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Slater & Gordon Opes Prime Class Action

CONDITIONAL SETTLEMENT REACHED

Slater & Gordon and litigation funder Comprehensive Legal Funding (CLF) have reached agreement with the liquidators of the Opes Prime companies and the ANZ and Merrill Lynch banks for Slater & Gordon clients to receive their full entitlement under the Scheme of Arrangement.

The agreement is subject to approval of the Federal Court and the implementation of the Scheme.

Prior to the agreement, Slater & Gordon believed the Scheme prejudiced creditors who were receiving litigation funding from CLF by providing reimbursement for legal costs but not for funding costs.

This meant that those creditors who had participated in the class action were bearing all of the funding costs whilst the benefits of the settlement were spread across all creditors.

Under the agreement, CLF will reduce its commission from approximately \$6 million to \$1 million in exchange for the payment to come from the Scheme proceeds, rather than directly from the class action group members.

"The funded class action is clearly one of the reasons the banks chose to create a settlement pool and it is appropriate that CLF's commission be paid from the Scheme, rather than be solely borne by individual group members of the class action," said Slater & Gordon's head of Project Litigation, James Higgins.

An application to the Federal Court for a conditional settlement of the Class Action will be brought prior to the next Scheme hearing on June 11 in order to seek Federal Court approval of the agreement.

If approved, the settlement will enable 92 creditors to participate in the Scheme process in the same position as other non-funded creditors.

Mr Higgins praised CLF for putting the interests of its clients first, thereby enabling them to judge the Scheme on its merits.

"CLF has demonstrated a pragmatism and commitment to client service that will no doubt ensure that it will be a litigation funder in the Australian market for a long time to come."

The conditional settlement in no way binds group members to the Scheme and will only operate in the event that the Scheme is otherwise implemented.

"In the event the Scheme is not approved by Creditors, the Court or by ASIC, the conditional settlement will be ineffective and the Class Action will continue."

CLF have made it clear that in the event the Scheme is not approved that it remains strongly committed to funding the action on behalf of group members.