

**FREIGHTWAYS LIMITED**  
**DIVIDEND REINVESTMENT PLAN**  
**29 October 2015**

This is an important document. If you have any questions in relation to the Dividend Reinvestment Plan, please consult your financial adviser.

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## **KEY FEATURES**

### **About the Dividend Reinvestment Plan**

The Plan provides Shareholders with the opportunity to reinvest dividends into Freightways Shares. This provides Shareholders with the benefit of being able to acquire Additional Shares in Freightways without the payment of brokerage, commissions or other transaction costs. In addition, Shares issued under the Plan may be issued at a discount to the trading price of the Shares on the NZX Main Board.

### **Eligibility**

Participation in the Plan is optional and is open to all Shareholders except:

- where Freightways elects not to offer participation under the Plan to Shareholders whose address is outside New Zealand or Australia if Freightways considers that to do so would risk breaching the laws of places outside New Zealand or Australia or if it would be unreasonable having regard to the associated costs of ensuring that the laws of those places are complied with; and
- to the extent Freightways has a lien or charge over the shares of a Shareholder in accordance with Freightways' Constitution or other requirements of law.

### **Options for participation**

Participation in the Plan is optional. If you wish to participate in the Plan, you may choose one of the following options for participation:

- Full participation, which means that all of your Shares (held both now and in the future) will participate, including additional Shares purchased and issued under the Plan.
- Partial participation, which means a number of Shares nominated by you will participate in the Plan.

If you do not wish to participate in the Plan, you are not required to do anything and you will continue to receive your dividends in cash.

To participate in the Plan you must complete the Participation Notice which accompanies this Offer Document in accordance with the instructions on that notice and in accordance with the Plan terms and conditions.

### **Timing of participation**

Following receipt of a Participation Notice, participation in the Plan will commence from the next Record Date. Participation in the Plan will then remain effective for all dividends to which the Plan applies until:

- you alter your participation by lodgement of a new Participation Notice; or
- you terminate your participation by lodgement of written notice with the Share Registrar to this effect; or
- you cease to hold the Shares you have elected to participate in the Plan; or
- the Plan is suspended or terminated by Freightways at its discretion.

### **Additional Share entitlement**

Your entitlement to new Shares under the Plan will be calculated in accordance with the following formula:

$$\frac{\text{Participating Shares} \times \text{net dividend payable}}{\text{price of Additional Shares determined by Freightways}}$$

The net dividend used in the calculation is after deducting any resident or non-resident withholding (or other) taxes, if any, applicable to that dividend.

The price determined by Freightways will be based on the volume weighted average sale price at which Shares are sold through the NZX Main Board over a period of five trading days immediately following the Record Date for the relevant dividend and may, in the discretion of Freightways, be less a discount (if any) as determined by the Board from time to time.

For a full explanation of the price at which the Shares will be issued under the Plan, refer to the Plan terms and conditions.

### **Allocation of Shares**

The Additional Shares will be issued on the date that the relevant dividend is paid and will rank equally in all respects with all other Shares.

### **Quotation of Shares issued under the Plan**

The Additional Shares have been accepted for listing by NZX and will be quoted upon completion of allotment procedures on the NZX Main Board. However, NZX accepts no responsibility for any statement in this document. Shares can be sold or transferred at any time following allotment.

### **Changes Freightways may make to the Plan**

Freightways may at any time, and from time to time, determine:

- that the Plan be terminated, suspended or modified; or
- that participation in the Plan shall not apply in whole or in part to any dividend; or
- that a Participation Notice shall cease to be of any effect; or
- that the Additional Shares may be issued at a discount to the market price of Shares;
- that Shareholders in specific jurisdictions outside New Zealand and Australia may participate in the Plan; or
- that the Plan may be underwritten on such terms agreed between Freightways and an underwriter.

Freightways will provide Participants with prior written notice if any of the above changes to the Plan are to occur.

### **Further information**

The information above is a summary of the Plan only and should be read in conjunction with the Plan terms and conditions. In the event of any conflict between this summary of the Plan and the Plan terms and condition, the Plan terms and conditions will prevail.

If you have any enquiries or require further information about the Plan, please contact the Share Registrar. Further information about Freightways, including its current dividend policy, can be found on its website at [www.freightways.co.nz](http://www.freightways.co.nz).

## TERMS AND CONDITIONS

### 1. INTRODUCTION

- 1.1 This Offer Document contains the terms and conditions of the Freightways Limited (**Freightways**) Dividend Reinvestment Plan (the **Plan**). Under the Plan, Shareholders may elect to reinvest the net proceeds of cash dividends payable or credited on all or some of their Shares to acquire Additional Shares. This Offer Document has been prepared as at 29 October 2015.
- 1.2 These terms and conditions are issued in compliance with the dividend reinvestment plan exclusion in clause 10 of Schedule 1 to the Financial Markets Conduct Act 2013.

### 2. THE OFFER

- 2.1 **Offer to All Shareholders:** Subject to clauses 2.3 and 2.4, Freightways offers to all Shareholders the right to elect to participate in the Plan. Freightways will give Shareholders a reasonable opportunity to accept the Plan.
- 2.2 **Available Options:** Shareholders may elect to participate in the Plan by exercising one of the following options:
- (a) **Full Participation:** If you elect full participation, participation in the Plan will apply to all of your Shares registered in your name from time to time.
  - (b) **Partial Participation:** If you elect partial participation, only the number of Shares nominated by you will participate in the Plan.
  - (c) **Non-Participation:** If you do not wish to participate and you wish to receive any dividends in cash you are not required to do anything.
- 2.3 **Ability to Exclude Overseas Shareholders**
- (a) **Overseas Shareholders:** Freightways may, in its absolute discretion, elect not to offer participation under the Plan to Shareholders whose address is outside New Zealand or Australia if Freightways considers that to do so would risk breaching the laws of places outside New Zealand or Australia or if it would be unreasonable having regard to the associated costs of ensuring that the laws of those places are complied with. The Board may, in its sole discretion, elect to amend this policy at any time.
  - (b) **Warranty:** Any person residing outside New Zealand and Australia who participates in the Plan through a New Zealand or Australian resident nominee will be deemed to represent and warrant to Freightways that they can lawfully participate through their nominee. Freightways accepts no responsibility for determining whether a Shareholder is able to participate in the Plan under laws applicable outside of New Zealand or Australia.
- 2.4 **Exclusion where Liens or Charges over Shares:** Any Shares over which Freightways has a lien or charge in accordance with Freightways' Constitution or other requirements of law will not be eligible to participate in the Plan.

### 3. METHOD OF PARTICIPATION

- 3.1 **Participation Notice:** To participate in the Plan a Shareholder must:

- (a) complete the Participation Notice which accompanies this Offer Document in accordance with the instructions on that notice; and
- (b) forward the completed Participation Notice to:

Freightways Limited Share Registrar  
 C/- Computershare Investor Services Limited  
 Level 2, 159 Hurstmere Road  
 Takapuna  
 Private Bag 92119  
 Auckland 1142  
 NEW ZEALAND

or such other person or address as Freightways may determine.

- (c) Shareholders who subsequently decide that they would like to participate in the Plan can request a Participation Notice from Freightways' Share Registrar at the address above.
- (d) If the Participation Notice does not indicate the degree of participation or indicates a degree of participation in excess of the number of Shares then held by that Shareholder, it will be deemed to be an application for full participation if it is otherwise correctly completed and signed.

3.2 **Holder Number and Common Shareholder Number (CSN):** A separate Participation Notice must be given by a Shareholder in respect of each holding of Shares identified by a separate Holder Number or CSN.

3.3 **Participation Effective for First Record Date:** Participation will be effective as to net proceeds of cash dividends payable or credited at 5.00pm New Zealand time on the first Record Date after receipt by Freightways of a properly completed Participation Notice.

#### 4. ADDITIONAL SHARE ENTITLEMENT

4.1 **Formula for Calculation of Additional Shares:** The number of Additional Shares to be issued to a Participant in return for a cash dividend will be calculated in accordance with the following formula:

$$\frac{S \times D}{\text{Price}}$$

Where:

**S** is the number of Participating Shares.

**D** is the net proceeds per Share from Freightways (expressed in cents and fractions of cents, including any supplementary dividends in respect of Participating Shares payable to non-resident Shareholders but excluding any tax credits and after deduction of any resident and non-resident withholding (or other) taxes, if any) of cash dividends paid or credited on that Share and which are to be reinvested under the Plan.

**Price** is the volume weighted average sale price in New Zealand dollars (expressed in cents and fractions of cents) for a Share calculated on all price setting trades of Shares which took place through the NZX Main Board over a period of five trading days immediately following the Record Date less a discount (if any) as determined by the Board from time to time. If no sales of Shares occur during those five trading days, then the average of the volume weighted average sale price will be deemed to be the sale price for

a Share on the last price setting trade of Shares which took place after such trading days as determined by NZX.

Any volume weighted average sale price so determined may be reasonably adjusted by Freightways to allow for any bonus issue or dividend or other distribution expectation. If, in the opinion of the Board, any exceptional or unusual circumstances have artificially affected the volume weighted average sale price so determined, Freightways may make such adjustment to that sale price as it considers reasonable. The determination of the price of the Additional Shares by the Board, or by some other person nominated by the Board, will be binding on all Shareholders with Participating Shares.

4.2 **Fractional Shares:** Where the number of Additional Shares to be issued to a Participant includes a fraction, the number will be rounded down to the nearest whole number.

4.3 **Share Price Information Publicly Available:** Freightways will ensure that, at the time the price for the Additional Shares is set under clause 4.1, it will have no information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the Shares if it was publicly available.

4.4 **Compliance with Laws, Listing rules and Constitution:**

(a) The Plan will not operate in relation to a dividend to the extent that the allotment or issue of Additional Shares under the Plan would breach any applicable law, the NZX Listing Rules or any provision of the Constitution.

(b) If and to the extent that the Plan does not operate for such reason in respect of a Participant's Participating Shares, the relevant dividend on Participating Shares will, until such time as the issue is resolved, be paid or distributed in the same manner as to Shareholders not participating in the Plan.

## 5. OPERATION OF THE PLAN

5.1 **Issue of Additional Shares:** Freightways will, on or about the day that a Participant would otherwise have been paid a dividend, issue the Additional Shares to that Participant in accordance with clause 4.

5.2 **Terms of Issue and Ranking of Additional Shares:** Additional Shares issued to Participants under the Plan will be issued on the terms set out in this Plan, and subject to the rights of termination, suspension and modification set out in clause 8.1, will not be issued on any other terms and will all be subject to the same rights as each other. The Additional Shares issued to Participants under the Plan will, from the date of issue, rank equally in all respects with each other and with all other Freightways' Shares on issue as at that date.

## 6. SOURCE OF ADDITIONAL SHARES

6.1 Additional Shares to be acquired by Participants under the Plan may, at the Board's discretion, be:

(a) new Shares issued by Freightways;

(b) existing Shares acquired by Freightways or a nominee or agent of Freightways; or

(c) any combination of (a) and (b) above.

## 7. STATEMENT TO PARTICIPANTS

- 7.1 Subject to clauses 2.3 and 2.4, Freightways or its Share Registrar will send to each Participant, as soon as practicable after each Dividend Payment Date, a holding statement detailing the number of Additional Shares issued to that Participant under the Plan, and any other such information as Freightways determines from time to time.

## 8. TERMINATION, SUSPENSION AND MODIFICATION

- 8.1 **The Board's Discretion:** The Board may, in its sole discretion, at any time:

- (a) terminate, suspend or modify the Plan. If the Plan is modified, then a Participation Notice will be deemed to be a Participation Notice under the Plan as modified unless that Participation Notice is withdrawn by the Participant in accordance with clause 8.4; or
- (b) resolve that participation will not apply to the whole or part of any dividend and that the applicable part will be paid in cash; or
- (c) resolve that in the event of the subdivision, consolidation or reclassification of the Shares into one or more new classes of shares, that a Participation Notice will be deemed to be a Participation Notice in respect of the shares as subdivided, consolidated or reclassified unless such Participation Notice is subsequently changed or withdrawn by the Participant; or
- (d) resolve that a Participation Notice will cease to be of any effect; or
- (e) determine that Additional Shares may be issued at a discount to the market price of Shares in accordance with clause 4.1; or
- (f) determine that Shareholders in specific jurisdictions outside New Zealand and Australia may participate in the Plan; or
- (g) determine that the Plan may be underwritten on such terms agreed between Freightways and an underwriter.

- 8.2 **Prior Notice:** Notice of any modification or termination by Freightways under clause 8.1 will be given to all Participants by sending written notification of that modification or termination to Shareholders' addresses as set out in the Freightways share register.

- 8.3 **When No Notice Required:** Notwithstanding clause 8.1, Freightways may at any time, without the need of any notice:

- (a) modify the Plan to comply with the Constitution, the NZX Listing Rules, or any law; and
- (b) make minor amendments to the Plan where such amendments are of an administrative or procedural nature.

- 8.4 **Variation or Termination by a Participant:** A Participant may, at any time:

- (a) increase or decrease the number of Participating Shares by completing and sending a new Participation Notice to Freightways' Share Registrar; or
- (b) terminate the Participant's participation in the Plan by written notice to that effect to Freightways' Share Registrar.



Such variation or termination will take effect immediately upon receipt by Freightways' Share Registrar of the new Participation Notice or the written termination notice, as the case may be. Written notice of the variation or termination should be sent to Freightways' Share Registrar.

- 8.5 **Death of Participant:** If a Participant dies, participation by that Participant will cease upon receipt by Freightways' Share Registrar of a notice of death in a form acceptable to Freightways. Death of one of two or more joint Participants will not automatically terminate participation.

## 9. REDUCTION OR TERMINATION OF PARTICIPATION WHERE NO NOTICE GIVEN

- 9.1 **Dispositions where Partial Participation:** Where a Participant in respect of some but not all its Shares, disposes of some of its Shares then, unless the Participant notifies Freightways otherwise in writing:

- (a) the Shares disposed of will be the Participant's non-participating Shares; and
- (b) if the number of Shares disposed of is greater than the number of the Participant's Shares not nominated for participation in the Plan, the balance will be attributed to Participating Shares.

- 9.2 **Partial Dispositions where Full Participation:** If a Participant with full participation disposes of part of its holding of Shares without giving Freightways written notice terminating the Participant's participation in the Plan, the Participant will be deemed to have terminated its participation in the Plan with respect to the Shares disposed of by it from the date Freightways registers a transfer of those Shares.

- 9.3 **Dispositions of All of Shares:** If a Participant disposes of all of its holding of Shares without giving Freightways' Share Registrar written notice terminating the Participant's participation in the Plan in accordance with clause 8.4(b), the Participant will be deemed to have terminated participation in the Plan from the date Freightways registers a transfer of those Shares.

## 10. TAXATION

- 10.1 For New Zealand tax purposes, Shareholders who reinvest the net proceeds of their cash dividends to acquire Additional Shares via participation in the Plan should be treated in the same way as if they had not participated. This means that Shareholders who participate in the Plan should derive dividend income of the same amount that they would have derived had they not participated.
- 10.2 The taxation summary above is based on New Zealand taxation laws as at the date of this Offer Document and is, of necessity, general. It does not take into account the circumstances of individual Shareholders and the specific tax consequences to them of participation or non-participation in the Plan, which may vary considerably. Shareholders (both New Zealand and non-resident Shareholders) should not rely on this general summary but should seek their own tax advice. Freightways does not accept any responsibility for the financial or taxation effects of a Shareholder's participation or non-participation in the Plan.

## 11. COSTS

- 11.1 There are no charges for participation or withdrawal from the Plan. No brokerage costs will be incurred on the issue of Additional Shares.

## 12. STOCK EXCHANGE LISTING

- 12.1 **Quotation of Additional Shares:** Freightways will apply for quotation of the Additional Shares which may be issued under the Plan on the NZX Main Board. It is expected that such Additional Shares will be quoted on the NZX Main Board on the completion of allotment procedures. However, NZX accepts no responsibility for any statement in this Offer Document.

## 13. GOVERNING LAW

This Offer Document and the Plan, and its operation, will be governed by the laws of New Zealand.

## 14. ANNUAL REPORT AND FINANCIAL STATEMENTS

- 14.1 Copies of Freightways' most recent annual report and financial statements complying with generally accepted accounting practice that are prepared for the most recently completed accounting period and a copy of the auditor's report on those financial statements may be obtained at Freightways' website <http://www.freightways.co.nz/html/investor.html> or free of charge on request from:

The Company Secretary  
Freightways Limited  
PO Box 92111  
Victoria Street West  
Auckland 1140  
New Zealand

Phone: +64 9 571 9670

Fax: +64 9 571 9671

## GLOSSARY

<b>Additional Shares</b>	The additional Shares to be issued to Participants pursuant to the Plan.
<b>Board</b>	The board of directors (as defined in and acting in accordance with the Constitution or their delegate (if any)), of Freightways.
<b>Constitution</b>	The constitution of Freightways.
<b>Dividend Payment Date</b>	The date on which Freightways pays a dividend in respect of the Shares.
<b>Freightways</b>	Freightways Limited, New Zealand company number 1255822, having its registered office at 2nd Floor, Freightways House, 32 Botha Road, Penrose, Auckland.
<b>NZX Main Board</b>	The main board equity security market operated by NZX.
<b>NZX Listing Rules</b>	The NZX listing rules from time to time.
<b>NZX</b>	NZX Limited.
<b>Offer Document</b>	This booklet which sets out the terms and conditions of the Plan.
<b>Participant</b>	A Shareholder who has elected to participate in the Plan.
<b>Participating Shares</b>	Shares in respect of which an election to participate in the Plan has been made by a Participant at the Record Date.
<b>Participation Notice</b>	The participation notice that accompanies this Offer Document.
<b>Plan</b>	Freightways Dividend Reinvestment Plan being the subject of these terms and conditions.
<b>Record Date</b>	The date on which Freightways' register of Shareholders is closed in order to determine entitlement to a dividend.
<b>Share Registrar</b>	Computershare Investor Services Limited.
<b>Shares</b>	Fully paid ordinary shares in Freightways held at any given time.
<b>Shareholders</b>	Holders of Shares.

**DIRECTORY****Freightways Limited**

2<sup>nd</sup> Floor, Freightways House

32 Botha Road

Penrose

Auckland 1061

NEW ZEALAND

**Share Registrar**

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road

Takapuna

Private Bag 92119

Auckland 1142

NEW ZEALAND

**Legal Advisers**

Russell McVeagh

Vero Centre

48 Shortland Street

Auckland 1010

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