

BELL GULLY

Trustees Executors Limited
Maritime Tower
Customhouse Quay
Wellington

Attention *[Withheld under s.9(2)(a)]*

FROM *[Withheld under s.9(2)(a)]*
DDI
MOBILE
EMAIL
MATTER NO. 01-342-7952
DATE 1 March 2010

South Canterbury Finance Limited - amendment to request for waiver

We refer to our letter of 28 February 2010 (the **Original Waiver Application**). Capitalised terms used in this letter have the same meaning given to them in the Original Waiver Application.

When the Original Waiver Application was issued, the Company anticipated breaching the covenant set out in clause 16.1(c). The Company has now advised that clause 16.1(c) will not be breached and the revised covenant position, as at today's date, is as set out below:

	28-Feb
Total liabilities/total s/h funds	<u>7.5x</u>
(max 12x)	
Debt securities & prior charges/weighted assets	0.999
(Max 1.0)	
Prior charges/TTA	4.4%
(max 7.5%)	
Total contingent liabilities/s/h funds	29.1%
(max 150% of s/h funds)	
Equity securities/total s/h funds	116.7%
(max 100% of s/h funds)	
Single Group exposure	50.9%
(max 35% of s/h funds)	

The Company will provide a compliance covenant certificate later today incorporating the figures set out above.

The reason for the change to the covenant position is that the Company and Southbury Corporation have agreed that the cash component of the purchase price of HNZ and Scales be ^[*] meaning the new equity attributable to that transaction will now be ^[*] (rather than ^[*] as referred to in the Original Waiver Application). In addition, ^[*] will be lent by the Company to Southbury Corporation, on a secured subordinated basis, to allow Southbury Corporation to repay certain external indebtedness currently secured

against the assets to be transferred to the Company. The loan is for a [*] with an interest rate of [] percent per annum, and will be duly disclosed in the memorandum of amendments to be registered at the Companies Office today. The revised transaction, including this loan, has been opined on by [Withheld under s.9(2)(a)] as being fair and on arms-length terms for the purposes of the Crown deposit guarantee scheme. The directors of the Company also consider this loan, on the terms set out above, to be reasonable particularly in the context of the overall transaction and the benefits that accrue to the Company.

We request that the Trustee issue a revised waiver letter, or an addendum to the existing waiver letter, to exclude the waiver of clause 16.1(c) based on the information and covenant position set out above.

Yours faithfully
Bell Gully

[Withheld under s.9(2)(a)]