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MAINFREIGHT 2013  
ANNUAL MEETING  
OF SHAREHOLDERS

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NOTICE OF MEETING &  
EXPLANATORY NOTES





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## NOTICE OF MEETING

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Notice is given that the annual meeting of shareholders of Mainfreight Limited (the Company) will be held in the Barrel Hall, Villa Maria Estate, 118 Montgomerie Road, Mangere, Auckland on Wednesday 31 July 2013 commencing at 4.00pm.

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### Agenda

#### ANNUAL REPORT

1. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: "That the Annual Report for the 12 months ended 31 March 2013, including financial statements and auditor's report, be received".

#### ELECTION OF DIRECTOR

2. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: "That Simon Cotter, having been appointed as a Director of the Company by the Board on 1 January 2013, and being eligible and having offered himself for election, be elected as a Director of the Company".

#### RE-ELECTION OF DIRECTORS

3. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: "That Bruce Plested, who retires by rotation and, being eligible and having offered himself for re-election, be re-elected as a Director of the Company".

4. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: "That Richard Prebble, who retires by rotation and, being eligible and having offered himself for re-election, be re-elected as a Director of the Company".

#### AUDITOR

5. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: "That the reappointment of Ernst & Young as the Company's auditor be recorded and that the Directors be authorised to fix the auditor's remuneration".

#### ISSUE OF REDEEMABLE SHARES TO DIRECTORS

6. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: "To approve pursuant to NZSX Listing Rule 7.3.1(a) the participation by the Company's Directors in the issue of shares under the Mainfreight Limited Partly Paid Share Scheme in 2013 involving the offer of 50,000 redeemable ordinary shares to each of Bruce Plested, Donald Braid, Simon Cotter, Emmet Hobbs, Carl Howard-Smith, Bryan Mogridge and Richard Prebble (being an offer, in aggregate, of 350,000 redeemable ordinary shares)".

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## NOTICE OF MEETING

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### NOTES:

1. A shareholder may attend the meeting and vote or may appoint a proxy to attend the meeting and vote in place of the shareholder.
2. If you wish to appoint a proxy you should complete the proxy form which is enclosed with this notice of meeting. A proxy need not be a shareholder of the Company. If you wish, you may appoint "the Chairman of the Meeting" as your proxy. Please note that in relation to resolution 6, the Chairman and any other Directors who are appointed as proxies will only be able to vote those proxies in accordance with express voting instructions given to them on the proxy form.
3. Proxy forms must be returned to the office of the Company's share registrar, Computershare Investor Services Limited, either by fax to 64 9 488 8787, by delivery to Level 2, 159 Hurstmere Road, Takapuna, Auckland, New Zealand or by mail to Private Bag 92 119, Auckland 1142, New Zealand so as to be received not later than 4.00pm on Monday, 29 July 2013.
4. Each resolution is to be considered as an ordinary resolution. To be passed, an ordinary resolution requires approval of a simple majority of the votes cast on the resolution by or on behalf of shareholders eligible to vote on the resolution.
5. The Company will disregard any votes cast on resolution 6 by any Director or any Associated Person of a Director. However the Company will not disregard a vote cast on resolution 6 if it is cast by a Director or an Associated Person of a Director as proxy or voting representative for a person who is not disqualified from voting and the vote is cast in respect of the shares held by that other person in accordance with the express instructions of that other person.

BY ORDER OF THE BOARD



Carl Howard-Smith  
Director  
27 June 2013

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### Agenda Item 2

Under NZSX Listing Rule 3.3.6, a Director appointed by the Board may hold office only until the next annual meeting of the Company but is eligible for election at that meeting.

Simon Cotter is a Director of Grant Samuel & Associates Limited, having joined that firm in 1995, and has advised on a wide range of assignments including acquisitions, business sales, valuations and debt advisory services, both for Mainfreight and a range of other commercial clients. Since 2003 Simon has been heavily involved in all of Mainfreight's acquisitions and divestments including the sale of various non-core Owens businesses, the sale of LEP/Pan Orient, and the purchases of Target Logistics (USA), Halford International (Australia) and Wim Bosman (Europe). Prior to joining Grant Samuel, Simon worked for the Structured Finance division of Bank of Scotland

Group in London and New Zealand, where he was responsible for the structuring, negotiation and financing of management buyouts. He has a Bachelor of Commerce and a Master of Applied Finance, and lives in Auckland. Simon has been appointed to Mainfreight's Audit Committee to allow the Company to take advantage of his strong financial skills and business acumen.

Simon Cotter was appointed to the Board on 1 January 2013 to fill a vacancy. As required by the NZSX Listing Rules and being eligible and having offered himself for election, Simon seeks election as a Director at the annual meeting. The Board recommends that Simon Cotter be elected as a Director of the Company.

The Board considers that Simon Cotter qualifies as an independent Director.

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### Agenda Items 3 and 4

Bruce Plested and Richard Prebble retire by rotation in accordance with NZSX Listing Rule 3.3.11 and, being eligible, offer themselves for re-election.

Bruce Plested is the founder and Executive Chairman of Mainfreight and through his trusts is the largest shareholder of the Company. He is involved in the daily business and management of the Company. Bruce plays an active role in the global direction of the Company, visiting branches here and overseas, and is vitally involved in setting strategic direction for the Company.

The Board considers that Bruce Plested does not qualify as an independent Director.

Richard Prebble is an independent Director of Mainfreight and was a foundation Board member at time of the Company's listing in 1996. In addition to his well-known political experience (including roles as Minister of State Owned Enterprises, Transport, Civil Aviation and Railways) Richard has an extensive legal and business background. His counsel is highly respected at the Board table.

The Board considers that Richard Prebble qualifies as an independent Director.

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### Agenda Item 5

Ernst & Young are re-appointed as auditors under section 200 of the Companies Act 1993. This resolution authorises the Board to fix the fees and expenses of the auditors.

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### Agenda Item 6

#### INTRODUCTION

On 13 October 2005, the Company established the Mainfreight Limited Partly Paid Share Scheme (the Scheme) to enable selected employees and officers of the Company and its subsidiaries to acquire ordinary shares in the Company from time to time through the Scheme Trustee, Mainfreight Share Scheme Trustee Limited (the Trustee). 54 employees of the Company and its subsidiaries currently participate in the Scheme and the Trustee has been issued for the benefit of these employees, in total, 1,750,000 shares under the Scheme (including the 1,200,000 shares issued on 16 May 2013 referred to below).

In 2013 offers have already been made to 46 employees and on 16 May 2013 the Company issued 1,200,000 redeemable ordinary shares to the Trustee for the benefit of employees who accepted those offers. This year it is also proposed, subject to shareholder approval being obtained, that offers will be made to each Director of the Company to acquire 50,000 shares under the Scheme. As a result, if shareholder approval is obtained, a total of up to 1,550,000 shares will be issued under the Scheme in 2013: 1,200,000 have been issued to the Trustee for the benefit of employees and up to 350,000 will be issued to the Trustee for the benefit of Directors.

The Board believes that the Scheme fulfils an important role in creating an alignment of interests between the Company's senior employees and officers and its shareholders, through incentivising such employees and officers to grow the value of the Company. The Scheme also assists the Company to attract, motivate and retain key employees and directors.

Shareholder approval is now being sought for the issue of 50,000 redeemable ordinary shares under the Scheme to each of the Directors. The 350,000 shares being offered to Directors represent just under 0.4% of the share capital of the Company.

If shareholder approval is obtained, the redeemable ordinary shares will be issued to the Trustee for the benefit of Directors on 12 August 2013.

### SHAREHOLDER APPROVAL

The issue of the redeemable ordinary shares to the Directors could have been made under the Scheme without shareholder approval in accordance with NZSX Listing Rule 7.3.9. That rule permits Directors and Associated Persons of Directors to participate in certain issues of shares to employees if their participation is determined by criteria applying to employees generally.

In certain circumstances the Company may be required to redeem some of the redeemable ordinary shares issued to the Directors under the Scheme (see the sections headed "Redemption" and "Redemption by the Trustee" below).

The redemption of redeemable ordinary shares will be permitted by NZSX Listing Rule 7.6.1(h) if the issue of the redeemable ordinary shares has been approved by shareholders under NZSX Listing Rule 7.3.1(a).

For that reason shareholder approval is being sought under NZSX Listing Rule 7.3.1(a) for the issue of 50,000 redeemable ordinary shares to each of the Directors (making an issue of 350,000 redeemable ordinary shares, in aggregate, to the Directors) so that if there is a future requirement to redeem any of those shares, the shares can be redeemed in accordance with NZSX Listing Rule 7.6.1(h).

If the shareholders approve the issue of the shares to the Directors then the issue will be made on the terms of the Mainfreight Limited Partly Paid Share Scheme as summarised below.

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## EXPLANATORY NOTES

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### **ELIGIBILITY TO PARTICIPATE IN MAINFREIGHT PARTLY PAID SHARE SCHEME**

From time to time the Board may offer selected Key Team Members the ability to participate in the Scheme and to acquire shares in the Company through the Trustee of the Scheme. Key Team Members are employees or officers of the Company or any of its subsidiaries who have been approved by the Trustee as members of the Scheme. The number of shares offered to each selected Key Team Member is determined by the Board. In determining the Key Team Members who are offered participation and the level of participation, the Board applies a number of criteria including role within the Group, duties and responsibilities, level of remuneration and contribution to the Group's performance.

These same criteria have been used by the Board to determine the number of shares to be offered to the Directors and the terms of their participation in the Scheme. Key purposes of the Scheme are to incentivise employees and officers to grow the value of the Company and to assist the Company to attract, motivate and retain key employees and directors. In forming the view that Directors should participate in 2013 (subject to shareholder approval), the Board has taken account of the Directors' roles in having ultimate responsibility for managing the business and affairs of the

Group and its global network. The Directors are significant contributors to the growth of the value of the Company and all of the Directors make a substantial contribution to the Board's role in setting and directing the Group's strategy and the performance of its global network.

The level of participation for each Director (50,000 shares each), which is subject to shareholder approval, has been set at the same level as the level of participation for the Group's key Divisional Managers.

### **ISSUE OF SHARES**

If a Director accepts the offer to participate, the Company will issue the relevant number of redeemable ordinary shares to the Trustee on a partly paid basis to hold for the benefit of the Director.

### **ISSUE PRICE**

The issue price of the redeemable ordinary shares is the weighted average price of Company's shares on the NZX Main Board over the 7 trading days prior to the issue date. On the issue date the Trustee pays an initial payment of 1 cent per share issued, in cash. The Director is then required to provide the Trustee with the 1 cent per share initial payment of the issue price in respect of the shares issued in respect of that Director.

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## EXPLANATORY NOTES

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### PAYMENT OF BALANCE OF ISSUE PRICE

The balance of the issue price is payable by a Director when called by the Company. Calls will only be made in connection with payments by the Director (see "Transfer of Vested Shares" below) or redemptions by the Trustee (see "Redemption by Trustee" below).

### RANKING OF REDEEMABLE ORDINARY SHARES

The partly paid redeemable ordinary shares will entitle the holder (which will be the Trustee until the shares are fully paid) to proportionate voting, dividends and rights to share in the surplus assets of the Company on a liquidation to the extent of the proportion of the issue price paid up on the shares. When a share is fully paid it will rank equally in all respects with all other ordinary shares issued by the Company (including in respect of voting, dividends and rights to share in the surplus assets of the Company on a liquidation).

### REDEMPTION

The redeemable ordinary shares are redeemable at the election of the Trustee by giving notice to the Company. It is expected that redemptions will only occur in the circumstances described in the section headed "Redemption by Trustee" below.

### VESTING

The shares held by the Trustee on behalf of each Director vest in the Director on the earlier of:

- (a) the 3rd anniversary of the issue date; and
- (b) the date on which a person or group of persons acting in concert acquires 50% or more of the ordinary shares in the Company on issue.

### TRANSFER OF VESTED SHARES

A Director may, at the Director's election, require that any vested shares held by the Trustee on the Director's behalf be transferred to the Director so long as each of the following conditions is met:

- (a) The Director elects to have the relevant shares transferred and pays the balance of the issue price in cleared funds to the Trustee.
- (b) The Director has not ceased to be a Director of the Company or a subsidiary of the Company.

The Trustee will apply the funds provided by the Director to pay up the shares. That payment by the Trustee will, if necessary, be made pursuant to a call by the Company for the unpaid balance of the issue price for the shares. The redemption rights associated with the shares will no longer apply once the shares are transferred to the Director. Accordingly, the shares transferred to the Director will be fully paid ordinary shares ranking equally with all other ordinary shares in the Company except for dividends declared or payable in respect of any period prior to the date on which those shares became fully paid up.

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## EXPLANATORY NOTES

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### **PARTICIPATION RIGHTS**

The Trustee, as a shareholder of the Company, will be able to participate in any rights issue, bonus issue or other offers to take up shares, subject to the Trustee complying with the terms of any such offer. This may result in the number of shares ultimately transferred to a Director increasing in accordance with the terms of those issues.

### **REDEMPTION BY TRUSTEE**

If a Director is not entitled to require the Trustee to transfer shares held on behalf of the Director to the Director (e.g. because the conditions set out above under the heading "Transfer of Vested Shares" have not been met), the Trustee will redeem the shares held on behalf of that Director by giving notice in writing to the Company. Any such redemption will occur in conjunction with a call from the Company for the unpaid balance of the issue price of those shares and the redemption amount and the unpaid balance will be set off. On redemption the shares will be cancelled. The initial payment of 1c per share issued will be returned to the Director out of the redemption proceeds.

### **LISTING**

Redeemable ordinary shares issued under the Scheme will not be listed on the NZX Main Board. So long as the Company remains listed on the NZX Main Board it is intended that the ordinary shares transferred to Directors under the Scheme will be listed on the NZX Main Board.

### **CONCLUSION**

The Board considers that Directors should be encouraged to hold a meaningful stake in the Company so that, as shareholders, their interests are fully aligned with the interests of all other shareholders in the growth of the value of the Company and, consequently, the growth of the value of shares in the Company.

### **VOTING EXCLUSION STATEMENT**

Under NZSX Listing Rule 9.3.1 Directors and Associated Persons of Directors are disqualified from voting on the resolution to approve the issue of the redeemable ordinary shares to Directors. However this restriction does not prevent a Director or an Associated Person of a Director, who has been appointed as a proxy or voting representative by another person who is not disqualified from voting under Listing Rule 9.3.1, from voting in respect of the shares held by that other person in accordance with the express instructions of that other person.

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## ANNUAL MEETING OF SHAREHOLDERS VENUE

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**VENUE: BARREL HALL,  
VILLA MARIA ESTATE,  
118 MONTGOMERIE ROAD,  
MANGERE, AUCKLAND**

**DATE: Wednesday 31 July 2013**

**TIME: 4.00PM.**

For those shareholders wishing to travel by public transport to and from the meeting, the following arrangements are available:

- Take the 2.40pm SE (Veolia Eastern Train) from Britomart and alight at Otahuhu Station
- Private bus will meet this train and transfer shareholders to Villa Maria.

### Return details:

- Private bus departs Villa Maria 6.00pm and returns to Otahuhu Station in time to catch the 6.50pm train back to Britomart (arrives approx. 7.19pm).

If you would like to use this transport option, please register by contacting Nikki Cooper:

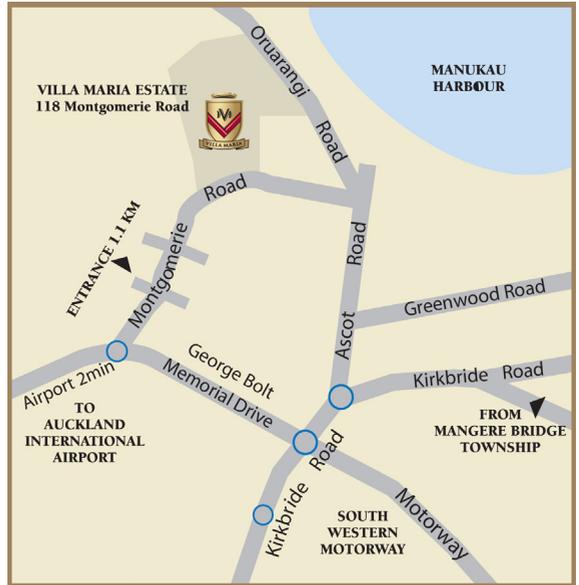
- Telephone: 09-259 5511
- Email: [nikki@mainfreight.com](mailto:nikki@mainfreight.com)

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### REGISTERED & ADMINISTRATION OFFICE

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