

SUPREME COURT OF VICTORIA

NOTICE TO GROUP MEMBERS

NAB Shareholder Class Action

Pathway Investments Pty Ltd & Anor v National Australia Bank Limited (SCI 2010 6249)

IF YOU WISH TO PARTICIPATE IN THIS CLASS ACTION YOU MUST COMPLY WITH THIS NOTICE. IF YOU DO NOT DO SO YOUR RIGHTS MAY BE LOST.

A group proceeding, or class action, is being conducted in the Supreme Court of Victoria by Pathway Investments Pty Limited and Doystoy Pty Limited (the **Plaintiffs**) on their own behalf and on behalf of group members (defined below). The Plaintiffs are claiming compensation from National Australia Bank Limited (**NAB**) for alleged loss suffered as a result of NAB's alleged conduct between 1 January 2008 and 24 July 2008 (**the Relevant Period**).

You have received this notice because you are potentially a group member in the class action.

Purpose of this notice

The Supreme Court of Victoria has ordered that this notice be published for the information of persons who might have claims affected by the class action. **You should read this notice carefully.**

This notice is part of a court-ordered process to assist the parties to attempt to resolve these proceedings by settlement. In order to do that, the parties need to know how many group members would participate in any settlement of the proceedings and the potential value of their claims.

Group members wishing to participate in any potential settlement must register their claims by 4.00 pm, 12 October 2012. If you do not register, you may lose any rights you have to compensation.

The NAB Shareholder Class Action

The Plaintiffs' allegations relate to NAB's announcement on 25 July 2008 that it had provisioned a total of \$1.011 billion against its portfolio of collateralised debt obligations (CDOs) containing exposure to US residential mortgages. On the same day, the price of NAB shares fell \$4.14, or 13.5%.

The Plaintiffs allege that in the period from 1 January 2008 until this announcement, NAB had:

- (a) failed to disclose information about its exposure to the CDOs and to the US residential mortgage crisis; and

- (b) made statements that misled or deceived shareholders about that exposure, including an announcement on 9 May 2008 that it had undertaken a “deep dive” on the CDO portfolio and determined that it only need to provision \$181 million.

The Plaintiffs claim that this conduct was in contravention of the continuous disclosure rules of the Australian Securities Exchange, the *Corporations Act 2001*, the *Australian Securities and Investments Commission Act 2001* and the *Fair Trading Act 1999* (Vic)

The Plaintiffs claim that they and the group members suffered loss as a result of these alleged contraventions.

NAB denies the allegations and is defending the class action.

Copies of the Statement of Claim and other relevant documents (including the Defence to those claims and the orders of the Court regarding this notice and process) may be obtained by:

1. downloading them from <http://www.mauriceblackburn.com.au/nabclassaction>; or
2. inspecting them, by appointment, between 9.00am and 5.00pm at an office Maurice Blackburn, contact details for which are available from the web address above or by calling **1800 236 734** (toll free).

Who is a group member?

A group member is defined as a natural or corporate person who or which:

- (a) acquired an interest in ordinary fully paid shares in NAB (**NAB Shares**) between **1 January 2008 and 24 July 2008** (inclusive); and
- (b) suffered loss or damage by or resulting from the conduct of NAB pleaded in the Statement of Claim.

You may be taken to have suffered a loss if you purchased NAB Shares in the Relevant Period and continued to hold those shares on 25 July 2008.

What do group members need to do?

If you are a group member, you now have the following options:

Participate: **If you wish to participate in any future settlement of the NAB Shareholder Class Action** and make a claim for losses you allegedly suffered as a result of the events described in the Statement of Claim, you must complete the ‘Form A – NAB Shareholder Class Action Registration Form’ enclosed and deliver it to:

Maurice Blackburn
PO Box A2138
Sydney South NSW 1235

or by email to:

nabregistration@mauriceblackburn.com.au

by **4:00pm** on **12 October 2012**.

The Registration Form must **arrive at** the address by **4:00pm** on **12 October 2012** for your registration to have effect.

By registering, you will be entitled to participate in the distribution of amounts as part of any settlement of these proceedings, subject to an assessment that you have a valid claim. If the class action is unsuccessful you will not be able to sue on the same claims in other proceedings.

It is important that you take care when completing the Registration Form as this will provide the information to determine any entitlement you may have to a distribution.

Opt out: **If you do not wish to participate in the NAB Shareholder Class Action**, you must 'opt out' of the proceeding by completing the 'Form 18AB – Notice of Opting Out' enclosed. If you opt out, you will not be affected by any judgments made in the NAB Shareholder Class Action. This means that you will not be entitled to participate in the distribution of amounts as part of any settlement nor benefit from any judgment in favour of the Plaintiffs or group members. You will, however, preserve your right to sue NAB on the same claims in other proceedings. If you want to opt out, you must send your 'Notice of Opting Out' to the Registrar of the Supreme Court of Victoria so that it arrives **BEFORE 4 pm on 12 October 2012**.

Take No Action: **If you take no action by 12 October 2012, you will not be entitled to participate in the distribution of any amount agreed to be paid in settlement of the proceedings, subject to further orders by the Court.** You will however continue to be a group member for all purposes. What this means is that you will continue to be bound by any judgments in the proceedings and will have no right to sue on claims arising from the same facts in other proceedings. In effect, this means that you may lose any rights you have to compensation that result from the contraventions alleged in these proceedings.

Legal costs if you participate

You will incur no liability for legal costs simply by returning the Registration Form.

If the class action is unsuccessful, group members will have no liability for legal costs in this class action.

The Plaintiffs in this class action are funded by International Litigation Funding Partners Pte Ltd (ILFP), which is a litigation funding company based in Singapore. In the event of an unsuccessful outcome, ILFP will pay all of the Plaintiffs' costs and any order against the Plaintiffs to pay NAB's costs.

If the class action is successful and you ultimately receive compensation, then you would be liable for the following costs paid from your compensation amount:

- (a) a commission to ILFP calculated as a percentage of your settlement or award (**Net Resolution Sum**), determined by the number of NAB Shares you purchased during the Relevant Period as follows:

Number of NAB Shares purchased	Percentage of Net Resolution Sum
Less than 1 million	40%
Between 1 million and 10 million	35%
More than 10 million	30%

and

- (b) subject to an order of the court, a share of the Plaintiffs' costs in conducting the proceedings which would be apportioned between group members in proportion to the settlement each group member receives in compensation.

In no circumstances will group members be required to pay more in legal costs and commissions than they receive in compensation.

You would be required to pay any costs you incur on your own behalf, including legal advice you choose to obtain from solicitors other than Maurice Blackburn.

Further Information

Please consider the above matters carefully. If there is anything of which you are unsure, you should contact Maurice Blackburn at <http://mauriceblackburn.com.au/nabclassaction> or by calling **1800 236 734** (toll free).