

21st July 2003

All IT Staff

Voluntary Redundancy/Voluntary Early Retirement For IT Staff

All staff in IT should have received a memo from Igor Andronov, Director of Group IT, offering them the opportunity to register their interest in taking Voluntary Redundancy/Voluntary Early Retirement (VR/VER). This offer does not apply to staff who have been appointed as part of the Tiers 1, 2 and 3 Selection Process.

As is normal when an offer like this is made by the Bank the fact that a member of staff expresses an interest does not mean that they are committed to taking VR/VER. Equally, the fact that members of staff have shown an interest does not automatically mean that the Bank is obliged to offer them VR/VER. LTU will be looking to review all recommendations for VR/VER to ensure that the agreed process has been handled correctly and that staff have been treated equitably.

Different severance terms apply to IT staff depending on 'heritage' and when they joined the Bank. Each set of severance terms including those for C&G staff are outlined in this Newsletter. Further information and advice is available from the Union's 24 Hour Advice Line.

Whilst the Improving IT juggernaut rolls on, and a decision about whether there will be a Tier 4 will be made shortly, we must not lose sight of the fact that there are many aspects of the current IT structure and ways of working which are successful and do not require changing either by Accenture or the Bank for that matter. Equally, where change is required we must all embrace it rather than seeking to avoid it. LTU is aware that some IT staff have been told by their Accenture colleagues that some aspects of their terms and conditions of employment will change, for example the current number of IT will be reduced or done away with all together, in the 'New IT World'. Whilst those internal discussions are no doubt going on, IT staff can be assured that any changes to existing terms and conditions will be negotiated with LTU before anything is introduced. The people and cultural implications of the Improving IT programme will be discussed in a separate Newsletter shortly. In the meantime, members with any questions can contact the Union's Advice Team on 01234 262868.

Staff who Joined The Bank after 1st January 1997

All staff joining the Bank since 1st January 1997 are only entitled to the Severance Terms detailed in this section.

Staff who are made redundant will be entitled to receive a lump sum calculated according to a formula based on age and length of service, as the table beneath shows.

| AGE OF EMPLOYEE | ENTITLEMENT |
|-----------------|---|
| < 40 | 4 weeks' pay per year of service |
| 40 - 49 | 4 weeks' pay per year of service plus an additional 2 weeks' pay for each year of service between 40 - 49 inclusive |
| 50+ | 3 weeks' pay per year of service (max 104 weeks) reduced by 10% for each year of service over 50 |

Service for the calculation of redundancy payments is actual service for the Bank at the date of termination rounded up to the next whole number of years, and age as at last birthday.

The pay figure used to calculate the redundancy payment will include the following;

- Basic Salary
- Territorial Allowance
- Company Car Limit
- PSRP averaged over 12 months

The total pay figure is then divided by 52 to arrive at a weekly figure. This figure is then multiplied by the factor calculated as above.

The maximum entitlement is 104 weeks pay and the first £30,000 of any payment is free of tax.

Lloyds Heritage; Pre-1997

The following VS/VER Terms apply solely to staff who joined on Lloyds contracts on or before 31st December 1996.

Voluntary Severance (VS) applies to staff under 50 and Voluntary Early Retirement (VER) to staff aged 50 or over. Payment will be made in accordance with the table overleaf and calculations below. Exactly the same terms apply for Voluntary Severance and Compulsory Redundancy.

For leavers under VS, a preserved pension based on the length of pensionable service at the date of leaving will be calculated to be taken at age 60.

Leavers under VER will, in addition to the severance payment, receive a non-actuarially reduced pension based on the length of pensionable service at date of leaving.

Support You Can Count On


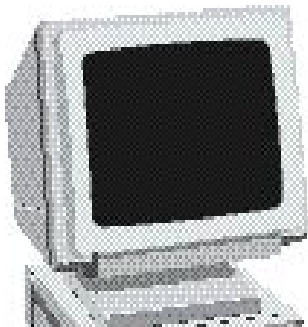

The range and depth of the Union's professional services and support includes:

- LTU's unique 24 Hour Advice Line Service which members can telephone to speak direct to an experienced Official at any time; whether during the day, night or weekend. The number is 01234 262868.
- Support from LTU's vastly experienced Advice Team, each member of which is specially trained to tackle the types of problems and concerns members are likely to face.
- Frequent negotiations by LTU's experienced team of Officials with Senior Management, ensuring that the needs and interests of staff are taken into full account at all times.
- Regular in-depth Newsletters specifically for IT staff.

These will provide members with essential advice and information on their rights, entitlements and provide guidance on all developments as they unfold.

- Special services designed to help staff looking for other jobs both inside and outside the Bank; including LTU's free CV Design and Preparation Service, Career Development Advice and Outplacement Counselling.
- Face-to-face advice and support for members. This includes regular visits to all Lloyds TSB offices.

Members with any questions or comments can contact the Union's Advice Team in Bedford on 01234 262868, or they can e-mail 24hours@ltu.co.uk.

| | | |
|--|---|---|
|  <p>24 Hours Advice Line</p> |  <p>24hours@ltu.co.uk</p> |  <p>Fax No: 01234 262821</p> |
|--|---|---|

MARK V BROWN
Assistant General Secretary

C & G Redundancy Payments

- In the C&G the following staff qualify for Redundancy Payments:

- Full time staff with continuous service of 1 year or more
- Part time staff with continuous service of 1 year or more

- The calculations of redundancy payment due will be as follows:

Age Groups

17 - 35 2 weeks pay for each year of reckonable service

36 - 45 3 weeks pay for each year of reckonable service

46 - 55 5 weeks pay for each year of reckonable service

56 - 60 6 weeks pay for each year of reckonable service

- There will be a minimum of 6 weeks pay for staff aged 17 and over

In calculating the number of years of reckonable service, the statutory maximum shall be disregarded and up to a maximum of 104 weeks will be paid.

- In calculating a weeks pay, the statutory cap on earnings will be disregarded and the full salary used.
- The number of weeks pay for all reckonable service will be calculated at the relevant rate for the age band at the effective date of the redundancy.
- Staff who have a Concessionary Mortgage at the time of the declaration of redundancy will retain this mortgage concession on the existing account and balance for the period of six months from the date of redundancy. At the end of this period the Normal Public Rate will apply.

Members of staff aged 50 or over who are members of the C&G Pension Plan will receive an unreduced pension when they are made redundant, further details are given in the Pension Booklet.

Points to note when calculating Severance Payments:

- The amount of Territorial Allowance (London and South East) to be added will be that currently payable (including any payments under wind-down schemes).
- Bands 1-4 should add an amount for the Car Benefit they receive based on the value of 12 times the monthly limits set out by the Car Scheme.
- The first £30,000 of payment will not be subject to Income Tax.

Payment in Lieu of Notice:

- The notice period commences from the date the individual signs to accept the Bank's offer.
- A minimum of 8, and a maximum of 12, weeks' salary will be paid on the basis of 1 week for each year's service, and is payable for any period of unexpired notice at the individual's date of leaving.

| WORKING OUT YOUR REDUNDANCY PAYMENT | |
|-------------------------------------|--|
| Step 1 | What is your Basic Salary Add your car benefit Territorial Allowance Total A (A) |
| Step 2 | Divide Total A by 52 (B) |
| Step 3 | How long have you worked for the Bank? (round up to next complete year) |
| Step 4 | How old are you? |
| Step 5 | Look at the Redundancy Table overleaf and find the value where your Service Step 5) and Age (Step 4) Intersect Multiplier C (C) |
| Step 6 | Multiply C (Step 5) by B (Step 2) to find your Redundancy payment (C) x (B) = £ Severance |

TSB Heritage; Pre-1997

TSB 'Heritage' staff who joined the Bank on or before 31st December 1996 are only entitled to the Severance Terms detailed in this section

Severance Terms are based upon the age of the member of staff and the length of their continuous service in the Bank, with different calculations applying to those staff who joined the Bank on or before 31st December 1993, and those who joined between 1st January 1994 and 1st January 1997.

Voluntary Severance (VS) applies to staff under the age of 50. Voluntary Early Retirement (VER) applies to Staff age 50 or over. Exactly the same terms apply for Voluntary Severance and Compulsory Redundancy.

Staff who commenced TSB employment before 31st December 1993

The maximum amount of redundancy payment is £60,000.

- Staff aged 18 - 39 Three weeks' pay for each year of service.
- Staff aged 40 - 49 Three weeks' pay for each year of service, plus two weeks' pay for each completed years' service between the ages of 40 - 49.
- Staff aged 50 - 56 Two weeks' pay for each year of service.
- Staff aged 56 + Two weeks' pay for each year of service, reduced by 1/24 for each completed 2 month period of service over the age of 56.

All payments are made in addition to a basic award of nine weeks' pay, and also in addition to any statutory entitlements under the Redundancy Payment Scheme.

Staff who commenced TSB employment between 1st January 1994 and 1st January 1997

All staff are entitled to a minimum of 6 weeks' pay; the maximum amount of redundancy payment is £60,000.

- Staff aged 18 - 39 Three weeks' pay for each year of service.
- Staff aged 40 - 49 Three weeks' pay for each year of service, plus one weeks' pay for each completed years' service between the ages of 40 - 49.
- Staff aged 50 - 56 Two weeks' pay for each year of service,
- Staff aged 56 + Two weeks' pay for each year of service, reduced by 1/24 for each completed 2 month period of service over the age of 56.

All payments are made inclusive of any statutory entitlements under the Redundancy Payment Scheme.

Points to note when calculating Severance Payments

- Staff who have changed their working hours from full time to part time, or vice-versa, will have their redundancy payments calculated on a pro rata basis.
- Any Territorial Allowance is added to Basic Salary before applying the above calculations.
- Payments are based on actual service at the date of termination rounded to the nearest whole year, and the first £30,000 of payment will not be subject to Income Tax.

General Rights and Benefits

Leavers under VS under the age of 45 may keep their Staff Mortgage at the current rate for a further year from the date of leaving; those between the ages of 45 and 49 inclusive may keep their Staff Mortgage at the current rate for two years from the date of leaving.

For TSB heritage staff, mortgage benefit is paid as a lump sum depending upon date of joining the Bank.

Leavers under VER may keep their Staff Mortgages on the agreed terms until their normal retirement date.

Personal Loans or Educational Loans may be kept on the agreed terms after leaving, until maturity (applies to VS and VER)

Holiday entitlement will be given pro-rata and will normally be expected to be taken before leaving. (If this is not operationally possible then payment in lieu will be made).

Up to five further payments can be made under the SAYE Share Option Scheme in the six months following leaving. Options must be exercised within 6 months of leaving.