



FBUShare - Samoa - Employee Tax Summary

Fletcher Building Limited

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Contents

1. FBUShare plan summary	1
2. Tax summary	2
3. Overview and Plan	3
4. Detailed Findings and Recommendations	4
5. Your Reporting Obligations	4
6. Employer Withholding Obligations	4
7. Employer Reporting Obligations	4
8. Taxation Illustration	5

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1. FBuShare plan summary

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

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

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

2. Tax summary

2.1 Purchased Shares

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

Event	Tax treatment for employees
Acquisition	No Tax.
Sale	Capital gains tax is payable on the difference between the sale proceeds and the amount paid to purchase the shares if the shares are sold within one year of the acquisition date, the tax is 27%. If sold thereafter, the tax is 10%.

2.2 Award Shares

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

Event	Tax treatment
Grant of Rights to Award Shares	There are no tax implications for you.
Allocation of Award Shares	At allocation, you will pay income tax (at your marginal rate) and a 5% National Provident Fund Contribution on the market value of the Award Shares.
Sale	Capital gains tax is payable on the difference between the sale proceeds and the market value of the shares at the allocation date if the shares are sold within one year of the acquisition date, the tax is 27%. If sold thereafter, the tax is 10%.

2.3 Dividend Shares

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

Event	Tax treatment for employees
Dividend paid	There are no tax implications for you.
Sale	See above at 2.2

3. Overview of the Plan

Under the Plan, you will be provided with the opportunity to contribute after-tax salary for acquisition of the Company's shares at market value ("Purchased Shares"). Generally, you will receive one Award Share for every two Purchased Shares held at the end of the Qualifying Period.

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

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

4. Detailed findings and recommendations

3.1 Purchased Shares

You will not be subject to income tax on acquisition of the Purchased Shares.

— Sale of Purchased Shares

Capital gains tax is payable on the difference between the sale proceeds and the amount paid to purchase the shares if the shares are sold within one year of the acquisition date, the tax is 27%. If sold thereafter, the tax is 10%.

3.2 Award Shares

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

— Vesting of Award Shares

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

- The local applicable income tax rates; 27% top marginal tax rate for those earning incomes above Tala 25,00 per annum.
- You will also pay 7% National Provident Fund and 1% ACC levy contributions on the market value of the Award Shares.

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

— Sale of Award Shares

Capital gains tax is payable on the difference between the sale proceeds and the market value of the shares at the allocation date if the shares are sold within one year of the acquisition date, the tax is 27%. If sold thereafter, the tax is 10%.

3.3 Dividend Shares

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

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

You are required to participate in the Dividend Programme to acquire Dividend Shares. As noted above, even though your dividends are paid.

— **Sale of Dividend Shares**

Capital gains tax is payable on the difference between the sale proceeds and the amount paid to purchase the dividend shares if the dividend shares are sold within one year of the acquisition date, the tax is 27%. If sold thereafter, the tax is 10%.

5. Your Reporting Obligations

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

6. Employer Withholding Obligations

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

7. Employer Reporting Obligations

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

8. Taxation Illustration

This example is provided solely to illustrate the calculation of income tax and CGT as outlined in this summary. It does not provide any indication or assurance of the possible or likely share price. Consistent with this, all figures and dates are assumed and all Dividends and dividend Shares have been disregarded for the purposes of this illustration. Different results can apply depending on the figures used and the timing of sale of shares. Your tax adviser will be able to advise you further.

Year 1:	<p>You commence contributions to acquire Fletcher Building Shares and are allocated Purchased Shares on a monthly basis. You acquire 300 Purchased Shares at an average cost of 16 WST that are held under nominee on your behalf. The cost base of the Purchased Shares is 4,800 WST (i.e., the total amount of contributions made during the year).</p> <p>You are granted 150 Rights to receive Award Shares.</p>
Year 4:	<p>At the beginning of the fourth Plan Year, all your Rights to Award Shares ‘vest’ and Award Shares are allocated to you when the market value of a Fletcher Building share is 18 WST.</p>
Year 5:	<p>After holding the Award Shares for more than 12 months, you sell all your 450 Fletcher Building shares (i.e., 300 Purchased Shares and 150 Award Shares) for 20 WST per share. Assume that there are no brokerage and associated sale costs. Let’s also assume that your taxable income from other sources (e.g., salary or wages) is 60,000 WST.</p>

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

Event	Tax Treatment (WST)
<p>Year 1 (contributions towards Purchased Shares made)</p> <p>4,800 WST contributed over the year to acquire 300 Purchased Shares</p> <p>Rights to Award Shares granted</p>	N/A
<p>Year 4 (Award Shares allocated)</p> <p>Market value of shares (150 x 18 WST)</p> <p>Taxable income</p> <p>Tax on income (@27%)</p>	<p>2,700</p> <p>2,700</p> <p>729</p>

Year 5 (Purchased Shares and Award Shares are sold)			
Net sale proceeds (450 x 20 WST)	9,000	6,000	3,000
Less: Cost base of Purchased Shares	(4,800)	(4,800)	
Less: Cost base of Award Shares (income reported in Year 4 for Award Shares)	(2,700)		(2,700)
Net gain	1,500	1,200	300
Taxable capital gain (150 shares sold within 3 years (3000 – 2700))	1,500	1,200	300
Tax payable (@27%) if sold within one year ¹	201	120	81
Summary of transactions			
Net sale proceeds		9,000	
Less: Tax payable at allocation of Award Shares (Year 4)		(729)	
Less: Tax payable upon sale (Year 5)		(201)	
Net proceeds after tax ²		8070	

¹ If sold thereafter, then tax will be 10%.

² Not including the cost of the Purchased Shares.

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