



**FLETCHER CHALLENGE
FORESTS**

16 January 2004

Dear Shareholder

It is my pleasure to invite you to a Special Meeting of Shareholders of Fletcher Challenge Forests Limited, which will be held at 10.00 am on Friday, 20 February 2004, at the ASB Bank Stand, Eden Park, Auckland.

The Independent Directors believe a compelling case has been made for the sale of the Fletcher Challenge Forests forest estate, the associated capital return, and the restructuring of the Company to focus on the more profitable and immediate opportunities available from its processing, marketing and distribution activities.

Enclosed is the Notice of Special Meeting and Explanatory Memorandum containing detailed information on the resolutions to be put to you at the Special Meeting, as well as analysis of the forest sale and the capital return proposals, their impact on the Company and financial projections for the restructured business.

Also included as part of the Notice of Meeting is an independent report on the forest sale proposal prepared by Grant Samuel & Associates.

In forming your own views about the proposals that are being recommended to Shareholders by the Independent Directors of the Company, I urge you to read these documents.

If you are unable to attend the Special Meeting on 20 February, I encourage you to complete and lodge your voting/proxy form (either by post or fax) so that it reaches the registered office of the Company or the appropriate office of the share registry no later than 10:00 am on Wednesday, 18 February 2004 (NZ time).

If you are attending the meeting please return the Freepost reply card which is included in this pack, and bring the enclosed voting/proxy form with you to assist with your registration at the meeting.

Yours sincerely

Sir Dryden Spring
Chairman