

Media Statement

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Investor confidence drops and Australian retail investors fear carbon tax damage to their portfolios.

- **Index falls by 9.3% as market pessimism spreads**
- **Uncertainty shrouds the outlook for 2011**
- **Buyers will remain active but volumes will be lower**
- **More than half of all Australia's 7.3 million retail investors expect a carbon tax to decrease the value of their share portfolios**

The latest Global Proxy-Melbourne Institute Shareholder Confidence Index released today declined by 9.3 per cent in May 2011 to 109.6 from 120.9 in February 2011.

The Current Volatility Index is pointing strongly towards an increased expectation of uncertainty, which suggests that retail shareholders are increasingly pessimistic about conditions in share markets. The Expected Confidence Index dropped by 6.0% to 118.4 in May 2011 from 126.0 in February 2011.

These leading indicators accelerate the negative trend in current shareholder confidence. While shareholders will remain in the market, the Trading Intentions Indexes sound a warning: more shareholders intend buying now compared to February 2011 but unless conditions improve, volumes will be lower in the future.

Confidence levels appear to depend on the level of stock market experience held by respondents. The largest fall in confidence of 16.6 per cent were found among people with less than 10 years of investing experience, while the smallest fall of 5.4 per cent in confidence levels were among investors with more than 30 years of investing experience.

In response to the question: "What impact do you EXPECT the introduction of a Carbon Tax to have on the VALUE of your share investments? more than half said they expected a decrease in value.

The Melbourne Institute's Professor Guay Lim said that shareholder confidence is probably being influenced by mixed economic signals and the perceived negative effects of a Carbon Tax are combining to add more caution to shareholder buying intentions.

“Unless there's a material change to market conditions, retail shareholders will limit their exposure to making new share investments “Professor Lim said.

Global Proxy's Managing Director Maria Leftakis said" Since its first publication in March 2009, the Shareholder Confidence Index has emerged as a leading indicator of the performance of Australian shares – in particular the S&P/ASX 200 Share Price Index. The Index augments our understanding of investor trading behaviour and trading attractiveness per sector.

Ms Leftakis added "The cautionary attitude of investors reported in the Index is also apparent in corporate actions where shareholders are increasingly reluctant to make voting or acceptance decisions in merger schemes and takeovers because they are questioning the value of offers. The Index is providing general market information over and above specific investor intelligence"

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ABOUT THE GLOBAL PROXY - MELBOURNE INSTITUTE SHAREHOLDER CONFIDENCE INDEX

Global Proxy Solicitation and the Melbourne Institute have partnered to undertake and publish market leading research to address the question of shareholder confidence amongst Australians who invest in shares.

The Global Proxy - Melbourne Institute Shareholder Confidence Index™ is a summary balance measure of shareholders' confidence in the Australian share market. It is based on shareholders' assessment of three factors: Returns, Volatility and Trading Intentions (whether to buy or sell). Information from these factors are summarised and presented as component Indices. The components are then compiled into the Shareholder Confidence Index.

The first survey was conducted during March 2009 and the latest survey was conducted during May 2011. All surveys are conducted over the telephone and are based on 1000 respondents aged 18 years and over across Australia who directly own shares in companies listed on the Australian Securities Exchange. The survey is published quarterly.

The Index is designed for easy interpretation - a value below 100 is suggestive of 'bearish' sentiment while a value above 100 is suggestive of 'bullish' sentiment.

ABOUT GLOBAL PROXY SOLICITATION

Global Proxy Solicitation is Australia's leading shareholder communications firm and provides specialised solicitation and opinion research services for takeover bids, schemes of arrangement, corporate actions and company meetings.

The firm acts for ASX listed and foreign companies, private equity, hedge funds and activist and dissident investors. Since 2007 Global Proxy Solicitation has conducted campaigns for transactions valued at over \$300 billion. Further information on the Company can be found at www.gps-proxy.com

ABOUT THE MELBOURNE INSTITUTE OF APPLIED ECONOMIC AND SOCIAL RESEARCH

The Melbourne Institute is the first University-based research institute of its kind in Australia, established for the purpose of conducting research into a wide range of macroeconomic, microeconomic and social economic issues. It was established in 1962 as a research department of the Faculty of Economics and Commerce at the University of Melbourne.

The Melbourne Institute is a major centre for applied economic and social research that is nationally and internationally renowned in academia, government, business and community groups.

The Melbourne Institute seeks to promote a deeper understanding and discussion of economic and social issues of national significance as well as to foster effective policy responses to these issues.

As well as contributing strongly to the academic literature in economics, the Melbourne Institute has a long-standing tradition of collaborating with major organisations by providing consultancy services and evidence-based quantitative research.

Further information on the Melbourne Institute can be found at www.melbourneinstitute.com