

NZX Announcement

31 July 2020

New Executive Long Term Incentive Scheme and Issue of Share Rights

Freightways Limited (Freightways) has implemented a new executive long term incentive (LTI) scheme designed to better encourage long term performance and promote employee retention. This scheme replaces the previous senior executive performance share plan established in 2008, which involved partly-paid shares. The new LTI scheme involves share rights being offered to senior executives, with vesting determined at the end of a 3-year vesting period. Each share right that vests converts to one Freightways ordinary share.

Vesting is based on the achievement of the following two total shareholder return (TSR) hurdles being met over the vesting period:

- (i) 50% of the share rights are subject to an absolute TSR, whereby half these share rights vest if Freightways outperforms the NZX50 index median, pro-rated up to 100% vesting at the 75th percentile of the index constituents; and
- (ii) 50% of the share rights are subject to the Company's relative TSR target of profit performance above the cost of capital, as set by the Board of Directors.

The share rights do not carry a dividend entitlement and are non-transferable.

The last allocation to executives under the old senior executive performance share plan was in 2018. Accordingly, on 30 July 2020, the Board resolved to make an initial allocation (in accordance with the rules of the new LTI scheme) of 141,916 share rights to executives in respect of 2019, with a three-year vesting period commencing 1 July 2019. A capital change notice in respect of the issue of share rights accompanies this announcement.

It is anticipated that annual allocations will be made each September going forward, following the release of Freightways' full year results. The next allocation in respect of 2020 is likely to be made in September 2020, with a 3-year vesting period commencing 1 July 2020.

For further information please contact:

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