

First Supplementary Target's Statement

made by

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(ABN 53 059 347 910)

About this document

This document is a Supplementary Target's Statement dated 14 October 2003 made by Peter Lehmann Wines Limited ABN 53 059 347 910 ("**PLW**") under section 644 of the *Corporations Act 2001* (Cth) (the "Supplementary Target's Statement").

This Supplementary Target's Statement supplements and is to be read together with the PLW Target's Statement dated 2 October 2003 (the "Target's Statement").

Important notices

A copy of this Supplementary Target's Statement was lodged with ASIC on 14 October 2003. Neither ASIC nor any of its officers takes any responsibility for the contents of this Supplementary Target's Statement.

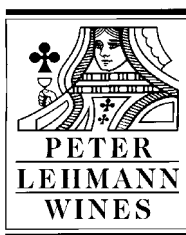
No other supplementary target's statements have been lodged with ASIC in relation to the Offers. This Supplementary Target's Statement will prevail to the extent of any inconsistency with the Target's Statement.

Defined terms

Words defined in the Target's Statement have the same meaning in this Supplementary Target's Statement, unless the contrary intention appears.

No account of personal circumstances

This Supplementary Target's Statement should not be taken as personal financial advice, as it does not take into account your individual objectives, financial and tax situation, and particular needs. You should obtain independent financial and tax advice before making a decision about the Offers.



14 October 2003

Updated recommendation to shareholders

On 9 October 2003 Allied Domecq Wines Australia Pty Ltd (**Allied**) and Hess Group Australia Pty Ltd (**Hess**) announced variations to their Offers for PLW. On 13 October 2003 Allied made a further announcement to the ASX stating that it intended to accept the Hess Offer and that it would apply to ASIC for consent to withdraw its Offer.

The Directors of PLW would like to take this opportunity to:

- update their recommendations and statements to Shareholders in light of those events, and
- comment on other related matters.

1. Recent revisions to Hess and Allied Offers

1.1 Hess Offer

On 9 October 2003 Hess announced to the ASX that it would increase the consideration payable under its Offer to \$4.00 cash per PLW Share. It released its Third Supplementary Bidder's Statement confirming this increase on 10 October 2003.

Hess had previously declared its Offer free from all conditions and announced that it would make payment within five days of receiving each acceptance.

The Hess Offer is scheduled to close at 7.00pm South Australian time on 24 October 2003.

1.2 Allied Offer

Allied had announced to the ASX earlier on 9 October 2003 that it had declared its Offer free of all remaining conditions and that it would make payment within five days of receiving each acceptance. Allied had previously increased the base consideration payable under its Offer to \$4.00 cash per PLW Share.

On 13 October 2003 Allied announced that it intended to accept the Hess Offer and that it would apply to ASIC for consent to withdraw its Offer.

2. Updated Director's recommendations

2.1 Updated Independent Directors' recommendation and reasons

The Independent Directors unanimously recommend that Shareholders immediately accept the Hess Offer for ALL their PLW Shares.

As the Hess Offer is scheduled to close on 24 October 2003 the Independent Directors encourage Shareholders to act immediately to accept the Hess Offer.

The Independent Directors note that the Hess Offer is capable of being accepted by PLW Shareholders for either all or part of their shareholding. However, the Independent Directors strongly recommend to Shareholders that they accept the Hess Offer for **all of their PLW Shares**. They recommend this for the following reasons:

- as noted in the Target's Statement, the Independent Directors believe there is a substantial risk of PLW Share price declining in the absence of the Hess Offer – in this sense, it is unlikely that Shareholders will be able to realise \$4.00 cash per share in the foreseeable future;
- the trading price of PLW Shares prior to the announcement of the Hess and Allied Offers had been inflated by takeover speculation, which will no longer be present after the Hess Offer closes;
- the Hess Offer price of \$4.00 cash per PLW Share represents a multiple of 27.5 times 2003 net profit after tax which compares favourably with prices offered in comparable transactions in the sector and substantially exceeds the multiples at which other Australian wine companies are trading on the ASX. This analysis was shown in greater detail in the Target's Statement;
- in the current year, PLW's financial performance will be adversely impacted by the costs and uncertainty associated with this current takeover activity; and
- there is likely to be substantially reduced liquidity in PLW share trading after the Hess Offer closes, which may impact on the price of the Shares and the ability for Shareholders to sell them easily.

Given the above factors, the Independent Directors believe that it is unlikely that Shareholders will be able to realise the same value as the Hess Offer in the foreseeable future and so believe that PLW Shareholders should capitalise on this opportunity to secure a premium value for their PLW Shares and accept the Hess Offer for all PLW Shares without delay.

2.2 Update on the position of Non-Independent Directors

(a) Updated recommendation and reasons by Robert Edwards

In common with the Independent Directors, Mr Robert Edwards recommends that Shareholders immediately accept the Hess Offer for ALL their PLW Shares.

Mr Robert Edwards supports the reasons outlined above by the Independent Directors.

(b) Updated statement by Doug Lehmann and Roger Wilson

Mr Doug Lehmann and Mr Roger Wilson continue to abstain from making a recommendation however both wish to advise Shareholders that they endorse the position outlined above by the Independent Directors.

3. Update on Directors' intentions to accept or reject Offers in respect of their personal shareholdings

Shareholders should be aware that with respect to their holdings of PLW Securities:

- (a) Messrs Richard England, Harold Tilley, Neil Lister, Robert Edwards and Doug Lehmann intend to accept the Hess Offer for all of their PLW Shares;
- (b) Mr Roger Wilson does not intend to accept either Offer for any of his PLW Shares; and
- (c) Mr Doug Lehmann and Mr Robert Edwards intend to exercise all of their PLW Options and to accept the Hess Offer for all the PLW Shares to be issued to them on exercise of these PLW Options.

The interests of Directors in PLW Securities are set out in section 5.2 of the Target's Statement.

4. Directors' authorisation

This Supplementary Target's Statement has been approved by the directors of PLW.