

Fletcher Building Finance Limited Capital Notes Issue, November 2008



Bill Roest Chief Financial Officer

Sara Double Treasurer

Agenda

- Capital Notes Issue Summary
- Fletcher Building Finance Limited
- Fletcher Building Business Overview
- Fletcher Building Funding Strategy
- Capital Notes Issue Structure and Terms
- Timetable

Capital Notes Issue Summary



*Formica exterior façade compact structural laminate
Puente de la Salve Bridge - Spain*

Capital Notes Summary

- Issuer: Fletcher Building Finance Limited
- Guarantor: Fletcher Building Limited
- Capital Notes: Fixed Rate capital notes
- Ranking: Unsecured, subordinated capital notes
- First Election Date: The Capital Notes are to be issued in two series. The First Election Date for Each Series are:
 - 15 May 2014 (approx 5 ½ years)
 - 15 May 2016 (approx 7 ½ years)
- Dividends: Issuer and Guarantor have covenanted not to pay any dividends on their respective ordinary shares while any interest payments on the Capital Notes remain outstanding
- Listing: Capital Notes fully tradeable – application has been made for NZDX listing

Existing Fletcher Building Capital Notes

Fletcher Building Finance Limited (as at 30 June 2008)

Code	Coupon	Frequency	Next Election Date	On Issue (NZ\$M)
FBF020	8.85%	Bi-annually	15 March 2010	\$37.3M
FBF030	9.00%	Bi-annually	15 March 2010	\$29.9M
FBF040	8.90%	Bi-annually	15 March 2013	\$75.0M

Fletcher Building Limited (as at 30 June 2008)

Code	Coupon	Frequency	Next Election Date	On Issue (NZ\$M)
FBU180	7.80%	Bi-annually	15 March 2009	\$93.2M
FBU190	7.55%	Bi-annually	15 March 2011	\$68.3M
FBU210	7.50%	Bi-annually	15 March 2012	\$53.8 M

Source: Fletcher Building Limited and Fletcher Building Finance Limited Annual Reports 2008

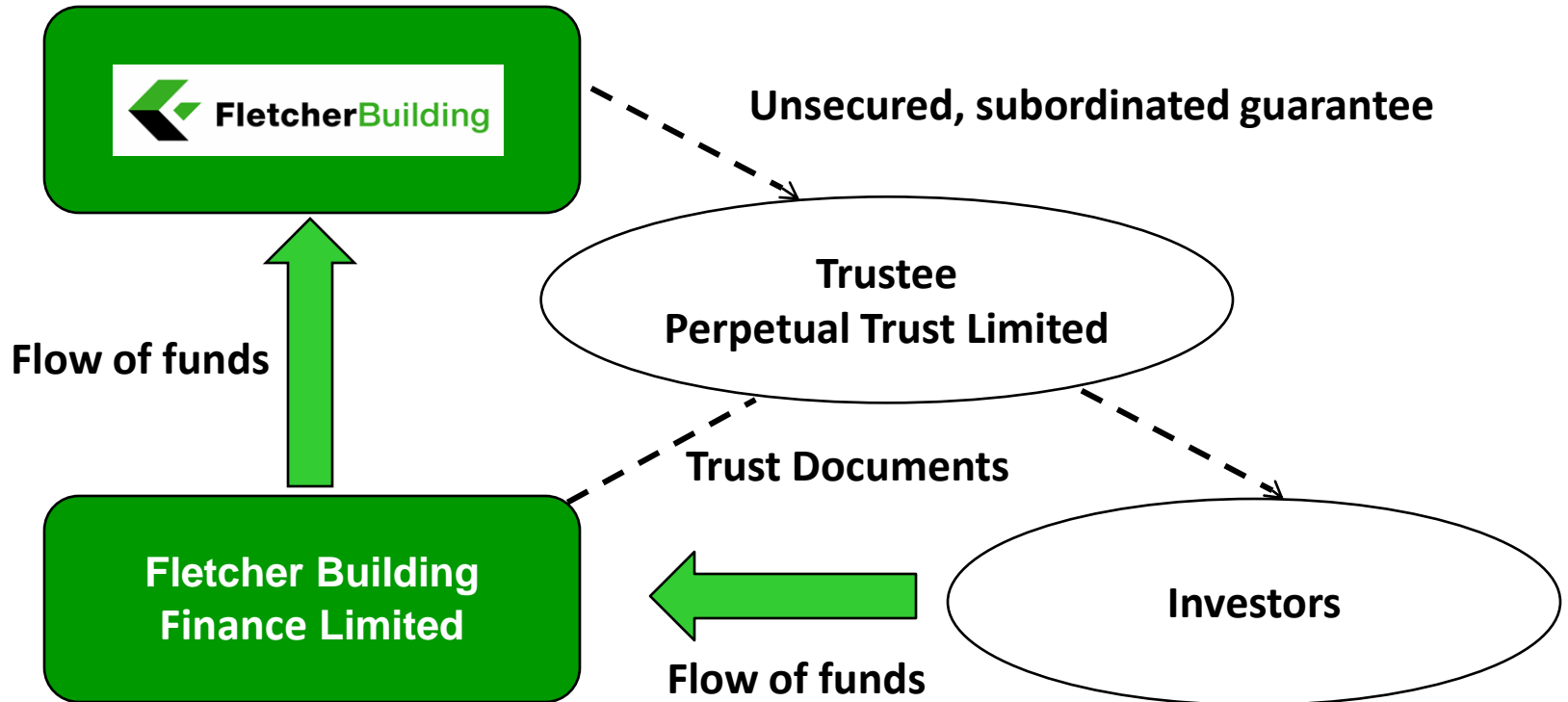
Fletcher Building Finance Limited



Fletcher Building Finance Limited

- Fletcher Building Finance Limited is a wholly owned subsidiary of Fletcher Building Limited, established in 2002 to partially support Fletcher Building's financing requirements
- A key part of this financing has been through the issue of capital notes
- As the capital notes issued by Fletcher Building Finance Limited are guaranteed by Fletcher Building on an unsecured, subordinated basis, ranking pari passu with other capital notes issued by Fletcher Building Limited and as the primary source of Fletcher Building Finance's cashflow is the investment income it receives from the Fletcher Building Group, the results, and the financial position, of Fletcher Building Finance Limited need to be considered in conjunction with those of the Fletcher Building Group. Under the guarantee, the only right of Noteholders against Fletcher Building for payment of indebtedness owed by FB Finance is the right to claim, as a subordinated creditor, in the event of the liquidation of Fletcher Building
- Fletcher Building has covenanted not to pay any dividends on, or make any other distribution in respect of, its Fletcher Building shares while any interest payable under the Capital Notes is due and outstanding

Capital Notes issue structure

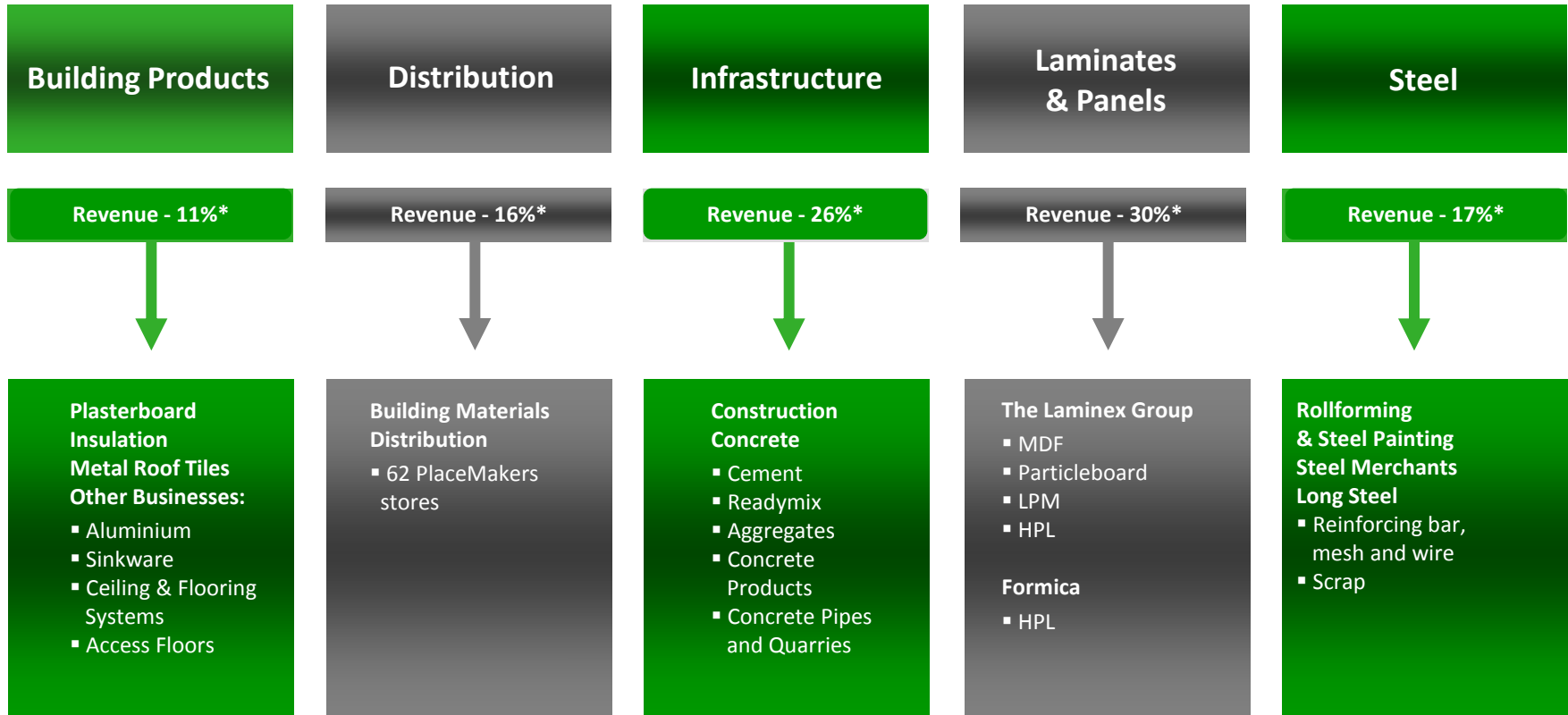


Fletcher Building Business Overview



Forman ceiling – Auckland International Airport, NZ

Fletcher Building's businesses



* Revenue contribution for the year ended 30 June 2008

Fletcher Building's underlying earnings pre-unusual items grew in FY2008

NZ\$m	30 June 2008 ³ 12 months	Proforma 30 June 2007 12 months	% Δ against Proforma	Reported 30 June 2007 12 months
Sales	7,091	5,926	+20	5,926
EBITDA	966	854	+13	859 ¹
EBIT	768	698	+10	703 ¹
Net earnings	467	399	+17	484 ²
EPS – cps	93.2	84.0		101.9
Dividend - cps	48.5	45.0		-

1. Includes unusual gain of \$5m in 2007
2. Includes tax benefit of \$80m in 2007
3. Includes Formica acquired 2 July 2007

Source: Fletcher Building Limited
Annual Results Presentation 2008

In the year to 30 June 2008 Fletcher Building's margins held up but a slowdown is now evident in many businesses



Division	6 Mths 31 December 2007 EBITDA/Sales %	6 Mths 30 June 2008 EBITDA/Sales %	12 Mths 30 June 2008 EBITDA/Sales %
Building Products	19.6	20.3	19.9
Steel	8.6	8.7	8.7
Distribution	7.7	6.7	7.2
Infrastructure	17.2	19.2	18.2
Laminates & Panels	11.6	7.8	9.7

Source: Fletcher Building Limited
Annual Results Presentation 2008

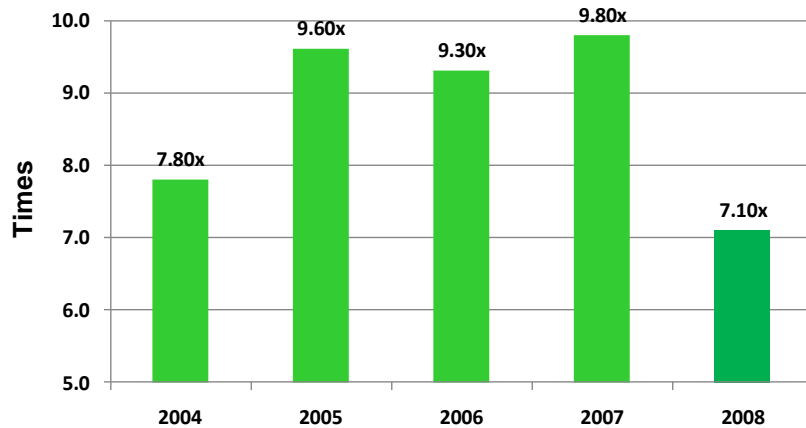
Fletcher Building's summary balance sheet

NZ \$m	30 June 2008 12 months	30 June 2007 12 months	% Δ
Operating Cashflow	434	483	-10
Debt	1,846	654	+182
Debt / Debt plus Book Equity (%)	40.1	22.2	+81
Interest Cover	7.1	9.8	-28
Return on Funds (%)	19.0	24.8	-23

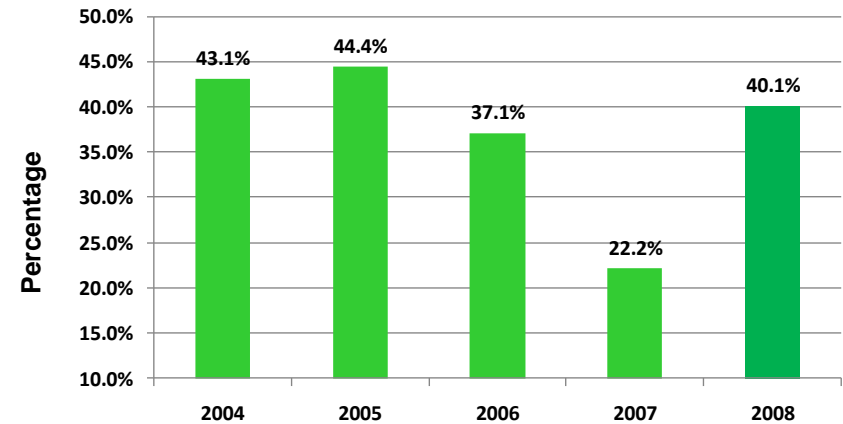
Source: Fletcher Building Limited
Annual Report 2008

Fletcher Building's key ratios

Interest Cover (times):
EBIT/Net Interest Expense as at 30 June



Gearing (percentage):
Net Debt/(Net Debt + Book Equity) as at 30 June

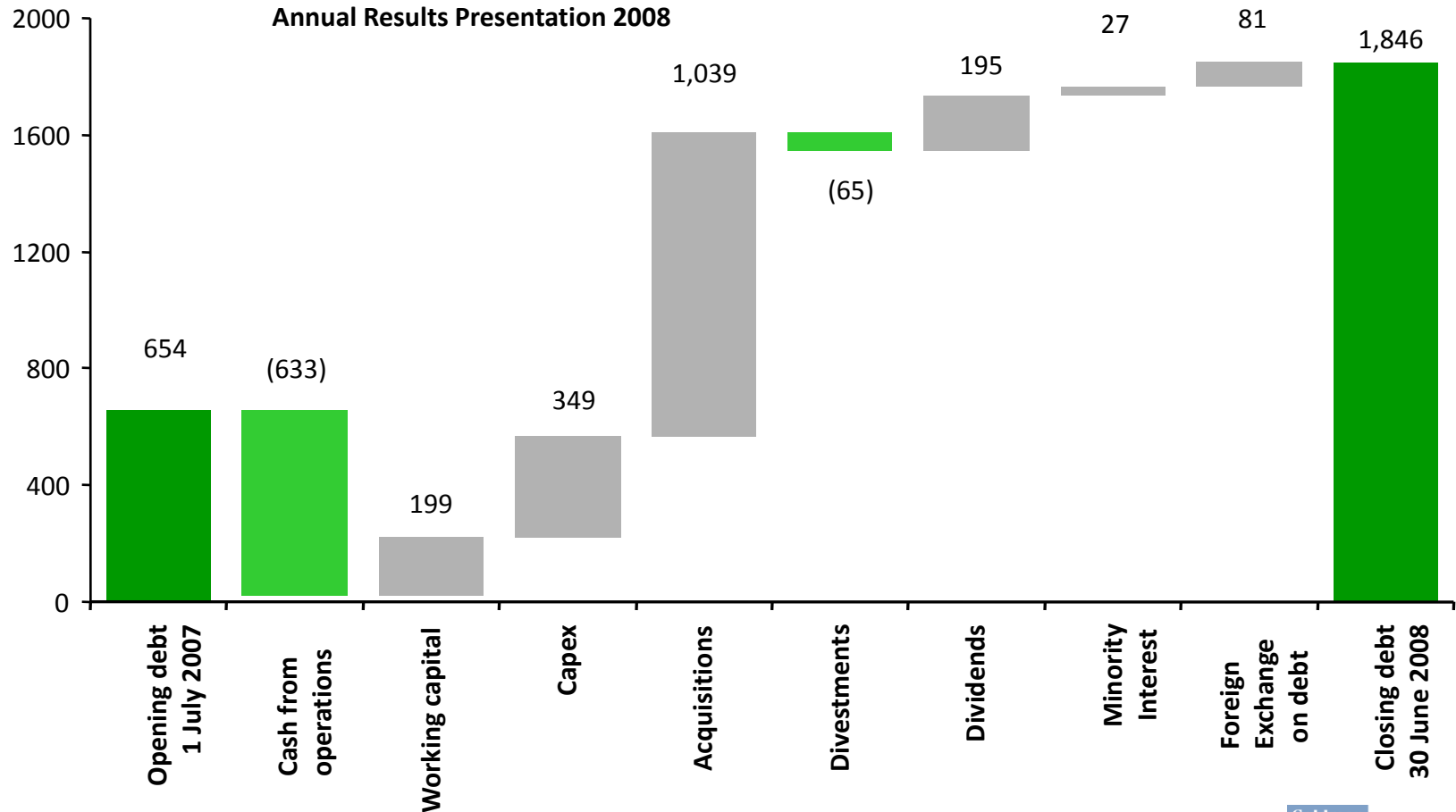


Source: Fletcher Building Limited
Annual Results Presentation 2008

Fletcher Building's net debt movement during FY08

NZ\$million

Source: Fletcher Building Limited
Annual Results Presentation 2008



Market outlook in 2009

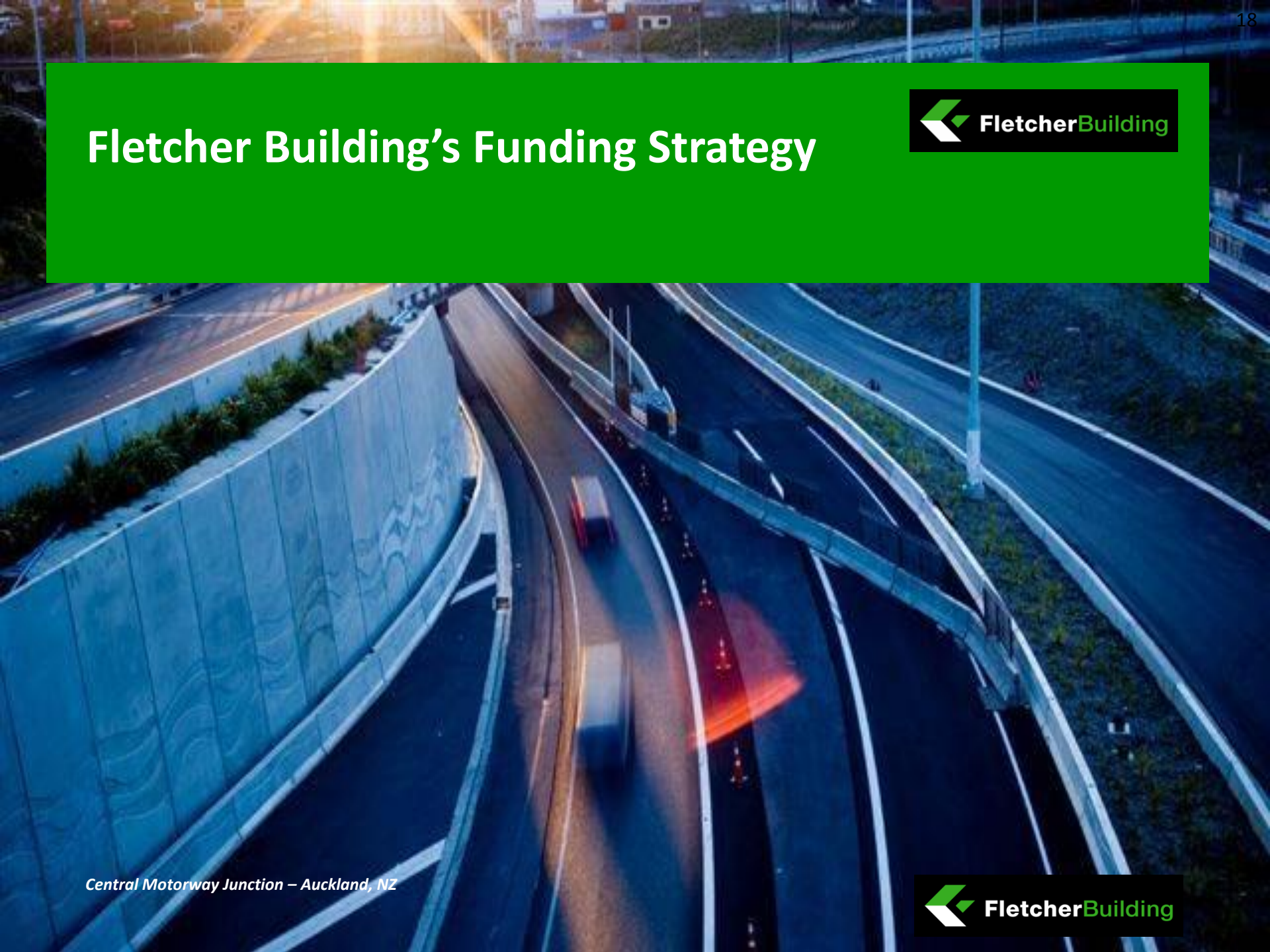
- Good infrastructure markets in New Zealand and Australia
- Residential
 - NZ housing consents at 25 year low
 - Australia weakening
 - US remains weak
- Europe: UK and Spain down, other European markets likely to be softer
- Asia still showing growth albeit slower
- Significant operational improvements expected in Formica USA

Fletcher Building's response to the current environment



- Reducing operating expenditure
- Constraining capital expenditure
- Working capital and cashflow management
- Maintaining conservative balance sheet settings
- Continue to look for selected opportunities to expand where there are strong commercial and strategic drivers

Fletcher Building's Funding Strategy



Central Motorway Junction – Auckland, NZ



Fletcher Building's financing objectives

- Extend weighted average duration of Fletcher Building's debt maturity profile to achieve appropriate spread of maturities
- Fund general business activities of the Fletcher Building Group and retire debt
- Fletcher Building is committed to maintaining a strong balance sheet position

Fletcher Building's capital structure

- A combination of capital notes, bank facilities, non-bank institutional funding and working capital lines
- Bank facility refinance completed in July 2008
- \$378 million committed, undrawn funds as at 30 June 2008
- \$111 million in cash and liquid deposits as at 30 June 2008
- 4.6 year weighted average debt maturity profile on committed facilities
- Dividends fixed each year taking into consideration forecast earnings, internal capital requirements, growth options, availability of tax credits and the company's debt / equity position

Source: Fletcher Building Limited
Annual Report 2008

Fletcher Building's debt maturities

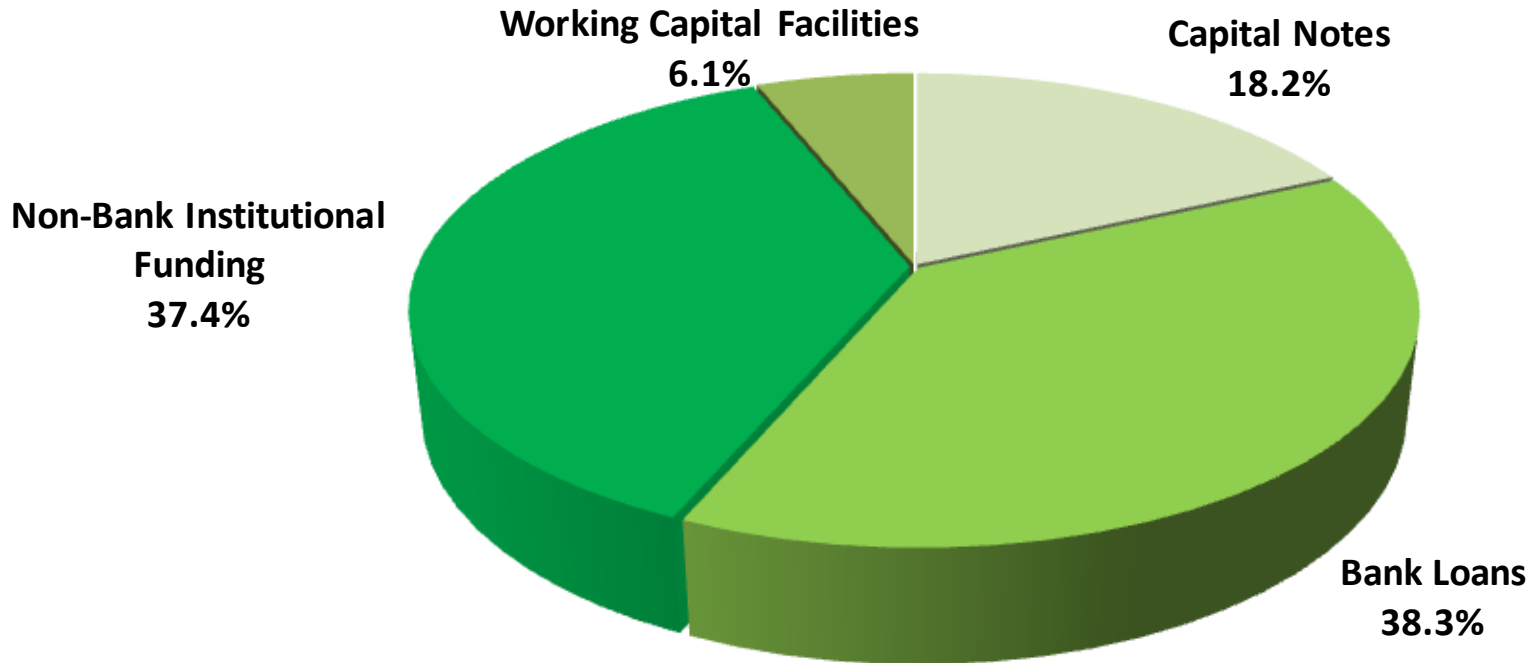
Instrument	Drawn NZ\$M ⁽¹⁾	Total Facilities NZ\$M	Undrawn NZ\$M	Weighted Average Maturity
Bank Debt	753	1,131	378	2.8 years
Other Loans	121	121	0	0.8 years
Capital Notes ⁽²⁾	357	357	0	2.6 years
Non-Bank Institutional Funding	737	737	0	9.0 years
Total	1,968	2,467	378	4.6 years

Source: Fletcher Building Limited Annual Report 2008

1. As at 30 June 2008
2. Until Next Election Date

Fletcher Building's sources of debt funding

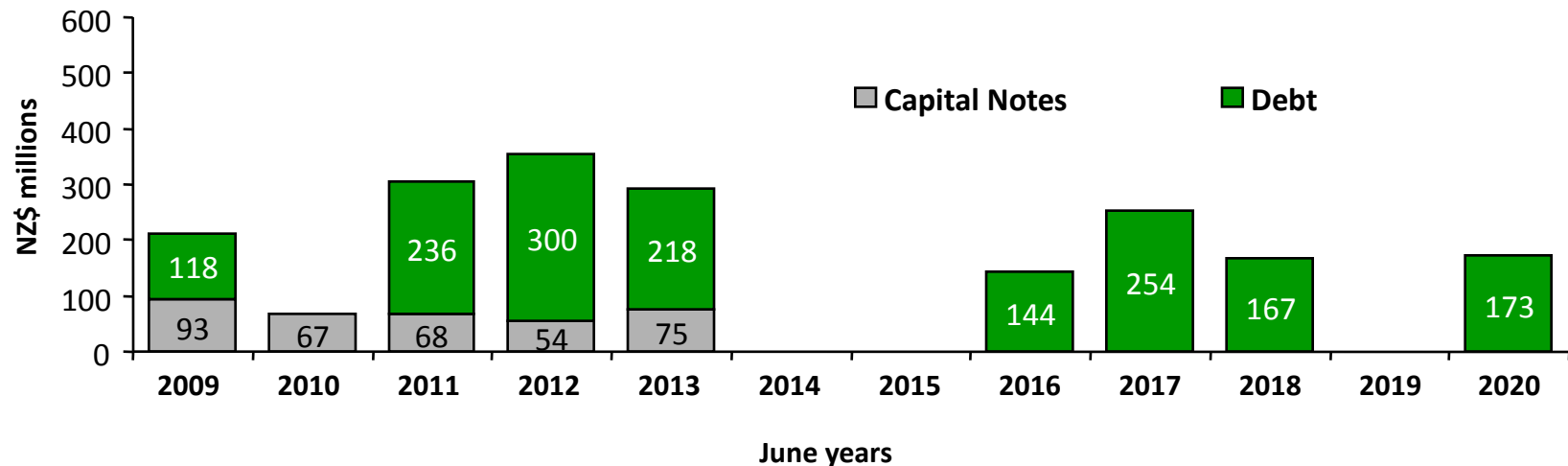
As at 30 June 2008



Source: Fletcher Building Limited Annual Report 2008

Fletcher Building's debt maturity profile

Maturity profile of the \$1,968 million of senior interest bearing debt and capital notes as at 30 June 2008, adjusted for the refinance of bank facilities in July 2008



Note:

- (1) Capital notes maturity is for the year when that series is subject to an interest rate reset on the anniversary of the election date.
- (2) Committed but undrawn facilities as at 30 June 2008 were \$378 million, of which \$31 million will terminate in 2009; \$239 million in 2011; and \$107 million in the 2013 financial years.

Source: Fletcher Building Limited Annual Results Presentation 2008

Capital Notes Issue Structure and Terms



University of Auckland Business School, NZ

Capital Notes Terms

- Issuer: Fletcher Building Finance Limited
- Guarantor: Fletcher Building Limited
- Type: Fixed Rate Capital Notes
- Ranking: Unsecured, subordinated Capital Notes
- Series: The Capital Notes are to be issued in two series:
 - 15 May 2014 Capital Notes (approx 5½ years until first Election Date)
 - 15 May 2016 Capital Notes (approx 7½ years until first Election Date)
- Volume: \$100 million + \$100 million oversubscriptions
- Initial Coupon Rate:
 - 15 May 2014 Capital Notes: 9.00% p.a.
 - 15 May 2016 Capital Notes: 9.00% p.a.

The interest rate may be amended by the Issuer during the offer period in respect of Capital Notes not yet issued
- Offer Structure: Issued at par
- Brokerage:
 - May 2014 Capital Notes: 1.00% on stamped applications
 - May 2016 Capital Notes: 1.25% on stamped applications
- Interest Payment Dates: 15 May and 15 November in each year
- Compounding Interest: If interest is not paid when due, it is compounded

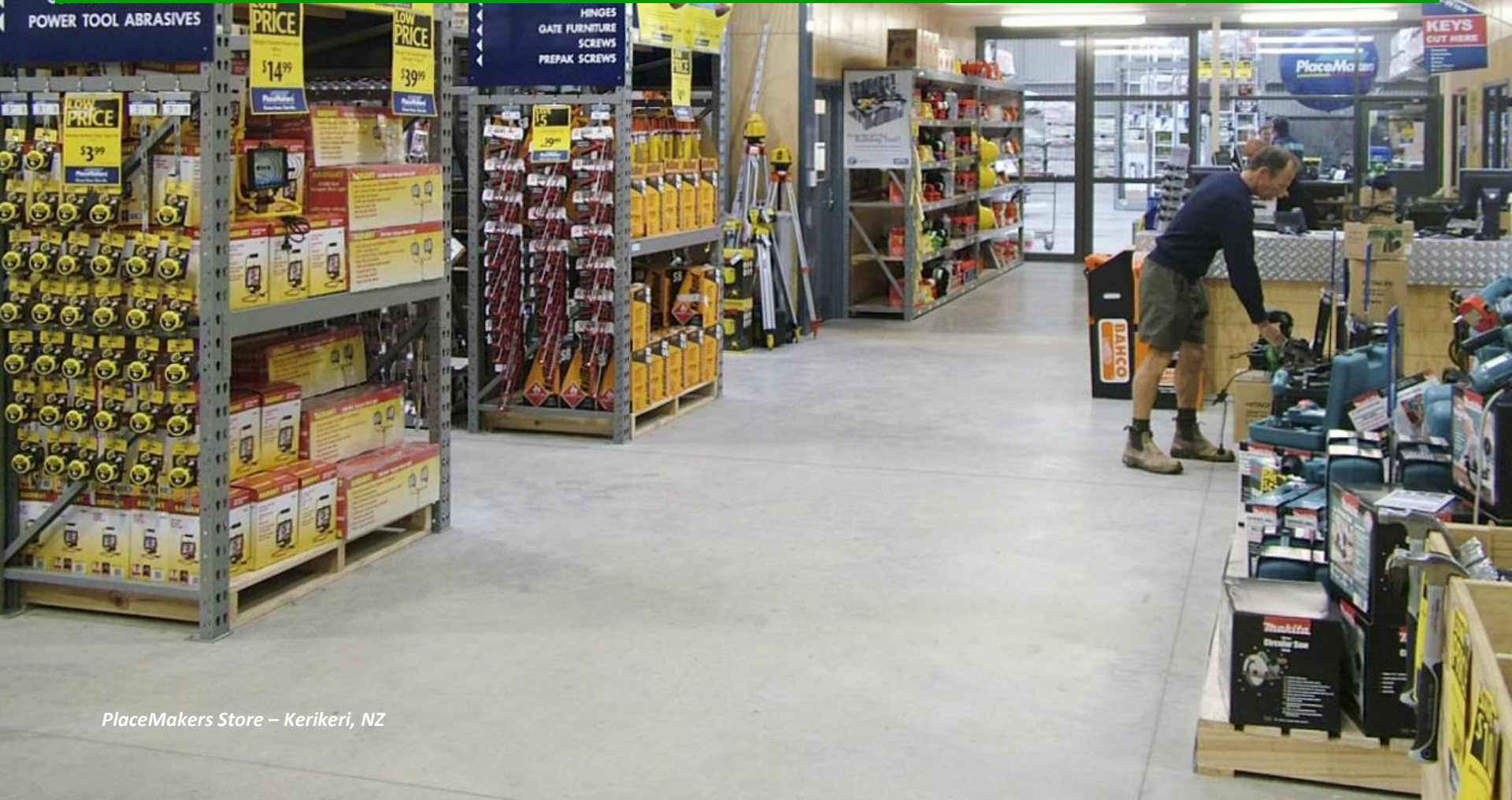
Capital Notes Terms cont.

- Dividends: Issuer and Guarantor have covenanted not to pay any dividends on their respective ordinary shares while any interest payments on the Capital Notes remain outstanding
- Election Dates: On the relevant Election Date, Noteholders of the relevant Series may either elect:
 - to retain their Capital Notes for a further period on the new terms and conditions offered by Fletcher Building Finance; or
 - to convert their Capital Notes into ordinary shares of Fletcher Building Limited at 98 percent of the then current value of the Shares
 Notwithstanding an election by a Noteholder to convert, on an Election Date, Fletcher Building Finance may elect to redeem or purchase the Capital Notes for cash
- Minimum Subscription: \$5,000 with multiples of \$1,000 thereafter
- Arranger & Organising Participant: First NZ Capital Securities
- Joint Lead Managers: ANZ National Bank Limited, Goldman Sachs JBWere and First NZ Capital Securities Limited
- Listing: NZDX (application for listing has been made)

Other matters

- Offer closes 31 March 2009, or earlier at Fletcher Building Finance's discretion
- Fletcher Building Finance can change the interest coupon at any time during the offer period in respect of Capital Notes not yet issued
 - All brokers and NZX will be notified
 - After coupon change; if downwards, investors have option of refund under certain conditions; if upwards, receive higher interest rate automatically
 - The liquidity of that Series of Capital Notes may be reduced if the pool of like Capital Notes is reduced.
- Interest accrues on the Capital Notes from the day application moneys are banked
- Given first Election Dates of 15 May 2014 and 2016 retail investors have opportunity to lock in fixed interest rates for 5 ½ or 7 ½ years
- Fletcher Building Finance reserves the right to refuse all or any part of any application without giving a reason
- Capital Notes with an aggregate principal amount of up to \$60 million (being 30% of the maximum aggregate principal amount of Capital Notes, including over-subscriptions) may be reserved for subscription by clients of the Joint Lead Managers

Timetable

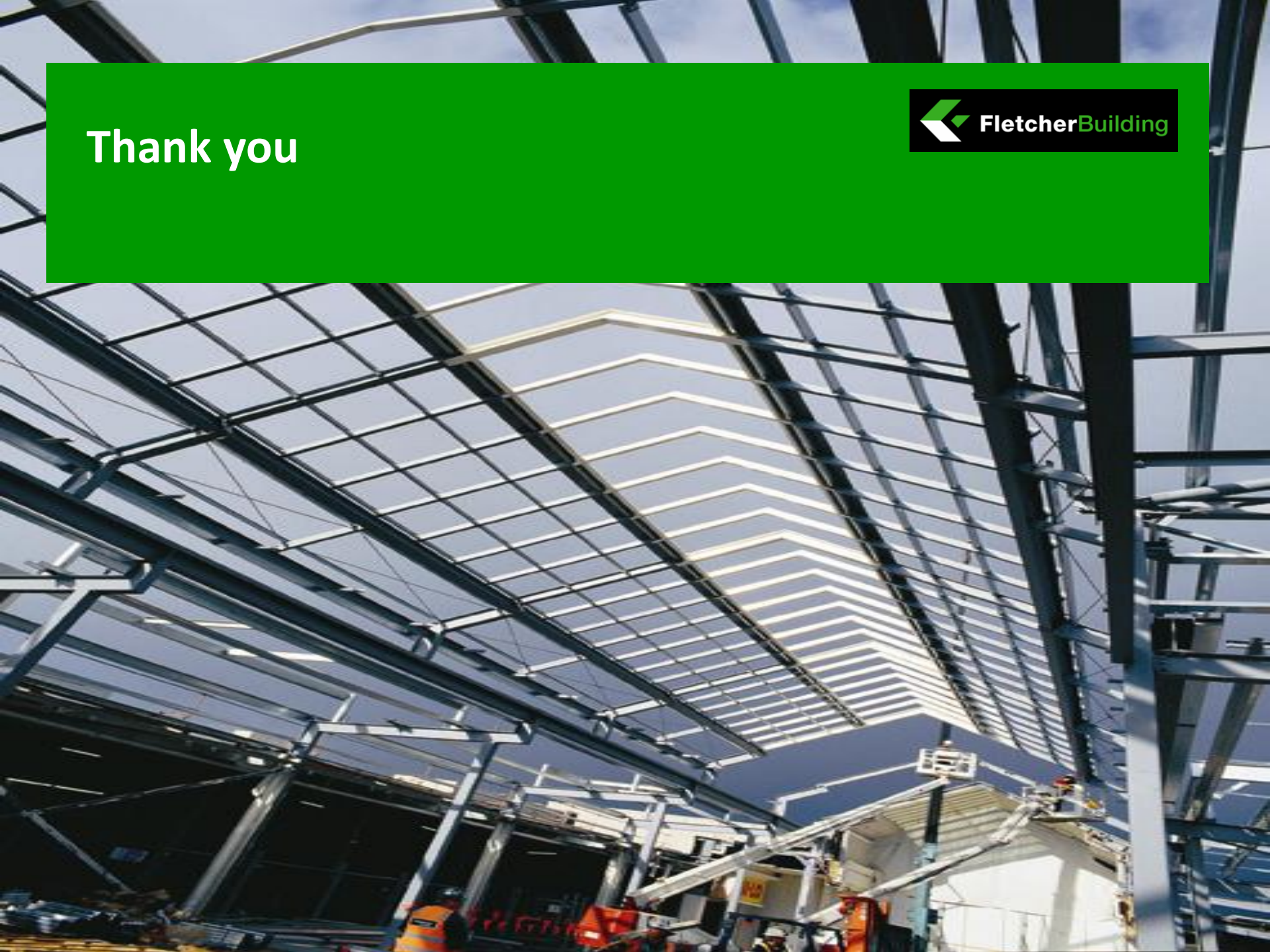


PlaceMakers Store – Kerikeri, NZ

Issue timetable

- 24 November Offer opens
- 25, 26 November Investor presentations
- 31 March 2009 Offer closes, unless closed earlier at Fletcher Building's discretion or Issue filled
- Within 10 days of Close Listing on NZDX

Thank you



Disclaimer

This document does not constitute a recommendation by Fletcher Building Finance Limited (the "Issuer"), Fletcher Building Limited (the "Parent"), First NZ Capital Securities Limited (the "Arranger"), ANZ National Bank Limited or Goldman Sachs JBWere (the "Joint Lead Managers"), Perpetual Trust Limited (the "Trustee") nor any of their respective directors, officers, employees or agents to subscribe for, or purchase, any of the Capital Notes. Neither the Arranger, the Joint Lead Managers, the Trustee nor any of their respective directors, officers, employees and agents accept liability whatsoever for any loss arising from this document or its contents or otherwise arising in connection with the offer of Capital Notes.

Applications for the Capital Notes may only be made by completing and lodging the Application Form enclosed with the Investment Statement. The Investment Statement is an important document and should be read carefully. Investors should consider the risks that are associated with an investment in the Capital Notes, particularly with regard to their personal circumstances (including financial and tax issues). A summary of the principal risks associated with the Issuer and the Capital Notes are set out in the Investment Statement under the heading "What are my risks?".

Investors should also be aware that other important information about the Capital Notes and the Offer is set out in the registered Prospectus and in the Trust Documents.

All of the numerical data provided in this document is derived from the Prospectus relating to the Capital Notes, unless otherwise indicated.

The Offer of the Capital Notes is made only to the public in New Zealand. This document may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction other than New Zealand. No action has been, or will be, taken by the Issuer which would permit an offer of the Capital Notes, or possession or distribution of any offering material in connection with the Capital Notes, in any other country or jurisdiction. No person may purchase, offer, sell, distribute or deliver Capital Notes, or be in possession of, or distribute to any other person, any offering material or any documents in connection with the Capital Notes, in any jurisdiction other than in compliance with all applicable laws and regulations.

Application has been made to NZX for permission to list the Capital Notes and all the requirements of NZX relating thereto that can be complied with on or before the date of distribution of this document have been duly complied with. However, NZX accepts no responsibility for any statement in this document.

The Capital Notes constitute direct, unsecured, subordinated, fixed rate obligations of the Issuer, subordinated in right of payment to all creditors of the Issuer other than creditors whose claims rank, or are intended or expressed to rank, subordinate to, or equal with, the obligations of the Issuer in respect of the Capital Notes. No party other than Fletcher Building Limited guarantees the indebtedness of the capital notes.

To receive a copy of the Investment Statement and/or the Prospectus relating to the Capital Notes please call First NZ Capital Securities on 0800 162 222, ANZ National Bank Limited on 0800 692 663 or Goldman Sachs JBWere on 0800 555 555.