

Fletcher Building Limited

FBuShare Plan

Employee Tax Summary

This summary is general in nature and is based on the federal income tax laws of the United States as at 8 February 2018 and U.S. taxation obligations in relation to the Fletcher Building Limited Fletcher Building Limited Global Employee Share Plan (**FBuShare** or the **Plan**).

The tax treatment of shares and rights to acquire shares (**Rights**) acquired under the Plan may change from time to time, so it is strongly recommended that you seek your own professional advice in relation to your personal circumstances. Fletcher Building Limited (**Fletcher Building** or the **Company**), its subsidiaries and advisors will not be held responsible for employees who rely on the advice provided in this employee tax summary.

This summary assumes that you are an employee of Fletcher Building (or its subsidiaries) and that you are, and remain, a resident of the United States for tax purposes from the commencement of your participation in the Plan to the eventual sale of any shares acquired under the Plan. There are specific rules regarding those whose residency status changes. These rules need to be considered on a case-by-case basis and you should consult your tax adviser in these circumstances.

This advice is confined to taxation issues and is only one of the matters you need to consider when making a decision about your investments. You should consider taking advice from a licensed adviser, before making a decision about your investments.

The summary is general in nature and the individual circumstances of each participant may affect the taxation implications for that participant. It does not cover state and local tax issues, which will vary depending on your place of work and/or residence. Further, the tax treatment of employee equity plans changes from time to time. Participants should seek appropriate independent professional advice that considers the taxation implications in respect of their own specific circumstances.

February 2018

1. FBuShare plan summary

Under the Plan, you will be provided with the opportunity to contribute after-tax salary to purchase Company shares at market value (**Purchased Shares**); and, for shares purchased by you, Fletcher Building will grant you Rights to a number of free Fletcher Building shares (**Award Shares**). Subject to meeting the award conditions at the end of the Qualification Period (**Vesting**), your Rights to Awards Share will Vest and you will generally receive one Award Share for every two Purchased Shares held at the end of the Qualification Period.

As a Fletcher Building shareholder, you will have full voting rights and receive any dividends on the Purchased Shares during the time the shares are held by the Plan nominee. You are required to participate in the Dividend Programme in respect of the dividends you receive. Under the Dividend Programme, the dividends you receive, net of any New Zealand (or Australian) withholding tax paid on the dividends, will be used to acquire shares (**Dividend Shares**). Dividend Shares also have full voting rights and dividends, and provide you with the opportunity to receive Award Shares if the appropriate Award conditions are satisfied.

Under the Plan, the Purchased Shares, Award Shares and Dividend Shares will be held in the Plan, on your behalf, by the Plan nominee company.

2. Tax summary

A. Purchased Shares

Your tax obligations in respect of your Purchased Shares may be summarised as follows. Detailed tax considerations are in section 3 of this summary.

Event	Tax treatment for employees
Acquisition	You will not be subject to tax at acquisition, provided that you pay fair market value for the Purchased Shares.
Sale	<p>You will be subject to tax on the difference between the sale proceeds less the cost basis of the Purchased Shares and is taxable at capital gains tax rates.</p> <p>If you hold the Shares for 12 months or less from acquisition date, tax will apply at your marginal income tax rate up to a maximum rate of 37% in 2018. If held for more than 12 months, tax will apply at a reduced rate of up to a maximum rate of 20%. An additional surtax of 3.8% may also apply depending on your modified adjusted gross income.</p>

B. Award Shares

Your tax obligations in respect of your Award Shares may be summarised as follows:

Event	Tax treatment
Grant of Rights to Award Shares	There are no tax implications for you.
Allocation of Award Shares	You will be taxed on the fair market value of the shares on the date they are distributed to you following the end of the Qualification Period, at your marginal federal income tax rate. Social Security tax will also be due at this time.
Sale	You will be subject to tax on the difference between the sale proceeds less the cost basis of the Purchased Shares and is taxable at capital gains tax rates.

C. Dividend Shares

Your tax obligations in respect of your Dividend Shares may be summarised as follows:

Event	Tax treatment
Dividend paid	Income tax will apply at the marginal rate of tax on dividends (and paid and re-invested) unless they are deemed to be "qualified" dividends and the shares are held for more than 60 days during the 121-day period beginning 60

	<p>days before the ex-dividend period. If the dividends are considered “qualified”, tax will apply at a reduced rate of up to a maximum rate of 20%. An additional surtax of 3.8% may also apply depending on your modified adjusted gross income.</p> <p>Where you have New Zealand (or Australian) tax withheld on your dividends received from Fletcher Building shares, you may be able to claim a foreign tax credit to reduce any U.S. tax payable on the same amount.</p>
Sale	You will be subject to tax on the difference between the sale proceeds less the fair market value of the Purchased Shares at acquisition (i.e., the amount paid) and is taxable at capital gains tax rates.

3. Detailed tax considerations

A. Purchased Shares

You will not be subject to income tax at the time you acquire Purchased Shares, provided you pay fair market value for the Purchased Shares.

Sale of Purchased Shares

You may be subject to capital gains tax on any gain realised when you sell your Purchased Shares, as calculated below:

Sales proceeds
Less: your cost basis (generally, this is the price you have paid to acquire the Purchased Shares)

If you have held the Purchased Shares for 12 months or less, any gain realised upon sale of the Purchased Shares will be classified as a short-term capital gain and taxed at your marginal Federal income tax rate

Any capital gain realised on the sale of the Purchased Shares held for more than 12 months will be classified as a long-term capital gain. The maximum tax rate for long-term capital gains currently is 20%.

B. Award Shares

You will not be subject to tax when you receive the Rights to Award Shares on the acquisition of Purchased Shares and Dividend Shares.

Acquisition of Award Shares

You will be subject to income tax on the fair market value of the Award Shares on the date the shares are distributed (i.e., at the time the Award Shares are allocated to you upon satisfaction of the Award Conditions) at your marginal Federal income tax rate. The top marginal rate in 2018 is 37%.

You will be subject to FICA (social) taxes at this time, which consists of Social Security and Medicare taxes. FICA is payable at a rate of 6.2% of the first US\$128,400 of wages paid (2018 wage base) for Old Age, Survivor's and Disability Insurance and 1.45% on all of your wages for Medicare. The wage base changes on an annual basis.

An additional 0.9% Medicare tax applies to all wages exceeding \$200,000 (\$250,000 if married filing jointly and \$125,000 if married but filing separately).

Note: State taxes may also be payable and tax may be withheld and rates vary on a state-by-state basis.

Sale of Award Shares

When you sell your shares, you may be subject to capital gains tax, which is calculated as follows:

Sales proceeds
Less: your cost basis (i.e., the amount previously subject to income tax)

Any gain realised on sale of Award Shares held for 12 months or less will be classified as short-term capital gain and taxed at your marginal Federal income tax rate (up to 37%).

Any gain realised on the sale of Award Shares held for more than 12 months will be classified as a long-term capital gain. The maximum tax rate for long-term capital gains is 20%.

Note: You may also be subject to an additional 3.8% surtax depending on your personal circumstances.

C. Dividend Shares

You will be entitled to receive any dividends paid on Fletcher Building shares you hold. You are required to participate in the Dividend Programme to acquire Dividend Shares. As noted below, even though your dividends are paid in the form of Dividend Shares, you may have a tax liability at the time the dividends are paid / Dividend Shares allocated.

You will be subject to income tax at your marginal rate of tax (plus FICA) on any dividends paid to you. The dividends should be subject to tax at a reduced rate of up to a maximum 20% (for the 2018 tax year) if they are deemed to be qualified dividend income and provided the shares are held for more than 60 days during the 121-day period beginning 60 days before the ex-dividend period. An additional surtax of 3.8% may also apply depending on your modified adjusted gross income.

Where you have New Zealand (or Australian) tax withheld on your dividends received from your Fletcher Building shares, you may be able to claim a foreign tax credit to reduce any US tax payable on the same amount.

If you sell your Dividend Shares, capital gains tax may apply to the extent you have a gain (i.e., the proceeds received on the sale of your Dividend Shares exceed the value of the Dividend Share at the time the dividend was re-invested to purchase the share).

4. Your Reporting Obligations

You have an obligation in the United States to file an income tax return and to report the taxable income from your shares.

You are required to report any taxable income arising from your shares, when you sell your shares or when dividends are received on your shares. Dividends must be reported in the year the dividends are paid to you.

5. Employer Withholding Obligations

No employer withholding is required with regard to the Purchased Shares or Dividend Shares.

Income taxes should be withheld by your employer and remitted to the tax authorities with the normal payroll for the period at the time the Award Shares are distributed to you. Your employer is also required to withhold FICA taxes at this time. No withholding is required with regard to the sale of your Award Shares.

6. Employer Reporting Obligations

The employer must report income and FICA taxes withheld on Form 941, which is due on or before the last day of the month following the quarter of acquisition of Award Shares. The employer must also report the taxable benefit and taxes withheld on the employee's Form W-2 for the year in which the Award Shares are acquired. A copy of Form W-2 must be given to the Internal Revenue Service, the Department of Social Security, and the employee by January 31 of the year following the year of distribution of Award Shares.

7. Taxation Illustration

The table below provides an example that illustrates the calculation of federal income tax and CGT as outlined in this summary. It does not provide any indication or assurance of the possible or likely share price. All figures and dates below are assumed; dividends and Dividend Shares have been disregarded for the purposes of this illustration. Different results may apply depending on the figures used and the timing of sale of shares. Your tax advisor will be able to advise you further.

Year 1:	You commence contributions to acquire Fletcher Building Shares and are allocated Purchased Shares on a monthly basis. You acquire 300 Purchased Shares at an average cost of US\$6.15 (based on the US\$/A\$ exchange rates on the dates of purchase) that are held under nominee on your behalf. The cost base of the Purchased Shares is US\$1,845 (the total amount of contributions made during the year).
	You are granted 150 rights to receive Award Shares.
Year 4:	At the beginning of the fourth Plan Year, all your rights to Award Shares 'vest' and Award Shares are allocated to you when the market value of a Fletcher Building share is US\$7.10.
Year 5:	After holding the Award Shares for more than 12 months you sell all your Fletcher Building shares (i.e., 300 Purchased Shares and 150 Award Shares) for US\$7.50 per share. Assume that there are no brokerage and associated sale costs. Let's also assume that your taxable income tax level is greater than US\$500,000 (i.e., assuming the highest marginal rate of 37%) and the capital gains tax rate applicable to you will be 20%.

The table below provides a detailed breakdown of the calculation of income tax and CGT.

Event	Tax Treatment (US\$)
Year 1 (contributions towards Purchased Shares made)	
US\$1,845 contributed over the year to obtain 300 Purchased Shares	N/A
Rights to Award Shares granted	
Year 4 (Award Shares allocated)	
Market value of shares (150 x US\$7.10)	1,065
Taxable income	1,065
Tax on income (@37%)	(394)
Year 5 (Purchased Shares and Award Shares are sold)	
Net sale proceeds (450 x US\$7.50)	3,375
Less: Cost basis of Purchased Shares	(1,845)
Less: Cost basis of Award Shares (income reported in Year 4 for Award Shares)	(1,065)
Net gain	
Taxable capital gain	465
Tax payable (@20%)	465
	(93)
Summary of transactions	
Net sale proceeds	3,375
Less: Tax payable at allocation of Award Shares (Year 4)	(394)
Less: Tax payable upon sale (Year 5)	(93)
Net proceeds after tax¹	2,888

¹Not including the cost of the Purchased Shares. Assumes highest rate of tax but not 3.8% surtax.