

19 September 2008

Mr William Falconer
Chairman
Hellaby Holdings Ltd
P O Box 1670
AUCKLAND

Dear Mr Falconer

In order to assist shareholders with consideration of the resolution regarding an increase in directors' remuneration to be presented at the upcoming Annual General Meeting, Hellaby Holdings Ltd has retained Sheffield Ltd to evaluate the market competitiveness of current remuneration for its non-executive Board directors.

Our market review analysed the level and structure of current director fees against appropriate data samples of solely New Zealand publicly listed companies based on annual revenues, total assets and market capitalisation.

As background, director remuneration was last reviewed at the 2006 Annual General Meeting when the pool was approved at \$250,000 per annum. At that time, and since then, the Board has consisted of a non-executive Chairman and four non-executive directors, as well as the Managing Director.

Hellaby Holdings Ltd now desires the flexibility to add up to two new non-executive director positions to the Board to enhance its diversity and skills.

Our market analysis reveals the following:

- Hellaby Holdings Ltd's current base annual fee levels for the Chairman and directors fall below the lower quartile of our total annual revenues sample, on which we place primary reliance, since revenues consistently demonstrate the strongest correlation with director pay levels in New Zealand.
- **Sheffield has chosen to base its recommendation on the median levels of the market total annual revenues sample, which are fully confirmed by results of the total assets sample.**
- Committee fees of any sort are not warranted at this time.

In order to summarise the current situation as well as Sheffield Ltd's recommendation and Hellaby Holdings Ltd's current request to shareholders, we present the following table:

	Board Size	Chairman Fee	NED* Fee	Total Annual Pool
Current Situation	Chair + 4 NED* + MD*	\$80,000	\$40,000	\$250,000
Sheffield Recommendation	Chair + 6 NED + MD	\$100,000	\$60,000	\$460,000
Hellaby Holdings Resolution	Chair + 5 NED + MD	Tbd*	Tbd	\$375,000

***NED – Non-executive director**

***MD – Managing Director**

***Tbd – To be determined**

Sheffield's recommendation enables Hellaby Holdings Ltd to attract and add up to two high quality non-executive directors as well as to remunerate its Chairman and non-executive directors more in line with the current market for publicly listed companies.

We note once again that Hellaby Holdings Ltd's formal Resolution to shareholders is for a total fee pool of \$375,000 per annum, assuming the addition of a fifth non-executive director.

Yours sincerely



Sherry Maier

Senior Reward Consultant

Sheffield Ltd