

18 October 2012

Dear Shareholder

Independent Directors Change Recommendation to ACCEPT Haier's Increased Offer of \$1.28 per share

On 18 October 2012, Haier New Zealand Investment Holding Company Limited ("Haier") announced an increase in the price of its takeover offer (the "Offer") for the shares in Fisher & Paykel Appliances Holdings Limited ("FPA") by 8 cents per share from \$1.20 to \$1.28 per share.

Following this increased Offer price, the Independent Directors of FPA (Dr Keith Turner, Mr Philip Lough, Ms Lynley Marshall and Mr Bill Roest) (the "Independent Directors") are now unanimously recommending that shareholders ACCEPT the increased Offer from Haier.

The reasons for recommending that shareholders ACCEPT the increased Offer are:

1. After carefully considering a full range of expert advice available, including the Independent Adviser's report, the Independent Directors regard the increased Offer of 8 cents from \$1.20 to \$1.28 per share as representing fair value for your FPA shares.
2. The increased Offer price is within the Independent Adviser's valuation range for your shares of \$1.28 to \$1.57 per share.
3. The Independent Directors understand that major shareholders, representing approximately 14.1%, have committed to accept the increased Offer of \$1.28 per share from Haier. This is in addition to Allan Gray which has previously accepted Haier's Offer in respect of its 17.5% shareholding.
4. This means that with Haier's existing 20% holding, Haier will achieve its minimum acceptance condition of more than 50% of the voting rights in FPA and will gain a controlling interest in FPA when the Offer becomes unconditional.

5. Market commentators consider that should Haier's Offer close without Haier reaching 90%, and in the absence of another offer or proposal, FPA shares are likely to trade at a price lower than the increased Offer price of \$1.28 per share.
6. The Independent Directors have not received any firm alternative proposals to Haier's Offer.

Directors and Senior Officers will be accepting the increased Offer.

Directors and Senior Officers who hold shares in the Company wish to advise shareholders that they will all **ACCEPT** the increased Offer from Haier in respect of their FPA shares.

Shareholders will need to consider Haier's increased Offer in the context of their own circumstances, and should consult their own professional adviser.

If you have any questions in relation to the Offer, please do not hesitate to call the Fisher & Paykel Appliances Shareholder Information Line toll free on 0800 372 273 (if calling within New Zealand) or 1300 650 590 (if calling within Australia) between 9.00am and 5.00pm (NZT) Monday to Friday.

The Independent Directors will, as appropriate, advise shareholders of any new information or changes in circumstances that they consider to be relevant to the Offer.

Yours faithfully



Dr Keith Turner
Chairman
Fisher & Paykel Appliances Holdings Limited