

PARTIAL OFFER BY

LION NATHAN ENTERPRISES LIMITED

TO PURCHASE 11% OF THE FULLY PAID ORDINARY SHARES IN

MONTANA GROUP (NZ) LIMITED

MADE PURSUANT TO THE TAKEOVERS CODE

MARKED-UP COPY

IMPORTANT

If you are in doubt as to any aspect of this offer, you should consult a member of the New Zealand Stock Exchange or a financial or legal adviser. If you have sold all your shares in Montana Group (NZ) Limited, you should immediately hand this offer document and the accompanying acceptance form to the purchaser, or to the member of the New Zealand Stock Exchange or other agent through whom the sale was made, to be passed to the purchaser.

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This offer is made in accordance with the Takeovers Code approved by the Takeovers Code Approval Order 2000.

Any expression that is defined in the Takeovers Act 1993, or in the Takeovers Code, and used (but not defined) in this offer has the same meaning as in the Takeovers Act or Takeovers Code.

**PARTIAL OFFER BY LION NATHAN ENTERPRISES LIMITED
TO PURCHASE 11% OF THE FULLY PAID ORDINARY SHARES
IN MONTANA GROUP (NZ) LIMITED**

TO: The holders of fully paid ordinary shares in Montana Group (NZ) Limited ("**Montana**")

1. THE OFFER

1.1 Lion Nathan Enterprises Limited ("**Lion Nathan**") offers to purchase 11% of the fully paid ordinary shares in Montana (being 19.6% of those fully paid ordinary shares in Montana not already held or controlled by Lion Nathan as at the date of the offer), including all rights, benefits and entitlements which are attached to fully paid ordinary shares in Montana at the date of the offer or which arise subsequently.

1.2 A holder of fully paid ordinary shares in Montana may accept the offer in respect of all or any such shares held by that holder.

1.3 The offer is dated [] 2001 and remains open until [**insert date which gives an offer period of 30 days**] 2001. Lion Nathan may extend the offer period, subject to the provisions of the Takeovers Code. The expiry of the offer (as it may be extended from time to time (if at all)) is referred to as the "**Closing Time**".

1.4 Fully paid ordinary shares in Montana are referred to in the offer as "**Montana Shares**". If Lion Nathan waives the conditions contained in clauses 5.2(a) and 5.2(b), this expression includes any further fully paid ordinary shares issued by Montana on or prior to the Closing Time.

1.5 If a holder accepts the offer in respect of more than 19.6% of that holder's holding, and Lion Nathan receives acceptances for Montana Shares in excess of those sought under the offer, that holder's acceptance may be scaled down (but not so as to be reduced to less than 19.6% of that holder's shareholding). The extent to which an acceptance is scaled down will be governed by the total number of Montana Shares in respect of which Lion Nathan receives acceptances.

Further details regarding scaling, which will be conducted as required by the Takeovers Code, are set out in clause 4.3 and 4.4.

1.6 The offer is made on the terms, and subject to the conditions, set out in the offer document and on the terms contained in the Takeovers Code (except to the extent that

the terms contained in the Takeovers Code are, where permitted by the Takeovers Code, varied by the offer).

2. CONSIDERATION

2.1 The consideration offered for each Montana Share is NZ\$5.50 in cash.

3. TERMS OF THE OFFER

3.1 All Montana Shares acquired by Lion Nathan under the offer, and all shares, options and other securities of the nature referred to in clause 3.3, must be free of all charges, liens, mortgages, encumbrances and other adverse interests and claims of any kind when they are transferred to Lion Nathan.

3.2 If Montana pays any dividend or other cash distribution in respect of Montana Shares on or after 1 July 2001 (being the date on which Lion Nathan gave Montana notice of its intention to make the offer), and Lion Nathan waives the condition contained in clause 5.2(a) then, at the option of Lion Nathan, either:

(a) the consideration per Montana Share payable under clause 2.1 will be reduced by an amount equivalent to that dividend or other cash distribution; or

(b) holders of Montana Shares who accept the offer ("**Acceptors**") will be bound to pay to Lion Nathan in respect of each Montana Share for which they have accepted the offer (other than any such Montana Share which is not taken up by Lion Nathan as a result of scaling down of the relevant acceptance) an amount equivalent to that dividend or other cash distribution.

3.3 If Montana makes any bonus issue of shares, options, or other securities of any nature in respect of Montana Shares on or after 1 July 2001 (and Lion Nathan waives the conditions contained in clauses 5.2(a) and 5.2(b)), Acceptors must transfer those bonus shares, options or other securities, to the extent they relate to Montana Shares in respect of which the offer has been accepted (other than any such Montana Shares which are not taken up by Lion Nathan as a result of scaling down of acceptances), to Lion Nathan without any additional consideration.

3.4 If Montana subdivides or consolidates Montana Shares on or after 1 July 2001 (and Lion Nathan waives the condition contained in clause 5.2(b)), the consideration per Montana Share payable under clause 2.1 will be correspondingly reduced or increased and

Acceptors must transfer the relevant subdivided or consolidated shares to Lion Nathan without any additional consideration.

- 3.5 If Montana issues any further Montana Shares on or after 1 July 2001, whether pursuant to any dividend reinvestment plan, share incentive scheme, employee share or option scheme or otherwise, and Lion Nathan waives the conditions contained in clauses 5.2(a) and 5.2(b), the offer will extend to 19.6% of such of those shares as are not held or controlled by Lion Nathan.

4. ACCEPTANCE OF OFFER

- 4.1 To accept the offer, Acceptors must complete the enclosed Acceptance and Transfer Form ("**Acceptance Form**") and return it to Lion Nathan in accordance with the instructions printed on the Acceptance Form as soon as possible but in any event so as to be received not later than the Closing Time. No acknowledgement of the receipt of acceptances will be issued by Lion Nathan.
- 4.2 An Acceptor may accept the offer in respect of all or any Montana Shares held by that Acceptor. If an Acceptor accepts in respect of more than 19.6% of that Acceptor's holding, and Lion Nathan receives acceptances for Montana Shares in excess of those sought under the offer, that Acceptor's acceptance may be scaled down (but not so as to be reduced to less than 19.6% of that Acceptor's shareholding). The extent to which an acceptance is scaled down will be governed by the total number of Montana Shares in respect of which Lion Nathan receives acceptances. An Acceptor who accepts in respect of 19.6% or less of that Acceptor's holding will not have that Acceptor's acceptance scaled down.
- 4.3 If the offer becomes unconditional Lion Nathan will acquire from each Acceptor the lesser of:
- (a) 19.6% of the Montana Shares held by that Acceptor, as determined by reference to the share register of Montana at the expiration of the offer period (but without prejudice to clause 4.6(a)); or
 - (b) the number of Montana Shares in respect of which the Acceptor has accepted the offer.
- 4.4 If the number of Montana Shares Lion Nathan acquires under paragraph 4.3 is less than 19.6% of Montana Shares not already held or controlled by Lion Nathan as at the date of the offer, Lion Nathan will acquire from each Acceptor, who has accepted the offer in

respect of Montana Shares which have not been acquired by Lion Nathan under paragraph 4.3 ("**Surplus Montana Shares**"), such further Montana Shares as bear the same proportion to that Acceptor's Surplus Montana Shares as the balance of the Montana Shares required by Lion Nathan bears to the total Surplus Montana Shares.

4.5 Lion Nathan may, in its discretion, treat any form of acceptance as valid whether or not it complies with clause 4.1 or is otherwise irregular. Lion Nathan may also, in its discretion, rectify any errors in, or omissions from, any form of acceptance to enable that form to constitute a valid acceptance of the offer and to facilitate registration of the transfer of the relevant Montana Shares to Lion Nathan, including inserting or correcting details of the Montana Shares held by the Acceptor and filling in any blanks.

4.6 (a) Except as provided in clause 4.6(b), acceptances are irrevocable and Acceptors are not entitled to withdraw their acceptances of the offer, whether or not the offer has been varied by Lion Nathan in accordance with the Takeovers Code.

(b) If the consideration is not sent within the period specified in clause 6.1 to any Acceptor whose Montana Shares are taken up under the offer, that Acceptor may withdraw acceptance of the offer:

(i) by notice in writing to Lion Nathan; but only

(ii) after the expiration of 7 days' written notice to Lion Nathan of that Acceptor's intention to do so.

However, the right to withdraw acceptance of the offer does not apply if that Acceptor receives the consideration during the 7 day period referred to in clause 4.6(b)(ii).

4.7 Notwithstanding clause 4.6(a), Lion Nathan shall be released from its obligations under the offer, and every Acceptor shall be released from that Acceptor's obligations under the offer, if:

(a) the offer is withdrawn with the consent of the Panel; or

(b) the offer lapses as a result of any condition contained in clauses 5.1 or 5.2 not being satisfied by the date specified in clause 5.4 for satisfaction of that condition.

4.8 The offer is open for acceptance by all persons who have acquired Montana Shares from any person to whom the offer has been sent by Lion Nathan.

4.9 Except where Lion Nathan is required by the Takeovers Code to give or send notice of any matter to holders of Montana Shares, notice by Lion Nathan to the New Zealand Stock Exchange and to Montana of any matter relating to the offer will constitute notice of that matter to holders of Montana Shares and will be deemed to have been duly given on the day following the date of notification to the New Zealand Stock Exchange.

4.10 If there is any inconsistency between the terms and conditions of the offer and the provisions of the Takeovers Act 1993 or the Takeovers Code, the provisions of the Takeovers Act 1993 or the Takeovers Code (as the case may be) shall prevail.

5. CONDITIONS

5.1 The offer is conditional on acceptances being received, by the end of the offer period, in respect of that number of Montana Shares which, when taken together with Montana Shares already held or controlled by Lion Nathan, confer more than 50% of the voting rights in Montana.

5.2 The offer is also subject to the further conditions (which are for the benefit of Lion Nathan and may accordingly be waived in whole or in part by Lion Nathan) that during the period from and including 1 July 2001 until and including the date by which this offer must become unconditional as described in clause 5.4:

(a) No dividends, bonuses or other distributions of any nature have been, or will be, declared, paid or made on, or in respect of, the Montana Shares;

(b) None of the Montana Shares have been, or will be, subdivided, consolidated or bought back by Montana, no further shares, options, or other securities of any nature of Montana or any of its subsidiaries have been or will be issued or made the subject of any option or agreement to issue, and there has not been and will not be any alteration of the rights, privileges or restrictions attaching to any Montana Shares.

5.3 Each of the conditions set out in clauses 5.1, 5.2(a), and 5.2(b) are separate conditions subsequent, and acceptance of the offer by each Acceptor shall constitute a contract by that Acceptor with Lion Nathan subject to those conditions.

5.4 In accordance with the Takeovers Code, the date by which the offer is to become unconditional must not be later than 14 days after the Closing Time. As at the date of this offer, the date by which the offer is to become unconditional is 21 August 2001, but this date may change if the Closing Time specified in clause 1.3 is extended. Should the

offer not become unconditional, it will lapse and all Acceptance Forms will be returned by Lion Nathan to Acceptors.

6. SETTLEMENT

6.1 Cheques for the cash to which each Acceptor will be entitled under the offer will be despatched by Lion Nathan by ordinary post or, in the case of shareholders with addresses outside of New Zealand, airmail, by the date 7 days after the date on which the offer becomes unconditional. As at the date of this offer, this date is 28 August 2001, but this date may change if the date by which the offer is to become unconditional changes, as described in clause 5.4.

7. GENERAL

7.1 By acceptance of the offer, each Acceptor will be deemed to:

- (a) authorise Lion Nathan to advise Montana and/or its share registrar of the details of that Acceptor's acceptance and to note the Montana share register with those details; and
- (b) represent and warrant to Lion Nathan that title to that Acceptor's Montana Shares, and to all other shares, options and other securities of the nature referred to in clause 3.3, will pass to Lion Nathan free of all charges, liens, mortgages, encumbrances and other adverse interests and claims of any kind, and that that Acceptor has full power and capacity to sell and transfer all such securities.

7.2 For all purposes of the offer, fractions of Montana Shares, and all shares, options and other securities of the nature referred to in clause 3.3, shall be adjusted to the nearest whole number, with one half of a Montana Share being rounded up.

7.3 All cheques, Acceptance Forms and other documents to be delivered or sent by or to a holder of Montana Shares will be delivered or sent to or from that holder at that holder's own risk.

7.4 The provisions set out in the Acceptance Form form part of the terms of the offer.

7.5 All references in this document and in the Acceptance Form to:

- (a) currency are to New Zealand currency, unless stated otherwise;

- (b) time are to New Zealand time, unless stated otherwise;
- (c) the singular include the plural and vice versa, unless the context otherwise requires.

7.6 For all purposes of the offer, the number of Montana Shares on issue, and (but without prejudice to clause 4.6(a)) the number of Montana Shares held by any person, shall be determined by reference to the share register of Montana at the expiration of the offer period.

7.7 Headings are for convenience only and do not affect the interpretation of this document or any Acceptance Form.

7.8 The offer may be varied by Lion Nathan in accordance with the Takeovers Code.

7.9 The offer, and all contracts arising from acceptance of it, will be governed by and construed in accordance with the laws of New Zealand.

8. ADDITIONAL INFORMATION

8.1 The information required by Schedule One to the Takeovers Code, and not stated elsewhere in the offer, is set out below. Where any information required by Schedule One is not applicable, no statement is made regarding that information.

Offeror and directors

8.2 The address of Lion Nathan is:

7 Kingdon Street
Newmarket
Auckland

8.3 The names of the directors of Lion Nathan are:

Paul Francis Lockey
Roger Richard George North
Geoffrey Thomas Ricketts
William Clifford Webb

Ownership of equity securities of Montana

8.4 The number, designation, and percentage of equity securities of Montana held or controlled by:

- (a) Lion Nathan; and
- (b) any related company of Lion Nathan; and
- (c) any person acting jointly or in concert with Lion Nathan; and
- (d) any director of any of the persons described in paragraphs (a) to (c); and
- (e) any other person holding or controlling more than 5% of the Montana Shares, if within the knowledge of Lion Nathan.

are as follows:

| Name | Description | Number of equity securities held or controlled | Type of equity security | Percentage of total number of equity security |
|---|--|--|-------------------------|---|
| Lion Nathan Enterprises Limited (Of the Montana Shares owned by Lion Nathan, 94,104,620 (being 43.84%) are owned in the name of Lion Nathan and 40,785,501 (being 19%) are owned in the name of Penthouse Nominees Limited as the nominee of Lion Nathan) | Lion Nathan | 134,890,121 <u>94,104,620</u> | Montana Shares | 62.84 <u>43.84%</u> |
| Millstream Equities Limited (a wholly owned subsidiary of Allied Domecq Plc) | Other person holding or controlling more than 5% | 58,012,217 | Montana Shares | 27.025% |

8.5 None of the other persons referred to in clause 8.4 hold or control equity securities of Montana.

Trading in Montana equity securities

8.6 The following persons referred to in clause 8.4 have, during the 6-month period before the date of the offer, acquired or disposed of equity securities of Montana:

| Name | Number of equity security | Type of equity security | Acquisition or disposal | Date of transaction | Consideration |
|----------------------------|---------------------------|-------------------------|-------------------------|---------------------|---------------|
| Lion Nathan | 39,041,357 | Montana Shares | Acquisition | 9 February 2001 | \$181,542,310 |
| | 9,760,343 | Montana Shares | Acquisition | 12 February 2001 | \$45,385,595 |
| | 2,301,500 | Montana Shares | Acquisition | 11-14 May 2001 | \$10,571,252 |
| | 905,908 | Montana Shares | Acquisition | 14-21 May 2001 | \$4,277,168 |
| | 21,459,531 | Montana Shares | Acquisition | 30 June 2001 | \$108,092,464 |
| | 746,326 | Montana Shares | Acquisition | 30 June 2001 | \$3,763,797 |
| | <u>40,785,501</u> | <u>Montana Shares</u> | <u>Disposal</u> | [] | \$() |
| Lion Nathan Group Ventures | 20,392,750 | Montana Shares | Acquisition | 17 May 2001 | \$102,983,387 |
| | 309,766 | Montana Shares | Acquisition | 25 May 2001 | \$1,488,921 |
| | 300,000 | Montana Shares | Acquisition | 28 May 2001 | \$1,442,790 |
| | 145,573 | Montana Shares | Acquisition | 29 May 2001 | \$700,206 |
| | 31,186 | Montana Shares | Acquisition | 30 May 2001 | \$149,605 |

| | | | | | |
|--|------------|----------------|-------------|-----------------|---------------|
| | 86,600 | Montana Shares | Acquisition | 31 May 2001 | \$416,546 |
| | 97,256 | Montana Shares | Acquisition | 1 June 2001 | \$467,325 |
| | 96,400 | Montana Shares | Acquisition | 5 June 2001 | \$463,684 |
| | 746,326 | Montana Shares | Acquisition | 29 June 2001 | \$3,763,797 |
| | 21,459,531 | Montana Shares | Disposal | 30 June 2001 | \$108,092,464 |
| | 746,326 | Montana Shares | Disposal | 30 June 2001 | \$3,763,797 |
| Millstream Equities Limited (a wholly owned subsidiary of Allied Domecq Plc) | 59,956 | Montana Shares | Acquisition | 31 January 2001 | Not known |
| | 12,747,096 | Montana Shares | Acquisition | 11 May 2001 | \$57,999,287 |
| | 1,462,001 | Montana Shares | Acquisition | 14 May 2001 | \$6,811,279 |
| | 620,950 | Montana Shares | Acquisition | 16 May 2001 | \$2,961,353 |
| | 106,373 | Montana Shares | Acquisition | 18 May 2001 | \$510,590 |
| | 124,471 | Montana Shares | Acquisition | 21 May 2001 | \$595,594 |
| | 216,817 | Montana Shares | Acquisition | 22 May 2001 | \$1,040,722 |

| | | | | | |
|--|------------|----------------|-------------|-----------------|---------------|
| | | Shares | | 2001 | |
| | 22,129 | Montana Shares | Acquisition | 24 May 2001 | \$105,067 |
| | 555,424 | Montana Shares | Acquisition | Not known | Not known |
| Mr PH Masfen and associated interests | 7,200,000 | Montana Shares | Disposal | 15 May 2001 | \$34,560,000 |
| | 34,900,000 | Montana Shares | Disposal | 25 May 2001 | \$167,520,000 |
| The Capital Group of Companies | 15,200,000 | Montana Shares | Disposal | 9 February 2001 | \$70,503,300 |
| Mr RRG North (Director of Lion Nathan) | 47,270 | Montana Shares | Disposal | 17 May 2001 | \$238,714 |

- 8.7 None of the other persons referred to in clause 8.4 have acquired or disposed of equity securities in Montana in the six month period before the date of the offer.

Arrangements to pay consideration

- 8.8 The maximum amount payable under the offer is \$129,869,620 if it is accepted in full. Lion Nathan confirms that resources will be available to it sufficient to meet the consideration to be provided on full acceptance of the offer and to pay any debts incurred in connection with the offer (including the debts arising under Rule 49 of the Takeovers Code).

Likelihood of changes in target company

- 8.9 Set out below are Lion Nathan's present general intentions in regard to material changes likely to be made by Lion Nathan in respect of the business activities of Montana and its

subsidiaries, on the basis of facts and information concerning Montana which are known to it as at the date of the offer.

Subsequent offer

- 8.10 If the offer becomes unconditional, after the offer period Lion Nathan Limited or another member of the Lion Nathan group of companies intends to make a further offer for all Montana Shares not held or controlled by Lion Nathan Limited or another member of the Lion Nathan group of companies ("**Subsequent Offer**"). That offer would be at NZ\$3.70 per share less any distribution made by Montana after 1 July 2001, and would be subject to conditions to the same effect as set out in clause 5.2 of the offer.

If, as a result of the Subsequent Offer or otherwise, Lion Nathan Limited or another member of the Lion Nathan group of companies becomes entitled to acquire compulsorily Montana Shares under the Takeovers Code, it is intended that those rights will be exercised and Montana will apply for delisting from the New Zealand Stock Exchange.

Material changes to Montana as a partly owned subsidiary

- 8.11 If the offer becomes unconditional, but Lion Nathan Limited or another member of the Lion Nathan group of companies does not compulsorily acquire all Montana Shares, it is Lion Nathan's present intention to:
- (a) maintain Montana's listing on the New Zealand Stock Exchange; and
 - (b) seek the appointment of nominees of Lion Nathan to the board of directors of Montana in such a proportion as at least equates to Lion Nathan's proportionate shareholding interest in Montana.
- 8.12 Subject to the foregoing, it is the present intention of Lion Nathan to:
- (a) continue the business of Montana as it is currently undertaken, acknowledging that Montana has a five year plan which Lion Nathan would expect the Montana Board of Directors to consider, review and support implementation of (as amended from time to time), in the normal course of business; and
 - (b) ensure that the Montana Board of Directors continues to have responsibility for overseeing the business and affairs of Montana. Montana management personnel would continue to report to the Montana Board of Directors. Lion

Nathan does not intend making any changes to management personnel or other employees.

8.13 Further particulars relevant to Lion Nathan's intentions in these circumstances are as follows:

- (a) Lion Nathan would expect Montana to continue to adopt an appropriate dividend policy to be set by the Montana Board of Directors from time to time.
- (b) Lion Nathan recognises that the Montana Board of Directors may determine that management interaction between Lion Nathan and Montana, directed at achieving best practices and maximising Montana shareholder value, may be to the benefit of Montana. The extent of such management interaction would be a matter for the Montana Board of Directors to determine at the appropriate time.
- (c) Corporate or business opportunities presented to or identified by Lion Nathan or Montana would belong to that party. Montana would be free to develop its strategy and business as an independent wine company.
- (d) Lion Nathan is not able to quantify reliably the value of benefits, if any, which would be available in the event that the offer is successful.

Certificate

8.14 To the best of our knowledge and belief, after making proper enquiry, the information contained in the offer document is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the offeror under the Takeovers Code.



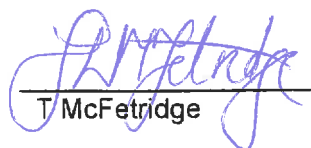
T McFetridge

Chief Executive Officer

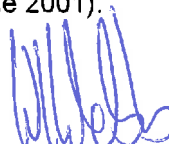


RRG North

Director (on behalf of the board of directors of Lion Nathan, pursuant to a resolution of the board passed on 30 June 2001).



T McFetridge



WC Webb

(as authorised agent for PF Lockey
Chief Financial Officer)

Director (on behalf of the board of
directors of Lion Nathan, pursuant to a
resolution of the board passed on 30
June 2001).