

TREASURY BROADSHEET

2 JULY 2009

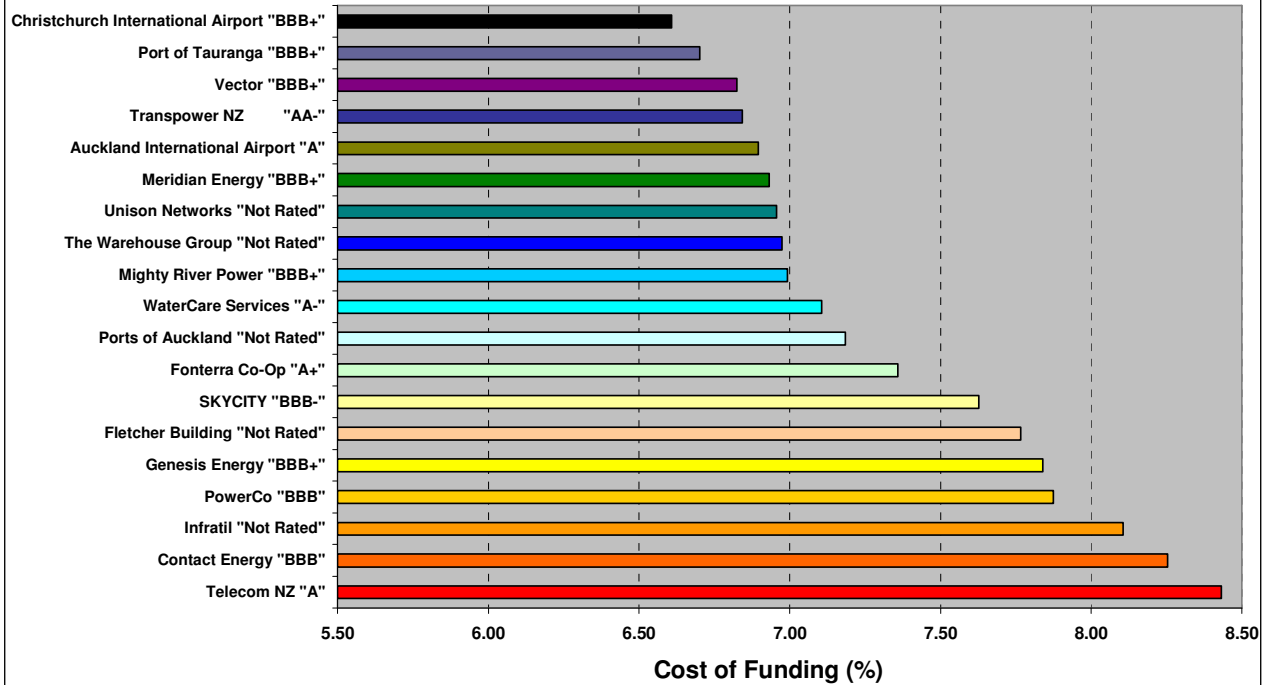
Christchurch International Airport produces lowest interest funding cost

APRM has updated and expanded its survey of debt funding costs of large corporate borrowers in New Zealand. The measure of success in managing interest rate risk (including the effectiveness of interest rate hedging policies) should be a combination of the lowest average interest cost over multiple years and a low volatility of interest cost from year to year. The sharp increases and decreases in market interest rates in New Zealand over recent years has certainly tested and challenged interest rate management approaches and policies. The survey results suggest that corporate borrowers which have operated an active/long-term, but flexible risk management approach within approved risk limits have delivered a lower average cost of funds than those who have more mechanical, shorter-term or passive hedging policies.

- Christchurch International Airport is top of the league table with an average cost of funds of 6.60% over the last seven years. The company's range of annual interest costs has been very tight between 6.48% and 7.10%, suggesting that the objective of their hedging policy to reduce risk and volatility has worked rather well.
- At the other end of the scale, Telecom NZ's interest rate hedging policy that reportedly ties the timing of fixing interest rates to the timing of their debt issues continues to produce a very high interest cost outcome.
- Corporate borrowers who have maintained stable to low interest costs over the last three years include Christchurch International Airport, Vector, Auckland International Airport, The Warehouse Group, Fonterra and Meridian Energy.
- Borrowers who have recorded sharp increases in their interest costs due to market interest rate rises over the 2006 to 2008 period include Telecom NZ, Contact Energy, Powerco, Genesis Energy and Port of Tauranga.
- Next best performers, behind Christchurch International Airport, in terms of consistent lower interest costs and low volatility of costs from year to year include Transpower, Auckland International Airport, Vector and Unison Networks.

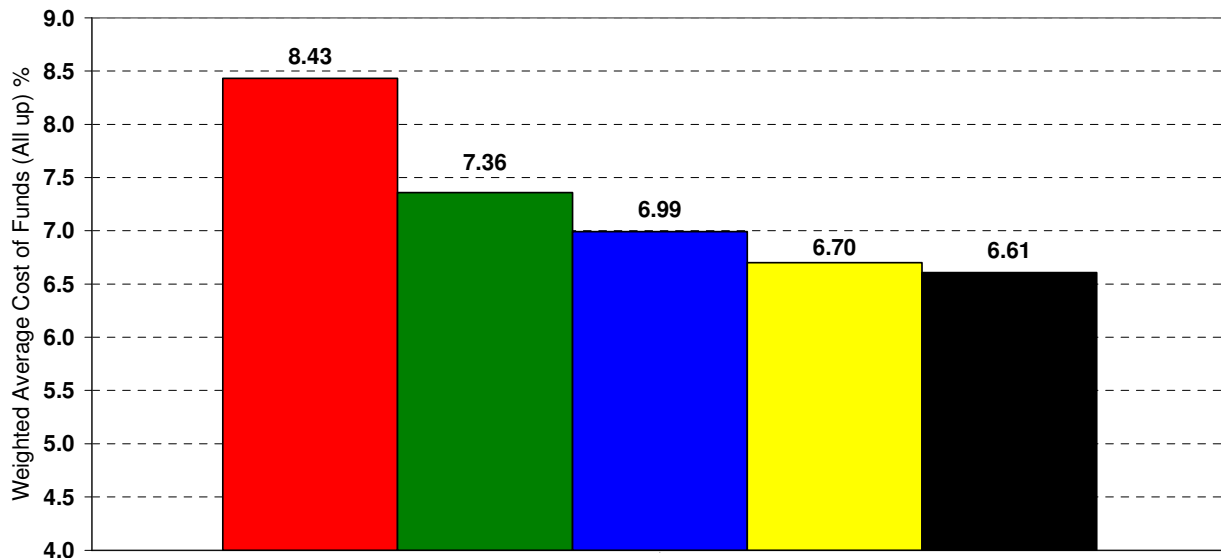
Looking ahead, substantially increased credit margins for those borrowers who have refinanced in the last 12 months and sharply lower market bank bill and swap interest rates will be having differing impacts on corporate borrowers, depending on their hedge books and debt issuance programmes.

NZ Corporate Comparative Funding Costs 7 Year Average



Weighted Average Cost of Debt Funding, 2002 - 2008

- Interest Rates Inclusive of Borrowing Fees & Margin (All up)



* All information from Public Domain

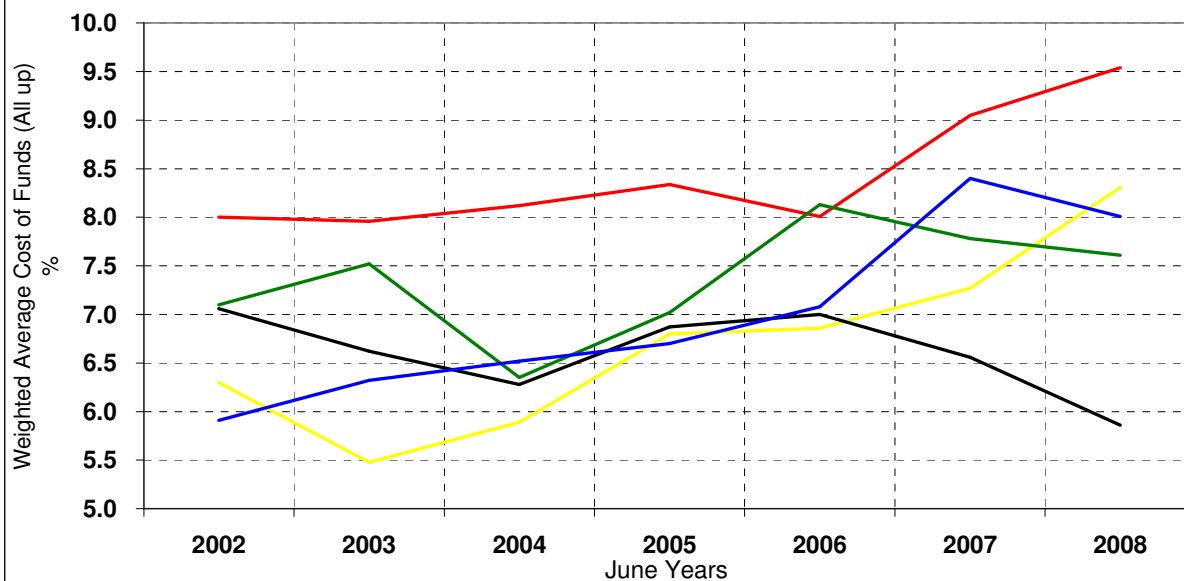
- Telecom NZ "A"
- Mighty River Power "BBB+"
- Christchurch International Airport "BBB+"
- Fonterra Co-Op "A+"
- Port of Tauranga "BBB+"

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Weighted Average Cost of Debt Funding

Interest Rates Inclusive of Borrowing Fees & Margin (All up)



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— Port of Tauranga "BBB+"
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 — Telecom NZ "A"
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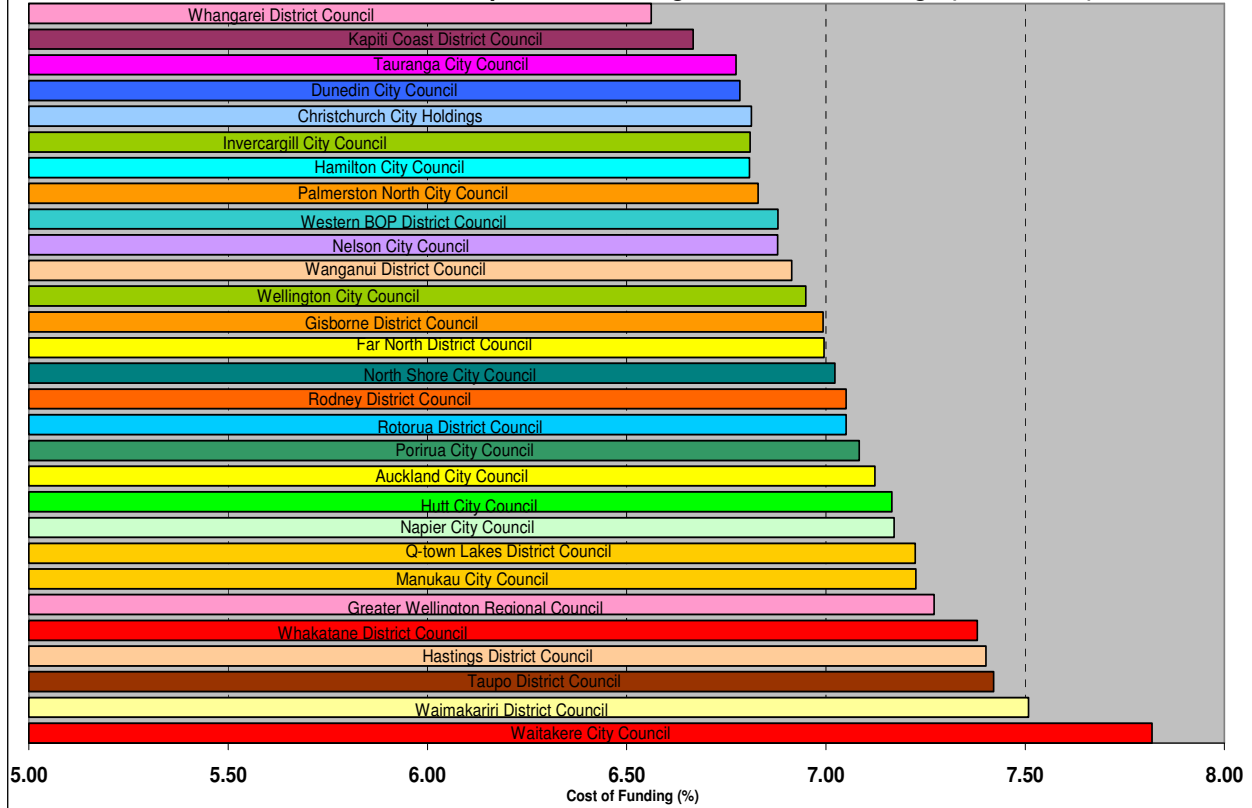
Provincial Councils again head the interest cost league's table

North Island provincial district councils have yet again produced the lowest average debt funding costs in a comparative study completed by APRM. APRM has updated the debt funding cost analysis completed last year to a seven year average comparison. The data below has been sourced from information available in the public domain (Council Financial Statements for seven years up to the year-end 30 June 2008). The average interest rates are inclusive of all issuance/credit margins, which have all taken a hike northwards over the last 18 months.

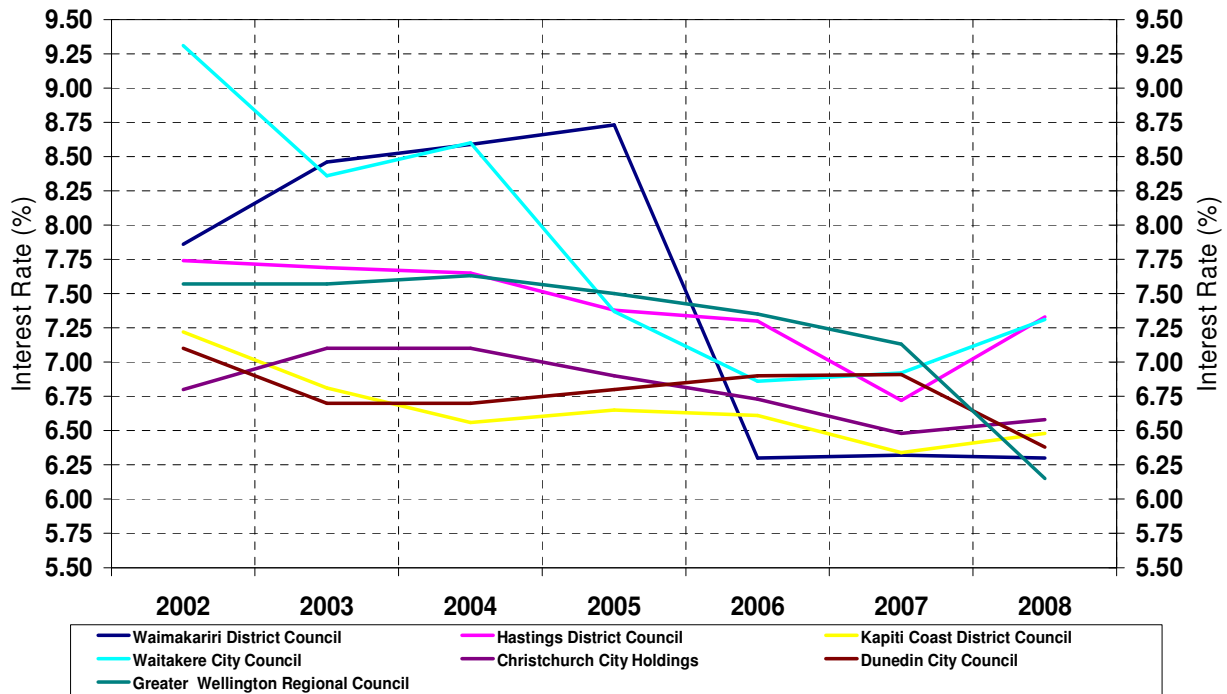
- Whangarei District Council claims the top spot with an impressive 6.56% average interest cost over the last seven years.
- Waitakere City Council's average interest cost over the last three years has been nearer to 7.00%, high legacy funding costs pushed up their overall average in 2002 to 2004.
- Waimakariri District Council have averaged 6.31% over the last three years, however high interest costs in 2002 to 2005 pushed their overall average up.
- Councils who recorded sharp increases in interest costs in 2007 and 2008 included Auckland CC, Manukau CC, Wellington CC, Taupo DC, Gisborne DC, Invercargill DC and Queenstown Lakes DC. The majority of these councils significantly increased their debt levels through 2007 and 2008, a period when market interest rates were at historically high levels.
- Christchurch City Council, Tauranga City Council and Kapiti Coast District Council have recorded the most consistent lower funding costs.

A reasonable conclusion from this interest cost analysis for Local Government borrowers is that the size, resources and sophistication of a council's treasury management function is not necessarily correlated to their success in managing interest rate risk and producing low and stable interest costs!

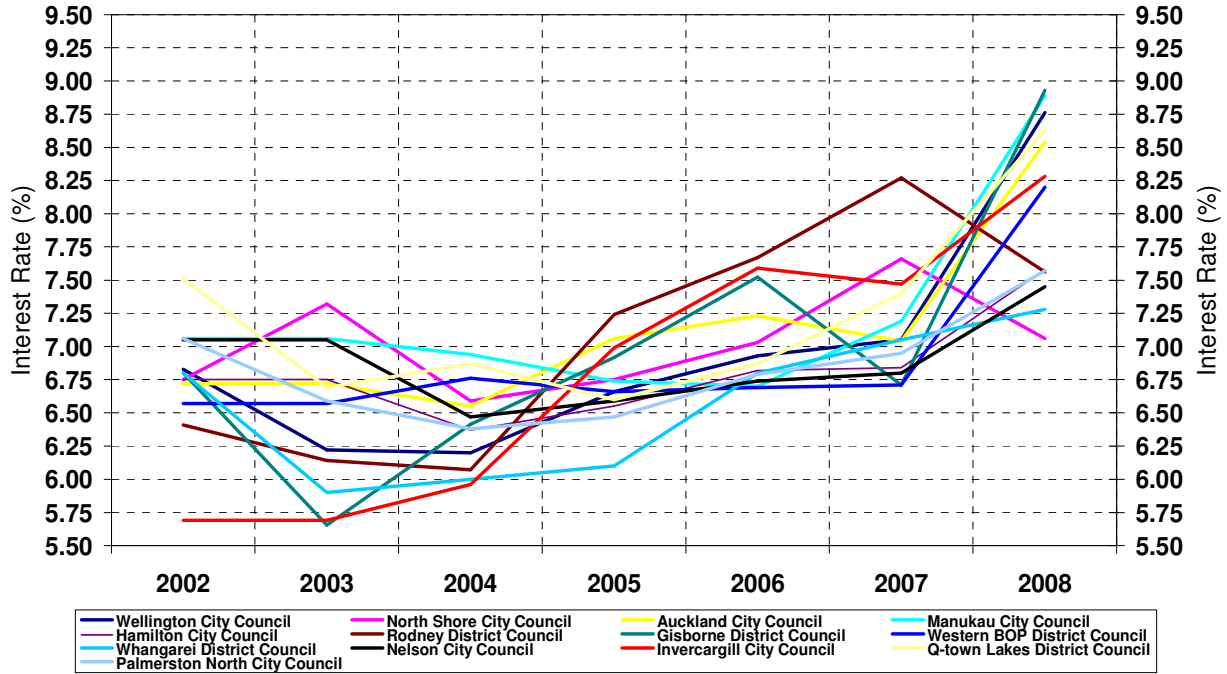
NZ Local Government Comparative Funding Costs 7 Year Average (2002 - 2008)



Local Government Comparative Cost of Funds (Trend Analysis)



Local Government Comparative Cost of Funds (Trend Analysis)



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