



### **PACIFIC STEEL PLANT FAILURE**

Auckland, Tuesday 10 October 2006 – A failure in the electric arc furnace transformer at the Pacific Steel mill at Otahuhu occurred on Saturday 7 October 2006. It now appears that the failure is major and may take up to three months to repair. During this time the steel mill will be inoperative. Full replacement of the transformer had been scheduled for early next year and the company is still investigating whether delivery of this new transformer can be advanced.

Pacific Steel's rolling mill and wire mill have not been impacted by the fault and both remain in full production.

Due to current stock levels and alternative supply arrangements that have been secured there should not be any significant disruption to customer requirements.

Fletcher Building Limited is covered by standard machinery breakdown and business interruption insurances. At this early stage the company does not expect that the plant failure will have a material impact on its 2007 financial year results.

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