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30 March 2015

Slater and Gordon executes agreement to acquire Quindell's Professional Services Division and launches A\$890m accelerated renounceable entitlement offer

Slater and Gordon Limited ("Slater and Gordon") has entered into an agreement to acquire Quindell plc's ("Quindell") Professional Services Division ("PSD") in return for upfront consideration of £637 million (A\$1,225 million)¹ and an earnout based on performance of PSD's legacy noise induced hearing loss ("NIHL") cases.

Slater and Gordon is seeking to raise approximately A\$890 million in new equity to fund the acquisition, through a fully underwritten² 2 for 3 pro rata accelerated renounceable entitlement offer ("Entitlement Offer"). The balance of the upfront consideration will be funded by fully underwritten bank debt.

The transaction is conditional on a majority vote by Quindell shareholders, which is scheduled for Friday, 17 April 2015. Quindell's Board have unanimously recommended that Quindell shareholders vote in support of the transaction. Further, the transaction has been endorsed by Quindell's Board members-elect and Slater and Gordon has already secured irrevocable undertakings and commitments representing greater than 15% of Quindell's issued share capital. Financial close is expected in May 2015. The transaction is also subject to customary regulatory approvals.

Transaction Highlights

1. Transformational opportunity in line with Slater and Gordon's growth strategy, positioning Slater and Gordon as the leading personal injury law group in the UK
2. PSD provides a comprehensive platform of businesses, processes and infrastructure that augments Slater and Gordon's existing UK operation
3. Significant opportunity to refocus and optimise the performance of PSD
4. Confidence in the opportunity underpinned by the experience and track record of Slater and Gordon's leadership team, Slater and Gordon's deep UK market experience, and by an extensive period of due diligence based on a bottom up, fundamental assessment of PSD
5. Anticipated to deliver significant value for Slater and Gordon shareholders³
 - Proposed transaction expected to be substantially EPS accretive (greater than 30%)⁴ to Slater and Gordon from the first full year of ownership
 - Attractive acquisition multiple of c.6.9x⁵
 - Positions Slater and Gordon for inclusion in the S&P/ASX100

Transaction Overview:

Slater and Gordon's Managing Director, Andrew Grech, said: "The acquisition of PSD is a transformational opportunity, and will allow Slater and Gordon to further penetrate the highly fragmented £2.5bn UK personal injury market. The combination of Slater and Gordon and PSD creates the number one personal injury law group in the UK. It further diversifies our sources of legal work, broadening access to claims management companies, insurers and insurance brokers. PSD's Health and Motor services increase our touch points along the claims value chain and increase client

¹ Based on exchange rate of AUDGBP 0.52.

² Subject to approval from ASIC for Citi acting as nominee for ineligible shareholders for the purposes of section 615 of the Corporations Act.

³ Refer to accompanying investor presentation for further detail on basis of EPS impact and acquisition multiple.

⁴ First full year of ownership refers to FY2016 (June y/e). Assumes full year contribution from PSD. EPS is exclusive of TERP adjustment.

⁵ Assumes FY2014 volume trend core PSD EBITDA (excluding legacy NIHL) of £86 million. Based on adjusted transaction value of £597 million (upfront cash consideration of £637 million less £40 million NPV of 50% earnout related to legacy NIHL portfolio). See Investor Presentation for further detail.

delivery and capture opportunities. The transaction is expected to create value for Slater and Gordon's shareholders, and provides an attractive, all cash offer to Quindell, derisking their shareholders' investments after an extended period of uncertainty."

PSD is a leading personal injury law firm in the UK, operating across the claims value chain. PSD comprises two key operating segments:

- *Legal Services* offers a broad range of specialist personal injury claims services including road traffic accident, NIHL, employers' liability and public liability claims. These services are delivered through the owned legal practices of Silverbeck Rymer, Pinto Potts, The Compensation Lawyers, Accident Advice Helpline and Fast Claim PPI, and the legal costs practice of Compass Law. PSD Legal Services has a leading market position in the UK, with approximately 7% share⁶ of the personal injury claims market; and
- *Complementary Services* extends PSD's reach across the personal injuries claim value chain and increases client delivery and capture opportunities. The Motor Services unit provides claims management and related services, managing motor claims from the initial incident through to final resolution. Its clients include some of the UK's leading insurance companies as well as brokers, bodyshops and fleet companies across the UK. The Health Services unit supplies medical reporting services to legal services providers through a national panel of medical experts, under the Mobile Doctors brand, as well as providing a full-service, integrated, multi-disciplinary rehabilitation service to the insurance industry, employers and occupational health providers. The Marketing Services unit supports Legal Services through claims sourcing and aggregation.

Mr Grech continued, "There is a clear path to optimise PSD, leveraging its unique, comprehensive platform of businesses, processes and infrastructure to focus on the process-driven, higher velocity, cash generative road traffic accident segment, and Slater and Gordon is well positioned to crystallise this opportunity. The proposed acquisition follows an extensive due diligence process by Slater and Gordon and our financial, accounting, tax, legal and commercial advisers. We have undertaken a bottom-up, fundamental assessment of PSD, which together with our firm's deep UK market experience and track record of successful acquisitions and integrations, underpins our confidence in the transaction. We look forward to welcoming PSD's ~2,400 staff to the Slater and Gordon team."

Under Slater and Gordon's ownership, PSD will be reoriented to focus on fast track road traffic accident, employers liability and public liability claims. Initially there will be a moratorium on new NIHL client intake, and the existing NIHL file portfolio will be expedited to drive claims resolution and maximise cash generation. The deferred conditional cash consideration for the NIHL portfolio, through a 50% profit share in legacy hearing portfolio, mitigates risk of value leakage while preserving upside for both Slater and Gordon and Quindell shareholders.

The acquisition will be funded by way of a fully underwritten⁷ Entitlement Offer to eligible shareholders, raising approximately A\$890 million, and A\$375 million of fully underwritten bank debt. Slater and Gordon is expected to maintain its prudent capital structure within its 30 – 40% gearing range⁸, with pro forma net debt / EBITDA of c. 1.9x (December 2014)⁹. The earnout will be based on a 50% sharing of after tax profits from the settlement of existing NIHL files over the next two years.

In the event that the acquisition of PSD is not completed, Slater and Gordon will assess the most appropriate way to return proceeds from the Entitlement Offer to shareholders.

Slater and Gordon is being advised by Citigroup and Greenhill (joint financial advisors), Macfarlanes (UK legal counsel and legal diligence), Arnold Bloch Leibler (Australian legal counsel), and Ernst & Young (accounting and tax diligence).

⁶ Internal management data. Based on share of UK personal injury market.

⁷ Subject to approval from ASIC for Citi acting as nominee for ineligible shareholders for the purposes of section 615 of the Corporations Act.

⁸ Gearing defined as net bank debt divided by book equity.

⁹ Based on pro forma adjusted FY2014 volume trend core PSD EBITDA of £86 million. See Investor Presentation for further detail.

FY15 Outlook:

Slater and Gordon confirms its FY15 guidance for existing operations¹⁰:

- Total revenue of A\$500 million (excluding announced UK acquisitions)
- Normalised EBITDA margin of 23 – 24%
- Cash from operations (as % NPAT) of >70%

Key Entitlement Offer Details:

- Fully underwritten¹¹ 2 for 3 Entitlement Offer to raise approximately A\$890 million
- Offer price of A\$6.37 per new share (the “Offer Price”)
- The institutional component of the Entitlement Offer (“Institutional Entitlement Offer”) is accelerated

The Offer Price of A\$6.37 per new share represents:

- A 10.0% discount to the theoretical ex-rights price (“TERP”)¹²; and
- A 15.6% discount to last closing price¹³ of \$7.55

Entitlement Offer

The Entitlement Offer comprises the Institutional Entitlement Offer and a retail entitlement offer (“Retail Entitlement Offer”).

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 2 (two) new Slater and Gordon ordinary shares (“New Shares”) for every 3 (three) existing Slater and Gordon ordinary shares (“Entitlement”) held as at 7.00pm (Melbourne Time) on Thursday, 2 April 2015 (Record Date).

New Shares issued under the Entitlement Offer will rank equally with existing Shares from the date of allotment. The first dividend payable in respect of the New Shares will be the final dividend for FY15 which is expected to be announced in August 2015.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from Monday, 30 March 2015 to Tuesday, 31 March 2015 (“Institutional Entitlement Offer”).

Eligible institutional shareholders can choose to take up all, part or none of their Entitlement.

Institutional entitlements cannot be traded on the ASX. Institutional entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be sold through an institutional shortfall bookbuild on Wednesday, 1 April 2015 (“Institutional Shortfall Bookbuild”). If the Institutional Shortfall Bookbuild price exceeds the Offer Price, the difference between the two amounts will be paid (net of any withholding tax) to Eligible Institutional Shareholders in respect of entitlements they did not take up and to Ineligible Institutional Shareholders in respect of New Shares that would have represented their entitlements had they been eligible to participate in the Institutional Entitlement Offer. There is no guarantee that there will be any proceeds remitted to those institutional shareholders.

Slater and Gordon shares have been placed in trading halt whilst the Institutional Entitlement Offer and Institutional Shortfall Bookbuild is undertaken.

¹⁰ See Investor Presentation for further detail

¹¹ Subject to approval from ASIC for Citi acting as nominee for ineligible shareholders for the purposes of section 615 of the Corporations Act

¹² TERP is the theoretical price at which Slater and Gordon Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Slater and Gordon Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Slater and Gordon's closing price on Friday, 27 March 2015.

¹³ As at close of trading Friday, 27 March 2015.

Retail Entitlement Offer

Eligible retail shareholders in Australia and New Zealand and a limited number in the UK will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Thursday, 9 April 2015 and close at 5.00pm (Melbourne time) on Monday, 20 April 2015.

The Retail Entitlement Offer is open to eligible shareholders with a registered address in Australia or New Zealand and a limited number of employees of Slater and Gordon with a registered address in the United Kingdom.

Retail Entitlements which are not taken up by eligible retail shareholders by the close of the Retail Entitlement Offer and Entitlements that would otherwise have been offered to ineligible retail shareholders will be sold through the Retail Shortfall Bookbuild on Thursday, 23 April 2015 ("Retail Shortfall Bookbuild"). If the Retail Shortfall Bookbuild price exceeds the Offer Price, the difference between the two amounts will be paid (net of any withholding tax) to Eligible Retail Shareholders in respect of entitlements they did not take up and to Ineligible Retail Shareholders in respect of New Shares that would have represented their entitlements had they been eligible to participate in the Retail Entitlement Offer. There is no guarantee that there will be any proceeds remitted to those retail shareholders.

Eligible retail shareholders wishing to participate in the Retail Entitlement Offer should carefully read the retail offer booklet and an accompanying personalised entitlement and acceptance form which are expected to be despatched on Thursday, 9 April 2015. Copies of the retail offer booklet will be available on the ASX website and our website at www.slatergordon.com.au from Thursday, 9 April 2015.

Additional information about PSD and the transaction are included in the attached presentation.

ENDS

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About Slater and Gordon

Slater and Gordon Limited ("Slater and Gordon", ASX:SGH) is a leading international consumer law firm employing 1,300 people in 82 locations across Australia and 1,300 people across 14 locations in the United Kingdom. Slater and Gordon's mission is to give people easier access to world class legal services. The firm provides specialist legal services in a range of practice areas including Personal Injury, Conveyancing, Family Law and Business and Specialised Litigation Services.

Indicative Timetable

Institutional Entitlement Offer	Date - 2015
Announcement of Entitlement Offer and trading halt	Monday, 30 March
Institutional Entitlement Offer opens	Monday, 30 March
Institutional Entitlement Offer closes	Tuesday, 31 March
Institutional shortfall bookbuild	Wednesday, 1 April
Trading halt lifted	Thursday, 2 April
Record date for eligibility in the Institutional Entitlement Offer	7:00 pm (Melbourne time) Thursday, 2 April
Settlement of the Institutional Entitlement Offer	Monday, 13 April
Issue and quotation of New Shares under the Institutional Entitlement Offer	Tuesday, 14 April

Retail Entitlement Offer	Date - 2015
Record date for eligibility in the Retail Entitlement Offer	7:00pm (Melbourne time) Thursday, 2 April
Retail Entitlement Offer opens	Thursday, 9 April
Retail Offer Booklet despatched	Thursday, 9 April
Retail Entitlement Offer closes	Monday, 20 April
Retail shortfall bookbuild	Thursday, 23 April
Settlement of the Retail Entitlement Offer	Tuesday, 28 April
Issue of New Shares under the Retail Entitlement Offer	Wednesday, 29 April
New Shares under the Retail Entitlement Offer commence trading on ASX on a normal settlement basis	Thursday, 30 April
Retail premium (if any) despatched	From 1 May

The above timetable is indicative only and subject to change. All times represent Melbourne time. Slater and Gordon reserves the right to, in consultation with the underwriters, amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, Slater and Gordon reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases), and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares. The commencement of quotation and trading of Entitlements and New Shares is subject to confirmation from the ASX.

Shareholder Enquiries

Eligible retail shareholders will be sent further details about the Entitlement Offer via a shareholder letter to be despatched on or around Thursday, 9 April 2015 and a retail offer booklet to be lodged with ASX on Thursday, 9 April 2015 and despatched on or around Thursday, 9 April 2015.

Important Information

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of the information.

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This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States.

Accordingly, the Entitlements and the New Shares may not be offered or sold in the United States, unless they have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

Neither this announcement nor any other documents relating to the offer of Entitlements or New Shares may be sent or distributed to persons in the United States.

This announcement contains certain “forward-looking statements” within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as ‘may’, ‘could’, ‘should’, ‘expect’, ‘anticipate’, ‘estimate’, ‘scheduled’, ‘intend’ or ‘continue’ or the negative thereof or comparable terminology and include statements regarding the timing and outcome of the acquisition and the Entitlement Offer, Slater & Gordon’s strategies and plans and the future operational and financial performance of the PSD business and Slater & Gordon. Any forecasts or other forward-looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. Slater and Gordon does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements in this announcement are based on information available to Slater and Gordon as of the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules) Slater and Gordon undertakes no obligation to update these forward-looking statements.

Investors should also be aware that certain financial data included in this presentation including Normalised EBITDA and gearing may be ‘non-IFRS financial information’ under Regulatory Guide 230 Disclosing non-IFRS financial information published by the Australian Securities and Investments Commission (“ASIC”) or “non-GAAP financial measures” within the meaning of Regulation G of the US Securities Exchange Act of 1934. The disclosure of such non-GAAP financial measures in the manner included in the presentation may not be permissible in a registration statement under the US Securities Act of 1933 (“**US Securities Act**”). The non-IFRS financial information and these non-GAAP financial measures do not have a standardised meaning prescribed by AIFRS and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with AIFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial measures included in this presentation.