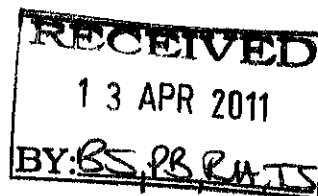




Fletcher Building

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6 April 2011

Electricity Authority
P O Box 10041
Wellington 6143

Att: Carl Hansen, Chief Executive

Dear Carl,

I am writing to you as the Senior Executive within Fletcher Building with oversight on electricity procurement, as well as the Divisional Chief Executive of Fletcher Concrete and Infrastructure – the division that includes Golden Bay Cement.

The behaviour that Genesis Energy displayed on 26th March we view as a clear abuse of market power. In what other industry could you get away with increasing your price over 2,000%, simply because you had control of a large portion of the available capacity.

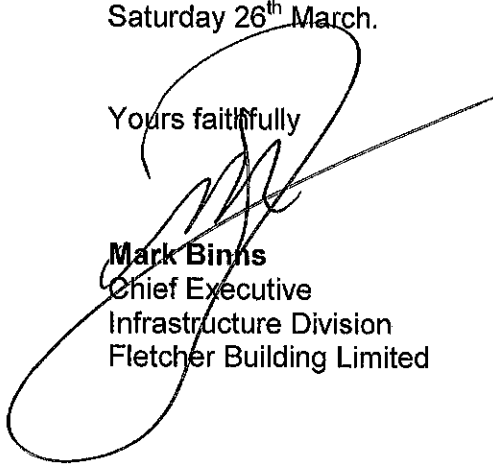
Fletcher Building takes managing electricity costs and supply as a critical part of our operations. We hold sensible levels of hedge contracts, as well as generally working with Transpower and Network Operators to manage load in times of tight supply – particularly at our large demand sites of Pacific Steel and Golden Bay Cement.

Genesis argue that the potential for constrained supply, and therefore high prices, was well communicated before the event, and that organisations chose not to protect themselves from that risk by taking additional hedge. At no time prior to the 26th were any of our business units advised of potential price spikes by their electricity supplier, or offered additional hedge product. Most business units became aware of the situation when it appeared in the newspapers the following week.

This event cost Golden Bay Cement \$900,000. This cost could have been almost totally eliminated by shutting non-core plant had the business been made aware of the situation. This was easily achievable given market conditions are soft and we are running at only about 60% of capacity.

As the regulator responsible for competition in the electricity market, we believe that the Electricity Authority must view this situation as unacceptable, and would encourage you to review the high prices of Saturday 26th March.

Yours faithfully



Mark Binns
Chief Executive
Infrastructure Division
Fletcher Building Limited