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**THE MERGER ACTION GROUP – NEWS RELEASE
THURSDAY, DECEMBER 11, 2008 –FOR IMMEDIATE USE**

MAG SAYS 'WE'VE DONE ALL WE CAN' IN BANK TAKEOVER LEGAL CHALLENGE

The Merger Action Group said today [thurs] it felt it had done all it practically could to highlight the widespread public concern over the Government's decision to waive competition law to push through the takeover of HBOS by Lloyds TSB.

Accordingly, MAG has decided to conclude its legal challenge and will not be appealing to the Court of Session following the Competition Appeal Tribunal's ruling.

The group of businessmen, supported by more than 750 bank shareholders, customers and other concerned members of the public, said it had no wish to interfere with tomorrow's [fri] meeting in Birmingham when HBOS shareholders will be asked to vote on the takeover, and had taken great care to facilitate a truncated tribunal timetable in order to meet this deadline.

MAG spokesman Malcolm Fraser, an Edinburgh architect, said: 'We are glad we took the stand we did, and that we were able to highlight issues in advance of any vote. It is now up to shareholders to decide what is in the best interests of themselves, the banks and their staff and customers.'

'We are satisfied that our legal challenge against Lord Mandelson's extraordinary decision to approve this takeover without referring it to the Competition Commission was right, proper and responsible.'

'And we take great heart from the fact that in its judgement, the Competition Appeal Tribunal corroborated this view even though, on very strict and narrow legal grounds, it ruled against us.'

'We have also been very encouraged by the huge groundswell of public and political support for our cause, which in itself is very rewarding given that our only motive in bringing forward this appeal was to protect and stand up for the public interest.

'We have had no issue with either of the banks involved – this was purely and simply done in the public interest and to address the concerns and fears of many people in Scotland that it was a decision made for political expediency.

'Many people will no doubt find it hard to believe that the prior public statements made by the Chancellor and the Prime Minister placed no burden on Lord Mandelson's decision, but nonetheless we respect the ruling of Sir Gerald Barling QC and his two fellow panel members, who diligently adjudicated on the evidence provided to them.

'In deciding not to exercise our right to appeal to the Court of Session, we also have to take into account that we are a relatively small group with limited resources. Nevertheless, we have no regrets or doubts that we were promoting a just cause, and do not apologise for doing what we believed to be right.'

The group is now exploring its options on whether to continue in a modified form or to disband.

'We have yet to decide whether there may be a future role for MAG,' said Mr Fraser. 'We are aware that there are a number of people and organisations who are urging us to continue. We shall make an announcement on that in early course.'

The question of legal costs in connection with the two-day hearing at CAT has yet to be resolved between lawyers acting for MAG and those representing Lord Mandelson.

MAG said that they appreciated indications from the two banks involved, as interveners, that they would not pursue the group for costs, but MAG is awaiting a decision from Department of Business, Enterprise and Regulatory Reform [BERR].

Mr Fraser said: 'The Tribunal is not in the business of dissuading challenges by relatively small applicants, and in the past has even awarded costs to losing parties acting in the public interest, as were we.

'Nonetheless, we feel it is right to pay our own costs in regard to our action, and hope that the UK Government will do likewise. We did not want to use our costs

as a bargaining position regarding our appeal, which is why we have notified all parties that we are waiving our right of appeal with immediate effect.'

MAG's legal action has been funded largely through public donations to a fighting fund which was set up at the start of the campaign.

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