



# NOTICE OF ANNUAL SHAREHOLDERS' MEETING 2011

Wednesday, 16 November 2011 at 10.30am

**Notice is hereby given** that the annual meeting of shareholders of Fletcher Building Limited will be held in the SkyCity Convention Centre, Auckland Rooms 1 & 2, Level 4, 88 Federal Street, Auckland, New Zealand, on Wednesday, 16 November 2011, commencing at 10.30am.

# == NOTICE OF MEETING ==

*This notice constitutes the notice of meeting for the 2011 annual shareholders' meeting of Fletcher Building Limited (ARBN 096 046 936) (Fletcher Building or the company). You are encouraged to read this notice and the instructions on the Voting Form carefully.*

## **Casting your vote**

*You may cast your vote in one of three ways:*

### **1. Personal attendance**

If you wish you can attend the annual meeting and vote. Voting will be by way of a show of hands or poll, at the discretion of the chairman. You must bring the Voting Form with you to the meeting in case voting is held by way of a poll; or

### **2. Postal vote**

If you wish to make a postal vote, you should complete the Voting Form and return it to the share registrar by 10.30am on 14 November 2011. If you are unable to attend the meeting, you are encouraged to lodge a postal vote. On a show of hands, each shareholder who has cast a postal vote is counted as if they are present at the meeting; or

### **3. Appoint a proxy to vote**

Alternatively, you may appoint a proxy to attend the meeting and vote on your behalf. To do this, you should complete the Voting Form, including the proxy appointment and return it to the share registrar by 10.30am on 14 November 2011.

If you do not plan to attend the meeting you should complete the Voting Form and return it as soon as possible.

## **Important dates**

*All times are given in New Zealand time unless otherwise specified.*

<b>5.00pm</b>	<b>11 November 2011</b> Record date for voting entitlements for the annual meeting
<b>10.30am</b>	<b>14 November 2011</b> Latest time for receipt of postal votes and proxy forms
<b>10.30am</b>	<b>16 November 2011</b> Annual meeting of shareholders

## **BUSINESS**

*Shareholders will be asked to consider and, if thought appropriate, pass the following ordinary resolutions.*

### **Appointment of directors**

1. That Jonathan Peter Ling be re-elected as a director of the company.
2. That Ralph Graham Waters be re-elected as a director of the company.
3. That Cecilia Tarrant be elected as a director of the company.

Biographical details of each director offering themselves for election or re-election are contained in Explanatory Note 1 accompanying this notice of meeting.

### **Employee share plan - FBuShare**

4. That the company's group-wide employee share plan, FBuShare, be approved for the purposes of the State of California's securities laws.

See Explanatory Note 2.

### **Auditor's remuneration**

5. That the directors be authorised to fix the remuneration of KPMG as auditor for the ensuing year.

See Explanatory Note 3.

### **Directors' remuneration**

6. That the maximum aggregate remuneration able to be provided to all non-executive directors be increased by \$500,000, from \$1,500,000 to \$2,000,000 per annum.

See Explanatory Note 4.

# == EXPLANATORY NOTES ==

## **Explanatory note 1: Appointment of directors**

Pursuant to clause 28.5 of the constitution of the company and NZSX listing rule 3.3.11, one-third of the directors, or if their number is not a multiple of three, then the number nearest to one-third, must retire from office at the annual meeting of the company each year. In addition, the listing rules of the ASX require each director to stand for re-election at least every three years.

The constitution and the NZSX listing rules also provide that the company's executive director, Jonathan Ling, ceases to be exempt from rotation after serving five years in office.

Accordingly, Mr Waters, being a director who has been longest in office since he was last elected, and Mr Ling, retire by rotation. Each of them is eligible and offers themselves for re-election.

Cecilia Tarrant was appointed by the board during the year and must offer herself for election at this meeting.

All three directors standing for election or re-election do so with the full support of the board.

Set out below is a biographical background of those directors standing for election or re-election.



### **Jonathan Peter Ling**

*BEng, MBA, FIPENZ*

*Managing Director*

*Non-Independent*

*Executive Director*

*First appointed*

*1 September 2006*

Mr Ling, 57, is the chief executive officer and managing director of the company. He has extensive management experience in competitive manufacturing

business 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 Fletcher Building Industries. He is a member of the Business Council of Australia's Sustainable Growth Taskforce, and during 2008 and 2009 served on the New Zealand Government-appointed Capital Markets Development Taskforce.



### **Ralph Graham Waters**

*CPEng, FIE Aust, MBus*

*Independent Non-Executive  
Chairman of Directors*

*Chairman of the Nominations  
Committee*

*First appointed 10 July 2001*

Mr Waters, 62, has extensive management experience in the Australasian building products industry including as managing director of Email, a major Australian industrial

company, and until 31 August 2006 as the chief executive officer and managing director of Fletcher Building. He is a director of Woolworths, Fonterra Co-operative Group, Westpac New Zealand and Fletcher Building Industries. He is deputy chairman of the Local Organising Committee for the ICC World Cup 2015. Mr Waters is a Chartered Professional Engineer and a Fellow of the Institution of Engineers Australia.



### **Cecilia Tarrant**

*BA, LLB (Hons), LLM  
(Berkeley)*

*Independent Non-Executive  
Director*

*Member of the Audit and Risk  
and Nominations Committees*

*First appointed  
10 October 2011*

Ms Tarrant, 51, is an executive-in-residence at The University of Auckland Business School after having

20 years' experience in international banking and finance in the USA and Europe. In that time, she worked as a real estate finance lawyer and as an investment banker with Credit Suisse First Boston and Morgan Stanley, culminating in holding the position of managing director in Morgan Stanley's Global Capital Markets Group in New York and London.

Ms Tarrant is currently a trustee of The University of Auckland Foundation, and a director of the Government Superannuation Fund Authority.

## **Explanatory note 2: Employee share plan – FBuShare**

FBuShare is the company's global employee share plan which was introduced in March 2011. The objectives in offering FBuShare (or the Plan) to employees are to:

- align the interests of group employees with those of Fletcher Building's shareholders.
- encourage all employees to identify with the company.
- allow employees to participate in any growth of the company.
- encourage employees to focus on the performance of the company as a whole in addition to focussing on their own business unit.
- drive an improvement in business performance for the company.
- increase the proportion of employees who are also shareholders in the company.
- assist in the retention of employees.

By participating in FBuShare, employees contribute regular amounts, deducted from their after-tax pay, to acquire ordinary shares (Purchased Shares) on the NZSX or ASX each month at the current market price at the time of purchase. The maximum amount that may be invested in each year is \$5,000 or the equivalent in local currency. If an employee retains the Purchased Shares and remains employed for three years, then at the end of that three year period, (called a Qualification Period) the employee will receive from Fletcher Building, at no additional cost, one free share for every two Purchased Shares acquired during the first year of the three year Qualification Period. These free shares are referred to as "Award Shares".

FBuShare was initially made available in March 2011 to eligible employees in Australia, Canada, China, Finland, New Zealand, Papua New Guinea, Spain, Taiwan, Thailand, United Kingdom and certain states in the USA. Of the 14,000 employees who were eligible to participate, 30 percent chose to join FBuShare.

Participation was then made available during October 2011 to employees of Crane Group in New Zealand and Australia and to employees in American Samoa, Fiji, Malaysia, Samoa, Solomon Islands, Tonga and Vanuatu.

FBuShare is similar to other employee share plans operated by large multi-national companies and it is the intention that it be made available to eligible employees on an annual basis.

## **Approval of FBuShare**

The purpose of resolution four is to obtain shareholder approval for FBuShare for the purposes of meeting the requirements of the State of California's securities laws which require shareholder approval where a foreign private issuer, such as Fletcher Building, offers securities to more than 35 persons in California within a twelve month period. Shareholder approval is not required for FBuShare in any other jurisdiction.

## **Summary of terms**

A summary of the key terms of FBuShare is set out below.

### **Who is eligible to participate in FBuShare?**

All permanent full-time and permanent part-time employees of the Fletcher Building group who reside in eligible countries may participate in FBuShare. To date, FBuShare has been made available to employees in the countries referred to above and it is expected over time to be made available in a number of other countries where employees reside.

### **Will all eligible employees participate on the same basis?**

Yes, except that employees in jurisdictions where it is not possible or practicable for employees to participate in the Plan due to local laws (such as China and Fiji) instead participate in an equivalent cash plan which mirrors the normal participation in FBuShare except that shares will not be physically purchased, held or sold by the employee.

### **Are there limits on the amounts that employees may invest?**

Yes. The board has discretion to set annual maximum and minimum limits on the amount that employees may invest each year. In the Plan year 1 April 2011 to 31 March 2012 the maximum annual limit is \$5,000 or the approximate equivalent in the local currency of the employee.

### **What is the purchase price for the Purchased Shares?**

Shares are purchased monthly by the employees on the NZSX or ASX so the purchase price is the market price plus brokerage and other costs. This is intended to result in all employees paying the same price for the shares they purchase in that month.

### **How does an employee pay for the Purchased Shares?**

Employees pay for their Purchased Shares using their own funds which are deducted from their after-tax pay.

### **How does an employee become entitled to Award Shares?**

If the employee remains employed within the Fletcher Building group, and retains ownership of the Purchased Shares for the three year Qualification Period, the employee receives one free

Award Share for every two Purchased Shares acquired in the first year of the Qualification Period. The employee will also be entitled to Award Shares on any Additional Shares (described below) held by that employee on a similar basis.

### **What are “Additional Shares”?**

Employees invest any after-tax dividends paid on Shares held in FBuShare to acquire further shares, called Additional Shares.

### **Are employees who leave Fletcher Building entitled to Award Shares?**

Generally, employees who cease to be employed prior to satisfying the relevant conditions will lose all entitlements to receive Award Shares. The employee will retain any Purchased Shares and Additional Shares held by the employee at the time of ceasing employment (as the employee has paid for these shares). FBuShare rules, however, provide that employees who cease employment due to death, illness, injury, disability, redundancy, retirement, divestment or sale of a business, are entitled to Award Shares on a pro rata basis, based upon how much of the three year Qualification Period has expired.

### **What are the terms of the Purchased Shares, Additional Shares and Award Shares?**

Purchased Shares and Additional Shares are ordinary Fletcher Building shares purchased on-market by employees using their own funds. Therefore, those shares have all the same rights and entitlements as other ordinary shares.

Employees are entitled to direct the manner in which their Purchased Shares and Additional Shares are voted, and to participate in any capital reorganisations from the date the Purchased Shares and Additional Shares are acquired by the employee.

Employees will become entitled to vote, receive dividends and participate in any capital reorganisations in relation to Award Shares after the Award Shares have been allocated, which is once the conditions in respect of the Award Shares have been satisfied.

### **Are there any restrictions on an employee’s ability to deal with the Purchased Shares, Additional Shares and Award Shares?**

No. Employees may sell their Purchased Shares or Additional Shares at any time. However, if an employee disposes of all or any of their Purchased Shares or Additional Shares before the end of the three year Qualification Period, they will lose the right to receive Award Shares in relation to the shares they sell.

Once awarded, employees are free to deal with the Award Shares in any way they choose.

Employees must also observe the Fletcher Building Securities Trading Policy in relation to the purchase or sale of any shares held under the Plan.

#### **How can FBUShare be amended?**

No amendment may be made to any restriction or other condition relating to Purchased Shares, Additional Shares or Award Shares which would reduce the rights of the employees to those shares, without the consent of the employees.

Fletcher Building can vary the terms of the Plan from time to time, in particular the Qualification Period, the award ratio and the maximum investment amount.

Where there is any variation to these matters, the company will notify employees before 1 March in the relevant year. Employees may then choose to vary their participation, suspend their participation or withdraw from the Plan altogether.

#### **What happens if there is a change of control of Fletcher Building?**

If there is a change of control of Fletcher Building, such as an amalgamation or court-sanctioned arrangement or if the company passes a resolution for voluntary winding up, the company may declare all relevant conditions to be met in respect of some or all of the shares in the Plan with the consequence that employees will receive Award Shares in respect of those shares held in the Plan at that time.

#### **Will FBUShare dilute the holdings of existing shareholders?**

Although the Plan rules permit the company to issue new shares to employees, the Plan is currently operating so that existing shares, purchased on market, are used for both Purchased Shares and Award Shares, so there is no dilution to existing shareholders.

#### **Will FBUShare be offered every year?**

There is no assurance that the Plan will operate every year. The company retains the discretion to withdraw the Plan.

#### **How does a rights issue affect the Plan?**

If the company announces a renounceable rights issue then the administrator of the Plan will sell the rights on behalf of employees and, unless the company decides otherwise, will use the proceeds to acquire more shares (which will be Additional Shares and therefore eligible for Award Shares as described above).

If the company makes a non-renounceable rights issue then employees will not be able to take up their rights and acquire more shares in relation to any shares held in the Plan.

### **How does a bonus issue affect the Plan?**

If the company makes a bonus issue of shares, employees will be entitled to receive bonus shares relating to shares that they hold in the Plan (which will also be Additional Shares and therefore eligible for Award Shares as described above).

---

A copy of the FBuShare Rules is available for inspection until the close of the meeting at the company's registered office, 810 Great South Road, Penrose, Auckland 1061.

### **Explanatory note 3: Auditor's remuneration**

KPMG is the existing auditor of the company and has indicated its willingness to continue in office. Pursuant to section 200(1) of the Companies Act 1993, KPMG is automatically reappointed at the annual meeting as auditor of the company. The proposed resolution is to authorise the directors to fix the auditor's remuneration for the following year for the purposes of section 197 of the Companies Act 1993.

### **Explanatory note 4: Directors' remuneration**

The company's constitution and the NZSX and ASX Listing Rules require the aggregate maximum annual remuneration that can be paid to non-executive directors be approved by shareholders by way of an ordinary resolution. The current shareholder approval is for aggregate remuneration to directors not to exceed \$1,500,000 per annum which was approved at the annual shareholders' meeting in November 2006.

Shareholder approval is sought pursuant to the company's constitution, NZSX Listing Rule 3.5.1 and ASX Listing Rule 10.17 to increase the maximum amount that can be paid in aggregate to directors as remuneration, from \$1,500,000 to \$2,000,000 per annum. This increase of \$500,000 is only the second in the ten year history of the company.

The company's policy on remuneration of directors has had regard to the primary strategic objective of achieving market segment and geographic diversification to improve the reliability of earnings. With Australia being the principal market for acquisition opportunities and given the company's size in the New Zealand market, directors' remuneration is set, after receiving independent expert advice, at a level equal to comparable Australasian companies.

Benchmarking to comparable Australasian companies continues to be appropriate given the spread of the company's operations, the New Zealand and Australian stock exchange listings, and the heavy Australian influence on the company's share register.

Fletcher Building has adopted the unbundled model for directors' remuneration whereby a base fee is established and separate fees are paid for participation on the various committees of the board, having regard to the expected commitment required.

As part of its annual review of the remuneration of non-executive directors, the company commissions an independent expert report by PricewaterhouseCoopers, Sydney on the market for comparable Australasian companies. Comparability is determined having regard to revenues, operating profits, assets, business focus and market capitalisation. The current per annum fees paid to non-executive directors of the company are set out in the table below, along with the comparable data from the PricewaterhouseCoopers study on comparable Australasian companies.

	Current annualised remuneration <sup>1</sup> \$	Current market remuneration of comparable Australasian companies <sup>2</sup> \$
Base fee <sup>3</sup>	143,500	152,000
Chairman <sup>4</sup>	337,500	439,000
Chair Audit and Risk committee	34,500	37,000
Member Audit and Risk committee	23,000	20,000
Chair Remuneration committee	26,500	26,000
Member Remuneration committee	17,500	13,000
Overseas based director travelling allowance	12,000	

<sup>1</sup> Directors are also entitled to remuneration for additional ad hoc committee work such as due diligence if required, and for reimbursement of personal expenditure for attending meetings and carrying out necessary duties.

<sup>2</sup> Median of Australasian market remuneration as advised by PricewaterhouseCoopers, with Australian dollar denominated remuneration converted to New Zealand dollars at the three-month average exchange rate to 30 June 2011 of NZ\$1.00 = Aus\$0.7713.

<sup>3</sup> Including nominations committee fees of \$8,500.

<sup>4</sup> The chairman's fee is set at 2 ½ times the base fee, and is fully inclusive of all remuneration for participation on any board committees.

Directors fees are reviewed on an annual basis and, if warranted, increases will be made effective as from 1 January of the ensuing year. The current approved \$1,500,000 limit would be inadequate to cope with any further increases while also providing flexibility for special ad hoc committee payments, such as for due diligence.

The directors are satisfied that their proposed remuneration:

- (a) is conservatively placed against comparable Australasian companies;
- (b) is fairly and independently assessed against market practice;
- (c) is appropriate for a company of Fletcher Building's size, complexity and international orientation;
- (d) is appropriate for the wider responsibilities placed on directors, that includes listing of the company on the New Zealand and Australian stock exchanges, and the listing of Fletcher Building Industries Limited on the NZX, and for which no separate fees are paid by that company;
- (e) positions the company well for director succession including having a full complement of nine directors for a period; and
- (f) is consistent with the good financial performance, and sustained total shareholder returns in the last ten years.

The recommended new limit for non-executive director remuneration would allow market levels of remuneration to be paid, without the need for shareholder approval to be sought again for some years. The increase in the maximum amount payable to directors does not mean that fees will increase to this level in the next couple of years. It simply allows for further increases to be payable.

In accordance with the NZSX and ASX Listing Rules, the company will disregard any votes cast on resolution 6 by any director of the company and any of their associates, except where any such vote is cast by a director or one of their associates as proxy for a person who is entitled to vote and that director or associate votes in accordance with express instructions to vote for or against a particular resolution on the proxy form.

Shareholders are reminded that in order for proxy votes cast on this resolution where a director is appointed as a proxy to be counted such proxy votes must be directed for or against the resolution rather than in accordance with a proxyholder discretion.

## == PROCEDURAL NOTES ==

1. Voting on all resolutions put before the meeting shall be by a show of hands or poll at the discretion of the chairman of the meeting. Results of the voting will be available after the conclusion of the meeting, and will be notified on the NZX and ASX. Shareholders can, and are encouraged to, exercise their right to vote by casting a postal vote if they cannot attend the meeting in person. On a show of hands, each shareholder who has cast a postal vote is counted as if they are present at the meeting. Any other matters validly raised at the meeting for consideration by shareholders will, if required, be resolved by voting by a show of hands or poll.
2. The Voting Form allows you to vote either for or against the resolutions notified in the Notice of Meeting. If you complete these boxes, and sign the Voting Form and return it to the share registry for receipt by 10.30am on 14 November 2011, this will constitute a postal vote. If you wish to have a proxy to attend the meeting and vote as they see fit, you should mark the box entitled PROXY DISCRETION and return it to the share registry for receipt by 10.30am on 14 November 2011. If you appoint a director as your proxy, then any undirected proxies granted to the director will be voted in favour of the relevant resolutions, except in the case of resolution 6, where directors will not vote except in accordance with the appointing shareholder's direction.
3. It is possible that matters not notified in the Notice of Meeting may be raised for consideration at the meeting. While these matters cannot by virtue of section 109 of the Companies Act 1993 be binding on the company, you may wish to nominate a proxy to vote on matters so raised. To do so, mark the relevant box on the Voting Form, and identify the proxy holder in the space provided. You may nominate the chairman or any other director as your proxy if you so wish. Unless a proxy holder is identified, and you have confirmed that you want that person to have the discretion to vote on any matter on your behalf, your Voting Form will be treated as an abstention on the matter.
4. The persons who will be entitled to vote on the resolutions at this annual shareholders' meeting are those persons who will be the shareholders of the company at 5.00pm on Friday, 11 November 2011.
5. To assist shareholders wishing to exercise their voting rights at this annual shareholders' meeting, whether in person, by proxy or by post, the Voting Form and shareholder attendance card accompanying this Notice of Meeting have been personalised with individual shareholder details.

The Voting Form shows your current shareholding. If, at 5.00pm on Friday, 11 November 2011, your shareholding is different from that shown on the Voting Form, you can update the entitlement on arrival at the meeting.

All shareholders entitled to attend and vote at this annual shareholders' meeting are entitled to appoint a proxy to attend and vote for them in their place. The proxy need not be a shareholder of the company. The enclosed Voting Form also provides for the appointment of a proxy, and, if used, must be lodged at the office of the share registry, Computershare Investor Services Limited, before 10.30am on 14 November 2011.

The address for the share registries are:

**New Zealand**

Computershare Investor Services Limited  
Private Bag 92 119  
Victoria Street West  
Auckland 1142, New Zealand  
Level 2, 159 Hurstmere Road  
Takapuna  
Auckland 0622, New Zealand

**Australia**

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne  
VIC 3001, Australia  
Yarra Falls  
452 Johnston Street  
Abbotsford, VIC 3067, Australia

6. All items of business are ordinary resolutions and are required to be passed by a simple majority of the votes of those shareholders entitled to vote and voting on the resolutions.
7. The company secretary, Martin Farrell, has been authorised by the board to receive and count postal votes at the meeting.

By order of the board, Auckland, New Zealand.



**Martin Farrell**

Company Secretary  
18 October 2011

## == VENUE DIRECTIONS ==

Please use the map below to find SkyCity Convention Centre, 88 Federal Street, Auckland. The meeting will be held in Auckland Rooms 1 & 2 on level 4. Free parking will be available for Fletcher Building shareholders who wish to attend the shareholders' meeting, as detailed below.

### Driving directions

#### Travelling from the north:

Head south on the Northern Motorway  
Take the Fanshawe Street exit  
Turn right onto Hobson Street

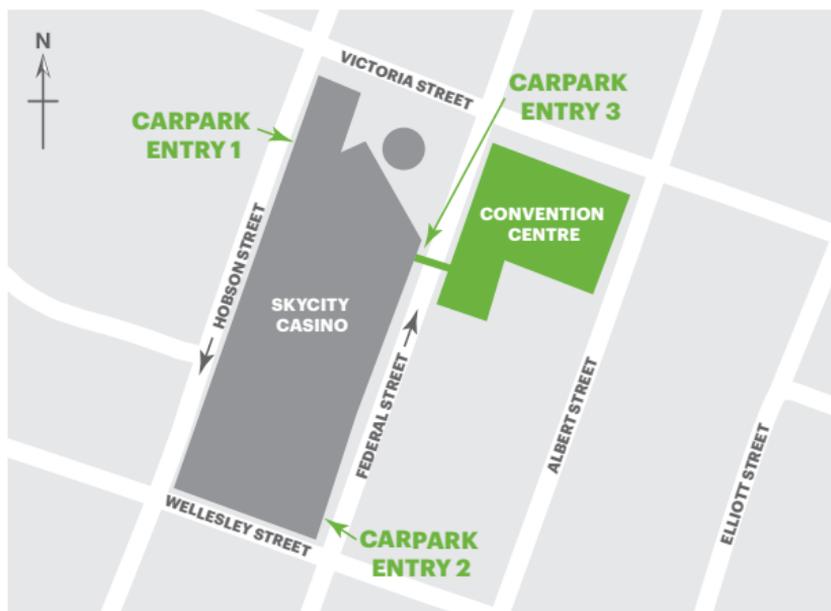
#### Travelling from the south:

Head north on the Southern Motorway  
Take the Nelson Street exit  
Merge onto Nelson Street  
Turn right onto Victoria Street West  
Turn right onto Hobson Street

### Parking details

SkyCity carpark can be accessed through entries on Hobson Street, Nelson Street and Federal Street. Once parked take the nearest lift to level 3, cross the air-bridge onto level 5 of the Convention Centre and from there take the lift/escalator down to level 4.

Pre-paid parking tickets will be available for collection at the shareholders' meeting.



---

---

**Fletcher Building  
Limited**

[fletcherbuilding.com](http://fletcherbuilding.com)

