

Fisher & Paykel Appliances Holdings Limited

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FPA – MD and CEO’s Long Term Incentive Plan

The Board of Fisher & Paykel Appliances Holdings Limited is pleased to advise that it has entered into a long term incentive plan with Managing Director and Chief Executive Officer, Stuart Broadhurst, which is designed to secure Mr Broadhurst’s retention in the business and will continue his focus on achieving the objective of long term shareholder wealth creation.

The Chairman, Dr Keith Turner said the Board is putting these arrangements in place in line with components of Mr Broadhurst’s remuneration package. Details of the remuneration package for Mr Broadhurst were disclosed to the market in December 2009, however, a long term incentive plan was not in place at that time.

Key features of the long term incentive plan

- The long term incentive plan takes the form of phantom options.
- The phantom options (“Options”) are not securities issued by Fisher & Paykel Appliances Holdings Limited and no securities will be issued on the exercise of a phantom option.
- The Options can be exercised after three years from date of issue and remain exercisable for a period of two years from the date they become exercisable.
- The Options are only exercisable when the Total Shareholder Returns (“TSR”) per annum are equal to or greater than a compound annual pre-tax rate of 13.8% for the three year period prior to the exercise date. This TSR is a 1% stretch on the assessed cost of equity for the Company.
- Any benefits are to be paid in cash.
- The options will lapse if Mr Broadhurst ceases to be an employee of the company. However, if Mr Broadhurst ceases to be employed by the Company by reason of injury, ill health, permanent disability, death, or redundancy the Board may at its discretion determine that the options will not lapse.

Phantom options allocated to Mr Broadhurst under the long term incentive plan in 2010/2011:

- For 2010 and 2011 the allocation of options is equivalent to 25% of fixed annual remuneration (base remuneration) or \$212,500.
- This amount converts to an allocation of 2,689,873 options for each year, or a total of 5,379,747 options.
- All of these options have an effective issue date of 1 October 2011.
- Subject to the rules of the plan Mr Broadhurst will be entitled to exercise up to 5,379,747 options at any time after 1 October 2014.
- The maximum aggregate amount payable to Mr Broadhurst with respect to options issued on 1 October 2011 will be capped at an amount equal to five times the aggregate grant value of those options.

The Board believes the structure and quantum of the long term incentive for Mr Broadhurst is appropriate for the size of his role and by being linked to strong performance targets aligned with delivering significant returns for shareholders.

ENDS

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