



11 July 2014

Slater & Gordon Employee Share Scheme

- Slater & Gordon Limited (“Slater & Gordon”) today announced the proposed introduction of a new Employee Share Scheme (ESS), to be presented to shareholders for approval at the 2014 Annual General Meeting.
- The new scheme aims to encourage staff retention, drive achievement of performance objectives and further align employee and shareholder interests.
- The Board considers equity participation a fundamental component of an effective executive and employee rewards strategy and believes a refreshed share scheme, which reflects contemporary practice, was warranted to meet the needs of an international and now much larger Slater & Gordon Group.
- The new scheme will replace the current employee ownership plan which will be discontinued without affecting the rights of existing participants.
- The Board will retain flexibility on the capital management aspects of the program and will determine the best settlement method at the time. If settled by new issues and if fully vested, once fully operational the new scheme would result in an estimated 1.0 million shares (or 0.5% of current issued capital) being issued to employees per annum. The Board believes the associated EPS depletion would be offset by the performance outcomes necessary to achieve vesting.
- Detailed information about the new scheme and its expected financial impact will be provided to shareholders in the Notice of Annual General Meeting.

Scheme Overview

The new ESS will consist of three main components as follows.

1. **Long term incentives** for key staff will be provided in the form of performance rights to be granted subject to a minimum three year service vesting requirement and generally accepted market based performance conditions. Initial grants totalling approximately 510,000 performance rights allocated to a total of up to sixty (60) key staff are under consideration. Annual grants will be considered but the number, value and terms of future grants, if any, may vary.
2. **Deferred short term incentives** will be introduced in respect of the year ended 30 June 2015. Participating staff will be required to receive rights for a portion (33% is proposed, but may vary) of any short term incentive (STI) earned in the year. The rights granted, in lieu of cash incentives, will then be held subject to a minimum deferral period of 2 years. The number of rights to be issued will vary from year to year and will depend on the number of participating staff each year and the level of short term incentives earned.

3. **Employee equity participation.** The Board believes that all eligible employees of the Slater & Gordon Group should be encouraged to own Slater & Gordon shares. Accordingly, it is intended that 'share save' schemes will be introduced in both Australia and the United Kingdom. These schemes will be established in accordance with the relevant enabling concessional taxation legislation in each country that are designed to encourage broad based employee ownership. Initial grants are intended to be made on a 'matching offer' basis. That is, SGH will match on a 1 for 1 basis employees who invest in SGH shares up to a limit of approximately \$500 for each participating employee in Australia and £375 for each participating employee in the United Kingdom. Annual offers under these 'share save' schemes will be considered but the terms of future offers may vary depending on the assessed cost versus benefit of the program and the level of participation.

ENDS

For more information

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