

ASX Announcement

29 November 2017

Market Update: Recapitalisation and AGM

Slater and Gordon Limited (ASX: SGH) (the **Company**) notes the higher than usual trading volumes in its shares following its announcement yesterday that the senior lenders unanimously approved the proposed senior lender creditors' scheme of arrangement.

Effect of the Recapitalisation

The Company wishes to reiterate the effect of the recapitalisation proposal (**Recapitalisation**) on shareholders.

As explained in the Notice of Annual General Meeting and Explanatory Memorandum released to the ASX on 30 October 2017 (**Explanatory Materials**), due to the number of shares to be issued as part of the Recapitalisation, the Company is proposing to undertake a 100-for-1 share consolidation prior to implementing the Recapitalisation. This will reduce the Company's current share capital from 347.2 million shares to 3.5 million shares on issue, meaning the total number of shares held by each shareholder will decrease.¹ In addition as part of the Recapitalisation the Company will issue shares to senior lenders such that shareholders' interests will be diluted to 5% of the Company's total share capital (post-Recapitalisation and post-share consolidation).²

Importance of Voting at the AGM

The Company also wishes to reiterate the importance of shareholders voting in favour of the Recapitalisation at the annual general meeting (**AGM**). The Directors believe that the Recapitalisation represents the best outcome available for shareholders and all stakeholders.

If the resolution required to implement the Recapitalisation is not successful at the upcoming AGM, the Board will be placed in a position where it will have to re-assess the solvency of the Company, as its level of debt will be unsustainable. If this were to occur, shareholders would most likely receive nothing because the Company's debt is greater than the value of its assets.

Shareholders should note that the Company is continuing to operate due to the direct financial support of its senior lenders, including the provision of incremental super senior funding. The Board believes that there are no feasible alternatives to reduce the Company's secured debt.

The Directors encourage shareholders to review the Explanatory Materials that have been dispatched in recent weeks and to **vote in favour** of the Recapitalisation resolution (Resolution 8) at the upcoming AGM. The Board also notes that the Australian Shareholders' Association is supporting a vote in favour of the resolution to issue shares as part of the Recapitalisation.

The Explanatory Materials are also available on the Company's website at <https://www.slatergordon.com.au/investors>.

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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.

¹ For example, a shareholder currently holding 100,000 shares would hold 1,000 shares after giving effect to the proposed share consolidation.

² For example, the 13.7 million shares that traded on 28 November 2017 currently represent 3.9% of shares on issue. Assuming the recapitalisation and share consolidation resolutions are passed at the AGM, these shares will become ~137,000 shares and represent a ~0.2% interest in the post-recapitalisation Company.