



MANAPOURI TAILRACE CLAIM RESOLVED

Auckland - 27 July 2001, Fletcher Building today announced the resolution of the Manapouri Tailrace claim with Meridian Energy.

Fletcher Building's interest in FDI, the project joint venture with Dillingham Construction International of the United States and STRABAG AG of Austria, is through its wholly owned subsidiary Fletcher Construction. The contractual claim has been in discussion between the parties for approximately two years, and relates to the ground conditions experienced during the drilling of the 10 kilometre tailrace tunnel in Fiordland.

Both parties believe the settlement represents a fair and reasonable outcome. For the FDI joint venture, Mark Binns the Chief Operating Officer of Fletcher Building's Infrastructure group said that "the tunnel drive phase of the project had been exceptionally difficult and I am delighted that the issues have been resolved".

The settlement of the claim is in line with the provisions previously established in Fletcher Construction's financial statements.

Dr. Keith Turner the Meridian Energy Chief Executive said that "the issues were highly complex and the ability of the parties to continue their discussions over such a prolonged period, and maintain a pragmatic view to resolution, is testament to the professionalism of both sides".

Resolution of the claim will ensure the joint venture is totally focussed on completing the concrete lining of the tunnel and other enabling works. The project is expected to be completed in April next year.

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