FLETCHER CHALLENGE
FORESTS

MEDIA RELEASE

FLETCHER CHALLENGE FORESTS EXTENDS REACH IN U.S. MARKET
Taupo Manufacturing Plant Expands to Meet Growing U.S. Market Opportunity

Auckland, 16 July 2003 – Fletcher Challenge Forests' 50% owned associate company in the United States, American Wood Moulding, has acquired a 50% interest in Ornamental Mouldings Inc. Ornamental Mouldings is a leading supplier of decorative and ornamental mouldings to the "big box" retailers in the United States, with manufacturing operations in Ontario, Canada, and North Carolina and annual sales greater than US$35 million in 2002.

Fletcher Challenge Forests General Manager for the United States, Mark Eglinton, says the transaction is another important step for the Company's US business and confirms the opportunities for the Company's strategy of increasing market penetration through distributor relationships.

"The transaction offers a number of benefits. It broadens American Wood Moulding's category management strategy and it creates operating synergies for both American Wood Moulding and Ornamental Mouldings, ultimately providing better service to their customers in the building retail sector"

"Fletcher Challenge Forests will continue to support our U.S. partners in their growth aspirations" Mr Eglinton said.

The transaction was for an undisclosed sum.

Fletcher Challenge Forests has also now commissioned a third line for its Taupo plant, which produces solid lineal mouldings for the US market.

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

The company's United States' subsidiary, Fletcher Challenge Forests USA, is the largest importer of the high value, solid lineal radiata mouldings into the US, with product ultimately going into more than 500 stores of the two largest home improvement chains, The Home Depot and Lowe's.

The expansion of the Taupo plant will create 21 additional full time jobs in what will be a full, three shift operation.

Mark Eglinton said that the $2.5 million expansion was an important confirmation of the company's direction of manufacturing high value wood products.

"Through external benchmarking we have determined that the Taupo site is a world class operation. This is a critical pre-requisite for participating in the highly competitive U.S. market. We will continue to invest in Taupo to maintain its cost and quality leadership.

"Its output allows us to provide our US customers with a high quality and timely supply, maximising the value of New Zealand clear wood in the US market." Mr Eglinton said.

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