



DuluxGroup Limited
ABN 42 133 404 065

ASX Announcement

17 September 2012

DULUXGROUP VOTES ON ALESCO'S AGM RESOLUTIONS

DuluxGroup Limited (**DuluxGroup**) today announced that it has lodged proxy votes in relation to the three resolutions being put to shareholders in Alesco Corporation Limited (**Alesco**) at Alesco's AGM.

DuluxGroup is Alesco's largest shareholder, having acquired a 19.96% interest in the company on 30 April 2012. Pursuant to DuluxGroup's takeover offer for Alesco, the total of DuluxGroup's relevant interest in Alesco and acceptance instructions under DuluxGroup's institutional acceptance facility is currently at approximately 46.8%.

DuluxGroup has lodged the following votes in relation to the AGM resolutions:

- **Resolution 1 – Adoption of the remuneration report: AGAINST**

- DuluxGroup considers that the Managing Director's fixed annual remuneration is unjustifiably high compared to similar-sized companies¹ and the company's performance does not warrant payment above market.
- The Alesco board has accelerated the vesting of existing performance rights upon DuluxGroup's offer becoming unconditional. DuluxGroup considers that vesting of these performance rights would have been unlikely in the absence of DuluxGroup's offer.
- Alesco has also granted additional retention bonuses and increased termination rights for certain executives which DuluxGroup considers is inappropriate.

- **Resolution 2 – Election of John Marlay as a Director: ABSTAIN**

- DuluxGroup does not consider it appropriate to vote on the current composition of the Alesco board at this point of the takeover process.
- DuluxGroup has previously stated that it intends to reconstitute the Alesco board as quickly as possible if it reaches 50.1% and declares the offer unconditional.

- **Resolution 3 – Grant of performance rights and shares to Managing Director: AGAINST**

- DuluxGroup considers that it is not appropriate to grant the proposed rights (or any equivalent cash or other long-term incentive scheme in lieu of the proposed grant) to the Managing Director in the context of Alesco's poor recent performance, particularly given the quantum of rights proposed to be granted is well in excess of the number granted to the Managing Director in the prior corresponding period.

Implications for Alesco management if DuluxGroup's offer becomes unconditional

DuluxGroup values and wishes to retain capable and experienced Alesco senior management. If DuluxGroup's takeover offer becomes unconditional, DuluxGroup will work with the new Alesco board to put in place appropriate management incentive schemes that are consistent with the key principles of DuluxGroup's long term and short term incentive arrangements.

¹ The Managing Director's FAR of \$775,000 would place the Managing Director in the top quartile of ASX 101-250 companies. Alesco is outside of the ASX 250.

Expectation for trading and outlook update

At Alesco's Annual General Meeting, DuluxGroup looks forward to receiving a detailed update on Alesco's recent trading performance as well as commentary on its revenue and profit outlook for the FY13 first half and full year.

Accepting DuluxGroup's offer vs. tendering into the ALSAF

In the information pack sent to Alesco shareholders last week, DuluxGroup set out reasons why Alesco shareholders should accept the DuluxGroup offer and not tender into the highly confusing, misleading and uncertain ALSAF established by Alesco.

The ALSAF has a number of conditions attached to it including that DuluxGroup acquires a 90% interest in Alesco.

To avoid any doubt, DuluxGroup clarifies that if the Alesco board recommends its offer by 1 October 2012 and the conditions to the ALSAF are met (including if such conditions are modified), then the amount of franking credits an Alesco shareholder may benefit from will be the same whether they accept DuluxGroup's offer directly or accept the offer via tendering into the ALSAF.

It is important for Alesco shareholders to understand that the ALSAF is not a separate offer. There is only one offer, which is that made by DuluxGroup. Shareholders need to accept the DuluxGroup offer directly to ensure they receive payment from DuluxGroup (should the offer become unconditional).

DuluxGroup affirms that Alesco shareholders should accept DuluxGroup's offer directly to maximise their prospects of receiving the consideration under the offer. Shareholders should NOT tender into the ALSAF.

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