



## NEWS RELEASE

STOCK EXCHANGE LISTINGS: NEW ZEALAND, AUSTRALIA, NEW YORK (FFS).

### **FLETCHER CHALLENGE FORESTS – COMPANY UPDATE**

Auckland, 16 June 2003 – Following a meeting of the Board of Directors, the Company provides the following update to the market:

#### **Strategic Update**

Macquarie New Zealand Limited has completed its analysis of the various options to achieve the reduction of investment in forest ownership.

The Board has accepted Macquarie's recommendation to conduct a trade sale process for the entire forest estate. The Company continues to believe that the realisable value of the forest assets is significantly in excess of the value implied by the Company's share price.

A confidential Information Memorandum is being released to selected participants this week.

The sale of the forest estate would facilitate re-investment in the Company's processing and distribution activities, and the subsequent release of substantial surplus capital to shareholders.

As part of the sale process, the Company will be seeking satisfactory arrangements for wood supply and management of the forests.

#### **NZ \$140 Million Capital Return**

The Company expects that it will have received, in the final quarter of the 2003 calendar year, all necessary tax rulings in relation to the proposed NZ\$140 million capital return (and further possible capital returns) to enable the capital return to be made in December this year.

Ends

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**TO: BUSINESS EDITOR**

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Further information on Fletcher Challenge Forests can be found at <http://www.fcf.co.nz>.

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