

2 February 2010

Dear shareholder

GUD's offer lapses

As you may be aware, the Australian Competition and Consumer Commission (ACCC) announced on 16 December 2009 that it opposed the proposed acquisition by G.U.D. Holdings Limited (GUD) of Breville Group Limited (Breville).

On 27 January 2010, GUD announced that it would not challenge the ACCC's decision and that it would let its takeover offer lapse on the scheduled closing date of 5 February 2010.

If you have already accepted GUD's offer, you will be free to deal with your Breville shares once the offer formally lapses (unless you withdraw your acceptance before then).

Breville's recent trading and future prospects

Breville has strong brands, leading capabilities in product innovation and has made a significant investment in its international operations. As a result, Breville is well positioned for growth, particularly in its core Australian and North American markets.

Most importantly, Breville has been delivering solid results, notwithstanding a challenging economic climate.

Half-year ended December 2009

On 27 January 2010, Breville announced that it is currently expecting its underlying EBITDA¹ for the half year ended December 2009 to be approximately \$30 million (up from \$25.1 million for the half year ended December 2008). This is subject to audit review and before adjusting for the onerous lease obligation which was outlined in our Target's Statement.

Breville's improved earnings performance has also translated to stronger cash flow generation, which together with a continued focus on working capital management, has led to a material reduction in both inventory and net debt levels compared to the first half last year.

Breville's half year results will be released on 26 February 2010 once the audit review process is completed.

FY2010 guidance

As the first half preliminary trading results are stronger than expected, Breville also announced on 27 January 2010 a significant upgrade to our expectations for the full year.

Your Board now expects to deliver full year underlying EBITDA¹ for FY2010 in the range of \$43 - 46 million (up from \$33.6 million in FY2009). This represents strong growth of 28% - 37% on last year.

Again, this is before adjusting for the onerous lease obligation² – after adjusting for the onerous lease obligation, Breville expects full year pro forma EBITDA for FY2010 to be in the range of \$46 - 49 million.

Breville's earnings expectations are based on a number of assumptions, including that there will be no significant changes in the current economic conditions, foreign exchange rates or consumer sentiment in the key markets in which Breville operates.

We will provide further information in relation to Breville's performance when we release our half year results on 26 February 2010.

Yours sincerely



JOHN SCHMOLL
Chairman

¹ Excludes the impact of redundancy costs and non-trading foreign exchange gains/losses in FY2009 and takeover response costs in FY2010.

² Underlying EBITDA pro forma adjusted for onerous lease costs. The relevant onerous lease is discussed further in section 5.6(c) of Breville's Target's Statement dated 16 November 2009.