WASHINGTON H SOUL PATTINSON
AND COMPANY LIMITED

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ASX Announcement – 21 July 2014

Requisitioned General Meeting Cancelled

Update

- ATO ruling results in no demerger rollover relief available in respect of the TPG Demerger
- Implementation of the proposal would have material adverse tax consequences for WHSP and its shareholders not foreshadowed by Carnegie and Perpetual
- Carnegie and Perpetual have agreed to withdraw requisition
- Significant time and money spent on analysing a proposal incapable of implementation on the basis envisaged by Carnegie and Perpetual

As previously disclosed, Washington H. Soul Pattinson and Company Limited (the **Company** or **WHSP**) received a requisition under section 249D of the Corporations Act 2001 by entities acting on the directions of M.H. Carnegie & Co. Pty Limited and Perpetual Investment Management Limited (**Carnegie and Perpetual**) to call a general meeting of the Company.

The general meeting was requisitioned to consider a proposal comprised of two parts (the **Proposal**):

- an in specie distribution of all shares held by WHSP in TPG Telecom Limited to WHSP's shareholders (**TPG Demerger**);and
- a selective reduction of WHSP's share capital by cancelling all of the shares in WHSP held by Brickworks Limited and its subsidiaries (**Share Cancellation**).

WHSP had a number of concerns with the Proposal.

One key area of concern related to a number of material tax risks associated with implementing the Proposal. After liaising with the Australian Taxation Office (ATO), WHSP requested a private tax ruling to determine the availability of demerger roll-over relief for the TPG Demerger.

The ATO has ruled that WHSP and TPG cannot form a demerger group. As a result, demerger rollover relief for Capital Gains Tax is not available to WHSP to implement the TPG Demerger as proposed by Carnegie and Perpetual.

If the demerger, as proposed, was to proceed a capital gains tax liability of approximately $311 million would arise to WHSP[1]. In addition, over 99% of the value of the demerged TPG shares would constitute an unfranked dividend for WHSP shareholders. Such a dividend would be assessable to shareholders at their relevant tax rates in the year the demerger occurs.

Materials disseminated by Carnegie and Perpetual in connection with the Proposal state that *"the Proposed Transactions are subject to various conditions including:*

- *receipt of favourable tax rulings from the ATO in respect of the TPG Demerger and in respect of the Share Cancellation..... [and]*
- *in regards to the Share Cancellation, completion of the TPG Demerger".*[2]

[1] Based on TPG Telecom Limited's share price as at 18 July 2014
[2] Page 3 of the Independent Expert Report contained in the Brickworks Limited Shareholder Meeting Booklet distributed by Carnegie and Perpetual dated 23 October 2013.

The effect of the ATO ruling is that neither the TPG Demerger nor the Share Cancellation can occur as envisaged by Carnegie and Perpetual's Proposal.

In light of the ruling from the ATO, the Company invited Carnegie and Perpetual to withdraw their requisition. Carnegie and Perpetual have accepted the invitation and withdrawn their requisition of meeting.

The Chairman of WHSP, Robert Millner said:

"The Board was advised of a number of issues with the Proposal and we diligently worked through these in order to properly inform shareholders. Had we not engaged early with the ATO, shareholders may have voted on a transaction without fully understanding the potential consequences of the Proposal.

Significant time and money has been spent analysing this Proposal which is incapable of implementation as envisaged by Carnegie and Perpetual."

Yours sincerely

I.D. Bloodworth
Company Secretary