



Federal Court of Australia
District Registry: Victoria
Division: General

No: VID143/2015

NESTART 123 PTY LTD
Applicant

BILLABONG INTERNATIONAL LIMITED ACN 084 923 946
Respondent

ORDER

JUDGE: JUSTICE MURPHY

DATE OF ORDER: 05 August 2016

WHERE MADE: Melbourne

THE COURT NOTES THAT:

- A. The Applicant and the Respondent have agreed to settle the proceeding, without admission, on the terms set out in the confidential Settlement Agreement, a copy of which is exhibited as a confidential exhibit to the affidavit of Timothy Michael Finney affirmed on 14 July 2016, and subject to the approval of the Court (**proposed settlement**).

THE COURT ORDERS THAT:

Notification of Proposed Settlement

1. The application for orders in the form set out below in Annexure A to approve the proposed settlement of the proceeding (**Approval Orders**) be heard on 7 October 2016 at 10.15 am (**Approval Hearing**) before Justice Beach.
2. Pursuant to sections 33X and 33Y of the *Federal Court of Australia Act 1976* (Cth) the Court approves the form and content of the Notice of Proposed Settlement Form A, Notice of Proposed Settlement Form B (including the attached Notices of Objection) in the form and content as produced in Annexure B and C to this interlocutory application (**Notice Documents**).



3. Within 2 business days of the Court making orders approving the form and content of the Notice Documents (**Notice Date**), the Applicant's solicitors shall cause a copy of the Notice of Proposed Settlement Form A, Notice of Proposed Settlement Form B, the Further Amended Statement of Claim, the Defence to the Further Amended Statement of Claim and a blank objection form to be displayed on the website:

<http://www.slatergordon.com.au/class-actions/billabong>

4. By the Notice Date, the Applicant's solicitors shall cause the Notice of Proposed Settlement Form A to be sent to those persons who:
 - (a) meet the definition of "Group Member" in the Further Amended Statement of Claim; and
 - (b) validly registered their participation in the proceeding (for the purposes of the Court's orders dated 22 September 2015); and
 - (c) did not file an opt-out notice,

(**Registered Group Members**) by email to the last known email address held by the Applicant's solicitors in respect of each Registered Group Member, or by pre-paid ordinary post to the last known mailing address held by the Applicant's solicitors in respect of each Registered Group Member.

5. By the Notice Date, the Respondent shall cause the Notice of Proposed Settlement Form B to be sent out by its share registry by prepaid ordinary post to the last known address, or by email to the last known email address where such security holder has indicated a preference to be contacted by email, recorded in the Billabong Australian share register for each security holder identified in paragraph 4(a) to the orders of this Court made on 22 September 2015, the costs of this procedure to be funded in the first instance by the Applicant.

Material for Approval Hearing

6. The Applicant:
 - (a) has leave to file any affidavit or exhibit or part thereof, in respect of which confidentiality orders are to be sought, in a sealed envelope marked "*Confidential Affidavit – Not to be Opened Except by Direction of a Judge or*



the Court”, and, subject to (b) below, is excused from any requirement to serve any such affidavit or exhibit or any part thereof on any party;

- (b) must, at the same time as filing with the Court, serve on the Respondent any outline of submissions, non-confidential affidavit, or a redacted copy of any affidavit or exhibit in respect of which confidentiality orders are to be sought;
 - (c) by 4:00pm on 26 August 2016, file with the Court an affidavit in support of the Settlement Application, which will refer to and/or exhibit the proposed Settlement Distribution Scheme;
 - (d) by 4:00pm on 16 September 2016, file with the Court any affidavit in support of the Settlement Application, which will refer to and/or exhibit, but not be limited to:
 - (i) evidence regarding the Applicant’s costs and disbursements in conducting the proceeding and of obtaining settlement approval; and
 - (ii) evidence regarding the Applicant’s Expense Claim;
 - (iii) evidence regarding the costs of administering the proposed Settlement Distribution Scheme; and,
 - (e) by 4:00pm on 16 September 2016, file an outline of submissions in relation to the Settlement Application;
7. The Respondent has leave to file and serve any affidavit material and any outline of submissions in relation to the Settlement Application if it so wishes by 23 September 2016.
8. By 4:00pm on 23 September 2016, any person who wishes to oppose the making of orders in accordance with the Settlement Application must file a completed objection form (in the form approved in accordance with paragraph 2) by sending it by email to ea.beachj@fedcourt.gov.au and Mathew.Chuk@slatergordon.com.au.
9. The parties have leave to inspect the Court file and to copy any objection forms filed with the Court in accordance with paragraph 8.
10. The Applicant and the Respondent have liberty to apply on 2 days’ notice.



11. Subject to further order, the affidavit of Timothy Michael Finney affirmed on 14 July 2016 together with any exhibit be treated and marked as confidential and the contents thereof be prohibited from disclosure, by publication or otherwise.
12. The ground upon which order 11 is made is to prevent prejudice to the proper administration of justice within the terms of section 37AG(1)(a) of the Act.

Security for Costs

13. The dates in paragraph 1(a) and 1(b) of the orders made on 10 June 2016 be amended to 31 October 2016.
14. The discovery orders made on 2 June 2016 be vacated.

Date that entry is stamped:

Warrick Soden
Registrar



“Annexure A”

APPROVAL ORDERS

Approval of Settlement

1. Pursuant to sections 33V and 33ZF of the *Federal Court of Australia Act 1976* (Cth) (**Act**), settlement of the proceeding upon the terms set out in the Settlement Agreement executed by the Applicant, the Respondent, Slater & Gordon Limited and Comprehensive Legal Funding LLC and dated 11 July 2016 (**Settlement Agreement**) and the Settlement Distribution Scheme (and any annexures therein) filed by the Applicant (together, **Settlement Documents**) be approved.
2. Pursuant to section 33ZF of the Act or otherwise, the Court authorises the Applicant *nunc pro tunc* for and on behalf of the Group Members (being those persons who meet the definition of “Group Member” in the Further Amended Statement of Claim and who did not file an opt out notice) to enter into and give effect to the Settlement Documents and the transactions contemplated for and on behalf of Group Members.
3. Pursuant to section 33ZB and section 33ZF of the Act, the persons affected and bound by the settlement of the proceedings be the Applicant, the Respondent and Group Members.
4. Pursuant to section 33ZF of the Act, Mr Timothy Michael Finney be appointed Administrator of the Settlement Distribution Scheme and is to act in accordance with the rules of the Settlement Distribution Scheme.

Security for Costs

5. Orders 1 and 2 made on 10 June 2016 (and amended by the Orders of 30 June 2016 and 5 August 2016 be vacated.
6. Upon Final Settlement Approval (as defined by the Settlement Agreement), all amounts lodged as security for costs in the proceeding on behalf of the Applicant be released to the Applicant, or as it directs.

Applicant’s Costs and Expenses

7. Pursuant to section 33ZF of the Act:



- (a) the costs and disbursements incurred by the Applicant, in connection with the administration of the Settlement Distribution Scheme, from the date of the approval of the Settlement Documents to the date of completion of distribution of the Settlement Sum (within the meaning of the Settlement Distribution Scheme), be approved in the amount identified as reasonable by the Court;
- (b) the Applicant's legal costs and disbursements on a solicitor and own client basis, incurred in connection with the proceeding on its own behalf and on behalf of all Group Members in the proceeding be approved in the amount identified as reasonable by the Court;
- (c) the Applicant's reasonable claim for compensation for the time and/or expenses incurred in the interests of prosecuting the proceeding on behalf of Group Members as a whole, be approved in the amount identified as reasonable by the Court.

Other

8. The Applicant has liberty to apply to re-list the proceeding as soon as practicable after completion of the distribution of the Settlement Sum (and must in any event do so no later than thirty days after such completion) so that final orders can be made, including orders that:
- (a) the proceeding be dismissed on the basis that the dismissal is a defence and absolute bar to any claim (either directly or indirectly) or proceeding by the Applicant or any Group Member in respect of, or relating to, the subject matter of the proceeding, without prejudice to:
 - (i) the right of any party to the Settlement Agreement to make an application to enforce the Settlement Agreement in a new proceeding; or
 - (ii) the right of any Registered Group Member to make application to the Court in accordance with the terms of the Settlement Distribution Scheme; or
 - (iii) the right of the Administrator of the Settlement Distribution Scheme to refer any issues relating to the Settlement Distribution Scheme to the



Court for direction or determination in accordance with the terms of the
Settlement Distribution Scheme.

- (b) there be no order as to costs as between the Applicant and the Respondent.



“Annexure B”

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BILLABONG CLASS ACTION NOTICE OF PROPOSED SETTLEMENT FORM A

This notice contains important information about the proposed settlement of the class action against Billabong International Limited (Billabong).

- The Federal Court of Australia has approved this notice and ordered that it be distributed to Registered Group Members in the Billabong class action.
- Billabong has agreed, with no admissions as to liability, to pay a total of AUD\$45 million to settle the class action, subject to court approval.
- At 10.15 am on 7 October 2016, Australian Eastern Daylight Savings Time (**AEDT**), the Court will be asked to approve the proposed settlement of the class action.
- If you do not oppose the proposed settlement, no action is required. However, if you wish to oppose the proposed settlement, you **must** take the steps outlined in paragraph 19 of this notice.

This is an important legal document and must be read carefully. If you do not understand this notice, you should immediately obtain independent legal advice.

BACKGROUND

1. The Billabong class action was commenced in the Federal Court of Australia on 24 March 2015 by Newstart 123 Pty Ltd (**Newstart** or **Applicant**).
2. The Applicant alleged that:
 - (a) between 18 February 2011 and immediately prior to the publication of a trading update on 19 December 2011 (the **Class Period**), Billabong engaged in misleading or deceptive conduct and breached its continuous disclosure obligations and the ASX Listing Rules, by providing guidance for FY11 and FY12 without a reasonable basis and by failing to inform the market about information which had a material impact on the value of Billabong securities.
 - (b) Billabong's conduct caused its securities to trade on the ASX at artificially inflated prices; and
 - (c) persons who acquired Billabong securities during the Class Period suffered loss and damage as a result.
3. The Applicant claimed damages and other remedies for all group members in the proceeding.
4. Copies of selected court documents (including the most recent Statement of Claim and Defence) can be viewed at:

<http://www.slatergordon.com.au/class-actions/billabong>



5. The trial in the class action was scheduled to commence on 20 March 2017 for an estimate of 7 weeks.
6. Billabong defended the class action and the settlement agreement acknowledges that Billabong makes no admissions as to liability.

PROPOSED SETTLEMENT

7. On 14 July 2016, the parties notified the Court that they had agreed terms of a proposed settlement and executed a Settlement Agreement.
8. If the proposed settlement is approved, a Settlement Sum of AUD\$45 million, inclusive of interest and legal costs, together with any interest accrued on the account in which the Settlement Sum is to be held, will become available for distribution.
9. Registered Group Members (**RGMs**) will be eligible to receive a distribution from the Settlement Sum. These are persons who:
 - (a) meet the definition of “Group Members” in the Further Amended Statement of Claim; and
 - (b) validly registered their participation in the proceeding (for the purposes of the Court’s orders dated 22 September 2015); and
 - (c) did **not** file an opt-out notice.

[Version A – emailed and pre-paid post]

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| <p>10. You are receiving this notice because you are recorded as an RGM in this proceeding. If you do not believe that this is correct, please contact Slater and Gordon.</p> |
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[Version B – website]

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| <p>10. RGMs have been sent a hardcopy and/or an email version of this notice. We encourage you to check your junk mail folder before making further contact.</p> |
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COURT APPROVAL PROCESS

11. Under section 33V of the *Federal Court of Australia Act 1976* (Cth) (the **Act**), the Court must assess whether any class action settlement is fair and reasonable in the interests of group members. If it is the settlement will then be approved by the Court.
12. The Court will be asked to review and approve the terms of the settlement agreed by the parties and the proposed Settlement Distribution Scheme, which includes the loss assessment formula through which distribution entitlements are calculated, the legal costs (which are also subject to independent external review), a funding commission or a funding equalisation mechanism (as applicable), and administration costs. See paragraph 24 below for further details in respect of the legal costs, the funding commission or funding equalisation mechanism, and the administration costs.



13. If the settlement is approved, then:
 - (a) RGMs will receive a right to participate in the distribution of the Settlement Sum;
 - (b) the rights of all group members against Billabong, in respect of or relating to the matters that are, were or could have been raised in the proceeding, will be finally resolved. This includes those group members who did not register in the proceeding, and who therefore will not be entitled to participate in the distribution, but does not include persons who filed an opt-out notice.
 - (c) Slater and Gordon will be appointed as the Administrators of the proposed Settlement Distribution Scheme, and trustees in relation to the Settlement Sum. Under Court supervision, they will be obliged to act impartially and will no longer act as lawyers for individual RGMs; and
 - (d) RGMs' distribution entitlements will be calculated by the Administrators in accordance with the proposed Settlement Distribution Scheme.
14. If the proposed settlement is not approved by the Court, the proceeding will continue.

Rights of unregistered group members

15. On 22 September 2015, the Federal Court of Australia ordered that, by 19 October 2015, notices informing group members that they must register in the proceeding by 16 November 2015 if they wished to claim compensation were to be:
 - (a) sent out by Billabong's share registry to the last known postal or email address recorded on the Billabong Australian share register for shareholders who acquired Billabong securities during the Class Period;
 - (b) published by Slater and Gordon online and in the national newspapers.

If group members did not register then they would remain bound by the outcome of the proceeding, but would receive no compensation and would be barred from making any claim against Billabong in respect of or relating to the subject matter of the proceeding. The notices were distributed and published in accordance with the orders.

Access to Settlement Documents

16. RGMs can obtain access to the proposed (and confidential) Settlement Distribution Scheme, from anytime after 26 August 2016, by:
 - (a) contacting Slater and Gordon at billabong@slatergordon.com.au; and
 - (b) signing and returning a confidentiality undertaking.

WHAT YOU MUST DO

17. If you wish to support the settlement, there is nothing further you need to do. You will be kept informed about further developments in the proceeding. You are encouraged to refrain from contacting Slater and Gordon unnecessarily in order to keep costs to a



minimum.

18. If you wish to **oppose** the settlement then you **must**, by no later than 4:00pm (AEST) on 23 September 2016, complete an objection form (which can be downloaded from Slater and Gordon's website at <http://www.slatergordon.com.au/class-actions/billabong>) and file it with the Court and serve it on Slater and Gordon by sending it by email to:

ea.beachj@fedcourt.gov.au

Mathew.Chuk@slatergordon.com.au

You **may** attend the approval hearing to explain the basis of your objection to the Judge if you wish to do so.

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| <ol style="list-style-type: none">19. The approval hearing will take place at the Federal Court of Australia, 305 William Street, Melbourne, Victoria at 10:15am (AEDT) on 7 October 2016. |
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20. If you think you might wish to oppose the settlement, you should obtain independent legal advice immediately.

LITIGATION FUNDING

21. As a party to the proceeding, the Applicant would have been required to pay Billabong's legal costs in the event that the class action was unsuccessful and a costs order was made by the Court against the Applicant (an **adverse costs order**).
22. Comprehensive Legal Funding LLC (**CLF**) provided litigation funding to the Applicant and the majority of RGMs. Under this arrangement, CLF:
 - (a) indemnified the Applicant against any adverse costs orders;
 - (b) posted \$2,750,000 in bank guarantees to the Federal Court as security against such an order, and agreed to pay a further \$4,270,000 before trial; and
 - (c) paid legal costs incurred in prosecuting the proceeding, including the cost of solicitors, barristers, consultants and independent experts.
23. In exchange for this litigation funding, the Applicant and the majority of RGMs agreed to reimburse CLF for the legal costs that it paid during the proceeding, and to pay CLF a percentage of any entitlement that they would receive (net of legal costs).

IMPORTANT FEATURES OF THE PROPOSED SCHEME

24. Under the proposed Settlement Distribution Scheme:
 - (a) court-approved **legal costs** (including the Applicant's own legal costs and other reasonable costs and expenses) will be deducted from the Settlement Sum **prior**



to individual RGM entitlements being calculated. The effect of this is that court-approved legal costs will be shared on a pro rata basis by all RGMs irrespective of whether they executed a legal costs agreement with Slater and Gordon;

- (b) the funding **commission** for all funded RGMs will be deducted from the individual entitlements of those RGMs and paid to CLF.

All non-funded RGMs will be subject to a “funding equalisation mechanism”. The amount of funding **commission** which would have been payable to CLF by each non-funded RGM had that RGM entered into a funding agreement will be calculated and deducted from the individual entitlement of each non-funded RGM. These amounts will be redistributed to all RGMs, including non-funded RGMs, on a pro-rata basis and consistent with the applicable terms of funded RGMs’ funding agreements; and

- (c) court-approved **administration costs** will be payable first from any interest earned on the Settlement Sum, and then second from the Settlement Sum prior to final distribution.

- 25. If you wish to oppose these or any other aspects of the proposed settlement you must follow the procedure in paragraph 18.
- 26. These objections will be considered by the Court, along with submissions from the parties, when assessing whether the proposed settlement is fair and reasonable.

FURTHER INFORMATION

- 27. If you need further information about the proposed settlement, please contact Slater and Gordon on (03) 8539 8396, or by email to billabong@slatergordon.com.au.



Notice of Objection to Proposed Settlement

BILLABONG CLASS ACTION
No VID 143 of 2015

TO: The Federal Court of Australia, by email to ea.beachj@fedcourt.gov.au
CC: Slater and Gordon, by email to Mathew.Chuk@slatergordon.com.au

The person identified below gives notice pursuant to paragraph 8 of the orders of Justice Murphy made on 5 August 2016 that the person **OBJECTS** to the proposed settlement of this proceeding.

A DETAILS OF OBJECTOR

Name:	
ACN/ABN <i>[if company]</i> :	
Capacity <i>[eg, individual, partnership, trustee/agent]</i> :	
Telephone:	
Email:	
Postal address:	
HIN/SRN under which Billabong securities were traded:	
Total number of Billabong securities acquired by the objector during the period 18 February 2011 to immediately prior to the publication of a trading update on 19 December 2011 (inclusive):	
Total number of Billabong securities disposed of by the objector during the period 18 February 2011 to immediately prior to the publication of a trading update on 19 December 2011 (inclusive):	

Please annex documentary evidence from a third party (e.g. transaction receipts) in support of each acquisition of Billabong securities during the period 18 February 2011 to immediately prior to the publication of a trading update on 19 December 2011 (inclusive).

B GROUND(S) OF OBJECTION

My submissions in support of my objection to the proposed settlement are as follows *[set out in the space below any submissions you wish to make, attach additional pages if necessary]*:



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C ATTENDANCE AT HEARING AT 10:15AM (AEDT) ON 7 OCTOBER 2016

<input type="checkbox"/> I intend to appear before the Court at the hearing at 10:15AM (AEDT) ON 7 OCTOBER 2016 <i>[If you intend to appear, please complete the following]:</i> <ul style="list-style-type: none"> <input type="checkbox"/> I will appear on my own behalf <input type="checkbox"/> I will be represented by a lawyer:
<input type="checkbox"/> I do not intend to appear, but wish for my submissions to be considered in my absence

Signed:	
Name of person signing:	
Position <i>[if applicable]:</i>	
Date:	

Second signature <i>[if company]:</i>	
Name of person signing:	
Position <i>[if applicable]:</i>	
Date:	



“Annexure C”

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BILLABONG CLASS ACTION
NOTICE OF PROPOSED SETTLEMENT FORM B

This notice contains important information about the proposed settlement of the class action against Billabong International Limited (Billabong).

You are receiving this notice because you may be a Group Member in the class action.

If you are a Registered Group Member, you should have received a document from Slater and Gordon titled ‘NOTICE OF PROPOSED SETTLEMENT FORM A’ which is relevant to you. If you have received that notice, you can disregard this notice.

If you believe that you are a Registered Group Member but have not received a notice from Slater and Gordon, please contact Slater and Gordon urgently by email at billabong@slatergordon.com.au or by telephone on (03) 8539 8396.

Alternatively, you may be a Group Member in the class action who did not register an intention to make a claim in the class action as required by orders of the Court (“Unregistered Group Member”). If you are an Unregistered Group Member this notice applies to you.

- The Federal Court of Australia has approved this notice and ordered that it be distributed to Unregistered Group Members in the Billabong class action.
- Billabong has agreed, with no admissions as to liability, to pay a total of AUD\$45 million, inclusive of interest and legal costs (**Settlement Sum**), to settle the class action, subject to court approval.
- Only Group Members who registered their intention to make a claim, pursuant to orders made on 22 September 2015 (and modified by orders of 8 June 2016), are eligible to participate in the distribution of the settlement.
- At 10:15 am on 7 October 2016, Australian Eastern Daylight Savings Time (**AEDT**), the Court will be asked to approve the proposed settlement of the class action.
- If you do not oppose the proposed settlement, no action is required. However, if you wish to oppose the proposed settlement, you **must** take the steps outlined in paragraph 21 of this notice.

This is an important legal document and must be read carefully. If you do not understand this notice, you should immediately obtain independent legal advice.

BACKGROUND

1. The Billabong class action was commenced in the Federal Court of Australia on 24 March 2015 by Newstart 123 Pty Ltd (**Newstart** or **Applicant**).
2. The Applicant alleged that:



- (a) between 18 February 2011 and immediately prior to the publication of a trading update on 19 December 2011 (the **Class Period**), Billabong engaged in misleading or deceptive conduct and breached its continuous disclosure obligations and the ASX Listing Rules, by providing guidance for FY11 and FY12 without a reasonable basis and by failing to inform the market about information which had a material impact on the value of Billabong securities.
 - (b) Billabong's conduct caused its securities to trade on the ASX at artificially inflated prices; and
 - (c) persons who acquired Billabong securities during the Class Period suffered loss and damage as a result.
3. The Applicant brought the proceeding on its own behalf and on behalf of all Group Members.
4. Copies of selected court documents (including the most recent Statement of Claim and Defence) can be viewed at:
<http://www.slatergordon.com.au/class-actions/billabong>
5. On 22 September 2015, the Court made orders requiring Group Members who wished to pursue a claim for compensation in the proceeding to register that claim before 4:00pm on 16 November 2015.
6. The trial in the class action was scheduled to commence on 20 March 2017 for an estimate of 7 weeks.
7. Billabong defended the class action and the settlement agreement acknowledges that Billabong makes no admissions as to liability.

WHAT IS A GROUP MEMBER?

8. According to the Further Amended Statement of Claim filed in this proceeding, you are a Group Member in the Billabong class action if all of the following apply to you:
 - (a) during the period 18 February 2011 to immediately prior to the publication of a trading update on 19 December 2011 (inclusive) you acquired an interest in ordinary shares in Billabong (ASX:BBG, OTC:BBLAF) or American Depositary Receipts (trading under the code BLLAY);
 - (b) you are not:
 - a director, officer or a close associate of Billabong;
 - a related party of Billabong;
 - a related body corporate of Billabong;
 - an associated entity of Billabong;
 - a Justice, Registrar or Deputy District Registrar of the High Court of Australia or the Federal Court of Australia; and,



(c) you suffered loss and damage as a result of the conduct of Billabong, as described in this Notice and as alleged in the Further Amended Statement of Claim.

9. If you are not a Group Member in the Billabong class action, you may disregard this notice.

PROPOSED SETTLEMENT

10. On 22 September 2015, the Federal Court of Australia ordered that, by 19 October 2015, notices informing Group Members that they must register in the proceeding by 16 November 2015 if they wished to claim compensation were to be:

- (a) sent out by Billabong's share registry to the last known postal or email address recorded on the Billabong Australian share register for shareholders who acquired Billabong securities during the Class Period;
- (b) published by Slater and Gordon online and in the national newspapers.

These notices explained that if Group Members did not register then they would remain bound by the outcome of the proceeding, but would receive no compensation and would be barred from making any claim against Billabong in respect of or relating to the subject matter of the proceeding. The notices were distributed and published in accordance with the orders.

11. Group Members who registered their intention to claim compensation are Registered Group Members (**RGMs**). RGMs:

- (a) meet the definition of "Group Members" in the Further Amended Statement of Claim; and
- (b) validly registered their participation in the proceeding (for the purposes of the Court's orders dated 22 September 2015); and
- (c) did **not** file an opt-out notice.

12. On 4 December 2015, the Applicant provided Billabong with a de-identified record of the transaction data it had received from RGMs. This enabled the parties to work from a common data set when considering total losses in the class action.

13. On 7 and 8 April 2016, the parties engaged in a court-ordered mediation. The parties re-convened that mediation on 23 June 2016.

14. On 14 July 2016, the parties notified the Court that they had agreed terms of a proposed settlement and executed a Settlement Agreement.

15. If the proposed settlement is approved, the Settlement Sum, together with any interest accrued on the account in which the Settlement Sum is to be held, will become available for distribution. The Applicant will be applying for approval of the settlement, and orders confirming the distribution of settlement proceeds to eligible RGMs only.

16. **If you are a Group Member (see paragraph 7) but do not meet the criteria set out in**



paragraph 11, you are an Unregistered Group Member.

17. **As an Unregistered Group Member your rights to claim for damages or other relief against Billabong will be extinguished by the settlement, but you will not be eligible to receive a distribution of funds from the Settlement Sum.**

COURT APPROVAL PROCESS

18. Under section 33V of the *Federal Court of Australia Act 1976* (Cth) (the **Act**), the Court must assess whether any class action settlement is fair and reasonable in the interests of Group Members. If it is the settlement will then be approved by the Court.
19. The Court will be asked to review and approve the terms of the settlement agreed by the parties and the proposed Settlement Distribution Scheme, which includes the loss assessment formula through which distribution entitlements are calculated, the legal costs (which are also subject to independent external review), a funding commission or a funding equalisation mechanism (as applicable), and administration costs. See paragraph 24 below for further details in respect of the legal costs, the funding commission or funding equalisation mechanism, and the administration costs.
20. If the settlement is approved, then:
- (a) RGMs will receive a right to participate in the distribution of the Settlement Sum;
 - (b) the rights of all Group Members against Billabong, in respect of or relating to the matters that are, were or could have been raised in the proceeding, will be finally resolved. This includes Unregistered Group Members, who are not be entitled to participate in the distribution, but does not include persons who filed an opt-out notice;
 - (c) Slater and Gordon will be appointed as the Administrators of the proposed Settlement Distribution Scheme, and trustees in relation to the Settlement Sum. Under Court supervision, they will be obliged to act impartially and will no longer act as lawyers for individual RGMs; and
 - (d) RGMs' distribution entitlements will be calculated by the Administrators in accordance with the proposed Settlement Distribution Scheme.
21. If the proposed settlement is not approved by the Court, the proceeding will continue.

Access to Settlement Documents

22. Group Members can obtain access to the proposed (and confidential) Settlement Distribution Scheme, from anytime after 26 August 2016, by:
- (a) contacting Slater and Gordon at billabong@slatergordon.com.au; and
 - (b) signing and returning a confidentiality undertaking.

WHAT YOU MUST DO

23. If you wish to support the settlement, or do not have a view on the settlement, there is nothing further you need to do.
24. If you wish to **oppose** the settlement then you **must**, by no later than 4:00pm (AEST) on 23



September 2016, complete an objection form (which can be downloaded from Slater and Gordon's website at <http://www.slatergordon.com.au/class-actions/billabong>) and file it with the Court and serve it on Slater and Gordon by sending it by email to:

ea.beachj@fedcourt.gov.au

Mathew.Chuk@slatertgordon.com.au

You **may** attend the approval hearing to explain the basis of your objection to the Judge if you wish to do so.

25. The approval hearing will take place at the Federal Court of Australia, 305 William Street, Melbourne, Victoria at 10:15am (AEDT) on 7 October 2016.

26. If you think you might wish to oppose the settlement, you should obtain independent legal advice immediately.

FURTHER INFORMATION

27. If you need further information about the proposed settlement, please contact Slater and Gordon on (03) 8539 8396, or by email to billabong@slatertgordon.com.au.



Notice of Objection to Proposed Settlement

**BILLABONG CLASS ACTION
No VID 143 of 2015**

TO: The Federal Court of Australia, by email to ea.beachj@fedcourt.gov.au
CC: Slater and Gordon, by email to Mathew.Chuk@slatergordon.com.au

The person identified below gives notice pursuant to paragraph 8 of the orders of Justice Murphy made on 5 August 2016 that the person **OBJECTS** to the proposed settlement of this proceeding.

A DETAILS OF OBJECTOR

Name:	
ACN/ABN <i>[if company]</i> :	
Capacity <i>[eg, individual, partnership, trustee/agent]</i> :	
Telephone:	
Email:	
Postal address:	
HIN/SRN under which Billabong securities were traded:	
Total number of Billabong securities acquired by the objector during the period 18 February 2011 to immediately prior to the publication of a trading update on 19 December 2011 (inclusive):	
Total number of Billabong securities disposed of by the objector during the period 18 February 2011 to immediately prior to the publication of a trading update on 19 December 2011 (inclusive):	

Please annex documentary evidence from a third party (e.g. transaction receipts) in support of each acquisition of Billabong securities during the period 18 February 2011 to immediately prior to the publication of a trading update on 19 December 2011 (inclusive).

B GROUND(S) OF OBJECTION

My submissions in support of my objection to the proposed settlement are as follows *[set out in the space below any submissions you wish to make, attach additional pages if necessary]*:



C ATTENDANCE AT HEARING AT 10:15AM (AEDT) ON 7 OCTOBER 2016

<input type="checkbox"/> I intend to appear before the Court at the hearing at 10:15AM (AEDT) ON 7 OCTOBER 2016 <i>[If you intend to appear, please complete the following]:</i> <ul style="list-style-type: none"> <input type="checkbox"/> I will appear on my own behalf <input type="checkbox"/> I will be represented by a lawyer:
<input type="checkbox"/> I do not intend to appear, but wish for my submissions to be considered in my absence

Signed:	
Name of person signing:	
Position <i>[if applicable]:</i>	
Date:	

Second signature <i>[if company]:</i>	
Name of person signing:	
Position <i>[if applicable]:</i>	
Date:	