



Dear Shareholder,

PROPOSAL TO ACQUIRE YOUR LION NATHAN SHARES

As you may be aware, on 11 May 2009, Lion Nathan Limited ("Lion Nathan") announced that it had entered into an implementation agreement with its major shareholder Kirin Holdings Company, Limited ("Kirin"), in relation to Kirin's offer to acquire all of the issued shares in Lion Nathan that it does not already own (the "Offer"). This follows the receipt of a proposal from Kirin on 22 April 2009 and thereafter, detailed discussions between Lion Nathan and Kirin.

What is the Offer?

Under the terms of the Offer, Kirin is proposing to acquire all of the issued shares in Lion Nathan that it does not currently own by way of a Scheme of Arrangement ("Scheme") for a total offer consideration of \$12.22 per share (the "Offer Consideration"), comprising the following:

- Scheme cash consideration of \$11.50 per share;
- A special dividend of \$0.50¹ which is expected to be paid in September/October 2009; and
- An interim dividend of \$0.22 which has been declared, with a record date of 5 June 2009 and a payment date of 23 June 2009².

The interim and special dividends are expected to be fully franked with Australian franking credits. The special dividend is expected to be partly imputed utilising available New Zealand imputation credits.

The Offer Consideration represents a significant premium of 47.1% to the ASX closing share price of Lion Nathan of \$8.31 on Wednesday 22 April 2009 (the last trading day prior to Lion Nathan's announcement of the receipt of the Offer) and a premium of 52.9% to Lion Nathan's volume weighted average ASX share price of \$7.99 in the one month up to and including 22 April 2009. The Offer Consideration also compares favourably to other relevant precedent transactions in the domestic and international brewing and beverage markets.

The Offer is subject to a limited number of customary conditions precedent, including obtaining all necessary regulatory approvals (including Australian FIRB and New Zealand OIO approvals), no material adverse effect having occurred and an independent expert appointed by Lion Nathan concluding that the Scheme is in the best interests of Lion Nathan's non-Kirin shareholders.

What happens from here?

Lion Nathan has appointed Lonergan Edwards as the independent expert to review the Offer and prepare a report which will express a view as to whether the Scheme is in the best interests of Lion Nathan's non-Kirin shareholders.

In August/September 2009, Lion Nathan will send to all shareholders a scheme booklet which will include details of the Offer, recommendations from the members of Lion Nathan's Independent Board Committee³ and a copy of the independent expert's report.

¹ An Australian tax ruling will be sought on behalf of shareholders. The obtaining of the tax ruling is not a condition of the implementation of the transaction.

² The interim dividend of \$0.22 per share will be paid in June 2009 irrespective of whether or not the Scheme is approved by Lion Nathan's non-Kirin shareholders and the transaction is implemented. Post the payment of the interim dividend, the effective Offer Consideration will be \$12.00 per share (consisting of the Scheme cash consideration of \$11.50 per share and a special dividend of \$0.50 per share). The payment of the special dividend will be conditional on the Scheme being approved by Lion Nathan's non-Kirin shareholders and the Scheme cash consideration will be paid in accordance with the terms and conditions of the Scheme.

³ Lion Nathan's Independent Board Committee comprises all of the Directors of Lion Nathan other than Kirin representatives.



All non-Kirin shareholders will be asked to vote on the Scheme at a specially convened meeting called a Scheme meeting. At the Scheme meeting, a majority in number of non-Kirin shareholders voting (in person or by proxy) and who represent at least 75% of the votes cast at the meeting must approve the Scheme for it to succeed. Details of this meeting will be communicated to you in due course, but it is expected that the Scheme meeting will be held in September 2009.

Lion Nathan's Independent Board Committee believes that the Offer is attractive and in the best interests of Lion Nathan's non-Kirin shareholders and as such it unanimously recommends that you vote in favour of the Scheme, subject to no superior proposal emerging and confirmation by the independent expert that the Scheme is in the best interests of Lion Nathan's non-Kirin shareholders. Subject to those conditions, the members of the Independent Board Committee intend to vote the Lion Nathan shares they own in favour of the Scheme.

What should you do now?

You will receive the Scheme booklet and details of the Scheme meeting in due course. In the meantime, I recommend that you consult with your accountant or financial advisor and that you keep yourself informed of the progress of the Offer by visiting the Lion Nathan website - www.lion-nathan.com (follow the link to "Kirin Proposal" in the "Investors" section). If you have any queries these can be made via email to investor.enquiry@lion-nathan.com.au or by phone to +61 2 9290 6615.

For your information I have included a copy of our Interim Review which highlights the achievements the business has made in the first half of the financial year. I would like to take this opportunity to thank you for your continued support of Lion Nathan.

Yours sincerely,



Geoff Ricketts
Chairman





ON WARDS & UP WARDS.

Lion Nathan Limited Interim Report 2009

The investments we have made in our brands, our breweries and our people over the last few years have built a robust business, capable of successfully navigating more challenging times in the global economy.

We have built stronger brands, more flexible and efficient operations, highly engaged people and customers and we have developed a successful innovation strategy. Each of these factors contributed to the good start we have made to our 2009 financial year, where we were able to grow our Net Profit After Tax (NPAT) by 6.9% from the prior year.



BEER ESSENTIALS:

Despite the economic challenges facing our region, drinkers remain willing to pay more to trade up to brands that offer special and different qualities. This helped Lion Nathan Australia post a 12.7% increase in Operating EBIT for the half.

The very strong performance from our Australian business was characterised by impressive growth in core brands, particularly the Boag's trademark, XXXX GOLD and Hahn Super Dry.

BRAND BUILDING:

Our marketing investments have made existing brands more powerful and created exciting new ones. Recent innovations such as Steinlager Pure, Hahn Super Dry, Speight's Summit Lager, Barefoot Radler and Tooheys NEW White Stag have gained strong support and have quickly transformed

into sizeable brands. This has created even more depth to our already compelling portfolio.

Shareholders will have seen some of our recent advertising campaigns, including the Boag's Draught Pure Waters television commercial, which highlights Boag's Tasmanian provenance and has helped secure widespread distribution across Australia.

KIWI GROWTH:

Lion Nathan New Zealand grew EBIT by 3.1% in local currency, with innovation continuing to encourage consumption of more profitable brands like Steinlager Pure and Speight's Summit.

Steinlager Pure, one of our most successful innovations in recent years, is now being exported to Australia and the US and we expect to make further progress in new markets in the second half.

HY09:

Volume	517.8 m litres	+3.5%
Net Sales Revenue	\$1,185 m	+5.7%
EBIT	\$307.0 m	+8.4%
NPAT	\$176.0 m	+6.9%
Interim Dividend	22 cents/share	+10%

WINE FLOWS:

During the half, our key wine markets were impacted by the deterioration in economic conditions and our Wine business lost some ground. We are working hard to adapt where appropriate to ensure we can succeed in this changing environment.

BIGGER, BETTER BREWING:

We continue to invest in our core strategic assets. Upgrades to the XXXX and Tooheys breweries are nearing completion and we are already seeing the benefits in efficiency gains, increased flexibility and improved environmental standards. The expansion of the Boag's brewery is also on track, with the new brewhouse nearing completion and set to produce its first brew later this year.

In New Zealand, the new Auckland brewery and operating facility is well under way.

We expect to brew our first beer from the new brewery later this year with the facility becoming fully operational in 2011.

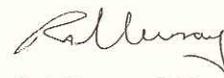
KEEPING ON:

Our people remain focused on the full year targets. This focus, alongside our solid first half result and the continued strength of our core beer markets, has enabled us to make a positive revision to our NPAT guidance range to \$305-\$315 million pre-significant items (previously \$300-\$315 million).

CHEERS,



Geoff Ricketts, CHAIRMAN



Rob Murray, CEO

FINANCIAL SUMMARY 6 MONTHS 09:

Lion Nathan Limited Interim Report 2009

DOLLARS IN MILLIONS	6 MONTHS TO 31 MARCH 2009	6 MONTHS TO 31 MARCH 2008	CHANGE
Australia	AUD	AUD	
Volume (million litres)	406	388	4.6%
Net Sales Revenue ¹	832.0	747.7	11.3%
Operating EBIT ²	280.3	248.7	12.7%
Reported EBIT	280.3	244.2	14.8%
New Zealand	NZD	NZD	
Volume (million litres)	105	106	-0.4%
Net Sales Revenue - (Beer, wine, spirits & RTDs)	262.0	256.4	2.2%
(CBC/LLR/Maltexo)	62.2	69.9	-11.0%
Net Sales Revenue Total	324.2	326.3	-0.6%
Reported EBIT	56.5	54.8	3.1%
Wine	AUD	AUD	
Volume (000s of 9 litre cases)	775	752	3.1%
Net Sales Revenue	83.4	90.7	-8.0%
EBITS ³	3.5	7.9	-55.7%
Reported EBIT	2.8	8.4	-66.7%

¹ Net of excise and discounts

² Earnings before interest and tax

³ Earnings before interest, tax and SGARA

FOR FURTHER INFORMATION ON THIS RESULT AND BACKGROUND ON LION NATHAN VISIT:
WWW.LION-NATHAN.COM