

Fisher & Paykel Appliances Holdings Limited

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FPA – Changes to Banking Arrangements

The Directors of Fisher & Paykel Appliances Holdings Limited advise that the Company's funding banks have agreed to revert to a Total Leverage Ratio covenant in recognition of the Company's reduced debt levels.

In May 2009, the Company completed the renegotiation of its long term debt facilities of approximately \$575 million. The banking covenant regime attached to the new facilities required the repayment of a \$235 million Amortising tranche by 30 April 2010 and included, among other measures, a Budget Performance Test, whereby certain prescribed earnings thresholds for the Appliances business had to be met through to 30 April 2010.

The Company fully repaid the \$235 million Amortising tranche six months early in October 2009. As a result of this and other activities, net debt has fallen from a peak of \$502 million in May 2009 and is expected to be below \$200 million as at 31 March 2010.

The Total Leverage Ratio has superseded the Budget Performance Test, effective from 1 March 2010. The Total Leverage Ratio must be less than 3.0 times and is to be tested monthly. As part of the new arrangement, the Total Leverage Ratio test will change to quarterly if the ratio is below 2.5 times for three consecutive months.

The Directors are pleased with the progress that the Company has made in reducing debt levels and see the earlier than planned restoration of the Total Leverage Ratio as a pleasing step towards normal banking terms.



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