



10 September 2012

ALESCO UPDATES SHAREHOLDERS

Alesco Corporation Limited (**Alesco**) (ASX:ALS) provides the following update to shareholders in respect of DuluxGroup Limited's (**DuluxGroup**) (ASX:DLX) takeover bid for Alesco (**Offer**).

On 7 September 2012 DuluxGroup announced that, in the absence of an Alesco Board recommendation, its Offer for Alesco will be declared unconditional on or after 1 October 2012, if it has in aggregate 50.1% or more in voting power plus acceptances into the DuluxGroup Institutional Acceptance Facility (**IAF**).

The Alesco Board has consistently said that the DuluxGroup Offer is materially inadequate, undervalues Alesco and is significantly below the Independent Expert's valuation range of \$2.23 to \$2.52 per Alesco Share. Nothing has happened to date to change the Board's view.

However, Alesco acknowledges that some shareholders may have a different perspective, including a desire for short term cash or a focus on shorter term returns. In addition, some shareholders may place particular value on franking credits attached to any dividends paid in addition to the \$0.15 per Alesco Share of fully franked dividends paid on 7 September 2012. If an additional fully franked dividend of \$0.27 per Alesco Share (**Additional Dividend**) were paid, bringing the total fully franked dividends paid under the Offer up to the maximum permitted under DuluxGroup's best and final Offer of \$0.42 per Alesco Share, Alesco shareholders would receive an additional \$0.12 of franking credits per Alesco Share.

The value of franking credits is not the same for all shareholders and varies depending on the tax position of individual shareholders (including whether a shareholder is an individual, a superfund or a corporate entity).

It is important to note that if DuluxGroup declares its Offer unconditional before the Additional Dividend is determined, Alesco Shareholders who accept the Offer will lose the chance to benefit from any additional fully franked dividend in connection with the Offer. DuluxGroup requires Alesco's support for any additional fully franked dividends that are to be determined and paid.

Your Directors are unable to pay any Additional Dividend unless DuluxGroup becomes a 90% holder of Alesco Shares because, having just paid Alesco Shareholders \$0.15 per Alesco Share in Final and Special Dividends, Alesco cannot afford to pay material further dividends within its existing banking facilities and covenants and it would be financially imprudent to do so as a standalone listed entity.

Given this, Alesco announced last week that it would facilitate the possibility of shareholders receiving the Additional Dividend as part of the Offer, if this has overwhelming shareholder support. In order to provide Alesco Shareholders with a mechanism to express their support for the Offer incorporating the Additional Dividend, Alesco has established the Alesco Shareholder Acceptance Facility (**ALSAF**).

With the establishment of the ALSAF, there are several options available to Alesco shareholders who have not already accepted the Offer, including:

- Acceptance into the ALSAF – **RECOMMENDED BY THE ALESCO DIRECTORS FOR SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER AND AVAIL THEMSELVES OF THE POSSIBILITY OF ADDITIONAL DIVIDENDS (PAYABLE AT THE DISCRETION OF THE ALESCO BOARD)**
- Acceptance directly into the DuluxGroup Offer (or the DuluxGroup Institutional Acceptance Facility for eligible institutional shareholders) – **NOT RECOMMENDED BY THE ALESCO DIRECTORS. THE ALESCO BOARD FURTHER RECOMMENDS THAT ALL SHAREHOLDERS WHO HAVE ACCEPTED INTO DULUXGROUP'S INSTITUTIONAL ACCEPTANCE FACILITY SHOULD WITHDRAW THEIR ACCEPTANCES FROM THAT FACILITY AND LODGE INSTRUCTIONS INTO THE ALSAF**
- Sell their Alesco shares on the ASX
- Do nothing – **RECOMMENDED BY THE ALESCO DIRECTORS** for shareholders who do not wish to accept the Offer and who wish to remain as Alesco shareholders irrespective of the outcome of the Offer

If DuluxGroup's Offer becomes unconditional, DuluxGroup will acquire the Alesco shares in respect of which it presently holds acceptances and the Alesco shares in respect of which acceptances have been tendered into the DuluxGroup Institutional Acceptance Facility. In this circumstance, the Additional Dividend can no longer be paid, acceptances tendered into the ALSAF will be void and shareholders will be free to deal with their Alesco Shares as they wish. For those shareholders with a shorter term horizon, an unconditional cash offer will be available to you. For those shareholders with a medium to longer term horizon, you can choose to remain as a shareholder of Alesco. We will update shareholders on their options should this circumstance arise.

Shareholders who intend disposing of their Alesco shares should consider whether selling on market (after allowing for brokerage) or accepting the Offer, including by lodging acceptance instructions into the ALSAF or the DuluxGroup Offer, provides the greater value. Each shareholder's individual circumstances differ and shareholders should take their own tax and financial advice.

A Supplementary Target's Statement, which includes details of the ALSAF and relevant acceptance documentation, will be sent to Alesco Shareholders shortly.

The Alesco Board will continue to assess the progress of the Offer and, in particular the level of acceptances into the ALSAF, together with other indicators of shareholders views and will update Alesco shareholders and the market on the Alesco Directors' recommendation in the week commencing 24 September 2012.

FOR FURTHER INFORMATION:

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Alesco supplies innovative branded products to trade and industrial customers serving the building products markets in Australia and New Zealand. For more information on Alesco visit www.alesco.com.au.

All company announcements and information on the DuluxGroup Offer and Alesco's response are available on the Alesco website at www.alesco.com.au. Shareholders can also receive information on the Offer by calling the Alesco Shareholder Information Line:

Within Australia: 1800 828 558
Outside Australia: +61 2 8280 7215