

5 June 2009
NZX MARKET RELEASE



TOURISM
HOLDINGS
LIMITED

◀ corporate ▶

Tourism Holdings Limited Long Term Share Scheme Incentive

The Directors have resolved that a further 1.9 million redeemable shares in the company will be issued on 5 June 2009 under the Long Term Share Scheme introduced in 2006.

The Long Term Share Scheme exists to ensure that the interests of the senior executive team are aligned with those of other shareholders, by providing an incentive to achieve long term share price appreciation.

The THL Chairman, Mr Keith Smith, said the scheme remained an important part of the total employment package for senior executives. "There is no doubt that the outlook for the tourism industry remains uncertain. In that regard the Board believes it is more important than ever to achieve strong alignment between shareholder and executive interests," Mr Smith said.

Eligibility for the scheme is restricted to the Chief Executive and five other executives. The shares are paid up at issue to 1 cent and held in trust for the relevant executives. They can be fully paid up and vested to the executives at a rate of 1/3 of the shares per year after a minimum two years. There is no entitlement to dividends, other than in proportion to the 1 cent per share initially paid up, until the shares are fully paid up.

As in prior years, shares issued under the scheme this year will be priced on market value – specifically, the volume-weighted average price for shares traded on NZX over the 10 days up to 29 May 2009 (49 cents per share).

The Directors have made one material change to the terms of the scheme, imposing an automatic adjustment to the price at which the shares issued this year can be vested to individual executives. The price adjustment is in the form of an annual increase of 13.25 percent of the issue price, which is equivalent to the company's assessed cost of equity capital.

The effect of this change is that, for the shares issued this year to be vested, the required payment by the executive will be the issue price of 49 cents per share plus the cost of equity increase for each year from the issue date adjusted for any dividend paid.

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As part of the scheme, the executives are required to hold additional shares in the company in their own name (or related party name) and purchased on-market from their own resources.

Announcement authorised by:

A handwritten signature in black ink, appearing to read 'Keith Smith', with a horizontal line underneath.

Keith Smith
Chairman
Tourism Holdings Limited

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