

NOTICE OF ANNUAL MEETING

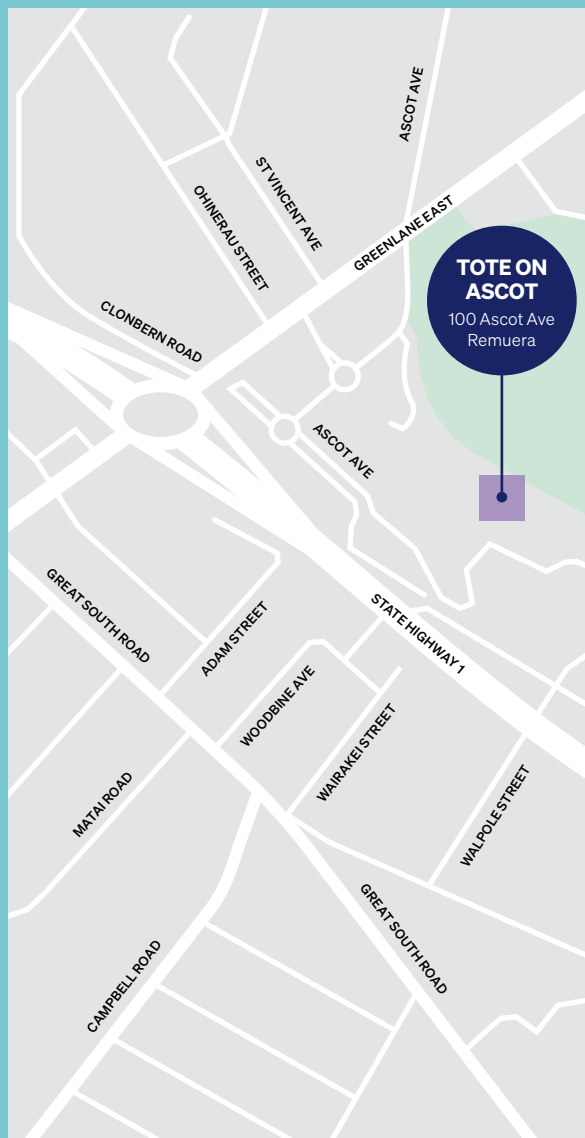
2022

Commencing at:

2:00pm, Thursday 22 September 2022



Location map



For your convenience complimentary parking is available onsite at the venue

Notice of meeting

Notice is given that the Annual Meeting of Air New Zealand Limited (the "Company" or "Air New Zealand") will be held at:

Ellerslie Event Centre – Tote on Ascot
100 Ascot Avenue, Remuera, Auckland

on Thursday, 22 September 2022 commencing at 2:00pm.

**For map please see page opposite.*

Business

• CHAIR'S ADDRESS

• BOARD COMMITTEE CHAIRS' REPORTS

• CHIEF EXECUTIVE OFFICER'S REVIEW

- **RESOLUTION 1: TO RE-ELECT Dame Therese Walsh**
 Dame Therese Walsh retires by rotation and, being eligible, stands for re-election (see Explanatory Notes for profile).
- **RESOLUTION 2: TO RE-ELECT Jonathan Mason**
 Jonathan Mason retires by rotation and, being eligible, stands for re-election (see Explanatory Notes for profile).
- **RESOLUTION 3: TO RATIFY the entry into and performance by the Company of the Amended Crown Loan Facility**
 (See Explanatory Notes for information in relation to the Amended Crown Loan Facility and the background to this resolution).
- **To consider and, if thought fit, pass the following ordinary resolution:**
"That the Shareholders ratify the entry into and performance by the Company of the Amended Crown Loan Facility, as described in the Explanatory Notes accompanying the Notice of Meeting."
- **RESOLUTION 4: TO RATIFY the entry into and performance by the Company of the New Crown Loan Facility**
 (See Explanatory Notes for information in relation to the New Crown Loan Facility and the background to this resolution).
- **To consider and, if thought fit, pass the following ordinary resolution:**
"That the Shareholders ratify the entry into and performance by the Company of the New Crown Loan Facility, as described in the Explanatory notes accompanying the Notice of Meeting."

• SHAREHOLDER QUESTIONS

Jennifer Page
 General Counsel and Company Secretary
 Auckland, New Zealand
 24 August 2022



Procedural Notes

Persons entitled to vote

The persons who will be entitled to vote at the Annual Meeting are those persons (or their proxies or representatives) registered as holding ordinary shares¹ on the Company's share register at 5:00pm on Tuesday, 20 September 2022.

There are no restrictions on any shareholder or group of shareholders (including the Crown) to prevent them from exercising their vote on any of the resolutions being considered at the meeting.

Proxies and Corporate Representatives

Shareholders entitled to attend and vote at the Annual Meeting may appoint a proxy or, in the case of a corporate shareholder, a representative to attend and vote on their behalf. A proxy need not be a shareholder of the Company. You may, if you wish, appoint 'The Chair of the Meeting' as your proxy by filling in the proxy form to that effect. A **Proxy / Postal Voting Form**, with which you can appoint a proxy, is enclosed with this Notice of Meeting. If the Chair is not instructed how to vote, she will vote in favour of all resolutions.

Postal voting

Shareholders entitled to attend and vote at the Annual Meeting may cast a postal vote instead of attending in person or appointing a proxy to attend. The General Counsel and Company Secretary has been authorised by the Board to receive and count postal votes at the Annual Meeting. A **Proxy / Postal Voting Form**, with which you can cast a postal vote, is enclosed with this Notice of Meeting.

Return of Proxy / Postal Voting Forms

Proxy / Postal Voting Forms must be received at the office of the Company's share registrar, Link Market Services Limited, by 2:00pm on Tuesday 20 September 2022. Please see the front page of the **Proxy / Postal Voting Form** on how to return your proxy or postal vote.

¹ Other than the Kiwi Share

Procedural Notes (continued)

Online Proxy and Postal Voting

Shareholders can elect to lodge their proxy appointment or postal vote online. You will need to go to the website of our share registrar, Link Market Services Limited: vote.linkmarketservices.com/AIR

Holders on the New Zealand register will be required to enter their CSN/ Holder number and FIN and follow the instructions from there.

Holders on the Australian register will be required to enter their Holder number and postcode and follow the instructions from there.

Ordinary resolutions

All of the resolutions to be considered at the Annual Meeting will be considered as separate ordinary resolutions. To be passed, each of the resolutions requires the approval of a simple majority of the votes cast by the holders of the ordinary shares entitled to vote and voting.

Virtual Annual Meeting

Shareholders and proxy holders entitled to attend and vote at the Annual Meeting will be able to attend the Annual Meeting in person, or participate in the Annual Meeting virtually via an online platform provided by the Company's share registrar, Link Market Services Limited at airnewzealand.co.nz/annual-meeting

Shareholders attending and participating in the Annual Meeting virtually via the online platform will be able to vote and ask questions during the Annual Meeting. More information regarding virtual attendance at the Annual Meeting is available in the Virtual Annual Meeting Online Portal Guide available on our website (airnewzealand.co.nz/annual-meeting).

Shareholder questions prior to the Annual Meeting

Shareholders present at the Annual Meeting will have the opportunity to ask questions during the meeting. If you cannot attend the Annual Meeting but would like to ask a question you can submit a question by completing the Question section on the **Proxy / Postal Voting Form** and returning it to Link Market Services Limited in the reply paid envelope enclosed, or online by going to: vote.linkmarketservices.com/AIR. After completing the online validation process choose 'Questions'. Questions must be received by Link Market Services Limited or submitted online by 2:00pm on Tuesday 20 September 2022.

The Company's external auditor, Deloitte, will be available at the Annual Meeting to answer questions from shareholders relevant to their audit of the Company's financial statements.



Explanatory Notes

Re-election of Directors

(Resolutions 1 and 2)

The Constitution and the NZX Listing Rules identify the directors who must retire by rotation at the Annual Meeting.

The Board has determined that each of the directors seeking re-election at the Annual Meeting is an independent director as defined in the NZX Listing Rules.

RESOLUTION 1:

Re-election of: **Dame Therese Walsh**

DNZM, BCA, FCA

Appointed 1 May 2016.

Last elected 25 September 2019.

Chair



Dame Therese Walsh is an independent director and Chair of Air New Zealand Ltd. She is also the Chair of ASB Bank Ltd., Chair of the Chapter Zero NZ steering group and a director of Antarctica New Zealand.

Previously she was the Head of New Zealand for the ICC Cricket World Cup 2015, and the Chief Operating Officer for Rugby New Zealand 2011 Ltd.

She has also been Chair of TVNZ Ltd., Pro Chancellor of Victoria University Wellington, a director of NZX Ltd., Contact Energy Ltd., NZ Cricket and Save the Children NZ, Trustee of the Wellington Regional Stadium, Chief Financial Officer at the New Zealand Rugby Union and part of the team that worked on the winning bid to host Rugby World Cup 2011. Prior to this she was an auditor at KPMG.

Dame Therese is a Fellow of the Institute of Chartered Accountants and a commerce graduate from Victoria University. In 2013, she was named the inaugural supreme winner of the Women of Influence Awards and was awarded a Sir Peter Blake Trust Leadership Award in 2014. She became a Dame Companion of the New Zealand Order of Merit in June 2015.

Explanatory Notes (continued)

RESOLUTION 2:

Re-election of: **Jonathan Mason**

BBA, MA, MBA

Appointed 1 March 2014.

Last elected 25 September 2019.

Chair of the People, Remuneration and Diversity Committee and member of the Audit & Risk Committee.



Mr Mason has more than 30 years' experience in the financial sector, with an emphasis on emerging markets.

Prior to joining Air New Zealand's Board in March 2014, he was Fonterra Co-operative Group's Chief Financial Officer from 2009.

Mr Mason has had governance experience for organisations in both New Zealand and the United States. His current directorships include Vector Limited, Westpac New Zealand Limited and Zespri Group Limited, and he is a member of the University of Auckland Council. Mr Mason also serves as an Adjunct Professor of Management at the University of Auckland, specialising in international finance.

Mr Mason has advised his intention to step down from the Board in 2023.



Explanatory Notes (continued)

Ratification of Amended Crown Loan Facility and Ratification of New Crown Loan Facility (Resolutions 3 and 4)

Resolutions 3 and 4 will be considered as separate ordinary resolutions. They are described together in the Explanatory Notes set out below as both resolutions relate to financial support provided to Air New Zealand by the Crown in response to the impact of the Covid-19 pandemic.

Definitions

The capitalised terms set out in the table below are used in this Notice of Meeting.

Amended Crown Loan Facility	The Original Crown Loan Facility, as amended and restated on 10 May 2021, subsequently amended pursuant to a letter of amendment dated 30 September 2021 and most recently amended and restated on 13 December 2021.
New Crown Loan Facility	The facility agreement dated 30 March 2022 between the Company and the Crown in respect of a new unsecured revolving facility of \$400 million (to replace the Amended Crown Loan Facility).
Original Crown Loan Facility	The debt funding agreement dated 27 May 2020 between the Crown and the Company.

Introduction

NZX Listing Rule 5.1.1 requires an issuer (such as the Company) to obtain shareholder approval to enter into a transaction, or related series of transactions, to acquire, sell, lease, exchange or otherwise dispose of assets if the transaction (or related series of transactions) involves a Gross Value of more than 50% of the Average Market Capitalisation of the issuer.

To date, the Company has received a series of waivers from Listing Rule 5.1.1 to enable it to enter into and receive funding under certain loan arrangements with the Crown without the need for prior shareholder approval.

Explanatory Notes (continued)

The most recent waivers granted by NZ RegCo (a regulatory entity within the NZX group) on 14 December 2021 and 30 March 2022 are subject to the condition that the entry into and performance of the Amended Crown Loan Facility and the New Crown Loan Facility are ratified by ordinary resolution no later than 31 December 2022¹.

The requirement to call a shareholders' meeting to ratify entry into the Amended Crown Loan Facility and the New Crown Loan Facility was referred to in an announcement by Air New Zealand on 30 March 2022². That announcement contained a statement that the Crown had confirmed to Air New Zealand prior to the announcement, its intention to vote in favour of those ratification resolutions.

Resolutions 3 and 4 will be considered at the Annual Meeting to comply with the conditions of the waivers granted by NZ RegCo.

Original Crown Loan Facility, Subscription Agreement for Redeemable Shares and Amended Crown Loan Facility

As shareholders will know, the impacts of Covid-19 and associated global lock-down measures, including travel restrictions, social distancing requirements and border closures have had an unprecedented adverse impact on Air New Zealand's operations and financial performance and position (as reflected in Air New Zealand's series of market announcements since mid-March 2020).

As a result, Air New Zealand entered into the Original Crown Loan Facility with the Crown in May 2020. Under the terms of the Original Crown Loan Facility, the Crown provided a stand-by loan facility of up to \$900 million to support Air New Zealand to manage the impact of Covid-19 on its business.

In light of the continuing adverse impacts of Covid-19 on Air New Zealand, Air New Zealand and the Crown entered into certain documents to address Air New Zealand's further financial support requirements during the period up to the completion of the Equity Raise (defined below) which:

- allowed Air New Zealand to issue up to \$1 billion of non-preferential non-voting redeemable shares (Redeemable Shares) to the Crown pursuant to the terms of a subscription agreement (**Subscription Agreement**) entered into between Air New Zealand and the Crown (**Debt Issuance**); and
- amended certain other terms of the loan arrangements between Air New Zealand and the Crown (as reflected in the Amended Crown Loan Facility).

Air New Zealand has issued \$600 million of the Redeemable Shares to the Crown pursuant to the Subscription Agreement. To date, \$400 million of the Redeemable Shares have been repaid and cancelled and \$200 million of the Redeemable Shares remain on issue.

¹ The full conditions of each of the waivers can be found at the following links: <https://www.nzx.com/announcements/384619> and <https://www.nzx.com/announcements/389771>

² See NZX announcement: <https://www.nzx.com/announcements/389769> for further details.



Explanatory Notes (continued)

No further issue of Redeemable Shares is permitted under the terms of the Subscription Agreement now that the Equity Raise has completed. The key terms of the Redeemable Shares are set out below.

Conditions for subscription	<p>At the time the Subscription Agreement was entered into, Air New Zealand could call for the Crown to subscribe for up to \$1 billion of Redeemable Shares once at least \$850 million was drawn under the Amended Crown Loan Facility.</p> <p>No further issue of Redeemable Shares is permitted under the terms of the Subscription Agreement now that the Equity Raise has completed.</p>
Redeemable at Air New Zealand's option	<p>The Redeemable Shares are redeemable at Air New Zealand's option at any time, with a scheduled redemption date of 14 December 2046 (as may be extended in accordance with the terms and conditions of the Redeemable Shares).</p>
Distribution payable	<p>A distribution is payable quarterly to the Crown at a base rate, plus a margin of 3.5% until 31 December 2023. The margin over the base rate steps up to 5.5% from 1 January 2024 until 31 December 2026 and steps up to 7.5% from 1 January 2027.</p> <p>The base rate is the 3 month rate designated "FRA" rate displayed as calculated and published by the New Zealand Financial Markets Association (3 month BKBM Rate) on the first day of each quarter.</p> <p>If the 3 month BKBM Rate is not available on the relevant date, the base rate is calculated by using linear interpolation by reference to available rates over a similar period. If the 3 month BKBM Rate is not calculated or published for any reason, the base rate is determined by the Crown taking into account market rates and conditions.</p>

Explanatory Notes (continued)

Distribution deferral at Air New Zealand's option	<p>Air New Zealand has the option to defer distribution on the Redeemable Shares, and must do so in certain circumstances, including upon an insolvency event.</p> <p>If a distribution has been deferred on the Redeemable Shares, the unpaid amount of the distribution cumulates, capitalises and compounds on each dividend payment date and will be added to all amounts outstanding to the Crown. Air New Zealand will not be able to pay dividends on its quoted ordinary shares during any period whilst a distribution in respect of the Redeemable Shares has been deferred.</p>
Non-voting	<p>The Redeemable Shares are non-voting and the Crown has no ability to convert them to ordinary shares, so the Crown's voting rights will not change as a result of the issue of the Redeemable Shares.</p>
Ranking on a liquidation	<p>The Redeemable Shares rank equally with ordinary shares on a liquidation of Air New Zealand but are capped at a maximum aggregate amount equal to the aggregate issue price of all Redeemable Shares on issue and all dividends which have accrued and cumulated.</p>



Explanatory Notes (continued)

The key terms of the Amended Crown Loan Facility entered into on 13 December 2021 (and as announced to the market) were as follows:

Amount	\$1 billion consisting of a tranche of \$850 million (Tranche A) and a tranche of \$150 million (Tranche B).
Maturity	January 2026 (now fully repaid and cancelled).
Type of loan	Secured committed standby facility.
Purpose	General working capital (with limited exceptions).
Interest rate	A base rate plus the margin below. The base rate is the "FRA" rate displayed as calculated and published by the New Zealand Financial Markets Association (BKBM) on the first day of the relevant interest period. BKBM is a floating rate and can move up or down.
Initial Tranche A Margin	2.50% per annum stepping up by 1.50% from the first date of drawing Tranche B (and stepping down by 1.50% on and from the date of repayment and cancellation of Tranche B).
Initial Tranche B Margin	4.00% per annum.
Line Fee	1.00% per annum line fee calculated on the facility limit of each of Tranche A and Tranche B (\$1 billion).

The Amended Crown Loan Facility was repaid and cancelled on 9 May 2022 and replaced with the New Crown Loan Facility (refer below). However, because of the conditions to the waivers referred to above, the Company is required to seek shareholder ratification (approval) of the entry into and performance of the Amended Crown Loan Facility by Resolution 3.

Explanatory Notes (continued)

Recapitalisation and New Crown Loan Facility

On 30 March 2022, Air New Zealand announced its comprehensive NZ\$2.2 billion recapitalisation package. The recapitalisation package comprised:

- a pro rata renounceable rights offer of ordinary shares to eligible shareholders to raise NZ\$1.2 billion (**Equity Raise**);
- NZ\$600 million of Redeemable Shares to be issued to the Crown under the Subscription Agreement; and
- the NZ\$400 million New Crown Loan Facility to be entered into at the time of launch of the offer.

A summary of the key terms of the New Crown Loan Facility is as follows:

Duration	Available until 30 January 2026.
Availability	Available to use from the close of the Equity Raise subject to satisfaction of usual conditions.
Type of loan	Unsecured committed revolving standby facility.
Initial interest rate (once drawn)	BKBM plus an initial margin of 1.50% per annum, subject to certain performance / compliance based increases.
Line fee	1.00% per annum on the facility limit of \$400 million will be payable for the duration of the facility, subject to certain reporting-based increases.
Dividend restriction	Air New Zealand will be unable to pay dividends on its ordinary shares (including the new shares issued under the Equity Raise) if it has drawn under this facility.
Financial covenants	There are no financial covenants.
Representation warranties and undertakings	Typical of such a facility, including regular reporting on operational and financial performance and there are additional reporting and information requirements once the loan has been drawn.



Explanatory Notes (continued)

The New Crown Loan Facility remains in place. To date, Air New Zealand has not made any drawings under the New Crown Loan Facility. The conditions to the waivers referred to above require the Company to seek shareholder ratification (approval) of the entry into and performance of the New Crown Loan Facility.

On 5 May 2022 Air New Zealand announced completion of its Shortfall Bookbuild, concluding the Equity Raise. The proceeds were used to repay the Amended Crown Loan Facility, strengthen the airline's balance sheet and help position the airline for recovery.

On 26 May 2022, Air New Zealand also issued notes under an Australian Medium-Term Notes issuance comprised of two tranches: A\$300 million of 4 year fixed rate bonds maturing on 25 May 2026 and A\$250 million of 7 year fixed rate bonds maturing on 25 May 2029 (the **AMTN Issuance**, together with the New Crown Loan Facility, the **Air New Zealand Debt Arrangements**).

NZX Listing Rule waivers

The reasons for granting the waiver on 14 December 2021 in respect of the entry into the latest amendments to the Amended Crown Loan Facility are detailed at the following link: <https://www.nzx.com/announcements/384619>



Amended Crown Loan Facility

The reasons for granting the waiver on 30 March 2022 in respect of the entry into the New Crown Loan Facility are detailed at the following link: <https://www.nzx.com/announcements/389771>



New Crown Loan Facility

Explanatory Notes (continued)

Directors' recommendation

Your directors gave careful consideration to the issues and opportunities associated with the Amended Crown Loan Facility, the Subscription Agreement for Redeemable Shares and the New Crown Loan Facility, and their importance to the ongoing recovery of the airline at the time the arrangements were negotiated and agreed.

The Board is unanimous in its support for the Company's entry into and performance of the Amended Crown Loan Facility (now fully repaid and cancelled), the Subscription Agreement and the New Crown Loan Facility and those arrangements have been an essential part of Air New Zealand's funding as it has navigated and continues to navigate the significant adverse impacts of the Covid-19 pandemic. Accordingly, the Board unanimously recommends shareholders vote in favour of Resolution 3 to ratify the entry into and performance of the Amended Crown Loan Facility (even though that is now repaid and terminated) and Resolution 4 to ratify the entry into and performance of the New Crown Loan Facility.

If Resolution 3 or Resolution 4 is not passed, the Company would be in breach of the conditions of each of the waivers granted to it on 14 December 2021 and 30 March 2022 respectively. If this were to occur, the Company would discuss the implications with NZ RegCo and agree an appropriate way forward.

Air New Zealand is confident that these resolutions will pass however, as the Crown (which holds 51% of Air New Zealand's ordinary shares) publicly indicated on 30 March 2022 that it would vote in favour of the resolutions to ratify these loan arrangements (refer <https://www.nzx.com/announcements/389769>).

