

Mr Ralph Watersⁱ

Speech for Roderick Deane's retirement function

March 2010

Ladies and gentlemen and distinguished guests,

On behalf of the board and senior management team, I would like to welcome you all here tonight as we formally mark Roderick's retirement as Chairman and a director of Fletcher Building.

Roderick first joined the board of the then Fletcher Challenge in February 1994, and assumed the role of Chairman of that company in December 1999. So we are marking here tonight the end of a 16 year association with Fletchers and over 10 years as Chairman of the group.

Roderick's career is remarkable in that it has spanned both the public and private spheres and been characterised by achievements at the highest levels in both.

New Zealanders of a certain age need no introduction to the man who had a high profile career in public service well before entering the commercial world. As Deputy Governor of the Reserve Bank, Roderick had to stare down the Prime Minister of the day - Robert Muldoon - and steer New Zealand through a currency crisis.

As Chairman of the State Services Commission, Roderick undertook a major restructuring of the civil service. The benefits of his contribution at that time are still in evidence today.

In 1992 Roderick finally left the public sector and took up the role of Chief Executive Officer at Telecom New Zealand, which had been privatised in 1990. As CEO of what was then New Zealand's largest listed company, Roderick oversaw a significant growth in revenues and earnings. Total shareholder returns during his tenure as chief executive were 30 percent compound per annum. This outstanding financial result was coupled with a significant improvement in customer service standards and the development of many new services.

Those of you who know Roderick well will know of his keen interest in technology and love of experimenting with new gadgets. Some of the milestones in Roderick's time at Telecom included explosive growth in the take-up and usage of mobile phones, and the introduction of the internet to New Zealand, both of which Roderick was an early and enthusiastic adopter.

Just as Roderick's contribution to Telecom was significant, so too has his contribution been to the strategy and direction of Fletcher Building. Roderick took over the chairmanship of Fletcher Challenge unexpectedly in December 1999. In difficult circumstances, strong leadership and clear thinking were required. Under Roderick, the complex structure of the Fletcher Challenge letter stocks was unwound, and plans for the orderly disposal of non-core assets and businesses were prepared. In executing these plans, strong prices were realised and shareholders enjoyed excellent returns as a result.

With this process completed and Fletcher's returned to its roots in building materials and construction, Roderick turned his attention to growing the business of the newly

reconstructed Fletcher Building. It was when he and his fellow directors were seeking a CEO for the separately listed business that I met Roderick. Hiring from overseas to run large domestic corporations was not as commonplace as it has now become and it was a bold decision at that time. In fact the Fletcher success probably encouraged others to follow this course. Typical of his thoroughness, I later learned that he personally carried out eight reference checks. Working with Roderick since May 2001 has been a privilege and a pleasure. A light touch for daily management of the company, but an iron fist when it came to meeting and upholding the highest standards of shareholder returns and corporate behaviour.

Roderick has long been a mentor to young students with the talent and aptitude to advance their careers, and he has long delighted in watching them succeed. His love of teaching saw him serve as Professor of Economics and Management at Victoria University of Wellington.

Roderick has also championed talented people within the organisations in which he has worked, and there are a number of people in the room tonight who have benefitted

from Roderick's support and mentoring over the years. Roderick has had a real gift for identifying those with potential and helping them to realise it, and he has always maintained a keen interest in watching their careers develop.

No mention of the achievements of Roderick would be complete without reference to his work for NZ's largest voluntary welfare charitable organization, IHC. Inspired to get involved by the illness of his late daughter Kristen, Roderick has had a long association with IHC and was a key driver in improving the lives of those with disabilities and in getting intellectually handicapped people back into the community.

Throughout his working life, Roderick has remained true to his beliefs and principles. He has always applied logic and rigorous analysis to every situation, to ensure that the facts are captured and value maximising decisions are made. He has been at the forefront of the development of economic policy. He has championed the cause of corporate governance and ensured that all organisations he has been

involved with have upheld the highest standards in this regard.

Over the years many awards have been bestowed on Roderick, and last year Roderick was inducted in to the Fairfax Media Business Hall of Fame. The citation for that award sums up so well his contribution in saying “A driving force of one of the great shifts in the country’s history – moving the focus of economics away from Keynesian-style intervention and state planning toward a greater reliance on markets and stable monetary and fiscal policy”. Always fearless and often controversial, Roderick remains resolute in his advice on the way forward for New Zealand.

As most people here will know, when you hire Roderick you pay for one and get two – by which I mean Roderick is one half of a team and has been in partnership with his wife Gillian throughout the whole of his career. Gillian, we pay tribute to you tonight for the sacrifices you have made over many years in supporting Roderick and in being so actively involved in the affairs of Fletcher Building. Gillian is the investment manager of the Deane household and one of the very few who was left largely unscarred by the GFC

due to her prescience about what was looming. Gillian has her own long list of special causes that have benefited from both her financial generosity and her management skills. The Deane's support of aspiring performers has been both valuable to the artists and good for all of us, as those who have benefited include Jonathan Lemalu and Anna Leese, who have both prospered to become performers on the world's best opera stages. We also know that, in you Gillian, we have an ardent and effective advocate for Fletcher Building. Thank you for all your support and patience and good humour.

Tonight we are marking the end of an era for a remarkable man in what has been an extraordinary career, as he finishes with one particular phase of his life. But those of you who know Roderick will know that he has many other activities underway and plans for further adventures. He will not be idling away his increased leisure time. I will leave it to Roderick to tell you more about what he intends to do away from the boardroom – should he wish to do so.

For now, I would like to formally thank Roderick for his enormous contribution to the success of Fletcher Building,

and wish both he and Gillian fun, health and stimulation in the adventures that lie ahead, and before he responds, our CEO Jonathan Ling would also like to acknowledge Roderick.

Thank you.

ⁱ Ralph Waters will take over as Chairman of Fletcher Building Ltd on 1 April 2010