



News Release

TO: THE BUSINESS EDITOR
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STOCK EXCHANGE LISTING: NEW ZEALAND (TEN)

TENON TO FULLY OWN SOUTHWEST MOULDINGS

Auckland, 22 September 2008 – Tenon today announced that it had agreed with the minority shareholders the timetable for its acquisition of the remaining 24.5% of Southwest Moulding Co. (“Southwest”) that it does not already own.

Tenon will acquire 50% of the remaining minority ownership interest in Southwest on 1 October, 2008 with the balance to be acquired in two equal tranches, on 1 January and 1 April 2009. The aggregate purchase price for the 24.5% interest is approximately USD8.6 million. Funding for this purchase, which has previously been agreed with Tenon’s bank syndicate, will be provided from Tenon’s existing financing facility. The deferred liability (representing the acquisition of the 24.5% Southwest minority) was fully provided for in Tenon’s June 2008 accounts.

The initial 51% investment by Tenon in Southwest was made in 2005, and Tenon acquired an additional 24.5% in August 2007.

Tenon’s Chief Executive Officer, Mark Eglinton, said, “Since making our original investment in 2005 we have been committed to owning 100% of Southwest. The business is a natural extension of our distribution activities and continues to provide us with a market leadership position in the large Texas market. Having full ownership of this business will enhance our ability to extract group-wide synergies through our One-Company initiatives, which, independently of Southwest, are already well on track towards achieving our goal of an aggregate US\$5 million of annualised savings within the next two years. These gains will better position the Tenon Group as the North American housing market begins to recover.

We are also very happy that the minority shareholders (who are also the two most senior members of the Southwest management team) have agreed to renew¹ their employment contracts and stay on in their current roles following Tenon’s move to 100% ownership early next year.”

Southwest was incorporated in 1952. It is engaged in the manufacture of stair parts and exterior doorframes, and the sale and distribution of mouldings and other related millwork products for the North American market, and is a leading distributor of mouldings and stairparts in the Texas marketplace.

Tenon also announces that the closing date for nomination of Tenon directors under New Zealand Exchange Listing Rule 3.3.2 (which may be made by notice to the company delivered or mailed to the company at its above address) is the 8th of October 2008.

¹ The renewal is on market terms and the independent directors have filed a certificate with the NZX under Listing Rule 9.2.4 certifying that the terms of the renewal have been set on an arm's length, commercial basis.

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