FletcherBuilding

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22 December 2010

Company Announcements Office
Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000

Takeover Offer by Fletcher Building (Australia) Pty Limited for Crane Group Limited

Pursuant to item 5 of subsection 633(1) of the Corporations Act 2001 (Cth) (**the Act**), enclosed is the Bidder's Statement and Offer Document in relation to Fletcher Building (Australia) Pty Limited's (**Fletcher Building Australia**) off-market bid for ordinary shares in Crane Group Limited ACN 008 410 302 (**Crane**).

We note, for the purposes of section 633(4) of the Act, that Fletcher Building Australia has set 7.00pm on 22 December 2010 (AEDT) as the time and date for determining those persons to whom information is to be sent under items 6 and 12 of section 633(1) of the Act. This is specified in Section 11.5 of the Bidder's Statement.

The Bidder's Statement has today been lodged with the Australian Securities and Investments Commission and served on Crane.

Martin Farrell
Company Secretary and General Counsel

Bidder's Statement of Fletcher Building (Australia) Pty Limited ACN 093 539 452

Accept

The offer by Fletcher Building Australia to acquire all your ordinary shares in Crane Group.

Fletcher Building

Advisers to Fletcher Building:

Macquarie

Gilbert + Tobin

Bell Gully

Key dates

This is an important document and requires your immediate attention.

If you are in any doubt as to how to deal with this document, you should consult your broker or your legal, financial or other professional adviser as soon as possible.

22 December 2010

Bidder's Statement lodged with ASIC and ASX.

[ ]

Date of Offer.

[ ]

Date of Offer conditions notice.*

[ ]

Offer closes (unless extended).*

*This date is indicative only and may be changed as permitted by the Corporations Act.

How do I accept the Offer?

You may only accept the Offer for all of Your Crane Shares. Acceptances must be received before the end of the Offer Period.

For Issuer Sponsored Holdings of Crane Shares (Securityholder Reference Number beginning with "I")

To accept the Offer, complete the enclosed Issuer Acceptance Form in accordance with the instructions on it and return it in the enclosed envelope or to the address on the Issuer Acceptance Form so that it is received before 7.00pm (AEDT) on the last day of the Offer Period.

For CHESS Holdings of Crane Shares (Holder Identification Number beginning with "X")

To accept the Offer, either contact your Controlling Participant (usually your broker) and instruct them to accept the Offer on your behalf before 7.00pm (AEDT) on the last day of the Offer Period, or complete the enclosed CHESS Acceptance Form in accordance with the instructions on it and return it in sufficient time for your Controlling Participant to initiate acceptance of the Offer on your behalf before 7.00pm (AEDT) on the last day of the Offer Period. You may use the enclosed envelope or send the form to the address on the CHESS Acceptance Form.

Offer Information Line

If you have any questions in relation to this document, the Offer or how to accept the Offer, please call the **Offer Information Line** on **1300 042 036** (toll free for calls made within Australia), **0800 505 529** (free call for calls made within New Zealand) or **+61 3 9938 4357** (for calls made from outside Australia or New Zealand) from Monday to Friday between 9.00am and 5.00pm (AEDT time). Please note that calls to these numbers may be recorded.

Important information and notices

(a) Bidder's Statement

This Bidder's Statement is given by Fletcher Building (Australia) Pty Limited (ACN 093 539 452) (**Fletcher Building Australia**), a wholly owned subsidiary of New Zealand incorporated Fletcher Building Limited (ARBN 096 046 936) (**Fletcher Building**), to Crane Group Limited (ACN 008 410 302) under Part 6.5 of the Corporations Act and relates to the Offer. This Bidder's Statement is dated 22 December 2010 and includes in Section 12 an Offer dated [ ] January 2011 to acquire all Your Crane Shares.

(b) Australian Securities and Investments Commission

A copy of this Bidder's Statement was lodged with ASIC on 22 December 2010. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

(c) Foreign jurisdictions

Fletcher Building Shares are being offered to Crane Shareholders in New Zealand under the Offer in reliance on the Securities Act (Overseas Takeovers by New Zealand Companies) Exemption Notice 2002. This Bidder's Statement is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (or any other relevant New Zealand law). This Bidder's Statement may not contain all the information that a prospectus or an investment statement under New Zealand law is required to contain.

The distribution of this Bidder's Statement in jurisdictions outside Australia or New Zealand may be restricted by law and any person who comes into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Bidder's Statement does not constitute an offer whether directly or indirectly to any person in any jurisdiction in which it would not be lawful to make such an offer. No action has been taken to register or qualify Fletcher Building Australia or Fletcher Building or otherwise permit a public offering of Fletcher Building Shares outside Australia and New Zealand.

In particular, Fletcher Building Shares have not been, and will not be, registered under the United States Securities Act of 1933 (**Securities Act**) and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act and applicable United States state securities laws.

(d) Disclosure regarding forward looking statements

This Bidder's Statement includes certain forward looking statements and statements of current intention (which include those in Section 5). As such statements relate to future matters, they are subject to inherent risks and uncertainties. These risks and uncertainties include factors and risks specific to the industries in which Fletcher Building and Crane operate as well as matters such as general economic conditions, many of which are outside the control of Fletcher Building and its Directors. These factors may cause the actual results, performance or achievements of Fletcher Building or the Combined Group to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forecasts or forward looking statements. The past performance of Fletcher Building and Crane is not a guarantee of future performance.

None of Fletcher Building or Fletcher Building Australia, the Directors, officers or employees of Fletcher Building or Fletcher Building Australia, any persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement or any statement in the nature of a forward looking statement having regard to the fact that the outcome may not be achieved. The forward looking statements are based on information available to Fletcher Building and Fletcher Building Australia at the date of this Bidder's Statement.

(e) Investment decisions

Nothing in this Bidder's Statement constitutes investment, legal, accounting, business, tax or other advice. Furthermore, this Bidder's Statement does not take into account your individual investment objectives, financial situation or particular needs. You should therefore seek your own financial and taxation advice before deciding whether or not to accept the Offer.

Important information and notices

(f) Information on Crane

All information in this Bidder's Statement relating to Crane has been prepared by Fletcher Building and Fletcher Building Australia using information included in public documents filed by Crane or published by Crane on its website. None of the information in this Bidder's Statement relating to Crane has been commented on or verified by Crane or its Directors or independently verified by Fletcher Building or Fletcher Building Australia or their Directors, officers or employees for the purposes of this Bidder's Statement. Accordingly, subject to the Corporations Act, neither Fletcher Building, Fletcher Building Australia nor any of their respective Directors, officers or employees makes any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on Crane in this Bidder's Statement should not be considered comprehensive. In addition, the Corporations Act requires the Directors of Crane to provide a Target's Statement to Crane Shareholders in response to this Bidder's Statement, setting out certain material information concerning Crane.

(g) Combined Group information

The information on the Combined Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on Crane, has also been prepared using publicly available information and has not been independently verified by Fletcher Building or Fletcher Building Australia or any of their Directors, officers or employees for the purposes of this Bidder's Statement. Accordingly, subject to the Corporations Act, neither Fletcher Building, Fletcher Building Australia nor any of their Directors, officers or employees makes any representation or warranty, express or implied, as to the accuracy or completeness of this information.

(h) Privacy

Fletcher Building, Fletcher Building Australia and its share registry have collected your information from the register of Crane Shareholders for the purposes of making the Offer and, if accepted, administering acceptances of the Offer on your holding of Crane Shares. The Corporations Act requires the names and addresses of Crane Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Fletcher Building, Fletcher Building Australia or its related bodies corporate and external service providers, and may be required to be disclosed to regulators, such as ASIC. The registered office of Fletcher Building Australia is Zenith Centre Tower B, Level 11, 821 Pacific Highway, Chatswood, NSW 2067.

(i) Defined terms and interpretation

Unless otherwise noted, capitalised terms and certain abbreviations used in this Bidder's Statement are defined in the Glossary in Section 13. That Section also sets out certain rules of interpretation which apply to this Bidder's Statement.

(j) Diagrams and data in groups and tables

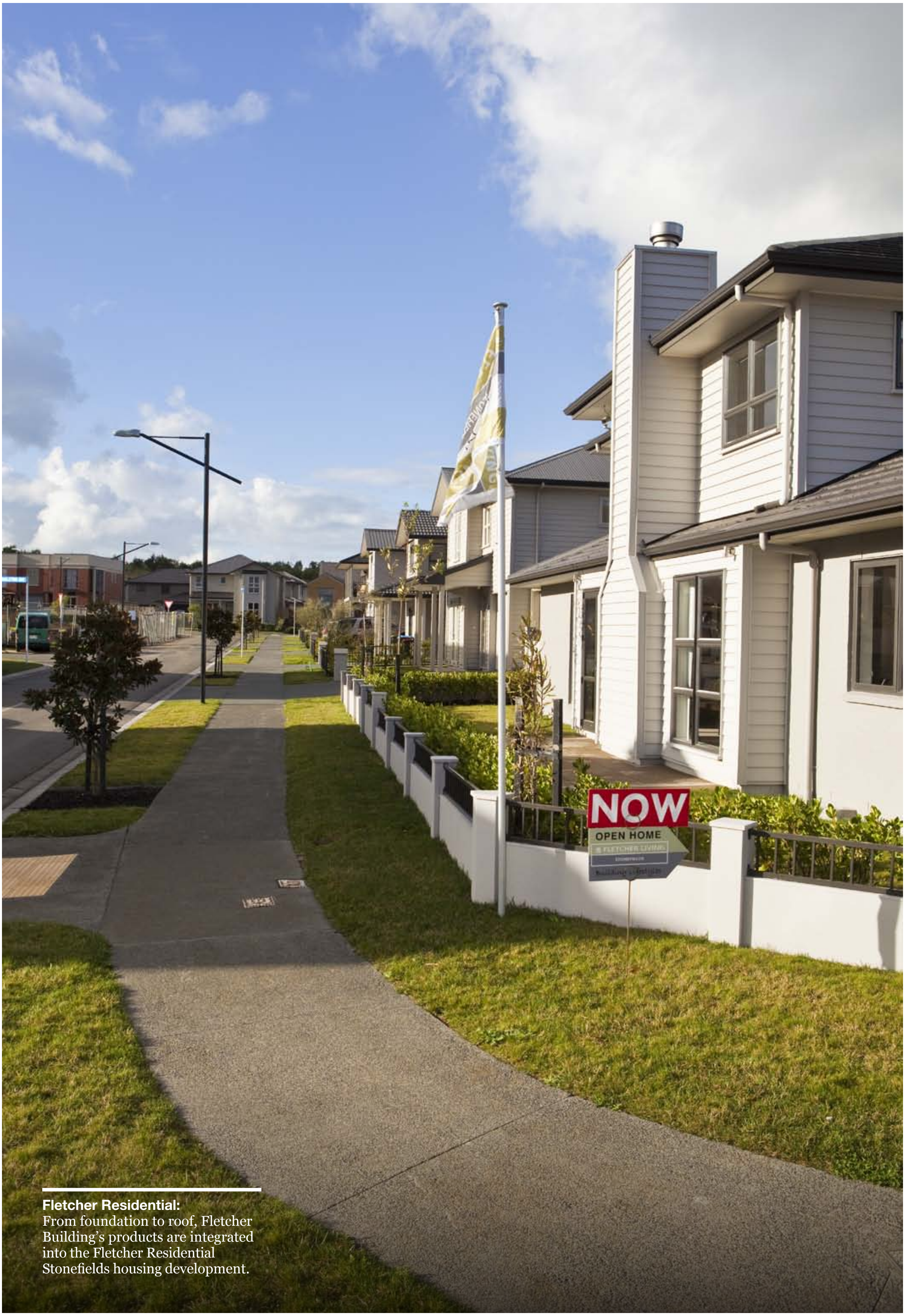
Diagrams appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, graphs and tables is based on information available at the date of this Bidder's Statement.

(k) Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement, including but not limited to those in respect of the Offer consideration, are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Bidder's Statement.

(l) Currency

All references to $, A$, dollars, ¢ and cents are to Australian currency unless otherwise specified.



Fletcher Residential:
From foundation to roof, Fletcher Building's products are integrated into the Fletcher Residential Stonefields housing development.

Chairman's letter

22 December 2010

Dear Crane Shareholders,

Offer for Your Crane Shares

On behalf of the Board of Directors of Fletcher Building Limited (**Fletcher Building**), I am pleased to offer you a substantial premium for your shares in Crane Group Limited (**Crane**), together with the opportunity to participate in Australasia's leading building materials company.[1]

Fletcher Building Australia is offering one Fletcher Building Share and $3.43 in cash for each of Your Crane Shares (the **Offer**). Based on the Fletcher Building Share price on the day prior to announcement of the Offer, the Offer equates to a value of $9.35[2] for each of Your Crane Shares. This is a 28% premium to the one month Crane Share VWAP to 14 December 2010, the date prior to announcement of the Offer. In addition, the Offer represents an attractive valuation multiple for Crane.

Benefits of the Offer

This Offer provides the opportunity to realise an immediate uplift in value from your existing Crane shareholding while also becoming a shareholder in a significantly larger and more diversified company with a track record of delivering superior shareholder returns relative to Crane.[3]

Fletcher Building's origins date back over a century and the company has a long and proud heritage associated with the manufacture and distribution of building materials. Fletcher Building is the largest listed company on the NZX[4] and ranks in the top 70 largest companies on the ASX.[5] Since listing in 2001, the company has pursued a strategy of geographic diversification and has built a portfolio of strong businesses in Australia and beyond. Today, the assets and operating earnings of Fletcher Building's Australian businesses alone are larger than the assets and operating earnings of Crane as a whole.

The Crane businesses are complementary to Fletcher Building's operations in the building materials and trade distribution markets. As a shareholder in the combined Fletcher Building and Crane group, you will have ongoing exposure to the Crane businesses and also become a shareholder in a larger company and benefit from a broader diversification of revenue and earnings by product and geography. The increased scale and breadth of operations generated by the combination is expected to enhance the future competitive position of both companies and on the basis of the pro forma accounts for FY10 the transaction is accretive to Fletcher Building's earnings per share.[6]

Our philosophy is to operate a decentralised structure which empowers the executives responsible for each business unit to operate with a high degree of autonomy. At the same time we look to share best practice across the group to maximise operational and financial performance. Fletcher Building intends to operate Crane within a similar structure, as a separate division within the larger group. We believe this approach will lead to stronger returns from the Crane businesses over time. It is our intention for employees within Crane's trading businesses to remain in their roles on the same or substantially the same conditions that they currently enjoy.

Fletcher Building currently holds Relevant Interests in 14.9% of Crane Shares. Of these Crane Shares, 13.1% were acquired from Crane's four largest institutional shareholders immediately prior to the Announcement Date for $9.35 cash, the same amount as implied by the Offer.[7]

Other information about the Offer

The Offer is subject to a number of conditions, including a 90% minimum acceptance condition and other conditions contained in Section 12.8 of this Bidder's Statement. The Offer is not subject to financing.

I encourage all Crane shareholders to read this Bidder's Statement carefully, before accepting our Offer. If you require additional assistance, please call the Offer Information Line on **1300 042 036** (toll free for calls made within Australia), **0800 505 529** (free call for calls made within New Zealand) or **+61 3 9938 4357** (for calls made outside Australia or New Zealand).

As Chairman of the Fletcher Building Board, I am excited by the future opportunities for the combined Fletcher Building and Crane businesses, and look forward to welcoming you as a shareholder in Fletcher Building.

Yours sincerely,

Ralph Waters
Chairman

1 Measured by market capitalisation of ordinary shares of ASX designated construction materials companies as at the Trading Day prior to the Announcement Date
2 Based on $3.43 in cash plus one Fletcher Building Share at the closing price of $5.92 on ASX on 14 December 2010
3 Refer to Figures 7 and 8 on page 11
4 Measured by market capitalisation of ordinary shares on the NZX 50 Index as at the Trading Day prior to the Announcement Date
5 Measured by market capitalisation of ordinary shares as at the Trading Day prior to the Announcement Date
6 Pro forma analysis excludes the impact of one-off transaction related costs and does not include any unusual items or potential synergy benefits
7 Based on $3.43 in cash plus one Fletcher Building Share at the closing price of $5.92 on ASX on 14 December 2010

Overview of the Offer

This summary provides an overview of the Offer and is qualified by the detailed information contained elsewhere in this Bidder's Statement. You should read the Bidder's Statement in full before deciding whether or not to accept the Offer.

Fletcher Building Australia	Fletcher Building Australia is a wholly owned subsidiary of Fletcher Building, an ASX and NZX listed building materials manufacturer and distributor with operations in New Zealand, Australia, North America, Europe, Asia and the South Pacific.
Offer	Fletcher Building Australia is offering to acquire all of Your Crane Shares by way of an off-market takeover bid. The Offer relates to all Crane Shares on issue on the Register Date which are not already owned by the Fletcher Building Group.
Offer consideration	The Offer consideration is $3.43 cash and one Fletcher Building Share for each of Your Crane Shares.
Offer Period	The date of the Offer is [ ] January 2011. The Offer closes at 7.00pm (AEDT) on [ ] 2011, unless it is extended or withdrawn by Fletcher Building Australia.
Payment of consideration	If you accept the Offer and the Offer becomes unconditional, Fletcher Building Australia will provide you the consideration under the Offer by the earlier of: • 21 days after the end of the Offer Period; or • one month after the later of receipt of your valid acceptance and the date on which the Offer becomes unconditional.[8]
Conditions	The Offer is subject to a number of Conditions, including Fletcher Building Australia and its Associates having Relevant Interests in at least 90% of all Crane Shares on issue. Full details of the Conditions are specified in Section 12.8.
Broker fees	No brokerage costs or stamp duty should be payable by you in accepting the Offer.
Foreign Crane Shareholders	If you are a Foreign Crane Shareholder, you will receive the net proceeds of sale in Australian dollars (after deducting brokerage and other costs) of the Fletcher Building Shares which you would otherwise become entitled to receive by accepting the Offer, as more fully outlined in Sections 11.9 and 12.9(c).
Questions about the Offer	If you have any questions about the Offer or how to accept the Offer, please contact the Offer Information Line on **1300 042 036** (toll free for calls made within Australia), **0800 505 529** (free call for calls made within New Zealand) or **+61 3 9938 4357** (for calls made outside Australia or New Zealand) between 9.00am and 5.00pm Monday to Friday (AEDT) or contact your financial or professional adviser.

[8] Refer to Section 11.9 for details regarding the treatment of Foreign Crane Shareholders

How to accept the Offer

The Offer may only be accepted for all of Your Crane Shares. How you accept the Offer depends on whether Your Crane Shares are in an Issuer Sponsored Holding or a CHESS Holding.

You have been sent an Acceptance Form with this Bidder's Statement (an Issuer Acceptance Form or a CHESS Acceptance Form), which will be the Acceptance Form to be used in relation to Your Crane Shares:

(a) **If you hold Your Crane Shares in an Issuer Sponsored Holding (your SRN starts with an "I")**, to accept the Offer you must complete and sign the enclosed Issuer Acceptance Form in accordance with the instructions on it and return it to the address specified on the form (and set out below) so that it, and any other required supporting documents, are received before the end of the Offer Period.

(b) **If you hold Your Crane Shares in a CHESS Holding (your HIN starts with an "X")**, to accept the Offer you must either:

(i) complete and sign the CHESS Acceptance Form in accordance with the instructions on it and lodge it by returning it to the address specified on the form (and set out below) so that your acceptance, and any other required supporting documentation, is received before 7.00pm at the end of the Offer Period. This will authorise Fletcher Building Australia to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf; or

(ii) instruct your Controlling Participant (for example, your broker) to initiate acceptance of the Offer before the end of the Offer Period; or

(iii) complete the accompanying CHESS Acceptance Form and send the completed CHESS Acceptance Form (together with all other documents required by the instructions on the form) directly to your Controlling Participant in sufficient time for the Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of the Offer on your behalf before the end of the Offer Period.

(c) **If you are a Controlling Participant**, to accept the Offer you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

The postal and delivery addresses for completed Acceptance Forms are as follows:

Fletcher Building Australia's Offer
C/- Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001

The facsimile number for completed Acceptance Forms is:

Facsimile: +61 3 9473 2086

The original form must also be mailed to Computershare.

For full details on acceptance of the Offer see Section 12.4. The transmission of the Acceptance Form and other documents is at your own risk.

You may deliver the Acceptance Form and any associated documents in person between 9.00am and 5.00pm (AEDT) to:

In Melbourne:
Fletcher Building Australia's Offer
C/- Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

In Sydney:
Fletcher Building Australia's Offer
C/- Computershare Investor Services Pty Limited
Level 4
60 Carrington Street
Sydney NSW 2000

Why you should accept the Offer

1	You will receive a substantial premium for Your Crane Shares
2	The Offer values Crane at an attractive valuation multiple
3	You will receive cash and become a shareholder in a larger and more diversified Australasian building materials manufacturing and distribution company
4	Fletcher Building's experienced management team and Board of Directors have delivered superior shareholder returns relative to Crane
5	You will have the opportunity to benefit from the enhanced size, equity market presence and liquidity of the Combined Group
6	The Fletcher Building Group has a Relevant Interest in 14.9% of Crane
7	In the absence of the Offer, the Crane Share price is likely to trade below the Offer consideration[9]

To accept the Offer you should follow the instructions set out in the Section entitled "How to accept the Offer" and on the Acceptance Form. Your acceptance must be received before the Offer Period ends, which is scheduled to be at 7.00pm (AEDT) on [ ] 2011 (unless extended).

[9] Subject to no equivalent or superior offer being made

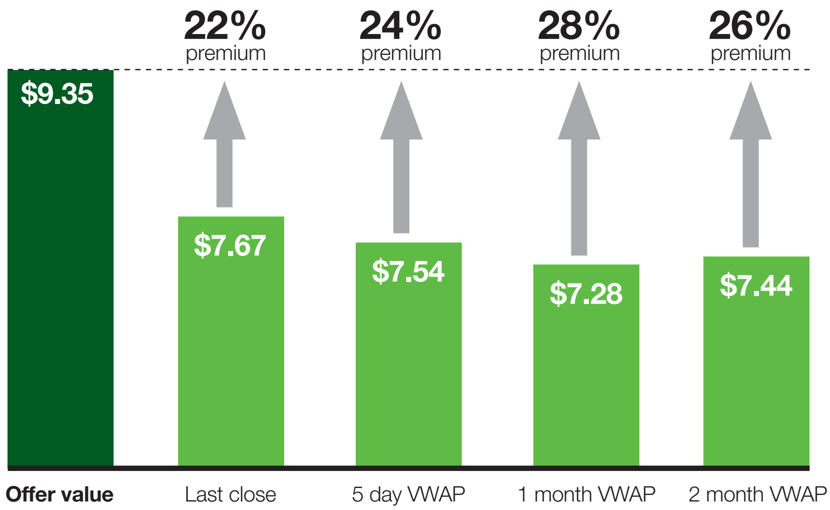
1

You will receive a substantial premium for Your Crane Shares

The Offer of $3.43 cash and one Fletcher Building Share for each of Your Crane Shares implies a value of $9.35 per Crane Share.[10] Measured on 14 December 2010, the Trading Day prior to the Announcement Date, this provides Crane Shareholders with a:

- **22% premium** to the Crane Share price on that date;
- **24% premium** to the 5 day VWAP[11] of Crane Shares;
- **28% premium** to the 1 month VWAP[12] of Crane Shares; and
- **26% premium** to the 2 month VWAP[13] of Crane Shares.

Figure 1: Offer price premium relative to Crane trading prices measured at 14 December 2010



2

The Offer represents an attractive valuation multiple for Crane

Fletcher Building believes that the Offer represents attractive value to Crane Shareholders. The implied value of the Offer of $9.35[14] represents a FY11 P/E multiple of 19.0x and a FY11 EV/EBIT multiple of 11.8x based on median broker estimates of Crane's FY11 earnings.[15]

Figure 2: FY11 P/E multiple[15]

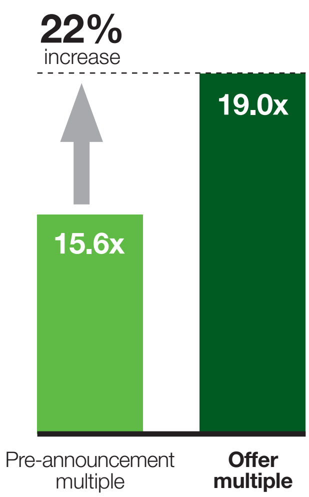
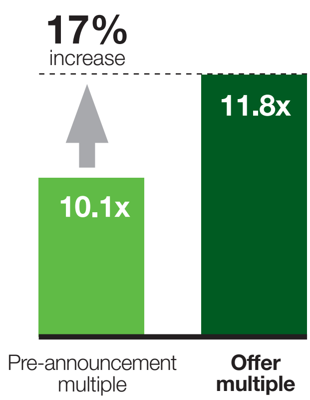


Figure 3: FY11 EV/EBIT multiple[15]



[10] Implied Offer value based on Fletcher Building's closing Share price on ASX of $5.92 on 14 December 2010
[11] Up to and including 14 December 2010
[12] Up to and including 14 December 2010
[13] Up to and including 14 December 2010
[14] Implied Offer value based on closing Fletcher Building Share price on ASX of $5.92 on 14 December 2010
[15] Based on median broker estimates as at 14 December 2010 for Crane's earnings for FY11; median NPAT of $38.9m (range $38.4m to $39.8m); and median EBIT of $75.7m (range $76.4m to $78.0m) (source: Bloomberg – median of 9 brokers (NPAT) and 8 brokers (EBIT) with estimates provided following the Crane AGM on 29 October 2010). Bloomberg has not consented to the use of trading data referred to in this Bidder's Statement. Enterprise value has been calculated using Crane's net debt as at 30 June 2010 of $154m, minorities and preference shares of $1m plus the relevant market capitalisation. Pre-announcement multiples based on the closing Crane Share price of $7.67 on 14 December 2010. Offer multiples based on the implied Offer price of $9.35

3

You will receive cash and become a shareholder in a larger and more diversified Australasian building materials manufacturing and distribution company

Fletcher Building has a long established history and a track record of strong performance in the building materials industries in Australasia, managing a large and diverse portfolio of businesses across multiple product and market segments.

The Crane businesses are complementary to Fletcher Building's Australasian operations, with the combination expected to enhance the growth opportunities available to both companies. As a shareholder of the Combined Group, you will have the opportunity to become a shareholder in a larger company, while also immediately realising a substantial premium for Your Crane Shares under the Offer.

Becoming a shareholder of the Combined Group will provide an exposure to a more diversified earnings profile due to Fletcher Building's breadth and scale of operations across a wide range of products, markets and geographies.

Figure 4: FY10 Revenue by geography ($m)

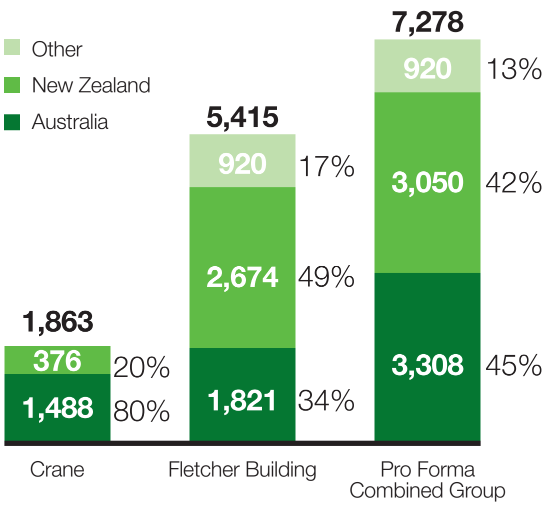
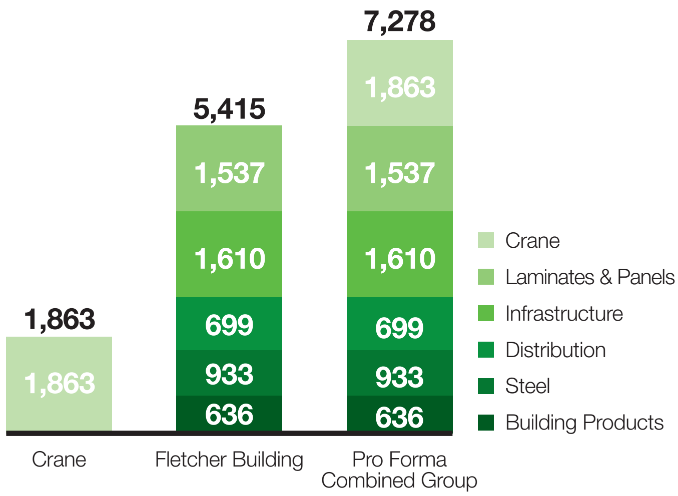
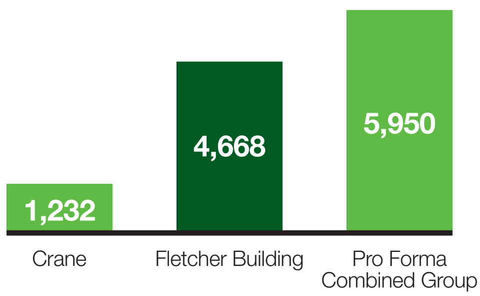


Figure 5: FY10 Revenue by division ($m)



In addition, the Offer provides the opportunity to become a shareholder in a significantly larger company. On a pro forma FY10 basis, the Combined Group will have total assets of $5,950 million (including over $2,900 million of Australian assets) and will have gearing[16] of approximately 33.1%. The increased scale and breadth of the Combined Group's operations is expected to enhance its competitive position and enable additional growth opportunities.

Figure 6: FY10 Total assets ($m)



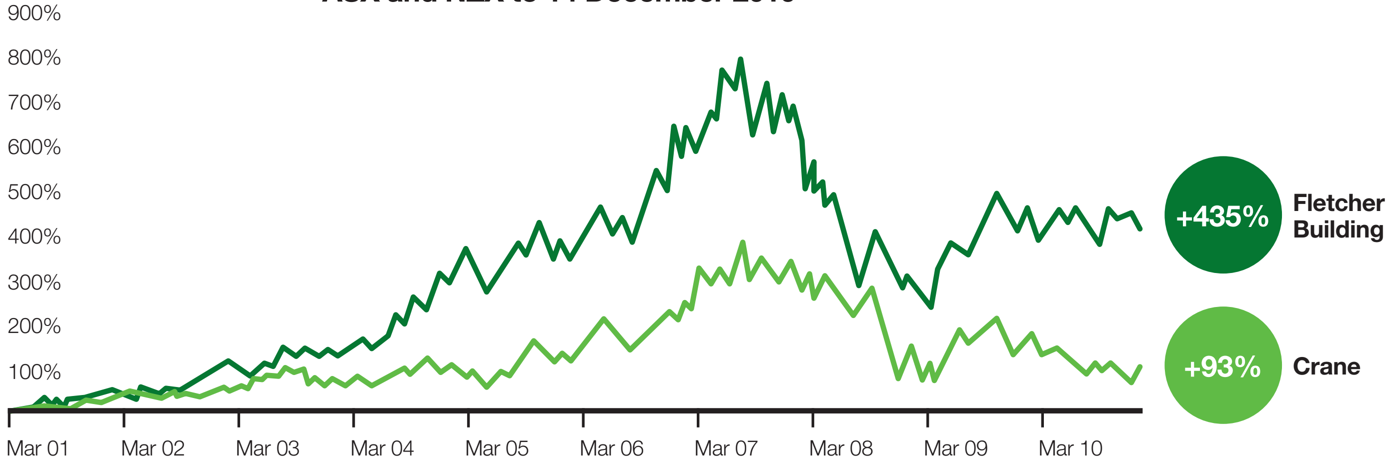
[16] Interest bearing debt (including capital notes) to interest bearing debt (including capital notes) and equity

4

Fletcher Building's experienced management team and Board of Directors have delivered superior shareholder returns relative to Crane

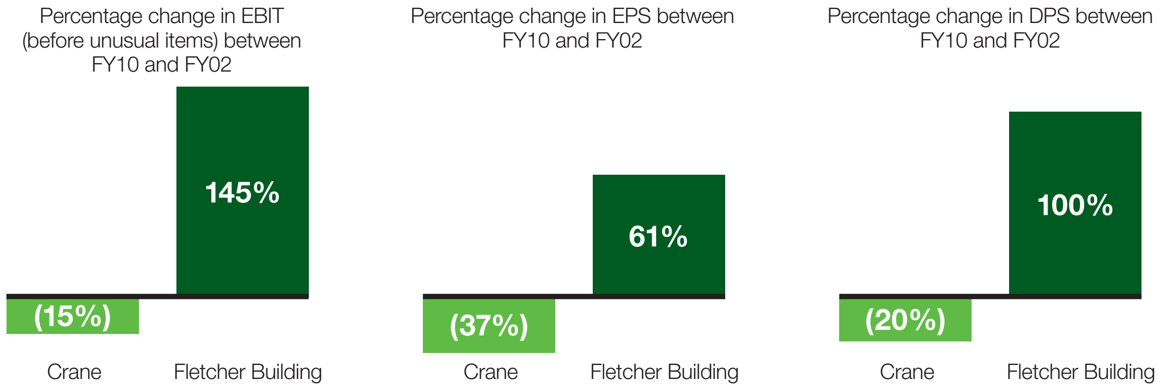
Following Fletcher Building's listing on the ASX and NZX in March 2001[17], it has provided aggregate Total Shareholder Returns (TSR) of 435% compared to Crane's TSR of 93% over the same period, assuming reinvestment of dividends at the declared dividend rate per share.[18]

Figure 7: Aggregate Total Shareholder Returns since Fletcher Building listed on ASX and NZX to 14 December 2010



The strength of Fletcher Building's management and operating model is also evident in its outperformance in earnings growth and dividends paid compared to Crane over the same time period. Fletcher Building has produced substantially higher total growth compared to Crane in EBIT, EPS and declared dividend per share (DPS) in FY10 compared to FY02.[19]

Figure 8: EBIT, Basic EPS and Declared Dividend per share – percentage change between FY10 and FY02[20]



[17] Fletcher Building listed on the ASX and NZX on 26 March 2001 following its separation from Fletcher Challenge

[18] Sourced from Bloomberg as at 14 December 2010. TSR is the capital appreciation of the company's share price on ASX, adjusted for capital management (such as share splits or consolidations), assuming reinvestment of dividends at the declared dividend rate per share. The period analysed is from 29 March 2001 up to and including 14 December 2010. Fletcher Building's TSR is based on holding shares denominated in A$ on ASX

[19] Fletcher Building EBIT, EPS and declared dividend per share have been converted to A$ at the prevailing exchange rates for each year. Crane FY02 and FY10 EBIT sourced from Crane annual reports

[20] FY02 is the first full financial year for Fletcher Building following its separation from Fletcher Challenge and following its listing on ASX and NZX

5

You will have the opportunity to benefit from the enhanced size, equity market presence and liquidity of the Combined Group

By accepting the Offer, Crane Shareholders will have exposure to a company with a significantly larger market capitalisation and considerably more liquidity than Crane.

As at 14 December 2010 Fletcher Building had a market capitalisation of $3,619 million compared to Crane's market capitalisation of $607 million. Further, Fletcher Building's median daily liquidity on each of the ASX and NZX markets has been greater than that of Crane over the 12 months prior to the Announcement Date.

The Combined Group will also have a significantly larger balance sheet and greater capacity to access capital than Crane.

Figure 9: Market Capitalisation and position in the ASX All Ordinaries as at 14 December 2010 ($m)[21]

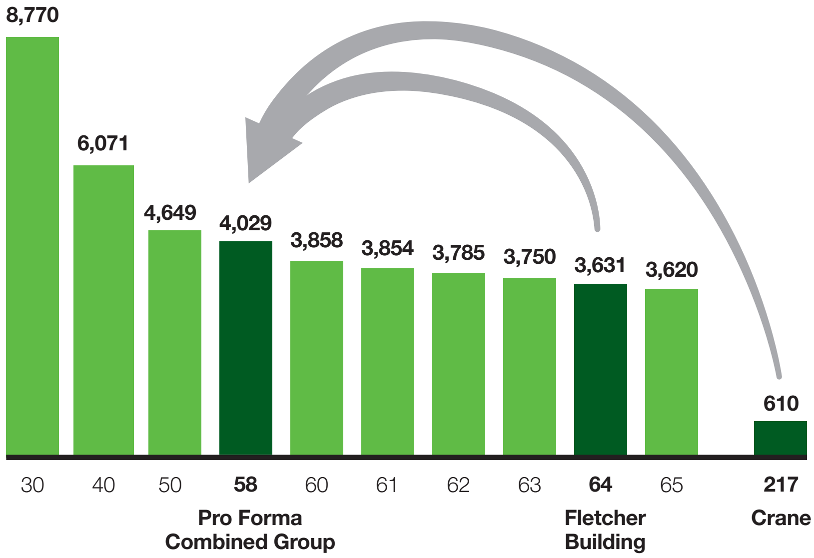
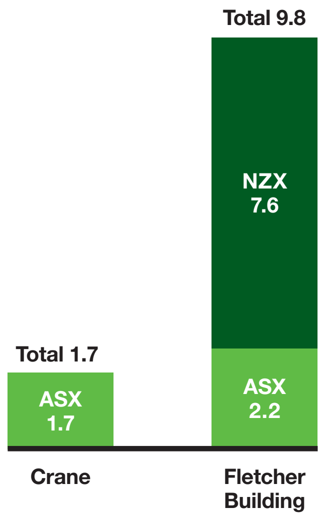


Figure 10: Median Daily Liquidity over the last 12 months to 14 December 2010 ($m)[22]



6

The Fletcher Building Group has a Relevant Interest in 14.9% of Crane

Fletcher Building currently holds a Relevant Interest in 14.9% of Crane Shares. Of these Crane Shares, 13.1% were acquired from Crane's four largest institutional shareholders immediately prior to the Announcement Date for $9.35 cash, the same amount as implied by the Offer.[23]

[21] The Combined Group market capitalisation is calculated by adding the Fletcher Building Shares to be issued to Crane Shareholders as Share Consideration to the existing number of Fletcher Building Shares on issue, multiplied by Fletcher Building's closing share price of $5.92 on 14 December 2010

[22] Based on the median daily number of shares traded from 14 December 2009 to 13 December 2010 multiplied by the relevant closing price on 14 December 2010. Fletcher Building's liquidity includes shares traded on the NZX and ASX (Source: IRESS). IRESS has not consented to the use of trading data referred to in this Bidder's Statement

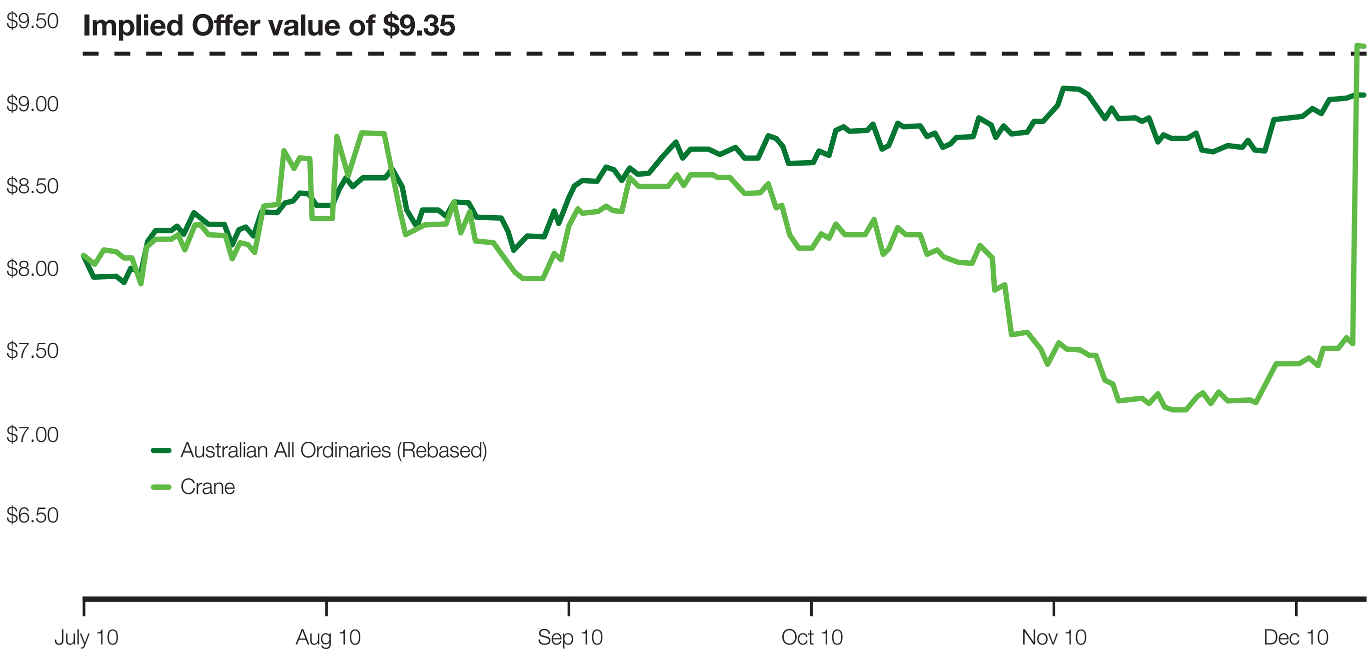
[23] Based on $3.43 in cash plus one Fletcher Building Share at the closing price of $5.92 on ASX on 14 December 2010

7

In the absence of the Offer, the Crane Share price is likely to trade below the Offer consideration

On the day Fletcher Building Australia announced this Offer, the Crane Share price increased by 22.6% at the close of trading. Should Fletcher Building Australia's Offer for Crane not proceed or an equivalent or superior competing offer not emerge, it is likely that the Crane Share price will fall.

Figure 11: Crane's Share price performance[24]



8

Other important considerations for Crane Shareholders

The Offer provides potential for CGT rollover relief

Crane Shareholders who accept the Offer may be eligible for Australian scrip for scrip CGT rollover relief in relation to the Share Consideration that they receive in exchange for Crane Shares (please see Section 10 for further details).

You will not incur any brokerage costs

If you accept the Offer, you should not incur any brokerage costs in relation to the sale of those shares (unless you are a Foreign Crane Shareholder – see Section 11.9 for further information).

[24] Source: IRESS as at 16 December 2010

Frequently asked questions

The table below answers some key questions that you may have about the Offer and should be read in conjunction with the remainder of this Bidder's Statement. You are strongly encouraged to read the entire Bidder's Statement before deciding how to deal with Your Crane Shares.

What is the Offer?	Fletcher Building Australia is making an Offer to acquire all Your Crane Shares. The Offer consideration is $3.43 cash and one Fletcher Building Share for each of Your Crane Shares.
What is the Bidder's Statement?	This Bidder's Statement was prepared by Fletcher Building Australia for distribution to Crane Shareholders. This Bidder's Statement describes the terms of the Offer for Your Crane Shares and information relevant to your decision whether or not to accept the Offer. The Bidder's Statement is an important document. Should you have any doubt as to how to deal with this document, you should consult your financial, legal or other professional adviser.
Who is Fletcher Building?	Fletcher Building is an ASX and NZX listed building materials manufacturer and distributor with operations in New Zealand, Australia, North America, Europe, Asia and the South Pacific with a market capitalisation of $3,619 million.[25] It has operations that generated revenue of $5,415 million for the year ended 30 June 2010. Fletcher Building has significant Australian operations and, for the year ended 30 June 2010, generated revenue of $1,821 million in Australia and had an Australian asset base of $1,787 million.
Who is Fletcher Building Australia?	Fletcher Building Australia is an Australian incorporated wholly-owned subsidiary of Fletcher Building.
Does Fletcher Building currently own Crane Shares?	Fletcher Building currently holds Relevant Interests in 14.9% of Crane Shares. Of these Crane Shares, 13.1% were acquired from Crane's four largest institutional shareholders immediately prior to the Announcement Date for $9.35 cash, the same amount as implied by the Offer.[26]
How do I accept the Offer?	To accept the Offer you should follow the instructions set out in the Section entitled "How to accept the Offer" and on the Acceptance Form. Your Acceptance Form and any required supporting documentation must be received before the Offer Period ends.
Can I accept the Offer for part of my holding?	No, you may only accept the Offer for all, and not part, of your holding in Crane.
How long is the Offer open for?	The Offer opens on [ ] 2011 and is scheduled to close at 7.00pm (AEDT) on [ ] 2011 (unless extended).
Can Fletcher Building Australia extend the Offer Period?	Yes, the Offer Period can be extended at Fletcher Building Australia's discretion in accordance with the Corporations Act. Crane Shareholders will be sent written advice of any extension, and the extension will be announced to ASX and NZX.
What choices do I have as a Crane Shareholder?	As a Crane Shareholder, you have the following choices in respect of Your Crane Shares: • accept the Offer; • sell Your Crane Shares on ASX (unless you have previously accepted the Offer for Your Crane Shares); or • do nothing.

[25] Measured by market capitalisation of ordinary shares as at the Trading Day prior to the Announcement Date.
[26] Based on $3.43 in cash plus one Fletcher Building Share at the closing price of $5.92 on ASX on 14 December 2010

Frequently asked questions

Are there any conditions of the Offer?

The Offer is subject to the Conditions which are set out in full in Section 12.8. These include:

- **(FIRB approval)** the Treasurer of the Commonwealth of Australia gives approval under the Foreign Acquisition and Takeovers Act 1975 (Cth) or provides confirmation that there is no objection to the proposed acquisition and if conditions are imposed, such conditions must be acceptable to Fletcher Building Australia (acting reasonably);
- **(ACCC approval)** Fletcher Building Australia receives written notification from the ACCC that it does not propose to intervene in the Offer and if conditions are imposed by the ACCC such conditions must be acceptable to Fletcher Building Australia (acting reasonably);
- **(Overseas Investment Act approval)** Fletcher Building Australia receives all consents required under the Overseas Investment Act 2005 (NZ) and the Overseas Investment Regulations 2005 (NZ) to complete the acquisition of the Crane Shares;
- **(New Zealand Commerce Commission approval)** Fletcher Building Australia receives written clearance from the New Zealand Commerce Commission and if conditions are imposed by the New Zealand Commerce Commission such conditions must be acceptable to Fletcher Building Australia (acting reasonably);
- **(minimum acceptance)** Fletcher Building Australia and its Associates have Relevant Interests in at least 90% of all of the Crane Shares on issue;
- **(no regulatory action)** no Public Authority takes any action between the Announcement Date and the end of the Offer Period which has a material adverse effect on the Offer, or requires divestiture by the Fletcher Building Group of Crane Shares or assets;
- **(no material adverse change)** no material adverse change in Crane's business or assets occurs between the Announcement Date and the end of the Offer Period;
- **(no distributions)** Crane does not make any distribution other than the interim dividend payable in respect of the 6 months ending 31 December 2010 provided such dividend is no greater than 22 cents per Crane Share;
- **(no prescribed occurrences)** no prescribed occurrence occurs before the end of the Offer Period;
- **(S&P ASX 200 Index)** the S&P ASX 200 Index does not close below 4,290 for 3 consecutive days between the Announcement Date and the end of the Offer Period; and
- **(Fletcher Building Share price movement)** the volume weighted average price of Fletcher Building Shares traded in the ordinary course of trading on ASX on any of the 7 Trading Days before the date of the Offer is not below $5.50.

This is only a summary of the Conditions which are set out in full in Section 12.8.

Do I have to pay any fees?

No brokerage, charges or stamp duty should be payable by you on the acceptance of the Offer. You may incur brokerage costs and GST on those costs, if you choose to sell Your Crane Shares on ASX. If you are a Foreign Crane Shareholder, you will receive the net proceeds of sale in Australian dollars (after deducting brokerage and costs) of the Fletcher Building Shares which you become entitled to receive by accepting the Offer, as more fully outlined in Sections 11.9 and 12.9(c).

If Your Crane Shares are in a CHESS Holding or you hold Your Crane Shares through a bank, custodian or other nominee, you should ask your Controlling Participant or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Offer.

What should I do?

To accept the Offer, you should:

- read this Bidder's Statement in full;
- read Crane's Target's Statement in full (when issued);
- consult your broker, legal financial or other professional adviser if you are in any doubt as to what action to take or how to accept the Offer; and
- accept the Offer in the manner described in the Section entitled "How to accept the Offer" and on the Acceptance Form.

If you have any queries about the Offer, you may also call the Offer Information Line on **1300 042 036** (toll free for calls made within Australia), **0800 505 529** (free call for calls made within New Zealand) or **+61 3 9938 4357** (for calls made from outside Australia or New Zealand) between 9.00am and 5.00pm (AEDT) Monday to Friday.

Frequently asked questions

If I accept the Offer, when will I receive consideration for my Crane Shares?	If you accept the Offer and the Offer becomes unconditional, Fletcher Building Australia will provide you the consideration under the Offer by the earlier of: • 21 days after the end of the Offer Period; or • one month after the later of receipt of your valid acceptance and the date on which the Offer becomes unconditional.[27]
What if I accept the Offer and Fletcher Building Australia increases the Offer consideration?	In accordance with the Corporations Act, if Fletcher Building Australia increases the Offer consideration, you will receive the higher consideration irrespective of when you accepted the Offer.
Will I receive any Crane dividends if I accept this Offer?	Under the Offer, Fletcher Building Australia gets the benefit of all Crane dividends and distributions declared or paid by Crane after the Announcement Date. Accordingly, Crane Shareholders who accept the Offer and receive any Crane dividend or distribution will have their Offer consideration reduced by the value of such dividend or distribution. Crane Shareholders who accept the Offer and receive Fletcher Building Shares will be entitled to any Fletcher Building dividends or distributions provided they are registered holders of Fletcher Building Shares on the record date for such dividend or distribution.
What happens if I do not accept the Offer?	If you do not accept the Offer and you do not sell Your Crane Shares on ASX, you will remain a Crane Shareholder and will not receive any Offer consideration. However, if Fletcher Building Australia becomes entitled to compulsorily acquire Your Crane Shares, it intends to do so. If this occurs, you will still receive the Offer consideration but at a later date than you would have received it if you had accepted the Offer. In that case, you will receive the Offer consideration for Your Crane Shares at the conclusion of the compulsory acquisition process.
What are the tax implications of accepting the Offer?	A general summary of the main Australian and New Zealand taxation implications for certain Crane Shareholders who accept the Offer is set out in Section 10. You should not rely on that description as advice for your own affairs. You should seek your own professional advice in relation to the taxation consequences of the Offer before making a decision as to whether or not to accept the Offer for your Crane Shares.
Will the Fletcher Building Shares issued as Offer consideration be listed on the ASX and NZX?	An application to ASX will be made within 7 days after the commencement of the Offer Period for quotation of the Fletcher Building Shares that may be issued under the Offer. Quotation is not guaranteed or automatic but will depend on ASX exercising their discretion under the ASX Listing Rules. However, as Fletcher Building has already been admitted to the official list of ASX and Fletcher Building Shares (being in the same class as those to be issued under the Offer) are already quoted on both exchanges, Fletcher Building Australia believes quotation of the Fletcher Building Shares will be granted. In accordance with the Corporations Act, the quotation of Fletcher Building Shares on ASX to be issued under the Offer is a condition to the Offer under Section 12.13(d). The Fletcher Building Shares that may be issued under the Offer have been accepted for listing by NZX and will be quoted upon completion of allotment procedures. However, NZX accepts no responsibility for any statement in this Bidder's Statement.
What are the risks of accepting the Offer?	You should carefully consider the risk factors that could affect the performance of Fletcher Building and the Combined Group before deciding whether to accept the Offer. A summary of key risks is set out in Section 7.

[27] Refer to Section 11.9 for details regarding the treatment of Foreign Crane Shareholders

Information on the Fletcher Building Group

Fletcher Building is Australasia's leading building materials manufacturing and distribution company.[28]

[28] Measured by market capitalisation of ordinary shares of ASX-designated construction materials companies as at the Trading Day prior to the Announcement Date

Overview of the Fletcher Building Group

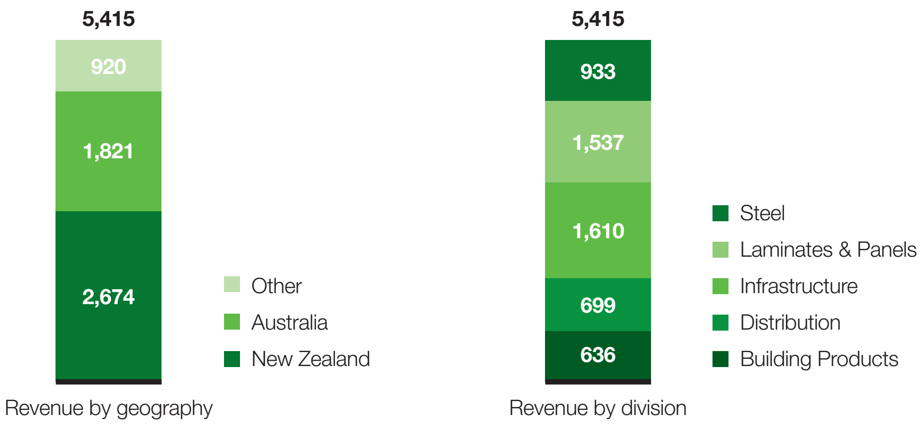
Fletcher Building manufactures, markets and distributes a broad portfolio of building materials into diverse geographies, customers and markets and is listed on both the ASX and NZX. Beyond Australia and New Zealand, Fletcher Building has operations in Asia, North America, Europe and the South Pacific. The principal activities of Fletcher Building as at the date of this Bidder's Statement are set out below.

Division	Principal businesses	New Zealand	Australia	Rest of World	Proportion of FY10 Revenue
Building Products	Gypsum plasterboard manufacturing	✓			12%
	Insulation products manufacturing	✓	✓		
	Metal roof tiles manufacturing	✓		✓	
	Sinkware manufacturing		✓		
Distribution	Nationwide building products distribution	✓			13%
Infrastructure	Aggregates, cement and readymix concrete production and distribution	✓			30%
	Fine aggregates production	✓	✓		
	Concrete products production and distribution	✓	✓		
	Construction contracting	✓		✓	
	Residential home building	✓			
Laminates & Panels	Decorative surfaces and wood panels manufacturing and distribution	✓	✓		28%
	High pressure laminate manufacturing		✓	✓	
Steel	Long steel manufacturing	✓			17%
	Coated steel products manufacturing	✓	✓		
	Distribution and services	✓			

Overview of the Fletcher Building Group

In the financial year ended 30 June 2010, Fletcher Building generated approximately 49% of its revenue within New Zealand, with 34% being generated in Australia and the balance of 17% derived from the rest of the world.

Figure 12: Revenue of the Fletcher Building Group for the year ended 30 June 2010 ($m)



History of the Fletcher Building Group

Fletcher Building's origins date back to 1909 as a builder of residential homes in New Zealand. Over the next 70 years, the original Fletcher business became one of the most recognised building products and construction businesses in Australasia, as well as one of New Zealand's largest companies.

The building operations were a core part of the Fletcher Challenge group during the period from 1981 until Fletcher Building's separate listing on the ASX and NZX in March 2001.

Fletcher Building's pro forma revenue was $1,779 million for the year ended 30 June 2001 and it had a market capitalisation of approximately $600 million at the time of listing. Since then, Fletcher Building has continued to demonstrate strong growth both organically and through acquisitions and has become New Zealand's largest publicly listed company by market capitalisation, with revenue of $5,415 million for the year ended 30 June 2010 and a market capitalisation of $3,619 million.[29]

Fletcher Building now employs approximately 16,000 employees across 40 countries and manages a diversified portfolio of more than 40 businesses in the building materials and construction industries. Fletcher Building's rich history combined with the strength of its current businesses position the company well for its next era of growth and value creation for shareholders.

From neighbourhoods to nations since 1909

[29] Market capitalisation determined as at 14 December 2010 by reference to the NZX 50 Index

AHI Roofing:
One of a number of retirement villages throughout New Zealand that have installed AHI metal roof tiles.

Building Products

The Building Products division manufactures a broad range of building products for the residential and commercial construction markets.

More online:
fletcherbuilding.com/divisions/building-products

Core businesses	Principal activities
Fletcher Insulation, Tasman Insulation New Zealand, Pink Batts	Fletcher Insulation in Australia manufactures a wide range of insulation and acoustic products. Tasman Insulation is New Zealand's only domestic manufacturer of glasswool insulation.
Winstone Wallboards Ltd	Sole New Zealand manufacturer of plasterboard.
AHI Roofing – A Fletcher Building Company, Decra Roofing Systems	Global manufacturer of metal roof tiles. AHI Roofing operates plants in New Zealand, Malaysia and Hungary and Decra serves the US market with a plant in California.
DVS – Heart of a Healthy Home™	DVS Healthy Home Group provides home health and comfort solutions through insulation, heating and cooling products in New Zealand.
Tasman Sinkware	Australian manufacturer of sinkware and accessories.
Fletcher Aluminium – Premium Systems Innovative Solutions	Manufacturer of aluminium window and door systems in New Zealand.

Fletcher Construction:
The redevelopment of Eden Park, in preparation for the 2011 Rugby World Cup, was completed on time and on budget.

Infrastructure

The Infrastructure division consists of a vertically integrated concrete business in New Zealand and concrete products businesses in Australia. The Infrastructure division also includes Fletcher Construction, one of New Zealand's largest and most recognised general construction contractors, and Fletcher Residential, its residential home building business in New Zealand.

More online:
fletcherbuilding.com/divisions/infrastructure

Core businesses (Australia)	Principal activities
Rocla Pipeline Products	Manufacturer and distributor of concrete pipes and other concrete infrastructure products.
Rocla Quarry Products	Operation of quarries for the extraction and processing of construction sands to the building and construction industries for use in premix concrete, glass and other building products.
ACP Australian Construction Products Pty Ltd	Manufacturer of steel road safety barrier systems for the civil engineering, mining and building industries.

Core businesses (New Zealand)	Principal activities
Humes; CSP Pacific	Humes is a manufacturer and distributor of pipeline systems to the infrastructure market. Humes also has an interest in a joint venture which manufactures plastic pipes, trading as Waters & Farr. CSP Pacific is part of Humes and specialises in steel road safety systems for roading construction and maintenance.
Winstone Aggregates	Operation of quarries for the production and distribution of aggregates and waste recycling activities.
Golden Bay Cement – We Commit. We Do.	Manufacturer of cement for readymix concrete producers, concrete product manufacturers, building products distributors and construction contractors.
Firth	Manufacturer of concrete and concrete masonry products for the construction and infrastructure industries.
Fletcher	One of New Zealand's largest construction contractors for major construction projects in New Zealand and the South Pacific.
Fletcher Residential	Land subdivision and home builder.

Distribution

The Distribution division consists of the PlaceMakers building materials distribution business in New Zealand.

More online:
fletcherbuilding.com/divisions/distribution

Business	Principal activities
PlaceMakers® Know how. Can do.	Nationwide supplier of building materials to New Zealand's commercial and residential construction markets. It operates a network of 63 stores and 12 frame and truss manufacturing sites. PlaceMakers represents an important distribution network for Fletcher Building Group products.

PlaceMakers:
Distributing building materials – including Fletcher Building Group products – from 63 stores nationwide.

Laminates & Panels

The Laminates & Panels division comprises the Australasian based panels manufacturer and distributor Laminex, and global high pressure laminates manufacturer, Formica.

More online:
fletcherbuilding.com/divisions/laminates

Businesses	Principal activities
The laminex group	Australian and New Zealand manufacturer and distributor of decorative wood panels, particleboard, medium density fibreboard and other durable surfaces for use in residential and commercial applications. Laminex also distributes high pressure laminate and operates a high pressure laminate plant in Australia.
FORMICA®	Manufacturer of high pressure decorative surface laminates with plants in North America, Europe and Asia. Formica's products are used in both residential and commercial applications.

Laminex:
A modern kitchen fitout showcases Laminex's products.

Pacific Steel Group:
Sustainably delivering quality steel products built for local conditions, with a focus on Zero Harm.

Steel

The Steel division manages a diversified portfolio of products and services including vertically integrated long steel businesses in New Zealand and the Stramit rollforming business in Australia.

More online:
fletcherbuilding.com/divisions/steel

Businesses (Coated steel)	Principal activities
Stramit Building Products; fair dinkum HOMES & SHEDS	Australian manufacturer and distributor of flat coated steel products such as steel roofing, walling, gutters and fascia and roller doors. Stramit also owns Fair Dinkum Homes & Sheds and other Australian garage and shed businesses.
Dimond	New Zealand manufacturer of steel roofing, cladding, structural and rainwater products.
PACIFIC COILCOATERS	New Zealand supplier of painted flat metal products to the rollforming industry.

Businesses (Long steel)	Principal activities
PACIFIC STEEL GROUP CERTAIN STRENGTH	Sole New Zealand manufacturer of long steel products including reinforcing bar, wire and coil.
SimsPacificMetals	New Zealand metal recycling joint venture with the Sims Group.

Businesses (Distribution and services)	Principal activities
Fletcher Reinforcing	New Zealand provider of reinforcing fabrication services for reinforcing bar and mesh.
easysteel	New Zealand processor and distributor of steel products with a nationwide network of sales centres and processing facilities.
CSP COATING SYSTEMS	New Zealand provider of a range of metal coating services such as galvanizing and zinc spraying to metal fabricators.

Board of Directors

As at the date of this Bidder's Statement the Directors of Fletcher Building are:

Ralph Waters

Independent Non-executive Chairman

CP Eng, FIE Aust, M Bus

Mr Waters, 61, has extensive management experience in the Australasian building products industry including as Managing Director of Email, a major industrial company, and until 31 August 2006 as the Chief Executive Officer and Managing Director of Fletcher Building. He is Chairman of Fisher & Paykel Appliances Holdings and a Director of Fonterra Co-operative Group, Westpac New Zealand and the NZDX listed Fletcher Building Industries. Mr Waters is a Chartered Professional Engineer and a fellow of the Institution of Engineers Australia.

Jonathan Ling

Managing Director

BEng, MBA, FIPENZ

Mr Ling, 56, is the Chief Executive Officer and Managing Director of Fletcher Building. He has extensive management experience in the manufacturing industry through his senior management roles in the Laminates & Panels division from 2003 to 2006, and before that in Pacifica, Visy and Nylex. Mr Ling is also a Director of ASB Bank and the NZDX listed Fletcher Building Industries. He is a member of the Business Council of Australia Sustainable Growth Taskforce and during 2008 and 2009 served on the New Zealand Government appointed Capital Markets Development Taskforce.

Tony Carter

Independent Non-executive Director

BE (Hons), ME, MPhil (Loughborough)

Mr Carter, 53, has been until recently Managing Director of Foodstuffs (Auckland) and Foodstuffs (New Zealand), New Zealand's largest retail organisation, and a Director of a number of related companies. Mr Carter joined the Fletcher Building Board in September 2010 ahead of his retirement from Foodstuffs on 1 December 2010. He has extensive experience in retailing having joined Foodstuffs in 1994. Prior to this he owned and operated several Mitre 10 hardware stores, and was a Director and later Chairman of Mitre 10 New Zealand Limited. Mr Carter is a Director of Vector and the NZDX listed Fletcher Building Industries and joined the boards of Air New Zealand and Fisher and Paykel Healthcare as an Independent Director in December 2010.

Hugh Fletcher

Independent Non-executive Director

MCom (Hons), MBA (Stanford), BSc

Mr Fletcher, 63, has had extensive management experience and now holds a number of directorships and advisory positions. He is a Director of Rubicon, the NZDX listed Fletcher Building Industries, the Reserve Bank of New Zealand, Vector and Insurance Australia Group, a member of the New Zealand advisory board of L.E.K. Consulting, a councillor of the University of Auckland and a trustee of the New Zealand Portrait Gallery.

Alan Jackson

Independent Non-executive Director

BEng (Hons), PhD (Auckland), MBA (IMD Management Institute)

Dr Jackson, 57, was until 2009 chairman Australasia, Senior Vice President and Director of The Boston Consulting Group. He has been an international management consultant since 1987 with The Boston Consulting Group with experience at the most senior levels of international and government business. He has worked across a range of industries including resources, diversified industrials, building products and construction sectors. Dr Jackson is a Fellow of the Institution of Professional Engineers, is chairman of the Housing New Zealand Corporation, a Director of the NZDX listed Fletcher Building Industries and of New Zealand Racing and a trustee of The Icehouse Auckland.

John Judge

Independent Non-executive Director

BCom, FCA

Mr Judge, 57, has considerable experience in Australasian business and brings further financial and analytical knowledge to the Fletcher Building Board. His career includes various roles within Ernst & Young culminating in the position of Chief Executive of Ernst & Young New Zealand. He is a Director of ANZ National Bank and NZDX listed Fletcher Building Industries and Chairman of the Accident Compensation Corporation and the Auckland Art Gallery Foundation and a member of the University of Otago Business School advisory board.

Gene Tilbrook

Independent Non-executive Director

BSC, MBA (University of Western Australia)

Mr Tilbrook, 59, was Finance Director at Wesfarmers Limited until his retirement in May 2009. He led Wesfarmers' business development group, becoming Executive Director, Business Development in 2002 and Finance Director in 2005. Mr Tilbrook is Chairman of Transpacific Industries Group and a Director of the NZDX listed Fletcher Building Industries, QR National, the GPT Group and the Australian broadband company, NBN Co. He is a councillor of Curtin University of Technology and the Australian Institute of Company Directors (WA).

Kerrin Vautier

Independent Non-executive Director

CMG, BA, FInstD, LEANZF

Mrs Vautier, 65, is a research economist specialising in competition law and economics. She has served on a number of Government agencies and private organisations, including as a member of the New Zealand Commerce Commission and chair of the New Zealand Institute of Economic Research, the New Zealand Committee of the Pacific Economic Cooperation Council and the New Zealand Asia Institute Advisory Board. Currently, she is a Director of the Reserve Bank of New Zealand and the NZDX listed Fletcher Building Industries. She also chairs the Musica Sacra Trust and the board of trustees of the Auckland City Mission. Mrs Vautier is a lay member of the High Court of New Zealand under the Commerce Act.

At the date of this Bidder's Statement the Directors of Fletcher Building Australia are Ralph Waters and Jonathan Ling.

Senior Management

As at the date of this Bidder's Statement the Senior Management of the Fletcher Building Group are:

Jonathan Ling

Chief Executive Officer and Managing Director

Refer to biography in Section 1.4.

Mark Adamson

Chief Executive – Laminates & Panels – Formica

Mr Adamson, 45, joined the Formica Group in 1998 as Chief Financial Officer of the European Division followed by the role of Managing Director UK and Eire and in 2004 became President of Formica Europe. He became the Chief Executive of Formica Corporation in 2008. Prior to joining Formica Corporation he was Financial Controller of the pharmaceutical company GlaxoSmithKline. Mr Adamson holds a Bachelor of Arts degree in Business Finance from Northumbria University UK. He is a member of the English Institute of Chartered Accountants and the Institute of Taxation.

John Beveridge

Chief Executive – Distribution

Mr Beveridge, 49, joined Fletcher Building as General Manager of Fletcher EasySteel in 1998. He was General Manager of Golden Bay Cement and General Manager of the Pacific Steel Group, before being appointed Chief Executive of the Distribution Division in 2009. Mr Beveridge holds a Bachelor of Arts (Economics) from University of Otago, and a post-graduate diploma in Marketing at the University of Auckland. In 2005, he completed the Senior Executive Program at Columbia University, New York.

Mark Binns

Chief Executive – Infrastructure

Mr Binns, 54, joined Fletcher Challenge Limited in 1989 from the partnership of a large Auckland law firm. He previously held roles in Challenge Properties before he became Chief Executive of Fletcher Construction, followed by his present role as Chief Executive of the Infrastructure Division. In his current role he has responsibility for the New Zealand and Australian concrete related businesses and New Zealand construction and residential building activities. Mr Binns holds a Bachelor of Laws Degree from the University of Auckland.

Chris Ellis

Chief Executive – Building Products

Mr Ellis, 51, was appointed Chief Executive of the Building Products Division in December 2006. Prior to taking this role he was General Manager of Winstone Aggregates having previously held management roles within Fletcher Construction. Mr Ellis holds a Bachelor of Engineering degree from the University of Canterbury and a Masters degree (Engineering, Science and Management) from Stanford University in California. In 2006 he completed the Advanced Management Program at the Wharton School of Business in Philadelphia.

Martin Farrell

Company Secretary and General Counsel

Mr Farrell, 56, joined Fletcher Challenge in 1980 where he headed the tax function across the Fletcher Challenge Group. In early 2000 he also became Company Secretary and his current responsibilities include board, governance, legal and taxation matters. Mr Farrell has a Bachelor of Commerce and a Bachelor of Law degrees from the University of Otago. He is a Chartered Accountant and a member of the New Zealand Institute of Chartered Accountants.

Peter Merry

Executive General Manager – Human Resources

Mr Merry, 59, joined Fletcher Building as the General Manager – Human Resources in January 2002. He is trustee for the Fletcher Building Retirement Plan. Prior to joining Fletcher Building, Mr Merry was the Executive General Manager – Program Office and Human Resources for CLEAR Communications. Before moving to New Zealand in 1999 he held senior human resource roles in the South African retail sector. Mr Merry was educated in Cape Town, South Africa, where he gained his Bachelor of Business Science and Master of Business Administration degrees.

Bill Roest

Chief Financial Officer

Mr Roest, 62, held several leadership roles in the New Zealand finance sector before joining Fletcher Challenge Limited upon the acquisition of Group Rentals in 1986. Since then, he has been Managing Director of Fletcher Residential and Fletcher Aluminium prior to his present position. He is responsible for Fletcher Building's finance, treasury, information technology, risk management and investor relations functions. Mr Roest is an Associate and a member of the New Zealand Institute of Chartered Accountants and a fellow of the Association of Certified Corporate Accountants (UK).

David Worley

Chief Executive – Laminates & Panels – Laminex

Mr Worley, 57, was General Manager of James Hardie Industries in New Zealand prior to joining Fletcher Building in January 2002 as the Chief Executive of the Distribution Division. His broad business background also includes the role of General Manager in Auckland Healthcare Services and senior positions in Whitcoulls and Carter Holt Harvey. Mr Worley is based in Australia and is responsible for managing the Australian and New Zealand manufacturing and distribution operations of Laminex. Mr Worley gained his Bachelor of Commerce and Master of Business Administration degrees from the University of Auckland and has completed the Harvard Business School Program for global leadership.

Paul Zuckerman

Chief Executive – Steel

Mr Zuckerman, 47, became Chief Executive of the Steel Division in May 2007. Prior to joining Fletcher Building, Mr Zuckerman held the position of President, Greater China within BlueScope Steel Limited, having held increasingly senior management roles in that company, based in USA and Australia, over the last 11 years. Prior to this his business background included eight years at PPG Industries, a leading global manufacturer of industrial coating, glass and chemical products. Mr Zuckerman gained his Bachelor of Science degree in Chemistry from Syracuse University and his Master of Business Administration from Ohio State University.

Financial profile of the Fletcher Building Group

(a) Basis of presentation of historical financial information

The historical financial information below relates to the Fletcher Building Group on a stand-alone basis and accordingly does not reflect any impact of the Offer. It has been derived from information reported in the full financial statements for the Fletcher Building Group for the five years ended 30 June 2010 which includes the notes to the accounts. The full financial statements can be found at **fletcherbuilding.com**.

The financial information presented below has been translated into Australian dollars using the following exchange rates:

A$1.00 = NZ$	Balance Sheet closing exchange rate	Earnings Statement and Statement of Cashflows average exchange rate
30 June 2010	1.2241	1.2557
30 June 2009	1.2418	1.2333
30 June 2008	1.2626	1.1659
30 June 2007	1.1014	1.1480
30 June 2006	1.2237	1.1187

Financial profile of the Fletcher Building Group

(b) Historical financial information of the Fletcher Building Group

(i) Earnings Statement

The earnings statements of the Fletcher Building Group for the five years set out below have been derived from the audited consolidated earnings statement of the Fletcher Building Group for the five years ended 30 June 2010.

Earnings Statement			**Fletcher Building Group**		
	Year Ended June 2010 A$M	Year Ended June 2009 A$M	Year Ended June 2008 A$M	Year Ended June 2007 A$M	Year Ended June 2006 A$M
Sales	5,415	5,759	6,082	5,162	4,934
Cost of goods sold	(4,095)	(4,412)	(4,554)	(3,873)	(3,664)
Gross margin	1,320	1,347	1,528	1,289	1,270
Selling and marketing expenses	(513)	(540)	(565)	(372)	(361)
Administration expenses	(405)	(379)	(393)	(346)	(333)
Share of profits of associates	21	19	37	24	26
Other gains/(losses)	(8)	6	52	13	1
Unusual items – restructuring and impairments		(324)		4	
Operating earnings (EBIT)	**415**	**129**	**659**	**612**	**603**
Funding costs	(85)	(114)	(117)	(75)	(78)
Earnings before taxation	330	15	542	537	525
Taxation expense	(105)	(46)	(129)	(99)	(169)
Earnings/(loss) after taxation	**225**	**(31)**	**413**	**438**	**356**
Earnings attributable to minority interests	(8)	(6)	(12)	(16)	(17)
Net earnings/(loss) attributable to the shareholders	**217**	**(37)**	**401**	**422**	**339**

Earnings Statement – before unusual items					
Operating earnings before unusual items	415	453	659	608	603
Funding costs	(85)	(114)	(117)	(75)	(78)
Taxation expense on ordinary activities	(82)	(78)	(129)	(169)	(169)
Earnings attributable to minority interests	(8)	(6)	(12)	(16)	(17)
Net earnings before unusual items	**240**	**255**	**401**	**348**	**339**
Net unusual items	(23)	(292)		74	
Net earnings attributable to the shareholders	**217**	**(37)**	**401**	**422**	**339**

Net earnings per share (cents)					
Basic	35.8	(7.0)	80.0	88.8	72.7
Basic (excluding unusuals)	**39.6**	**48.5**	**80.0**	**73.3**	**72.7**
Weighted average number of shares outstanding (millions of shares)					
Basic	606	526	501	475	466

Financial profile of the Fletcher Building Group

(ii) Balance Sheet

The balance sheet of the Fletcher Building Group for the five years set out below has been derived from the audited consolidated balance sheet of the Fletcher Building Group as at 30 June 2006 through to 30 June 2010.

Balance Sheet	Fletcher Building Group				
	June 2010 A$M	June 2009 A$M	June 2008 A$M	June 2007 A$M	June 2006 A$M
Assets					
Current assets:					
Cash and liquid deposits	91	80	88	301	40
Current tax asset				17	28
Debtors	910	895	994	888	746
Stocks	892	841	937	677	574
Total current assets	1,893	1,816	2,019	1,883	1,388
Non current assets:					
Fixed assets	1,559	1,622	1,686	1,375	1,282
Goodwill	670	681	676	357	284
Intangibles	334	339	318	214	204
Investments in associates	154	157	169	112	92
Investments – other	58	60	23	17	13
Total non current assets	2,775	2,859	2,872	2,075	1,875
Total assets	**4,668**	**4,675**	**4,891**	**3,958**	**3,263**
Liabilities					
Current liabilities:					
Provisions	50	77	44	42	48
Creditors and accruals	912	802	823	743	716
Current tax liability	20	22	32		
Contracts	78	73	91	124	84
Borrowings	70	83	148	162	138
Total current liabilities	1,130	1,057	1,138	1,071	986
Non current liabilities:					
Provisions	14	16	17	16	10
Creditors and accruals	52	53	55	55	51
Retirement plan liability	36	45	48		
Deferred taxation liability	40	11	48	(3)	(24)
Borrowings	926	1,089	1,402	734	769
Total non current liabilities	1,068	1,214	1,570	802	806
Total liabilities	**2,198**	**2,271**	**2,708**	**1,873**	**1,792**
Equity					
Reported capital	1,562	1,526	1,080	1,203	793
Revenue reserves	816	722	945	872	555
Other reserves	64	130	125	(32)	87
Shareholders' funds	2,442	2,378	2,150	2,043	1,435
Minority equity	28	26	33	42	36
Total equity	**2,470**	**2,404**	**2,183**	**2,085**	**1,471**
Total liabilities and equity	**4,668**	**4,675**	**4,891**	**3,958**	**3,263**

Financial profile of the Fletcher Building Group

(iii) Statement of Cashflows
The statement of cashflows of the Fletcher Building Group for the five years set out below has been derived from the audited consolidated statement of cashflows of the Fletcher Building Group for the five years ended 30 June 2010.

Statement of Cashflows	**Fletcher Building Group**				
	Year Ended June 2010 A$M	Year Ended June 2009 A$M	Year Ended June 2008 A$M	Year Ended June 2007 A$M	Year Ended June 2006 A$M
Cashflow from operating activities:					
Receipts from customers	5,412	5,903	6,056	5,106	4,915
Dividends received	19	31	32	10	25
Interest received		3	3	3	3
Total received	5,431	5,937	6,091	5,119	4,943
Payments to suppliers, employees and other	4,858	5,295	5,522	4,530	4,265
Interest paid	86	120	106	79	79
Income tax paid	72	90	91	89	98
Total applied	5,016	5,505	5,719	4,698	4,442
Net cash from operating activities	**415**	**432**	**372**	**421**	**501**
Cashflow from investing activities:					
Sale of fixed assets	30	42	56	28	5
Insurance proceeds from loss of plant				55	
Total received	30	42	56	83	5
Purchase of fixed assets	151	234	286	217	202
Purchase of investments	2	1	13	3	11
Purchase of subsidiaries		2	891	82	24
Total applied	153	237	1,190	302	237
Net cash from investing activities	**(123)**	**(195)**	**(1,134)**	**(219)**	**(232)**
Cashflow from financing activities:					
Issue of shares	2	418		280	
Issue of capital notes		150	7		57
Total received	2	568	7	280	57
Net debt settlements	115	542	(754)	18	180
Repurchase of capital notes	37	75		44	13
Distribution to minority shareholders	10	16	24	23	23
Dividends	120	184	167	147	114
Total applied	282	817	(563)	232	330
Net cash from financing activities	**(280)**	**(249)**	**570**	**48**	**(273)**
Net movement in cash held	12	(12)	(192)	250	(4)
Add opening cash and liquid deposits	80	88	301	40	46
Effect of exchange rate changes on net cash	(1)	4	(21)	11	(2)
Closing cash and liquid deposits	**91**	**80**	**88**	**301**	**40**

Financial profile of Fletcher Building Group

(c) Management commentary on FY10 historical results

(i) Operating performance

For FY10, the Fletcher Building Group recorded net earnings before unusual items of $240 million. The result compares with $255 million recorded in FY09.

FY10 operating earnings (earnings before interest and tax) before unusual items were $415 million compared with $453 million in FY09.

The underlying earnings figure was down on FY09, reflecting significant changes in Fletcher Building markets during the year. Residential markets in Australia and New Zealand showed modest recovery, but they remained weak in Europe and North America. Government funded infrastructure spending in New Zealand and Australia continued to underpin results, but commercial construction activity in most of Fletcher Building's key markets remained subdued.

The FY10 result was driven by improved performances within a number of business units as a result of the cost reduction initiatives implemented during the year and improved trading conditions in the New Zealand and Australian residential housing markets.

(ii) Shareholder returns

FY10 earnings per share excluding unusual items were 39.6 cents, compared with 48.5 cents in FY09.

FY10 return on funds employed[30] improved to 12.7% from 11.9% in FY09, excluding unusual items.

(iii) Cashflow and capital expenditure

FY10 cashflow from operations was $415 million compared with $432 million in FY09. The positive cashflow was assisted by the ongoing focus on tight working capital management.

Capital expenditure for FY10 was $153 million compared with $237 million in FY09. Of this, $110 million related to "stay in business" capital expenditure, and $43 million to new growth initiatives.

(iv) Capital management and funding

The balance sheet was strengthened during FY10 with positive operating cashflows used to further reduce debt levels. Gearing[31] at 30 June 2010 was 26.8% compared with 31.1% at the end of FY09.

The Fletcher Building Group had total available funding of $1,919 million[32] as at 30 June 2010 including capital notes, of which $923 million was undrawn.

(d) Current trading and outlook

As at the date of this Bidder's Statement, the most recent market and performance outlook provided by Fletcher Building to investors was made on 17 November 2010 at its Annual Shareholders Meeting. Comments on market outlook and trading made on that date included:

- Trading performance in the first 4 months of FY11 has been in line with budget and ahead of the same period in both halves of FY10.
- Assuming continued gradual improvement in New Zealand construction volumes, robust economic performance in Australia and Asia, and stable markets in Europe and North America, net earnings after tax for the year ending 30 June 2011 should fall within the range of analysts' forecasts as at 17 November 2010 (NZ$311 million to NZ$405 million) and broadly in line with the average of analysts' consensus estimates (NZ$357 million).

The most recent presentations and announcements for Fletcher Building, including any change in expectations of trading performance or market outlook, can be obtained from the Investor Centre on its website at **fletcherbuilding.com**.

30 In New Zealand dollar terms
31 Interest bearing debt (including capital notes) to interest bearing debt (including capital notes) and equity
32 Committed interest bearing debt facilities including capital notes

Financial profile of the Fletcher Building Group

1.7 Corporate Governance

The Fletcher Building Board is committed to the highest standards of behaviour and accountability. In establishing its governance policies and procedures Fletcher Building has adopted the eight principles recognised by the ASX Corporate Governance Council in its report of August 2007. The Fletcher Building Board has also considered practices and trends in corporate governance in other jurisdictions and has incorporated these where appropriate.

Details of Fletcher Building's corporate governance procedures, policies and practices can be obtained from its website **fletcherbuilding.com** or from Fletcher Building's 2010 Annual Report.

1.8 Publicly available information on Fletcher Building

Fletcher Building is a listed disclosing entity for the purposes of the Corporations Act and is subject to regular reporting and disclosure requirements under the Corporations Act, the ASX Listing Rules, NZSX Listing Rules, the New Zealand Securities Markets Act 1988, the New Zealand Companies Act 1993 and the New Zealand Financial Reporting Act 1993.

A substantial amount of information is publicly available concerning Fletcher Building and may be accessed by referring to the ASX website **asx.com.au** and the NZX website **nzx.com**. Further details are provided in Section 11.8.

1.9 Further information

Further information concerning the Fletcher Building Group (including copies of financial statements) may be obtained from Fletcher Building's website at **fletcherbuilding.com**.

Information on Fletcher Building securities

2.1 Fletcher Building issued securities

As at the date of this Bidder's Statement, Fletcher Building has issued the following securities:

(a) 611,250,393 Fletcher Building Shares – refer to Section 9 for further details of the rights and liabilities attaching to Fletcher Building Shares;

(b) 250,000,000 Fletcher Building Capital Notes – discussed in more detail at Section 2.6;[33] and

(c) 1,000,000 Fletcher Building Options – discussed in more detail at Section 2.7.

2.2 Recent trading of Fletcher Building Shares

Fletcher Building is listed on ASX and NZX. The last recorded sale price of Fletcher Building Shares on the ASX on the Trading Day immediately before the Announcement Date was $5.92.

The highest recorded sale price of Fletcher Building Shares on ASX in the four months before the Valuation Date was $[ ].

The lowest recorded sale price of Fletcher Building Shares on ASX in the four months before the Valuation Date was $[ ].

From the Announcement Date to the Trading Day immediately before the date of this Bidder's Statement, Fletcher Building Shares have traded on the ASX between $5.68 and $5.86. The VWAP of Fletcher Building Shares traded on ASX over this period was $5.75.

The following chart shows the last sale price of Fletcher Building Shares on ASX in the 12 months prior to the Trading Day immediately before the Announcement Date.

2.3 Dividend policy and history

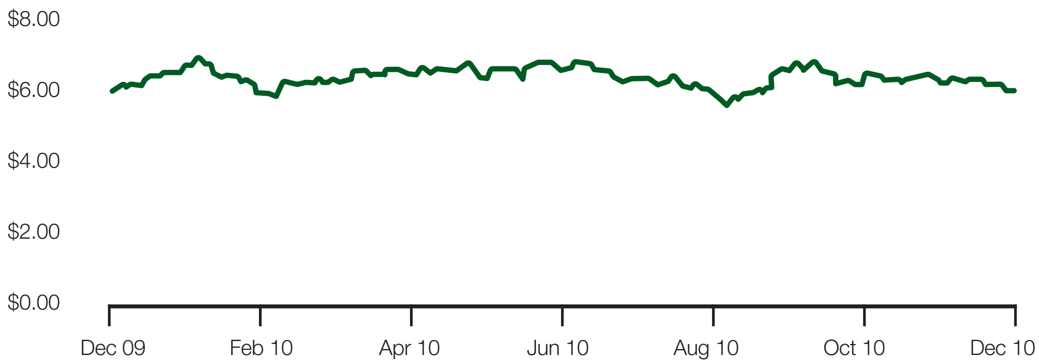
Fletcher Building does not have a stated policy of distributing a fixed percentage of earnings by way of dividend in any year. Rather, in fixing a dividend for any year it considers a number of factors including current and forecast earnings, internal capital requirements, growth options, availability of tax credits and Fletcher Building's debt equity position.

It is the current intention of Fletcher Building to attach New Zealand imputation credits and, where circumstances permit, Australian franking credits to dividends paid on Fletcher Building Shares held by New Zealand residents and by non-residents. Since 2006, Fletcher Building has followed a policy to accumulate Australian franking credits until it has the ability to attach full credits to a dividend payment, rather than pay partially franked dividends. The current expectation is that the FY11 interim dividend, to be paid in April 2011, will be fully franked, although beyond this there can be no assurance that future dividends will be fully franked.

Fletcher Building's dividends are declared in NZ dollars and paid in either Australian dollars or NZ dollars depending on the shareholder's country of residence. In addition, Fletcher Building pays a supplementary dividend to each non-New Zealand shareholder who owns less than 10% of Fletcher Building which has the effect of offsetting the cost of New Zealand withholding tax on that part of the dividend which is fully imputed under New Zealand tax law.

In 2001, Fletcher Building established a Dividend Reinvestment Plan (**DRP**) to allow Fletcher Building Shareholders the opportunity to directly increase their investment in Fletcher Building by applying dividends received on some or all of their existing Fletcher Building Shares in the acquisition of additional shares in Fletcher Building.

Figure 13: Fletcher Building's Share price on ASX for the 12 months to 14 December 2010



[33] In addition, Fletcher Building's wholly owned subsidiary, Fletcher Building Industries Limited, has on issue 281,320,000 capital notes
[34] Interest bearing debt (including capital notes) to interest bearing debt (including capital notes) and equity

Information on Fletcher Building securities

In view of Fletcher Building's strong balance sheet and low level of gearing,[34] the Fletcher Building Board determined that the DRP would not operate for the 2010 final dividend.

Set out below is a chart showing the dividends declared and paid by Fletcher Building since 2006.

Fletcher Building dividend history	FY10	FY09	FY08	FY07	FY06
Interim dividend declared (NZ$ cps)	14.0	24.0	24.0	22.0	19.0
Final dividend declared (NZ$ cps)	15.0	14.0	24.5	23.0	21.0
Total dividend declared (NZ$ cps)	29.0	38.0	48.5	45.0	40.0
Dividend paid (A$ cps)[35]	22.1	31.0	41.6	39.1	34.5
New Zealand imputation (%)	50%	55%	100%	100%	100%
Australian franking (%)	0%	0%	51%	51%	18%

2.4 Share and incentive plans

(a) Executive Long-Term Share Scheme

Fletcher Building has established an Executive Long-Term Share Scheme (**Long-Term Scheme**) which enables participants to purchase shares in Fletcher Building at market value with the assistance of an interest free loan. Executives are invited to participate in the Long-Term Scheme at the discretion of the Fletcher Building Board.

Shares allocated to participants under the Long-Term Scheme are subject to a minimum three-year restrictive period. The price at which such shares are allocated to a participant is determined by the volume weighted average market price of Fletcher Building Shares for the five business day period prior to 1 October in each year. Vesting of the shares in the participants is subject to their continued employment and the achievement of certain performance objectives. The restrictive period for shares issued under the Long-Term Scheme may terminate early in certain cases, including if a participant ceases employment with the Fletcher Building Group for a qualifying reason (for example, due to redundancy or sickness). If this occurs, a determination will be made as to the extent to which the performance objectives have been met and the extent to which legal title to the shares will pass to the participant.

As at the Announcement Date, 2,569,735 Fletcher Building Shares were held on behalf of employees under the Long-Term Scheme.

(b) Global Employee Share Plan

Fletcher Building is intending to implement a global employee share plan in the first quarter of 2011. The proposed plan will be an employee contribution plan under which employees may acquire Fletcher Building Shares through regular salary or wage deductions. The Fletcher Building Shares will be purchased on behalf of the employees each month at the market value then applying. If employees hold their purchased shares and remain employed within the Fletcher Building Group for three years, Fletcher Building will issue or transfer to them a fixed ratio of Fletcher Building Shares (initially, one share for every two shares held for the three year qualifying period) at no additional cost to the employees. There will be an annual maximum limit of approximately A$4,000 on the amount that an employee may contribute to the plan. It is anticipated that the plan will be offered to over 94% of the Fletcher Building Group's employees in the majority of the countries where the businesses operate. Should the Offer be successful, Crane employees in eligible countries will in time be eligible to participate in the plan as employees of the Combined Group.

[35] Actual dividends paid in Australian dollars, excluding any supplementary dividend, in respect of the interim and final dividends for those financial years

Information on Fletcher Building securities

2.5
Substantial Shareholders

Based on publicly available information, the following persons have disclosed substantial shareholdings in Fletcher Building Shares on the Announcement Date:

Fletcher Building Shareholder	Fletcher Building Shares	%[36]
Perpetual Limited and its subsidiaries	86,210,991	14.1
The Capital Group Companies, Inc	36,750,610	6.0
Perennial Value Management Limited	34,327,434	5.6
IOOF Holdings Limited	31,787,683	5.2

A list of the top 20 shareholders of Fletcher Building as at 31 July 2010 is set out in its 2010 annual report, which is available from Fletcher Building's website, **fletcherbuilding.com**.

2.6
Fletcher Building Capital Notes and Fletcher Building Industries Capital Notes

Fletcher Building has on issue 250,000,000 capital notes in three series, as follows:

Series	Number of capital notes on issue	Next election date	Coupon
FBU190	68,252,000	15 March 2011*	7.55%
FBU210	88,579,500	15 March 2012	7.5%
FBU220	93,168,500	15 March 2015	8.5%

*Details of the reset terms of this series of capital notes will be sent to noteholders in late January 2011.

In addition, Fletcher Building's wholly owned subsidiary, Fletcher Building Industries Limited (formerly Fletcher Building Finance Limited) has on issue 281,320,000 capital notes in four series, as follows:

Series	Number of capital notes on issue	Next election date	Coupon
FBI040	75,000,000	15 March 2013	8.9%
FBI050	111,857,000	15 May 2014	9.0%
FBI060	19,463,000	15 May 2016	9.0%
FBI070	75,000,000	15 May 2016	7.75%

[36] Based on 611,250,393 Fletcher Building Shares

Information on Fletcher Building securities

As at 30 June 2010 the Fletcher Building Group held NZ$131 million of these issued capital notes as treasury stock available for resale.

These capital notes are long-term fixed rate unsecured subordinated notes. On each election date, the coupon rate and term to the next election date of that series of the capital notes is reset. Holders may then choose either to keep their capital notes on the new terms or to convert the principal amount and any interest into Fletcher Building Shares, at approximately 98% of the then current market price. To date, Fletcher Building has never issued Fletcher Building Shares to capital note holders who have chosen to convert their capital notes. Rather, Fletcher Building has exercised its right either to purchase or redeem the capital notes for cash at the principal amount plus any outstanding interest. Under the terms of the capital notes, non-payment of interest is not an act of default although unpaid interest is accrued and is interest bearing at the same rate as the principal of the capital notes. Fletcher Building has covenanted not to pay dividends to its shareholders while interest that is due and payable on capital notes has not been paid.

The capital notes are listed on the NZDX but do not carry general voting rights and do not participate in any change in value of Fletcher Building Shares.

Fletcher Building is proposing to seek noteholder approval for the consolidation of the capital notes with the effect that the current series of capital notes issued by Fletcher Building will be exchanged for equivalent series of capital notes issued by Fletcher Building Industries Limited. This will not impact on the conversion rights or security ranking of these capital notes.

2.7 Fletcher Building Options

On 1 September 2006 Fletcher Building issued 500,000 options to its Chief Executive Officer and Managing Director under an executive option scheme. The exercise price of the share options was initially NZ$9.24 and has been increased annually by Fletcher Building's cost of capital, less actual dividends paid. As at 30 June 2010 the exercise price was NZ$10.33. The final exercise date is 1 September 2012. A further 500,000 share options were issued to the Chief Executive Officer and Managing Director on 8 September 2009, at an exercise price of NZ$7.78 and has been increased annually by Fletcher Building's cost of capital, less actual dividends paid. As at 30 June 2010 the exercise price was NZ$8.03. The restrictive period is until 1 September 2012 and the final exercise date is 1 September 2015. The options carry no dividend or voting rights.

2.8 Minimum bid price principle valuation date

For the purposes of the Offer, Fletcher Building Australia may rely on the provisions of ASIC Class Order 00/2338, "Relief from the minimum bid price principle s621(3)".

Class Order 00/2338 requires the value of Fletcher Building Shares provided as consideration under the Offer to be ascertained at any time nominated by Fletcher Building Australia (**Valuation Date**) up to 5 Business Days before the date of the takeover bid, which is the date of the Offer.

The relevant valuation is determined by calculating the volume weighted average market price of Fletcher Building Shares in the ordinary course of trading on ASX during the two full trading days before the Valuation Date.

For the purposes of Section 621(4A) of the Corporations Act (which Section was added to the Corporations Act by Class Order 00/2338), the following information is specified:

Valuation determined under Section 621(4A)(a):
$[ ] per Fletcher Building Share

Valuation Date: [ ]

Trading days on which valuation is based:
[ ] and [ ]

Information on Crane

3.1 Publicly available information

The information in Sections 3 and 4 has been prepared based on a review of publicly available information concerning Crane. It has not been verified and neither Fletcher Building nor Fletcher Building Australia or any of their Directors, officers or employees makes any representation or warranty, express or implied, as to the accuracy or completeness of the information. The information should not be considered comprehensive.

Further information relating to Crane's businesses and issued securities may be included in Crane's Target Statement in relation to the Offer.

Crane is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. For more information concerning the financial position and affairs of Crane, you should refer to the full range of information that has been disclosed by Crane pursuant to those obligations.

3.2 Overview of Crane

Crane is a building products manufacturing and distribution company which predominantly carries on business in Australia and New Zealand. Crane's principal activities are conducted through its three business units: Pipelines, Trade Distribution and Industrial Products.

Crane was founded in Sydney in 1867 and first listed on the Sydney Stock Exchange in 1949. Crane is listed on ASX and based on a closing price of $7.67 on the Trading Day immediately prior to the Announcement Date, had a market capitalisation of approximately $607 million.

3.3 Principal activities of Crane

As at the date of this Bidder's Statement, the principal activities of Crane consist of:

(a) Pipelines

The Pipelines business unit consists of the Iplex business, a manufacturer and distributor of plastic pipeline systems in Australia and New Zealand.

Iplex manages a number of units across the plastic pipelines market, namely, water infrastructure and civil, building, telecommunications, rural and mining and gas. Iplex products are primarily supplied to the infrastructure, civil engineering, building and construction industries.

Pipelines manufactures and supplies pipeline systems from 15mm to 3,000mm in diameter for a diverse range of applications including plumbing, water supply, gas, sewerage, storm water, irrigation, telecommunications, electrical, mining and industrial.

(b) Trade Distribution

(i) Australia

Crane operates over 220 plumbing supplies outlets across Australia under its Tradelink and Northern's brands. Its major market segments include the supply of plumbing solutions to plumbers, builders, retail, network and project based customers.

Crane also recently announced its acquisition of Hudson Building Supplies, which operates 15 timber and hardware stores in NSW and South East Queensland.

(ii) New Zealand

In New Zealand, Crane operates over 100 trade distribution outlets which it runs under multiple brands:

- MasterTrade: trade supply of electrical and plumbing products, including Home Centre branches which supply bathroomware, gas, home heating, tapware and laundry products.
- Mico: supplier of pipes and fittings, plumbing products and bathroom products to plumbers, builders and homeowners.
- Corys Electrical: distributor of electrical products and services to electrical contractors, industrial users and government.
- Equipsafety: supplies safety equipment to industry.

(c) Industrial Products

Industrial Products imports and distributes a range of non-ferrous metals and manufactures copper tube for domestic markets and export. Its products are primarily supplied to a range of manufacturing industries across Australia and New Zealand.

Industrial Products was previously divided into two units, but from 1 July 2009, Copper Tube and Metals Distribution merged into one business, with combined back office functions and common warehouses.

(i) Metals Distribution:

Consists of Austral Wright Metals (Australia) and Mico Metals (New Zealand).

(ii) Copper Tube:

Manufactures copper tube in its plant at Penrith (NSW) for supply to Australia, New Zealand and overseas markets.

3.4 Directors

As at the date of this Bidder's Statement the Crane Directors are:

- Leo Tutt, Independent Non-executive Chairman;
- Greg Sedgwick, Managing Director;
- Robert Fraser, Independent Non-executive Director;
- Mark Fitzgerald, Finance Director;
- John Harkness, Independent Non-executive Director (indicated as retiring from the Crane Board at the end of 2010);
- Trevor Carroll, Independent Non-executive Director; and
- Joycelyn Morton, Independent Non-executive Director.

3.5
Substantial Shareholders

Based on publicly available information the following persons have disclosed substantial shareholdings in Crane Shares on the Announcement Date:[37]

Crane Shareholder	Crane Shares	%
Perpetual Limited and its subsidiaries	10,712,477	13.5
Schroder Investment Management Australia Limited	6,846,373	8.7
Suncorp-Metway Limited and its subsidiaries	6,679,829	8.4
Maple-Brown Abbott Limited	5,395,492	6.8
DFA Group Australia	4,816,489	6.1

A list of the top 20 shareholders of Crane as at 11 August 2010 is set out in its 2010 Annual Report, which is available from Crane's website.

3.6
Financial Profile of Crane Group

(a) Basis of presentation of historical financial information

The historical financial information below relates to Crane Group on a stand-alone basis and accordingly does not reflect any impact of the Offer. It has been derived from information reported in the full financial accounts for Crane Group for the financial year ended 30 June 2010, which includes the notes to the accounts, and can be found at **crane.com.au**. The financial statements have been restated from thousands of dollars to millions of dollars and have been reformatted to be consistent with the format used by Fletcher Building to assist in the comparability of the Fletcher Building Group and Crane Group results.

(b) Historical financial information of Crane Group

(i) Earnings Statement

The earnings statement of Crane Group for the year ended 30 June 2010 set out below has been derived from the audited consolidated income statement of Crane Group for the year ended 30 June 2010.

Earnings Statement for the year ended 30 June 2010	Crane Group Limited	
	Year Ended June 2010 A$M	Year Ended June 2009 A$M
Sales	1,863	2,118
Cost of goods sold	(1,366)	(1,540)
Gross margin	497	578
Selling and marketing expenses	(330)	(374)
Administration expenses	(102)	(115)
Share of profits of associates	6	16
Unusual items – restructuring and impairments	(3)	(18)
Operating earnings/(loss) (EBIT)	**68**	**87**
Funding costs	(20)	(30)
Earnings/(loss) before taxation	48	57
Taxation expense	(16)	(13)
Earnings/(loss) after taxation	**32**	**44**
Earnings attributable to minority interests		
Net earnings/(loss) attributable to the shareholders	**32**	**44**

[37] Not adjusted for substantial shareholder filings after the Announcement Date (including Fletcher Building Australia's acquisition of a Relevant Interest in 14.9% of Crane Shares). Substantial shareholder filings made after the Announcement Date are referred to in Attachment B

Information on Crane

(ii) Balance Sheet

The balance sheet of Crane Group as at 30 June 2010 set out below has been derived from the audited consolidated balance sheet of Crane Group as at 30 June 2010.

Balance Sheet as at 30 June 2010	**Crane Group Limited**	
	June 2010 A$M	June 2009 A$M
Assets:		
Current assets:		
Cash and liquid deposits	42	59
Current tax asset		1
Debtors	289	284
Stocks	300	301
Total current assets	631	645
Non current assets:		
Fixed assets	225	243
Goodwill	271	270
Intangibles	32	37
Investment in associates	38	37
Deferred tax asset	35	37
Total non current assets	601	624
Total assets	**1,232**	**1,269**
Liabilities		
Current liabilities:		
Provisions	15	16
Creditors and accruals	336	315
Current tax liabilities	12	
Borrowings	65	39
Total current liabilities	428	370
Non current liabilities:		
Provisions	1	1
Creditors and accruals	16	17
Borrowings	131	237
Total non current liabilities	148	255
Total liabilities	**576**	**625**
Equity		
Reported capital	519	510
Revenue reserves	138	142
Other reserves	(2)	(8)
Shareholders' funds	655	644
Minority equity	1	
Total equity	**656**	**644**
Total liabilities and equity	**1,232**	**1,269**

Information on Crane

(iii) Statement of Cashflows

The statement of cashflows of Crane Group for the year ended 30 June 2010 set out below has been derived from the audited consolidated statement of cashflows of Crane Group for the year ended 30 June 2010.

Statement of Cashflows for the year ended 30 June 2010	**Crane Group Limited**	
	Year ended June 2010 A$M	Year ended June 2009 A$M
Cashflow from operating activities:		
Receipts from customers	2,045	2,415
Dividends received	5	20
Interest received		1
Total received	2,050	2,436
Payments to suppliers, employees and other	1,933	2,285
Interest paid	19	30
Income tax paid	(1)	38
Total applied	1,951	2,353
Net cash from operating activities	**99**	**83**
Cashflows from investing activities:		
Sale of fixed assets		
Total received		
Purchase of fixed assets	9	27
Purchase of investments		15
Purchase of subsidiaries		10
Total applied	9	52
Net cash from investing activities	**(9)**	**(52)**
Cash flows from financing activities:		
Issue/(Repurchase) of shares	(2)	60
Total received	(2)	60
Net debt settlements	79	39
Dividends	25	28
Total applied	104	67
Net cash from financing activities	**(106)**	**(7)**
Net movement in cash held	(16)	24
Add opening cash and liquid deposits	57	32
Effect of exchange rate changes on net cash	1	1
Closing cash and liquid deposits	**42**	**57**
Cash is represented by:		
Cash and liquid deposits	42	59
Bank overdraft		(2)
	42	57

Information on Crane

3.7
Current trading and outlook

On 29 October 2010 Crane held its AGM and provided some guidance to the market regarding current trading conditions and outlook for FY11. The guidance included the following:

First Quarter Update

- Crane Group sales up 5%.
- WA strong in all sectors, Qld still quiet, New Zealand some early signs of recovery.
- Iplex civil market sector still weak.
- No water infrastructure orders.
- FY09 cost reduction initiatives being sustained.
- EBIT and net profit up for first quarter.

FY11 Outlook

- We remain extremely cautious for the remainder of FY11.
- The impact of higher interest rates and phasing out of stimulus spending is yet to be fully felt in the Australian housing market.
- NPAT (before significant items) for FY11 is expected to be up approximately 5% with EBIT from our three business units up approximately 15%.
- The difference between NPAT and EBIT growth relates largely to our equity investment in Mitchell. This will be down by approximately $5m from FY10 due to low demand from the water infrastructure market.

The full presentation and Chairman's address can be accessed from Crane's website or by contacting Crane directly.

Information on Crane securities

4.1
Capital Structure

According to the most recent Appendix 3B lodged by Crane with ASX, the total number of issued securities in Crane as at the date of this Bidder's Statement is as follows:

(a) 79,110,667 Crane Shares; and
(b) 400,000 Crane Preference Shares.

4.2
Preference Shares

According to disclosures made by Crane to ASX, the rights attaching to the Crane Preference Shares are as follows:

(a) the right to receive a fixed cumulative preferential dividend of 5% per annum payable half yearly in arrears in priority to all other shares;
(b) the right to be paid all arrears of the preference dividend on a winding up in priority to all other shares;
(c) the right to be repaid capital on a winding up in priority to all other shares;
(d) no further right to participate in profits or assets of Crane; and
(e) the same rights to receive notices, reports and balance sheets and attend meetings of Crane as ordinary shareholders have but no voting rights except on a resolution to approve the terms of a buy back, to reduce the capital of Crane, to wind up Crane, to ratify a sale or disposal of Crane's main undertaking or on a resolution which affects the rights or privileges attaching to the preference shares. Where the Crane Preference Shares do vote they carry the same voting rights as Crane Shares.

4.3
Crane Group Limited Deferred Employee Share Plan (CDSP)

According to Crane's 2010 annual report the CDSP was established following shareholder approval at the 2003 annual general meeting of Crane and has the features summarised below.

Offers of shares under CDSP may only be made to executives of the Crane Group (including executive Directors, but excluding non-executive Directors). Shares under the CDSP may be allocated for no consideration.

Other than in special circumstances or upon a change in control, participants will generally not be entitled to withdraw shares allocated to them for the CDSP unless a minimum tenure requirement and performance criteria predetermined by the Crane Board have been met. Participants must remain employed by the Crane Group for a period of 5 years from allocation. The performance criteria consist of two key financial performance measures, TSR and average return on funds employed.

All shares acquired under the CDSP to date have been purchased on market in the normal course of trading and are held in trust for participants pending satisfaction of the relevant tenure and performance criteria.

On a change in control of Crane, all CDSP shares which have been allocated but which have not vested will automatically vest. In the event of special circumstances, (including death, retirement or total and permanent disablement or as otherwise determined by the Crane Board) CDSP shares will vest on a pro-rata basis having regard to the period since they were allocated with a minimum of 50% of CDSP shares vesting in these circumstances. In addition, the Crane Board has discretion to increase (but not decrease) the level of vesting in the case of special circumstances.

As at 30 June 2010 there were 1,458,986 Crane Shares acquired on behalf of the CDSP of which 1,075,561 were allocated but unvested. The Offer extends to Crane Shares held on behalf of CDSP participants.

4.4
Details of Relevant Interests in Crane securities and voting power

As at the date of this Bidder's Statement:

- Fletcher Building Australia and its Associates have a Relevant Interest in 11,787,490 Crane Shares; and
- Fletcher Building Australia and its Associates have voting power in Crane of 14.9%.

4.5
Consideration provided for Crane securities during previous four months

Fletcher Building Australia and its Associates have not acquired any Crane Shares during the period of four months ending on the day immediately before the date of this Bidder's Statement apart from the acquisition on 14 December 2010 of 11,787,490 Crane Shares for $9.35 cash per Crane Share.

Fletcher Building Australia and its Associates have not disposed of any Crane Shares during the period of four months ending on the day immediately before the date of the Offer.

4.6
Inducing benefits given during previous four months

Other than as set out elsewhere in this Bidder's Statement including Section 4.5, neither Fletcher Building Australia nor any of its Associates has, during the period of four months ending on the day immediately before the date of the Offer, given, offered or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an associate, to:

(a) accept the Offer; or
(b) dispose of Crane Shares,

which benefit is not offered to all Crane Shareholders under the Offer.

Fletcher Building's intentions concerning Crane

5.1 Introduction in relation to Fletcher Building's intentions

The intentions set out in this Section of the Bidder's Statement represent the intentions of Fletcher Building and have been formed on the basis of facts and information concerning Crane and its business which are known to Fletcher Building at the time of preparing this Bidder's Statement and which, as stated in Section 3.1, are derived solely from publicly available information. The formulation of the intentions set out in this Section is necessarily limited by the fact that Fletcher Building has only had access to publicly available information about Crane.

Fletcher Building will only make final decisions in light of the material information available to it and circumstances at the relevant time including the general business environment. In addition, Fletcher Building will only make a final decision on these matters following receipt of appropriate legal, taxation and financial advice. Accordingly, the statements set out in this Section are statements of current intention only and may vary as new information becomes available or circumstances change.

The intentions of Fletcher Building are the same as the intentions of Fletcher Building Australia and both collectively are referred to as the intentions of Fletcher Building in this Section 5.

5.2 General intentions

(a) Strategic rationale

Fletcher Building believes that a combination of the Crane and Fletcher Building businesses represents an attractive opportunity for both companies. Fletcher Building and Crane are largely complementary businesses, operating in Australia and New Zealand.

Crane, and the markets in which it operates, have been a focus for Fletcher Building for some time. Fletcher Building has developed its positive view of acquiring Crane through market research conducted over past years as well as more recent review and analysis.

Fletcher Building is attracted to the strategic rationale of combining the two companies, with Crane's businesses representing an extension of some significant Fletcher Building lines of business.

Crane's pipelines business extends Fletcher Building's existing concrete pipe and infrastructure products focus across Australia and New Zealand further into the plastic pipes market. Humes, a New Zealand manufacturer and distributor of concrete pipe and other infrastructure products, has been a core part of the Fletcher Building Group since it was formed in 2001. In 2005, the purchase of Amatek enabled Fletcher Building to expand its pipelines and infrastructure products focus into Australia through the Rocla concrete pipes business. Since the acquisition, Rocla has continued to grow in the Australian market, benefiting from Fletcher Building governance and utilisation of the Fletcher Building operating model.

Fletcher Building may be required under its joint venture arrangements to sell its interest in the Waters & Farr joint venture as a consequence of acquiring Crane. The joint venture interest has a book value of approximately NZ$6 million.

In addition to the strategic fit of the Pipelines business, Crane and Fletcher Building both operate extensive trade distribution businesses. Fletcher Building manages both dedicated distribution businesses and distribution operations within its manufacturing businesses. PlaceMakers is Fletcher Building's largest distribution business, and is one of New Zealand's largest general distributors of building products and hardware with over 60 branches across New Zealand focussed on trade and serious DIY customers. In Australia, Fletcher Building operates over 90 sales and distribution centres supporting the Stramit, Fletcher Insulation, Laminex, Rocla and Tasman Sinkware businesses. Crane operates over 220 plumbing supplies outlets in Australia under its Tradelink and Northern brands and over 100 trade related wholesale distribution outlets in New Zealand.

In addition, Crane distributes specialty metals in Australia and New Zealand, which is complementary to Fletcher Building's position as a significant steel distributor in New Zealand.

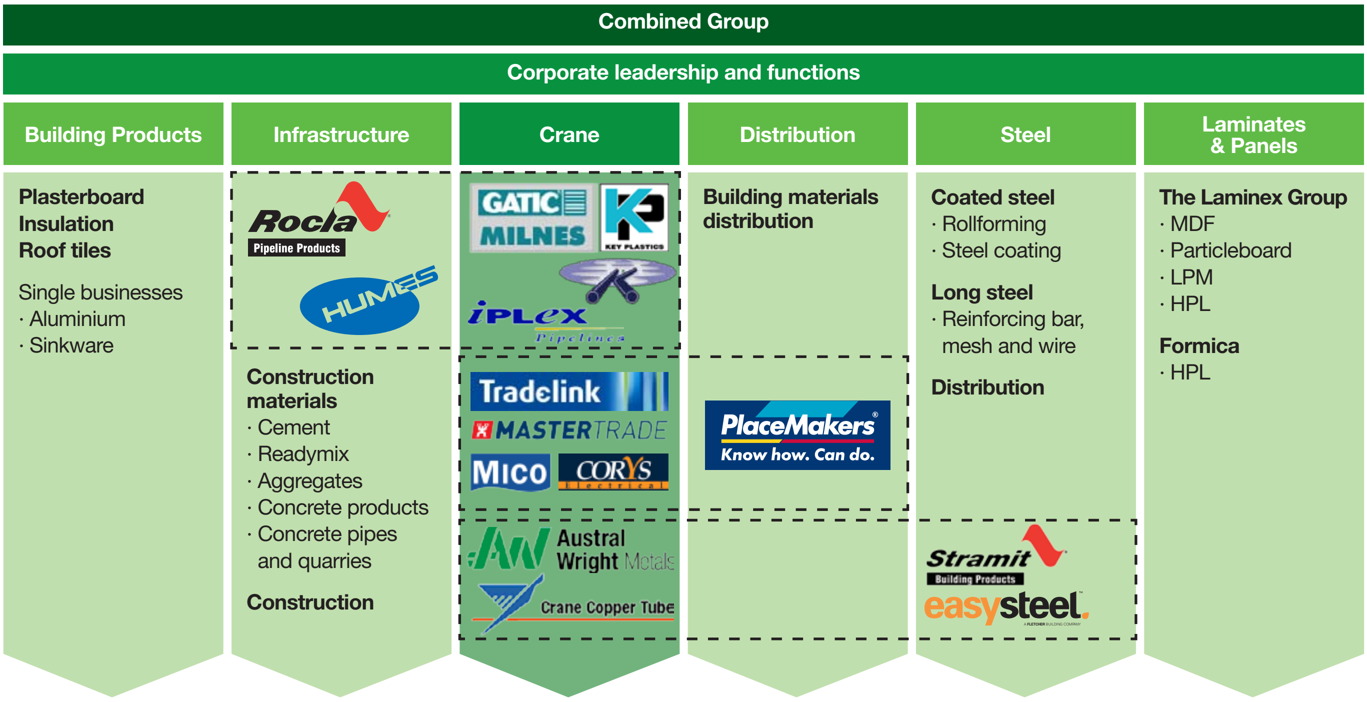
The combination of Crane and Fletcher Building is also supported by Fletcher Building's business ownership criteria. In particular, Crane holds good market positions, well known brands and operates in industries which are familiar to Fletcher Building with an experienced management team. These factors reinforce the strategic attractiveness of a Fletcher Building and Crane combination.

(b) Operating structure and model

Fletcher Building operates a decentralised business model to allow decision making to be made as close to the customer as possible. The role of the corporate office is strategy, capital management and allocation, and talent and performance management. Currently Fletcher Building is organised into five divisions that each consist of a number of related businesses: Infrastructure, Building Products, Steel, Distribution and Laminates & Panels. Within the Fletcher Building structure, each division is led by a chief executive who reports directly to the group Chief Executive Officer, with each divisional chief executive maintaining a high degree of accountability and autonomy in decision making. It is Fletcher Building's intention that Crane will be operated within Fletcher Building's divisional structure with a Fletcher Building appointed divisional chief executive.

Fletcher Building's intentions concerning Crane

Figure 14: Divisional structure of the Combined Group



Dashed lines indicate primary areas of complementary Fletcher Building and Crane businesses

Since 2001, Fletcher Building has undertaken a number of large acquisitions including Laminex, Tasman Building Products, Amatek and Formica. Fletcher Building intends to follow the practice of past acquisitions and apply its operating model to Crane. This operating model embodies investing in earnings growth and implementing management systems and group wide processes focused on delivering operational efficiency and autonomy. Based on the experience of prior acquisitions, Fletcher Building will seek to generate earnings growth from Crane's businesses by implementing this operating model.

Fletcher Building intends to streamline the corporate functions of Crane to align the functions with those required by a business division rather than an independent publicly listed company. It is envisaged that this process will simplify Crane's head office functions and reduce costs by removing duplicative corporate functions and activities, for example, the maintenance of Crane's listing on ASX, annual report production, annual general meeting arrangements and registry services while improving decision making and accountability.

Synergies may be derived from Crane being a part of the larger Fletcher Building Group. These may include but are not limited to maximising sales of the Combined Group's manufactured products through owned distribution channels, leveraging the scale of the Combined Group in the procurement of products and services and amalgamating logistics and distribution arrangements with other parts of the Combined Group.

Fletcher Building has not had the opportunity to conduct non-public due diligence on Crane's operations. Consequently, at this time, Fletcher Building has not had access to the information it would require in order to confirm the availability of and quantify these potential synergy benefits.

5.3 Fletcher Building's intentions if it acquires more than 90% of Crane Shares

If the Fletcher Building Group acquires a Relevant Interest in at least 90% of Crane Shares and becomes entitled to compulsorily acquire all outstanding Crane Shares in accordance with the Corporations Act, its intentions for Crane are as follows.

(a) Corporate matters

Compulsory acquisition

If Fletcher Building becomes entitled to do so, it intends to dispatch notices seeking the compulsory acquisition of all outstanding Crane Shares in accordance with the provisions of the Corporations Act.

Fletcher Building's intentions concerning Crane

Under the compulsory acquisition procedure set out in the Corporations Act, Fletcher Building is required to offer the same consideration to remaining Crane Shareholders as Fletcher Building offered to all Crane Shareholders under the Offer. That is, remaining Crane Shareholders will be able to receive the Cash Consideration and Share Consideration for their Crane Shares (although with respect to the Share Consideration Foreign Crane Shareholders will receive the net proceeds of the sale of the Fletcher Building Shares they would have been entitled to receive – see Section 11.9 for further details).

Crane Preference Shares

If the Fletcher Building Group becomes entitled to do so under the Corporations Act, it intends to acquire, in accordance with the compulsory acquisition provisions of Part 6A.2 of the Corporations Act, all Crane Preference Shares. Subject to that, the Fletcher Building Group intends to acquire all Crane Preference Shares by whatever means is available.

ASX Listing

Fletcher Building intends to procure the removal of Crane Shares from the Official List of ASX at the conclusion of the compulsory acquisition process.

Directors

Fletcher Building intends to replace all members of the Crane Board, its subsidiaries, and any company in respect of which the Crane Board has nominated Directors with its own nominees.

(b) Specific intentions

Fletcher Building's specific intentions are to:

- operate Crane as a single division within Fletcher Building on a similar basis to Fletcher Building's existing divisions, minimising disruption to Crane's operating businesses, employees and customers;
- simplify Crane's corporate head office structure to create a function suitable for a Fletcher Building internal division; and
- apply Fletcher Building's decentralised operating model to Crane's businesses.

As noted above, following from the end of the Offer Period, it is intended that Fletcher Building will simplify Crane's corporate head office structure to create a function suitable for a Fletcher Building internal division. This may include but is not limited to:

- the cessation of functions and activities that will be redundant as an internal division of Fletcher Building, for example, the maintenance of Crane's listing on ASX, annual report production, annual general meeting arrangements and registry services; and
- the transition of some of Crane's corporate functions currently performed out of Crane's head office in Sydney to Fletcher Building's corporate team.

This will reduce costs associated with the management of the Combined Group.

(c) Operational review

In addition, following the end of the Offer Period a transition team will undertake a broad-based review of Crane's operations. The purpose of this review is to evaluate, from both operational and financial perspectives, Crane's performance, profitability, prospects and structure and identify opportunities for revenue enhancement and operating synergies of the nature described in Section 5.2(b) which may result from Crane being part of the Combined Group.

(d) Impact on employees

Fletcher Building is proud of its people and culture, and seeks to provide a safe and collegiate working environment for all of its employees. It looks forward to extending to Crane employees the benefits of being part of the Fletcher Building Group, including a strong health and safety focus, career opportunities through the wider group and participation in the global employee share plan (which will be launched in early 2011 and is described in more detail in Section 2.4(b)).

Given the complementary nature of Crane and Fletcher Building, the impact of the transaction on employees of Crane's trading businesses is expected to be minor. It is Fletcher Building's intention for such employees within Crane's operating businesses to remain in their roles on the same or substantially the same conditions that they currently enjoy.

However, the proposed simplification of the corporate functions of Crane will likely result in some Crane employees being made redundant, though the incidence, extent and timing of this cannot be predicted at this time.

Where possible, job losses will be sought to be minimised through redeployment of the relevant employees elsewhere in the Combined Group. If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

5.4 Fletcher Building's intentions if it acquires less than 90% of Crane Shares

Fletcher Building has no current intention to waive the Minimum Acceptance Condition (but it reserves its right to do so). The description of Fletcher Building's intentions in this Section 5.4 is not to suggest that Fletcher Building intends to declare the Offer free from the Conditions referred to in Section 12.8(a) (except the Conditions referred to in Sections 12.8(a)(i) (**FIRB**), 12.8(a)(iii) (**Overseas Investment Act Approval**) and 12.8(a)(iv) (**New Zealand Commerce Commission Approval**) if Fletcher Building does not acquire at least 90% of Crane Shares.

If, however, Fletcher Building declares the Offers to be free from the Conditions referred to above but does not acquire at least 90% of Crane Shares (and is not otherwise entitled to compulsorily acquire the outstanding Crane Shares in accordance with the provisions of Part 6A.1 of the Corporations Act), Fletcher Building's intentions (subject to the level of Fletcher Building's shareholding in Crane) are as follows.

Fletcher Building's intentions concerning Crane

(a) Corporate matters

(i) Directors

Subject to the Corporations Act and Crane's constitution, Fletcher Building intends to reconstitute the Crane Board so that the proportion of Fletcher Building nominees on the Crane Board at least corresponds with Fletcher Building's voting power in Crane. No decision has been made at this stage about the identity of the proposed nominees to the Crane Board.

(ii) ASX Listing and acquisition of Crane Shares

Fletcher Building will maintain the listing of Crane on the ASX as long as Crane meets the requirements of the ASX Listing Rules for maintaining a listing, including there being a sufficient spread of Crane Shareholders.

Depending on the level of acceptances to the Offer, it is possible that ASX may seek to delist Crane if, in ASX's opinion, there is an insufficient spread of shareholding to ensure an orderly and liquid market in Crane securities. If ASX proposes to delist Crane on this basis Fletcher Building's current intention is that it would not oppose this delisting.

It is possible that, even if Fletcher Building is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act, for example, as a result of acquisitions of Crane Shares in reliance on the '3% creep' exception in item 9 of Section 611 of the Corporations Act. If so, it intends to exercise those rights.

(b) Dividends and funding

The payment of dividends by Crane will be at the discretion of the Crane Board, the majority of which would comprise Fletcher Building nominees.

Fletcher Building has not formed any intention about retaining or varying the current dividend policy of Crane (through its nominees to the Crane Board), and will not do so until the review referred to in Section 5.3(c) is completed. Crane Shareholders should be aware that a reconstituted Crane Board may not declare a dividend in the future.

(c) Business intentions

Fletcher Building will seek, to the extent possible, through its nominees on the Crane Board, to implement the intentions detailed in Sections 5.2 and 5.3 where they are consistent with Crane being a controlled entity of (but not wholly owned by) Fletcher Building and are considered to be in the best interests of Crane and its Shareholders.

In the event that the existing debt facilities of Crane are terminated as a result of a change of control, Fletcher Building intends (through its nominees to the Crane Board) to recommend the replacement of the Crane debt with existing Fletcher Building financing facilities.

(d) Limitations on intentions

The implementation of any of the steps in this Section 5.4 would only be undertaken where those steps are in accordance with all applicable legal and regulatory requirements, the ASX Listing Rules and NZSX Listing Rules, the fiduciary and statutory duties of the Directors of Crane and after considering the advice of legal and financial advisers. In particular, the Crane Directors may only implement any such steps if they consider the steps to be in the best interests of Crane and its shareholders.

5.5 Conflicts

All Directors of Crane nominated by Fletcher Building will be expected to act at all times in accordance with their fiduciary duties as required by law and ensure that all legal requirements are complied with in pursuing any of the intentions outlined in this Bidder's Statement.

5.6 Continuation of operations

Subject to the matters described in this Section 5 and elsewhere in this Bidder's Statement, it is Fletcher Building's intention:

- to continue the business of Crane in substantially the same manner as at the date of this Bidder's Statement;
- not to make any major changes to the business of Crane or redeploy any of the fixed assets of Crane; and
- to generally maintain the current employment of Crane's existing employees in the same capacity and on the same or substantially the same terms and conditions that exist at the date of this Bidder's Statement.

Profile of the Combined Group

6.1 Combined Group Overview

This Section 6 contains unaudited pro forma financial information which has been prepared to illustrate the financial information of the Combined Group, namely the operations of the Fletcher Building Group and Crane Group on a combined basis had Fletcher Building acquired all issued Crane Shares on 30 June 2010.

The unaudited pro forma financial information has been prepared in order to provide Crane Shareholders with an indication of the scale and size of the Combined Group and the impact on the Fletcher Building Group of successfully completing the Offer. It does not necessarily illustrate the financial information that would have existed had Fletcher Building acquired all issued Crane Shares on 30 June 2010.

The pro forma financial information presented in this Section should also be read in conjunction with the risk factors set out in Section 7, other information contained in this Bidder's Statement and the accounting policies of the Fletcher Building Group and Crane Group as disclosed in their most recent financial reports.

6.2 Unaudited Pro Forma Financial Statements for the Combined Group

(a) Basis of presentation of unaudited pro forma financial information

The unaudited pro forma earnings statement, balance sheet and statement of cashflows as at and for the year ended 30 June 2010 of the Combined Group are derived from the audited Fletcher Building earnings statement, balance sheet and statement of cashflows as at and for the year ended 30 June 2010, and the audited Crane Group earnings statement, balance sheet and statement of cashflows as at and for the year ended 30 June 2010. The unaudited pro forma financial statements must be read in conjunction with the notes contained in Section 6.2(e) below.

The unaudited pro forma balance sheet has been prepared to give effect to the pro forma adjustments resulting from the transaction described below as if the transaction had occurred on 30 June 2010.

The unaudited pro forma earnings statement and statement of cashflows have been prepared to give effect to the pro forma adjustments resulting from the transaction described below as if the transaction had occurred on 1 July 2009.

The unaudited pro forma financial statements of the Combined Group are presented in Australian millions of dollars (A$M) and have been prepared in accordance with the accounting policies of Fletcher Building and generally accepted accounting practice (GAAP) in New Zealand, which also complies with International Financial Reporting Standards (IFRS).

An exchange rate of A$1.00 = NZ$1.2241 has been applied to the unaudited pro forma balance sheet (being the exchange rate as at 30 June 2010) and an exchange rate of A$1.00 = NZ$1.2557 has been applied to the unaudited pro forma earnings statement and statement of cashflows being the average exchange rate for FY10.

Profile of the Combined Group

(b) Unaudited Pro Forma Earnings Statement of the Combined Group

Unaudited Pro Forma Earnings Statement For the year ended 30 June 2010	Fletcher Building Group A$M	Crane Group A$M	Pro Forma Adjustments A$M	Pro Forma Combined Group A$M
Sales	5,415	1,863		7,278
Cost of goods sold	(4,095)	(1,366)		(5,461)
Gross margin	1,320	497		1,817
Selling and marketing expenses	(513)	(330)		(843)
Administration expenses	(405)	(102)		(507)
Share of profits of associates	21	6		27
Other gains/(losses)	(8)			(8)
Unusual items – restructuring and impairments		(3)	(27)	(30)
Operating earnings/(loss) (EBIT)	**415**	**68**	**(27)**	**456**
Funding costs	(85)	(20)	(28)	(133)
Earnings/(loss) before taxation	330	48	(55)	323
Taxation expense	(105)	(16)	23	(98)
Earnings/(loss) after taxation	**225**	**32**	**(32)**	**225**
Earnings attributable to minority interests	(8)			(8)
Net earnings/(loss) attributable to the shareholders	**217**	**32**	**(32)**	**217**

Unaudited Pro Forma Earnings Statement – before unusual items				
Operating earnings before unusual items	415	71		486
Funding costs	(85)	(20)	(28)	(133)
Taxation expense on ordinary activities	(82)	(14)	21	(75)
Earnings attributable to minority interests	(8)			(8)
Net earnings before unusual items	**240**	**37**	**(7)**	**270**
Net unusual items	(23)	(5)	(25)	(53)
Net earnings/(loss) attributable to the shareholders	**217**	**32**	**(32)**	**217**

Net earnings per share (cents)				
Basic	35.8			32.5
Basic (excluding unusuals)	**39.6**			**40.4**
Weighted average number of shares outstanding (millions of shares)				
Basic	606			668

Profile of the Combined Group

(c) Unaudited Pro Forma Balance Sheet of the Combined Group

Unaudited Pro Forma Balance Sheet As at 30 June 2010	Fletcher Building Group A$M	Crane Group A$M	Pro Forma Adjustments A$M	Pro Forma Combined Group A$M
Assets				
Current assets:				
Cash and liquid deposits	91	42		133
Debtors	910	289		1,199
Stocks	892	300		1,192
Total current assets	1,893	631		2,524
Non current assets:				
Fixed assets	1,559	225		1,784
Goodwill	670	271	85	1,026
Intangibles	334	32		366
Investments in associates	154	38		192
Deferred tax asset		35	(35)	
Investments – other	58			58
Total non current assets	2,775	601	50	3,426
Total assets	**4,668**	**1,232**	**50**	**5,950**
Liabilities				
Current liabilities:				
Provisions	50	15		65
Creditors and accruals	912	336		1,248
Current tax liability	20	12		32
Contracts	78			78
Borrowings	70	65		135
Total current liabilities	1,130	428		1,558
Non current liabilities:				
Provisions	14	1		15
Creditors and accruals	52	16		68
Retirement plan liability	36			36
Deferred taxation liability	40		(35)	5
Borrowings	926	131	355	1,412
Total non current liabilities	1,068	148	320	1,536
Total liabilities	**2,198**	**576**	**320**	**3,094**
Equity				
Reported capital	1,562	519	(119)	1,962
Revenue reserves	816	138	(153)	801
Other reserves	64	(2)	2	64
Shareholders' funds	2,442	655	(270)	2,827
Minority equity	28	1		29
Total equity	**2,470**	**656**	**(270)**	**2,856**
Total liabilities and equity	**4,668**	**1,232**	**50**	**5,950**

Profile of the Combined Group

(d) Unaudited Pro Forma Statement of Cashflows of the Combined Group

Unaudited Pro Forma Statement of Cashflows For the year ended 30 June 2010	Fletcher Building Group	Crane Group	Pro Forma Adjustments	Pro Forma Combined Group
	A$M	A$M	A$M	A$M
Operating earnings/(loss) (EBIT)	415	68	(27)	456
Interest paid	(86)	(19)	(28)	(133)
Non cash items	150	34		184
Income tax paid	(72)	1	23	(48)
Working capital movement	8	15		23
Net cash from operating activities	**415**	**99**	**(32)**	**482**
Divestments	30			30
Capital expenditure	(153)	(9)	(740)	(902)
Net cash from investing activities	**(123)**	**(9)**	**(740)**	**(872)**
Minority distribution	(10)			(10)
Dividends	(120)	(25)	10	(135)
Net debt (settlements)/drawdown	(152)	(79)	352	121
Equity issued/(repurchased)	2	(2)	410	410
Net cash from financing activities	**(280)**	**(106)**	**772**	**386**
Net movement in cash held	**12**	**(16)**		**(4)**

(e) Pro forma notes to the unaudited pro forma financial statements

(i) **Funding**

(A) Issue of share capital and debt drawdown

Based on an implied Offer price of $9.35 per Crane Share, the Fletcher Building Group will acquire 100% of the share capital of Crane for $740 million. This will be funded by a drawdown of debt of $340 million and an issue of Fletcher Building Shares totalling $400 million for the balance. As the pro forma financial information has been prepared as if Fletcher Building acquired all issued Crane Shares on 30 June 2010, the number of Fletcher Building Shares and cash has been calculated on the basis that the Offer is held constant as regards equity and cash percentage and then adjusted back for the exchange rate and the Fletcher Building share price on 30 June 2010.

(B) Interest costs

Interest of $28 million on the debt has been charged to the pro forma earnings statement. An interest rate of 7.75% has been assumed in the unaudited pro forma earnings statement.

(C) Dividends

Crane's dividends paid of $25 million (net of the dividend reinvestment) have been reversed in the unaudited pro forma statement of cashflows, as these would not have been paid out to Crane Shareholders for the year ended 30 June 2010.

Given the above, Fletcher Building dividends at 30 cents per share have been recorded in the unaudited pro forma statement of cashflows on the issued share capital amounting to $15 million.

(ii) **Fair value adjustments**

(A) Transaction costs

Transaction costs have been estimated at $11 million and recorded in the unaudited pro forma earnings statement. These have been disclosed as unusual items.

(B) Employee entitlements

Upon a change of control of Crane, certain employee rights become exercisable and these have been estimated to total $16 million and are recorded in the unaudited pro forma earnings statement. These have been disclosed as unusual items.

(iii) **Other pro forma adjustments**

(A) Taxation

A taxation benefit of $23 million has been applied to the fair value adjustments and recorded in the unaudited pro forma earnings statement.

(B) Goodwill

Acquisition related goodwill of $85 million has been recorded in the unaudited pro forma balance sheet arising from the consolidation of the fair valued Crane Group as described above.

(iv) **Other fair value adjustments**

Upon acquisition other fair value adjustments may be identified that could impact the unaudited pro forma financial statements, however these are unable to be quantified, at this time.

Profile of the Combined Group

(v) Synergies
Fletcher Building has not had the opportunity to conduct non-public due diligence on Crane's operations. Consequently, at this time, Fletcher Building has not had access to the information it would require in order to confirm the availability of and quantify potential synergy benefits. A further description of the synergies is set out in Section 5.2.

6.3 Effect on EPS of the Combined Group

FY10 EPS excluding the impact of one-off transaction related costs, unusual items and potential synergy benefits increases from 39.6 cents to 40.4 cents.

6.4 Effect on capital structure of Fletcher Building

Assuming that Fletcher Building Australia acquires all of the Crane Shares and the Crane Preference Shares, the gearing ratio[38] of the Combined Group will be 33.1%. This will leave Fletcher Building's balance sheet in a strong position and enable Fletcher Building to maintain prudent headroom given the remaining uncertainty in financial markets and will also preserve capacity for Fletcher Building to pursue further organic growth and acquisition opportunities which meet its investment criteria.

6.5 Forecast information

Fletcher Building has given careful consideration as to whether forecast financial statements can and should be included in this Bidder's Statement in respect of the Combined Group. In particular, Fletcher Building has considered whether there is a reasonable basis for the preparation and disclosure in the Bidder's Statement of reliable and useful forecast financial statements in this regard. Fletcher Building has concluded that forecast financial statements for the Combined Group cannot be provided as it does not have a reasonable basis for such forecasts as required by applicable law and practice, and therefore the forecasts would not be meaningful or material to Crane's Shareholders.

The considerations which have resulted in this conclusion include:

- Fletcher Building has only had access to publicly available information about Crane and does not have access to reliable forecast financial statements.
- Information is not available to definitively calculate potential fair value adjustments in relation to the assets of Crane following acquisition. Consequently depreciation, amortisation and tax expense cannot be calculated accurately and may be materially different when finalised.
- Changes in variables which are beyond the control of Fletcher Building, such as general economic conditions, exchange rates and commodity prices, can have an impact on the reliability of any forecast produced. Each of these elements can have considerable volatility over time, and would require presentation of a number of estimates representing hypothetical combinations of outcomes. Such combinations would be inherently unreliable and accordingly of little use or meaning to Crane Shareholders.

[38] Interest bearing debt (including capital notes) to interest bearing debt (including capital notes) and equity

Risk factors

7.1 Introduction

If you accept the Offer (unless you are a Foreign Crane Shareholder) and the Offer becomes unconditional, you will receive Fletcher Building Shares as part of the consideration for Your Crane Shares. It is therefore important for you to be aware of risks that may have an adverse impact on the financial performance of the Combined Group and the value of Fletcher Building Shares, including those that:

- apply to investments generally;
- apply generally to the Fletcher Building Group and/or Crane Group and will continue to apply generally to the Combined Group; and
- arise, or may arise, from the Offer.

Some of the specific risks can be mitigated by the use of safeguards and appropriate controls whilst others are likely to remain outside the control of Fletcher Building and the Combined Group.

Additional risks not presently known to Fletcher Building or, if known, that are not presently considered material, may also have an adverse impact.

In deciding whether to accept the Offer, you should read this Bidder's Statement in its entirety and carefully consider the risks outlined in this Section and elsewhere in this Bidder's Statement.

7.2 Risks that apply to investments generally

The financial performance and financial position of the Combined Group and the value of Fletcher Building Shares will fluctuate due to various factors including interest rates, foreign currency exchange rates, inflation, Australasian and international economic conditions, changes in government, fiscal, monetary and regulatory policies, prices of commodities (including oil), global geo-political events, natural disasters and hostilities and acts of terrorism. In future, these factors could adversely affect the revenues, earnings and financial condition of the Combined Group and cause Fletcher Building Shares to trade below current prices.

There are general risks associated with an investment in the share market which may affect the value of Fletcher Building Shares and therefore the value of the consideration received by Crane Shareholders. Share market factors affecting the value of Fletcher Building Shares are unpredictable and may be unrelated or disproportionate to the financial or operating performance of the Combined Group. Factors which may impact the value of Fletcher Building Shares include investor sentiment, movements in the Australasian and international equity markets, changes in the market value of other companies that operate in the same or similar sectors as the Combined Group and broker and analyst recommendations. The Fletcher Building Shares which form part of the consideration under the Offer do not carry any guarantee with respect to market value or in respect to the payment of dividends or return of capital. As the holding of Fletcher Building Shares involves certain risks, persons in doubt as to the course they should follow should consult their stockbroker, solicitor, accountant or other professional advisor without delay.

7.3 Risks relating to the industry and business of the Combined Group

The financial performance of the Combined Group may be affected by a number of risks common to public companies generally or common to companies operating in the industries in which the Fletcher Building Group and the Crane Group both operate. These risks include:

(a) The Combined Group will be dependent upon the general performance of the economies in which it operates

Demand for the Combined Group's products, and both the volumes it can sell and the prices at which it can sell them, will be dependent upon the general performance of the different national and regional economies in which it operates, especially the economies of New Zealand, Australia, Europe, North America, Asia and the South Pacific. Reduced or negative growth of any of these economies generally, or reduced demand in their building materials industries in particular, could have a material adverse effect on the financial condition or financial results of the Combined Group. The Combined Group will also be dependent upon the economies into which it exports products, or from which imports originate, that may affect the Combined Group's market share or the prices of the Combined Group's products.

The Combined Group will not be able to predict the timing, extent or duration of the economic cycles in the markets in which it operates. Because a number of the Combined Group's costs will be fixed, if those markets experience a downturn, the Combined Group may not readily be able to reduce its costs in proportion to the extent of the downturn.

The global economy has experienced, and is continuing to experience, a range of adverse effects arising out of events not only in the credit markets and financial services industry but also many residential housing markets. These events have resulted in recessions or significant downturns in a number of the economies in which the Combined Group will operate and are expected to result in continuing, challenging market conditions in some of these economies, at least in the near term. A continued and/or prolonged deterioration in general market conditions resulting in reduced or negative growth in one or more key economies in which the Combined Group will operate, or in the building industries in particular, could adversely affect the revenues, earnings or financial condition of the Combined Group.

Risk factors

(b) The Combined Group will be exposed to the New Zealand and Australian economies
A significant portion of the Combined Group's earnings will be attributable to the New Zealand and Australian residential housing, commercial building and construction markets. For the financial year ended 30 June 2010, 87% of the Combined Group's revenue was attributable to the New Zealand and Australian markets.

Although general economic conditions in Australia are expected to remain relatively favourable in the short term, driven by the continued strength in the mining and resources sectors, housing starts and commercial construction activity levels will depend on the relative strengths in each of the state economies. Residential house building activity in New Zealand is expected to remain below the long run average in the short to medium term. The current adverse market conditions for commercial private sector involvement in the construction sector is also expected to continue throughout the same period and potentially longer. Currently, a significant proportion of the Combined Group's construction backlog (other than residential) is public sector related. Any reduction in the public sector spend if not compensated by an increase in private sector activity, would see overall construction levels fall.

(c) The Combined Group will be exposed to general risks relating to markets in which it operates outside of New Zealand and Australia
The Combined Group will have significant operations outside New Zealand and Australia and will be subject to the economic and political conditions of those countries. For the financial year ended 30 June 2010, 13% of the revenues of the Combined Group originated from outside New Zealand and Australia. Most of these revenues relate to the building industry and are therefore exposed to the condition of regional building industry activity.

A number of regions are continuing to experience substantial declines in building activity from pre-2008 levels, particularly Europe and North America.

The Combined Group will also have manufacturing operations in the United States, United Kingdom, Canada, Spain, Finland, Hungary, China, Taiwan, Thailand and Malaysia, and its New Zealand and Australian businesses will source raw materials and sell products internationally. This will expose the Combined Group to potential risks including differential cost escalations, the imposition of new or additional taxes or withholding taxes, limitations on repatriation of funds, political instability, government protectionism, and other forms of investment and trade barriers or tariffs.

(d) Financing related risks
Events in the credit markets and financial services industry have impacted, and are expected to continue to impact, on the ability of companies to access interest bearing debt financing and the cost of that debt financing, due to the tightened credit markets.

For the 18 month period prior to 30 June 2012, Fletcher Building will be required to refinance NZ$300 million of interest bearing senior debt facilities. In addition, election dates for NZ$128 million of Fletcher Building Group capital notes will arise prior to 30 June 2012. Further, in the event that the existing debt facilities of Crane are terminated as a result of the Offer, this debt will need to be refinanced.

The unhedged portion of the Combined Group's borrowings will be exposed to adverse interest rate movements. However, this risk will be reduced in the short to medium term through interest rate hedging arrangements or fixed interest debt which Fletcher Building has entered into.

The Combined Group will be required to comply with various covenants including financial covenants relating to leverage and interest coverage. If the Combined Group's performance is materially below expectations, there is a risk that the Combined Group will not comply with its financial covenants.

(e) The Combined Group will have exposure to fluctuations in currencies
As a global building materials manufacturer and distributor, the Combined Group will be exposed to fluctuations in currencies. Certain of the Combined Group's revenues, expenses and net investments in foreign operations will be denominated in currencies other than New Zealand or Australian dollars, including the sale of products, purchase of certain raw materials, capital expenditure, interest payments, borrowings and investments. The main currencies will be the Australian dollar, the United States dollar, the Japanese yen, the Euro, and the British pound.

The Combined Group's policy will be that revenue and expense currency risks will be hedged to reduce the variability from changes in currency exchange rates on the Combined Group's operating income and cashflow to acceptable parameters. The currency risk policy in relation to net investments in foreign operations will be to hedge to reduce the variability from changes in currency exchange rates on the Combined Group's debt to book equity ratio due to currency translation. There is no certainty that all these currency risks will be able to be covered, or that hedges taken out may not in themselves generate losses.

(f) The Combined Group will have exposure to volatile prices for commodity and other key inputs
The Combined Group will be exposed to fluctuations in commodity and manufactured product prices. Certain key inputs for the Combined Group will be international commodities, including gypsum, oil, coal, steel and resin. In addition, the Combined Group will compete against imports in many markets where it manufactures products. The prices of a number of these commodities and manufactured products have been highly volatile in recent times. This volatility can make price setting and margin maintenance unpredictable.

A number of the businesses of the Combined Group will rely upon the availability and pricing of raw

Risk factors

materials, products and services, including energy supplies. If any of these raw materials, products or services were to be unavailable to the Combined Group at current prices or at all, this could adversely affect the revenues, earnings or financial condition of the Combined Group.

(g) Competition from other producers and distributors may affect the earnings of the Combined Group

The Combined Group will be subject to competition from other domestic and international producers and distributors of building materials products in New Zealand, Australian and international markets. The market share of these competitor producers and distributors in each market may increase as a result of various factors including a change in consumer preference towards products offered by those producers or distributors, improved distribution of those products in each market, including distribution through companies other than the Combined Group, and enhanced price competitiveness due to exchange rate fluctuations. In a sustained high New Zealand or Australian dollar exchange rate environment in markets where the Combined Group manufactures products the competition from imports is likely to be more significant. Additionally, new producers or distributors may attempt to enter the markets in which the Combined Group operates or proposes to operate by selling products or facilitating distribution at lower prices or by introducing new substitute products to gain market share. These competitive actions may reduce the prices that the Combined Group is able to charge for its products or reduce the volume of products sold.

(h) Acquisitions of companies may not achieve expected benefits

Acquisitions of businesses have contributed to the growth and diversification of Fletcher Building since its incorporation and are a component of its ongoing growth strategy. Since 2001, Fletcher Building has completed four major acquisitions comprising Laminex, Amatek, Tasman Building Products and Formica, as well as a number of smaller acquisitions. If successful, the acquisition of Crane will be the fifth major acquisition for Fletcher Building since it first listed. The Combined Group will consider acquisition opportunities, some of which may be significant. These acquisitions may require additional financing and the combination of new products, diverse operations and distinct corporate cultures. These efforts may not succeed or may distract management from operating the Combined Group's existing businesses. Additionally, the Combined Group may not be able to enhance its earnings as a result of these acquisitions, and market and other conditions may fall short of the acquisition assumptions. A failure to acquire appropriately or subsequently to manage successfully future acquisitions could adversely affect the Combined Group's revenues, earnings or financial condition.

(i) Assets on the balance sheet may be impaired

International accounting standards will require goodwill and brands of the Combined Group with an indefinite life to be tested for impairment each year. Other assets will be tested for impairment when an indication of impairment exists. Impairment is deemed to occur when the recoverable amount falls below the book value of the asset. If an asset is determined to be impaired, this results in a write down of the value of that asset.

(j) The Combined Group may be subject to emissions costs

Both the New Zealand and Australian Governments have ratified the Kyoto Protocol. Other countries in which the Combined Group will have manufacturing activities may also impose costs on emissions.

The New Zealand Government enacted emissions trading legislation in September 2008. Based on current legislation, firms responsible for emissions from industry and electricity generation have been required to surrender emission units from 1 July 2010. Due to Fletcher Building being eligible for free emission units, these will initially offset most of the additional costs to which it will be exposed.

In Australia, the details of the proposed emissions trading scheme are still being developed. If such legislation is introduced, the Combined Group's operations in Australia could face an exposure to the cost of emission units in the future.

It is not possible to estimate the net impact of different countries' approaches to imposing costs on producers of emissions, and how much, if any, will be recoverable in product prices or sale or use of emission credits obtained.

(k) The Combined Group will be subject to compliance costs under environmental regulations

Most of the Combined Group's operations will be subject to extensive national and local environmental laws and regulations. The Combined Group's operating units will be required to comply with applicable environmental legislation and regulations and to internally report on key aspects of their performance in relation to environmental regulatory compliance. From time to time the Combined Group may commission external audits of environmental performance.

Significant liability could be imposed on the Combined Group for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage, even where it is caused by previous owners of property acquired by the Combined Group, or non-compliance with environmental laws or regulations. Environmental laws or regulations may also require the Combined Group to install additional equipment at substantial cost. There could be a cost to any such compliance or remedial work. Such laws or regulations could also restrict the ability of the Combined Group to conduct its business economically or restrict some activities altogether.

Risk factors

A risk of environmental liability, including soil and groundwater contamination, may arise as some sites of the Combined Group commenced operation prior to the development of modern environmental practices and laws. This risk is heightened through the acquisition of businesses which have long operational histories, as is the case with the 2007 acquisition by Fletcher Building of Formica. The Combined Group could be responsible for past and future environmental liabilities relating to its operations, including liabilities presently unforeseen or unquantifiable.

Accordingly no assurances can be given that current environmental laws and regulations or the adoption of new laws and regulations will not adversely affect the Combined Group's revenues, earnings or financial condition.

(l) There are a number of potential operational risks

The Combined Group will be exposed to a range of operational risks related to both current and future operations. These will include, but are not limited to, equipment failures and other accidents, information technology system failure, supply chain disruption, inventory shrinkage, loss of key staff, industrial action, damage by third parties, floods, fire, major cyclone, earthquake, volcanic eruption, terrorist attack or other disaster. Although the Combined Group will endeavour to take appropriate action and, where insurable, have appropriate insurance arrangements (with deductibles) to mitigate these risks, certain residual risk will remain with the Combined Group.

Earnings for participants in the construction industry can be volatile as a result of a number of specific risks that arise in that industry. Where a project is undertaken on a fixed-price contract, contract prices are established in part on cost and scheduling estimates based on assumptions about future economic conditions, productivity, prices and availability of labour, equipment and materials, subcontractor and supplier performance and other inputs. If these estimates prove inaccurate, or circumstances change, cost overruns can occur which may significantly reduce earnings on a project or may result in losses, which may be significant. If a project is not completed by a scheduled date, or it fails to meet guaranteed performance specifications, contractors may be responsible for the cost impact of those delays or failure to meet standards. Penalties may also be payable. The nature and complexity of large scale construction and the significant sums involved can lead to greater exposure to potential liability (including potential professional liability, product liability, warranty and other claims) and contract disputes. Parties to construction contracts are often reliant on third party partners, equipment manufacturers and third party contractors to complete the project. To the extent these third parties fail to perform, this may impact on the earnings of other parties involved in a construction project.

(m) The Combined Group will face potential claims relating to occupational health & safety

The production processes to be used in conducting the Combined Group's business will contain inherent hazards as heavy machinery is used in many of those processes. While the Combined Group will put appropriate risk identification processes and safeguards in place, such production processes and use of machinery could result in serious injury to employees or other persons.

Production of many products in the Combined Group's business, such as wood panels, insulation products and concrete products, can involve exposure to certain chemicals (such as formaldehyde) and by-products (such as wood dust and dust containing silica) which could have an adverse effect on human health where exposure is above worksafe limits and continuous. Also, third parties who further process these products (such as wood panels, fibreglass, steel and cement based products) through, for example, sanding or grinding, can be exposed to fibres, dust and other emissions which could also have an adverse effect on human health where exposure is extensive and continuous.

In addition, asbestos-containing building materials will be present on a number of sites operated by the Combined Group (particularly within Formica) or where Combined Group employees or contractors will be present (for example in fibrolite cladding and pipe insulation). In some circumstances, exposure to asbestos released from such materials could have an adverse effect on human health.

The Combined Group could be exposed to a claim from an employee or other third party or groups of such people in relation to health and safety issues. It is not possible to estimate liability arising from any such claims.

(n) The Combined Group will have potential liability for defective products and services

Due to the nature of its operations, it is possible that claims against the Combined Group could arise from defects in material or products manufactured and/or supplied or installed by the Combined Group. Purchasers and third parties could make claims against the Combined Group based on the Combined Group's delivery of defective material or products and services, or for damage or loss arising from the use of materials or products or services. If any claims of this type succeed and the Combined Group's insurance arrangements do not cover the liability, it could adversely affect the earnings or financial condition of the Combined Group.

Risk factors

(o) The Combined Group will have significant retirement plan obligations which it will recognise in its financial statements
The Combined Group will be the principal sponsoring company of a number of defined benefit plans and medical plans that provide retirement and other benefits to employees of the Group in New Zealand, Australia and other jurisdictions in which the Combined Group will operate. The Combined Group will have an obligation to meet any deficit in the funded status of these plans. The financial status of the plans will fluctuate over time, as the value of their assets and obligations vary. As at 30 June 2010 the Fletcher Building Group had a recognised obligation to fund a deficit of $79 million in these plans.

(p) Insurance may be insufficient
The Combined Group will have coverage for a number of insurable risks associated with its business. Where it has such insurance the Combined Group will effectively self-insure up to A$7.5 million. The Combined Group's ability to recover insured losses will be dependent on such losses being covered by the relevant insurance policies and the ability of its insurers to meet their obligations. There cannot be any assurance that the Combined Group will be able to obtain all the insurance cover that it seeks, or at a reasonable cost. Further there are risks which the Combined Group has either not identified or where appropriate insurance is not available, for example terrorist activity.

(q) Legislation or regulatory changes may adversely affect the conduct of the Combined Group's business
The Combined Group will operate in many jurisdictions around the world, which each impose different legal and regulatory requirements on building product manufacturers and distributors and on business generally. Changes in existing laws or regulations (including those relating to the emissions trading schemes) or enforcement policies, or further investigation or evaluation by governmental agencies such as taxation authorities, anti-trust bodies or environmental agencies, may result in additional compliance and other costs, including penalties and fines, or make the conduct of business difficult in some jurisdictions in which the Combined Group will operate. These factors may ultimately affect the financial performance of the Combined Group and the market price of Fletcher Building Shares.

The Combined Group's profitability can be affected by changes in government taxation policies.

(r) General business risks
Like many companies, the Combined Group may be exposed to commercial risks, such as brand/reputation damage, competition, the risk of the loss of major customers, contractors or suppliers and litigation.

7.4 Risks that arise from accepting the Offer

(a) Acquisition of less than 100% of Crane Shares
Although the Offer is conditional on Fletcher Building Australia acquiring a Relevant Interest in more than 90% (by number) of Crane Shares (thereby entitling it to compulsorily acquire all outstanding Crane Shares and, subject to the requirements of the Corporations Act, Crane Preference Shares) and Fletcher Building Australia has no present intention to waive this condition, it is possible that Fletcher Building Australia will acquire less than 100% of Crane Shares under the Offer. The impact on the Combined Group of Fletcher Building Australia acquiring less than 100% of Crane Shares will depend on the ultimate level of ownership acquired but, in any event, the existence of a minority interest in Crane may have an impact on the Combined Group's capacity to realise synergies from the acquisition of Crane and to implement the intentions described in Section 5.

If the Minimum Acceptance Condition is waived by Fletcher Building Australia and, at the end of the Offer Period, Fletcher Building Australia does not hold 80% or more of the voting shares in Crane, if you accept the Offer and make a capital gain for Australian income tax purposes from your disposal of Crane Shares you will be unable to elect for a rollover of that capital gain. In these circumstances, you will be subject to CGT on the capital gain. CGT rollover relief for capital gains is discussed further in Section 10.

(b) Issue of Fletcher Building Shares as consideration
If Fletcher Building Australia acquires all Crane Shares under the Offer Fletcher Building will issue up to approximately 67.3 million Fletcher Building Shares as Share Consideration. The market value of Fletcher Building Shares at the time at which they are received by Crane Shareholders may vary from their market value on the date that Crane Shareholders accept the Offer. In addition, some Crane Shareholders who accept the Offer may not wish to retain the Fletcher Building Shares that they receive under the Offer and may subsequently sell them on the ASX or NZX. As a result, there may be an oversupply of Fletcher Building Shares which may have an adverse effect on the market price of Fletcher Building Shares while any oversupply persists.

(c) Change in control
Crane may be party to agreements that contain change of control or pre-emptive rights provisions that may be triggered if, following completion of the Offer, Fletcher Building Australia acquires control of Crane. The operation of these provisions could have adverse consequences for Crane (such as the loss of major contracts or assets, increased costs or the need to renegotiate financing).

The Offer is conditional upon relevant third party consents, waivers and releases being obtained (refer Section 12.8(a)(x)). Although Fletcher Building

Risk factors

Australia has no intention to do so, it is possible that this Condition may be waived by Fletcher Building Australia.

(d) Limited due diligence
In preparing the information on Crane in the Bidder's Statement including the pro forma historical financial information, Fletcher Building has relied upon publicly available information and has not had direct access to Crane. Fletcher Building has not been able to verify the Crane information included in this Bidder's Statement, and any inaccuracy in the Crane information could adversely affect the anticipated results of operations of the Combined Group. As only limited due diligence was able to be carried out on Crane from certain public documents, risks may exist concerning Crane of which Fletcher Building is unaware. If any material risks are known to the Crane Board, they will need to be disclosed in the Target's Statement to be issued by Crane in response to this Bidder's Statement.

(e) Loss of key staff
It is possible that there will be some unintended loss of key staff leading up to and following the acquisition by Fletcher Building Australia of a controlling interest in Crane. This is a risk factor until any skills that are lost are adequately replaced.

(f) Minority shareholders in Crane
If you do not accept the Offer and the Offer becomes unconditional, you may, depending on the level of acceptance of the Offer, become part of a locked-in minority in Crane. Fletcher Building's intentions in respect of Crane in this circumstance are described in Section 5.

(g) General taxation risks
The tax consequences and risks of the Offer depend upon the specific circumstances of each Crane Shareholder. Crane Shareholders should obtain their own professional taxation advice regarding the applicable law in respect of the Offer. A general summary of the main Australian and New Zealand taxation implications for certain Crane Shareholders who accept the Offer is set out in Section 10.

Funding

8.1 Maximum Consideration

The maximum Cash Consideration payable in aggregate to Crane Shareholders if Fletcher Building Australia acquires all Crane Shares under the Offer is $340 million.

The maximum number of Fletcher Building Shares which Fletcher Building Australia will procure that Fletcher Building will issue as Share Consideration if Fletcher Building Australia acquires all Crane Shares under the Offer is 67,323,177 Fletcher Building Shares.

8.2 Issue and quotation of Fletcher Building Shares

An application to ASX will be made within 7 days after the commencement of the Offer Period for quotation of the Fletcher Building Shares that may be issued under the Offer. Quotation is not guaranteed or automatic but will depend on ASX exercising their discretion under the Listing Rules. However, as Fletcher Building has already been admitted to the official list of ASX and Fletcher Building Shares (being in the same class as those to be issued under the Offer) are already quoted on ASX, Fletcher Building Australia believes quotation of the Fletcher Building Shares will be granted. In accordance with the Corporations Act the quotation of Fletcher Building Shares on ASX to be issued under the Offer is a condition to the Offer under Section 12.13(d).

The Fletcher Building Shares that may be issued under the Offer have been accepted for listing by NZX and will be quoted upon completion of allotment procedures. However, NZX accepts no responsibility for any statement in this Bidder's Statement.

Fletcher Building has unconditionally agreed with Fletcher Building Australia to issue all Fletcher Building Shares necessary to satisfy Fletcher Building Australia's obligations to provide the Share Consideration under the Offer.

8.3 Fletcher Building Australia funding arrangement with Laminex Finance

Laminex Finance has unconditionally agreed to provide Fletcher Building Australia with the total Australian dollar Cash Consideration together with any amounts required to cover all transaction costs associated with the Offer, all costs associated with the acquisition of Crane Preference Shares (if the Fletcher Building Group acquires those shares) and, if necessary, to refinance Crane's existing debt. These funds will be provided under an existing loan facility agreement between Laminex Finance and Fletcher Building Australia. The right of Fletcher Building Australia to drawdown funds from Laminex Finance under this loan facility agreement is not subject to any condition precedent other than the provision of a draw down notice, and there being no event of default or breach of a representation or warranty at the time of draw down.

Fletcher Building Australia is not aware of any circumstance either existing now or which may occur which would prevent the conditions precedent to draw down being satisfied.

Laminex Finance is a wholly owned subsidiary of Fletcher Building. Fletcher Building has agreed with Fletcher Building Australia to procure that Laminex Finance performs the obligations described in this Section 8.3.

8.4 Laminex Finance funding arrangement with Fletcher Building International

The cash funds required to enable Laminex Finance to meet its obligations to Fletcher Building Australia described in Section 8.3 will be obtained from funds provided by Fletcher Building International under an existing debenture facility agreement between Fletcher Building International and Laminex Finance. Under that facility Laminex Finance is able to require Fletcher Building International to subscribe for debentures in Laminex Finance by issuing a subscription request. The only conditions precedent to Fletcher Building International subscribing for debentures in Laminex Finance are the issue by Laminex Finance of a subscription request and the subscription not resulting in the total amount owing under the facility exceeding the maximum amount available under the facility. The proposed subscription by Fletcher Building International referred to above will not result in the total amount owing under the facility exceeding the maximum amount available under the facility.

Following the proposed subscription by Fletcher Building International referred to above there will be sufficient funds available to Laminex Finance to enable Laminex Finance to meet its obligations to Fletcher Building Australia described in Section 8.3.

Fletcher Building International and Laminex Finance are wholly owned entities of Fletcher Building. Fletcher Building has agreed with Fletcher Building Australia to procure that Fletcher Building International and Laminex Finance perform the obligations described in this Section 8.4.

8.5 Fletcher Building International's access to funding

The cash funds required to enable Fletcher Building International to meet its obligations to Laminex Finance described in Section 8.4 will be obtained by Fletcher Building International making drawings under an existing NZ$1,100,000,000 Syndicated Revolving Credit Facility (**Facility**) dated 17 September 2007 as amended from time to time between Fletcher Building and Fletcher Building International (**Borrowers**) and ANZ National Bank, Bank of New Zealand, Bank

Funding

of Tokyo Mitsubishi UFJ, Commonwealth Bank of Australia, Citibank N.A., The Hong Kong and Shanghai Banking Corporation and Westpac Banking Corporation (**Banks**). The Facility is able to be drawn in Australian dollars.

The funds available to Fletcher Building International from the Facility materially exceed the amount of funds necessary to enable Fletcher Building International to meet the cash obligations to Laminex Finance described in Section 8.4.

Accordingly, Fletcher Building Australia is of the opinion that it has a reasonable basis for forming, and it holds the view, that it has available funding to provide the Cash Consideration and meet all transaction and other costs associated with the Offer.

The Offer is not subject to any financing conditions.

8.6 Particulars of Loan Facility

(a) Availability

As at the Announcement Date $60.3 million has been drawn under the Facility. The remaining funds under the Facility will be available for drawdown subject to the drawing conditions specified below being satisfied.

(b) Drawing conditions

The ability to drawdown under the Facility is subject to conditions which are customary for facilities of this nature, being (in summary):

- certain representations and warranties given by the Borrowers under the Facility being true and accurate in all respects at the date of the drawdown request and the drawdown date by reference to the facts and circumstances existing on those dates;
- no event of default or event of review having occurred and remaining unremedied; and
- there being no subsisting breach of any of the undertakings provided by the Borrowers under the Facility.

Further details of these items are set out in Attachment C.

Fletcher Building Australia, having made enquiry of Fletcher Building and Fletcher Building International, is not aware of any reason why the drawing conditions will not be satisfied in time to allow proceeds to be able to be drawn down by Fletcher Building International and made available to Fletcher Building Australia in accordance with Sections 8.3 and 8.4 to enable Fletcher Building Australia to pay the Cash Consideration and to meet the other costs described in Section 8.3.

(c) Guarantee, security and ranking

The Facility is guaranteed by Fletcher Building and its subsidiaries (including Fletcher Building Australia).

The Facility is unsecured and will rank equally with all existing and future unsubordinated and unsecured creditors of Fletcher Building.

(d) Maturity dates

The funds under the Facility are available for repayment and redrawing until maturity. The Facility has a range of maturity dates being NZ$300 million in September 2011, NZ$400 million in September 2012 and NZ$400 million in September 2013. Early repayment may be required in certain circumstances which are standard for facilities of this nature, including non payment of principal and interest when due, breach of covenants, cross defaults of NZ$25 million and more and insolvency related events.

(e) Refinancing

Fletcher Building may implement a refinancing program following the conclusion of the Offer.

Rights and liabilities attaching to Fletcher Building Shares

Fletcher Building is incorporated in New Zealand. The following is a broad summary of the rights which attach to Fletcher Building Shares. It is not intended to be an exhaustive or definitive summary of the rights and obligations of Fletcher Building Shareholders. A copy of Fletcher Building's Constitution is available for inspection at Fletcher Building's registered office during normal business hours, on the New Zealand Companies Office website **companies.govt.nz** and a copy can also be downloaded from Fletcher Building's website **fletcherbuilding.com.**

Voting rights

At a shareholders meeting, subject to a number of specified exceptions, each Fletcher Building Shareholder present in person or by duly appointed representative, proxy or attorney having the right to vote on the resolution has on a vote by:

(a) a show of hands, one vote; and

(b) a poll, one vote for each fully paid Fletcher Building Share held.

Shareholders may also exercise their right to vote at a meeting by casting a postal vote.

Shareholder meetings

Fletcher Building may, by resolution of the Fletcher Building Board, call a shareholder meeting, to be convened at the time and place(s) and in the manner determined by the Fletcher Building Board. In addition, a shareholder meeting may also be called at the request of persons holding shares carrying at least 5% of the voting rights entitled to be exercised on any of the questions to be considered at the meeting. Each Fletcher Building Shareholder is entitled to receive notice of shareholder meetings of Fletcher Building Shareholders and to receive all notices, financial statements and other documents required to be sent to Fletcher Building Shareholders under Fletcher Building's Constitution, the Companies Act 1993 (NZ), the NZSX Listing Rules or the ASX Listing Rules.

Dividend rights

The Fletcher Building Board may determine that a dividend or interim dividend is payable to Fletcher Building Shareholders and fix the amount, time and method of payment.

Subject to the rights of holders of Fletcher Building Shares which confer special rights as to dividends each Fletcher Building Share confers on the holder the right to an equal share in dividends authorised by the Fletcher Building Board. The Fletcher Building Board may deduct from dividends payable to any Fletcher Building Shareholder in respect of any Fletcher Building Shares which are not fully paid up any unpaid calls, instalments, premiums or other amounts, and any interest payable on such amounts relating to the specific shares.

All Fletcher Building Shares issued as consideration under the Offer will be issued fully paid.

Minimum Shareholding

Where a Fletcher Building Shareholder holds less than a "minimum holding" of Fletcher Building Shares (within the meaning of the NZSX Listing Rules), those shares may be sold by Fletcher Building and the net proceeds of sale of the shares (after deduction of reasonable sale expenses) provided to the Fletcher Building Shareholder.

Rights on winding-up

Subject to the rights of the holder of any securities in Fletcher Building, upon liquidation of Fletcher Building the remaining assets after payment of all debts, liabilities and costs of liquidation (the "**surplus assets**") must be distributed among Fletcher Building's Shareholders in proportion to their shareholding.

With the approval of Fletcher Building Shareholders by ordinary resolution, the liquidator may divide among the Fletcher Building Shareholders in kind all or any part of Fletcher Building's surplus assets or may vest all or any part of any surplus assets in trustees upon trust for the benefit of Fletcher Building Shareholders.

Transfer of Fletcher Building Shares

The transferor of a Fletcher Building Share remains the holder of the share until the name of the transferee is entered in the share register.

Fletcher Building Shares are transferable by:

(a) any electronic system established or recognised by the ASX Listing Rules and NZSX Listing Rules in which Fletcher Building participates in accordance with the rules of that system; or

(b) a written transfer in the usual or common form or in any form the Fletcher Building Board may approve, duly signed or executed, being delivered to Fletcher Building's share register together with the share certificate (if any) or other evidence reasonably required by the Fletcher Building Board to show the right of the transferor to make the transfer.

Rights and liabilities attaching to Fletcher Building Shares

The Fletcher Building Board may decline to register any transfer of Fletcher Building Shares where:

(a) Fletcher Building has a lien on any of the shares;

(b) the transfer is not accompanied by the relevant share certificate or other evidence reasonably required by the Fletcher Building Board to show the right of the transferor to make the transfer;

(c) registration would result in the proposed transferee holding shares of less than a minimum holding; and

(d) with the approval of the ASX and NZX, the transfer is of shares of a class that is not quoted.

Directors

Fletcher Building must at all times have at least three Directors and the number of Directors must not exceed nine. At least two Directors must ordinarily reside in New Zealand.

Variation of rights

The rights attached to any class of Fletcher Building Shares, unless otherwise provided for by the terms of issue, may only be varied or cancelled with the sanction of a special resolution passed at a meeting of the holders of the shares in that class. However, the issue by Fletcher Building of new shares that rank equally with or in priority to any existing Fletcher Building Shares will not be regarded as a variation of the rights attached to a class of Fletcher Building Shares.

Taxation implications

10.1 Introduction

The following summary is a general outline of the main Australian tax consequences for Crane Shareholders who accept the Offer and dispose of their Crane Shares to Fletcher Building Australia. The summary also provides a general outline of certain New Zealand income tax consequences for Crane Shareholders who acquire Fletcher Building Shares pursuant to the Offer.

The summary is based on tax law and practice in effect at the date of the Offer. The summary does not take into account proposed or anticipated changes to tax law and does not take into account the tax laws of countries other than Australia and New Zealand.

The summary only considers the tax consequences for Crane Shareholders who hold their Crane Shares on capital account. If you hold your Crane Shares as a passive investment with a view to generating dividend income and long term capital growth, you should generally be considered to hold your Crane Shares on capital account.

The summary does not consider the tax consequences for Crane Shareholders who hold their Crane Shares on revenue account, or under an employee share plan or who are subject to special tax rules (for example, banks, insurance companies, tax exempt organisations, superannuation funds, dealers in securities). The summary also does not consider the impact of the tax rules relating to the taxation of financial arrangements.

This summary is not tax advice and should not be relied upon as such. It is not intended to be an authoritative or comprehensive analysis of the tax laws applicable to the particular circumstances of every Crane Shareholder. Each Crane Shareholder should seek their own professional advice regarding the tax consequences of disposing of their Crane Shares in light of their own particular circumstances.

10.2 Income tax consequences of the disposal of Crane Shares

(a) Australian resident Crane Shareholders

Crane Shares acquired (or deemed to have been acquired) before 20 September 1985.

There should be no income tax liability for Crane Shareholders as a result of the disposal of Crane Shares pursuant to the Offer where their Crane Shares were acquired, or deemed to have been acquired, before 20 September 1985.

Crane Shares acquired (or deemed to have been acquired) on or after 20 September 1985.

Subject to the operation of the scrip for scrip rollover relief (discussed below in paragraph (c)), Crane Shareholders will:

- derive a capital gain in relation to the disposal of a Crane Share to the extent that the capital proceeds for the disposal of that Crane Share is more than the "cost base" of that Crane Share;
- realise a capital loss to the extent that the capital proceeds for the disposal of a Crane Share is less than the "reduced cost base" of that Crane Share.

Any capital gain realised on the disposal of Crane Shares will be included in the calculation of the Crane Shareholder's net capital gain. Any net capital gain is included in the Crane Shareholder's assessable income for the income tax year in which the date of disposal of the Crane Shares occurs. A capital loss may not be deducted against other income for income tax purposes but may be offset against capital gains realised in the same income year in the calculation of any net capital gain, or may (subject to certain restrictions) be carried forward to offset against future capital gains.

The capital proceeds relating to the disposal of a Crane Share should be equal to the total of:

- the amount of the cash received in respect of that Crane Share (**Cash Component**); and
- the market value of the Fletcher Building Share received in respect of that Crane Share, being its market value on the date of disposal of the Crane Share (**Scrip Component**).

The date of disposal of the Crane Shares should be, in the case of Crane Shareholders who accept the Offer, the later of the date they accept the Offer and the Conditions Precedent Date and in the case of those Crane Shareholders who have their shares compulsorily acquired, the date of that compulsory acquisition.

In calculating a capital gain, a Crane Shareholder's cost base in a Crane Share is generally the total amount they paid for that Crane Share including their acquisition and disposal costs in respect of the share. There are special rules which can affect the calculation of cost base in some circumstances.

If a Crane Share was acquired before 11.45am on 21 September 1999, in calculating a capital gain (but not a capital loss), a Crane Shareholder may choose that the cost base of that share be indexed for inflation to 30 September 1999.

Crane Shareholders who have held their Crane Shares for at least one year (and did not choose to apply indexation, if applicable) may be eligible to claim the "CGT discount concession".

Under the CGT discount concession, certain categories of Crane Shareholders, including individuals, trusts and complying superannuation funds, may be eligible for discount capital gains treatment in relation to the Crane Shares that the shareholder has held for at least 12 months (excluding the date of acquisition and the date of disposal) at the date of disposal of their Crane Shares. The discount percentage for individuals and trusts is 50% and for complying superannuation funds is $33^{1}/_{3}$%. Companies are not eligible for discount capital gains treatment.

In calculating a capital loss, the reduced cost base of a Crane Share is usually determined in a similar (but not identical) manner. Again special rules

Taxation implications

may apply to modify the general rules regarding reduced cost base.

Crane Shareholders will need to consider the consequences of the disposal of different parcels of Crane Shares that they own and acquired at different times. It may be possible that they will derive capital gains on some and capital losses on others.

(b) Non-resident Crane Shareholders

If the Crane Shareholder is not a resident of Australia for Australian income tax purposes, they will generally not have to pay Australian tax when they dispose of their Crane Shares provided they and their associates have not held 10% or more of the issued Crane Shares at any time in the two years preceding the disposal of their Crane Shares. However, different tax outcomes can arise in certain circumstances (for example, where the non-resident has an Australian permanent establishment).

Non-resident Crane Shareholders should seek their own professional advice in their country of tax residence as to the tax consequences in that country of disposing of their Crane Shares.

(c) Optional scrip for scrip rollover relief for scrip component

If, as a result of the Offer, Fletcher Building Australia becomes the owner of 80% or more of the voting shares in Crane, Crane Shareholders who would otherwise make a capital gain in respect of the disposal of their Crane Shares may be eligible to elect to obtain scrip for scrip rollover relief. The scrip for scrip rollover relief applies to the extent that the capital gain relates to the receipt of the Scrip Component. Scrip for scrip rollover relief is not available for the Cash Component. If Fletcher Building Australia does not obtain 80% or more of the voting shares in Crane, no Crane Shareholder will be eligible for scrip for scrip rollover relief.

Where scrip for scrip rollover relief is available, and a Crane Shareholder chooses to apply it, the capital gain on the disposal of the Crane Shares that is attributable to the Scrip Component will be disregarded and any capital gains tax consequences will generally be deferred until the Crane Shareholder is taken to have disposed of the Fletcher Building Shares acquired under the Offer.

The scrip for scrip rollover rules do not operate to defer a capital loss.

The capital gain relating to the Cash Component of the Offer will need to be calculated by reasonably attributing a portion of the cost base of each Crane Share to the Cash Component. This is illustrated by the following numeric example:

Assume a Crane Shareholder owns 1,000 Crane Shares acquired in 2007 at a cost (including incidental costs) of $8.00 per share, giving a total cost base of the Crane Shares of $8,000. Under the Offer the Crane Shareholder will receive a total of $3,430 in cash and 1,000 Fletcher Building Shares.

Assume that the market value of Fletcher Building Shares at the date of disposal of the Crane Shares is $5.92 per share, meaning that the total market value of Fletcher Building Shares received is $5,920.

The capital gain on the total Cash Component of $3,430 received may be calculated as follows:

$$\text{Capital gain} = \text{Total Cash Component} - \left[\frac{\text{Total Cash Component}}{\text{Total Cash Component + Total Scrip Component}} \times \text{Total Cost Base of Crane Shares disposed of}\right]$$

$$= \$3{,}430 - \left[\frac{\$3{,}430}{\$3{,}430 + \$5{,}920} \times \$8{,}000\right]$$

$$= \$3{,}430 - \$2{,}934.76$$

$$= \$495.24$$

The capital gain on the total Cash Component is $495.24. The capital gain will be reduced if the Crane Shareholder is entitled to the CGT discount concession (discussed above). The discount capital gain for an individual entitled to the CGT discount concession will be $247.62 (i.e. $495.24 x 50%).

Taxation implications

The way in which a Crane Shareholder prepares their income tax return will be sufficient evidence of the election to obtain scrip for scrip rollover relief.

The benefit of choosing scrip for scrip rollover relief will depend upon the particular circumstances of each Crane Shareholder. Crane Shareholders should seek their own professional tax advice in relation to the implications of choosing to obtain scrip for scrip rollover relief.

10.3 Income tax consequences of ownership of Fletcher Building Shares

Fletcher Building is a NZ franking company and is able to attach Australian franking credits to its dividend payments in a similar manner to Australian companies.

Shareholders who are Australian residents must generally include Fletcher Building dividends in their assessable income, grossed up for any franking credits attached to the dividends. The shareholder is then entitled to a tax offset for the amount of the franking credit. Where the amount of the tax offset exceeds the tax payable on the grossed up dividend, individual shareholders and complying superannuation funds may be entitled to a tax refund for the excess. Special rules apply for trusts, partnerships and companies. For example, company shareholders are not entitled to a refund but may convert any such excess into a tax loss.

A dividend paid by Fletcher Building to an Australian resident shareholder owning less than 10% of Fletcher Building is subject to New Zealand withholding tax, generally at the rate of 15%. However, to the extent the dividend is imputed under New Zealand tax law, Fletcher Building is entitled to pay such shareholders a supplementary dividend which effectively relieves shareholders of the cost of the withholding tax.

A dividend paid by Fletcher Building to an Australian resident shareholder owning 10% or more of Fletcher Building is exempt from New Zealand withholding tax to the extent the dividend is imputed under New Zealand tax law. Such shareholders are not eligible to receive supplementary dividends.

Where Fletcher Building pays both an ordinary dividend and a supplementary dividend, Australian resident shareholders are required to include both dividends in assessable income, but will generally be entitled to claim a tax offset for the New Zealand withholding tax, subject to the rules for calculating and claiming foreign tax offsets. Where Fletcher Building pays a supplementary dividend, and also attaches franking credits to the ordinary dividend, both the gross up on the franked dividend, and the entitlement to a tax offset for the franking credit are reduced by the amount of the supplementary dividend. The objective of this reduced gross up and offset is generally to produce the same after tax outcome for Australian resident shareholders as if the franked dividend had been paid by an Australian company.

There are rules that limit the availability of franking credits and the tax offset in certain circumstances. For example, a shareholder is generally required to have held Fletcher Building Shares "at risk" for at least 45 days, not including the date of acquisition or date of disposal.

10.4 Income tax consequences of any subsequent disposal of Fletcher Building Shares

Any subsequent disposal of the Fletcher Building Shares acquired as a consequence of the Offer should broadly be subject to the same tax consequences described above in relation to the disposal of the Crane Shares, but the calculation of any capital gain or capital loss will vary depending on whether the former Crane Shareholder elected to obtain scrip for scrip rollover relief at the time it acquired the Fletcher Building Shares.

For a former Crane Shareholder who did not elect to obtain scrip for scrip rollover relief, the cost base and reduced cost base of a Fletcher Building Share should generally be equal to the market value (measured as at the date of disposal of the Crane Shares) of the portion of the original Crane Share that was given in exchange for that Fletcher Building Share.

For a former Crane Shareholder who acquired (or is deemed to have acquired) their Crane Shares before 20 September 1985, their cost base and reduced cost base in a Fletcher Building Share should generally be equal to the market value of that Fletcher Building Share as at the date of disposal of the original Crane Shares.

For a former Crane Shareholder who elected to obtain scrip for scrip rollover relief, the cost base and reduced cost base of a Fletcher Building Share will be determined based upon that part of the cost base and reduced cost base of their original Crane Share which is reasonably attributable to the Fletcher Building Share. This amount needs to be reduced by the cost base in the Crane Shares that is attributable to any Cash Component. This is illustrated by the following numeric example:

Taxation implications

Continuing the previous example, the total cost base and reduced cost base of the 1,000 Fletcher Building Shares may be calculated as follows:

$$\text{Total Cost Base of Fletcher Building Shares acquired} = \text{Total Cost Base of Crane Shares disposed of} - \left[\frac{\text{Total Cash Component}}{\text{Total Cash Component} + \text{Total Scrip Component}} \times \text{Total Cost Base of Crane Shares disposed of}\right]$$

$$= \$8{,}000 - \left[\frac{\$3{,}430}{\$3{,}430 + \$5{,}920} \times \$8{,}000\right]$$

$$= \$8{,}000 - \$2{,}934.76$$

$$= \$5{,}065.24$$

The total cost base and reduced cost base of the 1,000 Fletcher Building Shares acquired is $5,065.24.

The calculation will be more complicated for a former Crane Shareholder whose original Crane Shares do not all have the same cost base.

In the event of a future capital gain, a former Crane Shareholder who elected to obtain scrip for scrip roll-over relief should refer to the date of the acquisition of their original Crane Shares in applying the CGT discount concession to any subsequent sale of their Fletcher Building Shares.

If no election was made, application of the CGT discount concession must be determined from the date of acquisition of the Fletcher Building Shares.

A former Crane Shareholder, who acquires Fletcher Building Shares as a result of the Offer and continues to hold the Fletcher Building Shares on capital account, should generally not be subject to New Zealand income tax on any subsequent disposal of their Fletcher Building Shares. New Zealand does not have a capital gains tax on investments in New Zealand shares, so there should be no additional income tax implications associated with disposing of Fletcher Building Shares compared to disposing of shares in an Australian company.

10.5 Stamp duty

No stamp duty will be payable by the Crane Shareholders on the disposal of their Crane Shares or the acquisition of the Fletcher Building Shares pursuant to the Offer, or on any subsequent disposal of the Fletcher Building Shares (on the basis that the Fletcher Building Shares will be quoted on ASX at the time of that subsequent disposal).

10.6 GST

No GST will be payable by the Crane Shareholders on the disposal of their Crane Shares or the acquisition of the Fletcher Building Shares pursuant to the Offer, or on any subsequent disposal of the Fletcher Building Shares.

However, Crane Shareholders who are registered for GST may not be entitled to full input tax credits for any GST incurred on costs associated with those share dealings.

Additional information

11.1 Offer conditions

The Conditions of the Offer are set out in Section 12.8.

11.2 ASIC relief

(a) Class Orders

ASIC has published various “Class Order” instruments providing for modifications and exemptions that apply generally to all persons in relation to the operation of Chapter 6 of the Corporations Act. Fletcher Building Australia has relied on this class order relief.

In particular Fletcher Building Australia has relied on the modification to Section 636(3) of the Corporations Act set out in ASIC Class Order 01/1543 “Takeover Bids” to include references to certain statements which are made or based on statements made in documents lodged with ASIC or ASX. Pursuant to the Class Order, the consent of the relevant person is not required for the inclusion of such statements in this Bidder’s Statement. As required by the Class Order, Fletcher Building Australia will make available a copy of these documents (or of relevant extracts from these documents), free of charge, to you and any other Crane Shareholder who requests it during the Offer Period. To obtain a copy of these documents (or the relevant extracts), you may telephone the Offer Information Line on 1300 042 036 (toll free for calls made within Australia), 0800 505 529 (free call for calls made within New Zealand) or +61 3 9938 4357 (for calls made from outside Australia or New Zealand) from Monday to Friday between 9.00am and 5.00pm (AEDT).

Fletcher Building Australia has not obtained from ASIC any modifications of or exemptions from the Corporations Act in relation to the Offer.

(b) Appointment of nominee to act for Foreign Crane Shareholders

Fletcher Building Australia will appoint a nominee approved by ASIC to dispose of Fletcher Building Shares that otherwise would be issued to Foreign Crane Shareholders, on the condition that the nominee remains the holder of an appropriate financial services licence during the period of time necessary to complete the relevant procedure under Section 619(3) of the Corporations Act and that the nominee only acts in its capacity as nominee under Section 619(3) on behalf of Foreign Crane Shareholders.

11.3 NZX Waiver

NZX has granted Fletcher Building a waiver from NZSX Listing Rule 9.2.1 to permit Fletcher Building to acquire Crane Shares held by Perpetual Limited and its subsidiaries (**Perpetual**) as part of the Offer or in advance of the Offer. In granting this waiver, NZX considered the following matters:

(a) Rule 9.2.1 seeks to regulate transactions whereby a related party to a material transaction may gain favourable consideration due to their relationship with the issuer.

(b) In this situation, Fletcher Building intends to undertake a full takeover offer for another listed entity, one of the shareholders of which is an investment manager who has holdings in both Crane and Fletcher Building and who will therefore receive the same consideration under the Offer as all other shareholders of the target company that accept the Offer. NZX is satisfied that, in this situation, the promotion of the takeover has not been unduly promoted, or the terms of the offer unduly influenced by, the fact that Perpetual is also a shareholder in Crane.

(c) Perpetual is being treated on the same basis as all other substantial institutional shareholders of Crane.

(d) NZX noted that NZSX Listing Rule 9.2.1 would not apply to the acquisition of Perpetual’s holding in Crane were Fletcher Building to simply acquire this holding directly from Perpetual as part of an off-market agreement with Perpetual. It is only because the Offer is being made to all Crane Shareholders that NZSX Listing Rule 9.2.1 applies, and therefore Fletcher Building shareholder approval of the Offer is required in the absence of a waiver. Accordingly, for the reasons outlined above, NZX was satisfied that the policy of the rule is not undermined by the granting of the waiver.

NZX also confirmed that, for the purposes of NZSX Listing Rule 7.3.11(a)(iii), in its opinion the takeover law regime for off-market bids set out in the Corporations Act is at least as useful to the recipients of the Offer as the requirements of the takeovers code of New Zealand.

11.4 New Zealand Securities Act Exemption Notice

Fletcher Building is relying on the Securities Act (Overseas Takeovers by New Zealand Companies) Exemption Notice 2002 in offering Fletcher Building Shares to Crane Shareholders resident in New Zealand. This Bidder’s Statement is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (or any other relevant New Zealand law). This Bidder’s Statement may not contain all the information that a prospectus or an investment statement under New Zealand law is required to contain.

11.5 Persons to whom Offer is sent

For the purposes of Section 633(2) of the Corporations Act, the date for determining the persons to whom information is to be sent in items 6 and 12 of Section 633(1) of the Corporations Act is the Register Date (being 7.00pm (AEDT) on 22 December 2010).

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11.6 Broker commissions

Fletcher Building may offer to pay a commission to brokers who solicit acceptances of the Offer from their clients, but it has made no final decision in relation to the matter at this stage.

Any commission payments will be paid only in respect of parcels of Crane Shares held by retail shareholders who accept the Offer.

If a commission is offered, commission payments will not exceed 0.75% of the value of the consideration payable to a retail shareholder who accepts the Offer, and will be subject to minimum payments (not less than $50) and maximum payments (not exceeding $750) for each acceptance.

If a commission is offered, it will be payable only to brokers and will be subject to the condition that no part of the fee will be able to be passed on or paid to Crane Shareholders.

It is Fletcher Building's intention that, if and when an offer of commission has been made to any broker by Fletcher Building, the commission arrangement will remain in place for the balance of the Offer Period and the amount of the commission offered will not be increased during the Offer Period.

11.7 Regulatory and legal matters

Fletcher Building is not aware of any Crane Shareholder who requires any approval or clearance, in accordance with the statutory requirements below, in order to be entitled to receive any consideration under the Offer.

(a) Banking (Foreign Exchange) Regulations 1959 (Cth)

The Banking (Foreign Exchange) Regulations 1959 (Cth) impose restrictions on certain financial transactions and require the consent of the Reserve Bank of Australia for the movement of funds into and out of Australia. Based on Fletcher Building searches, restrictions currently apply if funds are to be paid to, or received from:

- (i) specified individuals and entities associated with the former government of the Federal Republic of Yugoslavia;
- (ii) specified ministers and senior officials of the Government of Zimbabwe;
- (iii) certain specified entities associated with the Democratic People's Republic of Korea (North Korea);
- (iv) specified individuals associated with the Burmese regime; and
- (v) several entities and individuals who contribute to Iran's proliferation activities not already listed by the UN Security Council.

(b) Other Commonwealth legislation

The Charter of the United Nations Act 1945 (Cth) prohibits:

- (i) assets from being provided to proscribed persons or entities; and
- (ii) the use or dealing, and facilitation of such use or dealing, of certain assets owned or controlled by proscribed persons or entities,

in each case without the written consent of the Minister of Foreign Affairs.

Persons and entities from various countries have been proscribed under various Regulations made pursuant to the Charter of the United Nations Act 1945 (Cth) including in relation to Afghanistan, Côte d'Ivoire, Democratic Republic of the Congo, Iran, Iraq, Liberia, Sudan, Sierra Leone, Somalia, Democratic People's Republic of Korea, Lebanon and Rwanda.

11.8 Fletcher Building is a disclosing entity

Due to the fact that Fletcher Building Australia is offering Fletcher Building Shares as part of the consideration for the acquisition of Crane Shares, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of Fletcher Building Shares under sections 710 to 713 of the Corporations Act. Fletcher Building does not need to issue a prospectus for the Offer of the Fletcher Building Shares as the Offer is occurring under a takeover bid.

Fletcher Building is a disclosing entity (for the purposes of Section 713 of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Fletcher Building is also subject to the disclosure obligations of the New Zealand Securities Markets Act 1988 and the NZSX Listing Rules. Specifically, like all listed companies, Fletcher Building is required to continually disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of Fletcher Building Shares.

Fletcher Building Shares have been quoted on the ASX and NZX during the 3 months prior to the date of this Bidder's Statement. For this reason, Fletcher Building is only required to disclose information in this Bidder's Statement that would usually be required where its shares have been continuously quoted securities.

In general terms, this means that the Bidder's Statement is only required to contain information in relation to the effect of the Offer on Fletcher Building and the rights and liabilities attaching to the Fletcher Building Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of Fletcher Building unless such information has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules and NZSX Listing Rules and it is information:

- (a) that investors and their professional advisers would reasonably require for the purposes of making an informed assessment of Fletcher Building's assets and liabilities, financial position, performance, profits and losses or prospects; and

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(b) the information relates to the rights and liabilities attaching to the Fletcher Building Shares.

Fletcher Building, as a disclosing entity under the Corporations Act, states that:

(a) it is subject to regular reporting and disclosure obligations;
(b) copies of documents lodged with ASIC in relation to Fletcher Building (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an ASIC office; and
(c) it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:
    (i) the annual financial report of Fletcher Building for the 12 months ended 30 June 2010 (being the annual financial report most recently lodged by Fletcher Building with ASIC); and
    (ii) all continuous disclosure notices given by Fletcher Building after the lodgement of that annual financial report with ASIC and before the lodgement of this Bidder's Statement with ASIC.

Requests for free copies of these documents may be made by contacting the Offer Information Line on 1300 042 036 (toll free for calls made within Australia), 0800 505 529 (free call for calls made within New Zealand) or +61 3 9938 4357 (for calls made from outside of Australia or New Zealand) between 9.00am and 5.00pm Monday to Friday (AEDT).

Copies of all documents lodged with ASIC by Fletcher Building may be obtained from, or inspected at, an ASIC office.

In addition, Fletcher Building, as a New Zealand incorporated company and public issuer, is required to lodge certain documents with the New Zealand Companies Office in accordance with the New Zealand Companies Act 1993, the New Zealand Financial Reporting Act 1993 and New Zealand securities legislation. Copies of documents lodged with the New Zealand Companies Office by Fletcher Building can be accessed on the New Zealand Companies Office website at **companies.govt.nz**.

Fletcher Building also has a website at **fletcherbuilding.com** which includes a wide range of information on Fletcher Building (including copies of the documents referred to in paragraph (c) above) and its activities. A list of announcements made by Fletcher Building to the ASX between 1 July 2010 and the date of the Bidder's Statement appears in Attachment A. Copies of the announcements are also available from the ASX at **asx.com.au** and from the NZX at **nzx.com**.

11.9 Foreign Crane Shareholders

If you are a Foreign Crane Shareholder, you will not be entitled to receive Fletcher Building Shares as consideration for the sale of Your Crane Shares by reason of your acceptance of the Offer. Instead of receiving Fletcher Building Shares, Fletcher Building Australia will:

(a) arrange for the allotment to the nominee as specified in Section 11.2(b) of the number of Fletcher Building Shares to be issued in accordance with the Offer to which you and all other Foreign Crane Shareholders would have been entitled but for Section 12.2(b);
(b) cause those Fletcher Building Shares so allotted to be offered for sale by the nominee on ASX and NZX within 30 days after the end of the Offer Period; and
(c) pay to you the proceeds of sale as determined under the proceeds of sale formula set out in Section 12.9(c).

Payment will be made by cheque in Australian currency drawn on an Australian bank. The cheque will be posted to you at your risk. You will not be paid interest on the proceeds of sale, regardless of a delay in remitting these proceeds.

Notwithstanding anything else contained in this Bidder's Statement, neither Fletcher Building Australia nor Fletcher Building is under any obligation to spend any money, or undertake any action, in order to satisfy itself of the eligibility or ineligibility of Foreign Crane Shareholders to receive Fletcher Building Shares.

11.10 Institutional Acceptance Facility

Fletcher Building Australia intends to establish an acceptance facility (**Acceptance Facility**) open to certain institutional investors. The Acceptance Facility will be established because some institutional investors may be unable to accept the Offer (for example, by reason of their investment mandates) until the Offer is declared unconditional.

The Acceptance Facility will be by invitation only and its terms will be provided to eligible institutional investors invited to participate (**Eligible Institutional Shareholders**). Crane shareholders who are not Eligible Institutional Shareholders will not be able to participate in the Acceptance Facility.

Fletcher Building Australia will arrange for a person to act as lodgement agent for the Eligible Institutional Shareholders (**Acceptance Facility Agent**). It is anticipated that the key features of the Acceptance Facility will be as follows:

(a) Eligible Institutional Shareholders may lodge acceptance forms or directions to custodians to accept the Offer (**Acceptance Instructions**) with the Acceptance Facility Agent in respect of the Crane Shares which the Eligible Institutional Shareholder holds;
(b) the Acceptance Facility Agent will hold Acceptance Instructions as lodgement agent only and will not acquire a Relevant Interest in any of the Crane Shares the subject of the Acceptance Instructions. Acceptance Instructions lodged with the Acceptance Facility Agent will demonstrate

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the intention of the relevant Eligible Institutional Shareholders to accept the Offer. However, they will not constitute acceptances of the Offer while they are held by the Acceptance Facility Agent;

(c) Eligible Institutional Shareholders who lodge Acceptance Instructions with the Acceptance Facility Agent will have directed the Acceptance Facility Agent to deliver the Acceptance Instructions as formal acceptances of the Offer once Fletcher Building provides written confirmation (**Confirmation Letter**) to the Acceptance Facility Agent that either:
  (i) Fletcher Building Australia has declared the Offer free from all Conditions; or
  (ii) Fletcher Building Australia will declare the Offer free from all Conditions as soon as practicable after all Acceptance Instructions are validly processed or implemented;

(d) until the Acceptance Facility Agent receives the Confirmation Letter from Fletcher Building Australia, Eligible Institutional Shareholders will retain all rights in relation to their Crane Shares and can withdraw their Acceptance Instructions by notice in writing to the Acceptance Facility Agent at any time; and

(e) Fletcher Building Australia will disclose details of the number of Crane Shares the subject of Acceptance Instructions held in the Acceptance Facility to ASX and Crane on the Business Day following a 1% movement in the aggregate of Fletcher Building Australia's voting power in Crane and the voting power attaching to Crane Shares subject to the Acceptance Facility.

11.11 Consents

The following persons have consented to being named in this Bidder's Statement in the form and context in which their names appear and have not withdrawn their consent prior to the lodgement of this Bidder's Statement with ASIC:

(a) Bell Gully as New Zealand legal advisor to Fletcher Building Australia;
(b) Computershare Investor Services Pty Limited as share registry for the Offer;
(c) Gilbert + Tobin as Australian legal advisor to Fletcher Building Australia; and
(d) Macquarie Capital (New Zealand) Limited as financial advisor to Fletcher Building Australia.

Each person named in this section as having given its consent to being named in this Bidder's Statement:

(a) has not authorised or caused the issue of the Bidder's Statement;
(b) does not make or purport to make, any statement in the Bidder's Statement or any statement on which a statement in the Bidder's Statement is based; and
(c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of the Bidder's Statement, other than a reference to its name as specified in this consent.

11.12 No escalation agreements

Neither Fletcher Building Australia nor any Associate of Fletcher Building Australia has entered into any escalation agreement in respect of Crane Shares that is prohibited by Section 622 of the Corporations Act.

11.13 Disclosure of interests of Directors

(a) Interests in Fletcher Building Shares

The Fletcher Building Directors and Fletcher Building Australia Directors have Relevant Interests in the following Fletcher Building Shares at the date of this Bidder's Statement:

Directors	Fletcher Building Shares
Ralph Waters	1,000,093
Tony Carter	19,535
Hugh Fletcher	811,793
Alan Jackson	8,000
John Judge	22,513
Jonathan Ling[39]	378,863
Gene Tilbrook	12,000
Kerrin Vautier[40]	78,153

As at the date of this Bidder's Statement, Ralph Waters and Jonathan Ling are the Directors of Fletcher Building Australia.

(b) Directors' interests in Crane securities

No Fletcher Building Director or Fletcher Building Australia Director has a Relevant Interest in Crane Shares at the date of this Bidder's Statement.

No Fletcher Building Director or Fletcher Building Australia Director has acquired or disposed of Crane Shares in the four months preceding the date of this Bidder's Statement.

11.14 Disclosure of interests of certain persons

Other than as set out below or elsewhere in this Bidder's Statement, no:

[39] Jonathan Ling's interests in issued Fletcher Building Shares consist of:
(a) 78,016 Fletcher Building Shares held jointly by Jonathan and Diane Ling;
(b) 38,903 Fletcher Building Shares held by the Fletcher Building Retirement Plan in satisfaction of a retirement benefit of Mr Ling; and
(c) 261,944 Fletcher Building Shares held under the Fletcher Building Long-Term Share Scheme which will vest upon fulfilment of certain performance obligations.
In addition Mr Ling has been issued 1,000,000 Fletcher Building Options as further described in Section 2.7

[40] Kerrin Vautier also has a Relevant Interest in 104,500 Fletcher Building Capital Notes and Fletcher Building Industries Capital Notes (refer to Section 2.6)

Additional information

(a) Director or proposed Director of Fletcher Building or Fletcher Building Australia;
(b) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
(c) promoter of Fletcher Building or Fletcher Building Australia; or
(d) broker or underwriter to the issue of Fletcher Building Shares,

holds at the date of this Bidder's Statement or held at any time during the last two years, any interest in:

(e) the formation or promotion of Fletcher Building or Fletcher Building Australia;
(f) property acquired or proposed to be acquired by Fletcher Building or Fletcher Building Australia in connection with its formation or promotion, or the offer of Fletcher Building Shares under the Offer; or
(g) the offer of Fletcher Building Shares under the Offer.

11.15 Disclosure of fees and benefits received by certain persons

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

(a) to a Director or proposed Director of Fletcher Building or Fletcher Building Australia to induce them to become, or to qualify as, a Director of Fletcher Building or Fletcher Building Australia (other than payment of director fees in the ordinary course as disclosed by Fletcher Building to ASX and NZX from time to time); or
(b) for services provided by any person referred to in Section 11.14 in connection with the formation or promotion of Fletcher Building or Fletcher Building Australia or the offer of Fletcher Building Shares under the Offer.

Macquarie Capital (New Zealand) Limited has acted as financial adviser to Fletcher Building in relation to the Offer and is entitled to receive professional fees for these services.

Gilbert + Tobin has acted as Australian legal adviser and Bell Gully has acted as New Zealand legal adviser to Fletcher Building in connection with the Offer. Gilbert + Tobin and Bell Gully will be entitled to receive professional fees in accordance with their normal time-based charges.

Computershare Investor Services Pty Limited is Fletcher Building's Share Registry and has been engaged by Fletcher Building to assist with certain aspects of the Offer, including facilitating the despatch of this Bidder's Statement. Computershare Investor Services Pty Limited will be entitled to receive fees for these services as well as fees for its services as Fletcher Building's Share Registry.

11.16 Expiry Date

No Fletcher Building Shares will be issued on the basis of the Offer contained in this Bidder's Statement after the date that is 13 months after the date of this Bidder's Statement.

11.17 No other material information

There is no other information that:

(a) is material to the making of the decision by a holder of Crane Shares whether or not to accept the Offer; and
(b) which is known to Fletcher Building or Fletcher Building Australia,

other than:

(c) as set out or referred to elsewhere in this Bidder's Statement; or
(d) information which it would be unreasonable to require Fletcher Building or Fletcher Building Australia to disclose because the information has previously been disclosed to holders of Crane Shares.

The Offer

12.1 Offer

(a) Fletcher Building Australia offers to acquire from you on the terms and conditions of this Offer all of Your Crane Shares together with all Rights, Dividends and Distributions attaching to them.
(b) This Offer extends to all Crane Shares in respect of which you become registered or in respect of which you become entitled to be registered as the holder prior to the end of the Offer Period.
(c) Offers on terms and conditions identical to those contained in this Offer have been dispatched or will be dispatched to all holders of Crane Shares registered as such in the Register on the Register Date and any person who becomes registered as the holder of Crane Shares during the period commencing on the Register Date and ending at the end of the Offer Period.
(d) Fletcher Building Shares issued in accordance with this Offer will rank equally in all respects with all Fletcher Building Shares on issue at the Register Date.
(e) This Offer is dated [ ] January 2011.

12.2 Consideration for the Offer

(a) Consideration Offered
Subject to the terms of this Offer, the consideration offered by Fletcher Building Australia for the acquisition of all Your Crane Shares is $3.43 cash and one Fletcher Building Share for each of Your Crane Shares.

(b) Foreign Shareholders
If you are a Foreign Crane Shareholder you will not receive Fletcher Building Shares as consideration for Your Crane Shares. The Fletcher Building Shares that you would have otherwise been entitled to receive will be issued to the nominee for sale in accordance with Section 12.9(c).

(c) Fractional entitlements
For the avoidance of doubt, your entitlement to Fletcher Building Shares under the Offer will be calculated by multiplying the number of Crane Shares that you hold by 1.

If this calculation results in an entitlement to a fraction of a Fletcher Building Share, the number of Fletcher Building Shares you are entitled to pursuant to this Offer will be rounded up to the nearest whole number of Fletcher Building Shares (if equal to a fraction of 0.5 or greater) or rounded down to the nearest whole number of Fletcher Building Shares (if equal to a fraction of less than 0.5). If Fletcher Building Australia reasonably believes that a Crane Shareholder's holdings have been manipulated to take advantage of rounding up, then any fractional entitlement will be aggregated or rounded down to the nearest whole number of Fletcher Building Shares.

12.3 Offer Period

(a) Unless the Offer Period is extended or the Offer is withdrawn, in either case in accordance with the requirements of the Corporations Act, this Offer will remain open for acceptance by you during the period commencing on the date of this Offer and ending at 7.00pm AEDT on [ ] (**Offer Period**).
(b) Subject to the Corporations Act, Fletcher Building Australia may extend the Offer Period.
(c) In addition, if, within the last 7 days of the Offer Period:
    (i) this Offer is varied to improve the consideration offered; or
    (ii) Fletcher Building Australia's voting power in Crane increases to more than 50.1%,

    then the Offer Period will be mandatorily extended in accordance with Section 624(2) of the Corporations Act so that it ends 14 days after the relevant event.

12.4 Acceptance

(a) You may accept this Offer only in respect of all of Your Crane Shares.
(b) Subject to Section 12.5, to accept this Offer in respect of Crane Shares which, at the time of acceptance, are registered in your name in the issuer sponsored subregister operated by Crane (in which case Your Crane Shares are not in a CHESS Holding and your Securityholder Reference Number will commence with "I"), you must **complete** and **sign** the Issuer Acceptance Form enclosed with this Offer (which forms part of this Offer) in accordance with the instructions on it and **return** it together with all other documents required by those instructions (if any) to:

By mail:
Fletcher Building Australia's Offer
c/- Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001

By fax: +61 3 9473 2086; or

By hand between 9.00am and 5.00pm (AEDT):

In Melbourne:
Fletcher Building Australia's Offer
C/- Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

In Sydney:
Fletcher Building Australia's Offer
C/- Computershare Investor Services Pty Limited
Level 4
60 Carrington Street
Sydney NSW 2000

so that it is **received** at the address specified above by no later than the end of the Offer Period. A reply paid envelope, which is valid if sent from within Australia, is enclosed for your use.

If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by facsimile, it will be deemed to be received in time if the facsimile transmission is received (evidenced by a confirmation of successful transmission) before the end of the Offer Period, but you will not be entitled to receive the consideration under this Offer to which you are entitled until your original Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received at an address specified above.

(c) To accept this Offer in respect of Crane Shares which, at the time of acceptance, are held by you in a CHESS Holding (in which case your Holder Identification Number will commence with "X"), you must comply with the ASX Settlement Operating Rules. To accept this Offer in accordance with the ASX Settlement Operating Rules:
   (i) if you are the Controlling Participant, you must initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
   (ii) if you are not the Controlling Participant, you may either:
      (A) **instruct** your Controlling Participant, in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules, such initiation to occur before the end of the Offer Period. If you choose to accept this Offer in this way, your Controlling Participant will be obliged by Rule 14.14.1 of the ASX Settlement Operating Rules to initiate the acceptance within the following timeframes:
         I if you specify a time when or by which this Offer must be accepted, in accordance with those instructions; or
         II otherwise, by End of Day (as defined in the ASX Settlement Operating Rules) on the date that you instruct the Controlling Participant to accept this Offer or, if the Offer Period ends on the day you provide those instructions, before the end of the Offer Period; or
      (B) otherwise, **complete** and **sign** the enclosed CHESS Acceptance Form in accordance with the instructions on the CHESS Acceptance Form and **return** it (using the enclosed reply paid envelope, which is valid if sent from within Australia) together with all other documents required by those instructions to one of the addresses indicated on the CHESS Acceptance Form and as such authorise Fletcher Building Australia to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules. For return of the CHESS Acceptance Form to be an effective acceptance of the Offer under this Section 12.4(c)(ii)(B), it must be received before 7.00pm on the last day of the Offer Period.

(d) An acceptance of this Offer under Section 12.4(b) or 12.4(c)(ii)(B) shall not be complete until the Acceptance Form, completed and signed in accordance with the instructions on it and all other documents required by those instructions, have been received at the address specified in Section 12.4(b). Notwithstanding the foregoing provisions of this Section 12.4, Fletcher Building Australia may, in its absolute discretion, waive at any time prior to the end of the Offer Period all or any of the requirements specified in the Acceptance Form but payment of the consideration in accordance with this Offer will not be made until any irregularity has been resolved and such other documents as may be necessary to procure registration of the Crane Shares have been lodged with Fletcher Building Australia.

(e) The transmission of the Acceptance Form and other documents is at your own risk.

12.5 Entitlement to Offer

(a) Subject to Section 12.1(c), a person who:
   (i) is able during the Offer Period to give good title to a parcel of Crane Shares; and
   (ii) has not already accepted an Offer for those Crane Shares,

   may, in accordance with Section 653B(1) of the Corporations Act, accept this Offer as if an offer on terms identical with the Offer had been made to that person in relation to those Crane Shares.

(b) If at any time during the Offer Period and before the Offer is accepted, you hold Crane Shares on trust for, as nominee for, or on account of, another person or persons, then a separate and distinct Offer shall be deemed, in accordance with Section 653B(1)(b) of the Corporations Act, to have been made to you in relation to each parcel of Crane Shares within Your Crane Shares. An acceptance by you of the Offer in respect of any such distinct portion of Your Crane Shares will be ineffective unless you have given Fletcher

Building Australia notice stating that Your Crane Shares consist of separate and distinct parcels and your acceptance specifies the number of Crane Shares in the distinct portions to which the acceptance relates. If Your Crane Shares are in a CHESS Holding, the notice may be transmitted in an electronic form approved by the ASX Settlement Operating Rules. Otherwise, the notice must be given to Fletcher Building Australia in writing.

(c) Beneficial owners whose Crane Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in having this Offer accepted in respect of the Crane Shares which they beneficially own.

12.6 Effect of acceptance

(a) By:

- (i) completing, signing and returning an Acceptance Form in accordance with Section 12.4(b) or 12.4(c)(ii)(B); or
- (ii) causing this Offer to be accepted in accordance with the ASX Settlement Operating Rules if Your Crane Shares are in a CHESS Holding,

you will, or will be deemed to, have:

- (iii) subject to Section 650E of the Corporations Act and Section 12.5, irrevocably accepted this Offer in respect of all Your Crane Shares;
- (iv) subject to this Offer being declared free from the Conditions or such conditions being fulfilled, agreed to transfer all Your Crane Shares to Fletcher Building Australia;
- (v) represented and warranted to Fletcher Building Australia as a fundamental condition going to the root of the contract resulting from your acceptance of this Offer that, both at the time of acceptance of this Offer and at the time the transfer of Your Crane Shares to Fletcher Building Australia is registered, all of Your Crane Shares are and will upon registration be fully paid up and free from all mortgages, charges, liens and other encumbrances of any kind and restrictions on transfer of any kind, and that you have full power and capacity (whether legal or equitable) to sell and transfer such Crane Shares and that you have paid all amounts which at the time of acceptance have fallen due for payment in respect of those Crane Shares;
- (vi) authorised Fletcher Building Australia (by any of its Directors, officers, servants or agents), if necessary, to complete on the Acceptance Form correct details of Your Crane Shares, fill in any blanks remaining on the Acceptance Form and rectify any error in or omission from the Acceptance Form as may be necessary to make the Acceptance Form an effective acceptance of this Offer or to enable registration of all Your Crane Shares in the name of Fletcher Building Australia;
- (vii) irrevocably appointed Fletcher Building Australia and each of its Directors, secretaries, officers and attorneys from time to time jointly and each of them severally as your true and lawful attorney, with effect from the date that any contract resulting from the acceptance of this Offer is declared free from all its Conditions or those Conditions are fulfilled, with power to exercise all powers and rights which you could lawfully exercise as the registered holder of Your Crane Shares or in exercise of any right derived from the holding of Your Crane Shares, including, without limiting the generality of the foregoing, requesting Crane to register Your Crane Shares in the name of Fletcher Building Australia, attending and voting at any meeting of Crane Shareholders, demanding a poll for any vote taken at or proposing or seconding any resolutions to be considered at any meeting of Crane Shareholders, requisitioning any meeting of Crane Shareholders, signing any forms, notices or instruments relating to Your Crane Shares and doing all things incidental or ancillary to any of the foregoing. You will, or will be deemed to, have acknowledged and agreed that in exercising such powers the attorney may act in the interests of Fletcher Building Australia as the intended registered holder of Your Crane Shares. This appointment, being given for valuable consideration to secure the interest acquired in Your Crane Shares, is irrevocable and terminates upon registration of a transfer to Fletcher Building Australia of Your Crane Shares;
- (viii) agreed, with effect from the date that any contract resulting from the acceptance of this Offer is declared free from all its Conditions or those Conditions are fulfilled, and in the absence of a prior waiver of this requirement by Fletcher Building Australia, not to attend or vote in person at any meeting of Crane Shareholders or to exercise or purport to exercise any of the powers conferred on Fletcher Building Australia or its nominee in Section 12.6(a)(vii);
- (ix) irrevocably authorised and directed Crane to pay to Fletcher Building Australia or to account to Fletcher Building Australia for all Rights, Dividends and Distributions, subject, however, to any such Rights, Dividends and Distributions received by Fletcher Building Australia being accounted for by Fletcher Building Australia to you in the event that this Offer is withdrawn or avoided;
- (x) except where Rights, Dividends and Distributions have been paid or accounted for under Section 12.6(a)(ix), irrevocably

authorised Fletcher Building Australia to deduct from the consideration payable in respect of Your Crane Shares, the value of any Rights, Dividends and Distributions paid to you which, where the Rights, Dividends and Distributions take a non-cash form, will be the value of those Rights, Dividends and Distributions as reasonably assessed by the Chairman of ASX or his or her nominee;

(xi) if, at the time of acceptance of this Offer, Your Crane Shares are in a CHESS Holding, with effect from the date that either this Offer or any contract resulting from the acceptance of this Offer is declared free from all its Conditions or those Conditions are fulfilled, irrevocably authorised Fletcher Building Australia to cause a message to be transmitted in accordance with ASX Settlement Operating Rule 14.17.1 (and at a time permitted by ASX Settlement Operating Rule 14.17.1(b)) so as to transfer Your Crane Shares to Fletcher Building Australia's or Fletcher Building's Takeover Transferee Holding. Fletcher Building Australia shall be so authorised even though at the time of such transfer it has not paid the consideration due to you under this Offer;

(xii) agreed to indemnify Fletcher Building Australia in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or in consequence of the transfer of Your Crane Shares to Fletcher Building Australia being registered by Crane without production of your Holder Identification Number for Your Crane Shares;

(xiii) represented and warranted to Fletcher Building Australia that, unless you have notified it in accordance with Section 12.5(b), Your Crane Shares do not consist of separate and distinct parcels of Crane Shares;

(xiv) agreed to execute all such documents, transfers and assurances that may be necessary or desirable to convey Your Crane Shares and any Rights, Dividends and Distributions to Fletcher Building Australia;

(xv) irrevocably authorised Fletcher Building Australia to issue or procure the issue to you of that number of Fletcher Building Shares to which you have become entitled by acceptance of this Offer at the date of application unless you are a Foreign Crane Shareholder in which case you will have irrevocably authorised Fletcher Building Australia to issue or procure the issue to the account of the nominee of that number of Fletcher Building Shares to which you have become entitled by acceptance of this Offer at the date of application; and

(xvi) agreed to accept the Fletcher Building Shares to which you have become entitled by acceptance of this Offer subject to the Fletcher Building Constitution and have authorised Fletcher Building to place your name or in the case of a Foreign Crane Shareholder, the nominee's name, on its register of securityholders in respect of those Fletcher Building Shares.

(b) If Your Crane Shares are in a CHESS Holding and you complete, sign and return the Acceptance Form in accordance with Section 12.4(c)(ii)(B) (which you are not bound, but are requested, to do), you will be deemed to have irrevocably authorised Fletcher Building Australia and any of its Directors, secretaries or officers to:
   (i) instruct your Controlling Participant to initiate acceptance of this Offer in respect of Your Crane Shares which are in a CHESS Holding, in accordance with Rule 14.14 of the ASX Settlement Operating Rules if you have not already done so; and
   (ii) give any other instructions in relation to Your Crane Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and that Controlling Participant.

12.7 Dividends and other entitlements

(a) Fletcher Building Australia will be entitled to all Rights, Dividends and Distributions declared, paid, made, or which arise or accrue at or after the Announcement Date in respect of Crane Shares that it acquires pursuant to this Offer.

(b) If any Rights, Dividends and Distributions are declared, paid, made or arise or accrue in cash after the Announcement Date to the holders of Crane Shares, Fletcher Building Australia will (provided the same has not, in the case of accepting holders of Crane Shares, been paid to Fletcher Building Australia) be entitled to reduce the consideration specified in Section 12.2 and payable by it to accepting holders of Crane Shares by an amount equal to the value of such Rights, Dividends and Distributions.

(c) If any non-cash Rights, Dividends and Distributions are issued or made or arise or accrue after the Announcement Date to the holders of Crane Shares, Fletcher Building Australia will (provided the same has not, in the case of accepting holders of Crane Shares, been issued to Fletcher Building Australia) be entitled to reduce the consideration specified in Section 12.2 and payable by it to accepting holders of Crane Shares by an amount equal to the value (as reasonably assessed by the Chairman of ASX or his or her nominee) of such non-cash Rights, Dividends and Distributions.

(d) Any reduction in the consideration specified in Section 12.2 which Fletcher Building Australia is entitled to make under Sections 12.7(b) or

12.7(c) will be made firstly by reducing the Cash Consideration and then, to the extent the reduction exceeds the Cash Consideration, by reducing the number of Fletcher Building Shares you or the nominee are otherwise entitled to be issued under the Offer.

If Fletcher Building Australia cannot or does not make a reduction as contemplated by this Section 12.7(d), you must pay the amount of the reduction to Fletcher Building Australia.

(e) For the avoidance of doubt, nothing in the Condition in Section 12.8(a)(xiv) limits or affects the operation of this Section 12.7.

12.8 Conditions

(a) Subject to paragraph (b), this Offer and the contract resulting from the acceptance of this Offer (and each other Offer and each contract resulting from the acceptance thereof) are subject to the following conditions being fulfilled or waived by Fletcher Building Australia:

(i) FIRB Approval

Before the end of the Offer Period the Treasurer of the Commonwealth of Australia:

(A) (**approval**) gives (either himself or by his delegate) an approval under the Foreign Acquisition and Takeovers Act 1975 (Cth) (**FATA**) to the proposed acquisition of all Crane Shares by Fletcher Building Australia, and that approval is not subject to conditions, or is subject only to conditions that Fletcher Building Australia, acting reasonably, considers to be acceptable;

(B) (**no objection**) provides (either himself or by his delegate) written advice or confirmation that there is no objection to the proposed acquisition of all Crane Shares by Fletcher Building Australia under FATA or the foreign investment policy of the Australian government, and that advice or confirmation is not subject to conditions, or is subject only to those conditions that Fletcher Building Australia, acting reasonably, considers to be acceptable; or

(C) (**expiry of notice period**) ceases to be empowered to make any order under Part II of FATA in respect of the proposed acquisition of Crane Shares by Fletcher Building Australia.

(ii) ACCC Approval

Before the end of the Offer Period, Fletcher Building Australia has received written notification from the ACCC to the effect that, based on the information that the ACCC has received, the ACCC does not propose to intervene in the Offer. If such ACCC notification is expressed to be subject to conditions, those conditions must be acceptable to Fletcher Building Australia (acting reasonably).

(iii) Overseas Investment Act Approval

(A) Before the end of the Offer Period, Fletcher Building Australia has received all consents required under the Overseas Investment Act 2005 (NZ) and the Overseas Investment Regulations 2005 (NZ) for Fletcher Building Australia to complete the acquisition of the Crane Shares in accordance with the Offer on terms which are usual for the granting of such consents.

(B) Crane has provided to Fletcher Building Australia by the dispatch date of the Target's Statement or, alternatively, include in the Target's Statement, details of all interests it holds in freehold land in New Zealand and any leasehold or other interests in land in New Zealand for a term of three years or more (including rights of renewal).

(iv) New Zealand Commerce Commission Approval

Before the end of the Offer Period, Fletcher Building Australia has received written notification from the New Zealand Commerce Commission of clearance under the New Zealand Commerce Act 1986 for Fletcher Building Australia to complete the acquisition of the Crane Shares in accordance with the Offer. If such clearance is expressed to be subject to conditions, those conditions must be acceptable to Fletcher Building Australia (acting reasonably).

(v) 90% minimum acceptance condition

At the end of the Offer Period, Fletcher Building Australia and its Associates have a Relevant Interest in at least 90% (by number) of all of the Crane Shares on issue.

(vi) Regulatory approvals

Before the end of the Offer Period, all necessary approvals for the proposed transaction, including (without limitation):

(A) all approvals which are required by law or by any Public Authority to permit the Offer to be made to and accepted by Crane Shareholders in all applicable jurisdictions; and

(B) all approvals which are required by law or by any Public Authority as a result of the Offer or the acquisition of the Crane Shares and which are necessary for the continued operation of the business of Crane and its subsidiaries or of Fletcher Building Australia and its subsidiaries, are granted, given, made or obtained on an unconditional basis and, at the end of the Offer Period, remain in full force and effect in all respects and are not subject to any notice, intention or indication of intention to revoke, suspend, restrict, modify or not renew the same.

(vii) No regulatory action

Between the Announcement Date and the end of the Offer Period:

(A) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;

(B) no action or investigation is announced, commenced or threatened by any Public Authority; and

(C) no application is made to any Public Authority (other than by a member of the Fletcher Building Group),

in consequence of, or in connection with, the Offer (other than an application to or a decision or order of ASIC or the Takeovers Panel for the purpose of or in the exercise of the powers and discretions conferred on it by the Corporations Act), which restrains, prohibits or impedes or threatens to restrain, prohibit or impede or may otherwise materially adversely impact upon, the making of the Offer or which requires or purports to require the variation of the terms of the Offer or the completion of any transaction contemplated by this Bidder's Statement (including implementing the intentions expressed in this Bidder's Statement) or seeks to require the divestiture of any Crane Shares or the divestiture of any assets held by Crane or Fletcher Building or their respective subsidiaries.

(viii) No enactments

Between the Announcement Date and the end of the Offer Period, no law is enacted, made, proclaimed or decreed, or is proposed to be enacted, made, proclaimed or decreed, which restrains, prohibits or impedes or threatens to restrain, prohibit or impede or may otherwise materially adversely impact upon the making of the Offer or which requires or purports to require the variation of the terms of the Offer or the completion of any transaction contemplated by this Bidder's Statement (including implementing the intentions expressed in this Bidder's Statement) or seeks to require the divestiture of any Crane Shares or the divestiture of any assets held by Crane or Fletcher Building Australia or their respective related bodies corporate, or would do so (in respect of any or all of the foregoing) if enacted, made, proclaimed or decreed as proposed.

(ix) No material adverse change

Between the Announcement Date and the end of the Offer Period:

(A) no event, matter or thing occurs or information is disclosed by Crane concerning any event, matter or thing which will or is reasonably likely to have a material adverse effect on the assets and liabilities, financial position and performance, profitability or prospects of Crane and its subsidiaries taken as a whole; or

(B) no event, matter or thing, as described in sub-paragraph (A), which occurred before the Announcement Date but was not apparent from publicly available information before then, becomes public.

(x) Material Contracts

Before the end of the Offer Period, every person who, as a result of the making of the Offer, the acquisition of Crane Shares by Fletcher Building Australia or the change in control of Crane if the Offer is successful, is entitled to exercise any right under any provision of any Material Contract that entitles the person to:

(A) terminate the Material Contract;

(B) impose less favourable or more onerous terms than in place under the Material Contract at the Announcement Date;

(C) accelerate the performance of any obligation of any member of the Crane Group under the Material Contract; or

(D) acquire any company, business, asset or share (or any interest in one or more companies, businesses, assets or shares) held by the Crane Group,

provides to Fletcher Building Australia an irrevocable and unconditional waiver or release of that right or consent in writing to the extent that such waiver, release or consent is required. If there is any such Material Contract, details of it must be specified in Crane's Target's Statement.

(xi) Conduct of Crane's business

Other than as specifically disclosed by Crane to ASX prior to the Announcement Date, between the Announcement Date and the end of the Offer Period, no member of the Crane Group:

(A) increases the remuneration of, pays any bonus (other than in accordance with existing contractual entitlements as at the Announcement Date), to or otherwise varies the employment arrangements with any of the Directors of Crane or any of the employees of the Crane Group whose total employment cost exceeds $250,000 (collectively, **Relevant Employees**);

(B) issues any securities, options or performance rights to or accelerates the rights of any of the employees of the Crane Group to compensation or benefits of any kind (including under an executive or employee share or option plan and including by vesting the outstanding performance rights);

(C) pays any of the Relevant Employees termination or retention payments (otherwise than in accordance with existing contractual entitlements at the Announcement Date);

(D) enters into employment arrangements with any individual, which could involve a member of the Crane Group giving a commitment to such individual in excess of $250,000 per annum;

(E) offers to acquire (including without limitation by making takeover offers under Chapter 6 of the Corporations Act) or agrees to acquire one or more companies, businesses, assets or shares (or any interest in one or more companies, businesses, assets or shares) for an amount in aggregate greater than $15,000,000;

(F) disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses, assets or shares (or any interest in one or more companies, businesses, assets or shares), the value of which exceeds $10,000,000;

(G) enters into, or offers to enter into or agrees to enter into, any agreement, joint venture, asset or profit share, partnership or commitment which would require expenditure, or the foregoing of revenue, by Crane and/or its subsidiaries of an amount which is, in aggregate, more than $5,000,000, other than in the ordinary course of business;

(H) enters into, amends or terminates any Material Contract; or

(I) resolves, agrees, commits or announces an intention to do any of the things referred to in paragraphs (A) – (H) above.

(xii) Index Out

Between the Announcement Date and the end of the Offer Period the S&P ASX 200 Index does not close below 4,290 on any 3 consecutive Trading Days (representing 10% below the index level at close of trading on the last Trading Day prior to the Announcement Date).

(xiii) Equal Access

Between the Announcement Date and the end of the Offer Period, Crane promptly, and in any event within 2 Business Days, provides to Fletcher Building Australia a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to Crane or any of its subsidiaries, or their respective assets, liabilities or operations, that has been provided by Crane or any of its Directors, officers, agents or representatives to any person other than Fletcher Building Australia, other than in the ordinary course of ordinary business, including (without limitation) for the purposes of soliciting, encouraging or facilitating any proposal with respect to:

(A) a takeover bid for, or scheme of arrangement proposed by, Crane, under the Corporations Act;

(B) the acquisition by that person or any associate of substantially all the assets and operations of Crane; or

(C) any transaction having a similar economic effect.

(xiv) No distributions

Between the Announcement Date and the end of the Offer Period, Crane does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie), other than the interim dividend payable in respect of the 6 months ended 31 December 2010 provided such interim dividend is no greater than 22 cents per Crane Share.

(xv) No Break Fees

Between the Announcement Date and the end of the Offer Period, Crane does not agree (whether conditionally or unconditionally) to make any payment by way of break fee, inducement fee, cost reimbursement or otherwise, to any person other than Fletcher Building Australia or an Associate, or forgo any amount to which it would otherwise be entitled, in connection with that proposal by that person for:

(A) a takeover bid for, or scheme of arrangement proposed by, Crane, under the Corporations Act;

(B) the acquisition by that person or an associate of substantially all the assets and operations of Crane; or

(C) any transaction having a similar economic effect.

This condition does not apply to a payment by way of remuneration for professional services or to Directors of Crane for the discharge of their duties in connection with the Offer.

(xvi) No prescribed occurrences

None of the following events happen in the period between the Announcement Date and the end of the Offer Period:

(A) Crane converting all or any of its shares into a larger or smaller number of shares under Section 254H of the Corporations Act;

(B) Crane or a subsidiary of Crane resolving to reduce its share capital in any way;

(C) Crane or a subsidiary of Crane entering into a buyback agreement or resolving to approve the terms of a buyback agreement under Section 257C(1) or 257D(1) of the Corporations Act;

(D) Crane or a subsidiary of Crane making an issue of its shares or granting an option over its shares or agreeing to make such an issue or grant such an option;

(E) Crane or a subsidiary of Crane issuing, or agreeing to issue, convertible notes;

(F) Crane or a subsidiary of Crane disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;

(G) Crane or a subsidiary of Crane charging, or agreeing to charge, the whole, or a substantial part, of its business or property;

(H) Crane or a subsidiary of Crane resolving that it be wound up;

(I) the appointment of a liquidator or provisional liquidator of Crane or of a subsidiary of Crane;

(J) the making of an order by a court for the winding up of Crane or of a subsidiary of Crane;

(K) an administrator of Crane or of a subsidiary of Crane being appointed under Section 436A, 436B or 436C of the Corporations Act;

(L) Crane or a subsidiary of Crane executing a deed of company arrangement; or

(M) the appointment of a receiver, or a receiver and manager in relation to the whole, or a substantial part, of the property of Crane or of a subsidiary of Crane.

(xvii) Fletcher Building Share price

The volume weighted average price of Fletcher Building Shares traded in the ordinary course of trading on ASX on any of the 7 Trading Days before the date of the Offer is not below $5.50.

(b) The Conditions in Section 12.8(a)(i), (iii) and (iv) are conditions precedent to the acquisition by Fletcher Building Australia of any interest in Crane Shares of a kind which would cause a breach of the laws referred to in that condition, and unless that condition is satisfied, no contract for the sale of Crane Shares will come into force or be binding on any accepting Crane Shareholder or Fletcher Building Australia.

(c) The Conditions other than the conditions in Section 12.8(a)(i), (iii) and (iv) are conditions subsequent. The breach or non-fulfilment of any condition subsequent does not prevent a contract to sell Your Crane Shares resulting from your acceptance of this Offer coming into effect, but entitles Fletcher Building Australia by written notice to you, to rescind the contract resulting from your acceptance of this Offer.

(d) Subject to the provisions of the Corporations Act, Fletcher Building Australia alone has the benefit of the Conditions and any breach or non-fulfilment of any such Conditions may be relied on only by Fletcher Building Australia. Each Condition constitutes and needs to be construed as a separate, several and distinct Condition and shall not be taken to limit the meaning or effect of any other Condition.

(e) The date specified for the giving of the notice referred to in Section 630(3) of the Corporations Act as to the status of the Conditions is [ ], subject to extension in accordance with Section 630(2) of the Corporations Act if the Offer Period is extended in accordance with the Corporations Act.

(f) Subject to the Corporations Act, Fletcher Building Australia may free the Offer and any contract resulting from acceptance of the Offer from all or any of the Conditions generally or in relation to a specific occurrence by giving notice in writing to Crane and to ASX in accordance with Section 650F of the Corporations Act. Any such notice may be given not later than three Business Days after the end of the Offer Period.

(g) If at the end of the Offer Period in respect of the Conditions:

(i) Fletcher Building Australia has not declared this Offer and all other Offers made by Fletcher Building Australia under the Bid and all contracts resulting from the acceptance of Offers to be free from the conditions; and

(ii) the conditions have not been fulfilled,

then all contracts resulting from the acceptance of Offers and all Offers that have been accepted and from whose acceptance binding contracts have not yet resulted are void. In that event, Fletcher Building Australia will, if you have accepted this Offer:

(iii) return at your risk your Acceptance Form together with all documents forwarded by you with that form to your address as shown in the Acceptance Form; or

(iv) if Your Crane Shares are in a CHESS Holding, notify ASX under the ASX Settlement Operating Rules that the contract resulting from your acceptance of the Offer is avoided.

12.9 Obligations of Fletcher Building Australia

(a) Subject to this Section 12.9 and the Corporations Act, Fletcher Building Australia will provide the consideration for Your Crane Shares by the end of whichever of the following periods ends earlier:

(i) one month after the Offer is accepted or, if the Offer is subject to a Condition when accepted, within one month after the Offer becomes unconditional; or

(ii) 21 days after the end of the Offer Period.

Under no circumstances will interest be paid on the consideration for Your Crane Shares under this Offer, regardless of any delay in making payment or any extension of this Offer.

(b) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):

(i) if that document is given with your acceptance, Fletcher Building Australia will provide the consideration in accordance with paragraph (a);

(ii) if that document is given after your

acceptance and before the end of the Offer Period while the Offer is subject to a Condition, Fletcher Building Australia will provide the consideration by the end of whichever of the following periods ends earlier:
(A) one month after the Offer becomes unconditional; or
(B) 21 days after the end of the Offer Period;

(iii) if that document is given after your acceptance and before the end of the Offer Period while the Offer is not subject to a Condition, Fletcher Building Australia will provide the consideration by the end of whichever of the following periods ends earlier:
(A) one month after the document is received; or
(B) 21 days after the end of the Offer Period; or

(iv) if that document is received after the end of the Offer Period, Fletcher Building Australia will provide the consideration within 21 days after that document is received. However, if, at the time that document is received, this Offer is still subject to a Condition that relates to a circumstance or event specified in Section 12.8(a), Fletcher Building Australia will provide the consideration within 21 days after the Offer becomes, or is declared, unconditional.

(c) If you accept the Offer, and are a Foreign Crane Shareholder, Fletcher Building Australia will:
(i) procure the issue to the nominee of all Fletcher Building Shares to which you and all other Foreign Crane Shareholders would have been entitled but for Section 12.2(b);
(ii) cause the nominee to offer for sale those Fletcher Building Shares within 30 days after the end of the Offer Period in such manner, at such price and on such other terms and conditions as are determined by the nominee; and
(iii) cause the payment to you of the amount ascertained in accordance with the formula,

$$\text{Net Proceeds of Sale} \times \frac{\text{Your Nominee Securities}}{\text{Total Nominee Securities}}$$

Where:
"Net Proceeds of Sale" means the amount which is received by the nominee upon the Sale of all Fletcher Building Shares under this Section 12.9(c) less brokerage and other sale expenses;

"Your Nominee Securities" means the number of Fletcher Building Shares which would but for Section 12.2(b) otherwise have been allotted to you; and

"Total Nominee Securities" means the total number of Fletcher Building Shares allotted to the nominee under this Section 12.9(c);
Payment will be made in Australian dollars. Payment will be made by cheque posted to you at your risk by ordinary mail at the address provided on your Acceptance Form or such other address as may be provided by Crane. Under no circumstances will interest be paid on your share of the proceeds of this sale, regardless of any delay in remitting these proceeds to you. Neither Fletcher Building Australia, Fletcher Building or the nominee gives any undertaking, representation, warranty or assurance as to the price that will be achieved for the sale of Fletcher Building Shares as described in this Section 12.9(c).

(d) If you have accepted the Offer and you are a Foreign Crane Shareholder, you will be paid your share of the proceeds from the sale of the Fletcher Building Shares in accordance with Section 12.9(c).

(e) The obligation of Fletcher Building Australia to cause Fletcher Building to issue and allot any Fletcher Building Shares to which you are entitled as a result of you accepting the Offer will be satisfied by Fletcher Building Australia:
(i) procuring that Fletcher Building enters your name on the register of members of Fletcher Building; and
(ii) dispatching or procuring the dispatch to you by pre-paid post to your address recorded in the Register, an uncertificated holding statement in your name. If Your Crane Shares are held in a joint name, an uncertificated holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in the Register.

(f) If, at the time of acceptance of this Offer, or provision of any consideration under it, any authority or clearance of the Reserve Bank of Australia or of the ATO is required for you to receive any consideration under this Offer or you are a resident in or a resident of a place to which, or you are a person to whom:
(i) the Banking (Foreign Exchange) Regulations 1959 (Cth);
(ii) the Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002 (Cth);
(iii) the Charter of the United Nations (Sanctions – Afghanistan) Regulations 2001 (Cth);
(iv) the Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003 (Cth);
(v) the Charter of the United Nations (Dealing with Assets) Regulations 2008; or
(vi) any law of Australia that would make it unlawful for Fletcher Building or Fletcher Building Australia to provide the consideration payable under the Offers,

applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until all requisite authorities or clearances have been obtained by Fletcher Building or Fletcher Building Australia. Please refer to Section 11.7 for information as to whether this restriction applies to you.

12.10 Withdrawal

(a) Fletcher Building Australia may withdraw this Offer at any time with the written consent of ASIC which consent may be given subject to such conditions (if any) as are specified in the consent. Notice of any withdrawal will be given to ASX and Crane and will comply with any other conditions imposed by ASIC.

(b) If Fletcher Building Australia withdraws this Offer, any contract resulting from its acceptance will automatically be void.

12.11 Variation

Fletcher Building Australia may at any time, and from time to time, vary this Offer in accordance with the Corporations Act.

12.12 Costs, taxes and GST

All costs and expenses of the preparation, dispatch and circulation of this Bidder's Statement and the Offer and all stamp duty payable in respect of a transfer of Crane Shares payable by a Crane Shareholder in respect of which Offers are accepted, will be paid by Fletcher Building Australia. No GST is payable as a consequence of the Offer.

12.13 Official Quotation of Fletcher Building Shares

(a) The Fletcher Building Shares offered by Fletcher Building Australia as consideration under the Offer will rank equally with Fletcher Building Shares on issue at the Register Date.

(b) Fletcher Building has been admitted to the official list of ASX and shares of the same class as those to be issued as consideration under the Offer have been granted official quotation by ASX.

(c) An application will be made within seven days after the commencement of the Offer Period to ASX for the granting of official quotation of the Fletcher Building Shares to be issued as consideration under the Offer. However, official quotation is not granted automatically on application. The Fletcher Building Shares that will be issued under the Offer have been accepted for listing by NZX and will be quoted upon completion of allotment procedures. However, NZX accepts no responsibility for any statement in this Bidder's Statement.

(d) In accordance with Section 625(3) of the Corporations Act, this Offer is subject to a condition that application for admission to quotation of the Fletcher Building Shares on ASX issued under the Offer is made within seven days after the commencement of the bid period and admission to quotation is granted no later than seven days after the end of the Offer Period. This condition is not a condition for the purposes of the Corporations Act and is not of the same nature as the Conditions set out in Section 12.8(a). This Offer cannot be freed from this condition and no statements made by Fletcher Building Australia can be taken to waive this condition. If this condition is not fulfilled all contracts resulting from the acceptance of this offer will be void automatically.

12.14 Notices

(a) Any notices to be given by Fletcher Building Australia to Crane under the Offer may be given to Crane by leaving them at, or sending them by pre-paid ordinary post to, the registered office of Crane or by sending them by facsimile transmission to Crane at its registered office.

(b) Any notices to be given to Fletcher Building Australia by you or by Crane under the Bid may be given to Fletcher Building Australia by leaving them at or sending them by pre-paid ordinary post to Fletcher Building Australia at one of the addresses referred to in Section 12.4(b).

(c) Any notices to be given by Fletcher Building Australia to you under the Offer may be given to you by leaving them at or sending them by pre-paid ordinary post or if your address is outside Australia, by airmail, to your address as shown in the Register.

12.15 Governing law

This Bidder's Statement and Offer and any contract that results from your acceptance of this Offer are governed by the laws in force in NSW.

Glossary and interpretation

Glossary

The following terms have the meanings set out below unless the context requires otherwise:

$ or A$ means Australian dollars.

ACCC means the Australian Competition and Consumer Commission.

Acceptance Facility has the meaning given to it in Section 11.10.

Acceptance Facility Agent has the meaning given to it in Section 11.10.

Acceptance Form means the form of acceptance of the Offer enclosed with this Offer and the Bidder's Statement or, as the context requires, any replacement or substitute acceptance form provided by or on behalf of Fletcher Building Australia (and includes, to avoid doubt, both the Issuer Acceptance Form and the CHESS Acceptance Form).

Acceptance Instructions has the meaning given to it in Section 11.10.

AEDT means Australian Eastern Daylight Savings Time.

AGM means annual general meeting.

Announcement Date means 15 December 2010.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in Section 11 of the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange it operates.

ASX Listing Rules means the listing rules of ASX as amended or varied from time to time.

ASX Settlement means ASX Settlement Pty Ltd ACN 008 504 532.

ASX Settlement Operating Rules means the operating rules of ASX Settlement.

ATO means the Australian Taxation Office.

Banks has the meaning given to it in Section 8.5.

Bid means the Offer to acquire all of the Crane Shares, on the terms set out in this Bidder's Statement.

Bidder's Statement means this document, being the Bidder's Statement of Fletcher Building Australia under Part 6.5 of the Corporations Act relating to the Offer.

Borrowers has the meaning given to it in Section 8.5.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX or NZX declares is not a business day.

Cash Component has the meaning given to it in Section 10.2(a).

Cash Consideration means the cash that is to be paid to Crane Shareholders as consideration for accepting the Offer.

CDSP has the meaning given to it in Section 4.3.

CGT means Australian capital gains tax.

CHESS means the Clearing House Electronic Subregister System which provides for the electronic transfer, settlement and registration of securities in Australia.

CHESS Holding means a holding of Crane Shares on the CHESS subregister of Crane.

Class Order means ASIC Class Order 01/1543.

Combined Group means the Fletcher Building Group following its acquisition of all or a majority of Crane Shares.

Condition means each condition of the Offer set out in Section 12.8(a).

Conditions Precedent Date means the date on which the last of the Conditions set out at Sections 12.8(a)(i), 12.8(a)(iii) and 12.8(a)(iv) has been fulfilled.

Confirmation Letter has the meaning given to it in Section 11.10.

Controlling Participant has the meaning given in the ASX Settlement Operating Rules.

Corporations Act means the Corporations Act 2001 (Cth) and any regulations made under that Act.

Crane means Crane Group Limited ACN 008 410 302.

Crane Board means the board of Directors of Crane.

Crane Director means a director of Crane.

Crane Group means Crane and its Related Entities as at the date of this Bidder's Statement.

Crane Preference Shares means the preference shares issued by Crane as described in Section 4.2.

Crane Shareholder means the holder of a Crane Share.

Crane Shares means fully paid ordinary shares in Crane.

DPS means dividend per share.

DRP has the meaning given to it in Section 2.3.

EBIT means earnings before interest and tax.

EBITDA means earnings before interest, tax, depreciation and amortisation.

Eligible Institutional Shareholders has the meaning given to it in Section 11.10.

EPS means Earnings per Share.

EV/EBIT Multiple means the enterprise value to EBIT multiple.

Glossary and interpretation

Facility has the meaning given to it in Section 8.5.

Facility Agreement means the syndicated revolving credit facilities agreement dated 17 September 2007 between Fletcher Building and Fletcher Building International (as borrowers) and the Banks, as amended from time to time.

FATA has the meaning given to it in Section 12.8(a)(i)(A).

FIRB means the Foreign Investment Review Board.

Fletcher Building means Fletcher Building Limited ARBN 096 046 936.

Fletcher Building Australia means Fletcher Building (Australia) Pty Limited ACN 093 539 452, a wholly owned subsidiary of Fletcher Building Limited.

Fletcher Building Australia Director means a director of Fletcher Building Australia.

Fletcher Building Board means the board of Directors of Fletcher Building.

Fletcher Building Capital Notes means the capital notes issued by Fletcher Building as described in Section 2.6.

Fletcher Building Constitution means the constitution of Fletcher Building.

Fletcher Building Director means a director of Fletcher Building.

Fletcher Building Group means Fletcher Building and its Related Entities as at the date of this Bidder's Statement.

Fletcher Building Industries means Fletcher Building Industries Limited (Company number 1248554).

Fletcher Building International means, Fletcher Building International, L.P. (ABN 155 97 295 270), a limited partnership formed and registered under the Partnership Act 1892 (NSW).

Fletcher Building Options means the options over Fletcher Building Shares issued by Fletcher Building as described in Section 2.7.

Fletcher Building Share means a fully paid ordinary share in Fletcher Building.

Fletcher Building Shareholder means a registered holder of Fletcher Building Shares.

Foreign Crane Shareholder means a Crane Shareholder whose address as shown in the register of members of Crane is in a jurisdiction other than Australia and its external territories or New Zealand.

FY02 means the period from 1 July 2001 – 30 June 2002.

FY06 means the period from 1 July 2005 – 30 June 2006.

FY07 means the period from 1 July 2006 – 30 June 2007.

FY08 means the period from 1 July 2007 – 30 June 2008.

FY09 means the period from 1 July 2008 - 30 June 2009.

FY10 means the period from 1 July 2009 - 30 June 2010.

FY11 means the period from 1 July 2010 - 30 June 2011.

GAAP has the meaning given to it in Section 6.2(a).

GST means the goods and services tax imposed under the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Guarantee means the deed of negative pledge and guarantee dated 21 March 2001 granted by the Guarantors, as amended and supplemented from time to time.

Guarantor means each of Fletcher Building and its subsidiaries (including Fletcher Building Australia).

Holder Identification Number or **HIN** means the number used to identify a Crane Shareholder on the CHESS subregister of Crane.

IFRS has the meaning given to it in Section 6.2(a).

Laminex Finance means Laminex Finance Pty Limited ACN 127 225 236, a wholly owned subsidiary of Fletcher Building.

Long-Term Scheme has the meaning given to it in Section 2.4(a).

Material Contract means any agreement, contract or other arrangement or instrument to which Crane or any subsidiary of Crane is a party or by or to which Crane or any subsidiary of Crane or any of its assets may be bound or subject and which:

(a) has a value of at least $10 million;
(b) imposes obligations or liabilities of at least $10 million over the life of the agreement, contract or other arrangement; or
(c) is otherwise material in the context of the businesses of Crane and its subsidiaries,

and includes any agreement, contract or other arrangement under which Crane or any of its subsidiaries borrows or raises funds or otherwise incurs indebtedness from a financial institution.

Minimum Acceptance Condition means the Condition in Section 12.8(a)(v).

NPAT means net profit after tax.

NSW means New South Wales.

NZDX means the debt security market operated by NZX.

NZSX means the main board equity securities market operated by NZX.

NZSX Listing Rules means the listing rules of NZX as amended or varied from time to time.

NZX means NZX Limited.

Glossary and interpretation

NZ$ means New Zealand dollars.

Offer or **Fletcher Building Australia Offer** means, as the context requires, the offer for Crane Shares contained in Section 12, or the off-market takeover bid constituted by that offer, and **Offers** means the several like offers which together constitute the Bid, as varied in accordance with the Corporations Act.

Offer Period means the period during which Offers will remain open for acceptance in accordance with Section 12.3.

Offer Terms means the terms of the Offer set out in Section 12.

OIO means the Overseas Investment Office in New Zealand.

P/E Multiple means price to earnings multiple.

Perpetual has the meaning given to it in Section 11.3.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia, New Zealand or elsewhere, including (without limitation) any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and ASX, NZX or any other stock exchange.

Register means the register of Crane Shareholders maintained by Crane in accordance with the Corporations Act.

Register Date means 7.00pm (AEDT) on 22 December 2010.

Related Entity means in relation to a person, any entity which is related to that person within the meaning of Section 50 of the Corporations Act or which is in an economic entity (as defined in any approved Australian accounting standard) that is controlled by that person.

Relevant Employees has the meaning given to it in Section 12.8(a)(xi)(A).

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Rights, Dividends and Distributions means all accretions, rights or benefits of whatever kind attaching to or arising from or in respect of the Crane Shares, whether directly or indirectly, including without limitation all rights to receive dividends (and any attaching franking credit), to receive or subscribe for shares, units, notes, options or other securities and to receive all other distributions or entitlements declared, paid, made or issued by Crane or any subsidiary of Crane after the Announcement Date.

S&P ASX 200 means the S&P/ASX 200 Index as provided by Standard & Poors from time to time.

Scrip Component has the meaning given to it in Section 10.2(a).

Securities Act has the meaning given to it in paragraph (c) in the Section entitled "Important Information and Notices".

Securityholder Reference Number or **SRN** means the number allocated by Crane to identify a Crane Shareholder on its issuer sponsored subregister.

Share Consideration means the Fletcher Building Shares which are provided to Crane Shareholders as consideration for accepting the Offer.

Share Registry means Computershare Investor Services Pty Limited.

Surplus Assets has the meaning given to it in Section 9.

Target's Statement means the target's statement prepared pursuant to sections 633 and 638 of the Corporations Act in relation to the Offer.

Takeover Transferee Holding means the CHESS Holding to which Crane Shares are to be transferred pursuant to acceptances of the Offer.

Trading Day has the meaning given to it in the ASX Listing Rules.

TSR means total shareholder returns.

Valuation Date has the meaning given to it in Section 2.8.

VWAP means volume weighted average price.

Your Crane Shares means, subject to Sections 12.5(a) and 12.5(b), the Crane Shares in respect of which you are registered or entitled to be registered as holder in the Register at 7.00pm on the Register Date and to which you are able to give good title at the time you accept the Offer during the Offer Period.

Interpretation

(a) Annexures to the Bidder's Statement form part of this Bidder's Statement.

(b) Words and phrases to which a meaning is given by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules have that meaning in this Bidder's Statement and in the Acceptance Form unless that meaning is inconsistent with the context in which the word or phrase is used.

(c) Headings are for convenience only and do not affect the interpretation of this Bidder's Statement.

(d) The singular includes the plural and vice versa and words importing any gender include the other gender, and references to persons include corporations.

(e) References to Sections are to sections of this Bidder's Statement.

(f) References to paragraphs are references to paragraphs within the Section in which the reference to the paragraph is made.

(g) References to time are references to the time in Sydney, Australia on the relevant date, unless stated otherwise.

(h) References to "dollars", "$", "A$" or "cents" are to Australian currency, unless stated otherwise.

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Approval of Bidder’s Statement

This Bidder’s Statement has been approved by a resolution of the Directors of Fletcher Building (Australia) Pty Limited.

Dated 22 December 2010

Signed for and on behalf of Fletcher Building (Australia) Pty Limited by:

Jonathan Ling
Director

Fletcher Building's announcements to ASX since 1 July 2010

Date	Announcement
20 December 2010	Crane: Chairman's letter to Shareholders
20 December 2010	Crane: Response to Takeover offer
20 December 2010	Securities Trading Policy disclosure
20 December 2010	Fletcher Building settles Formica milestones dispute
16 December 2010	Notice of initial substantial holder for Crane
15 December 2010	Fletcher Building capital notes consolidation
15 December 2010	Crane: Response to Takeover Offer
15 December 2010	Fletcher Building presentation – Offer to shareholders of Crane Group
15 December 2010	Proposal to acquire Crane Group Limited
8 December 2010	Notice of initial substantial holder from IOOF Holdings Limited
8 December 2010	Fletcher Building Limited appoints Citibank N.A. as Depositary for American Depositary Receipt programme
17 November 2010	Annual Shareholders' Meeting Voting Results
17 November 2010	2010 Annual Shareholders' Meeting – Presentation
17 November 2010	2010 Annual Shareholders' Meeting CEO's Address
17 November 2010	2010 Annual Shareholders' Meeting Chairman's Address
26 October 2010	Citi Australian Investment Conference Presentation
22 October 2010	Appendix 3Y Change of Directors Interest Notice
20 October 2010	Appendix 3Y Change of Directors Interest Notice
19 October 2010	Fletcher Building Limited ASM Notice of Meeting
19 October 2010	Fletcher Building Limited ASM Shareholders Voting Form
15 October 2010	Fletcher Construction Company Limited to manage EQC Canterbury earthquake project management office
15 October 2010	Macquarie Presentation – NZ Building and Construction
30 September 2010	Fletcher Building confirms retirement of Sir Dryden Spring
29 September 2010	Change in substantial holding from Perpetual Limited
24 September 2010	Fletcher Building Limited 2010 Annual Review
24 September 2010	Fletcher Building Limited Section 209 Notice
24 September 2010	Fletcher Building Limited 2010 Annual Report
13 September 2010	Analyst Presentation for Formica North America
13 September 2010	Analyst Presentation for Formica Asia
13 September 2010	Analyst Presentation for Formica Europe
6 September 2010	Fletcher Building Limited $1m contribution to earthquake assistance
1 September 2010	Appendix 3B New issue announcement
1 September 2010	Notice under Section 708A(5)(e)
1 September 2010	Appendix 3X Initial Directors Interest Notice
1 September 2010	Investor Presentation – September 2010
27 August 2010	Annual Shareholders' Meeting and Director Nominations
20 August 2010	Acquisition of Australian Construction Products Pty Ltd
19 August 2010	Notice of ceasing to be a substantial holder from IOOF Holdings Limited
18 August 2010	Fletcher Building Limited 2010 Annual Results Presentation
18 August 2010	Audit Report
18 August 2010	Fletcher Building Limited 2010 Annual Results Announcement
18 August 2010	Appendix 4E
11 August 2010	Change in substantial holding from Perpetual Limited
11 August 2010	Fletcher Building saddened at the passing of Sir Ron Trotter
15 July 2010	Ceasing to be a substantial holder from AMP Limited
12 July 2010	Change in substantial holding from Perpetual Limited

Crane's announcements to ASX since 1 July 2010

Date	Announcement
20 December 2010	Chairman's letter to Shareholders
20 December 2010	Response to Takeover offer by Fletcher Building
17 December 2010	Change in substantial holding from Perpetual Limited
16 December 2010	Notice of initial substantial holder from Fletcher Building
16 December 2010	Change in substantial holding from Suncorp-Metway Limited
16 December 2010	Ceasing to be a substantial holder from Maple-Brown Abbott Limited
15 December 2010	Response to Takeover Offer from Fletcher Building
15 December 2010	FBU: Presentation – Offer to shareholders of Crane Group
15 December 2010	FBU: Proposal to acquire Crane Group Limited
29 November 2010	Change in substantial holding from Suncorp-Metway Limited
11 November 2010	Ceasing to be a substantial holder from National Australia Bank
10 November 2010	Change in substantial holding from Perpetual Limited
9 November 2010	Becoming a substantial holder from National Australia Bank
2 November 2010	Change in substantial holding from Perpetual Limited
29 October 2010	Correction re Proxy Summary
29 October 2010	Letter re Proxy Summary
29 October 2010	AGM Presentation and FY11 Outlook
29 October 2010	2010 AGM Chairman's Address
27 October 2010	Ceasing to be a substantial holder from National Australia Bank
20 October 2010	Change in substantial holding from Perpetual Limited
8 October 2010	Appendix 3Y – Mark Fitzgerald
1 October 2010	Appendix 3X – Joycelyn Morton
30 September 2010	Appendix 3Y – Robert Fraser
30 September 2010	Appendix 3Y – John Harkness
30 September 2010	Appendix 3Y – Leo Tutt
30 September 2010	Appendix 3B
27 September 2010	Acquisition of Hudson Building Supplies Pty Limited
22 September 2010	2010 Notice of Annual General Meeting
22 September 2010	2010 Annual Report
15 September 2010	Correction Change in substantial shareholding date to 09/09/10
15 September 2010	DRP share price for final FY2010 dividend
15 September 2010	Change in substantial holding from Schroder Investment Management Australia Limited
10 September 2010	Appointment of Director – Joycelyn Morton
8 September 2010	Change in substantial holding from Maple-Brown Abbott Limited
31 August 2010	Change in substantial holding from Perpetual Limited
24 August 2010	Change in substantial holding from National Australia Bank
20 August 2010	Ceasing to be a substantial holder – Bank of America Corporation
20 August 2010	Becoming a substantial holder – Bank of America Corporation
19 August 2010	Becoming a substantial holder from National Australia Bank
6 August 2010	Appendix 3Y – Gregory Sedgwick
3 August 2010	Correction to Article on page 19 of AFR today
2 August 2010	Presentation on Full Year Results to 30 June 2010
2 August 2010	Commentary on Preliminary Final Report to 30 June 2010
2 August 2010	Appendix 4E Preliminary Final Report – Full Year Results to 30 June 2010
21 July 2010	Becoming a substantial holder – Maple-Brown Abbott Limited
21 July 2010	Ceasing to be a substantial holder – National Australia Bank
9 July 2010	Becoming a substantial holder from National Australia Bank
6 July 2010	Change in substantial holding from Schroder Investment Management Australia Limited

Particulars of Loan Facility

Representations and warranties

Representations and warranties given by Fletcher Building (in respect of itself and each Guarantor) and Fletcher Building International in the Facility Agreement are summarised as follows:

(a) the relevant entities have due power, authority and all obligations are legal, valid, binding and enforceable, which includes particular provisions relating to the status of the Fletcher Building International partnership;
(b) there is no violation of laws or conflict with any constitutional documents or other applicable arrangements;
(c) there is no event of default;
(d) there has been full and accurate disclosure to the Banks;
(e) the financial statements provided to the Banks show no material change in financial position;
(f) the liabilities under the Facilities rank equally with any other unsecured unsubordinated liabilities except as preferred by operation of law;
(g) assets are owned and are free from security interests (other than permitted security interests);
(h) no relevant entity has immunity from suit; and
(i) each relevant entity is solvent.

Events of default

Events of default under the Facility Agreement are summarised as follows:

(a) any payment default under the Facilities (subject to applicable remedy periods);
(b) any breach of covenant (subject to applicable remedy periods);
(c) any cross default or judgment is commenced or obtained, in any case at least NZ$25,000,000 (or equivalent);
(d) the cessation of business or dissolution of any entity (subject to certain exceptions, for example, approved solvent reconstructions);
(e) the appointment of a receiver or administrator (or similar) or the insolvency of Fletcher Building, Fletcher Building International or a material guarantor;
(f) any representations and warranties are false, incorrect or materially breached (subject to applicable remedy periods and materiality thresholds);
(g) any government action is taken or key licences are withdrawn which has a material adverse effect; or
(h) in relation to certain clauses, any event which, with the passing of time or the giving of notice, would constitute any of the events set out above.

Event of review

A summary of the events of review under the Facility Agreement are as follows:

(a) any person/s acquire control of Fletcher Building;
(b) Fletcher Building or a Guarantor is party to any material litigation or dispute/s with any government agency or authority which is reasonably likely to be determined against Fletcher Building or a Guarantor and have a material adverse effect; or
(c) any event/s occurs which has a material adverse effect on the financial condition of the Fletcher Building Group and the Fletcher Building guaranteeing group's obligations under relevant transaction documents.

Undertakings

By way of summary, Fletcher Building undertakes in the Facility Agreement:

Positive undertakings

(a) to provide certain financial information to the Banks including consolidated annual (audited) financial statements, semi annual financial statements and quarterly management accounts prepared in accordance with generally accepted accounting practices;
(b) to comply with applicable laws and maintain all necessary authorisations, including undertakings relating to the maintenance of the Fletcher Building International partnership;
(c) to notify the Banks of an event of default and other key events;
(d) to properly conduct its business, including to appoint and maintain auditors and maintain appropriate insurances;
(e) to perform further acts and assurances on the request of the Banks; and
(f) to ensure that the Facilities rank equally with any other unsecured and unsubordinated debt except as preferred by law;

Negative undertakings

(a) not to create or permit to arise any security interest (other than permitted security interests) over assets; and
(b) not to dispose of assets above certain thresholds, enter into certain related company transactions, pay dividends and make capital distributions or merge with other entities (subject to permitted exceptions, for example disposals in the ordinary course of business or within the Fletcher Building Group); and

Financial covenants

(a) to maintain certain financial covenants, which are summarised as follows:
    (i) the gearing ratio, being the ratio of the principal amount of debt after certain adjustments to EBITDA;
    (ii) the interest cover ratio, being the ratio of EBIT to senior interest expense;
    (iii) the total interest cover ratio, being the ratio of EBIT to total interest expense (including relating to unsecured and subordinated debt); and
    (iv) total assets and EBITDA of the Guarantors must be a certain proportion of the assets and EBITDA of the Fletcher Building Group.

Notes

Notes

Offer Information Line:

1300 042 036 (toll free for calls made within Australia)

0800 505 529 (free call for calls made within New Zealand) or

+61 3 9938 4357 (for calls made from outside Australia or New Zealand)

Monday to Friday between 9.00am and 5.00pm (AEDT)

Corporate directory

Fletcher Building Limited
ARBN 096 046 936

Fletcher Building Limited
Registered office
Fletcher House
810 Great South Road
Penrose, 1061 New Zealand
Telephone +64 9 525 9000
Facsimile +64 9 525 9032
Website **fletcherbuilding.com**

Postal address for
Fletcher Building Limited
Private Bag 92 114
Victoria Street West
Auckland 1142,
New Zealand

Fletcher Building
(Australia) Pty Limited
Registered office
Level 11, Tower B, Zenith Centre
821 Pacific Highway
Chatswood NSW 2067, Australia
Telephone +61 2 8986 0900
Facsimile +61 2 8986 0920
Website **fletcherbuilding.com**

Australian Legal Adviser
Gilbert + Tobin
Level 37, 2 Park Street
Sydney NSW 2000

New Zealand Legal Adviser
Bell Gully
Vero Centre
48 Shortland Street
Auckland, New Zealand

Financial Adviser
Macquarie Capital (New Zealand) Limited
Level 17
88 Shortland Street
Auckland, New Zealand

Share Registry for Offer
Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001

Fletcher Building

Fletcher Building (Australia) Pty Limited
ACN 093 539 452

Computershare

Please return completed form to:
Computershare Investor Services Pty Limited
GPO Box 52 Melbourne
Victoria 3001 Australia
Enquiries (within Australia) 1300 042 036
(international) +61 3 9938 4357
(within New Zealand) 0800 505 529

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SAM
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)

I 1234567890 IND

For your security keep your SRN/HIN confidential.

Use a black pen.
Print in CAPITAL letters inside the grey areas.

A B C 1 2 3

Acceptance Form - Issuer Sponsored Holding

This is a personalised form for the sole use of the holder and securityholding recorded below. It is an important document and requires your immediate attention. If you are in doubt about how to deal with it, please consult your financial, legal or other professional adviser.

This form relates to an offer ("Offer") by Fletcher Building (Australia) Pty Limited ("Fletcher Building Australia") to acquire all of your ordinary shares ("Crane Shares") in Crane Group Limited ACN 008 410 302 ("Crane") pursuant to a Bidder's Statement dated 22 December 2010 and any replacements or supplements to it (the "Bidder's Statement"). Terms defined in the Bidder's Statement but not in this form have the same meaning as in the Bidder's Statement unless the context requires otherwise.

Use this form to accept Fletcher Building Australia's Offer for Your Crane Shares

B Consideration

The consideration applicable is that set out in Section 12 of the Bidder's Statement.

If you are a Foreign Crane Shareholder, the Fletcher Building Shares that you would have otherwise been entitled to receive will be issued to a nominee for sale on your behalf. See Section 11.9 of the Bidder's Statement.

Shareholder details

Subregister	Issuer
Your holding in Crane	123456789012

C To be completed by Shareholder

You will be deemed to have accepted Fletcher Building Australia's Offer in respect of all Your Crane Shares if you sign and return this form before the end of the Offer Period.

D Contact details

Please provide the contact details of the person you authorise us to speak to in case we need to speak to you about this form.

Name of contact person

Contact person's daytime telephone number

( )

E Sign here - this section must be signed before we can process this form.

I/We accept Fletcher Building Australia's Offer in respect of ALL of the Crane Shares I/we hold and I/we agree to be bound by the terms and conditions of Fletcher Building Australia's Offer **(including the instructions as to acceptance of Fletcher Building Australia's Offer on the back of this form)** and transfer all of my/our Crane Shares to Fletcher Building Australia for the consideration applicable to Fletcher Building Australia's Offer.

Individual or Shareholder 1	Individual or Shareholder 2	Individual or Shareholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Fletcher Building Australia reserves the right to make amendments to this form as set out in the Offer terms. Please refer to the lodgement instructions overleaf.

See back of form for completion guidelines

<Securityholder Reference Number>

CRG_TKO 8TIO

125426_011N4E

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How to complete this form

Acceptance of Fletcher Building Australia's Offer

A Registration Details

The Crane Shares are currently registered in the name(s) printed on this form. Your consideration will be issued in the name(s) which appear(s) on Fletcher Building Australia's copy of the register. If you have already sold all Your Crane Shares shown overleaf, you need not take any further action.

B Consideration

The consideration payable is that set out in Section 12 of the Bidder's Statement.

C How to accept Fletcher Building Australia's Offer

As your Crane Shares are held in an Issuer Sponsored Holding, simply complete and return this form to the address below so that it is received by no later than 7.00pm (AEDT) on the last day of the Offer Period.

If you sign and return this Acceptance Form, you warrant to Fletcher Building Australia (and authorise Fletcher Building Australia to warrant on your behalf) that you have full legal and beneficial ownership of Your Crane Shares to which this Acceptance Form relates and that Fletcher Building will acquire them free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

Neither Fletcher Building Australia or Computershare Investor Services Pty Limited ('CIS') will be responsible for any delays incurred by this process.

D Contact details

Please provide the contact details of the person you authorise us to speak to in case we need to speak to you about this form. These details will only be used in the event that the registry has a query regarding this form.

E Signature(s)

You must sign the form as follows in the space provided:

Joint holding:	where the holding is in more than one name all of the securityholders must sign.
Power of Attorney:	to sign under Power of Attorney, you must attach a certified copy of the Power of Attorney to this form when you return it.
Deceased Estate:	all executors must sign and, a certified copy of Probate or Letters of Administration must accompany this form.
Companies:	where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Lodgement of Acceptance Form

This Acceptance Form must be received by CIS by no later than 7:00pm (AEDT) on the last day of the Offer Period. You should allow sufficient time for this to occur. Return this Acceptance Form to:

By Mail:
Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

By Fax:
+61 3 9473 2086
(Original forms must still be mailed)

By Hand:
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
(office closes 5:00pm AEDT)

or

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000
(office closes 5:00pm AEDT)

8TIO

Neither CIS nor Fletcher Building Australia accepts any responsibility if you lodge the Acceptance Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by CIS, as registrar for Fletcher Building Australia for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by Fletcher Building Australia in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning Fletcher Building Australia's Offer please contact the Offer Information Line on 1300 042 036 (toll free for calls made within Australia), 0800 505 529 (free call for calls made within New Zealand) or +61 3 9938 4357 (for calls made from outside Australia or New Zealand).

Please note this form may not be used to change your address.

CRG_TKO

Please return the completed form in the envelope provided or to the address opposite:

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia

125426_011N4E

Fletcher Building

Fletcher Building (Australia) Pty Limited
ACN 093 539 452

Computershare

Please return completed form to:
Computershare Investor Services Pty Limited
GPO Box 52 Melbourne
Victoria 3001 Australia
Enquiries (within Australia) 1300 042 036
(international) +61 3 9938 4357
(within New Zealand) 0800 505 529

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000001
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SAM
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Security Reference Number (SRN)

I 1234567890 IND

For your security keep your SRN/HIN confidential.

Use a black pen.
Print in CAPITAL letters inside the grey areas.

A B C 1 2 3

Acceptance Form - CHESS Holding

This is a personalised form for the sole use of the holder and securityholding recorded below. It is an important document and requires your immediate attention. If you are in doubt about how to deal with it, please consult your financial, legal or other professional adviser.

This form relates to an offer ("Offer") by Fletcher Building (Australia) Pty Limited ("Fletcher Building Australia") to acquire all of your ordinary shares ("Crane Shares") in Crane Group Limited ACN 008 410 302 ("Crane") pursuant to a Bidder's Statement dated 22 December 2010 and any replacements or supplements to it (the "Bidder's Statement"). Terms defined in the Bidder's Statement but not in this form have the same meaning as in the Bidder's Statement unless the context requires otherwise.

Use this form to accept Fletcher Building Australia's Offer for Your Crane Shares

B Consideration

The consideration applicable is that set out in Section 12 of the Bidder's Statement.

If you are a Foreign Crane Shareholder, the Fletcher Building Shares that you would have otherwise been entitled to receive will be issued to a nominee for sale on your behalf. See Section 11.9 of the Bidder's Statement.

Shareholder details

Subregister	CHESS
Your holding in Crane	123456789012

C To be completed by Shareholder

You will be deemed to have accepted Fletcher Building Australia's Offer in respect of all Your Crane Shares if you sign and return this form before the end of the Offer Period.

As you hold Your Crane Shares in a CHESS holding (see "subregister" above), to accept Fletcher Building Australia's Offer you can either:

- Instruct your Controlling Participant directly - normally your stockbroker to accept the Offer;

or

- Authorise Fletcher Building Australia to contact your Controlling Participant on your behalf, which you can do by signing and returning this form in sufficient time for your Controlling Participant to accept the Offer. By signing and returning this form you will be deemed to have authorised Fletcher Building Australia to contact your Controlling Participant directly and to relay your acceptance instructions.

D Contact details

Please provide the contact details of the person you authorise us to speak to in case we need to speak to you about this form.

Name of contact person

Contact person's daytime telephone number

( )

E Sign here - this section must be signed before we can process this form.

I/We accept Fletcher Building Australia's Offer in respect of ALL of the Crane Shares I/we hold and I/we agree to be bound by the terms and conditions of Fletcher Building Australia's Offer **(including the instructions as to acceptance of Fletcher Building Australia's Offer on the back of this form)** and transfer all of my/our Crane Shares to Fletcher Building Australia for the consideration applicable to Fletcher Building Australia's Offer.

Individual or Shareholder 1	Individual or Shareholder 2	Individual or Shareholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Fletcher Building Australia reserves the right to make amendments to this form as set out in the Offer terms. Please refer to the lodgement instructions overleaf.

See back of form for completion guidelines

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CRG_TKO 8TCO <Broker PID>

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How to complete this form

Acceptance of Fletcher Building Australia's Offer

A **Registration Details**

Your Crane Shares are currently registered in the name(s) printed on this form. Your consideration will be issued in the name(s) which appear(s) on Fletcher Building Australia's copy of the register.

If you have already sold all Your Crane Shares shown overleaf, you need not take any further action.

B **Consideration**

The consideration payable is that set out in Section 12 of the Bidder's Statement.

C **How to accept Fletcher Building Australia's Offer**

As Your Crane Shares are in a CHESS holding, you may contact your Controlling Participant directly (normally your stockbroker) with instructions to accept Fletcher Building Australia's Offer. If you do this, you will need to sign and return this Acceptance Form to your Controlling Participant. If you want Fletcher Building Australia to contact your Controlling Participant on your behalf, sign and return this form to the address below so that it is received in sufficient time to allow your instruction to be acted upon by the close of the Offer Period. This will authorise Fletcher Building Australia to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf.

If you sign and return this Acceptance Form, you warrant to Fletcher Building Australia (and authorise Fletcher Building Australia to warrant on your behalf) that you have full legal and beneficial ownership of Your Crane Shares to which this Acceptance Form relates and that Fletcher Building Australia will acquire them free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

Neither Fletcher Building Australia nor Computershare Investor Services Pty Limited ('CIS') will be responsible for any delays incurred by this process. You should allow sufficient time for your Controlling Participant or Fletcher Building Australia to initiate the acceptance of Fletcher Building Australia's Offer on your behalf.

D **Contact details**

Please provide the contact details of the person you authorise us to speak to in case we need to speak to you about this form. These details will only be used in the event that the registry has a query regarding this form.

E **Signature(s)**

You must sign the form as follows in the space provided:

Joint holding: where the holding is in more than one name all of the shareholders must sign.

Power of Attorney: to sign under Power of Attorney, you must attach a certified copy of the Power of Attorney to this form when you return it.

Deceased Estate: all executors must sign and, a certified copy of Probate or Letters of Administration must accompany this form.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

8TCO

Lodgement of Acceptance Form

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GPO Box 52
MELBOURNE VIC 3001

By Fax:
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(Original forms must still be mailed)

By Hand:
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
(office closes 5:00pm AEDT)

or

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000
(office closes 5:00pm AEDT)

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Please note this form may not be used to change your address.

CRG_TKO

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Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia

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