



## News Release

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

### **FLETCHER BUILDING TO REDUCE MANUFACTURING AT MELBOURNE INSULATION PLANT**

Auckland, 22 April 2010 – Fletcher Building announced today that it has scaled back production at its glasswool insulation plant at Dandenong (Melbourne), following the suspension of operations at the Rooty Hill (Sydney) glasswool insulation plant in March 2010.

The cut-back in production at Dandenong and the suspension of operations at the Rooty Hill plants have resulted from the termination of the Australian Government stimulus package on 19 February 2010. The termination has resulted in major industry participants, including Fletcher Insulation, holding significant excess inventory at current demand rates.

The government stimulus package which commenced in February 2009 was intended to spend A\$3.9 billion insulating 2.7 million houses by December 2011. The programme was progressively reduced in scale to 1.8 million homes in scope, but on termination only 1.1 million homes have been insulated. The government has further announced today that there will be no replacement scheme as originally contemplated.

The scale-back in production at Dandenong has required the number of shifts to be reduced. Combined with the suspension of activities at Rooty Hill, 120 jobs have been affected. Fletcher Insulation General Manager David Isaacs said the loss of jobs was regrettable and the company is working closely with employees to assist them through the process.

As a result of the change in the scheme and the market disruption that has ensued, operating earnings for the Australian insulation business for the full year are forecast to be NZ\$12 million, compared with operating earnings of NZ\$23 million in the six months to 31 December 2009. The forecast for the full year includes one-off costs of NZ\$18 million, comprised principally of redundancy and inventory management costs.

Notwithstanding the revised earnings forecast for the Australian insulation business, Fletcher Building confirmed the guidance given at its half year earnings announcement in February. Net earnings after tax are still expected to fall within the analysts' consensus range as at February 2010, of \$278 million to \$303 million.

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**Contact:**

Philip King

General Manager Investor Relations

Phone: +64 9 525 9043

Mob: +64 27 444 0203