

ASX Announcement

**Slater &
Gordon**
Lawyers

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Vioxx Class Action Not Granted Special Leave to Appeal to High Court

- **Write down of WIP and disbursements has no impact on cashflow**

National law firm Slater & Gordon Limited (ASX:SGH) advises that the High Court today denied special leave for the lead plaintiff in the Vioxx class action, Mr Graeme Peterson, to appeal the decision of the Full Court of the Federal Court made on 12 October 2011.

In March 2010 the Federal Court awarded \$287,912 plus interest to Victorian occupational health and safety consultant Graeme Peterson. Mr Peterson suffered a heart attack in 2003 after taking the arthritis drug Vioxx for three years.

On 12 October 2011 the Full Court of the Federal Court upheld an appeal by the Australian subsidiary of the drug manufacturer Merck overturning the original decision. The High Court today decided that it will not grant Mr Peterson leave to appeal this decision and therefore the decision of the Full Court of the Federal Court now stands.

Slater & Gordon has funded the Vioxx litigation on a No Win No Fee basis since 2005 and, as previously disclosed, the carrying value of the work-in-progress (WIP) and disbursements incurred and expended on this litigation is approximately \$10.0m. The Board has determined to write down the full value of this investment in the FY12 financial accounts. This write down will have no cash impact as these costs have been incurred and funds expended.

The Vioxx Class Action represents 55% of the carrying value of WIP as at 31 December 2011 in Project Litigation cases funded by Slater & Gordon (which in total amounted to 5.3% of WIP overall as at 31 December 2012) and as such is the only Project Litigation case being wholly or partly funded by the Company, the outcome of which may have a material impact on the Company's financial performance.

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Established 77 years ago, Slater & Gordon has built a powerful reputation as a law firm which fights for the best outcomes for everyday Australians. Today Slater & Gordon offers its broad range of legal services at more locations than any other law firm in the country, delivering affordable legal advice and justice to more Australians.

The work of the Project Litigation group at Slater & Gordon ensures that it remains at the forefront of ground breaking litigation, providing access to the legal system for everyday people and also contributes to its unique brand positioning, as Australia's pre-eminent consumer legal services firm. As per previous guidance, the Company does not invest more than 10% of its work in progress at any one time in the small portfolio of project litigation cases it is conducting on behalf of clients.