



News Release

TO: THE BUSINESS EDITOR

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Information on Tenon Limited can be found at <http://www.tenon.co.nz>.

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TENON EXPECTS CONTINUING BUSINESSES TO EXCEED FINANCIAL FORECAST FOR JUNE 2004 AND PROJECTION FOR JUNE 2005

Auckland, 10 May, 2004 – Tenon Limited advises that it is increasing its profit forecast for the continuing processing, marketing and distribution businesses for the year ending 30 June 2004, and its profit projection for the year ending 30 June 2005.

Tenon now expects earnings before interest, tax, depreciation and amortisation (“EBITDA”) for its continuing processing, marketing and distribution businesses for the year ending 30 June 2004 to be approximately NZ\$64 million (before partial takeover offer costs, which the Company expects to be recoverable).

In April 2004, the Company had announced that the EBITDA of its continuing businesses for 2004 were expected to be in the range of NZ\$58-\$60 million, inclusive of the attributed realised foreign exchange gains of approximately NZ\$7 million, compared to the projection of NZ\$45 million contained in the explanatory memorandum sent to shareholders in January 2004.

The latest upward revision of the EBITDA forecast to NZ\$64 million incorporates actual results to the end of April 2004 and is due to a better than expected Moulding and Better lumber price (currently US\$1,300 per thousand board feet), improved efficiency at its Taupo processing plant, continuing sound performance from the Company’s North American businesses, and an improvement in the Company’s structural products business.

Tenon Limited has also reviewed its June 2005 EBITDA projection of NZ\$58 million contained in the explanatory memorandum, and now expects EBITDA to be approximately NZ\$64 million for that period. The updated 2005 projection will be further discussed in the Company’s recommendation to shareholders on the partial Takeover Offer received from Rubicon Forests Limited, which is expected to be issued later today.

ENDS