of Lloyds Bank shall be increased to its former amount by the creation of such number of new Lloyds Bank shares as shall be equal to the number of scheme shares.
 - (iii) Forthwith upon the said reduction of capital taking effect, Lloyds Bank shall apply the credit arising in its books of account as a result of the cancellation of the scheme shares in paying up in full at par the new Lloyds Bank shares created pursuant to sub-clause (ii) of this clause which shall be allotted and issued credited as fully paid to Lloyds TSB and/or its nominees.
2. In consideration for the cancellation of the scheme shares, Lloyds TSB shall allot and issue credited as fully paid at par Lloyds TSB shares to and amongst the persons who at the close of business on the record date are the registered holders of the scheme shares, on the following basis:

For each scheme share	2.704 new Lloyds TSB shares.
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Fractions will not be allotted to holders of the scheme shares but will be aggregated and sold for the benefit of Lloyds TSB.

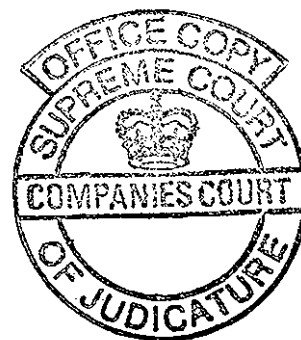
3. The Lloyds TSB shares to be issued pursuant to clause 2 of this scheme shall rank *pari passu* with all other Lloyds TSB shares in issue on the effective date and shall rank for all dividends or distributions made, paid or declared thereon following the effective date, save that they shall not rank for the special cash dividend of 68.3 pence net per ordinary share of 25 pence in the capital of TSB proposed to be paid on or about the date which is 21 days after the effective date.
4. With effect from and including the effective date, each existing certificate representing a holding of scheme shares shall cease to be valid in respect of such holding.
5. Lloyds TSB shall, within 21 days after the effective date, allot and issue all Lloyds TSB shares which it is required to allot and issue pursuant to clause 2 of this scheme and shall (unless prohibited by law) send



by post to the allottees certificates for the new Lloyds TSB shares. If, in respect of any holder of scheme shares with a registered address outside the United Kingdom, Lloyds TSB is advised that the issue of Lloyds TSB shares pursuant to clause 2 of this scheme would infringe the laws of any jurisdiction outside the United Kingdom or would require Lloyds TSB to observe any governmental or other consent or any registration, filing or other formality, Lloyds TSB may determine that no Lloyds TSB shares shall be allotted to such holder under clause 2, but shall instead be allotted to a nominee appointed by Lloyds TSB, as trustee for such holder, on terms that the nominee shall, as soon as practicable following the effective date, sell the Lloyds TSB shares so allotted at the best price which can reasonably be obtained and shall account by cheque for the net proceeds of such sale (after the deduction of all expenses and commissions, including value added tax payable thereon) by sending a cheque to the holder of such scheme shares in accordance with the provisions of clause 6 of this scheme.

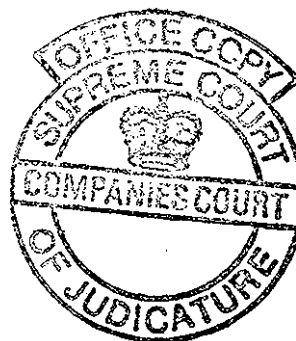
6. All certificates required to be sent by Lloyds TSB pursuant to this scheme and all cheques required to be sent by the nominee referred to in clause 5 shall be sent through the post in prepaid envelopes addressed to the persons entitled thereto at their respective registered addresses as appearing in the register of members of Lloyds Bank in the case of certificates at the close of business on the record date and in the case of cheques within 7 days after any sale of the relevant Lloyds TSB shares (or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the register in respect of such joint holding) or in accordance with any special instructions regarding communications, and neither Lloyds TSB nor the nominee shall be responsible for any loss or delay in transmission.
7. Each mandate in force at the close of business on the record date relating to dividends on any scheme shares or the issue of Lloyds Bank shares in lieu of cash dividends and each instruction given to Lloyds Bank relating to notices and communications shall unless and until varied or revoked be deemed as from the effective date to be also an effective mandate or instruction to Lloyds TSB in relation to the corresponding Lloyds TSB shares.
8. This scheme shall become effective as soon as an office copy of the order of the Court sanctioning this scheme under section 425 of the Companies Act 1985 and confirming under section 137 of the said Act the reduction of capital provided for by this scheme shall have been delivered to the Registrar of Companies in England and Wales and registered by him.
9. Unless this scheme shall have become effective on or before 31st March, 1996, or such later date, if any, as Lloyds Bank and TSB may agree and the Court may approve, this scheme shall lapse.
10. Lloyds Bank and TSB may consent on behalf of all persons concerned to any modification of or addition to this scheme or to any condition which the Court may think fit to approve or impose.
11. Lloyds Bank is authorised and permitted to pay all the costs and expenses relating to the negotiation, preparation and implementation of this scheme.

Dated 3rd November, 1995



Second Schedule

"The authorised capital of Lloyds Bank Plc was by virtue of a special resolution and with the sanction of an Order of the High Court of Justice dated 18 December 1995 reduced from £1,650,000,001 divided into one cumulative floating rate preference share of £1 and 1,650,000,000 ordinary shares of £1 each to £337,968,052 divided into one cumulative floating rate preference share of £1 and 337,968,051 ordinary shares of £1 each. By virtue of a scheme of arrangement sanctioned by the same order and the same special resolution the authorised capital of the company upon the registration of this Minute is £1,650,000,001 divided into one cumulative floating rate preference share of £1 and 1,650,000,000 ordinary shares of £1 each of which 538,286 have been issued and are deemed to be fully paid up and the remaining shares have not been issued."



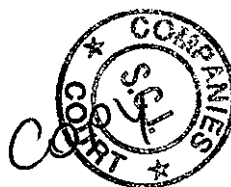
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

MR JUSTICE EVANS-LOMBE

IN THE MATTER OF:-
Lloyds Bank Plc

- and -

IN THE MATTER OF:-
The Companies Act 1985



**ORDER SANCTIONING
SCHEME OF ARRANGEMENT
AND CONFIRMING
REDUCTION OF CAPITAL**

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Barrington House
59-67 Gresham Street
London EC2V 7JA
Tel: 0171 606 7080

Ref: DLW/RFW/JOMH

Solicitors for the company