

## PRESS CUTTING

### **The Press Association 31 October 2009**

#### **Lloyds shareholders in legal talks**

Disgruntled Lloyds Banking Group shareholders are due to gather in London to hear progress on plans for a possible legal challenge against the bank.

The investors - mostly those in the former Lloyds TSB - have been hit by falling share prices and loss of dividends after its takeover of ailing HBOS, which dragged the new group billions into the red and forced the Government to take a 43% stake.

The UK Shareholders Association (UKSA) - which has contacted about 200,000 of the bank's three million private investors so far - is holding the meeting at the QEII conference centre.

The chairman of the Lloyds Action Group, Nick Shaw, will set out to shareholders the legal issues being examined after initial discussions with legal firm **PCB Litigation**.

UKSA spokesman Roger Lawson, who said the group had raised about £50,000 so far, said: "We are likely to be formally engaging with **(PCB)** to do a proper examination of the legal issues."

But any legal action which does emerge is likely to be lengthy and expensive.

Although chairman Sir Victor Blank has since stood down, the deal was backed by 96% of Lloyds TSB shareholders last November.

An overwhelming majority of HBOS investors also supported the move - amid warnings that the bank could face nationalisation if the deal fell through.

Lloyds is set to unveil a £21 billion fundraising bid next week as it seeks to avoid putting £260 billion of toxic loans - mostly from HBOS - into a Government-backed insurance scheme, which would raise the taxpayer stake to 62%. The bank will reportedly pay £2.5 billion as a break fee.