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NZX RELEASE

LYTTELTON PORT COMPANY LTD - CHIEF EXECUTIVE REMUNERATION

Lyttelton Port Company Limited (LPC) is a company listed on the New Zealand Stock Exchange and meets its disclosure requirements under IFRS and NZX listing rules.

As a result of the recent interest regarding the Chief Executive's remuneration, the Board of LPC wishes to provide further clarification on this matter.

Background

A highly functioning and successful port is one of the cornerstones of a growing economy.

LPC has again shown its ability to perform, under extremely difficult circumstances, its vital role in the economic growth of Canterbury and New Zealand as a crucial facilitator of trade for the region.

The Port suffered massive damage during the earthquakes of 2010 and 2011. The insurance claims from LPC are expected to be some of the largest in New Zealand's history as a result of these catastrophic events.

A critical strategy has been ensuring the Port has the best leadership to navigate through the insurance matters and the plan to not only rebuild the Port but to cement its position as the primary port in the South Island.

The Port is one of the key strategic assets to drive economic growth in Christchurch, Canterbury and the South Island.

Board Policy

Over the years, the Board of LPC have developed a policy for incentivising the Chief Executive in consultation with independent remuneration experts. The Chief Executive has had to take on an even greater leadership role since the earthquakes.

Remuneration Structure

The Board sets the remuneration structure for the Chief Executive, Peter Davie, using specialist external advice, and sets his Total Fixed Remuneration (TFR) annually. The variable component of his remuneration includes Short Term and Long Term Incentives (STIs and LTIs) and a percentage of the Chief Executive's annual TFR is "at risk" based on his and the company's performance.

Short Term Incentive Scheme

- The scheme is set and assessed annually; targets include financial performance, operational performance and leadership
- Base performance = 20% of TFR
- Exceptional performance = 40% of TFR

Long Term Incentive Scheme

- The scheme was developed by Godfrey Remuneration Group Pty Limited and Strategic Pay and approved by the Board in 2006
- The scheme is based on Earnings per Share growth over a rolling three period compared to benchmarks set for performance characterised as:
 - Threshold: 8% average compounding growth per annum
 - Target: 10% average compounding growth per annum
 - Stretch: 16% average compounding growth per annum
- Threshold performance = 22.5% of TFR
- Target performance = 45% of TFR
- Stretch performance = 90% of TFR
- There were no payouts in the first two cycles
- For the year ended 30 June 2011 (third cycle), stretch performance was achieved, with a payment made in the 2011/12 financial year
- The year to 30 June 2012 was the fourth cycle, and stretch performance was achieved, with a payment made in the 2012/13 financial year
- The Board approved a fifth cycle in 2010, making 30 June 2013 the last year of the current scheme. If threshold, target or stretch performance is achieved in the year to 30 June 2013 then the remuneration for that performance will be paid in the 2013/14 financial year.

The table below outlines the remuneration paid to the Chief Executive over the last five years to 30 June 2012.

Year ended	Base salary	Short term incentive	Long term incentive	Total Remuneration
30 June 2008	343,600	110,160	-	453,760
30 June 2009	372,501	94,250	-	466,751
30 June 2010	389,000	114,000	-	503,000
30 June 2011	421,401	-	-	421,401
30 June 2012	454,200	169,785	396,900	1,020,885

The Board and Chief Executive will not be making any further statements on this matter at this time and believe this provides the necessary clarification and assurances required.

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