Fletcher Building Limited
FBuShare – Employee Tax Summary

The summary below is general in nature and is based on the Samoa income tax laws as at August 2011 and the tax obligations in relation to the Fletcher Building Limited FBuShare ("FBuShare" or the "Plan"). The taxation treatment of employee share awards changes from time to time, so it is strongly recommended that you seek your own professional advice in relation to your personal circumstances. Lesa ma Penn, Ernst & Young, Fletcher Building Limited and its subsidiaries ("Fletcher Building" or the "Company") will not be held responsible for employees who act on the advice provided in this employee tax summary.

The summary also assumes that you are an employee of Fletcher Building and that you are, and remain, a resident of Samoa for tax purposes. There are specific rules regarding temporary residents and 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.

1. Summary

a. Purchased Shares

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

Event	Tax treatment
Acquisition	No tax.
Sale	Capital gains tax is payable on the difference between the sale proceeds and the amount paid to purchase the shares if the shares are sold within three years of the acquisition date. No tax is payable if the shares are sold more than three years after the acquisition date.

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	No tax.
Allocation of Shares (i.e. taxing point)	At allocation you will pay income tax (at your marginal rate) and a 5% National Provident Fund Contribution on the market value of the Award Shares.
Sale	Capital gains tax is payable on the difference between the sale proceeds and the market value of the shares at the allocation date if the shares are sold within three years of the acquisition date. No tax is payable if the shares are sold more than three years after the allocation date.

c. Dividend Shares

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

Event	Tax treatment
Dividend paid	You will pay income tax at your marginal tax rate on any dividends received.
Sale	Capital gains tax is payable on the difference between the sale proceeds and the amount of the dividend received if the Dividend Shares are sold within three years of the dividend payment date. No tax is payable if the shares are sold more than three years after the dividend payment date.

2. Overview of the Plan

Under the Plan, you will be provided with the opportunity to contribute after-tax salary for acquisition of the Company's shares at market value ("**Purchased Shares**"). Upon satisfaction of the Award conditions, you will be eligible to receive additional shares at no cost ("**Award Shares**"). Generally, you will receive one Award Share for every two Purchased Shares held at the end of the Qualifying 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 withholding tax paid on the dividends, will be used to acquire shares ("**Dividend Shares**"). Dividend Shares will provide you with the opportunity to receive Award Shares if the appropriate Award conditions are satisfied.

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

3. Purchased Shares

You will not be subject to income tax on acquisition of the Purchased Shares as the shares are purchased from after-tax salary and at market value.

Sale of Purchased Shares

Capital gains tax is payable on the difference between the sale proceeds and the amount paid to purchase the shares if the shares are sold within three years of the acquisition date.

No tax is payable if the shares are sold more than three years after the acquisition date.

4. 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.

Vesting of Award Shares

You will be taxed on the fair market value of the shares at vesting, as follows:

- The local applicable income tax rates; 27% top marginal tax rate for those earning incomes above Tala 20,000 per annum.
- You will also pay 5% National Provident Fund contributions on the market value of the Award Shares.

Your employer will withhold and pay this tax on your behalf.

Sale of Award Shares

Capital gains tax is payable on the difference between the sale proceeds and the market value of the shares at the allocation date if the shares are sold within three years of the acquisition date.

No tax is payable if the shares are sold more than three years after the acquisition date.

5. Dividend Shares

You will be entitled to receive any dividends paid on your Purchased Shares. Dividends received will be taxed at your marginal tax rate of income tax.

Note: The dividends may be also subject to New Zealand withholding tax. However, as a tax resident of Samoa, you may be able to claim a tax credit on your Samoan tax return for the New Zealand tax paid in the relevant year, up to the amount of Samoa tax otherwise payable on the New Zealand-source dividends.

You are required to participate in the Dividend Programme to acquire Dividend Shares. As noted above, 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.

Sale of Dividend Shares

Capital gains tax is payable on the difference between the sale proceeds and the amount of the dividend received if the shares are sold within three years of the acquisition date.

No tax is payable if the shares are sold more than three years after the acquisition date.

6. Your Reporting Obligations

You must report your income and pay income tax on any dividends received and capital gains payable on sales of shares in your annual tax return.

7. Employer Withholding Obligations

Your employer is required to withhold salary and wages tax (PAYE) in respect to any taxable income arising from your Award Shares at your marginal rate and remit this amount to the MoR.

8. Employer Reporting Obligations

Your employer is required to report details of Award Shares to the MoR in the annual reconciliation statement for the relevant year.

9. Taxation Illustration

This example is provided solely to illustrate the calculation of income tax and CGT as outlined in this summary. It does not provide any indication or assurance of the possible or likely share price. Consistent with this, all figures and dates are assumed and all Dividends and dividend Shares have been disregarded for the purposes of this illustration. Different results can apply depending on the figures used and the timing of sale of shares. Your tax adviser 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 16 WST (based on the WST/AUD exchange rates on the date of purchase) that are held under nominee on your behalf. The cost base of the Purchased Shares is 4,800 WST (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 18 WST.

Year 5: After holding the Award Shares for more than 12 months you sell all your 450 Fletcher Building shares (i.e. 300 Purchased Shares and 150 Award Shares) for 20 WST per share. Assume that there are no brokerage and associated sale costs. Let's also assume that your taxable income level is 60,000 WST.

	WST
Year 1 (contributions acquire Purchased Shares made)	
- 4,800 WST 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 18 WST)	2,700
Taxable income	2,700
Tax on income (@27%)	729
Year 5 (Purchased Shares and Award Shares are sold)	
Net sale proceeds (450 x 20 WST)	9,000
Less: Cost base of Purchased Shares	(4,800)
Less: Cost base of Award shares (income reported in Year 4 for Award Shares)	(2,700)
Net gain	1,500
Taxable capital gain (150 shares sold within 3 years (3000 - 2700))	300
Tax payable (@27%)	81
Summary of transactions	
Net sale proceeds	9,000
Less: Tax payable at allocation of Award Shares (Year 4)	(729)
Less: Tax payable upon sale (Year 5)	(81)
Net proceeds after tax*	8,190

** Not including the cost of the Purchased Shares*