

26 October 2009

Manager, Company Announcements,
Australian Securities Exchange Limited,
Level 4, 20 Bridge Street,
SYDNEY NSW 2000

In accordance with the Listing Rules, please find attached a letter which has been sent to shareholders.

Yours faithfully



Shiraz Khan
Company Secretary

23 October 2009

Dear shareholder

TAKE NO ACTION in relation to GUD's takeover offer

As you may be aware, GUD Holdings Limited (**GUD**) has announced a takeover offer for all of your shares in Breville Group Limited (**Breville**).

GUD's offer was not solicited by Breville and your Board advises that you should **TAKE NO ACTION** in relation to GUD's takeover offer.

You will receive a bidder's statement from GUD at about the same time as this letter. Breville is considering this bidder's statement and is preparing a target's statement in response to it. The target's statement will contain the formal recommendation of the Board as to whether you should accept GUD's offer and detailed reasons for the Board's recommendation.

Until you receive the target's statement, your Board advises that you should TAKE NO ACTION in relation to GUD's takeover offer.

The target's statement will be sent to you around 10 November 2009 and will provide you with ample time to make an informed decision in relation to GUD's offer. GUD's offer is currently scheduled to close at 7pm (Melbourne time) on Tuesday 8 December 2009, but may be extended.

Initial observations on GUD's offer

Your Board makes the following initial observations on GUD's offer:

- There is no cash component to GUD's offer. GUD is only offering you GUD shares.
- GUD has only provided limited information about the future prospects of its businesses and, in particular, has not provided any information about its expected FY10 earnings.
- GUD has not disclosed the synergies it expects would be generated from a combination of GUD and Breville. Your Board believes it is important to understand the value of these synergies and that you take them into account in deciding whether GUD's offer is adequate.
- GUD's business mix is different to Breville's business mix. Last financial year more than 50% of GUD's earnings before interest and tax (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, 'scrip for scrip' capital gains tax (CGT) rollover relief will not be available. Unless CGT rollover relief is available, Breville shareholders who realise a capital gain as a result of accepting GUD's offer may have a tax liability. There is no cash component in GUD's offer to pay that tax.
- Whilst GUD has indicated that a number of Breville shareholders support its offer (in the absence of a superior offer), many shareholders have not announced their intentions in relation to the offer. In particular, Breville's largest shareholder (which holds more than 20% of Breville's shares) has not announced its intention in relation to GUD's offer. If Breville's largest shareholder does not accept GUD's offer, CGT rollover relief will not be available.
- 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. Given GUD's offer is conditional on acquiring only 50.1% of Breville, GUD may acquire control but not full ownership of Breville. Your Board believes that 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 is an attractive and strategically valuable business

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

Over the past 6 years, Breville has invested extensively in restructuring its business and in establishing its international operations, predominantly in North America.

Although your Board continues to consider potential opportunities that would maximise value for all Breville shareholders, the restructuring and international establishment phases are now largely complete.

Breville and its international operations represent significant strategic assets and are well positioned to deliver increasing returns.

Breville's year to date trading performance has been pleasing

Trading performance in the year to date has been pleasing, particularly in Breville's core Australian and North American markets and the Company has begun to realise the benefits of recent cost reductions. Breville remains well placed to deliver improved earnings in FY10, with earnings in the first quarter of FY10 exceeding our expectations. This is a positive result in light of the current economic conditions. In addition, the level of pre-Christmas sell in has been encouraging.

We will continue to keep you fully informed of further developments in relation to GUD's offer.

Yours sincerely



JOHN SCHMOLL
Non-executive chairman