

Capital Notes Consolidation Fletcher Building Limited



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Notice is hereby given that a meeting of holders of Fletcher Building Capital Notes will be held at:

The Remuera Room
Level 1, Ellerslie Event Centre
80 Ascot Avenue, Remuera
Auckland, New Zealand

On Friday, 25 March 2011 commencing at 10:30am.

Directions on how to get to the meeting venue are on page 21.

Chairman's letter

4 March 2011

Dear Noteholders

The Fletcher Building Group currently operates two capital notes programmes, under two separate listed companies — Fletcher Building with \$250 million capital notes, and its wholly owned subsidiary, Fletcher Building Industries with \$281 million capital notes. Each of these programmes is governed by its own trust deed.

Late last year amendments were made to the regulations of the Reserve Bank of New Zealand Act 1989 relating to "Non-Bank Deposit Takers". As a result, it was necessary to undertake a restructuring of Fletcher Building Industries to ensure that the Group's two capital note programmes continued to be subject to a single compliance regime that is appropriate for corporate issuers using publicly raised funds for their own business purposes. Without this restructuring, Fletcher Building Industries would have incurred additional compliance costs in relation to its capital notes programme.

The first stage of that restructuring was completed and advised to Noteholders in August 2010. Fletcher Building agreed with the Reserve Bank to undertake the second stage of the restructuring some time this year.

Consistent with that, it is now proposed that the Group's two capital notes programmes are consolidated by the transfer of Fletcher Building's obligations as issuer of capital notes to Fletcher Building Industries. This would rationalise the two programmes under one issuer, Fletcher Building Industries, simplifying the Group's publicly listed debt securities, resulting in greater clarity in the market and administrative and other cost savings.

Under the Proposal, the current Trust Deed would be amended to be on the same terms as the Fletcher Building Industries Trust Deed, and Fletcher Building Industries would replace Fletcher Building as the issuer. However, the specific terms of the Fletcher Building Capital Notes relating to rights on conversion, election dates, interest rates and interest payment dates would all remain the same.

The changes contemplated by the Proposal would not alter the substantive rights of Noteholders. While Fletcher Building would cease to be the issuer of the capital notes, it would instead become liable as guarantor under the Fletcher Building Guarantee. The new issuer of the capital notes will be Fletcher Building Industries, a wholly-owned subsidiary of Fletcher Building and the Group's primary listed debt issuer. Its Board of Directors is the same as the Fletcher Building Board.

Noteholders should read this Notice (including the Explanatory notes) carefully, ask questions and seek professional advice before voting for or against the Proposal. A free phone number has been established by Fletcher Building **(0800 888 709)** which you can call if you have any questions about the Proposal.

The Fletcher Building Board fully supports the Proposal, with the resulting simplified structure and cost savings, and seeks your approval for its implementation. The Company will be directing its wholly owned subsidiary, Fletcher Building Holdings, to vote the Fletcher Building Capital Notes it holds, in favour of the Proposal.

Yours faithfully



Ralph Waters
Chairman

Trustee's letter

4 March 2011

Dear Noteholders

Fletcher Building Limited Proposal

We are writing to provide you with important information on the Fletcher Building Group's proposal (the **Proposal**) to consolidate the Group's two capital notes programmes (Fletcher Building Limited and Fletcher Building Industries Limited) by the transfer of Fletcher Building's obligations as issuer of capital notes to Fletcher Building Industries, as detailed in this Notice of meeting.

The Fletcher Building Board has approved the Proposal and advised that it considers that the Noteholders will not be prejudiced by the proposed consolidation. Under the terms of the Trust Deed, in order to implement the Proposal, the approval of an Extraordinary Resolution of Noteholders is required as more fully described in this Notice of meeting.

In our role as Trustee for the holders of Fletcher Building Capital Notes, we have discussed various aspects of the Proposal with Fletcher Building and completed an independent review of the meeting documentation to ensure that you have sufficient information to make a fully informed decision in respect of the proposed transaction.

If the Proposal is approved by the Noteholders, it will result in the issuer of your notes being Fletcher Building Industries rather than Fletcher Building. The specific terms of your notes relating to rights on conversion, election dates, interest rates and interest payment dates would all remain the same. However, the other underlying terms of your notes will be amended so that they mirror those of the existing Fletcher Building Industries Capital Notes. While the Fletcher Building notes are currently direct, subordinated, unsecured debt of Fletcher Building, following the transfer of notes to Fletcher Building Industries and the amendment of the terms of the notes, the notes will be supported by a subordinated, unsecured guarantee from Fletcher Building.

If the Proposal is not approved, then the status quo will apply i.e. you will remain a holder of capital notes issued by Fletcher Building.

It is not our role to recommend to you what decision you should make, rather our role is to ensure that you have appropriate information on which you can make your decision. The decision by each individual investor as to whether or not to support the Proposal will be based on his or her individual circumstances. Because of this, you should:

- take the time to read all of the information that has been provided;
- seek advice from a financial adviser or other suitable professional whom you trust; and
- whether you are in favour of, or against the Proposal, make sure you vote either at the meeting or by proxy. Details on how you can cast your vote can be found on page 4 of the Notice of meeting.

If you have any questions of Perpetual Trust as Trustee, we welcome those questions. To speak to us please call **0800 737 738**.



Matthew Lancaster

Notice of meeting

This document constitutes the Notice for a meeting of holders of Fletcher Building Capital Notes. You are encouraged to read this Notice and the instructions on the Voting Form carefully.

Business

Noteholders will be asked to consider and, if thought fit, pass the following Extraordinary Resolution.

Amendment of Trust Deed and transfer of Fletcher Building's obligations as issuer of Capital Notes to Fletcher Building Industries

Resolved that:

- (a) on the business day following this meeting, without amending the specific terms of each series of Fletcher Building Capital Notes:
 - (i) the Trust Deed will be amended so that it is on the same terms as the terms of the Fletcher Building Industries Trust Deed; and then**
 - (ii) the obligations of Fletcher Building Limited as issuer of the Fletcher Building Capital Notes will be transferred to Fletcher Building Industries Limited,**as described in more detail in the Notice of meeting;**
- (b) if Fletcher Building Industries subsequently elects to do so, and subject to Trustee approval, the Fletcher Building Capital Notes as transferred will become governed by the Fletcher Building Industries Trust Deed, and the Trust Deed may be released and discharged; and**
- (c) the Trustee is directed to enter into such documents as may be necessary or appropriate in relation to these matters.**

Please refer to the "Procedural notes" on pages 18 and 19 of this Notice for information on the quorum and voting requirements for this Extraordinary Resolution.

Casting your vote

You may cast your vote in one of two ways:

1. Personal attendance

If you wish, you can attend the meeting and vote. You should bring the Voting Form and Attendance Card with you to the meeting as voting will be held by way of a poll;

or

2. Appoint a proxy to vote

Alternatively, if you do not plan to attend the meeting, you may appoint a proxy to attend and vote on your behalf.

Ralph Waters, Chairman of Fletcher Building and Fletcher Building Industries, offers himself as a proxy to Noteholders and, if nominated by you as your proxy, will vote in favour of the Extraordinary Resolution to be considered at the meeting, unless otherwise directed.

To appoint a proxy, you should complete the Voting Form, including the proxy appointment, and return it, **to be received no later than 10:30am on Wednesday, 23 March 2011**, to:

By post:

Computershare Investor
Services Limited
Private Bag 92119
Auckland 1142
New Zealand

By hand:

Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
New Zealand

By facsimile:

+64 9 488 8787

By email:

corporateactions@computershare.co.nz

Further details on procedural matters, including the appointment of a proxy, are set out on pages 18 and 19 of this Notice and also in the Voting Form.

Important dates

10:30am Wednesday, 23 March 2011 Record date for voting entitlements for the meeting
Latest time for receipt of proxy forms

10:30am Friday, 25 March 2011 Meeting of holders of Fletcher Building Capital Notes

Under the Proposal, Fletcher Building would transfer its obligations as the issuer of the Fletcher Building Capital Notes to Fletcher Building Industries. However, the specific terms of such Capital Notes relating to rights on conversion, election dates, interest rates and interest payment dates would remain the same, and Fletcher Building would guarantee such Capital Notes on the terms of the Fletcher Building Guarantee.

A summary of the main terms of the Fletcher Building Capital Notes, as they would be on transfer to Fletcher Building Industries under the Proposal, is set out in Appendix 2 under the heading "Summary of terms of the Transferred Capital Notes".

Noteholders should read this Notice (including the Explanatory notes) carefully, ask questions and seek professional advice before voting for or against the Proposal.

Contact details

A free phone number has been established by Fletcher Building (**0800 888 709**) which you can call if you have any questions about the Proposal.

Background

Fletcher Building Capital Notes

Fletcher Building is the issuer of \$250 million of Fletcher Building Capital Notes in the following three series.

NZDX code	Next Election Date	Interest Rate	Amount on issue
FBU 210	15 March 2012	7.50%	\$88,579,500
FBU 220	15 March 2015	8.50%	\$93,168,500
FBU 230*	15 March 2017	7.50%	\$68,252,000
Total			\$250,000,000

*As specified in the Election Notice for the FBU 190 Capital Notes, with effect from 15 March 2011, the new Election Date for the FBU 190 Capital Notes will be 15 March 2017 and the interest rate will be 7.50%. They will be known as FBU 230 or March 2017 Capital Notes.

The Fletcher Building Capital Notes are all issued under an amended and restated trust deed dated 24 September 2001 as supplemented by a supplemental trust deed dated 16 March 2009.

Fletcher Building Industries Capital Notes

In 2002, Fletcher Building Industries, a wholly owned subsidiary of Fletcher Building (previously named Fletcher Building Finance Limited), became the Group's preferred borrowing entity for New Zealand public debt issues. As a result, Fletcher Building Industries is the issuer of the following four series of Capital Notes. Fletcher Building guarantees Fletcher Building Industries' indebtedness in respect of these Capital Notes on an unsecured, subordinated basis.

NZDX code	Next Election Date	Interest Rate	Amount on issue
FBI 040	15 March 2013	8.90%	\$75,000,000
FBI 050	15 May 2014	9.00%	\$111,857,000
FBI 060	15 May 2016	9.00%	\$19,463,000
FBI 070	15 May 2016	7.75%	\$75,000,000
Total			\$281,320,000

The Fletcher Building Industries Capital Notes are all issued under a trust deed dated 12 November 2002 as supplemented by supplemental trust deeds dated 21 November 2008 and 16 March 2009.

Terms of Fletcher Building Capital Notes and Fletcher Building Industries Capital Notes

The key underlying terms of the Fletcher Building Capital Notes and the Fletcher Building Industries Capital Notes are currently substantially the same:

- the Capital Notes are long-term fixed rate unsecured subordinated notes;
- interest on the Capital Notes accrues daily;
- Fletcher Building has covenanted not to pay any dividends on the Fletcher Building Shares while any interest payments on the Capital Notes remain outstanding;
- on an Election Date, Noteholders can elect either to retain their Capital Notes for a further period on the new terms and conditions offered to Noteholders or to convert their Capital Notes into Fletcher Building Shares;
- notwithstanding an election by a Noteholder to convert their Capital Notes into Fletcher Building Shares, the issuer of the Capital Notes may redeem or purchase (or procure the purchase of) those Capital Notes for cash;
- the Trustee is Perpetual Trust Limited;
- the Capital Notes are listed and traded on the NZDX.

While the Fletcher Building Capital Notes are direct, subordinated, unsecured debt of Fletcher Building, and the Fletcher Building Industries Capital Notes are direct, subordinated, unsecured debt of Fletcher Building Industries, the Fletcher Building Industries Capital Notes are supported by a subordinated, unsecured guarantee from Fletcher Building. This ensures that holders of the Fletcher Building Capital Notes and holders of the Fletcher Building Industries Capital Notes rank equally in any claim against Fletcher Building.

Purpose and effect of the Proposal

Purpose

The purpose of the Proposal is to rationalise the Fletcher Building Group's two Capital Notes programmes under one issuer, Fletcher Building Industries. This would:

- complete the required second stage of the restructuring of Fletcher Building Industries, which was commenced last year, in connection with amendments to the regulations of the Reserve Bank of New Zealand Act 1989 made late last year;
- simplify the Fletcher Building Group's publicly listed securities to comprise only:
 - Fletcher Building Shares (listed on the NZSX and the ASX); and
 - Capital Notes issued by Fletcher Building Industries (listed on the NZDX); and
- secure administrative and other cost savings.

Effect on holders of Fletcher Building Capital Notes

Under the Proposal, Fletcher Building Industries would become the issuer of the Fletcher Building Capital Notes.

The current Trust Deed would be amended to be on the same terms as the Fletcher Building Industries Trust Deed, and Fletcher Building would transfer its obligations as issuer to Fletcher Building Industries. However, the specific terms of the Fletcher Building Capital Notes relating to rights on conversion, election dates, interest rates and interest payment dates would remain the same (as set out below). Interest in respect of the current interest period would continue to accrue, and be payable by Fletcher Building Industries on the next occurring interest payment date.

Further, while Fletcher Building would cease to be the issuer of the Fletcher Building Capital Notes, it would instead become liable as guarantor under the Fletcher Building Guarantee.

	FBU 210 – becomes FBI 080	FBU 220 – becomes FBI 090	FBU 230* – becomes FBI 100
Election Date	15 March 2012	15 March 2015	15 March 2017
Interest Rate	7.50%	8.50%	7.50%
Interest Payment Dates	15 March and 15 September in each year	15 March and 15 September in each year	15 March and 15 September in each year

*As specified in the Election Notice for the FBU 190 Capital Notes, with effect from 15 March 2011, the new Election Date for the FBU 190 Capital Notes will be 15 March 2017 and the interest rate will be 7.50%. They will be known as FBU 230 or March 2017 Capital Notes.

In this Notice of meeting, the Fletcher Building Capital Notes as transferred to Fletcher Building Industries are referred to as **Transferred Capital Notes**.

A listing of the substantive differences between the Trust Deed as it would be amended and restated on Implementation of the Proposal and the current Trust Deed is set out in Appendix 1 under the heading "Summary of substantive differences between the current Trust Deed and the Restated Trust Deed". The proposed changes to the Trust Deed have been approved by NZX. A summary of the main terms of the Fletcher Building Capital Notes, as they would be amended on Implementation of the Proposal, is set out in Appendix 2 under the heading "Summary of terms of the Transferred Capital Notes".

The Fletcher Building Board considers that Noteholders are not prejudiced by the Proposal. The Proposal does not, in itself, result in any change in risk for Noteholders. Although there are some differences in the detailed underlying terms that would apply on Implementation of the Proposal (as set out in Appendix 1), the Fletcher Building Board does not consider these to be material. While the Fletcher Building Capital Notes currently are direct, subordinated, unsecured debt of Fletcher Building, and the Transferred Capital Notes would be direct, subordinated, unsecured debt of Fletcher Building Industries, the Transferred Capital Notes would be supported by the Fletcher Building Guarantee. This means the relative ranking of any claim against Fletcher Building under the Fletcher Building Capital Notes before and after Implementation of the Proposal is the same.

Taxation implications relating to the Proposal

The comments on taxation implications relating to the Proposal which follow relate only to New Zealand income tax and are based on tax legislation current at the date of this Notice.

Noteholders should consult their own taxation advisers concerning the taxation implications, in their particular circumstances, of the Proposal and continuing to invest in the Transferred Capital Notes and/or disposing of their Transferred Capital Notes.

The Fletcher Building Capital Notes are, and following Implementation of the Proposal will continue to be, “financial arrangements” for the purposes of the financial arrangements rules in the Income Tax Act 2007. New Zealand resident Noteholders of the Fletcher Building Capital Notes, and non-residents who hold their Fletcher Building Capital Notes for the purpose of a business carried on through a fixed establishment (such as a branch) in New Zealand, are required to calculate returns from their investment in the Fletcher Building Capital Notes in accordance with those rules. This includes calculating a “base price adjustment” upon the maturity or other termination of their Fletcher Building Capital Notes.

However, no base price adjustment would be required for any Noteholder as a consequence of the Implementation of the Proposal. This is because the transfer of Fletcher Building’s obligations as issuer of the Fletcher Building Capital Notes to Fletcher Building Industries would be effected by way of a “legal defeasance” for the purposes of the financial arrangements rules. The amendments made to the Trust Deed under the Proposal are not in themselves sufficient to, and are not intended to, amount to a maturity or other termination of the Fletcher Building Capital Notes.

Accordingly for Noteholders who are “cash basis holders”, no tax would become payable as a result of the Implementation of the Proposal. Generally speaking, a Noteholder will be a “cash basis holder” if that Noteholder:

- derives income or incurs expenditure under all financial arrangements entered into by that person of \$100,000 or less in any income year; or
- is not party to financial arrangements at any point in an income year with an aggregate value of more than \$1,000,000,

and provided that in that income year the difference between returns calculated in accordance with a spreading method prescribed by the financial arrangements rules and returns calculated on a cash basis is not more than \$40,000.

The Proposal is not expected to have tax consequences for Noteholders who are not “cash basis holders”. This may depend on the exact spreading method such Noteholders apply to calculate returns from their investment in the Transferred Capital Notes under the financial arrangements rules (various spreading methods are available including a Noteholder’s own accounting method). Noteholders who are not cash basis holders should consult their own taxation advisers if in doubt about the potential effect of the Proposal in this regard.

The resident withholding tax (**RWT**) rules and non-resident withholding tax (**NRWT**) rules in the Income Tax Act 2007 and the Tax Administration Act 1994 would continue to apply to interest paid or credited in respect of the Transferred Capital Notes by Fletcher Building Industries, after Implementation of the Proposal. However, the Proposal does not itself involve the payment or crediting of any interest in respect of the Fletcher Building Capital Notes. Noteholders who possess a valid certificate of exemption from RWT issued by the Inland Revenue Department would not be required to provide another copy of that certificate to Fletcher Building Industries.

It is intended that the Transferred Capital Notes will continue to be registered securities for approved issuer purposes, and the 2% approved issuer levy will continue to be deducted from interest paid or credited to eligible non-resident Noteholders in place of NRWT.

Steps to implement the Proposal

Proposal steps

The Proposal has three distinct elements.

1. Trust Deed amendment

First, the Fletcher Building Trust Deed would be amended to be on the same terms as the Fletcher Building Industries Trust Deed. The specific terms of each series of Fletcher Building Capital Notes relating to rights on conversion, election dates, interest rates and interest payment dates would remain the same.

2. Transfer of obligations

Fletcher Building would then transfer its obligations as issuer of the Fletcher Building Capital Notes to Fletcher Building Industries, on the terms of the amended Trust Deed, with Fletcher Building as guarantor under the Fletcher Building Guarantee. This would be effected by a Transfer Deed, which would include a restatement of the Trust Deed as previously amended showing Fletcher Building Industries as issuer and Fletcher Building as guarantor. The Proposal does not, and is not intended to, involve a maturity or termination of the Fletcher Building Capital Notes.

3. Trust deed consolidation

At some later time, if Fletcher Building Industries elected to do so, and subject to Trustee approval, the Transferred Capital Notes would become governed by the Fletcher Building Industries Trust Deed and the Restated Trust Deed would be released and discharged.

This last step is at the discretion of Fletcher Building Industries. It provides the opportunity for the Fletcher Building Group to further simplify its Capital Notes programmes into just one trust deed.

If taken, this last step would have no effect on Noteholders, as by this stage, the Transferred Capital Notes would already be on the same terms as the terms of the Fletcher Building Industries Trust Deed.

The form of the Transfer Deed (including the Restated Trust Deed that would apply on Implementation of the Proposal) can be accessed electronically on the Fletcher Building website fletcherbuilding.com, and may also be inspected, without charge, during normal business hours at the registered office of Fletcher Building at 810 Great South Road, Penrose, Auckland.

Noteholder approval required by Extraordinary Resolution

Under the terms of the Trust Deed, for the Proposal to be Implemented, the proposed resolution on page 3 must be passed by the required majority as an Extraordinary Resolution. If passed by the required majority, the resolution will bind all Noteholders and the Trustee.

An Extraordinary Resolution is a resolution passed by a majority consisting of not less than three-quarters of the votes cast.

Single meeting of all Noteholders; Quorum

While there are three series of outstanding Fletcher Building Capital Notes, the Trustee is of the opinion that the proposed Extraordinary Resolution does not give rise to a conflict of interest between the Noteholders of the different series. Accordingly under the terms of the Trust Deed, the resolution may be passed at a single meeting of all Noteholders at which a quorum is present.

Pursuant to the terms of the Trust Deed, two or more Noteholders present in person or by proxy, holding in aggregate a clear majority in Principal Amount of the outstanding Fletcher Building Capital Notes, will form a quorum. If a quorum is not established within the first 30 minutes from the time appointed for the meeting, the meeting must be adjourned. At an adjourned meeting, two or more Noteholders present in person or by proxy, whatever the number of Fletcher Building Capital Notes held, will form a quorum.

As at the date of the meeting, Fletcher Building's wholly owned subsidiary, Fletcher Building Holdings, will hold Fletcher Building Capital Notes in an aggregate Principal Amount of \$112,230,251 and accordingly will have the ability to cast on a poll 44.9% of the total votes attaching to all outstanding Fletcher Building Capital Notes. Fletcher Building Holdings intends to cast all its votes in favour of the Proposal.

Implementation

If the Extraordinary Resolution is passed, Implementation would occur on the following business day.

Other material matters

1. Further Capital Notes information

Copies of the current Trust Deed, the Fletcher Building Industries Trust Deed and the constitutions of Fletcher Building Industries and Fletcher Building can be accessed electronically on the Fletcher Building website **fletcherbuilding.com**. They may also be inspected, without charge, during normal business hours at Fletcher Building Industries' and Fletcher Building's registered office at 810 Great South Road, Penrose, Auckland.

These documents are also filed on a public register which can be accessed on the Companies Office website at **companies.govt.nz** or, if the relevant documents are not available on the Companies Office website, copies may be obtained (on payment of a fee) by telephoning the Companies Office Contact Centre on **0508 266 726**.

Noteholders may also inspect the information specified in sections 215-216 of the Companies Act 1993, without charge, during normal business hours at Fletcher Building Industries' and Fletcher Building's registered office at 810 Great South Road, Penrose, Auckland.

The form of the Transfer Deed (including the Restated Trust Deed that would apply on Implementation of the Proposal) can also be accessed electronically on the Fletcher Building website **fletcherbuilding.com** and inspected, without charge, during normal business hours at Fletcher Building Industries' and Fletcher Building's registered office at 810 Great South Road, Penrose, Auckland. The proposed changes to the Trust Deed have been approved by NZX.

2. Financial information

Each of Fletcher Building Industries' and Fletcher Building's audited financial statements for the year ended 30 June 2010 can be accessed electronically on the Fletcher Building website **fletcherbuilding.com**. In addition, each of Fletcher Building Industries' and Fletcher Building's unaudited financial statements for the six months ended 31 December 2010 will be available on the same website from 15 March 2011.

Copies of these financial statements may also be inspected, without charge, during normal business hours at Fletcher Building Industries' and Fletcher Building's registered office at 810 Great South Road, Penrose, Auckland.

The financial statements of Fletcher Building and Fletcher Building Industries are also filed on a public register which can be accessed on the Companies Office website at **companies.govt.nz** or, if the relevant documents are not available on the Companies Office website, copies may be obtained (on payment of a fee) by telephoning the Companies Office Contact Centre on **0508 266 726**.

3. Other announcements

Fletcher Building Industries and Fletcher Building are required to make half yearly and annual announcements to NZX and (in the case of Fletcher Building) ASX, and such other announcements as are required by the NZSX/NZDX and ASX listing rules from time to time.

4. Directors' interests

K M Vautier is a Director of Fletcher Building and Fletcher Building Industries and has a relevant interest in 64,500 Fletcher Building Capital Notes.

5. Related party interests

As at the date of the meeting, Fletcher Building's wholly owned subsidiary, Fletcher Building Holdings, holds Fletcher Building Capital Notes in an aggregate Principal Amount of \$112,230,251 and accordingly will have the ability to cast on a poll 44.9% of the total votes attaching to all outstanding Fletcher Building Capital Notes. Fletcher Building advises that Fletcher Building Holdings intends to attend and cast all its votes in favour of the Extraordinary Resolution.

6. FBU 230 (previously FBU 190)

Holders of the FBU 190 March 2011 Capital Notes who elected to roll over their Capital Notes to FBU 230 March 2017 Capital Notes are entitled to vote at the meeting.

However holders of the FBU 190 March 2011 Capital Notes who elected not to roll over their FBU 190 Capital Notes (and, as a consequence, elected to have their Capital Notes purchased by a subsidiary of Fletcher Building on 15 March 2011) will not have any right to attend or vote at the meeting unless they hold other Fletcher Building Capital Notes. With the consent of the Trustee, such Noteholders, who held no other Fletcher Building Capital Notes, have not been sent this Notice.

Other material matters

7. Securities Act Exemptions

Securities Act (Fletcher Building Limited and Fletcher Building Industries Limited) Exemption Notice 2011

The Securities Commission has granted Fletcher Building and Fletcher Building Industries an exemption from sections 37, 37A, and 54 of the Securities Act in respect of the variation of the Fletcher Building Capital Notes under the Proposal.

In summary, the effect of these exemptions is that neither Fletcher Building nor Fletcher Building Industries will have to prepare a prospectus and investment statement, or send a certificate of the security to Noteholders following the transfer of the obligations of Fletcher Building as issuer of the Fletcher Building Capital Notes to Fletcher Building Industries. These exemptions have been granted subject to conditions which require disclosure of relevant information in relation to the Proposal and the Capital Notes. This required information is included in this Notice of meeting. These exemptions are based on certain clauses contained in the Securities Act (Renewals and Variations) Exemption Notice 2002.

The Securities Commission has also granted Fletcher Building and Fletcher Building Industries exemptions from sections 37 and 37A(1)(a) and (b) of the Securities Act. These exemptions are based on certain clauses of the Securities Act (Rights, Options, and Convertible Securities) Exemption Notice 2002, and exempt Fletcher Building and Fletcher Building Industries from the prospectus and investment statement requirements of the Securities Act upon any conversion of the Transferred Capital Notes into Fletcher Building Shares. These exemptions have also been granted subject to conditions which require certain information and certain statements to be included in this Notice of meeting. The required statements can be found in the section immediately below entitled "Securities Act (Fletcher Building Limited and Fletcher Building Industries Limited) Exemption Notice information".

A full copy of the Securities Act (Fletcher Building Limited and Fletcher Building Industries Limited) Exemption Notice 2011 can be found at legislation.govt.nz.

8. Securities Act (Fletcher Building Limited and Fletcher Building Industries Limited) Exemption Notice information

The following information is required to be included in this Notice of meeting pursuant to the Securities Act (Fletcher Building Limited and Fletcher Building Industries Limited) Exemption Notice 2011.

- (a) Particulars of all material matters relating to the offer of the Fletcher Building Shares to be issued on conversion of the Transferred Capital Notes are set out in Appendix 3.
- (b) The terms and conditions attaching to the Transferred Capital Notes (including the terms of conversion to Fletcher Building Shares) may be varied during the term of the Transferred Capital Notes with the approval of an Extraordinary Resolution of holders of the Transferred Capital Notes and all other Capital Notes issued under the Restated Trust Deed.

If in the opinion of the Trustee, such resolution either affects one class only of Capital Notes, or more than one class in a way that gives or may give rise to a conflict of interest between Noteholders of the different classes affected, then the Extraordinary Resolution will be deemed to have been duly passed only if passed at separate meetings of the Noteholders of the Capital Notes of each such class or classes so affected. Capital Notes which are in all respects identical will constitute a separate class of Capital Notes.

The terms and conditions of the Restated Trust Deed may also be amended with the approval of the Trustee, Fletcher Building Industries and Fletcher Building, without requiring an Extraordinary Resolution of Noteholders where the amendments are:

- (i) formal or technical and not prejudicial to the general interests of holders of the Transferred Capital Notes;
 - (ii) necessary or desirable to Fletcher Building Industries being incorporated under the law in force in, or in any part of, another country; or
 - (iii) otherwise not, and not likely to become, prejudicial to the interests of holders of Transferred Capital Notes generally.
- (c) No later than 30 business days before an Election Date, Fletcher Building Industries will provide holders of Transferred Capital Notes with a letter and a notice (together an **Election Notice**) which will:
- (i) summarise the rights of holders of Transferred Capital Notes to elect to retain or convert their Transferred Capital Notes;
 - (ii) enable holders of Transferred Capital Notes to make an election to retain or convert their Transferred Capital Notes; and
 - (iii) offer new terms and conditions to holders of Transferred Capital Notes (including a new Interest Rate, Interest Payment Dates and Election Date) to apply if the holder chooses to retain their Transferred Capital Notes.

Other material matters

The Election Notice will inform holders of Transferred Capital Notes of the terms of conversion, including the value of the Fletcher Building Shares to be received by the Noteholder on conversion, as well as the right of Fletcher Building Industries, at its option, to purchase or redeem, and the right of Fletcher Building or any subsidiary of Fletcher Building (or their nominee), at their option, to purchase, any Transferred Capital Notes (for which an election to convert is made) for cash at their Principal Amount plus any accrued and unpaid interest.

- (d) Changes of circumstance occurring between the date of the Implementation of the Proposal and the Election Date for the conversion of the Transferred Capital Notes into Fletcher Building Shares may have a material effect on the Fletcher Building Shares issued on conversion (including their price) or Fletcher Building.
- (e) Important information relating to the Fletcher Building Shares (including their price) and Fletcher Building will be disclosed in accordance with the continuous disclosure provisions of the NZSX/NZDX listing rules.
- (f) Between 5 and 10 working days before the earliest date on which an election to convert the Transferred Capital Notes into Fletcher Building Shares may be made by a Noteholder, a pre-conversion statement:
 - will be provided to NZX by Fletcher Building and Fletcher Building Industries for release to the market; and
 - will be available on **fletcherbuilding.com**.
- (g) Noteholders should consider the pre-conversion statement, the market price of Fletcher Building Shares, and all other information made available concerning Fletcher Building Shares and Fletcher Building, before an election to convert their Transferred Capital Notes to Fletcher Building Shares is made.
- (h) The pre-conversion statement made by Fletcher Building and Fletcher Building Industries will contain:
 - a statement to the effect that the purpose of the pre-conversion statement is to assist Noteholders to decide whether to elect to convert their Transferred Capital Notes to Fletcher Building Shares;
 - a description of any adverse circumstances (whenever they occurred) that make this Notice of meeting or the Investment Statement, false or misleading in a material particular by reason of failing to refer, or give proper emphasis, to those circumstances;
 - a description of the effect of any adverse circumstances, to the extent that the effect can be assessed, or, where the effect of the adverse circumstances cannot be assessed, a statement to that effect;
 - a list of any other documents that are, in the opinion of Fletcher Building, relevant to a decision about whether to elect to convert Transferred Capital Notes to Fletcher Building Shares, in which case the documents will be included in the pre-conversion statement or the pre-conversion statement will clearly indicate where those documents may be viewed and how they may be accessed; and
 - a statement by Fletcher Building that the pre-conversion statement is not known by Fletcher Building, or any director of Fletcher Building, to be false or misleading in a material particular by reason of failing to refer, or give proper emphasis, to adverse circumstances.

9. NZX waivers

NZX has granted Fletcher Building Industries an exemption from NZSX/NZDX listing rule 11.1.1 to permit a limitation in the Restated Trust Deed that no transfer shall be permissible or be accepted for registration where any proposed transfer would result in the transferor holding Transferred Capital Notes holding an aggregate Principal Amount of less than NZ\$5,000.

NZX has also extended a waiver previously granted to Fletcher Building Industries on 24 November 2008 from NZSX/NZDX listing rule 11.1.1 (which related to two previous series of Fletcher Building Industries Capital Notes) to permit Fletcher Building Industries to restrict the transfer of Transferred Capital Notes to aggregate Principal Amounts of NZ\$1,000.

Notwithstanding these NZX waivers and consistent with the current terms of the Fletcher Building Capital Notes, Fletcher Building Industries will accept any transfer of Transferred Capital Notes below these thresholds, provided that the transfer is in multiples of \$500 and would not result in the transferee or the transferor holding Transferred Capital Notes with the same Election Date having an aggregate Principal Amount of less than \$2,000 or any greater amount which is not a multiple of \$500.

Contact details

A free phone number has been established by Fletcher Building (**0800 888 709**) which you can call if you have any questions about the Proposal.

Appendix 1: Summary of substantive differences between the current Trust Deed and the Restated Trust Deed

The following is a listing of the substantive differences between the current Trust Deed and the Restated Trust Deed that would apply on Implementation of the Proposal. The proposed changes to the Trust Deed have been approved by NZX.

In this Appendix 1, **Transferred Capital Notes** means the Fletcher Building Capital Notes as they would be amended on Implementation of the Proposal.

Current Trust Deed	Restated Trust Deed (as applicable on Implementation of the Proposal)
Issuer/Guarantor	
Fletcher Building is the issuer. Consequently, there is no supporting guarantee.	The obligations of Fletcher Building Industries as the issuer are supported by an unsecured subordinated guarantee from Fletcher Building under the Fletcher Building Guarantee.
Comment: The Fletcher Building Guarantee ensures Noteholders have the same ranking of claim against Fletcher Building as they had prior to Implementation of the Proposal.	
Substitution/change of territory of issuer	
No provisions for restructuring.	Fletcher Building Industries has the power to substitute in its place as issuer another company or to change its jurisdiction of incorporation, subject to satisfaction of certain conditions.
Comment: The powers of substitution and change of territory of the issuer in the Restated Trust Deed are an enhancement of the terms, allowing greater flexibility in the future (subject to the condition in each case that the interests of the Noteholders are not materially prejudiced).	
Amendments to Trust Deed or Conditions	
No provisions for assumption of payment obligations of others.	The Trustee may agree with Fletcher Building Industries and Fletcher Building to amend the terms if the amendment relates to the assumption by Fletcher Building Industries of payment obligations of Fletcher Building in respect of any Fletcher Building capital notes, and the payment obligations are guaranteed by Fletcher Building.
Comment: This provision allows the Fletcher Building Group to consolidate capital notes issued by Fletcher Building into Fletcher Building Industries.	
No dividends or other distributions	
Fletcher Building covenants not to pay any dividend on or make any other distribution in respect of its Fletcher Building Shares at any time while there is any unpaid interest outstanding on the Fletcher Building Capital Notes.	Fletcher Building Industries also covenants that it will not pay any dividend on or make any other distribution in respect of its ordinary shares at any time while there is any unpaid interest outstanding on the Transferred Capital Notes.
Comment: The addition of a restriction on dividends and other distributions by Fletcher Building Industries (as well as the existing restriction on Fletcher Building dividends and distributions, which remains in place) is necessary due to Fletcher Building Industries being the issuer of the Transferred Capital Notes.	
Payments	
Payments under the Fletcher Building Capital Notes may be satisfied by mailing cheques on the relevant interest date to the relevant holders entered in the Register 14 days prior to such interest date, or alternatively by direct credit to any bank account nominated by the relevant holder.	Payments must be satisfied by mailing cheques on the relevant interest date to the holders of Transferred Capital Notes entered in the Register as at 5:00pm on the Friday immediately prior to the date which is 7 business days prior to such interest date, or where that Friday is not a business day, the business day immediately preceding that Friday; or alternatively by direct credit to any bank account nominated by the relevant holder.
Comment: This is simply an administrative refinement to the current Trust Deed. The Restated Trust Deed alters the record date for determining the Noteholders who receive payments by bringing it closer to the actual payment date.	

Appendix 1: Summary of substantive differences between the current Trust Deed and the Restated Trust Deed – continued

Current Trust Deed	Restated Trust Deed (as applicable on Implementation of the Proposal)
Information	
<p>The consolidated financial statements for each financial year or half year (as the case may be), audited in the case of financial statements for a financial year, of <i>Fletcher Building</i> must be provided by Fletcher Building to the Trustee no later than 4 months after the end of the relevant financial years and half years.</p> <p>In addition, two directors of <i>Fletcher Building</i> must provide a signed report on behalf of the company to the Trustee relating to, among other things, any matter that has arisen relating to <i>Fletcher Building</i> and its subsidiaries which would materially and adversely affect its ability to perform its obligations under the Trust Deed and the Capital Notes.</p>	<p>The consolidated financial statements for each financial year or half year (as the case may be), audited in the case of financial statements for a financial year, of <i>Fletcher Building Industries</i> must be provided by Fletcher Building Industries to the Trustee no later than 4 months after the end of the relevant financial years and half years.</p> <p>In addition, two directors of <i>Fletcher Building Industries</i> must provide a signed report on behalf of the company to the Trustee relating to, among other things, any matter that has arisen relating to <i>Fletcher Building Industries</i> and/or <i>Fletcher Building</i> and their respective subsidiaries which would materially and adversely affect the ability of <i>Fletcher Building Industries</i> or <i>Fletcher Building</i> to perform its obligations under the Restated Trust Deed or (in the case of Fletcher Building Industries) the Transferred Capital Notes.</p>
<p>Comment: The amendment of these obligations to refer to financial statements of Fletcher Building Industries and other reports in relation to both Fletcher Building Industries and Fletcher Building flows from Fletcher Building Industries being the issuer of the Transferred Capital Notes. Fletcher Building continues to have an obligation under the Restated Trust Deed (as it does under the current Trust Deed) to make available to the Trustee, and to every Noteholder, a copy of Fletcher Building’s consolidated financial statements for each financial year and financial half year.</p>	
Minimum holdings	
<p>Following an Election Date, a holder who has elected to convert some but not all of the Fletcher Building Capital Notes must continue to hold an aggregate Principal Amount of <i>not less than \$2,000 or any greater amount which is a multiple of \$500</i>.</p>	<p>Following an Election Date, a holder who has elected to convert some but not all of their Transferred Capital Notes, must continue to hold an aggregate Principal Amount of <i>not less than \$5,000 or any greater amount which is a multiple of \$1,000</i>.</p> <p>In addition, unless approved by Fletcher Building Industries (at its absolute discretion), no transfer is permissible or may be accepted for registration where the transfer would result in the transferee or the transferor holding Fletcher Building Industries Capital Notes with the same Election Date having an aggregate Principal Amount of less than \$5,000.</p>
<p>Comment: This alteration to the level of minimum holdings of Transferred Capital Notes is an administrative refinement to the current Trust Deed.</p> <p>Fletcher Building acknowledges that there are some Noteholders with an aggregate Principal Amount of Fletcher Building Capital Notes of less than \$5,000. Fletcher Building Industries would accept those holdings of less than \$5,000 on Implementation of the Proposal.</p> <p>Fletcher Building Industries will also accept any transfer of any of those holdings after Implementation of the Proposal, provided that the transfer is in multiples of \$500 and would not result in the transferee or the transferor holding Transferred Capital Notes with the same Election Date having an aggregate Principal Amount of less than \$2,000 or any greater amount which is not a multiple of \$500.</p>	
Defective election or early election notices	
<p>There is express provision deeming specific outcomes for specific defects in election notices. However, there is no catch all provision specifying an outcome if an election notice is defective in an unspecified manner.</p>	<p>If for any reason (not attributable to Fletcher Building Industries or Fletcher Building) an election notice or early election notice is defective (other than in a manner expressly addressed in the Restated Trust Deed), the holder shall be deemed to have accepted the new terms applicable to their relevant Capital Notes, or in the case of an early election notice shall be deemed to have elected not to convert.</p>
<p>Comment: This is an administrative refinement to the current Trust Deed providing for a deemed rollover of Noteholders’ Transferred Capital Notes if their election notice is defective in a manner not otherwise expressly addressed by the Restated Trust Deed.</p>	

Appendix 2: Summary of terms of the Transferred Capital Notes

The following is a summary of the main terms of the Fletcher Building Capital Notes, as they would be amended on Implementation of the Proposal. At this stage of the Proposal, they will be on the same terms as the Fletcher Building Industries Capital Notes and Fletcher Building Industries will have become the issuer. Accordingly, they are referred to as the **Transferred Capital Notes**.

A copy of the Transfer Deed, which includes the Restated Trust Deed that would apply on Implementation of the Proposal, can be accessed electronically on the Fletcher Building website fletcherbuilding.com and may also be inspected, without charge, during normal business hours at the registered office of Fletcher Building at 810 Great South Road, Penrose, Auckland.

Issuer	<ul style="list-style-type: none"> • Fletcher Building Industries <ul style="list-style-type: none"> - Wholly owned subsidiary of Fletcher Building - Owns 20%¹ of the share capital of Fletcher Building Holdings, which in turn owns directly or indirectly all the Fletcher Building Group's New Zealand operating subsidiaries.
Type of investment	<ul style="list-style-type: none"> • Long-term, fixed rate, unsecured notes • Subordinated in right of payment to all creditors of Fletcher Building Industries except creditors whose claims rank, or are intended or expressed to rank, subordinate to, or equal with, the obligations of Fletcher Building Industries in respect of the Transferred Capital Notes • Claims of holders of the Transferred Capital Notes rank equally amongst themselves • Immediately following Implementation of the Proposal, the only other claims that rank equally with the claims of holders of the Transferred Capital Notes will be (as is presently the case): <ul style="list-style-type: none"> - in respect of claims against Fletcher Building Industries, the claims of the existing holders of \$281 million Principal Amount of Fletcher Building Industries Capital Notes issued under the Fletcher Building Industries Trust Deed; and - in respect of claims against Fletcher Building under the Fletcher Building Guarantee referred to below, the claims of the existing holders of \$281 million Principal Amount of Fletcher Building Industries Capital Notes issued under the Fletcher Building Industries Trust Deed.
Fletcher Building Guarantee	<ul style="list-style-type: none"> • Fletcher Building guarantees, on an unsecured, subordinated basis, all indebtedness of Fletcher Building Industries to the Trustee and the Noteholders under the Restated Trust Deed in respect of the Transferred Capital Notes. The Fletcher Building Guarantee is: <ul style="list-style-type: none"> - granted in favour of the Trustee, and held by the Trustee on behalf of the Trustee and all holders of the Transferred Capital Notes - subordinated such that, in the event of a liquidation of Fletcher Building, the rights and claims of the holders of the Transferred Capital Notes are subordinated in right of payment to the claims of all other creditors of Fletcher Building other than creditors whose claim ranks equal with or subordinate to the Fletcher Building Guarantee <p>The only right of Noteholders against Fletcher Building for payment of indebtedness owed by Fletcher Building Industries is the right to claim, as a subordinated creditor, in the event of the liquidation of Fletcher Building.</p>
Fletcher Building Trustee	<ul style="list-style-type: none"> • Perpetual Trust Limited: <ul style="list-style-type: none"> - holds its rights under the Restated Trust Deed for the benefit of all Noteholders - does not guarantee the repayment of the Transferred Capital Notes or the payment of interest thereon, or the conversion of the Transferred Capital Notes to Fletcher Building Shares or purchase of the Transferred Capital Notes - is entitled to decline to take any action or exercise any power, unless it is indemnified by the Noteholders for its costs and liabilities in taking such action or exercising such power - has duties to act on behalf of the Noteholders in certain limited circumstances and in particular if steps become necessary to collect or protect amounts for them.
Enforcement by Trustee and/ or Noteholders	<ul style="list-style-type: none"> • Breach by Fletcher Building Industries or Fletcher Building of their respective obligations under the Restated Trust Deed or the Conditions, whether a monetary or non-monetary breach, does not entitle the Trustee or the Noteholders to require either Fletcher Building Industries or Fletcher Building to convert the Transferred Capital Notes to Fletcher Building Shares, repay, redeem or purchase the Transferred Capital Notes • Prior to any liquidation of Fletcher Building Industries or Fletcher Building, neither the Trustee nor the Noteholders will have any rights of recourse against Fletcher Building Industries or Fletcher Building, as applicable, other than rights generally available at law

¹ The remaining 80% of the share capital of Fletcher Building Holdings is owned directly by Fletcher Building.

Appendix 2: Summary of terms of the Transferred Capital Notes – continued

Enforcement by Trustee and/ or Noteholders – continued	<ul style="list-style-type: none"> Neither the Trustee nor any Noteholder is entitled to ask, demand, sue or prove for, take or receive, directly or indirectly, whether by exercise of set-off, counterclaim or in any other manner any payment of or in respect of: <ul style="list-style-type: none"> the Transferred Capital Notes from Fletcher Building Industries except after the commencement of the liquidation of Fletcher Building Industries (whether or not Fletcher Building is also in liquidation); or the Guaranteed Indebtedness (as defined in the Restated Trust Deed) from Fletcher Building except after the commencement of liquidation of Fletcher Building (whether or not Fletcher Building Industries is also in liquidation), and then, in the case of a Noteholder, only as may be necessary to preserve such claim of such Noteholder in such liquidation.
Interest Rate/ payment of interest	<ul style="list-style-type: none"> Interest accrues daily on the basis of a 365-day year at the applicable Interest Rate, until the applicable Election Date when it is reset for the period to the next Election Date Interest payments for each series of Transferred Capital Notes are due on the dates specified for that series (or, if that date is not a business day, on the next business day) If interest is not paid by Fletcher Building Industries when due, it will in turn accrue interest daily at the applicable Interest Rate and such interest will be compounded on each subsequent Interest Payment Date Non-payment of interest will not constitute a default by Fletcher Building Industries or Fletcher Building for any purpose Each of Fletcher Building Industries and Fletcher Building covenants not to pay any dividends on, or make any distribution in respect of, in the case of Fletcher Building Industries, its ordinary shares and, in the case of Fletcher Building, Fletcher Building Shares, while any interest payments on the Transferred Capital Notes which have not been paid on the due date remain outstanding.
Election Dates	<ul style="list-style-type: none"> Transferred Capital Notes have an Election Date on the dates specified as such for the relevant series Fletcher Building Industries will determine the subsequent Election Dates as part of the revised terms it offers to Noteholders on the relevant Election Date On the relevant Election Date Noteholders of the relevant Series may either elect: <ul style="list-style-type: none"> to retain some (subject to a minimum of \$5,000 and then in multiples of \$1,000 for Transferred Capital Notes having the same Election Date and Interest Rate) or all of their Transferred Capital Notes for a further period on the new terms and conditions offered by Fletcher Building Industries; or to convert some or all of their Transferred Capital Notes into Fletcher Building Shares at 98 percent of the then Current Market Value of those Fletcher Building Shares. Conversion is conditional on Fletcher Building complying with the requirements of NZSX/NZDX listing rule 7.3.1 in relation to the conversion of the Transferred Capital Notes into Fletcher Building Shares Conversion to Fletcher Building Shares can also occur at an Early Election Date. An Early Election Date will occur if any person, either acting alone or acting in concert with any other person, acquires 70 percent or more, in aggregate, of the Fletcher Building Shares or the right to cast more than 70 percent of the votes on a poll at a shareholders' meeting of Fletcher Building Notwithstanding an election by a Noteholder to convert their Transferred Capital Notes into Fletcher Building Shares, Fletcher Building Industries may at its option, redeem some or all of such Transferred Capital Notes for cash on the relevant Election Date or Early Election Date at their Principal Amount, together with any accrued but unpaid interest Alternatively, Fletcher Building Industries, Fletcher Building or any subsidiary of Fletcher Building may elect to purchase, or have a nominee purchase, some or all of such Transferred Capital Notes for cash on the Election Date at their Principal Amount together with any accrued but unpaid interest.
Quotation	<ul style="list-style-type: none"> Transferred Capital Notes are quoted on the NZDX The Fletcher Building Shares into which the Transferred Capital Notes may convert have been accepted for listing by NZX and will be quoted upon completion of allotment procedures NZX accepts no responsibility for any statement in this Notice of meeting.
No certificates	<p>No certificates for the Transferred Capital Notes will be issued. However, statements will be provided to Noteholders following Implementation.</p>
Further issues	<p>Subject to NZSX/NZDX and ASX listing rules, and the constitutions of Fletcher Building Industries and Fletcher Building, Fletcher Building Industries or Fletcher Building are entitled, from time to time without the consent of the Noteholders, to create and issue further capital notes, ordinary shares or other securities or to incur indebtedness or to issue obligations ranking pari passu in all respects with, junior to, or senior to, the Transferred Capital Notes and otherwise on such terms as Fletcher Building Industries or Fletcher Building, as applicable, may determine.</p>

Appendix 3: Material matters relating to the offer of Fletcher Building Shares

Material matters relating to the offer

On the relevant Election Date, Noteholders may elect to convert some or all of their Transferred Capital Notes into Fletcher Building Shares. Conversion is conditional on Fletcher Building complying with the requirements of NZSX/NZDX listing rule 7.3.1 in relation to the conversion of the Transferred Capital Notes into Fletcher Building Shares. Provided that Fletcher Building Industries does not elect to redeem the relevant Transferred Capital Notes for cash or Fletcher Building Industries, Fletcher Building or any subsidiary of Fletcher Building do not elect to purchase, or have a nominee purchase, for cash the relevant Transferred Capital Notes, then the Fletcher Building Shares to be issued on conversion of the Transferred Capital Notes will be the number of Fletcher Building Shares having a value equal to the Principal Amount of, and accrued and unpaid interest on, those Capital Notes calculated at 98 percent of the then Current Market Value of a Fletcher Building Share.

Material matters relating to the Fletcher Building Shares

The following is a summary of the material rights, privileges, restrictions and conditions attached to Fletcher Building Shares that may be issued by Fletcher Building upon conversion of the Transferred Capital Notes. These rights are the rights of holders of Fletcher Building Shares as at the date of this Notice of meeting. They are subject to change in accordance with the provisions of the constitution of Fletcher Building.

General

Each Fletcher Building Share confers on the holder the right to:

- attend and vote at any meeting of shareholders including, on a poll, the right to cast one vote for each Fletcher Building Share held, subject to the prohibitions in the NZSX/NZDX and ASX listing rules;
- an equal share with other holders of Fletcher Building Shares in dividends authorised by the Fletcher Building Board of Directors in respect of Fletcher Building Shares;
- an equal share with other holders of Fletcher Building Shares in the distribution of surplus assets in the event of the liquidation of Fletcher Building; and
- be sent certain shareholder information relating to Fletcher Building,

and any other rights as a holder of Fletcher Building Shares conferred by the Companies Act and the constitution of Fletcher Building.

Dividends and distributions

Holders of Fletcher Building Shares are entitled to dividends and other distributions as and when declared subject only to the rights of holders of any other securities in Fletcher Building from time to time entitled to special or prior rights to dividends.

The Board of Directors of Fletcher Building may only declare dividends if the Board is satisfied on reasonable grounds that Fletcher Building will, immediately after the distribution, satisfy the solvency test as defined in the Companies Act. Fletcher Building is legally liable to pay such dividends.

Fletcher Building does not have a policy of distributing a fixed percentage of earnings by way of dividend in any year. Rather, in fixing a dividend for any year it considers a number of factors including current and forecast earnings, internal capital requirements, growth options, availability of tax credits and Fletcher Building's debt to equity position. Fletcher Building aspires to ensure a dividend record that means the amount of the dividend is at least maintained and, where circumstances permit, is increased.

As announced on 9 February 2011, it is the current intention of the Board of Directors of Fletcher Building to alternatively frank and impute successive dividends to the maximum extent possible. This means that:

- all interim dividends will be fully franked with Australian tax credits, or franked to the maximum extent possible; and
- all final dividends will be fully imputed with New Zealand tax credits, or imputed to the maximum extent possible.

Further, if any surplus Australian or New Zealand tax credits are still available after fully franking the interim dividend or fully imputing the final dividend for the year, these will also be distributed as circumstances permit.

Appendix 3: Material matters relating to the offer of Fletcher Building Shares – continued

Notwithstanding the dividend policies above, and subject to the limitation on dividends in respect of Fletcher Building shares, the Board of Directors of Fletcher Building has an absolute discretion to change its intentions, to increase or reduce dividends, to authorise dividends at different rates in respect of different classes of Fletcher Building shares, or to authorise no dividends at all on any or all classes of Fletcher Building shares.

Fletcher Building can give no assurance about the level of dividends, if any, or the level of taxation credits attached to dividends. These levels will depend on a number of factors.

Liquidation

In the event of the liquidation of Fletcher Building, Fletcher Building shareholders will not receive any return on capital until Fletcher Building has paid all its creditors (including the costs of liquidation or receivership) and fully discharged any equity securities ranking prior to the Fletcher Building Shares. Any assets remaining after such payments would be distributed to holders of Fletcher Building Shares in proportion to their respective holdings. As at the date of this Notice of meeting, there are no claims ranking equally for priority of payment with Fletcher Building Shares on liquidation.

Right to participate in Fletcher Building Share issues

Fletcher Building may issue Fletcher Building Shares with the approval of holders of Fletcher Building Shares by ordinary resolution or in accordance with the provisions of the listing rules of NZX and ASX contained, or incorporated by reference, in Fletcher Building's constitution. These permit the placement of new Fletcher Building Shares and any securities convertible into Fletcher Building Shares up to certain prescribed levels in any 12 month period, and the issue of new Fletcher Building Shares and any securities convertible into Fletcher Building Shares on a pro rata basis to existing holders of Fletcher Building Shares in proportion to the number of Fletcher Building Shares held by them. Such offers may be renounceable, in which case the transfer of the rights arising under the offers will be subject to any restrictions imposed on the transfer of Fletcher Building Shares under Fletcher Building's constitution.

Buybacks

Fletcher Building's constitution permits it to buyback Fletcher Building Shares subject to certain requirements under NZSX/NZDX and ASX listing rules.

Procedural notes

Voting Form and Attendance Card, Proxies and Representatives

1. All registered Noteholders are entitled to attend and vote at the meeting or to appoint a representative to attend and vote in their place. See also "Voting" below.
2. **Enclosed with this Notice of meeting is a Voting Form and Attendance Card.** To assist Noteholders, the forms have been personalised with individual Noteholder details.

The Voting Form shows your current holding of Fletcher Building Capital Notes, modified as necessary to take account of your election in relation to any FBU 190 March 2011 Capital Notes currently held by you. If at 10.30am on Wednesday, 23 March 2011, your holding of Fletcher Building Capital Notes is different from that shown on the Voting Form, you can update the form at the meeting.

3. **If you will be attending the meeting please bring the Voting Form and Attendance Card with you.**
4. **If you do not wish to attend or are unable to attend, it is recommended that you appoint a proxy.** Noteholders who are corporate entities may appoint a representative to attend and vote in their place. A proxy or other representative need not be a Noteholder.
5. Ralph Waters, Chairman of Fletcher Building and Fletcher Building Industries, offers himself as a proxy to Noteholders and, if nominated by you as your proxy, will vote in favour of the Extraordinary Resolution to be considered at the meeting, unless otherwise directed.
6. If you complete the proxy appointment with a specific instruction to vote for or against the resolution but do not nominate a proxy holder, your Voting Form will be treated as having nominated Ralph Waters, Chairman of Fletcher Building and Fletcher Building Industries, as your proxy holder with instructions to vote on the Extraordinary Resolution as you have specified.
7. If you complete the proxy appointment by nominating a proxy holder but do not complete the voting instructions in respect of the resolution, your Voting Form will be treated as directing proxy discretion on the Extraordinary Resolution.
8. **For the appointment of a proxy to be valid**, the completed Voting Form, including proxy appointment and any power of attorney or other authority under which it is signed (or a copy of the power of attorney or other authority, certified in a manner approved by the Trustee) **must be posted or sent by facsimile or email, to be received no later than 48 hours before the commencement of the meeting (being 10.30am on Wednesday, 23 March 2011), to:**

By post:

Computershare Investor
Services Limited
Private Bag 92119
Auckland 1142
New Zealand

By hand:

Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
New Zealand

By facsimile:

+64 9 488 8787

By email:

corporateactions@computershare.co.nz

Procedural notes

Quorum

1. Before any business can be transacted at the meeting, a quorum must be present.
2. To constitute a quorum for the passing of an Extraordinary Resolution, two or more Noteholders present in person or by proxy, holding or representing in the aggregate a clear majority in the Principal Amount of the outstanding Fletcher Building Capital Notes, must be present at the commencement of business of the meeting.
3. If the quorum is not established within the first 30 minutes from the time appointed for the meeting, the meeting will be adjourned for a period of not less than 14 days, as specified by the chairman of the meeting. Should it be necessary to adjourn the meeting, at least 7 days notice of that adjourned meeting will be given specifying the day, time and place of the adjourned meeting. At such adjourned meeting, two or more persons present in person or by proxy holding Fletcher Building Capital Notes (whatever the number of Fletcher Building Capital Notes so held or represented) will form a quorum and have the power to pass any resolution which could properly have been dealt with at the meeting from which the adjournment took place had a quorum been present at such meeting.

Voting

1. The persons who will be entitled to attend and vote at the Meeting of Noteholders, in person or by representative, are those persons who are entered into the Register of Fletcher Building Capital Notes at 10.30am on Wednesday, 23 March 2011.
2. As permitted under the Trust Deed, the chairman proposes to require voting at the meeting to be determined by a poll.
Every Noteholder present in person, by proxy or by a representative, shall have one vote for every \$1 of the Principal Amount of the Fletcher Building Capital Notes held by that Noteholder. The result of the poll will be available after the conclusion of the meeting, and will be notified on the NZDX.
3. The resolution is an Extraordinary Resolution and must be passed by a majority consisting of not less than three quarters of the votes cast on the poll.
4. If passed by the required majority, the resolution will bind all Noteholders and the Trustee.
5. As at the date of the meeting, Fletcher Building's wholly owned subsidiary, Fletcher Building Holdings will hold Fletcher Building Capital Notes in an aggregate Principal Amount of \$112,230,251 and accordingly will have the ability to cast on a poll 44.9% of the total votes attaching to all outstanding Fletcher Building Capital Notes. Fletcher Building Holdings intends to cast all its votes in favour of the Proposal.

By Order of the Board of Directors



Martin Farrell
Company Secretary

4 March 2011

Glossary

In this Notice of meeting unless the context otherwise requires:

ASX means ASX Limited;

business day means a day (other than a Saturday) on which registered banks are open for general banking business in Auckland and Wellington);

Capital Notes means the unsecured, subordinated capital notes issued by Fletcher Building or Fletcher Building Industries;

Companies Act means the Companies Act 1993;

Company or **Fletcher Building** means Fletcher Building Limited;

Conditions means the conditions of the Transferred Capital Notes, as set out in Schedule 2 of the Restated Trust Deed;

Current Market Value means, in relation to Fletcher Building Shares, the weighted average sale price of a Fletcher Building Share sold on the NZSX on each of the 10 business days immediately following the relevant notification date (being 20 business days after the relevant Election Record Date). If no Fletcher Building Shares have been sold during that period, the weighted average sale price will be deemed to be the price at which Fletcher Building Shares were last sold on the NZSX prior to such period, as determined by NZX;

Early Election Date means, in relation to a series of Capital Notes, the date on which Noteholders may opt to convert those Capital Notes into Fletcher Building Shares in accordance with their terms upon any person, either alone or acting in concert with any other person, acquiring 70 percent or more, in aggregate, of the Fletcher Building Shares or the right to cast more than 70 percent of the votes on a poll at a shareholders' meeting of Fletcher Building on a matter which Fletcher Building shareholders are entitled to vote;

Election Date means, in relation to a series of Capital Notes, the date on which the terms of that series are able to be revised, or that series is able to be redeemed or purchased for cash or converted to Fletcher Building Shares;

Election Record Date means, in relation to a series of Capital Notes, the date 33 business days before the Election Date;

Extraordinary Resolution means a resolution passed as described in the section titled "Voting" on page 19 of this Notice of meeting;

Fletcher Building or **Company** means Fletcher Building Limited;

Fletcher Building Capital Notes means the Capital Notes constituted by the Trust Deed;

Fletcher Building Guarantee means the unsecured, subordinated guarantee given by Fletcher Building on Implementation of the Proposal, as described in Appendix 2: Summary of Terms of the Transferred Capital Notes under the section "Fletcher Building Guarantee";

Fletcher Building Group or **Group** means Fletcher Building and its subsidiaries;

Fletcher Building Holdings means Fletcher Building Holdings Limited;

Fletcher Building Industries means Fletcher Building Industries Limited;

Fletcher Building Industries Capital Notes means the Capital Notes constituted by the Fletcher Building Industries Trust Deed;

Fletcher Building Industries Trust Deed means the trust deed dated 12 November 2002 between Fletcher Building Industries, Fletcher Building and the Trustee as supplemented from time to time;

Fletcher Building Shares means fully paid ordinary shares in Fletcher Building;

Implementation means the amendment of the current Trust Deed and the subsequent transfer of Fletcher Building's obligations as issuer of the Fletcher Building Capital Notes to Fletcher Building Industries as described in this Notice of meeting;

Interest Payment Dates means, in relation to a series of Capital Notes, each date specified as such for that series;

Interest Rate means, in relation to a series of Capital Notes, the rate specified as such for that series;

Investment Statement means the investment statement and prospectus dated and prepared as at 24 January 2001 in connection with the Fletcher Building Capital Notes;

Noteholders means holders of Fletcher Building Capital Notes (or, on Implementation of the Proposal, holders of Transferred Capital Notes);

NZX means NZX Limited;

NZDX means the debt security market operated by NZX;

NZSX means the main board equity security market operated by NZX or any alternative or substitute market for shares or other arrangement in New Zealand on or through which shares may be freely traded and which is generally regarded as the principal such market or arrangement for the trading of shares in New Zealand;

Principal Amount means, in relation to a Capital Note, the principal amount of such Capital Note as recorded in the Register;

Proposal means the proposal to transfer Fletcher Building's obligations as issuer under the Fletcher Building Capital Notes to Fletcher Building Industries, as described in this Notice of meeting;

Register means the register of Fletcher Building Capital Notes maintained by the Registrar;

Registrar means Computershare Investor Services Limited;

Restated Trust Deed means the Trust Deed as it would be amended and subsequently restated on Implementation of the Proposal, as referred to on page 8 of this Notice of meeting;

Securities Act means the Securities Act 1978;

Transfer Deed means the deed under which Fletcher Building Industries takes over Fletcher Building's liabilities as issuer under the Fletcher Building Capital Notes, as referred to on page 8 of this Notice of meeting;

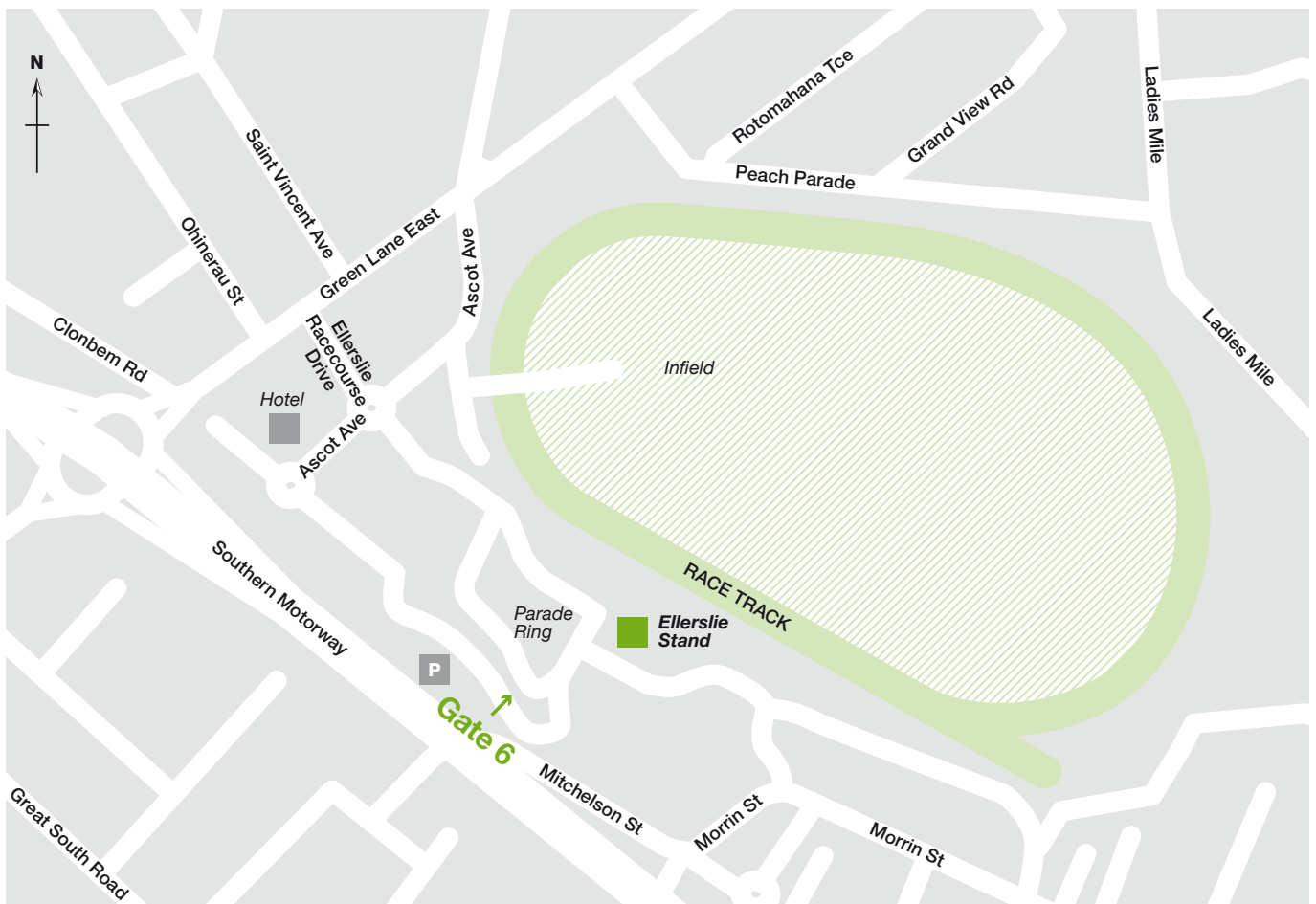
Transferred Capital Notes means the Fletcher Building Capital Notes are transferred to Fletcher Building Industries on implementation of the Proposal;

Trust Deed means the amended and restated trust deed dated 24 September 2001 between Fletcher Building and the Trustee as supplemented by the supplemental trust deed dated 16 March 2009 between Fletcher Building and the Trustee; and

Trustee means Perpetual Trust Limited (or such other trustee as is appointed from time to time as the trustee under the Trust Deed or the Fletcher Building Industries Trust Deed as applicable).

Directions

- From Greenlane Road East, turn into either Ascot Avenue or Eilerslie Racecourse Drive.
- At the first roundabout, proceed along Ascot Avenue to the second roundabout by the Novotel/IBIS Hotel.
- Turn left and proceed down to the main carpark of the racecourse/event centre.
- Park your car and walk through Gate 6 (Main Entrance Gate) to the Eilerslie Stand which is the white building/grandstand you will see straight ahead and slightly to your right as you enter through Gate 6.
- The Remuera Room is on level one of the Eilerslie Stand.



Directory

Registered Office of Fletcher Building Limited and Fletcher Building Industries Limited

Fletcher House

810 Great South Road
Penrose
Auckland 1061

Private Bag 92114
Auckland 1142

T. +64 9 525 9000
F. +64 9 525 9032

E. moreinfo@fb.co.nz
W. fletcherbuilding.com

Registrar

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna
Auckland 0622

Private Bag 92119
Auckland 1142

T. +64 9 488 8777
F. +64 9 488 8787

E. corporateactions@computershare.co.nz

Solicitors to Fletcher Building Limited and Fletcher Building Industries Limited

Bell Gully

Vero Centre
48 Shortland Street
Auckland 1010

PO Box 4199
Auckland 1140

Trustee

Perpetual Trust Limited

Level 12, AMP Centre
29 Customs Street West
Auckland 1010

PO Box 3376
Auckland 1140

T. +64 9 366 3290

Solicitors to the Trustee

Buddle Findlay

PricewaterhouseCoopers Tower
188 Quay Street
Auckland 1010

PO Box 1433
Auckland 1140

Auditor

KPMG

KPMG Centre
18 Viaduct Harbour Avenue
Auckland 1010

PO Box 1584
Auckland 1140

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