

ASX Announcement

11 July 2017

Market Update: In Principle Conditional Settlement of Hall Proceeding and related Shareholder Claims

Slater and Gordon Limited (ASX:SGH) (“**the Company**”), has reached in principle conditional agreement to settle the class action proceeding brought on behalf of Mr Matthew Hall (“**Hall Proceeding**”), through a mediation process facilitated by the Federal Court.

As previously announced by the Company two shareholder class action proceedings have been filed against the Company. The Company has also received notification of one other potential class action proceeding by former and existing shareholders.

The conditional in principle settlement will also resolve any and all potential shareholder claims against the Company and its directors and officers. The settlement is subject to completion of formal legal documentation and will also require approval by the Federal Court of the settlement terms. The settlement of all other shareholder claims will be effected by a shareholder creditors’ scheme of arrangement (“**Shareholder Creditor Scheme**”).

While the settlement terms have been agreed in principle and subject to conditions, the parties to the settlement are legally bound to negotiate the formal documentation giving effect to those terms, in good faith.

The terms include the following (the details will be described in the court approval application and the documentation for the Shareholder Creditor Scheme):

- an agreed settlement amount relating to all Shareholder Creditor claims of \$32.5 million (“**Shareholder Creditor Scheme Fund**”) comprising proceeds from responsive directors and officers liability insurance policies held by the Company will be made available by agreement in principle reached with the Company’s insurers;
- \$4 million (out of the additional \$5 million in facilities announced on 29 June 2017) will be made available by the Company’s Lenders to fund a further payment by the Company for the benefit of the Hall Proceeding claimants;
- releases will be given in favour of those insurers;
- various other provisions releasing, resolving and insulating the Company and its current and former officers from the impact of claims by Shareholder Creditors in connection with the Company’s affairs;
- payment of approved legal costs incurred by the Hall Proceeding claimants out of the Shareholder Creditor Scheme Fund;
- the Hall Proceeding will be dismissed with no orders as to costs; and
- the settlement is without admission of liability by the Company.

The Company has previously announced the agreement signed with its Senior Lenders to propound a restructure by way of Scheme of Arrangement (“**Senior Lender Scheme**”). Without this conditional in principle settlement, the claims of Shareholder Creditors would have been subordinated by the Senior Lender Scheme.

The settlement, Shareholder Creditor Scheme and the Senior Lender Scheme are conditional on each other. It is intended that approval for the settlement and Schemes will be sought simultaneously.

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About Slater and Gordon

Slater and Gordon Limited (“Slater and Gordon Group”, ASX:SGH) includes Slater and Gordon Lawyers in the United Kingdom and Australia, as well as Slater Gordon Solutions in the UK. Slater Gordon Solutions includes Claims, Health and Motor Services.