



Fletcher Building's Recommended Offer for Crane Group Limited

Retail Broker Briefing
February 2011



Summary of the Recommended Offer

<p><i>Total implied value of A\$10.07 to be received by Crane Shareholders</i></p>	<ul style="list-style-type: none"> • The Recommended Offer comprises A\$3.50 cash and one Fletcher Building share for each Crane ordinary share • Crane's fully franked special dividend from accumulated profits of A\$0.50 per share and interim dividend of A\$0.22 per share will not reduce the cash consideration of the Recommended Offer¹ • The total implied value to be received by Crane shareholders including the special dividend equates to A\$10.07 for each Crane share² <p><i>The total implied value to be received by Crane Shareholders will vary as the market price of the Fletcher Building shares on the ASX changes from time to time.</i></p>
<p><i>Undertaking ensures the Crane shareholders will receive interim and special dividends</i></p>	<ul style="list-style-type: none"> • Fletcher Building Australia has undertaken to Crane not to declare its takeover bid unconditional before 18 February 2011 • Therefore, Crane Shareholders on the register at the record date of 14 February 2011 for the interim and special dividends will be eligible to receive both dividends, even if they have already accepted the Recommended Offer
<p><i>Key conditions</i></p>	<ul style="list-style-type: none"> • The Recommended Offer remains subject to various conditions including obtaining regulatory approvals and a relevant interest in Crane shares of at least 90%³

1. Crane shareholders accepting the Recommended Offer should note that as they are receiving the Crane interim dividend they will not be eligible to receive the corresponding Fletcher Building dividend of up to 16 NZ¢ per share (which at the exchange rate of A\$1 = NZ\$1.30 at 25 January 2011 translates to approximately A\$0.12)
2. Total implied value based on A\$3.50 in cash plus one Fletcher Building share at the closing share price on the ASX of A\$6.07 on 25 January 2011 and on the basis that Crane pays a A\$0.50 fully franked special dividend. The total implied value will vary as the market price of Fletcher Building shares on the ASX changes from time to time.
3. Fletcher Building has agreed to waive the Index Out condition contained in section 12.8(a)(xii) of the Bidder's Statement as well as permit certain other activities of Crane as not causing a breach of a condition.



Why you should ACCEPT the Recommended Offer

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|---|---|
| <p>✓ Your Directors have unanimously recommended that you accept the Recommended Offer, in the absence of a superior proposal</p> | <p>✓ You will receive cash and become a shareholder in a larger and more diversified Australasian building materials manufacturing and distribution company</p> |
| <p>✓ Your Directors intend to accept the Recommended Offer in respect of shares they own or control, in the absence of a superior proposal</p> | <p>✓ Fletcher Building's experienced management team and Board of Directors have delivered a Total Shareholder Return from the date Fletcher Building listed on ASX of 435%²</p> |
| <p>✓ The total implied value to be received by Crane Shareholders including the special dividend is within the fair value range for Crane provided by the Independent Expert, who has concluded that the Recommended Offer is 'fair and reasonable' to Crane Shareholders¹</p> | <p>✓ You will have the opportunity to benefit from the enhanced size, equity market presence and liquidity of the combined Fletcher Building and Crane</p> |
| <p>✓ You will receive a substantial premium for Your Crane shares</p> | <p>✓ In the absence of the Recommended Offer or an equivalent or superior offer, the Crane share price is likely to trade below the total implied value to be received by Crane shareholders including the special dividend</p> |
| <p>✓ The Recommended Offer represents an attractive valuation multiple for Crane</p> | <p>✓ The Recommended Offer provides potential for CGT rollover relief in relation to the share consideration of the Recommended Offer</p> |

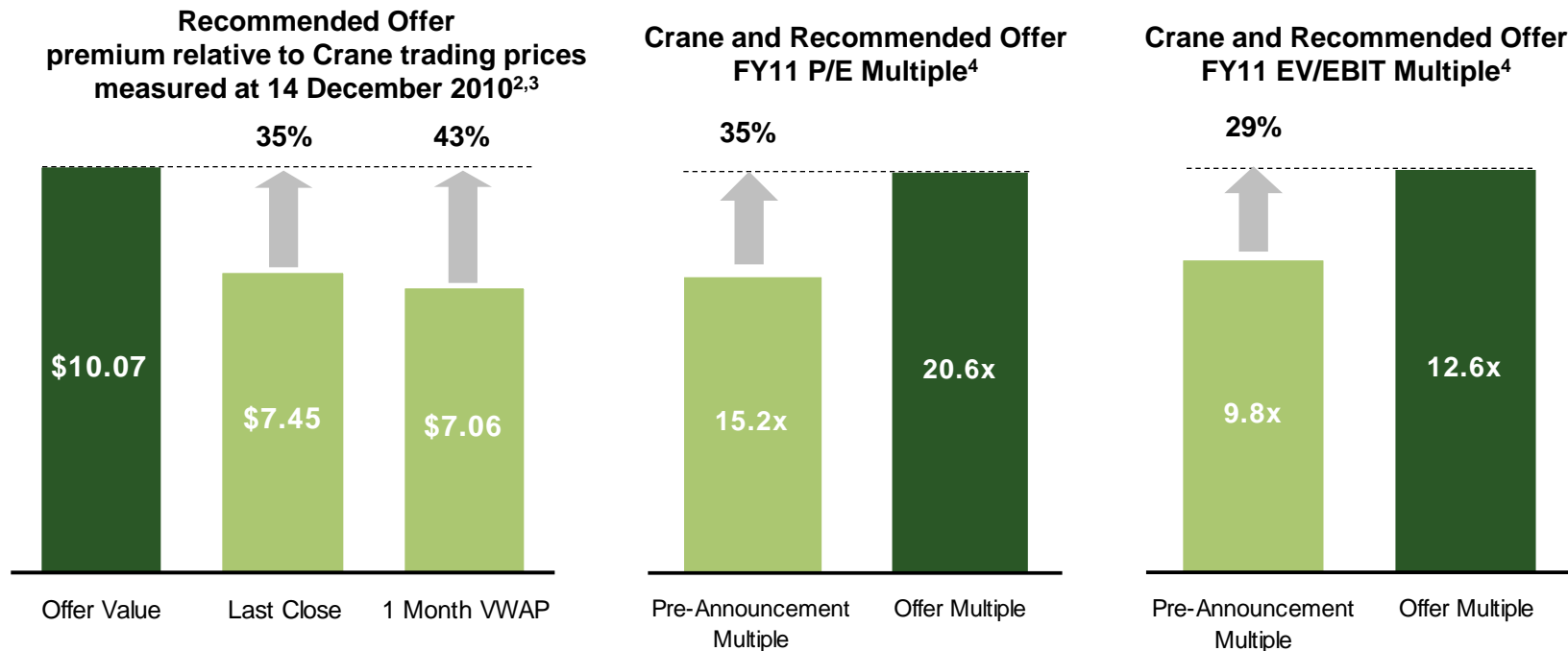
1. Total implied value based on A\$3.50 in cash plus one Fletcher Building share at the closing share price on the ASX of A\$6.07 on 25 January 2011 and on the basis that Crane pays a A\$0.50 fully franked special dividend. The implied value of the Recommended Offer will vary as the market price of Fletcher Building shares on the ASX changes from time to time.

2. Sourced from Bloomberg as at 14 December 2010, the day prior to the first announcement of the offer for Crane. TSR is the capital appreciation of the company's share price on ASX, adjusted for capital management, 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.



Substantial premium and attractive multiples

The Recommended Offer of A\$3.50 cash and 1 Fletcher Building share implies a total value of A\$10.07 per Crane Share on the basis that Crane pays a A\$0.50 fully franked special dividend¹



1. Total implied value based on Fletcher Building's closing share price on the ASX of A\$6.07 on 25 January 2011

2. VWAP (volume weighted average price) measured up to and including 14 December 2010

3. Last close and 1 month VWAP reduced by A\$0.22, being the declared Crane interim dividend

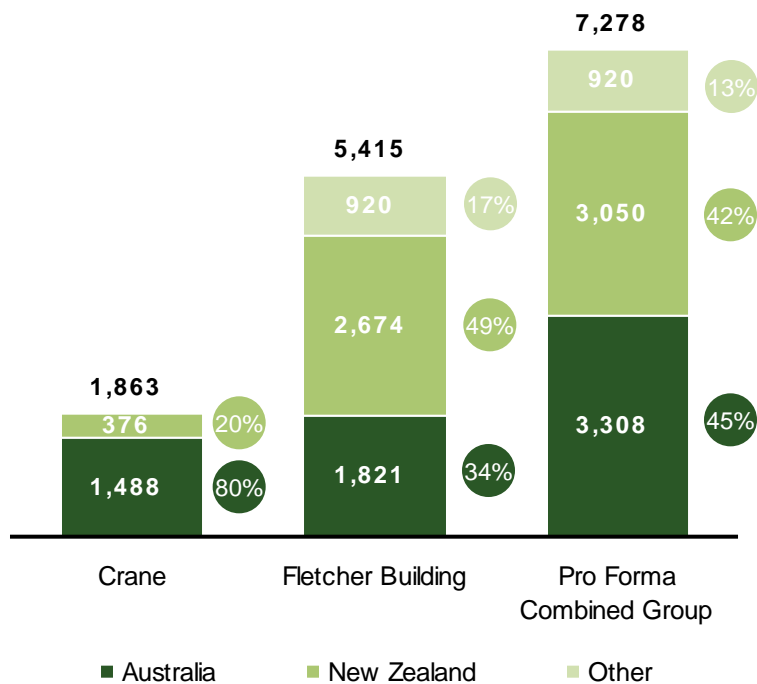
4. Price/earnings multiple based on Crane guidance of 5% growth in net profit after tax excluding significant items in FY11 and EV/EBIT multiple based on 15% growth in EBIT (excluding associates) in FY11, as announced by Crane on 21 January 2011. Recommended Offer multiples based on A\$10.07. Pre-announcement multiples based on Crane's closing share price of A\$7.67 on 14 December 2010 less A\$0.22, being the declared Crane interim dividend



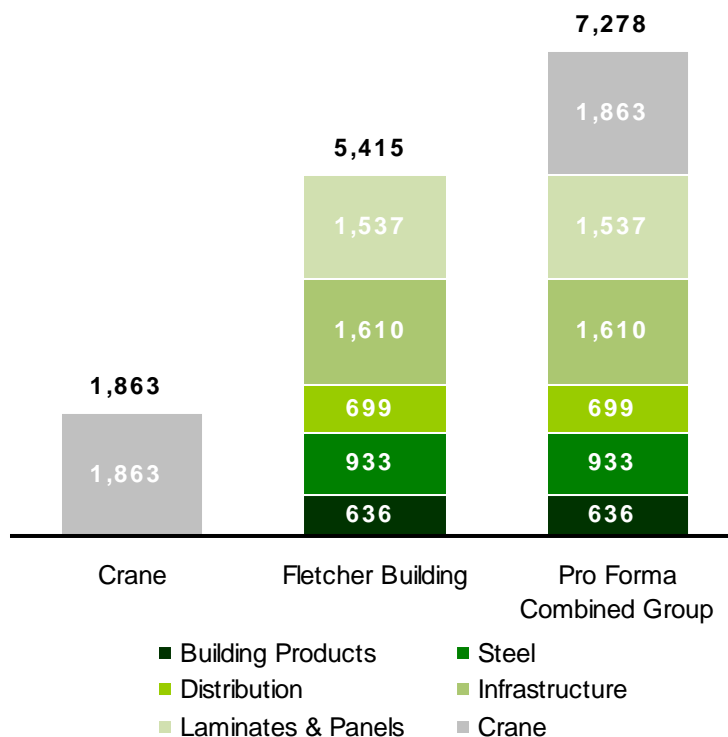
Become a shareholder in a larger and more diversified Australasian building materials manufacturing and distribution company

Long established history and a track record of strong performance in the building materials industry in Australia and New Zealand

FY10 Revenue by Geography (A\$m)¹



FY10 Revenue by Division (A\$m)¹



1. Based on an exchange rate of NZ\$1 = A\$0.7964 average for the FY10 year



Fletcher Building's Australian portfolio

Fletcher Building has a diversified portfolio of businesses in Australia across several core building products sectors

Infrastructure



Concrete pipes and other concrete infrastructure products



Quarries for the extraction and processing of construction sands



Steel road safety barrier systems

Steel



Flat coated steel products



Garages and sheds

Building Products

Fletcher[™]
Insulation



Wide range of insulation and acoustic products



Sinkware and accessories

Laminates & Panels



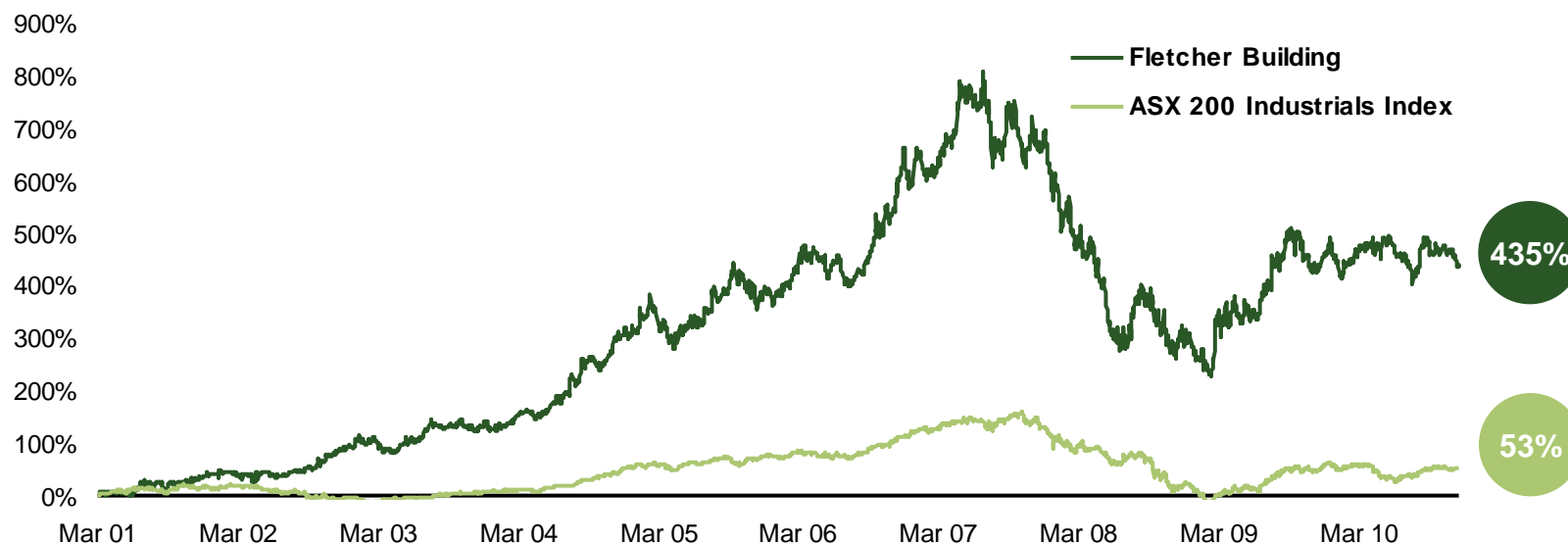
Decorative wood panels, particleboard, medium density fibreboard and other durable surfaces – complemented by Formica in Europe, North America, and Asia



Fletcher Building track record of value creation

Following Fletcher Building's listing on the ASX and NZX in March 2001, it has produced substantially higher aggregate Total Shareholder Returns (TSR) than the ASX 200 Industrials Index over the same period

Aggregate Total Shareholder Returns since Fletcher Building listed on ASX and NZX to 14 December 2010¹



1. Sourced from Bloomberg. 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



Transaction is strategically and financially attractive to Fletcher Building

<p>1 <i>Strategic expansion of Fletcher Building's Australian portfolio</i></p>	<ul style="list-style-type: none"> • Complementary product offering and operations in core areas of expertise for Fletcher Building • Increases scale of Australian platform to 45% of Combined Group revenue¹ • Provides further earnings diversification for shareholders
<p>2 <i>Ability to leverage Fletcher Building's operating model</i></p>	<ul style="list-style-type: none"> • Fletcher Building plans to operate Crane as a new independent division within its decentralised divisional structure • Intended to reorganise corporate functions to align with the requirements of a business division rather than an independent publicly listed company
<p>3 <i>Satisfies business ownership criteria</i></p>	<ul style="list-style-type: none"> • Good market positions and recognised brands • Favourable industry structures • Experienced management
<p>4 <i>Attractive financial metrics</i></p>	<ul style="list-style-type: none"> • Transaction is EPS² accretive on a pro forma FY10 basis (before synergies and transaction costs) • Potential for synergies from the combination of the two businesses • Crane's 1H11 result demonstrated solid performance for the 6 months ended 31 December with EBIT³ and NPAT³ ahead of broker consensus⁴ expectations

1. FY10 pro forma















2. Before unusual items

3. Before significant items

4. Based on research reports from Goldman Sachs, Credit Suisse, JPMorgan, Deutsche, and RBS dated 21 January 2011



Overview of Crane's businesses

Crane Division (FY10 in A\$m, to nearest million)	Aust.	NZ	Revenue	EBIT ¹	Key Brands
<p>Pipelines</p> <p>Manufacturer and distributor of pipes and fittings from 15mm to 2,000mm in diameter with 20 manufacturing and distribution facilities across Australia and New Zealand</p> <p>Building applications include: civil works, houses and commercial buildings, on farm irrigation, telecommunications, and mining and industrial projects</p>	✓	✓	505	37 ²	    
<p>Trade Distribution – Australia</p> <p>More than 240 stores under the Tradelink, Hudson Building Supplies, Northern's, Mico, Bathroom Basement and H&L brands</p> <p>Tradelink – Plastic pipe and plumbing products distribution through a network of 220+ branches</p> <p>Hudson – Hardware and timber supplies</p>	✓		902	41	  
<p>Trade Distribution – New Zealand</p> <p>Nationwide network of 100+ branches primarily targeting trade</p> <p>MasterTrade – Plumbing, bathroom, and electrical supplies</p> <p>Mico – Pipelines, plumbing, and bathroom supplies</p> <p>Corys – Electrical products</p>		✓	301	1	  
<p>Industrial Products</p> <p>Metals Distribution – Distribution of non-ferrous metal products in Australia and New Zealand</p> <p>Crane Copper Tube – Manufacturer of copper tube</p>	✓	✓	300	8	  
Inter-segment revenue eliminations / unallocated EBIT			(144)	(17)	
TOTAL			1,863	70 ²	

1. Excluding significant items

2. Includes A\$6m share of NPAT from Mitchell Water JV

Source: Crane FY10 Annual Report and Crane Group



Additional Information

<i>Shareholder Documents</i>	<ul style="list-style-type: none"> • Second Supplementary Bidder's Statement containing details of the Recommended Offer and Target's Statement lodged on 4 February 2011
<i>Accepting the Recommended Offer</i>	<ul style="list-style-type: none"> • Shareholders can accept the offer by: <ul style="list-style-type: none"> • Completing and returning either the Acceptance Form enclosed with the Fletcher Building Chairman's letter to shareholders dated 4 February 2011, or the Acceptance Form provided with the Bidder's Statement in mid-January 2011; or • Instructing your Controlling Participant (usually your broker) to accept the Offer on your behalf
<i>Offer Period</i>	<ul style="list-style-type: none"> • Offer closes at 7.00pm ADST on 25 February 2011, unless extended
<i>Regulatory Approvals</i>	<ul style="list-style-type: none"> • Approvals required from FIRB, OIO, ACCC, and NZCC • The latest expected approval is NZCC which has stated it expects to provide a decision on 24 February 2011
<i>Other Key Conditions</i>	<ul style="list-style-type: none"> • 90% minimum acceptance condition • No regulatory action • No material adverse change in Crane • No further dividends or distributions (other than the A\$0.22 interim dividend and A\$0.50 special dividend)



Broker Commissions

- Fletcher Building Australia has announced that, if the Offer becomes or is declared unconditional, it will pay commissions to brokers in respect of valid acceptances received from retail Crane shareholders¹
- The broker commissions payable in respect of an Acceptance will be 0.50% of the consideration payable by Fletcher Building Australia under the Offer as a result of that Acceptance, subject to:
 - The minimum broker commission payable in respect of any Acceptance being A\$50; and
 - The maximum broker commission payable in respect of any Acceptance being A\$750
- For the purposes of determining the broker commissions payable, each Fletcher Building Share which is issued as share consideration will be valued at A\$6.07, which is the closing price of Fletcher Building Shares on the ASX on 25 January 2011
- The broker commission is payable to Brokers only in respect of acceptances of the Offer which they solicit from their clients. The commission is not payable to Crane Shareholders and will not be paid in respect of shares held by the Broker or an associate on its own account
- The Third Supplementary Bidder's Statement lodged with ASX on 9 February 2011 sets out the full details in respect of broker commissions offered by Fletcher Building Australia

1. *A retail Crane Shareholder is one who is not a Broker or an associate of a Broker and is not an Eligible Institutional Investor (defined as an institutional investor who has been invited to participate in the institutional acceptance facility in respect of the Offer) and who is, as at the date of Acceptance, recorded on the register of Crane Shareholders as holding fewer than 100,000 Crane Shares.*



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Further information concerning the Recommended Offer is available in the Replacement Bidder’s Statement dated 10 January 2011 as supplemented by the Second Supplementary Bidder’s Statement dated 4 February 2011 and the Third Supplementary Bidder’s Statement dated 9 February 2011 (“Bidder’s Statement”). The Bidder’s Statement should be read in full and should be read in conjunction with other publicly available material before any person makes any decision or takes any action in relation to the Recommended Offer.

