

FREIGHTWAYS LIMITED
("Company")

**DISCLOSURE DOCUMENT RELATING TO THE
GIVING OF FINANCIAL ASSISTANCE BY THE
COMPANY FOR THE PURCHASE OF SHARES**

(Sections 78(5) and 79 of the Companies Act 1993)

TO: ALL SHAREHOLDERS OF THE COMPANY

INTRODUCTION

1. This document is provided to all shareholders of the Company in accordance with the requirements of sections 78(5) and 79 of the Companies Act 1993, in respect of financial assistance to be provided by the Company for the purpose of an invitation to employees of the Company to participate in the Freightways Employee Share Plan (the "Plan").

FINCANCIAL ASSISTANCE

2. The Company established the Plan by a trust deed dated 30 June 2005 to enable employees to acquire fully paid ordinary shares in the Company.
3. The Plan involves the Company making interest free loans to employees to fund the acquisition of shares in the Company, to be issued by the Company to the Freightways Trustee Company Limited (the "Trustee" of the Plan) on behalf of participating employees. Those loans will be on an interest free basis and will be for a term of three years. The loans will be repaid by employees in regular instalments over this three year term by way of a deduction from their salary or wages.
4. The maximum amount of the loans made to each employee will not exceed \$2,340 in any rolling three year period. Loans will only be made to the extent that employees elect to participate in the Plan. However, based on prior years' participation rates for eligible employees taking-up the maximum loan available to them in the first year, the Board has determined that the maximum aggregate amount of loans that will be made for this year's offer will not exceed \$0.7 million.
5. The making of those loans constitutes the giving of financial assistance for the purpose of, or in connection with, the purchase of a share issued or to be issued by the Company in terms of section 76(6) of the Companies Act 1993.

RESOLUTION

6. Set out below is the text of the resolution of the Board of the Company required by section 78(1) of the Companies Act 1993, passed on 30 June 2016:

"Noted:

- A. *The Company established the Freightways Employee Share Plan (the "Plan") by a trust deed dated 30 June 2005 ("Trust Deed") to enable employees to acquire fully paid ordinary shares in the Company.*
- B. *The Plan involves the Company making interest free loans to employees to fund the acquisition of shares in the Company, to be issued by the Company to Freightways Trustee Company Limited (the "Trustee" of the Plan) on behalf of participating employees.*

- C. *The making of those loans constitutes the giving of financial assistance for the purpose of, or in connection with, the purchase of a share issued or to be issued by the Company in terms of section 76(6) of the Companies Act 1993 (the "Act").*
- D. *The Board has been provided with copies of the Plan Rules, the invitation from the Company to be made to employees pursuant to the Trust Deed, and the form of Directors' Certificates to be given by the directors in respect of the issue of the shares, the financial assistance and satisfaction of the solvency test.*
- E. *The Board has also been provided with a copy of the disclosure document that is required to be sent to each shareholder before the provision of the financial assistance under s76(1)(b) of the Act.*

Resolved:

Financial assistance

1. *The Company provide to its employees financial assistance of up to a total of \$0.7 million by way of loans made in accordance with the Plan.*
2. *The giving of the financial assistance is in the best interests of the Company.*
3. *The terms and conditions under which the financial assistance is given are fair and reasonable to the Company.*
4. *The Board is satisfied that the Company will, immediately after the giving of the financial assistance, satisfy the solvency test (as defined in the Act).*
5. *The giving of the financial assistance is of benefit to those shareholders of the Company not receiving the financial assistance.*
6. *The terms and conditions under the financial assistance is given are fair and reasonable to those shareholders not receiving the financial assistance.*
7. *The Board may cancel this resolution to give the financial assistance at any time until the time it is provided by the Company and if it does so the financial assistance shall not be provided by the Company.*

Grounds for directors' conclusions:

The grounds for the directors' conclusions are as follows:

- a) *The purpose of the Plan is to encourage and incentivise employees by providing them with a stake in the Company and a financial interest in the performance and success of the Company.*
- b) *That it is in the best interests of the Company and of benefit to its shareholders as a whole.*

- c) *The terms of loans made under the Plan are those stipulated by the Income Tax Act 2007. Having regard to the advantages of the Plan to the Company and its shareholders those terms are fair and reasonable to the Company and its shareholders.*
- d) *The Half Year Consolidated Financial Statements of the Company and its subsidiaries (the "Group") dated 22 February 2016 record that the assets of the Group exceed its liabilities (including contingent liabilities) by approximately \$210 million. The management accounts for the 11 months ended 31 May 2016 record that the assets of the Company exceeded its liabilities (including contingent liabilities) by more than \$210 million.*
- e) *The amount of the financial assistance to be given under the Plan will not exceed \$0.7 million.*
- f) *The Company is able to pay its debts as they become due in the normal course of business and will remain able to do so after the giving of the financial assistance.*
- g) *The directors are not aware of any circumstances which could materially and adversely affect the conclusions recorded above."*

SHAREHOLDERS RIGHTS

7. Section 78(7) of the Companies Act 1993 confers on shareholders and the Company certain rights to apply to the Court to restrain the proposed assistance being given. The only grounds upon which such an application to the Court may be made are:
 - a) *the giving of the proposed assistance is not in the best interests of the Company and of benefit to those shareholders not receiving the assistance; or*
 - b) *the terms and conditions under which the proposed assistance is to be given are not fair and reasonable to the Company and to those shareholders not receiving the assistance.*
8. *The financial assistance may be given by the Company not less than 10 working days and not more than 12 months after this disclosure document has been sent to each shareholder.*

SIGNED for and on behalf of FREIGHTWAYS LIMITED by



MARK G. ROYLE
Chief Financial Officer
& Company Secretary