

APPENDIX 3.1
(referred to in paragraph 3.4)

**Proposed acquisition by Lloyds TSB of Abbey National:
sequence of events**

<i>Date</i>	<i>Lloyds TSB and Abbey National</i>	<i>BoS and Abbey National</i>
2000 and earlier	Two approaches made by Lloyds TSB to Abbey National concerning a possible merger. Abbey National says it wishes to remain independent.	
July 2000		Initiation of discussions between Abbey National and BoS on a possible combination of the two groups.
3 November 2000		Following press speculation, Abbey National confirms that it has made an approach to BoS which may or may not lead to an offer for BoS by Abbey National.
5 December 2000	In response to recent press speculation, Abbey National announces that a meeting has been held with Lloyds TSB to talk generally about the merits of a combination of the two groups. Lloyds TSB sends Abbey National a letter containing further details, which Abbey National says it is considering.	Abbey National says that its talks with BoS about a possible combination continue to make good progress.
7 December 2000	Abbey National says that its board has considered the contents of the letter from Lloyds TSB. The board concludes that the proposals contained in the letter are unattractive and that it does not intend to enter into discussions with Lloyds TSB.	
8 December 2000	Lloyds TSB notes the announcement by Abbey National that it does not wish to pursue discussions with Lloyds TSB. Lloyds TSB says that it is considering its options.	
12 December 2000	Abbey National confirms it has received a second letter from Lloyds TSB with a further proposal for the acquisition of Abbey National by Lloyds TSB. Abbey National rejects the terms of the proposal as inadequate and uncertain. In reaching this conclusion, the board of Abbey National has regard to shareholder value, deliverability and regulatory risk.	
13 December 2000	Lloyds TSB says it is disappointed that Abbey National has rejected its proposals and announces the terms of a proposal which involves 1.5 new shares in Lloyds TSB and 260 pence in cash for each Abbey National share, though this does not constitute an offer or an intention to make an offer.	

19 December 2000		BoS and Abbey National confirm that they are continuing to progress discussions regarding a merger of the two groups. Abbey National files a Merger Notice with the OFT.
5 January 2001	Lloyds TSB files a Merger Notice with the OFT.	
31 January 2001	Lloyds TSB confirms its intention to make an offer for Abbey National, subject to conditions precedent on competition regulatory clearance and unconditional recommendation from the Abbey National board.	
5 February 2001		Secretary of State announces that the possible merger between BoS and Abbey National will not be referred to the CC for investigation.
7 February 2001	Abbey National announces that its board has considered the offer from Lloyds TSB. The board concludes that the proposed offer terms remain inadequate and subject to material uncertainties.	
23 February 2001	Secretary of State refers the proposed merger between Lloyds TSB and Abbey National to the CC for investigation.	
28 February 2001		Abbey National announces that, in the light of the continuing uncertainty created by Lloyds TSB, which may or may not be able to put an offer to Abbey National shareholders later in the year, it has terminated discussions with BoS regarding a potential merger.