

ArborGen to Acquire World-Class Commercial Tree Improvement Operations



Auckland, 24 August 2007 - Rubicon informed the market today, that, ArborGen - a world leader in forestry biotechnology research, development and commercialisation, which is one-third owned each by Rubicon, International Paper (IP) and Mead Westvaco (MWV) – has announced that it has entered into a series of agreements to acquire the respective tree improvement businesses of IP, MWV and Rubicon (i.e. Rubicon's Horizon2 business) for a total transaction value of US\$60 million.

Luke Moriarty, the Chief Executive Officer of Rubicon said, "This is an extremely important development for ArborGen – one that will allow ArborGen to significantly advance its business model. In one move, the acquisition of the United States nursery, orchard and tree improvement operations from IP and MWV, and the acquisition of the equivalent Australasian operations (i.e the Horizon2 business) from Rubicon, fundamentally repositions ArborGen from a business in development to an established commercial entity."

The combination of these three leading operations into ArborGen's existing activities will transform the company, by:

- Providing ArborGen with an immediate and large presence in the sizeable North American marketplace. The combined IP and MWV businesses being acquired had sales of over 300 million treestocks last year, which represented well over a third of the entire pine treestock market in the US South and almost 15% of the hardwood market in that same geography;
- Providing ArborGen with immediate cash flow, with sales revenue in excess of US\$25 million per annum;
- Delivering a treestock manufacturing and product distribution capability that ArborGen does not possess today, and which it would otherwise have had to develop at some considerable cost and over an extended period of time;
- Giving it ownership of MWV's and IP's superior pine and hardwood germplasm (ie genetics) for the important US market, and Rubicon's germplasm for the Australasian market;
- Allowing its customers access to treestocks from an expanded product pool, extending across the full genetic spectrum of traditional, varietal, and advanced next-generation treestocks;
- Expanding ArborGen's product development program – by way of example, ArborGen already has over 3,000 loblolly pine varietals in trial over 35 distinct geographic sites in the US, and following these acquisitions it will have well over 7,000 trial varietals in trial—the most extensive loblolly pine varietal trial database of its type anywhere in the world; and
- Giving it immediate operational scale, by having operations in 20 locations, spanning 4 countries (the US, Brazil, New Zealand and Australia) and employing over 185 staff.

"By accessing these important customer sales and distribution networks now, and by filling the manufacturing capability gap that has previously existed, ArborGen's business model is now advanced significantly. This should enable ArborGen to bring forward value accordingly," he said.

Mr Moriarty added "This transaction is positive not just for ArborGen but also for Horizon2's existing New Zealand and Australian customers. The combination brings together over 50 years of international tree improvement know-how, and the greater range of products and services from the strengthened product development programme will add significant value to forest owners who plant ArborGen's trees in the years to come."

The overall transaction has been structured to ensure each Partner maintains its 33.3% ownership interest in ArborGen following the acquisitions. To enable this to occur Rubicon has acquired from Carter Holt Harvey (for \$10 million) the 50% interest in Horizon2 that Rubicon did not already own. The closing of Rubicon's 50% Horizon2 acquisition is conditional upon the receipt of New Zealand's Overseas Investment Office (OIO) approval. The total ArborGen transactions are, in turn, dependent upon Rubicon's Horizon2 transaction with CHH closing and OIO approval being received for ArborGen to then acquire 100% of Horizon2 from Rubicon.

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Attachments: 1. ArborGen LLC announcement
2. Backgrounder on the three businesses

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ARBORGEN SIGNS AGREEMENT TO ACQUIRE WORLD-CLASS COMMERCIAL TREE OPERATIONS

ArborGen grows into global full-service tree company

SUMMERVILLE, S.C., August 23, 2007 -- ArborGen, LLC, a global leader in tree improvement technologies, today announced its three owners have agreed to contribute to ArborGen the respective U.S.-based nursery and seed orchard businesses of International Paper and MeadWestvaco, and of Rubicon Limited in New Zealand and Australia. The transaction is a significant step forward in ArborGen's strategy for future growth and positions the company as a full-service tree supplier to the global forestry industry.

These transactions add world-leading production, sales and distribution operations to ArborGen's present position as a leading tree biotechnology company and bring an extensive customer base with over 350 million annual tree stock sales and combined revenues of over \$25 million, along with a pipeline of world-class elite pine and hardwood germplasm. Important synergies will be realized through combining in excess of 50 years of tree improvement know-how and expertise.

The operations now include the nursery and seed businesses, including physical operations, certain land holdings, research and development, pine and hardwood germplasm and breeding programs. ArborGen's operation will now span more than 20 locations in four countries and include more than 185 employees.

Dr. Barbara Wells, President and Chief Executive Officer of ArborGen observed that the acquisition provides the Company with a large and established presence in the important North American and Australasian markets, with immediate sales revenue and cash flow, in addition to ArborGen's portfolio of elite tree products.

"The addition of these world-class assets and sales networks to our advanced product portfolio transforms ArborGen into a fully integrated, full-service tree improvement company, confirming our position as a world leader in tree genetics, products and services," said Wells.

Wells added that on the product side, the acquisitions bring immediate benefits to customers, including access to ArborGen's elite pine varieties and the superior pine and hardwood products of International Paper, MeadWestvaco and Rubicon.

"By expanding ArborGen's current loblolly pine varietal offerings to include SuperTree Seedlings from International Paper, the MCP (Mass Controlled Pollination) seedlings of MeadWestvaco, and Rubicon's Horizon2 operations, ArborGen can now offer customers a complete suite of high value products and services," said Wells. "ArborGen's ongoing research and development will remain focused on delivering the highest quality trees in the future."

ArborGen currently has in field trials more than 3,000 loblolly pine varieties, planted across 35 distinct geographic sites in the U.S., the largest trial database of its kind in North America. In Australia and New Zealand ArborGen gains access to an equivalent number of Radiata pine varieties in field trials. The expanded market access provided by the addition of the nursery and seed orchard operations allows ArborGen to leverage this intellectual property into high value products and services for the Company and its customers.

About ArborGen

ArborGen, LLC, headquartered in Summerville, South Carolina, is a world leader in the research, development and commercialization of technologies that provide purpose grown trees for the forest products industry. The Company is also developing trees as feedstock for ethanol production, an important solution for meeting the world's growing demand for renewable energy. ArborGen is dedicated to developing purpose grown trees that produce more wood on less land in sustainable planted forests, thereby conserving the world's native forests in all their diversity for future generations. For more information, please visit us at www.arborgen.com

Attachment 2

Backgrounder on the Three Businesses

International Paper's Nurseries and Orchards ("IP N&O") is the largest producer of improved pine and hardwood seedlings for reforestation in the US, producing around 275 million high-quality pine and hardwood seedlings. In 2006, IP N&O produced approximately one-third of the total US South pine seedlings sold (predominantly loblolly) and it is estimated to have close to a 15% market share of the hardwood seedling market in the US. Its seedlings are sold under the brand name "SuperTree Seedlings", and it has pine seedlings of different genetic generations available for any southern US geographic regions.

IP has seven nurseries located across the southern US – one in Alabama, one in Arkansas, two in Georgia, one in South Carolina and two in Texas. In addition, the business has a Forest Seed Centre in Texas and two orchard complexes in Florida, Texas and Alabama, and one in Georgia. IP's N&O employs 67 people across its various nurseries, orchards and research operations. The business has an established customer base with over 2,000 customers.

Being one of the first companies in the Southeastern US to start genetics research, IP has developed one of the premier genetics research programs in the country and is estimated to currently own 30% of the improved loblolly pine germplasm in the US. Furthermore, it owns one of the largest proprietary collections of loblolly pine varietal material, as well as propagation systems capable of producing operational quantities of varietal stock. It has over 2,000 somatic embryogenic varieties planted in replicated field trials across the US South.

MeadWestvaco's Nurseries and Orchards ("MWV N&O") currently produces close to 20 million bareroot loblolly pine seedlings a year and has the capacity to produce approximately 45 million seedlings. The business has a nursery located in South Carolina and two seed orchards – one in South Carolina and the other in Georgia, employing 20 people across its various operations. It was agreed that MWV N&O's land assets would not be transferred to ArborGen as part of the transaction.

MWV N&O is a leader in the production and sale of superior quality Mass Control Pollinated ("MCP") seed. In addition, it sells some second-generation OP seedlings as well as specialty loblolly seedlings. Like IP, MWV also has loblolly pine varieties planted in replicated field trials in the US South, mainly in Georgia and South Carolina.

Rubicon's Horizon2 is a leading treestock provider in the New Zealand and Australian forestry markets. Horizon2 was formed as a 50:50 partnership in 2004 through the merger of Rubicon's Trees & Technology with Carter Holt Harvey's Forest Genetics operations. These two businesses were New Zealand's recognized pioneers in the application of biotechnology techniques to the improvement of growth rate and wood quality in Radiata pine. The combined entity is the largest commercial scale producer of varietal conifers in the Southern hemisphere. Recently Carter Holt Harvey sold (conditional on OIO approval) its ownership interest in Horizon2 to Rubicon.

With five nursery facilities in New Zealand (Kaikohe, Tokoroa, Gisborne, Nelson and Te Teko) and one in Australia (Colac), Horizon2 annually produces close to 30 million treestocks annually. Horizon2's research and development programme is continuously improving propagation methods both in laboratory and nursery environments. Its breeding programme adds value to the genetics portfolio in New Zealand and Australia through the production of elite pedigree seed stock at its seed orchards and through the establishment and analysis of varietal and family trials. Horizon2 has many thousands of unique radiata genotypes in such trials in New Zealand, Australia and Chile. Horizon2 currently employs 45 people.