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News Release

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**HIGHER THAN EXPECTED LEVELS OF HEDGING BY IMPORTERS LIKELY TO DELAY & LIMIT
IMPACT ON NZ DOMESTIC INFLATION: NIELSEN**

Auckland, April 28, 2008: The average period of hedging for importers - weighted by the level of NZ dollars hedged - is 9.2 months (i.e. importers foreign exchange contracts on average cover 9.2 months of forecast foreign currency purchases) according to a Nielsen quarterly survey on foreign exchange hedging conducted in March 2008 on behalf of Asia-Pacific Risk Management and the New Zealand Export Credit Office.

"This relatively higher than expected level of hedging by importers means that should the New Zealand Dollar depreciate sharply over the next 12 months, the impact on domestic inflation should be delayed and limited, since importers will be using this currency cover and not necessarily raising their prices," commented Roger J. Kerr from financial risk advisers, Asia-Pacific Risk Management.

By contrast, exporters on average are hedging for 6.5 months, according to Nielsen. Regarding this export hedging figure, Mr Kerr commented "a shorter hedging horizon at this time was not too surprising given the widely-held expectation that the NZ Dollar will depreciate this year. However, small to medium exporters seeking longer hedging positions are likely to have restricted working capital facilities which will impede their ability to hedge. Shorter hedging periods have been costly to exporters over the past three years".

Mr Kerr added "it would be interesting to observe how the level of hedging changes over future quarters relating to the direction and volatility of the NZ Dollar exchange rate".

Currently the exchange rate is at an all time high and this has implications for importers, exporters and the economy. The level of currency hedging at any point in time influences future gross domestic product growth, inflation and general forecasts of the economy. Our high level of import



penetration and our reliance on exports means that this new information is a vital piece of economic data for New Zealand.

According to Mr Kerr, "From 2002 through to 2005, exporters entered and maintained higher percentages and longer-dated forward cover protection against the appreciating NZ Dollar, well above that observed in previous NZ Dollar up-cycles and this resulted in the overall economy remaining 'stronger for longer' in 2004 and 2005".

About The Nielsen Company

The Nielsen Company is a global information and media company with leading market positions in marketing information (ACNielsen), media information (Nielsen Media Research), (Nielsen Online, which is comprised of NetRatings and BuzzMetrics)", mobile measurement, trade shows and business publications (Billboard, The Hollywood Reporter, Adweek). The privately held company is active in more than 100 countries, with headquarters in Haarlem, the Netherlands, and New York, USA. For more information, please visit, www.nielsen.com.

About Asia-Pacific Risk Management

Asia-Pacific Risk Management is New Zealand's leading financial risk and corporate treasury adviser. Headed by principals Roger Kerr, Stuart Henderson and Brett Johanson, the company provides foreign exchange, interest rate and debt management advice, incorporating design of treasury/hedging policies and ongoing hedging programmes/strategies. The firm's client-base for one-off advisory projects and retained advisory relationships consists of public listed companies, SOE's, Local Government entities and privately-owned companies.

About the New Zealand Export Credit Office

The New Zealand Export Credit Office (NZECO) was established by the Government in 2001 to aid the globalisation aspirations of NZ exporters. NZECO works in a teaming approach with exporters and their banks to provide credit support and other services that mitigate the risks associated with international trade.

About the Survey of Importers and Exporters

This Survey was conducted online, with participants responding to an email invitation to take part. The base list of major importers and exporters was prepared by Asia-Pacific Risk Management.

These initial results are based on a pilot study and the findings are indicative. The margin of error for importer results (57 major importers) is +/- 13.4% and for exporters (81 major exporters) is +/-11.1%. The period of forward cover is a weighted result based on the level of New Zealand dollars hedged (those with higher levels of New Zealand dollar hedging have a greater impact on the total months hedged, than those with smaller levels).

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