
Notice of Annual Shareholders' Meeting 2009

Wednesday, 11 November 2009 at 10.30 am

Notice is hereby given that the annual meeting of shareholders of Fletcher Building Limited will be held in the Dunedin Centre, 1 Harrop Street, Dunedin, New Zealand, on Wednesday, 11 November 2009 commencing at 10.30 am.

Notice of meeting

This notice constitutes the notice of meeting for the 2009 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. You should bring the Voting Form with you to the meeting as voting will be 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 10.30 am on 9 November 2009; 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 10.30 am on 9 November 2009.

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.

5.00 pm	6 November 2009 Record date for voting entitlements for the annual meeting
10.30 am	9 November 2009 Latest time for receipt of postal votes and proxy forms
10.30 am	11 November 2009 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 Hugh Alasdair Fletcher 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 Alan Trevor Jackson be elected as a director of the company.
4. That Gene Thomas Tilbrook 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.

Auditor's Remuneration

5. That the directors be authorised to fix the remuneration of KPMG as auditor for the ensuing year. *See Explanatory Note 2*

Ratification of Placement

6. To consider and, if thought fit, to pass the following ordinary resolution:

"That the actions of the directors in connection with the issue of 75,982,000 Fletcher Building Limited ordinary shares on 8 April 2009 by way of private placement for a total consideration of NZ\$406,503,700 be approved and ratified in accordance with the listing rules of the NZSX and the ASX." *See Explanatory Note 3*

Ratification of Top-Up Offer

7. To consider and, if thought fit, to pass the following ordinary resolution:

"That the actions of the directors in connection with the issue of 3,447,373 Fletcher Building Limited ordinary shares on 12 May 2009 by way of an offer to certain existing shareholders for a total consideration of NZ\$18,443,446 be approved and ratified in accordance with the listing rules of the NZSX and the ASX." *See Explanatory Note 4*

Issue of Fletcher Building Shares to directors

8. To consider and, if thought fit, to pass the following ordinary resolution:

"That the issue of 291,174 Fletcher Building Limited ordinary shares to certain current and former directors (or their respective associates) at NZ\$5.35 per share for a total consideration of NZ\$1,557,781 be approved for all purposes (including the listing rules of the ASX)." *See Explanatory Note 5*

Explanatory notes

Explanatory note 1: Appointment of Directors

Pursuant to clause 28.5 of the constitution of the company, 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 ASX require each director to stand for re-election at least every three years. Accordingly, Messrs Fletcher and Waters, being the directors who have been longest in office since they were last elected, retire by rotation. Each of them is eligible and offers themselves for re-election. Mr Fletcher has come to the end of the standard term for a director. Under its governance policy, the board has the discretion to extend the term and has decided to offer Mr Fletcher a further period not exceeding three years, subject to shareholder approval.

Dr Jackson and Mr Tilbrook were appointed by the board during the year and must offer themselves for election at this meeting. All four 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.



Hugh Alasdair Fletcher

MCom (Hons), MBA (Stanford), BSc
Independent Non-Executive Director
Member of the Audit and Nominations Committees
First appointed 23 March 2001

Mr Fletcher, 61, has had extensive management experience and now holds a number of directorships and advisory positions. He is chairman of IAG New Zealand and a director of Rubicon, Fletcher Building Finance, the Reserve Bank of New Zealand, Vector and Insurance Australia Group, a member of the New Zealand advisory board of L.E.K. Consulting and a councillor of The University of Auckland.



Ralph Graham Waters

CPEng, FIE Aust, MBus
Independent Non-Executive Director
Member of the Remuneration and Nominations Committees
First appointed 10 July 2001

Mr Waters, 60, 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 also a director of Fisher & Paykel Appliances Holdings, Fonterra Co-operative Group, Westpac New Zealand and Fletcher Building Finance.



Alan Trevor Jackson

BEng (Hons), PhD (Auckland) MBA (IMD Management Institute)
Independent Non-Executive Director
Member of the Remuneration and Nominations Committees
First appointed 1 September 2009

Alan Jackson, 56, is currently 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 and has proven experience at the most senior levels of international and government business. Dr Jackson has worked across a range of industries including resources, diversified industrials, building products and construction sectors. He will be retiring from The Boston Consulting Group later this year. Dr Jackson is a Fellow of the Institution of Professional Engineers. He is also a Trustee of The Icehouse Auckland.



Gene Thomas Tilbrook

BSc, MBA (University of Western Australia)

Independent Non-Executive Director

Member of the Audit and Nominations Committees

First appointed 1 September 2009

Gene Tilbrook, 58, 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. From 2001 to 2005, Mr Tilbrook was a director of Bunnings Property Management Limited, the responsible entity for the ASX-listed Bunnings Warehouse Property Trust. Mr Tilbrook is a director of Transpacific Industries Group and the Australian government-owned broadband company, NBN Co., and a Councillor of Curtin University of Technology and the Australian Institute of Company Directors (WA).

Explanatory note 2: 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 3: Ratification of placement

On 8 April 2009 the board issued, by way of private placement, 75,982,000 Fletcher Building ordinary shares (the Placement Shares) at an issue price of NZ\$5.35 per share. The Placement Shares rank equally in all respects with the company's existing ordinary shares. The placement was undertaken to further strengthen the company's financial position through debt reduction, increase its financial flexibility and restructure its operations to improve performance.

The allottees of the Placement Shares were 90 New Zealand and international institutional and habitual investors determined by the joint lead managers of the placement, Goldman Sachs JBWere (NZ) Limited and Macquarie Securities (NZ) Limited in conjunction with the company.

No director, or any associated person of a director or of Fletcher Building participated in the placement. Of the four shareholders who report as substantial security holders in the company under the Securities Markets Act 1988, none were required to file a notice disclosing an increase of greater than one percent in their percentage shareholding through participation in the placement.

Because the number of shares issued under the placement did not exceed 20 percent of the total number of equity securities on issue, the placement did not require prior shareholder approval under the NZSX or ASX listing rules. However, as is common practice for listed companies, shareholder ratification of the placement is being sought so that the board retains the flexibility to issue further equity securities without the expense of calling another meeting of shareholders. The effect of the ratification is that the company will renew its capacity to issue up to 75,982,000 ordinary shares without shareholder approval under NZSX listing rule 7.3.5 and ASX listing rule 7.1.

Explanatory note 4: Ratification of Top-Up Offer

On 12 May 2009 the board issued 3,738,547 Fletcher Building ordinary shares (the Top-Up Shares) at an issue price of NZ\$5.35 per share. The Top-Up Shares rank equally in all respects with the company's existing ordinary shares. The share issue was also undertaken as part of the equity raising initiatives to further strengthen the company's financial position through debt reduction, increase its financial flexibility and restructure its operations to improve performance, and in a manner that also addressed some of the dilutionary effects of the placement.

The allottees of the Top-Up Shares were 498 existing New Zealand registered Fletcher Building shareholders who satisfied the relevant criteria for "eligible persons" set out in the Securities Act 1978 and whose shareholding in the company would otherwise have been diluted by the placement. No one investor acquired more than 7.9% of the shares issued under the Top-Up Offer. Participation in the Top-Up Offer included directors and their respective associates who received, in total, 291,174 shares as noted more fully below in Explanatory Note 5. The issue of these securities to directors and associates will not be ratified by this resolution for the purposes of ASX listing rule 7.4. Accordingly, ratification for the issue of Top-Up Shares under resolution 7 is sought only in relation to 3,447,373 of the Top-Up Shares.

Because the number of shares issued under the Top-Up Offer (together with other shares placed in the previous 12 months) did not exceed 20 percent of the total number of equity securities on issue, the Top-Up Offer did not require prior shareholder approval under the NZSX or ASX listing rules. However, as is common practice for listed companies, shareholder ratification of the share issue is being sought so that the board retains the

flexibility to issue further equity securities without the expense of calling another meeting of shareholders. The effect of the ratification is that the company will renew its capacity to issue up to 3,447,373 ordinary shares without shareholder approval under NZSX listing rule 7.3.5 and ASX listing rule 7.1.

Explanatory note 5: Issue of Fletcher Building Shares to directors

As Fletcher Building is listed on the NZSX and ASX, it is required to comply with the listing rules of both exchanges. Where these listing rules are incompatible, an application for a waiver is requested from one of the exchanges to ensure continuing compliance with those rules.

On 31 March 2009, ASX granted Fletcher Building a waiver from ASX listing rule 7.1 to permit the company to issue securities without shareholder approval subject to certain conditions. The conditions included that Fletcher Building remains subject to and complies with the NZSX listing rules with respect to the issue of new securities.

The Top-Up Offer was undertaken under NZSX listing rule 7.3.5, which permitted participation by directors and their associates provided that, among other things, the terms of issue to all persons in the Top-Up Offer were the same, and the level of participation by any director was determined according to criteria applying to all persons participating in the offer. Accordingly, the company believed that the listing rules allowed directors and their associates to participate in the Top-Up Offer and advised them accordingly.

The number of shares issued under the Top-Up Offer to directors and their associates are set out in the table below, including a description of the relationship of the directors and associates.

P E A Baines ¹	1,707
R S Deane ²	6,387
H A Fletcher ³	142,375
Sir Dryden Spring ⁴	1,362
R G Waters ⁵	139,343
Total	291,174

¹Issued to P E A Baines & C M Lobb on behalf of the Baines family trust.

²Issued to Totara Holdings Nominees Limited on behalf of the Deane family trust.

³Issued to companies in which H A Fletcher is a shareholder, Arrow Wrights Limited (136,219 shares) and Fletcher Brothers Limited (2,321 shares) and to H A & A G Fletcher (3,835 shares) as trustees of the J M C Fletcher estate.

⁴Issued to Sir Dryden Spring (513 shares) as trustees of the Spring family trust and D T & M A Spring. (849 shares)

⁵Issued to a company in which R G Waters is a shareholder, Argie Pty Limited.

Full disclosure of the issue of shares to the directors (and their respective associates), including that the issue was made under the Top-Up Offer, was sent on 13 May 2009 to both the NZX and ASX as required under the relevant listing rules and the Securities Markets Act 1988.

The Top-Up Offer was open to a class of Fletcher Building shareholders that was identified as having the potential to be diluted by the operation of the placement and the Share Purchase Plan and who satisfied the “eligible persons” criteria under the Securities Act 1978. In total 3,738,547 shares were issued under the Top-Up Offer to a total of 498 shareholders. The five Fletcher Building directors (and their respective associates) who participated in the Top-Up Offer participated on the same terms as all other eligible shareholders. In aggregate they received 291,174 shares under the Top-Up Offer. Even so, each of the directors and their associates who participated in the Top-Up Offer had their percentage shareholdings in Fletcher Building diluted as a result of the capital raising.

As part of its recent review of a draft of this notice of meeting, resolution 7 of which seeks ratification of the issue of 3,447,373 of the 3,738,547 shares issued under the Top-Up Offer, the ASX advised that its 31 March 2009 waiver did not extend to permit participation by directors (or their respective associates) in the Top-Up Offer and that prior shareholder approval should have been obtained for their participation.

On the basis that such shareholder approval was not obtained, the ASX required the company to arrange for the shares issued to Fletcher Building directors (or their respective associates) as part of the Top-Up Offer to be sold by them on terms which ensured they did not benefit from share price accretion. The company believes that it has acted in good faith at all times in issuing shares to Fletcher Building directors (or their respective associates) under the Top-Up Offer but in the interest of certainty has reluctantly accepted the ASX determination.

In light of the ASX’s determination, all of the shares issued to such directors and their associates have therefore been acquired at the issue price of NZ\$5.35 per share by the Fletcher Building Employee Share Purchase Schemes Master Trust (Share Schemes Trust). These shares were subsequently on-sold to participating executives in the Executive Long-Term Share Scheme as of 1 October 2009 (which did not include any non-executive directors of Fletcher Building). Under the terms of the Executive Long-Term Share Scheme, these shares were allocated to employees based on a current market formula. Consequently, no benefit arose for employees as a result of the Share Schemes Trust acquiring the shares at NZ\$5.35 per share. Equally, there is no net cost to

the company as the benefit of the lower acquisition price for the shares reduced by the same amount the company's obligation to fund the Share Schemes Trust.

In order that the directors and their associates are placed in the same position as if shareholder approval had been sought and obtained prior to their participation in the Top-Up Offer, it is proposed that shareholder approval be sought under NZSX listing rule 7.3.1 and ASX listing rule 10.11 to the issue by Fletcher Building of 291,174 new shares to the participating directors and their associates (listed above) on or before 30 November 2009 at the same price of NZ\$5.35 per share offered to participants in the Top-Up Offer for a total consideration of NZ\$1,557,781. The shares will be paid for in full at the time of the issue. The proceeds from the issue will be used by the company for the same purposes as the proceeds from the Top-Up Offer which is to reduce the company's debt and strengthen its balance sheet.

NZX has granted the company a waiver on 30 September 2009 from the requirement to prepare and send to shareholders an appraisal report in connection with the issue of replacement shares to directors and their associates. NZX granted the waiver on the basis that the original issue of shares under the Top-Up Offer was conducted in accordance with the NZSX listing rule 7.3.5 and this rule did not require an appraisal report to be prepared at the time of the original issue.

It is the recommendation of those directors who did not participate in the Top-Up Offer that shareholders approve this resolution for regulatory, fairness and neutrality of impact reasons. More specifically:

- (a) In approving the Top-Up Offer, the Fletcher Building board considered that the terms were fair and reasonable to the company and to all existing shareholders.
- (b) The participation of five directors and their associates in the Top-Up Offer was on the same terms as for other eligible shareholders.
- (c) The issue of shares to these directors under the Top-Up Offer was in full compliance with the NZSX listing rules and the Securities Act 1978.
- (d) In participating in the Top-Up Offer, directors were acting in good faith on the basis of the advice they had received from the company (and legal advisers) that all regulatory requirements had been complied with, including the ASX listing rules by virtue of the 31 March 2009 waiver.
- (e) While the ASX accepts that the breach of ASX listing rule 10.11 was inadvertent, it would not permit the company to allow shareholders to simply ratify directors' participation in the Top-Up Offer. However, the ASX has acknowledged that the

disposal of the directors' Top-Up Shares to the Share Schemes Trust at their issue price, coupled with the company's proposal to issue replacement shares, is an acceptable response.

- (f) The five directors and their associates who were issued shares have now complied with the ASX requirement that they divest those shares at no gain to themselves.
- (g) The company's offer of replacement shares to these directors is solely for the purpose of rectifying a misinterpretation of the ASX waiver.
- (h) Rectifying the position by way of replacement shares is considered a fair and appropriate response to the ASX disposal requirement, especially given the anti-dilution objective of the Top-Up Offer.
- (i) The company's issue of replacement shares will have a neutral impact on the five participating directors, other shareholders, and the company and its employees as:
 - (i) No director's shareholding position will be improved following the new issue, compared with the position following the issue of the Top-Up Offer shares.
 - (ii) The position of directors relative to other shareholders who participated in the Top-Up Offer will not change following the issue of the replacement shares.
 - (iii) There will be no net cost to the Fletcher Building group as a result of the share purchase by the Share Schemes Trust and the issue of replacement shares as the benefit of the Trust's lower acquisition price correspondingly reduces the company's obligation to advance funds to the Share Schemes Trust for it to acquire shares for the Long-Term Share Scheme.

Voting restrictions – Resolutions 6, 7 and 8

Pursuant to the requirements of the NZSX and ASX listing rules, any person who participated in the issue of the Placement Shares and any person associated with any such person, is not entitled to vote on resolution 6. Any person who participated in the issue of the Top-Up Shares, and any person associated with any such person, is not entitled to vote on resolution 7. Similarly, any person who will be issued shares under resolution 8 and any person associated with any such person, is not entitled to vote on resolution 8. Accordingly, in compliance with the listing rules of the NZSX and ASX, Fletcher Building will disregard any vote cast on:

- (a) resolution 6 by a person who participated in the placement and any associated persons of such participant except as set out below;
- (b) resolution 7 by a person who participated in the Top-Up Offer and any associated persons of such participant; and
- (c) resolution 8 by a person who is to be issued shares under that resolution and any associated persons of such person.

ASX has granted the company a waiver from ASX listing rule 14.11 to permit the company to count votes cast on the proposed resolution 6 by holders of securities who participated in the placement to the extent only that those holders are acting solely in a fiduciary, nominee or custodial capacity on behalf of beneficiaries who would not otherwise be excluded from voting (Nominee Holders). The waiver is subject to the following conditions:

- (a) the beneficiaries provide written confirmation to the Nominee Holders that they did not participate in the placement, nor are they an associate of a person who participated in the placement, whether directly or indirectly;
- (b) the beneficiaries direct the Nominee Holders to vote for or against resolution 6;
- (c) the Nominee Holders do not exercise discretion in casting a vote on behalf of the beneficiaries; and
- (d) the terms of the waiver are released to the market no later than the time that this notice is given to ASX.

However, Fletcher Building will not disregard the vote if:

- (e) it is cast by a person as proxy for a person entitled to vote, in accordance with the express instructions on the proxy form; or
- (f) it is cast by the person chairing the meeting (other than a person who participated in the placement or the Top-Up Offer or who may receive shares under resolution 8 as the case may be, or an associated person of such a participant) as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Procedural notes

1. Voting on all resolutions put before the meeting shall be by poll. Results of the poll will only 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. Any other matters validly raised at the meeting for consideration by shareholders will, if required, be resolved by voting by 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 10.30 am on 9 November 2009, 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 10.30 am on 9 November 2009.
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 5.00 pm on Friday, 6 November 2009.
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, 6 November 2009, your shareholding is different from that shown on the Voting Form, you can update the entitlement on arrival at the meeting.
6. 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 10.30 am on 9 November 2009.

The address for the share registries are:

New Zealand

Computershare Investor Services Limited
Private Bag 92119
Victoria Street West
Auckland 1142
New Zealand

Level 2, 159 Hurstmere Road
Takapuna, North Shore City
Auckland
New Zealand

Australia

Computershare Investor Services Pty Limited
GPO Box 2975, Melbourne
VIC 3001
Australia

Yarra Falls
452 Johnston Street
Abbotsford, VIC 3067
Australia

7. 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.

8. 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

16 October 2009

Notes

This page has been left blank for your use.