



### **Fletcher Building settles Formica milestones dispute**

Auckland. 20 December 2010 - Fletcher Building Limited ("Fletcher Building") announced today that it has reached an out of court settlement with Cerberus relating to the Formica acquisition, without admission of liability by either party.

When Formica was acquired in 2007, Fletcher Building agreed to pay to Cerberus up to US\$50 million if certain cost-saving initiatives were implemented. Fletcher Building paid US\$28 million in milestone payments in respect of two of the five initiatives. Of this, US\$18 million has been held in escrow, and US\$10 million was paid to Cerberus. The balance of US\$22 million was not paid due to the dispute over the achievement of the other three cost-saving initiatives. It is this dispute which has now been settled.

As a result of the settlement:

- Fletcher Building will receive back US\$12 million of the US\$ 18 million of funds held in escrow;
- Cerberus will receive US\$6 million of the US\$18 million held in escrow;
- No further payments will be made by either party and all claims and counter claims are now terminated.

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