



MEDIA RELEASE

FLETCHER CHALLENGE FORESTS SEEKS JUDGMENT ON PROPER ASSET SALE APPROVAL PROCESS

Auckland, 24 October 2003 – Fletcher Challenge Forests Limited (FCF) applied to the High Court today for a declaratory judgment as to whether an ordinary or special resolution will be required to be put to its shareholders in the event its Directors recommend a sale of forest assets owned by its subsidiary companies.

The NZX has advised the Company that the Listing Rules require an ordinary resolution, unless a special resolution is required by the Companies Act. On the basis of advice received from two independent legal advisors on this issue, FCF has concluded that under the Companies Act the proposed transaction is required to be approved only by an ordinary resolution of FCF's shareholders. It has also concluded that it would be improper for the Board to unilaterally impose the higher threshold of a special resolution when that is not required by law. To do so would infringe the rights of shareholders who support the transaction to have it approved by ordinary resolution.

The Company is aware that some of its shareholders are of the view that the any forest sale proposal should be put to them as a special resolution, requiring a 75% majority for approval. It is also aware that other shareholders hold the contrary view that only an ordinary resolution is required. Given that the Courts have not considered the application of the relevant statutory provision to date, and because of the size of the proposed transaction and the existence of conflicting views held by shareholders, FCF considers that the appropriate path forward is for it to seek a declaratory judgement from the High Court as to which shareholder resolution threshold is required.

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

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The court process for a declaratory judgement requires submissions on both points of view to be presented to the Court. FCF will present its case to the Court based on the legal advice it has received. It has, however, also applied for an order appointing an independent Queen's Counsel to assist the Court and represent the interests of FCF's shareholders. This Counsel will present any contrary argument to the Court in response to the submissions made by FCF.

FCF is making the application to ensure that there is clarity for all parties involved as to the resolution to be put to shareholders, well before the Company's shareholders are required to make any decision on a proposal for the sale of forest assets owned by FCF subsidiary companies.

Ends