FletcherBuilding

News Release

STOCK EXCHANGE LISTINGS: NEW ZEALAND (FBU), AUSTRALIA (FBU).

NEW TAX CREDITING POLICY FOR FLETCHER BUILDING DIVIDENDS

Auckland, 9 February 2011 – Fletcher Building Limited (Fletcher Building) announces that it has changed its approach to allocating New Zealand imputation credits and Australian franking credits to its dividends. The new approach will apply with effect from the 2011 interim dividend to be announced on 16 February 2011.

Under the new approach, Fletcher Building will alternately frank and impute successive dividends to the maximum extent possible. This will mean 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 that year, these will also be distributed to shareholders as circumstances permit.

The new approach will improve the tax effectiveness of the company’s dividend, and in the absence of mutual recognition of tax credits between Australia and New Zealand will help to minimise the wastage of tax credits for shareholders. It will also provide shareholders with greater certainty in relation to the company’s tax crediting.

Based on current tax projections, Fletcher Building expects to fully frank the interim dividend to be announced on 16 February 2011 and to fully impute the final dividend to be announced in August 2011.

New Zealand and non-resident shareholders (other than Australian residents) who maintain the same shareholding throughout the year are expected to receive the same after-tax return as would be the case with spreading the imputation credits over the interim and final dividends equally. The after-tax cash received from each dividend will be different due to the imputation credits available for that year being allocated principally to the final dividend.

Australian shareholders will benefit from the increased tax effectiveness of this approach. Where the interim dividend is fully franked, and the final dividend of the same amount is fully imputed, this will equate to an after tax return of approximately 91% of equivalent fully franked annual dividends of an Australian company.

Australian and other non-New Zealand shareholders will benefit from the supplementary dividend paid to non-resident shareholders to the extent the dividend is imputed. Supplementary dividends are paid to non-New Zealand shareholders to offset the economic cost of New Zealand non-resident withholding tax paid on dividends and may enable the shareholder to claim a tax credit in their home jurisdiction for this New Zealand non-resident withholding tax.

With a high proportion of Fletcher Building's earnings now being derived from New Zealand and Australia, this alternate tax crediting approach provides the most efficient way for the company to provide tax credits to shareholders. It is an approach that is expected to be maintained in future years, subject to legislative and other changes in either jurisdiction, and will be introduced irrespective of the final outcome of the company's current takeover offer for Crane.

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