



Alesco Corporation Limited

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10 September 2012

The Manager
Company Announcements Office
ASX Limited

Dear Sir,

**Alesco Corporation Limited (ASX:ALS) – takeover bid by DuluxGroup (Nominees) Pty Ltd
Second Supplementary Target's Statement**

We refer to the 4 September 2012 ASX announcement by Alesco Corporation Limited (**Alesco**) regarding the Alesco Shareholder Acceptance Facility (**ALSAF**) being established by Alesco in relation to the off-market takeover bid by DuluxGroup (Nominees) Pty Ltd, a wholly owned subsidiary of DuluxGroup Limited (together, **DuluxGroup**), for all of the ordinary shares in Alesco (**Offer**).

We attach, by way of service pursuant to section 647(3) of the Corporations Act 2001 (Cth), a copy of the Second Supplementary Target's Statement (**Second Supplement**) of Alesco. Also attached is a one-page summary guide for Alesco shareholders in relation to the ALSAF. That document, the Second Supplement and the following documents will be sent to Alesco Shareholders:

- Invitation Letter from Pacific Custodians Pty Limited (**Facility Agent**) to Alesco shareholders inviting shareholders to participate in the ALSAF;
- Terms of Appointment of the ALSAF;
- Financial Services Guide issued by the Facility Agent;
- Appointment of Facility Agent Form to be used by Alesco shareholders to participate in the ALSAF (coloured BLUE);
- Custodian Direction to be used by Alesco shareholders whose shareholdings are held beneficially to participate in the ALSAF (coloured GREEN);
- Acceptance Forms for use to accept into the ALSAF, being either:
 - an Acceptance Form for Alesco shares held on the issuer-sponsored subregister (coloured ORANGE); and
 - an Acceptance Form for Alesco shares held on the CHESS-sponsored subregister (coloured YELLOW); and

(together, the **Facility Documents**).

All of the Facility Documents are annexed to the 5 September 2012 ASX announcement by Alesco.

Yours faithfully,
Luci Rafferty
Company Secretary

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to its contents, please contact your professional adviser



SECOND SUPPLEMENTARY TARGET'S STATEMENT

This Second Supplementary Target's Statement supplements, and is to be read together with, the Supplementary Target's Statement and the Target's Statement issued by Alesco Corporation Limited (ACN 008 666 064) in response to the takeover bid made by DuluxGroup (Nominees) Pty Limited (ACN 156 611 540), a wholly owned subsidiary of DuluxGroup Limited (ACN 133 404 065).

FINANCIAL ADVISER

Greenhill Caliburn

LEGAL ADVISER

**KING&WOOD
MALLESONS**

Important notices

This document dated 10 September 2012 is the second supplementary target's statement ("Second Supplement") to the Target's Statement dated 12 June 2012 ("Target's Statement") issued by Alesco. The Target's Statement was lodged with ASIC on the same date, in response to the Offer made pursuant to the replacement Bidder's Statement dated 21 May 2012 which was served on Alesco by DuluxGroup on 21 May 2012, as varied by the Notices of Variation of Takeover Offer from DuluxGroup dated 23 July 2012, 21 August 2012 and 4 September 2012.

This Second Supplement supplements, and should be read together with, the Target's Statement and the Supplementary Target's Statement dated 15 August 2012, copies of which are available on the Alesco website or may be obtained by calling the Alesco Shareholder Information Line.

Defined terms

Unless the context requires otherwise, capitalised terms used in this Second Supplement have the meaning they are given in the Glossary.

ASIC and ASX disclaimer

A copy of this Second Supplement was lodged with ASIC and sent to ASX on 10 September 2012. None of ASIC, ASX or any of their respective officers takes any responsibility for the content of this Second Supplement.

Alesco Shareholder Information Line

Alesco has established a Shareholder Information Line which Alesco Shareholders should call if they have any queries in relation to the Offer. The telephone number for the Shareholder Information Line is:

1800 828 558 (within Australia)
+61 2 8280 7215 (outside Australia)

The Shareholder Information Line is available Monday to Friday between 8.30am and 5.30pm (EST).

Further information relating to the Offer can be obtained from Alesco's website at www.alesco.com.au.

KEY DATES

Date of Offer	25 May 2012
Date of Target's Statement	12 June 2012
Date of Supplementary Target's Statement	15 August 2012
Date of payment of the Final and Special Dividends	7 September 2012
Date of this Second Supplementary Target's Statement	10 September 2012
Date from which DuluxGroup can declare the Offer unconditional ¹	1 October 2012
Possible close of Offer Period (i.e. unless further extended)	8 October 2012, 7:00pm (Melbourne time)

1. DuluxGroup has stated that it will declare the Offer unconditional in the absence of a recommendation from the Alesco Directors once it has in aggregate 50.1% or more in voting power in Alesco plus acceptances under the DuluxGroup institutional acceptance facility.

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The Alesco Directors have consistently said that DuluxGroup's 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.

However, your Directors acknowledge that some shareholders may have a different perspective. In that context, your Directors are willing to facilitate the possibility of Alesco Shareholders receiving an additional fully franked dividend if there is overwhelming shareholder support for the Offer.

With the introduction of our newly established Alesco Shareholder Acceptance Facility ("**ALSAF**"), you now have the following options:

- 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 DIVIDENDS¹**
- Acceptance directly into the DuluxGroup Offer (or the DuluxGroup institutional acceptance facility for eligible institutional shareholders) – **NOT RECOMMENDED BY THE ALESCO DIRECTORS²**
- Sell your 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.

These options are explained in detail in this Second Supplement.

1. The Additional Dividend is payable at the discretion of a company's directors.

2. Even if you have already accepted into the DuluxGroup Offer or the DuluxGroup institutional acceptance facility, you may still be able to withdraw your acceptances and lodge instructions into the ALSAF. See Section 5(e) for further information.

CHAIRMAN'S LETTER



10 September 2012

Dear fellow Alesco Shareholder,

I am writing to you to provide you with an update on DuluxGroup's Offer for your Alesco Shares.

Last month, in the interests of all shareholders, Alesco initiated Takeovers Panel proceedings seeking an order that may have enabled DuluxGroup to deliver an enhanced offer to Alesco Shareholders. The Panel has decided not to conduct proceedings in relation to Alesco's Panel application.

This means that the DuluxGroup Offer of \$2.05 per Alesco Share, which may incorporate up to \$0.42 per Alesco Share in aggregate of fully franked dividends, is currently the only offer available to Alesco Shareholders.

On 7 September 2012 DuluxGroup announced that, in the absence of a recommendation by the Alesco Directors, it will declare its Offer 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.

The Alesco Directors have consistently said that the 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 Alesco Directors' view.

However, the Alesco Directors acknowledge that some Alesco Shareholders may have a different perspective including a desire for short term cash or a focus on shorter term returns. In addition, some Alesco Shareholders may place particular value on certain cash today and/or 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. For example, an additional fully franked dividend of \$0.27 per Alesco Share would have \$0.12 per Alesco Share of franking credits attached and bring the total fully franked dividends paid up to the maximum permitted under DuluxGroup's best and final Offer of \$0.42 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 any additional dividend is determined, Alesco Shareholders who accept the Offer will lose the chance to benefit from any additional fully franked dividends 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 fully franked dividends 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, your Directors are willing to facilitate the possibility of Alesco Shareholders receiving an additional fully franked dividend if there is overwhelming shareholder support for the Offer. In order to provide Alesco Shareholders with a mechanism to express their support for the Offer, Alesco has established the ALSAF. **The Alesco Directors encourage Alesco Shareholders who wish to support the Offer with the possibility of an additional fully franked dividend to tender their shares into the ALSAF.** The terms of the ALSAF are designed to facilitate the possibility of an additional fully franked dividend (i.e. up to \$0.27 per Alesco Share) being determined and paid if the overwhelming majority of Alesco Shareholders support it.

This Second Supplement provides further information on the ALSAF, as well as on the other options available to Alesco Shareholders in relation to the DuluxGroup Offer. The relative attractiveness of each option will depend on each Alesco Shareholder's individual circumstances.

Your Directors have taken this pragmatic step to facilitate the possibility of Alesco Shareholders receiving as many fully franked additional dividends as the Offer now permits. However it should be noted that any material additional dividends can only be paid if certain conditions are met (as described in this Second Supplement¹).

If you have any questions please contact the Alesco Shareholder Information Line on 1800 828 558 (toll free within Australia) or +61 2 8280 7215 (callers outside Australia).

I encourage you to read this document carefully and make a decision having regard to your own individual circumstances.

Yours sincerely,

Mark Luby
Chairman

1. Including DuluxGroup becoming a 90% holder of Alesco Shares, appropriate funding being in place and a favourable tax ruling from the ATO being received in relation to franking credits.

FREQUENTLY ASKED QUESTIONS

1. What is the Directors' recommendation?

Refer to page 1 for a summary of the Directors' recommendation.

The Alesco Directors have consistently said that DuluxGroup's 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.

However, the Directors acknowledge that some Alesco Shareholders may have a different perspective. In that context, your Directors are willing to facilitate the possibility of Alesco Shareholders receiving an additional fully franked dividend if there is overwhelming shareholder support for the Offer.

The Directors will continue to assess their recommendation in forthcoming weeks, having regard to the level of acceptances under the ALSAF described in this Second Supplement and other indicators of Alesco Shareholder views. In doing so, the Directors will have regard to ALSAF acceptances from, and the views of, large and small Alesco Shareholders. Alesco will update Alesco Shareholders and the market on the Alesco Directors' recommendation in the week commencing 24 September 2012.

2. What is the effect on your Directors' recommendation of DuluxGroup's recent announcement that it will declare its Offer unconditional in the absence of a recommendation from the Alesco Directors on or after 1 October 2012 if it reaches 50.1%?

On 7 September 2012, DuluxGroup stated that it will declare its Offer unconditional in the absence of a recommendation from the Alesco Directors on or after 1 October 2012 if it has in aggregate 50.1% voting power in Alesco plus acceptances under the DuluxGroup institutional acceptance facility¹. In calculating voting power, DuluxGroup will **not** include acceptances under the ALSAF.

In other words, DuluxGroup is seeking to pressure your Directors into recommending its materially inadequate and undervalued Offer.

Your Directors will continue to assess their recommendation as described above at Question 1. However, currently if DuluxGroup acquires in aggregate 50.1% voting power in Alesco plus acceptances under the DuluxGroup institutional acceptance facility, DuluxGroup will declare its Offer unconditional on or after 1 October 2012.

As of 7 September 2012, DuluxGroup's aggregate voting power plus acceptances under DuluxGroup's institutional acceptance facility was 45.5%.

As described further in this Second Supplement, your Directors will not pay any Additional Dividend unless key conditions are met including that DuluxGroup obtains an interest in at least 90% of Alesco Shares (**including** acceptances under the ALSAF)².

Furthermore, your Directors will only pay an Additional Dividend if they can determine to do so prior to DuluxGroup declaring its Offer unconditional³. Therefore, if DuluxGroup declares its Offer unconditional before your Directors determine to pay an Additional Dividend, accepting Shareholders will not benefit from franking credits attached to the Additional Dividend.

Having just paid Alesco Shareholders \$0.15 per Alesco Share in Final and Special Dividends on 7 September 2012, Alesco cannot afford to also pay a material Additional Dividend in the coming months, given the constraints of its existing banking facilities and banking covenants. It would be financially imprudent to do so as a standalone listed entity.

Accordingly your Directors **RECOMMEND** that Alesco Shareholders who wish to accept the Offer and avail themselves of the possibility of receiving an Additional Dividend should accept into the ALSAF. This will assist in preventing DuluxGroup from acquiring voting power plus acceptances of 50.1% or more in Alesco too soon to allow any possibility of Alesco Shareholders benefitting from the franking credits attached to any Additional Dividend.

1. "Voting power" is the aggregate of acceptances under the Offer and the Alesco Shares which DuluxGroup holds.

2. Including Alesco Shares owned by DuluxGroup, acceptances under the Offer or tendered into the DuluxGroup institutional acceptance facility, shares held by index funds nominated by the Alesco Directors and acceptances tendered into the ALSAF.

3. Provided that the record date for any Additional Dividend falls at least three Business Days before that declaration is made.

FREQUENTLY ASKED QUESTIONS

3. Why don't the Directors determine a dividend up to 27 cents per Alesco Share in any event?	<p>Having just paid Alesco Shareholders \$0.15 per Alesco Share in Final and Special Dividends on 7 September 2012, Alesco cannot afford to also pay a material Additional Dividend in the coming months, given the constraints of its existing banking facilities and banking covenants. It would be financially imprudent to do so as a standalone listed entity. This is why your Directors have established the ALSAF.</p>
4. What is the ALSAF?	<p>The ALSAF is a share acceptance facility open to all Alesco Shareholders (other than those who have accepted the DuluxGroup Offer and cannot withdraw their acceptance – See Question 8).</p> <p>The ALSAF has been established by Alesco to provide Alesco Shareholders with the opportunity to show their support for the Offer in a way that facilitates the possibility of receiving a fully franked Additional Dividend of up to \$0.27 per Alesco Share from Alesco in connection with the DuluxGroup Offer (in addition to the \$0.15 per Alesco Share of Final and Special Dividends paid on 7 September 2012).</p> <p>Under the ALSAF, Alesco Shareholders or beneficial holders of Alesco Shares can lodge acceptance instructions with the Facility Agent.</p> <p>Those instructions will become acceptances of the DuluxGroup Offer if all the Facility Conditions are met. See Question 9 for details of the Facility Conditions.</p>
5. Why has Alesco implemented the ALSAF at this time?	<p>Following the Panel's decision not to conduct proceedings on Alesco's Panel application, the only offer currently available to Alesco Shareholders is the DuluxGroup Offer of \$2.05 per Alesco Share, potentially incorporating up to \$0.42 per Alesco Share in fully franked dividends.</p> <p>The Alesco Directors acknowledge that some Alesco Shareholders may wish to support the Offer and in that context are willing to facilitate the possibility of Alesco Shareholders receiving an additional fully franked dividend if there is overwhelming shareholder support for the Offer.</p> <p>The Alesco Directors have established the ALSAF to provide Alesco Shareholders with a mechanism to express their support for the Offer without the risk of losing their Alesco Shares if DuluxGroup's Offer becomes unconditional before any Additional Dividend is determined, an event that would preclude the possibility that they can benefit from any Additional Dividend.</p> <p>As described in response to Question 2, DuluxGroup will declare its Offer unconditional in the absence of a recommendation from the Alesco Directors on or after 1 October 2012 once it has in aggregate 50.1% voting power in Alesco plus acceptances under the DuluxGroup institutional acceptance facility.</p> <p>Acceptances into the ALSAF may assist in preventing DuluxGroup from acquiring voting power plus acceptances of 50.1% or more in Alesco before any Additional Dividend is determined.</p> <p>This is important because, for the reasons set out under Question 2, the Alesco Directors will not determine to pay any Additional Dividend <i>after</i> DuluxGroup declares its Offer unconditional¹.</p>
6. Can DuluxGroup increase its Offer of \$2.05 per Alesco Share or change the composition of the consideration?	<p>DuluxGroup has stated that its Offer of \$2.05 per Alesco Share, which may incorporate up to \$0.42 per Alesco Share in fully franked dividends, is "best and final". On the best information available to Alesco at this time, DuluxGroup can neither increase the cash component of its Offer nor change the composition of the consideration.</p>

1. The Alesco Directors will not determine to pay any Additional Dividend if the record date for the dividend falls less than 3 Business Days before that declaration.

7. What is the difference between the ALSAF and DuluxGroup institutional acceptance facility?	<p>The DuluxGroup institutional acceptance facility is only open to certain eligible institutional investors. Acceptances into that facility will become binding acceptances of the Offer if DuluxGroup declares its Offer free of all defeating conditions.</p> <p>If an Alesco Shareholder accepts into the DuluxGroup institutional acceptance facility, there is a risk that DuluxGroup may free its Offer of conditions at any time prior to the Facility Conditions being satisfied and take their Alesco Shares, precluding any possibility that they can benefit from an Additional Dividend.</p> <p>Accepting into the ALSAF facilitates the possibility of an Additional Dividend being determined and paid.</p>
8. Who can participate in the ALSAF?	<p>Alesco Shareholders who have not either accepted the Offer or the DuluxGroup institutional acceptance facility can participate in the ALSAF.</p> <p>Persons who hold Alesco Shares through a custodian may also participate in the ALSAF.</p> <p>If you are an Alesco Shareholder whose Alesco Shares have been accepted into the Offer or the DuluxGroup institutional acceptance facility, you will not be able to participate in the ALSAF unless you first withdraw that acceptance.</p> <p>Alesco Shareholders should note that if they accepted the Offer prior to 4 September 2012, they are entitled to withdraw from the Offer before 5 October 2012 (refer to DuluxGroup's Notice of Variation dated 4 September 2012 for instructions on how you can withdraw from the Offer).</p> <p>If you are an Alesco Shareholder who has accepted into the DuluxGroup institutional acceptance facility you can withdraw your Alesco Shares from the facility at any time unless and until DuluxGroup declares its Offer to be unconditional (or confirms that it will declare the Offer unconditional as soon as practicable after all acceptance instructions under its facility are validly processed or implemented).</p>
9. What are the Facility Conditions that need to be satisfied for acceptance instructions under the ALSAF to become acceptances under the Offer?	<p>The following are the Facility Conditions:</p> <ul style="list-style-type: none"> (a) DuluxGroup obtaining an interest in at least 90% of Alesco Shares¹; (b) a favourable tax ruling from the ATO in relation to the franking credits and associated tax offset attached to any dividends paid by Alesco in relation to the Offer; (c) there is available financing on terms acceptable to Alesco to enable Alesco to pay any Additional Dividend; (d) no superior offer to the Offer emerges; (e) DuluxGroup confirms to Alesco that it will not deduct the value of franking credits attached to any Additional Dividend from its Offer Price; and (f) DuluxGroup undertakes to Alesco that its Offer will remain open and conditional until no earlier than three Business Days after the record date for any Additional Dividend. <p>Refer to Section 3 of this Second Supplement for a further description of the Facility Conditions.</p>

1. Including shares owned by DuluxGroup, acceptances under the Offer or tendered into the DuluxGroup Institutional Acceptance Facility, shares held by index funds nominated by the Alesco Directors and acceptances tendered into the ALSAF.

FREQUENTLY ASKED QUESTIONS

10. What is the timing for satisfaction of the Facility Conditions?

For most of the Facility Conditions it is unclear when the conditions will be satisfied during the Offer Period (if at all).

In relation to the tax ruling condition described in sub-paragraph (b) of Question 9, it is expected that a response on the tax ruling will be received from the ATO within 8 to 12 weeks of this Second Supplement. However, this timing cannot be guaranteed.

In relation to the financing condition described in sub-paragraph (c) of Question 9, it is intended to fund any Additional Dividend through Alesco's existing debt facilities to the maximum extent possible with the agreement of its existing banking syndicate and through a new facility arrangement to be negotiated prior to the determination of that Additional Dividend in consultation with DuluxGroup. The Alesco Directors expect that any new facility arrangement will have been negotiated and entered into by the time the ATO provides its response on Alesco's tax ruling application. There is, however, no guarantee that a new facility will be able to be obtained by that time (if at all).

11. Why is Alesco seeking the class ruling from the ATO? What is the timing for the class ruling? What will happen if this is not achieved?

Alesco is seeking a class ruling from the ATO for two reasons as follows:

- (a) to confirm that eligible Alesco Shareholders are not precluded from entitlement to the franking credits and associated tax offset attached to any Additional Dividend (including as a result of certain determinations that the Commissioner of Taxation is entitled to make that would deny the benefit of franking credits); and
- (b) to determine whether any Additional Dividend, or part thereof, will be included as capital proceeds for the purposes of calculating the capital gains tax consequences for Alesco Shareholders from the sale of their Alesco Shares to DuluxGroup.

It is expected that a response on the tax ruling will be received from the ATO within 8 to 12 weeks of this Second Supplement. However, this timing cannot be guaranteed.

Receipt of the confirmation described at (a) above is a Facility Condition. If that confirmation is not received, the ALSAF will be terminated and no Additional Dividend will be paid.

The determination described at (b) above is not a Facility Condition. The consequences of the ATO making the determination, along with the general tax implications for Australian residents of receiving the Additional Dividend, are described in Section 7 of this Second Supplement.

12. What does DuluxGroup need to do to enable the possibility of an Additional Dividend being paid?

DuluxGroup needs:

- (a) to confirm that it will not deduct the value of franking credits attached to any Additional Dividend from its Offer Price; and
- (b) to undertake to Alesco that its Offer will remain open and conditional until no earlier than three Business Days after the record date for any Additional Dividend.

As a consequence of DuluxGroup's statement on 7 September 2012, there are circumstances under which DuluxGroup may not be able to give the undertaking described in (b) above – see Questions 2 and 23 for more details.

13. What happens if the Facility Conditions are not satisfied?

If the Facility Conditions are not satisfied by 25 May 2013 or if, in Alesco's view (acting reasonably), the Facility Conditions cannot be satisfied by that date, then the ALSAF will be terminated.

Upon termination of the ALSAF all acceptance instructions you have provided to the Facility Agent will be returned to you and you will be free to deal with your Alesco Shares as you wish.

No Additional Dividend will be paid.

14. What happens if the Facility Conditions are satisfied?	<p>Alesco will issue a Confirmation Letter to the Facility Agent.</p> <p>Upon receipt of the Confirmation Letter, the acceptance instructions held by the Facility Agent at that time will automatically be given to DuluxGroup or the relevant custodian and the Alesco Shares the subject of the acceptance instructions will be accepted into the Offer.</p> <p>Alesco will announce when the Confirmation Letter has been given to the Facility Agent, and the timetable for the payment of any Additional Dividend (including the record date and payment date) will be announced shortly after.</p>
15. What do the Alesco Directors intend to do in relation to the Alesco Shares they own?	<p>At present the Alesco Directors do not intend to take any action in relation to the Alesco Shares they own.</p> <p>However, the Alesco Directors will continue to monitor the situation and may change their intention having regard to acceptances tendered by Alesco Shareholders into the Offer, the DuluxGroup institutional acceptance facility and the ALSAF.</p>
16. What happens if I accept into the ALSAF and I acquire additional Alesco Shares?	<p>Under the terms of the ALSAF you will be obliged to notify the Facility Agent in writing or by e-mail of the additional Alesco Shares acquired and you will be taken to have accepted those shares into the ALSAF.</p>
17. Can I withdraw from the ALSAF?	<p>Yes. You can withdraw from the ALSAF at any time before Alesco issues the Confirmation Letter (See Question 14). To withdraw from the ALSAF you will need to notify the Facility Agent in writing or by e-mail in accordance with the process set out in the Terms of Appointment of the ALSAF.</p> <p>Once you withdraw from the ALSAF, the acceptance instructions you have provided will be returned to you and you will be free to deal with your Alesco Shares as you wish.</p>
18. What if I change my mind and want to withdraw from the ALSAF and sell my Alesco Shares?	<p>You will need to withdraw your Alesco Shares from the ALSAF in order to sell those shares by giving notice to the Facility Agent. See Question 17 for details of how to withdraw your Alesco Shares from the ALSAF.</p> <p>Once you have withdrawn from the ALSAF, the Facility Agent will return your acceptance instructions to you and you will be free to deal with your Alesco Shares as you wish.</p>
19. What will I receive if the Offer is declared unconditional after the Facility Conditions have been satisfied, an Additional Dividend is determined and paid and I accept the Offer?	<p>DuluxGroup's Offer is for \$2.05 per Alesco Share less the value of dividends determined to be paid by Alesco. Assuming all the Facility Conditions have been satisfied (including the confirmation required by sub-paragraph (e) of Question 9), DuluxGroup will not reduce its cash Offer Price for the franking credits attached to up to \$0.42 per Alesco Share of fully franked dividends determined and paid by Alesco.</p> <p>In these circumstances, if an Additional Dividend is determined and paid by Alesco and you accept the Offer, you will receive \$2.05 per Alesco Share comprising:</p> <ul style="list-style-type: none"> • at least \$1.63 from DuluxGroup (i.e. \$2.05 less the amount of the dividends determined and paid after 1 May 2012, including the Additional Dividend); • an Additional Dividend of up to \$0.27 per Alesco Share from Alesco; and • if you were an Alesco Shareholder on 17 August 2012, the Final and Special Dividends of \$0.15 per Alesco Share paid on 7 September 2012. <p>Alesco Shareholders on the record dates for both the Final and Special Dividends and any Additional Dividend, if determined and paid, will receive up to \$0.18 in franking credits. The value of those franking credits, if any, is not the same for all Alesco Shareholders and varies depending on the tax position of individual shareholders (including whether a shareholder is an individual, a superfund or a corporate entity).</p>

FREQUENTLY ASKED QUESTIONS

20. What will I receive if I accept the Offer, the Offer is declared unconditional and an Additional Dividend is not paid?	<p>If an Additional Dividend is not determined and paid by Alesco and you accept the Offer, you will receive:</p> <ul style="list-style-type: none"> • \$1.90 per Alesco Share from DuluxGroup; and • if you were a shareholder on 17 August 2012, the Final and Special Dividends of \$0.15 per Alesco Share paid on 7 September 2012. <p>You will not receive any Additional Dividend.</p>
21. What are the tax implications of receiving any Additional Dividend?	<p>For information in relation to the tax implications of receiving any Additional Dividend, refer to Section 7 of this Second Supplement. 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).</p>
22. Who is the Facility Agent?	<p>The Facility Agent is Pacific Custodians Pty Limited. Pacific Custodians Pty Limited is a wholly owned subsidiary of Link Market Services Limited, the share registry provider for Alesco.</p>
23. What happens if DuluxGroup declares its Offer unconditional before the Facility Conditions are satisfied?	<p>If DuluxGroup declares its Offer unconditional before the Facility Conditions are satisfied (including DuluxGroup acquiring a 90% interest in Alesco) one of the Facility Conditions will become incapable of being satisfied, and the ALSAF will terminate.</p> <p>In these circumstances, it will not be possible to pay an Additional Dividend. All Alesco Shareholders who have accepted into the ALSAF will have their acceptance instructions returned to them and will be free to deal with their Alesco Shares as they wish.</p> <p>DuluxGroup will declare its Offer unconditional in the absence of a recommendation from the Alesco Directors on or after 1 October 2012 if it obtains in aggregate 50.1% voting power in Alesco plus acceptances under the DuluxGroup institutional acceptance facility.</p> <p>As described in Question 1, the Alesco Directors will continue to assess their recommendation. However, currently the Offer will be declared unconditional on or after 1 October 2012 if DuluxGroup acquires in aggregate 50.1% voting power in Alesco plus acceptances under the DuluxGroup institutional acceptance facility.</p>

SECOND SUPPLEMENTARY TARGET'S STATEMENT

24. What are the documents that I have been sent?

This Second Supplement is the second supplementary target's statement from Alesco. It has been prepared by Alesco to give you further information in relation to DuluxGroup's Offer, including an update on the Alesco Directors' recommendation on how you should respond to the Offer and details of the ALSAF.

You have also received with this Second Supplement a number of documents from the Facility Agent about the ALSAF. These documents are:

- **Invitation Letter** – this sets out basic information about how the ALSAF operates and how to participate in it. It should be read in conjunction with the information and recommendations from Alesco in this Second Supplement;
- **Terms of Appointment** – these are the terms and conditions upon which the ALSAF operates. A summary of the key terms of the ALSAF is set out at Section 3 of this Second Supplement;
- **BLUE Appointment of Facility Agent Form** – this should be used to direct the Facility Agent how to deal with your acceptance instructions if you wish to participate in the ALSAF;
- **Acceptance Form** (either **ORANGE** or **YELLOW**) – this should be used to indicate your intention to accept the Offer via the ALSAF (if the Facility Conditions are satisfied) if you are the legal holder of Alesco Shares. **You will receive an ORANGE form if your Alesco Shares are held in the issuer-sponsored sub-register and a YELLOW form if your Alesco Shares are held in the CHESS-sponsored sub-register;**
- **GREEN Custodian Direction Form** – this must be used to indicate your intention to accept the Offer via the ALSAF (if the Facility Conditions are satisfied) if your Alesco Shares are held through a custodian; and
- **Financial Services Guide** – this sets out information about the Facility Agent and the financial services that it may provide to you if you participate in the ALSAF.

You have also been provided with a reply paid envelope to enable you to return the Appointment of Facility Agent Form with (as appropriate) the Acceptance Form or the Custodian Direction Form to the Facility Agent if you wish to participate in the ALSAF.

25. How do I participate in the ALSAF?

You should refer to the Invitation Letter accompanying this Second Supplement which sets out full details of how you can participate in the ALSAF. In short:

- if you are the legal holder of your Alesco Shares, you must complete the following documents attached to the Invitation Letter:
 - o Acceptance Form (either ORANGE or YELLOW); and
 - o BLUE Appointment of Facility Agent Form,
 and return them in accordance with the instructions in the Invitation Letter; and
- if your Alesco Shares are held through a custodian, you must complete the following documents attached to the Invitation Letter:
 - o GREEN Custodian Direction Form; and
 - o BLUE Appointment of Facility Agent Form,
 and return them in accordance with the instructions in the Invitation Letter.

SECOND SUPPLEMENTARY TARGET'S STATEMENT

26. How long will the ALSAF and the DuluxGroup Offer remain open?

Unless the Facility Conditions are satisfied, the ALSAF will remain open until it is terminated. See Question 13 for a description of when this may occur. The last date for termination of the ALSAF is 25 May 2013.

The DuluxGroup Offer is scheduled to close at 7:00pm on 8 October 2012. However, it may be extended. As takeover bids can only last for a maximum of 12 months under the Corporations Act, DuluxGroup can extend its Offer until the last possible closing date, being 25 May 2013.

27. Who should I call if I have any questions?

Alesco has established a Shareholder Information Line which Alesco Shareholders should call if they have any queries in relation to the Offer (including the ALSAF). The telephone number for the Shareholder Information Line is:

- 1800 828 558 (within Australia)
- +61 2 8280 7215 (outside Australia)

The Shareholder Information Line is available Monday to Friday between 8.30am and 5.30pm (EST).

Further information relating to the Offer (and the ALSAF) can be obtained from Alesco's website at <http://www.alesco.com.au>.

28. Why is DuluxGroup paying broker's handling fees?

DuluxGroup has announced that it intends to pay retail broker handling fees in respect of the Offer. This is designed to encourage stockbrokers to solicit acceptances of the Offer from Alesco Shareholders. See Section 8 for important information in relation to this matter.

1. Overview of recent developments

1.1 DuluxGroup's Offer

On 1 May 2012, DuluxGroup announced an off-market takeover Offer for all of the ordinary shares in Alesco for \$2.00 per Alesco Share, less the amount of any dividends determined and paid by Alesco on or after 1 May 2012.

On 23 July 2012, DuluxGroup announced an increase to its cash Offer Price to \$2.05 per Alesco Share and indicated that it would not reduce its cash Offer Price by the amount of up to \$0.18 per Alesco Share in franking credits attached to dividends determined by Alesco (based on aggregate dividends of up to \$0.42 per Alesco Share).

DuluxGroup has declared its revised Offer on 23 July 2012 to be its "best and final" Offer.

1.2 Alesco's response

On 24 July 2012 in conjunction with the release of its FY12 Financial Statements, Alesco determined, in aggregate, fully franked Final and Special Dividends of \$0.15 per Alesco Share and rejected DuluxGroup's Offer. The Final and Special Dividends were paid on 7 September 2012 to those Alesco Shareholders who were on the register on 17 August 2012.

On 13 August 2012, Alesco Shares were placed in trading halt at the request of Alesco to enable Alesco to continue discussions with DuluxGroup in relation to a new proposal comprising DuluxGroup's existing Offer of \$2.05 per Alesco Share incorporating an aggregate fully franked dividend of up to \$0.75 per Alesco Share (ie up to \$0.33 per Alesco Share more than under the Offer) ("**75c Proposal**").

Despite extensive negotiations between the parties, no agreement had been reached on the implementation of the 75c Proposal when the trading halt was lifted on 15 August 2012.

1.3 Panel proceedings

On 29 August 2012, following an announcement released by DuluxGroup on 28 August 2012 stating that it was willing to engage in a Panel process to determine whether or not the 75c Proposal could be implemented in light of ASIC's "Truth in Takeovers" policy, Alesco made an application to the Panel seeking an order, amongst other things, that the "Truth in Takeovers" policy should not apply to prevent implementation of the 75c Proposal.

On 4 September 2012, the Panel decided not to conduct proceedings on Alesco's application on the basis that there was no reasonable prospect of the Panel making the order sought by Alesco. In that context, DuluxGroup's Offer is now the only offer available to Alesco Shareholders.

1.4 Subsequent Announcements

On 4 September 2012, DuluxGroup lodged a Notice of Variation stating that it will not declare its Offer unconditional before 25 September 2012 and extending the closing date of the Offer Period from 11 September 2012 to 2 October 2012.

Also on 4 September 2012, the Alesco Directors updated their recommendation to Alesco Shareholders in the announcement attached as Annexure A (see Section 2). This Supplementary Target's Statement elaborates on that announcement, including the choices available to Alesco Shareholders and details of the ALSAF. On 5 September 2012, Alesco released the key documents comprising the ALSAF to ASX.

On 7 September 2012, DuluxGroup announced that it will declare its Offer unconditional in the absence of a recommendation from the Alesco Directors on or after 1 October 2012 if it has in aggregate 50.1% voting power in Alesco plus acceptances under the DuluxGroup institutional acceptance facility. DuluxGroup also announced that it will extend the closing date of the Offer Period from 2 October 2012 to 8 October 2012.

SECOND SUPPLEMENTARY TARGET'S STATEMENT

2. Your Directors' Recommendation

Your Directors have consistently said that DuluxGroup's 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.

However, as announced on 4 September 2012, if the overwhelming majority of Alesco Shareholders choose to support the Offer, your Directors will facilitate the possibility of Alesco Shareholders receiving a fully franked Additional Dividend of up to \$0.27 per Alesco Share, in addition to the Final and Special Dividends of \$0.15 per Alesco Share paid on 7 September 2012, subject to certain conditions being satisfied.

Having just paid Alesco Shareholders \$0.15 per Alesco Share in Final and Special Dividends on 7 September 2012, Alesco cannot afford to also pay an Additional Dividend in the coming months, given the constraints of its existing banking facilities and banking covenants. It would be financially imprudent to do so as a standalone listed entity.

Accordingly, Alesco can only pay a fully franked Additional Dividend of \$0.27 per share if, amongst other things, appropriate funding to do this can be secured. The payment of any material Additional Dividend requires certainty that DuluxGroup will achieve at least 90% ownership of Alesco as a result of its Offer, so that DuluxGroup can take responsibility for funding Alesco on a go forward basis once the Additional Dividend is paid.

Furthermore, Alesco must be sure that the Additional Dividend can be fully franked. This will require a favourable tax ruling from the ATO.

For these important reasons, the Additional Dividend is conditional on, in particular:

- (a) there being certainty that DuluxGroup will become a 90% holder in Alesco (see Section 3);
- (b) the Offer remaining open and conditional until at least three Business Days after the record date for the Additional Dividend;
- (c) Alesco obtaining financing on acceptable terms to enable payment of any Additional Dividend; and
- (d) the Additional Dividend being able to be fully franked. In that context, Alesco will make an application to obtain a favourable tax ruling from the ATO to achieve this certainty.

Alesco has established the ALSAF to provide Alesco Shareholders with the opportunity to accept the Offer in a way that facilitates the possibility that the above conditions can be met and that the Additional Dividend can be determined and paid.

Attached at Annexure A is Alesco's announcement dated 4 September 2012 which sets out the rationale for the ALSAF in more detail. In reviewing that announcement, Alesco Shareholders should note that DuluxGroup has stated that it will declare its Offer unconditional in the absence of a recommendation from the Alesco Directors on or after 1 October 2012 once it has in aggregate 50.1% voting power in Alesco plus acceptances under the DuluxGroup institutional acceptance facility.

As described below, the Alesco Directors will continue to assess their recommendation. However, currently the Offer will be declared unconditional on or after 1 October 2012, if DuluxGroup acquires in aggregate 50.1% voting power in Alesco plus acceptances under the DuluxGroup institutional acceptance facility.

Your Directors recommend that any Alesco Shareholders who wish to accept DuluxGroup's Offer only if there is a possibility that any Additional Dividend can be determined and paid should **TENDER THEIR ACCEPTANCE INTO** the ALSAF. In particular, Alesco Shareholders should note that acceptances into the ALSAF may assist in preventing DuluxGroup from acquiring voting power plus acceptances of 50.1% or more in Alesco before any Additional Dividend is determined. This is important because, to maximise the possibility that accepting shareholders benefit from franking credits attached to any Additional Dividend, your Directors will not pay any Additional Dividend **unless** DuluxGroup declares its Offer unconditional no earlier than 3 Business Days after the record date of any Additional Dividend.

The Directors will continue to assess their recommendation in forthcoming weeks, having regard to the level of acceptances under the ALSAF and other indicators of Alesco Shareholder views. Alesco expects to update Alesco Shareholders and the market on the Alesco Directors' recommendation in the week commencing 24 September 2012.

3. ALSAF

The ALSAF will allow Alesco Shareholders to submit acceptance instructions to the Facility Agent which will only become binding acceptances of the Offer if Alesco is satisfied that all of the Facility Conditions have been satisfied. In summary, these conditions are as follows:

- (a) DuluxGroup obtaining an interest in at least 90% of Alesco Shares (including (i) Alesco Shares in which DuluxGroup has a relevant interest; (ii) acceptances into DuluxGroup's institutional acceptance facility and the ALSAF and (iii) Alesco Shares that ought to be included in this calculation because they are held by index funds¹);
- (b) a favourable tax ruling from the ATO confirming that (i) Alesco Shareholders are not precluded from an entitlement to the franking credits and associated tax offset attached to any dividends paid by Alesco in relation to the Offer; and (ii) the Commissioner of Taxation will not make a determination under section 204-30(3)(c) of the Income Tax Assessment Act 1997 or section 177EA(5)(b) of the Income Tax Assessment Act 1936 to deny any franking benefits on any dividends paid (refer to Section 7 for further information). It is expected that the ATO's response on the tax ruling will be received within 8 to 12 weeks of this Second Supplement (although there can be no guarantee that this will be the case);
- (c) there is available financing on terms acceptable to Alesco to enable Alesco to pay any Additional Dividend in addition to the Final and Special Dividends;
- (d) no superior offer to the Offer emerges;
- (e) DuluxGroup confirms to Alesco that it will not deduct the value of franking credits attached to any Additional Dividend from its Offer Price; and
- (f) DuluxGroup undertakes to Alesco that its Offer will remain open and conditional until no earlier than three Business Days after the record date for the Additional Dividend.

The ALSAF therefore accommodates those Alesco Shareholders who do not wish to support the existing Offer without the possibility that they may also receive the Additional Dividend and associated franking credits. **Note that 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 – refer to Section 7 of this Second Supplement).**

However, having regard to the above conditions, there can be no certainty that any Additional Dividend will be paid. If all of the Facility Conditions are not met, all acceptance instructions into the ALSAF will be void and shareholders will be free to deal with their shares as they see fit.

The process for lodgment and withdrawal of the acceptance instructions and the circumstances in which the ALSAF will be terminated are set out in full in the Terms of Appointment of the ALSAF. You should refer to that document for further information on the terms of the ALSAF.

Some of the key terms of the ALSAF that you should be aware of include:

- Alesco Shareholders or beneficial holders of Alesco Shares (as applicable) who lodge acceptance instructions into the ALSAF will be entitled to withdraw those instructions at any time before Alesco issues a Confirmation Letter stating that all of the Facility Conditions have been satisfied;
- acceptance instructions that have been lodged with the ALSAF but not withdrawn at the time when Alesco issues the Confirmation Letter will be delivered to DuluxGroup (or its share registry) or the relevant custodian (as applicable); and
- if the Facility Conditions have not been satisfied prior to 25 May 2013 (or Alesco reasonably considers that the Facility Conditions are not capable of being satisfied), Alesco may terminate the ALSAF in which case acceptance instructions will be returned to the Alesco Shareholder or beneficial holder of those shares (as applicable).

The ALSAF is open to all Alesco Shareholders who have not yet formally accepted into the Offer or the DuluxGroup institutional acceptance facility. It is also open to those persons who have accepted into the Offer or the DuluxGroup institutional acceptance facility but who withdraw their acceptance (provided they are entitled to do so).

1. Alesco may determine that index funds should be counted in determining whether DuluxGroup has an interest in at least 90% of Alesco. It will announce the names of any relevant index funds and the number of Alesco Shares they hold at the time it provides its updates to the market in relation to the number of shares held in the ALSAF (refer to Section 6 below).

SECOND SUPPLEMENTARY TARGET'S STATEMENT

4. Action to take if you wish to participate in the ALSAF

Accompanying this Second Supplement is an Invitation Letter to participate in the ALSAF from the Facility Agent together with:

- a BLUE Appointment of Facility Agent Form, to be used to appoint the Facility Agent to hold your acceptance instructions in the ALSAF and to only lodge them with DuluxGroup if the Facility Conditions have been satisfied;
- YELLOW or ORANGE Acceptance Forms, to be used by shareholders who are either registered on the CHESS subregister (YELLOW) or the issuer sponsored subregister (ORANGE) to communicate their acceptance instructions to the Facility Agent. **You will receive an ORANGE form if your Alesco Shares are held in the issuer-sponsored sub-register and a YELLOW form if your Alesco Shares are held in the CHESS-sponsored sub-register;**
- a GREEN Custodian Direction Form, to be used by shareholders who are the beneficial holder (and not the legal holder) of their Alesco Shares to communicate their acceptance instructions to the Facility Agent;
- a copy of the Terms of Appointment of the ALSAF;
- a Financial Services Guide, to provide you with information about the Facility Agent; and
- a reply paid envelope addressed to:
Pacific Custodians Pty Limited
c/o Link Market Services Limited
Alesco Shareholder Acceptance Facility
Locked Bag A14
Sydney South NSW 1235
Australia

You should refer to these documents that accompany this Second Supplement for more details on how you can participate in the ALSAF. In short:

- if you are the legal holder of your Alesco Shares, you must complete both the BLUE Appointment of Facility Agent Form and either the YELLOW or ORANGE Acceptance Forms and return them in accordance with the instructions in the Invitation Letter; or
- if you are the beneficial holder (and not the legal holder) of your Alesco Shares and your shares are held by a custodian you must complete both the BLUE Appointment of Facility Agent Form and the GREEN Custodian Direction Form and return them in accordance with the instructions in the Invitation Letter.

5. Other options available to you

If you do not wish to participate in the ALSAF and have not yet accepted into DuluxGroup's Offer or DuluxGroup institutional acceptance facility, the following options are available to you:

(a) Reject the Offer

Your Directors have consistently said that DuluxGroup's 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 Alesco Director's view.

However, you should note that if DuluxGroup acquires a greater than 90% interest in Alesco Shares and the Offer becomes unconditional, DuluxGroup intends to compulsorily acquire all outstanding Alesco Shares held by those Alesco Shareholders who have not accepted the Offer or tendered their acceptance into the ALSAF or DuluxGroup's institutional acceptance facility. See Section 5.5 of the Target's Statement for more details.

On the other hand, if DuluxGroup acquires between 50% and 90% of Alesco Shares, and DuluxGroup declares the Offer unconditional as it says it will, any Alesco Shareholder who has not accepted the Offer or tendered their acceptance into DuluxGroup's institutional acceptance facility will become a minority shareholder in Alesco. The implications of this are described in Section 5.3 of the Target's Statement.

(b) Sell your Alesco Shares on market

You can sell your Alesco Shares on the ASX if you have not accepted DuluxGroup's Offer.

However, you should be mindful of the fact that the trading prices for Alesco Shares on ASX may be higher or lower than the Offer Price.

The latest price for Alesco Shares may be obtained from the ASX website – <http://www.asx.com.au>.

(c) Accept directly into DuluxGroup's Offer

Alesco Shareholders will continue to have the option of accepting directly into DuluxGroup's Offer prior to the end of the Offer Period, which, unless it is further extended, is currently scheduled to close at 7:00pm (Melbourne time) on 8 October 2012.

Your Directors **DO NOT RECOMMEND** you take up this option as they have consistently said that the 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.

Alesco Shareholders who intend to accept directly into DuluxGroup's Offer should be mindful of the following:

- under the terms of the Offer and given the implications of the Panel proceedings described in Section 1 of this Second Supplement, DuluxGroup will not reduce its cash Offer Price for the franking credits attached to up to \$0.42 per Alesco Share of fully franked dividends determined and paid by Alesco. **The value of franking credits, if any, 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 – refer to Section 7 of this Second Supplement).** As the Final and Special Dividends¹ have already been determined and paid by your Directors, this effectively leaves the possibility for an up to \$0.27 per Alesco Share fully franked Additional Dividend that the Alesco Directors could determine during the Offer Period. However, 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. Your Directors could only exercise their discretion to allow any Additional Dividend if payment of the dividends was subject to DuluxGroup becoming a 90% holder in Alesco, funding was secured and any Additional Dividend could be fully franked. Therefore, Alesco Shareholders who directly accept the Offer run the risk that DuluxGroup may free its Offer of conditions and take their Alesco Shares, precluding any possibility that they can benefit from any Additional Dividend.
- In this regard, Alesco Shareholders should note that DuluxGroup has stated that it will declare its Offer unconditional in the absence of a recommendation from the Alesco Directors on or after 1 October 2012 once it has in aggregate 50.1% voting power in Alesco plus acceptances under the DuluxGroup institutional acceptance facility.
- Therefore, unless your Directors change their recommendation, the Offer will be declared unconditional on or after 1 October 2012 if DuluxGroup reaches 50.1%.
- Acceptances into the ALSAF may assist in preventing DuluxGroup from acquiring voting power plus acceptances of 50.1% or more in Alesco before any Additional Dividend is determined; and
- if you accept the Offer, you will only be able to withdraw your acceptance in limited circumstances, such as a variation of the Offer by DuluxGroup in a way that postpones for more than one month the time by which it must meet its obligations under the Offer (for example, by extending the Offer Period for more than one month while the Offer remains conditional). Accordingly, if you accept the Offer, you may be unable to accept a superior offer if one arises.

(d) Accept into DuluxGroup's institutional acceptance facility

Institutional investors who have received an invitation from DuluxGroup to accept into DuluxGroup's institutional acceptance facility have the option to do so. See Section 3 of DuluxGroup's Second Supplementary Bidder's Statement for more details.

If you tender your acceptance into DuluxGroup's institutional acceptance facility, your acceptance instruction will become a binding acceptance of the Offer once DuluxGroup declares its Offer to be free of all outstanding conditions.

You should note that Alesco Shareholders who tender their Alesco Shares into the DuluxGroup's institutional acceptance facility run the risk that DuluxGroup's Offer may be unconditional on or after 1 October 2012 and that DuluxGroup may take their Alesco Shares, precluding any possibility that they can benefit from any Additional Dividend. Your Directors **DO NOT RECOMMEND** that you take this option for the same reason as is set out in (c) above.

1. The Final and Special Dividends were paid on 7 September 2012 to those Alesco Shareholders who were on the register on 17 August 2012.

SECOND SUPPLEMENTARY TARGET'S STATEMENT

(e) Withdraw acceptances lodged to date

In accordance with DuluxGroup's Notice of Variation, all Alesco Shareholders who accepted the Offer prior to the date of the most recent Notice of Variation (being 4 September 2012) have the right to withdraw their acceptance of the Offer before 5 October 2012.

Furthermore, all Alesco Shareholders who have accepted into DuluxGroup's institutional acceptance facility currently have the right to withdraw their acceptance.

The Alesco Directors RECOMMEND that all Alesco Shareholders who have accepted into DuluxGroup's institutional acceptance facility or who have accepted the Offer should withdraw their acceptances (to the extent they are entitled to do so). Shareholders who wish to accept DuluxGroup's Offer only if the Additional Dividend can be determined and paid should **TENDER THEIR ACCEPTANCE INTO** the ALSAF.

The Notice of Variation sets out the process by which accepting shareholders can withdraw their acceptances. If you need any assistance in withdrawing your acceptance of the Offer, you may call the Shareholder Information Line on:

- 1800 828 558 (within Australia)
- +61 2 8280 7215 (outside Australia)

The Shareholder Information Line is available Monday to Friday between 8.30am and 5.30pm (EST).

6. Updates

Alesco intends to provide updates to the ASX of any acceptance instructions lodged into the ALSAF by 11am on the Business Day following the day upon which those acceptance instructions are received.

7. Tax Considerations

(a) Introduction

A general description of the taxation treatment for certain Australian resident Alesco Shareholders accepting the Offer is set out in Section 7 of the Bidder's Statement. Because this advice is general in nature and does not take into account your individual circumstances, you should not rely on those descriptions as advice for your own affairs.

You should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Offer for your Alesco Shares. You may, for example, be liable for capital gains tax if you sell your Alesco Shares.

The following is a summary of the potential Australian income tax implications generally applicable to an Australian tax resident Alesco Shareholder as a consequence of the exercise of the discretion of the Alesco Directors to pay an Additional Dividend. The summary focuses only on the Australian income tax implications of any Additional Dividend, it does not cover other taxation implications arising from the Offer, such as broader capital gains tax consequences.

This summary reflects the tax law in effect in Australia as at the date of this Second Supplement. It does not take into account or anticipate any changes in the tax law or future judicial interpretations of the law after this time, nor does it take into account the tax law of countries other than Australia.

(b) Australian Income Tax Considerations

(i) Receipt of any Additional Dividend

Alesco will lodge a class ruling application with the ATO requesting the Commissioner of Taxation's views on the Australian income tax implications for Alesco Shareholders who participate in the DuluxGroup Offer, including, in relation to any Additional Dividend:

(A) confirming that:

- (1) Alesco Shareholders are not precluded from entitlement to the franking credits and associated tax offset attached to any Additional Dividend; and
- (2) the Commissioner of Taxation will not make a determination under section 204-30(3)(c) of the Income Tax Assessment Act 1997 or section 177EA(5)(b) of the Income Tax Assessment Act 1936 to deny any franking credits or any dividends paid; and

(B) determining whether any Additional Dividend, or part thereof, will be included as capital proceeds for the purposes of calculating the capital gains tax consequences for Alesco Shareholders from the sale of their Alesco Shares to DuluxGroup.

Payment of the Additional Dividend will be conditional on receipt of a favourable class ruling in relation to (A) but not (B).

Accordingly, the Additional Dividend will not be paid if the ATO does not provide the confirmation described in (A). There is no guarantee that the ATO will concur with the positions put forward in the class ruling application.

If the Additional Dividend is determined and paid then, for Alesco Shareholders that are residents, the amount of any Additional Dividend must be included in assessable income in the income year it is received. As any Additional Dividend determined by Alesco will be fully franked, Alesco Shareholders will also be required to include in their assessable income an amount equal to the franking credits attached to any Additional Dividend if they are a "qualified person" (see below).

The franking credits attaching to any Additional Dividend may be used to offset the amount of tax that the Alesco Shareholder is required to pay. In order to obtain this tax offset, the Alesco Shareholder must be a "qualified person", which means that the Alesco Shareholder must hold their Alesco Shares "at-risk" for a period of at least 45 days in the qualification period. As any Additional Dividend will be linked to the disposal of shares, the qualification period is likely to be measured from 45 days before, to 45 days after the ex-dividend date. The shares are generally not "at risk" from the date when a takeover goes unconditional.

Alesco Shareholders should note that the ability to offset their tax liability by the amount of the franking credits attached to any Additional Dividend and the exact post tax value of the franking credits will depend on their individual income tax circumstances including the tax rate applicable (for individuals from nil to 46.5% including Medicare levy, for corporate entities at 30% and for superannuation funds at 15%).

An Alesco Shareholder who satisfies the "holding period" tests and is an individual, a complying superannuation fund or registered charity (in certain circumstances) will generally be entitled to a refund to the extent that the franking credits attached to any Additional Dividend, if paid, exceed the Alesco Shareholder's tax liability for the income year.

An Alesco Shareholder who satisfies the "holding period" tests and is a company will generally be entitled to a carry forward tax loss to the extent that the franking credit attached to the dividend exceeds the Alesco Shareholder's tax liability for the income year. Receipt of any fully franked Additional Dividend will also give rise to a credit to the franking account of an Alesco Shareholder that is a company.

(ii) Impact of any Additional Dividend on a capital loss on sale of Alesco shares

The sale of Alesco Shares to DuluxGroup will give rise to an Australian Capital Gains Tax (CGT) event for Alesco Shareholders who accept the Offer. Broadly, Alesco Shareholders will:

- (A) make a capital gain if the capital proceeds on transfer of their Alesco Shares are greater than the cost base of their Alesco Shares; and
- (B) make a capital loss if the reduced cost base of their Alesco Shares is greater than the capital proceeds from the transfer of their Alesco Shares.

The ATO will be asked to confirm in its class ruling whether any Additional Dividend, or part thereof, will form part of the capital proceeds received in connection with the disposal of Alesco Shares.

SECOND SUPPLEMENTARY TARGET'S STATEMENT

To the extent any Additional Dividend is taken to form part of capital proceeds, an anti-double counting rule will apply to reduce any capital gain made by an Alesco Shareholder by the amount of any Additional Dividend included in the Alesco Shareholder's assessable income. However, a capital gain made by an Alesco Shareholder will not be reduced by the amount of the franking credits attached to any Additional Dividend and included in the Alesco Shareholder's assessable income.

The anti-double counting rule will not apply to any capital loss made by an Alesco Shareholder, such that the amount of any Additional Dividend which is included as capital proceeds will reduce the capital loss an Alesco Shareholder would otherwise have made in respect of the disposal of Alesco Shares.

If the ATO determines that any Additional Dividend, or part thereof, will form part of the capital proceeds received in connection with the disposal of Alesco Shares, the Additional Dividend may still be determined and paid if the Facility Conditions are satisfied. In that case, those Alesco Shareholders that would otherwise have made a capital loss on the disposal of Alesco Shares, will have that capital loss reduced accordingly.

8. Broker handling fees – information for Alesco Shareholders

Alesco Shareholders should be aware that DuluxGroup announced on 7 September 2012 that it intended to start paying retail broker handling fees in respect of the Offer.

These are fees that will be paid by DuluxGroup to stockbrokers who solicit acceptances of the Offer from Alesco Shareholders. Importantly, a broker will only receive fees from DuluxGroup where an Alesco Shareholder elects to accept directly into the Offer, and will receive nothing where the shareholder chooses an alternative course of action, such as accepting into the ALSAF or rejecting the Offer by doing nothing and retaining their Alesco Shares.

Alesco Shareholders should therefore beware of the potential for conflicts of interest that arise for brokers recommending or otherwise soliciting acceptance of the Offer, and should exercise appropriate caution when speaking to brokers about the options available to them.

Alesco Shareholders should not feel pressured to accept the Offer and can call the Alesco Shareholder Information Line on 1800 828 588 (toll free within Australia) or +61 2 8280 7215 (outside Australia) if they have any queries or wish to receive more information about the Offer and the Alesco Directors' recommendation.

9. Date of Second Supplement

This Second Supplement is dated 10 September 2012, which is the date on which it was lodged with ASIC.

10. Consents

Each Director has given and has not, before the date of this Second Supplement, withdrawn their consent to be named in this Second Supplement and to the inclusion of statements made by them.

Greenhill Caliburn Pty Limited has given and has not, before the date of this Second Supplement, withdrawn its consent to the inclusion of its name in this Second Supplement as financial adviser to Alesco.

King & Wood Mallesons has given and has not, before the date of this Second Supplement, withdrawn its consent to the inclusion of its name in this Second Supplement as legal adviser to Alesco.

Pacific Custodians Pty Limited has given and has not, before the date of this Second Supplement, withdrawn its consent to the inclusion of its name in this Second Supplement as Facility Agent for Alesco.

11. Approval of Second Supplement

This Second Supplement has been approved by a resolution passed by the Directors on 9 September 2012.



Director
Alesco

GLOSSARY

Acceptance Form means the form entitled “Transfer and Acceptance Form” relating to the ALSAF accompanying this Second Supplement.

Additional Dividend means additional fully franked dividends of up to \$0.27 per Alesco Share.

Alesco means Alesco Corporation Limited (ACN 008 666 064).

Alesco Share means an ordinary share in Alesco.

Alesco Shareholder means a registered holder of Alesco Shares.

ALSAF means the Alesco Shareholder Acceptance Facility.

Appointment of Facility Agent Form means the form entitled “Appointment of Facility Agent Form” accompanying this Second Supplement.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691).

ATO means the Australian Taxation Office.

Bidder’s Statement means the bidder’s statement in relation to the Offer, prepared by DuluxGroup and dated 10 May 2012, as replaced by the replacement bidder’s statement dated 21 May 2012.

Business Day means a day on which:

- (a) ASX is open for trading in securities; and
- (b) banks are open for general banking business in Melbourne.

CGT means capital gains tax.

CHESS has the meaning given to it in section 2 of the ASX Settlement Operating Rules.

Commissioner of Taxation means the Commissioner of Taxation of the ATO.

Confirmation Letter means a letter provided to the Facility Agent confirming that the Facility Conditions have been satisfied.

Corporations Act means Corporations Act 2001 (Cwlth).

Custodian Direction Form means the form entitled “Custodian Direction Form” accompanying this Second Supplement.

Directors means the current directors of Alesco.

DuluxGroup means as the context requires DuluxGroup Limited (ACN 133 404 065), or the bidder DuluxGroup (Nominees) Pty Limited (ACN 156 611 540).

DuluxGroup Offer means the Offer.

Facility Agent means Pacific Custodians Pty Limited.

Facility Conditions means the conditions specified in clause 6 of the Terms of Appointment.

Final and Special Dividends means the final and special dividends of \$0.15 per Alesco Share that were paid on 7 September 2012.

Financial Services Guide means the guide accompanying this Second Supplement which sets out information about the Facility Agent and the financial services it may provide to Alesco Shareholders who participate in the ALSAF.

Independent Expert means Lonergan Edwards & Associates.

Invitation Letter means the letter from the Facility Agent accompanying this Second Supplement which sets out information about the ALSAF and encloses documents for Alesco Shareholders to complete and return to participate in the ALSAF.

Notice of Variation means as the context requires, the notice of variation from DuluxGroup dated 23 July 2012, 21 August 2012 or 4 September 2012.

Offer means the takeover offer by Dulux for Alesco Shares under Chapter 6 of the Corporations Act as described in the Bidder’s Statement.

Offer Period has the same meaning given to it in the Bidder’s Statement.

Offer Price has the same meaning given to it in the Bidder’s Statement as amended by any relevant Notice of Variation.

Panel means the Takeovers Panel of Australia.

relevant interest has the same meaning as in the Corporations Act.

Second Supplement means this booklet.

Second Supplementary Bidder’s Statement means the bidder’s statement issued by DuluxGroup dated 25 June 2012.

Supplementary Target’s Statement means the supplementary target’s statement issued by Alesco dated 15 August 2012.

Target’s Statement means the Target’s Statement issued by Alesco dated 12 June 2012.

Terms of Appointment means the terms and conditions upon which the ALSAF operates, a copy of which is annexed to this Second Supplement.

75c Proposal has the meaning given to it in Section 1.2 of this Second Supplement.

ANNEXURE A



4 September 2012

ALESCO ACTS TO FACILITATE POTENTIAL ADDITIONAL DIVIDEND AND PROTECT SHAREHOLDERS BY ESTABLISHING AN ALESCO SHAREHOLDER ACCEPTANCE FACILITY

Alesco Corporation Limited (**Alesco**) (ASX:ALS) today provided the following update on DuluxGroup Limited's (**DuluxGroup**) (ASX:DLX) takeover offer.

Alesco shareholders will recall that last week, in the interests of all shareholders, Alesco initiated Takeovers Panel proceedings seeking, among other orders, an order that would enable DuluxGroup to deliver an enhanced offer to shareholders. Alesco notes the Panel's decision today not to conduct proceedings in relation to Alesco's Panel application.

KEY POINTS

- The Alesco Board remains of the view that DuluxGroup's best and final offer of \$2.05 per share, potentially incorporating up to \$0.42 of fully franked dividends (**Offer**), is highly conditional, materially inadequate and undervalues Alesco
- DuluxGroup now holds a relevant interest plus acceptances tendered into its Institutional Acceptance Facility of 44.3% in Alesco. If DuluxGroup were to free its offer of conditions, Alesco shareholders would lose the chance to benefit from any additional fully franked dividends
- Further, DuluxGroup can only deliver additional fully franked dividends (in excess of the \$0.15 per share special and final dividends already determined and payable on Friday, 7 September 2012) with the support of Alesco. Alesco could only exercise its discretion to support any additional dividends if they were subject to DuluxGroup becoming a 90% holder in Alesco¹, funding was secured and the additional dividends could be fully franked because Alesco cannot afford to pay material further dividends within its existing banking facilities and covenants as a standalone listed entity
- In the circumstances, if the overwhelming majority of Alesco shareholders choose to support the Offer, the Alesco Board will facilitate the possibility of shareholders receiving a further fully franked dividend of up to \$0.27 per share (**Additional Dividend**). The Additional Dividend would be in addition to the \$0.15 per share already determined (i.e. up to \$0.42 per share in total), and could be paid only if:
 - DuluxGroup becomes a holder of at least 90% in Alesco and the Offer remains open and conditional until at least three days after the record date for the Additional Dividend, so that the Additional Dividend can be funded; and
 - the Additional Dividend can be fully franked. Alesco will need to obtain a favourable tax ruling from the Australian Taxation Office (**ATO**) to achieve this certainty

¹ Including shares owned by DuluxGroup, acceptances under the Offer or tendered into the DuluxGroup IAF, shares held by index funds nominated by the Alesco Board and acceptances tendered into the ALSAF (see page 3).

ANNEXURE A

- To provide Alesco Shareholders with the opportunity to accept the Offer in a way that facilitates the possibility that the Additional Dividend can be determined and paid, Alesco will establish the Alesco Shareholder Acceptance Facility (**ALSAF**). The ALSAF is open to all shareholders who wish to accept the Offer **and** receive the Additional Dividend, and will protect those shareholders in the event that shareholders do not overwhelmingly support the Offer. The ALSAF will enable all Alesco shareholders to lodge acceptance instructions which will be held within the ALSAF until the conditions for payment of the Additional Dividend are met, or become incapable of being met, or the shareholder elects to withdraw from the ALSAF
- The Alesco Board recommends that any shareholders who wish to accept DuluxGroup's Offer only if the Additional Dividend can be determined and paid should **TENDER THEIR ACCEPTANCE INTO THE ALSAF**
- Attached to this announcement are the terms of the ALSAF. Full details of the ALSAF, including forms for shareholders to accept into the ALSAF, will be despatched to Alesco shareholders together with a Supplementary Target's Statement to be released shortly
- **THE ALESCO BOARD DOES NOT RECOMMEND THAT SHAREHOLDERS ACCEPT THE OFFER FROM DULUXGROUP OR TENDER THEIR SHARES INTO DULUXGROUP'S INSTITUTIONAL ACCEPTANCE FACILITY. SHAREHOLDERS SHOULD TENDER THEIR ACCEPTANCE INTO THE ALSAF**
- **Shareholders who directly accept the DuluxGroup Offer or tender their shares into the DuluxGroup Institutional Acceptance Facility run the risk that DuluxGroup may free its Offer of conditions at any time and take their shares, precluding any possibility that they can benefit from any Additional Dividend**

"The Alesco Board has always acted in the best interests of **ALL** shareholders as its primary focus in dealing with the unsolicited Offer from DuluxGroup. The Board remains of the strong view that the Offer is materially inadequate, undervalues Alesco and is below the Independent Expert's value range," Mark Luby, Chairman of Alesco, said.

"Given that the DuluxGroup Offer is currently the only offer available to shareholders, the Alesco Board has decided to implement the Alesco Shareholder Acceptance Facility (**ALSAF**) to provide shareholders who wish to receive the Additional Dividend (as part of the DuluxGroup Offer) an opportunity to indicate their support for this outcome. The ALSAF will provide shareholders protection from the risk of losing their shares to an unconditional DuluxGroup Offer that will result in **NO** Additional Dividends being paid to shareholders.

"At this time Alesco cannot pay, within its existing banking facilities and covenants, the Additional Dividend as a standalone entity. It would be irresponsible for the Alesco Board to do so in managing the Alesco balance sheet. Any Additional Dividend can only be paid if the DuluxGroup becomes a holder of at least 90% of Alesco, appropriate funding is in place and a favourable tax ruling is obtained.

"At least 90% of shareholders must tender their shares into the ALSAF or the DuluxGroup facility in order for the Additional Dividend to be paid. The Alesco Board strongly recommends that shareholders tender their shares into the ALSAF and not the DuluxGroup facility to ensure they avoid the risk of losing their shares to an unconditional DuluxGroup Offer that will result in **NO** Additional Dividends being paid to shareholders.

"The implementation of the ALSAF is a pragmatic and sensible solution that will allow shareholders who wish to receive the Additional Dividend to indicate their support for this outcome. The Alesco Board will facilitate the possibility of shareholders receiving a further fully franked dividend of up to \$0.27 per share if 90% of Alesco shareholders indicate their support for the Offer and provided DuluxGroup does not go unconditional with its Offer in the meantime."

OPERATION OF THE ALSAF

The ALSAF will enable all Alesco shareholders to lodge acceptance instructions which will be held within the ALSAF until the conditions for payment of the Additional Dividend are met or the shareholder elects to withdraw from the ALSAF. After the relevant conditions are met and the Additional Dividend is payable, all shares which are the subject of acceptance instructions within the ALSAF will automatically be accepted into DuluxGroup's Offer. By lodging acceptances into the ALSAF rather than accepting the Offer directly or with DuluxGroup under its Institutional Acceptance Facility, Alesco shareholders will therefore ensure that they only sell their Alesco shares to Dulux in circumstances where the Additional Dividend can be paid to them.

The relevant conditions include:

- DuluxGroup becoming at least a 90% holder in Alesco (including acceptances into the DuluxGroup Institutional Acceptance Facility and the ALSAF);
- Alesco obtaining a favourable tax ruling regarding entitlement of Alesco shareholders to the franking credits and associated tax offset attached to any Additional Dividend paid in relation to the Offer;
- available financing on terms acceptable to Alesco to enable payment of the Additional Dividend;
- no superior offer to the Offer emerging; and
- DuluxGroup's Offer remaining open and conditional until after the record date for the Additional Dividend.

If all of the conditions are not met, all acceptance instructions into the ALSAF will be void and shareholders will be free to deal with their shares as they see fit.

Having regard to the above conditions, there can be no certainty that any additional dividends will be paid.

Shareholders who have accepted into the existing DuluxGroup Institutional Acceptance Facility will lose their ability to receive the Additional Dividend if DuluxGroup declares its Offer unconditional before the conditions to the payment of the Additional Dividend set out above are met. If all conditions to the DuluxGroup Offer are satisfied or waived and the Additional Dividend is not paid, shareholders who accept the Offer will receive \$1.90 per share cash from DuluxGroup, and, if they were on the register of Alesco shareholders on 17 August 2012, \$0.15 per share of fully franked dividends from Alesco.² As such, to preserve the possibility that they can benefit from any Additional Dividend and maximise the value of the Offer, the Alesco Board encourages shareholders who have accepted into the DuluxGroup Institutional Acceptance Facility to withdraw their acceptances from the DuluxGroup Institutional Acceptance Facility immediately and lodge instructions into the ALSAF.

Attached to this announcement are the terms of the ALSAF. Full details of the ALSAF, including these terms and forms and instructions for shareholders to accept into the ALSAF, will be included in an invitation which will be despatched to Alesco shareholders shortly, together with a Supplementary Target's Statement.

² The record date for the aggregate fully franked final and special dividend of \$0.15 per share was Friday 17 August 2012 at 7pm. These dividends will be paid by Alesco on 7 September 2012. Shareholders who come on to the register after the record date will not receive these dividends and will receive \$1.90 per share from DuluxGroup unless Alesco's proposal is implemented.

ANNEXURE A

OPTIONS FOR ALESCO SHAREHOLDERS

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 BOARD FOR SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER AND RECEIVE THE ADDITIONAL DIVIDEND**
- Acceptance directly into the DuluxGroup Offer (or the DuluxGroup Institutional Acceptance Facility for eligible institutional shareholders) – **NOT RECOMMENDED BY THE ALESCO BOARD. 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 – for shareholders who do not wish to accept the Offer and who wish to remain as Alesco shareholders irrespective of the prospect of the Additional Dividend

The DuluxGroup Offer is presently conditional. If the conditions of the DuluxGroup Offer are not satisfied or waived at the time the Offer closes, all acceptances into the Offer will be void and shareholders will be free to deal with their shares as they see fit.

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 shares as they see fit.

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, provides the greater value. Each shareholder's individual circumstances differ and shareholders should take their own tax and financial advice.

Alesco will keep shareholders informed of all material developments.

FOR FURTHER INFORMATION:

Ron Malek
Co-Chief Executive
Greenhill Caliburn
Tel: +61 2 9229 1410

Ross Thornton
Senior Managing Director
FTI Consulting
Tel: +61 2 8298 6100

Michael Vaughan
Vice President
FTI Consulting
Tel: +61 2 8298 6100

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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.

ALESCO CORPORATION LIMITED

ABN 23 008 666 064

Registered Office

Level 24
207 Kent Street
Sydney NSW 2000
Telephone 61 2 9248 2000
Facsimile 61 2 9248 2099
Email: sydneyhq@alesco.com.au
Website: www.alesco.com.au

Postal Address

GPO Box 4268
Sydney NSW 2001

Alesco Shareholder Information Line

Alesco has established a Shareholder Information Line which Alesco Shareholders should call if they have any queries in relation to the Offer. The telephone number for the Shareholder Information Line is:

1800 828 558 (within Australia)
+61 2 8280 7215 (outside Australia)

The Shareholder Information Line is available Monday to Friday between 8.30am and 5.30pm (EST).

Further information relating to the Offer can be obtained from Alesco's website at www.alesco.com.au

Share Registry

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

Financial Adviser

Greenhill Caliburn Pty Limited
Level 34, The Chifley Tower
2 Chifley Square
Sydney NSW 2000

Legal Adviser

King & Wood Mallesons
Level 61, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Postal Address

Locked Bag A14
Sydney South NSW 1235
Within Australia 1800 882 102
Outside Australia 61 2 8280 7151
Facsimile 612 9287 0303

Auditors

KPMG
10 Shelley Street
Sydney NSW 2000

Facility Agent

Pacific Custodians Pty Limited
Level 12, 680 George Street
Sydney NSW 2000

Postal Address

Locked Bag A14
Sydney South NSW 1235

ATTENTION ALESCO SHAREHOLDER

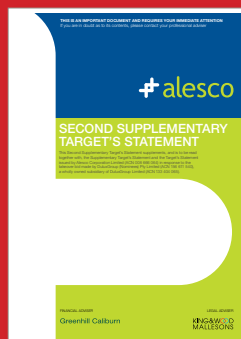
This package of documents provides you with an update on DuluxGroup's Offer for your Alesco Shares, including information about the Alesco Shareholder Acceptance Facility (**ALSAF**) established by Alesco.

There are a number of documents included, only some of which may be relevant to you. You should read the Second Supplementary Target's Statement in its entirety and consider your options. It provides an overview of the current status of the Offer, your potential options and the Alesco Board's recommendation (which may or may not include acceptance in the ALSAF).

Below is a summary of each of the documents provided and the action you may wish to take if you wish to participate in the ALSAF and accept DuluxGroup's offer if there is a possible payment of additional dividends.

IMPORTANT TO READ

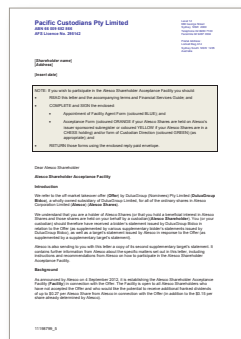
SECOND SUPPLEMENTARY TARGET'S STATEMENT



Contains a status update on DuluxGroup's Offer and further information on your options, including the Alesco Board's recommendation. See page 1

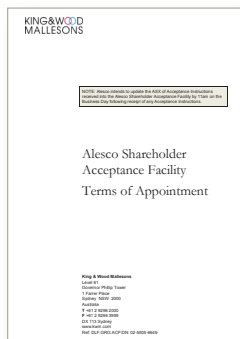
RELEVANT FOR ONLY THOSE SHAREHOLDERS WHO MAY WISH TO PARTICIPATE IN THE ALSAF (i.e. SHAREHOLDERS WISHING TO ACCEPT DULUXGROUP'S OFFER IF THERE IS A POSSIBLE PAYMENT OF ADDITIONAL DIVIDENDS)

LETTER FROM PACIFIC CUSTODIANS (Facility Agent for the ALSAF)



Invitation to Alesco Shareholders to have their acceptance instructions held within the ALSAF by the Facility Agent and information on how to participate

TERMS OF THE ALSAF



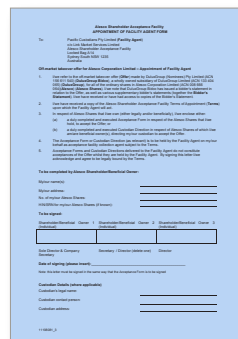
Overview of the key terms and conditions of the ALSAF

FINANCIAL SERVICES GUIDE FROM PACIFIC CUSTODIANS



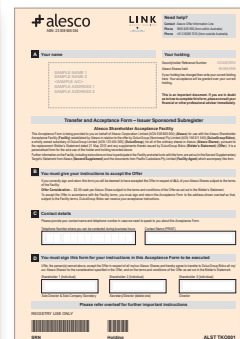
Provides you with information about Pacific Custodians who will act as Facility Agent for the ALSAF

APPOINTMENT OF FACILITY AGENT FORM

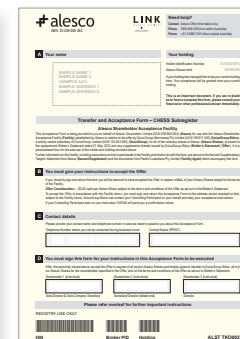


BLUE Form to appoint Facility Agent to hold your acceptance instructions (Acceptance Form or Custodian Direction Form) within the ALSAF

ACCEPTANCE FORM (shareholders will receive an ORANGE or YELLOW form as applicable)

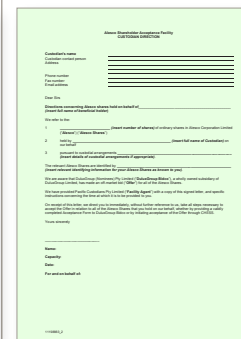


ORANGE Form for issuer-sponsored Alesco Shareholders (your SRN starts with an "I") to submit Offer acceptance instructions for Facility Agent to hold within the ALSAF



YELLOW Form for CHESS-sponsored Alesco Shareholders (your HIN starts with an "X") to submit Offer acceptance instructions for Facility Agent to hold within the ALSAF

CUSTODIAN DIRECTION FORM



GREEN Form for shareholders who hold their Alesco Shares beneficially (ie. legal title is held separately by a custodian) to submit Offer acceptance instructions for Facility Agent to hold within the ALSAF

To tender your Alesco Shares into the ALSAF you must complete and return:

1. the **BLUE** Appointment of Facility Agent Form **AND** either:
 - 2(a). the **ORANGE** or **YELLOW** Acceptance Form (as applicable) if you hold legal title to your Alesco Shares; **OR**
 - 2(b). the **GREEN** Custodian Direction if you are the beneficial holder but do not hold legal title to your shares