

13 October 2009

Breville shareholders should TAKE NO ACTION in relation to GUD's takeover offer

Breville Group Limited (**Breville**) today confirmed that Breville shareholders should **TAKE NO ACTION** in relation to the takeover offer from GUD Holdings Limited (**GUD**).

Breville's Chairman, Mr John Schmoll, said "Breville shareholders should take no action in relation to GUD's offer. Breville shareholders should wait for the Board's recommendation before deciding whether to accept GUD's offer."

"Breville has an attractive and valuable portfolio of brands and is well positioned in both Australia and international markets."

"There is no cash component to GUD's offer and there is a risk that CGT rollover relief will not be available. Breville shareholders who accept GUD's offer could have a tax liability but have no cash from GUD to pay that tax."

"GUD has not declared its offer final and it can increase its offer."

Breville will review GUD's bidder's statement and will prepare a target's statement in response. The target's statement will also contain the formal recommendation of the Board to Breville shareholders as to whether they should accept GUD's offer. Breville will ensure that its target's statement is sent to Breville shareholders in ample time for Breville shareholders to make an informed decision as to whether they should accept GUD's offer.

In the meantime, Breville shareholders should note:

- GUD's offer was not solicited by Breville
- GUD is offering GUD shares to Breville shareholders. There is no cash component
- GUD's business mix is different to Breville's business mix. Last financial year more than 50% of GUD's EBIT was generated by water, automotive and security industrial businesses. In contrast, 100% of Breville's EBIT was generated by its consumer household goods and appliances business. Breville also has an established business and platform for growth outside Australia and New Zealand
- Unless GUD becomes the owner of at least 80% of Breville's shares, Breville shareholders will not be entitled to 'scrip for scrip' CGT rollover relief. Unless CGT rollover relief is available, Breville shareholders who realise a capital gain as a result of accepting GUD's offer will have a tax liability but will have no cash from GUD to pay that tax
- Whilst GUD has indicated that a number of Breville shareholders support its offer (in the absence of a superior offer), Breville's largest shareholder (which holds more than 20% of Breville's shares) has not announced its intentions in relation to GUD's offer

- GUD's offer is subject to various conditions, including clearance from the ACCC
- GUD's offer is also subject to a 50.1% minimum acceptance condition. Breville may continue to have minority shareholders even if GUD satisfies this condition. GUD has not adequately explained how it intends to manage and operate Breville if GUD controls, but does not own all of, Breville
- GUD has not indicated that its offer is final. GUD is able to increase its offer

Breville has an attractive portfolio of brands and is well positioned in both Australia and in international markets. In the last financial year the performance of the Australian business was strong with growth in sales and profits. Market share growth across Breville's core categories was achieved by both the Breville and Kambrook brands, driven by a strong pipeline of new products. Over the past 6 years, Breville has invested extensively in restructuring its business and in establishing its international operations, predominantly in North America. With the restructuring and international establishment phases now largely complete, Breville and its international operations represent significant strategic assets and are well positioned to deliver increasing returns.

Breville will keep its shareholders fully informed of further developments in relation to GUD's offer.

Breville has retained UBS as its financial adviser and Arnold Bloch Leibler as its legal adviser in relation to the offer.

For further information, please contact:

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