ASX Announcement

Slater & Gordon Lawyers

www.slatergordon.com.au

12 October 2011

Vioxx Appeal Judgment

National law firm Slater & Gordon Limited (ASX: SGH) advises that the Vioxx class action appeal judgment has been handed down by the Full Court of the Federal Court of Australia in Melbourne this morning.

Slater & Gordon has been conducting the class action since 2005 on a No Win No Fee™ basis for lead plaintiff Mr. Graeme Peterson and other class members who suffered heart attacks alleged to have been caused by the arthritis drug Vioxx.

In March 2010, Mr. Peterson was successful in his claim following a trial before Justice Jessup in the Federal Court of Australia in Melbourne and was awarded compensation by the court. That decision was then appealed by the pharmaceutical company Merck Sharp & Dohme Australia (**Merck**).

The Full Court of the Federal Court today found in favour of Merck and allowed their appeal. In doing so, the Court held that Mr Peterson had not demonstrated that his heart attack had been caused, in a relevant legal sense, by Vioxx.

The route to finalisation of this matter is not straightforward. The 93 page judgment of the Court raises a significant number of complex and novel issues of fact and law. The Court's decision does not foreclose all rights available to class members other than Mr Peterson. Mr Peterson also has the right to seek special leave to appeal today's judgment to the High Court of Australia. The parties may also decide to work towards a negotiated settlement that is satisfactory to their clients and to the Federal Court.

The judgment of the Court requires careful analysis to determine whether appeal rights available to Mr. Peterson should be pursued and how the cases of the remaining class members should be advanced.

The Board of Slater & Gordon will also determine, after appropriate consideration, whether the carrying value for Work In Progress (WIP) and the disbursement investment made in the case should be impaired in the first half of 2012 to take into account this result and the strength of the remaining rights available to Mr. Petersen and the class members. The Company's maximum adverse exposure to the case is $9.8mil. Any write down of these carrying values would have no cash impact as these costs have been incurred and funds expended.

While the case is the most significant investment being made by the Company in a single piece of litigation, the total investment represents less than 4.5% of the Company's total WIP and paid disbursement balances as at 30 June 2011.