



ASX ANNOUNCEMENT

15 November 2013

As its largest shareholder, WHSP has an interest in the continued success of Brickworks Limited. If WHSP is permitted to vote at the Brickworks meeting of shareholders on 25 November 2013, then it intends to **VOTE AGAINST** the Carnegie / Perpetual Proposals.

As the largest shareholder in Brickworks, Washington H. Soul Pattinson and Company Limited ('**WHSP**') is interested in growing the long-term value of Brickworks for the benefit of **all** shareholders.

Carnegie / Perpetual have convened a general meeting of Brickworks on Monday, 25 November 2013 to vote upon two proposed transactions ('**Proposals**') involving a Demerger Dividend (Resolution 1) and Cancellation of Shares (Resolution 2).

As announced on 12 November 2013, the Independent Directors of Brickworks have recommended that Brickworks shareholders **VOTE AGAINST** the Proposals put forward by Carnegie / Perpetual.

Some reasons to vote against the Carnegie / Perpetual Proposals:

- Brickworks' shareholders do not have all of the information required to make an informed decision
- The Proposals are incomplete and do not deal with material issues following implementation
- The Proposals would sever Brickworks' interest in WHSP which has provided stability and outperformance over many years
- The Proposals contain significant uncertainty and the potential for significant unaccounted tax liabilities
- Brickworks' subcommittee of directors who are independent of WHSP recommend **VOTING AGAINST** Resolutions 1 and 2

WHSP urges shareholders of Brickworks to **VOTE AGAINST** the Carnegie / Perpetual Proposals

WHSP recommends that shareholders of Brickworks:

1. **Vote AGAINST** Resolutions 1 and 2 put forward by Carnegie / Perpetual
2. Do not fill in the proxy form sent to you by Carnegie / Perpetual
3. Complete the official proxy form sent by Brickworks in accordance with the How to Vote instructions

Reasons to vote **AGAINST** the Carnegie / Perpetual Proposals:

1. Shareholders do not have all the information

- WHSP agrees with Brickworks' view that some of the information prepared by Carnegie / Perpetual is **misleading, incomplete or inaccurate**.

The information prepared by Carnegie / Perpetual does not adequately deal with the numerous risks to the Proposals.

As a result, Brickworks shareholders are currently unable to make a fully informed decision regarding the Proposals based on the information available to them.

- There is insufficient information about the future of Brickworks including the impact of the Proposals on Brickworks and its shareholders; and
 - insufficient information has been provided about the effects of further transactions alluded to by Carnegie / Perpetual particularly in relation to the repayment of the promissory notes.
- Brickworks has commissioned an Independent Expert Report to assess the merits of the Proposals. This report will not be received by Brickworks before the meeting.

2. If the Proposals are successful, Brickworks will lose the diversity of earnings which has sustained it during downturns in the building cycle and enabled it to take long-term investment decisions

- The Carnegie / Perpetual Proposals will mean that Brickworks' shareholders will lose their interest in WHSP, and will no longer receive the benefits gained from the diversity of earnings that this holding provides.
- Brickworks' successful track-record has been built on a long-term strategy of value creation. The investment in WHSP has delivered decades of outstanding returns for Brickworks shareholders, increasing in value significantly since its initial purchase while also delivering an uninterrupted stream of fully franked dividends. In contrast, the Carnegie / Perpetual Proposal is built on a short-term view of investing and lacks a long-term vision for Brickworks.
- The relationship between Brickworks and WHSP has enabled Brickworks to take long-term investment decisions that will sustain returns from the business for decades to come. For example, the restructuring of Brickworks' Victorian brick business, and the transformation of the Wollert plant into one of the world's largest, most efficient and most modern brick plants, was the kind of decision that could only be taken by a long-term investor, and not one driven by short term returns.

3. Significant uncertainty and the potential for significant unaccounted tax liabilities

The Board of WHSP considers that the Carnegie / Perpetual Proposals are highly uncertain and contain many issues that remain unresolved.

Based on initial advice from tax advisors, the Board of WHSP believes that the tax implications of the Carnegie / Perpetual Proposals are far from clear and that there remains considerable risk of significant tax leakage for Brickworks shareholders far in excess of those identified by Carnegie / Perpetual.

4. The Brickworks subcommittee of directors who are independent of WHSP recommend shareholders VOTE AGAINST Resolutions 1 and 2

The subcommittee of Brickworks directors outlined a number of key reasons for recommending that Brickworks shareholders vote against the Proposals including:

- The Proposals are complex and have significant potential tax liabilities;
- The Proposals contain incomplete, inaccurate and misleading information;
- There continues to be uncertainty about who can vote at the meeting; and
- Brickworks shareholders are yet to receive or consider the Independent Expert's Report commissioned by Brickworks.

The full details contained in the Brickworks ASX announcement can be found at www.brickworks.com.au or www.asx.com.au.

The Carnegie / Perpetual Proposals attempts to exclude WHSP from voting the 44.34% of ordinary shares it owns in Brickworks. WHSP is not the proponent of the transaction and was not even aware of the Carnegie / Perpetual Proposals until it received a requisition notice from Carnegie / Perpetual to convene a meeting of WHSP shareholders. WHSP is awaiting the decision of the ASX on who is capable of voting on the Proposals.

WHSP urges Brickworks shareholders to **VOTE AGAINST the Proposals.**



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