

**NOTICE OF  
ANNUAL  
MEETING**

2019

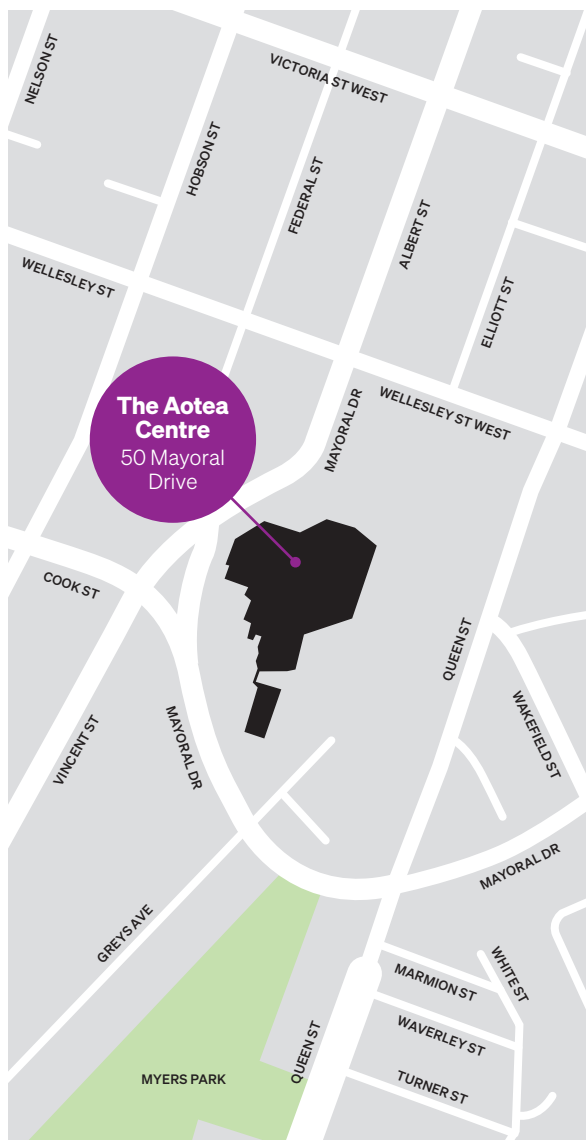
**HUNUA ROOMS**

Aotea Centre, 50 Mayoral Drive, Auckland  
Commencing at 2:00pm

Wednesday 25 September 2019



## LOCATION MAP



## NOTICE OF MEETING

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

### HUNUA ROOMS

Aotea Centre, 50 Mayoral Drive, Auckland  
on Wednesday 25 September 2019 commencing at 2:00pm.

\*For map please see page opposite.

## BUSINESS

### Chairman's Address

### Chief Executive Officer's Review

#### Resolution 1: **TO RE-ELECT Jan Dawson**

Jan Dawson 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 RE-ELECT Dame Therese Walsh**

Dame Therese Walsh retires by rotation and, being eligible, stands for re-election. (See Explanatory Notes for profile)

#### Resolution 4: **TO APPROVE the widebody aircraft transaction**

To consider and, if thought fit, pass the following resolution:  
"That the Shareholders approve the Widebody Aircraft Transaction as described in the notes accompanying this Notice of Meeting." (See Explanatory Notes)

#### Resolution 5: **TO ADOPT a new Constitution**

To consider and, if thought fit, pass the following resolution as a special resolution:  
"That the existing Constitution of the Company be revoked, and the Company adopt a new Constitution in the form tabled at the meeting and signed by the Chairman for the purposes of identification." (See Explanatory Notes)

### Shareholder Questions

By Order of the Board

### Jennifer Page

General Counsel & Company Secretary  
Auckland, New Zealand  
23 August 2019



## PROCEDURAL NOTES

### PERSONS ENTITLED TO VOTE

The persons who will be entitled to vote at the Meeting are those persons (or their proxies or representatives) registered as holding Ordinary Shares (other than the Kiwi Share) on Air New Zealand's share register at 5:00pm on Monday 23 September 2019. Voting will be by way of poll.

There are no restrictions on any shareholder or group of shareholders 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 Meeting may appoint a proxy or, in the case of a corporate shareholder, 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 Chairman 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. The Chairman will vote according to your instructions. If the Chairman is not instructed how to vote, he will vote in favour of all resolutions.

Shareholders attending the Annual Meeting will be able to vote using an app on their smartphones in addition to voting by ballot. Details of how you can do this will be provided at the Annual Meeting.

### POSTAL VOTING

Shareholders entitled to attend and vote at the 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 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 Monday 23 September 2019. Please see the front page of the **Proxy / Postal Voting Form** on how to return your proxy or postal vote.

### 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: [vote.linkmarketservices.com/AIR](https://vote.linkmarketservices.com/AIR)

## PROCEDURAL NOTES (CONTINUED)

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

Each of resolutions 1-4 is to be considered as a separate ordinary resolution. To be passed, each of these resolutions requires the approval of a simple majority of the votes cast by the holders of the Ordinary Shares entitled to vote and voting.

### SPECIAL RESOLUTION

Resolution 5 is to be considered as a separate special resolution. To be passed, this resolution requires the approval of a majority of 75% or more 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 Meeting will be able to attend the Meeting in person, or participate in the Meeting virtually via an online platform provided by Air New Zealand's share registrar, Link Market Services at [airnewzealand.co.nz/annual-meeting](https://airnewzealand.co.nz/annual-meeting).

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

### SHAREHOLDER QUESTIONS PRIOR TO THE 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 in the reply paid envelope enclosed, or online by going to: [vote.linkmarketservices.com/AIR](https://vote.linkmarketservices.com/AIR). After completing the online validation process choose 'Questions'. Questions will need to be submitted by 2:00pm on Monday 23 September 2019.

The Company's External Auditor, Deloitte will be available at our Annual Shareholder Meeting to answer questions from Shareholders relevant to the External Audit.



## EXPLANATORY NOTES

### ELECTION OF DIRECTORS RESOLUTION 1

The Constitution and the Listing Rules identify the directors who must retire by rotation at the annual meeting.

The Board has determined that all directors seeking re-election are Independent Directors as defined in the NZX Listing Rules.

Resolution 1:

#### **RE-ELECTION of Jan Dawson**

Jan Dawson CNZM, BCOM, FCA  
Appointed 1 April 2011  
Last elected 30 September 2016  
Chair of the Audit Committee



Ms Dawson is Chairman of Westpac New Zealand Limited and a director of AIG Insurance New Zealand Limited, Meridian Energy Limited and World Sailing. Ms Dawson is a member of the University of Auckland Council and the Capital Investment Committee of the Ministry of Health.

Ms Dawson was a partner of KPMG for 30 years, specialising in audit and risk advisory, and the Chair and Chief Executive of KPMG New Zealand from 2006 until 2011.

Ms Dawson holds a Bachelor of Commerce from the University of Auckland. She is a Fellow of the New Zealand Institute of Chartered Accountants, a Fellow of the Institute of Directors in New Zealand, a Paul Harris Fellow and a North Shore Business Hall of Fame Laureate (2010). Ms Dawson was named Chartered Accountant of the Year in 2011 by the New Zealand Institute of Chartered Accountants.

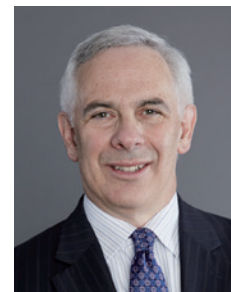
## EXPLANATORY NOTES (CONTINUED)

### ELECTION OF DIRECTORS RESOLUTION 2

Resolution 2:

#### **RE-ELECTION of Jonathan Mason**

Jonathan Mason BBA, MA, MBA  
Appointed 1 March 2014  
Last elected 30 September 2016  
Chair of the People, Remuneration  
and Diversity 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.

He joined Fonterra in 2009 from US-based chemicals company Cabot Corporation where he was Executive Vice-President and Chief Financial Officer. Prior to this he was employed as the Chief Financial Officer at forest products company Carter Holt Harvey Limited and also served in senior financial management positions at US based International Paper Company.

Mr Mason has had governance experience with organisations in both New Zealand and the US. His current directorships include Vector Limited, Westpac New Zealand Limited and Zespri Group Limited. Mr. Mason also serves as an Adjunct Professor of Management at the University of Auckland, specialising in international finance.



## EXPLANATORY NOTES (CONTINUED)

### ELECTION OF DIRECTORS RESOLUTION 3

Resolution 3:

#### RE-ELECTION of Dame Therese Walsh

Dame Therese Walsh DNZM, BCA, FCA  
Appointed 1 May 2016  
Last elected 30 September 2016  
Chairman-elect  
Member of the Audit Committee



Dame Therese is currently Chairman of TVNZ Limited, a director of ASB Bank Limited, Contact Energy Limited, and Antarctica NZ, and Pro Chancellor at Victoria University.

Previously she was the Head of New Zealand for ICC Cricket World Cup 2015 Limited, and the Chief Operating Officer for Rugby New Zealand 2011 Limited. She has also been a director of NZX Limited, NZ Cricket and Save the Children NZ, Chief Financial Officer at the New Zealand Rugby Union and part of the team that worked on the winning bid to host RWC 2011. Prior to this she was an auditor with KPMG.

Dame Therese is a Fellow of the New Zealand 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.

Dame Therese will succeed Tony Carter as Chairman of Air New Zealand following the 2019 Annual Shareholder Meeting, subject to her re-election.

## EXPLANATORY NOTES (CONTINUED)

Resolution 4:

### WIDEBODY AIRCRAFT TRANSACTION

#### DEFINITIONS

<b>787-10 Aircraft</b>	Boeing 787-10 aircraft
<b>787-10 Purchased Aircraft</b>	The eight 787-10 Aircraft being purchased by Air New Zealand from Boeing under the terms of Letters of Intent signed on 27 May 2019
<b>787-9 Aircraft</b>	Boeing 787-9 aircraft
<b>777-200ER Aircraft</b>	Boeing 777-200ER aircraft
<b>Boeing</b>	The Boeing Company
<b>Companies Act</b>	The Companies Act 1993
<b>GE</b>	The General Electric Company
<b>GE Aviation</b>	GE Aviation, a business unit of GE
<b>GEEx</b>	GE GEEx-1B engine
<b>Option Rights</b>	The 787-10 option rights relating to up to six additional aircraft.
<b>Widebody Aircraft Transaction</b>	The acquisition by Air New Zealand of the 787-10 Purchased Aircraft, together with option deposits, spare engines, long-term engine maintenance contracts, and various ancillary items including flight simulator and training devices, airframe and interiors spares, engine spares and tooling.

The following explanatory notes are provided for the purpose of assisting shareholders in exercising their voting rights. They do not disclose details of information provided by Boeing or the engine manufacturers in relation to the terms of the arrangements agreed with those companies which Air New Zealand has agreed not to disclose as a term of the relevant agreements.

#### INTRODUCTION

On 27 May 2019, Air New Zealand signed Letters of Intent with Boeing and GE Aviation to purchase eight 787-10 Aircraft powered by GE GEEx engines, along with related assets and services. The first of the 787-10 Purchased Aircraft is scheduled for delivery in September 2022.

A summary of the Widebody Aircraft Transaction is set out below. As explained below, this transaction constitutes a major transaction as defined by NZX Listing Rule 5.1. As such the Widebody Aircraft Transaction is contingent upon approval from a simple majority of votes of shareholders entitled to vote and voting.



## EXPLANATORY NOTES (CONTINUED)

Resolution 4:

### WIDEBODY AIRCRAFT TRANSACTION (continued)

The Widebody Aircraft Transaction will be given effect by two contracts, which are currently in an advanced stage of negotiation. A contract with Boeing will cover the acquisition of the Purchased Aircraft, including the airframes and fitted engines. A contract with GE will cover maintenance of engines, which includes the acquisition of spare engines for use in the maintenance programme. Additional items, including option rights, flight simulator and training devices, are provided for in the Boeing contract. The material terms of the contracts have been settled, but the contracts are subject to Air New Zealand shareholder approval being obtained. There are no other outstanding conditions precedent.

Shareholders should also note that the prices in the table below are current list prices, whereas the prices eventually payable by Air New Zealand will be affected by prevailing exchange rates, a price escalation calculation to reflect inflation, and will be adjusted by a confidential, substantial discount negotiated by Air New Zealand. The agreement with Boeing contains confidentiality provisions restricting, among other things, disclosure of the actual price of the 787-10 Purchased Aircraft. In addition, consistent with the customary practice of the global aviation industry, the actual price paid for the acquisition of aircraft is not customarily disclosed to the public. Disclosure of that price would result in the loss of the significant price concessions and hence would have a significant negative impact on the cost incurred by Air New Zealand when acquiring the 787-10 Purchased Aircraft and would therefore not be in the interest of the Company and shareholders as a whole. The total purchase price for the Purchased Aircraft is payable in instalments up to delivery which will be made over a period of approximately eight years.

The instalment payments follow a negotiated profile. An initial commitment payment is made on entry into the Boeing contract, and a proportion of the purchase price is then payable in stages during the course of the 24 month period prior to delivery of each aircraft, with the balance payable on delivery. The actual timing of the payments will depend upon the delivery schedule for the 787-10 Purchased Aircraft, which (as noted below) Air New Zealand is able to delay or accelerate to meet its fleet requirements at the relevant time.

Other costs are payable in advance of delivery.

## EXPLANATORY NOTES (CONTINUED)

Resolution 4:

### WIDEBODY AIRCRAFT TRANSACTION (continued)

Aircraft Fleet	Purchased Aircraft and spare engines		All other relevant costs*	Total List Price (USD million)
	Number	List Price (USD million)	List Price (USD million)	
787-10 Aircraft	8	2,763	424	3,187

\* Note: Included costs are for the following: option deposits, long-term engine maintenance, and various ancillary items including flight simulator and training devices, airframe and interiors spares, engine spares, and tooling.

### REQUIREMENT FOR SHAREHOLDER APPROVAL

NZX Listing Rule 5.1 requires the Company to obtain shareholder approval for transactions where it or one of its subsidiaries acquires assets which have a gross value of more than 50% of the Company's "Average Market Capitalisation".

The Average Market Capitalisation of Air New Zealand, (calculated in accordance with the Listing Rules and using 27 May 2019, being the date the Widebody Aircraft Transaction was announced, as the relevant reference point) was NZ\$3.08 billion. A transaction or series of transactions where Air New Zealand acquires assets with a gross value in excess of NZ\$1.54 billion, as is the case with the Widebody Aircraft Transaction, therefore triggers the requirement to obtain shareholder approval. Consequently, the Widebody Aircraft Transaction is contingent upon approval from a simple majority of votes of shareholders entitled to vote and voting.

Air New Zealand has determined that the Widebody Aircraft Transaction is not a Major Transaction as defined in section 129 of the Companies Act 1993. For the requirements of this section to apply to this transaction, the value of the assets, which are to be acquired under the Widebody Aircraft Transaction, would need to exceed half the value of the Company's total assets before the transaction. The value of the assets to be acquired (taking into account the confidential discount that Air New Zealand will receive from the list price for the Aircraft) will be less than the threshold that would trigger this Companies Act requirement.

As at 30 June 2019, Air New Zealand's consolidated total assets in its Statement of Financial Position was NZ\$7,756 million. The Company's Statement of Financial Position as at 30 June 2019 can be found in the 2019 Annual Financial Results, at [airnewzealand.co.nz/latest-annual-and-interim-results](http://airnewzealand.co.nz/latest-annual-and-interim-results).



## EXPLANATORY NOTES (CONTINUED)

Resolution 4:

### WIDEBODY AIRCRAFT TRANSACTION (continued)

#### Aircraft Options

The acquisitions of the Option Rights do not constitute an agreement or commitment by the Company to acquire aircraft. The purchase of any aircraft utilising these Option Rights will be a discrete transaction which the Company may decide to enter in the future, taking into consideration commercial and other factors at that time. Only the cost to acquire the Option Rights forms part of the current Widebody Aircraft Transaction.

#### Major Shareholder Intention

As at 1 August 2019, the Crown held 51.91% of Air New Zealand's ordinary shares. The Crown has indicated to the Company its intention to vote in favour of the Widebody Aircraft Transaction.

### BACKGROUND TO THE AIRCRAFT ACQUISITION

#### Selection of Aircraft

In 2018, Air New Zealand released a Request for Proposal for the potential replacement of the eight 777-200ER Aircraft in its current fleet. As a result of that process, the Board and Management agreed that the Boeing 787-10 "Dreamliner" would best meet the long-term requirements of the Company's long-haul international operations alongside the existing Boeing 787-9 and Boeing 777-300ER fleet.

By the time the 787-10 Purchased Aircraft are delivered the Company's eight 777-200ER Aircraft will be approximately eighteen years old. A life extension programme covering an overhaul and refresh of the airframe, engine, and interior of the 777-200ER Aircraft would be extremely expensive. Given the efficiencies offered by the 787-10 Purchased Aircraft the Net Present Value analysis conducted by the Company was strongly in favour of replacing the eight 777-200ER Aircraft.

The Widebody Aircraft Transaction will enable the Company to retire the existing 777-200ER aircraft from the fleet, with the final aircraft planned to be retired by 2025. Currently leased aircraft will be returned to the lessors, and disposal options for other aircraft will be addressed at the time of retirement.

At the conclusion of the Widebody Aircraft Transaction, the Company's long-haul fleet is planned to comprise: 7x 777-300ERs, 8x 787-10s, 14x 787-9s. However, the Company has flexibility to respond to market and network factors, which may vary the actual fleet composition.

## EXPLANATORY NOTES (CONTINUED)

Resolution 4:

### WIDEBODY AIRCRAFT TRANSACTION (continued)

The primary evaluation criteria of various candidate replacement aircraft included:

- Fuel efficiency;
- Carbon emissions;
- Revenue potential;
- Cargo carrying capability;
- Capital cost;
- Other operating costs (including airframe and engine maintenance);
- Payload range and other performance criteria;
- Fleet commonality; and
- Global fleet size (aftermarket support and residual value).

The 787-10 Purchased Aircraft are expected to deliver approximately 25% lower fuel burn per seat when compared to the 777-200ER Aircraft, resulting in a substantial improvement in operating cost per seat.

In addition to the criteria listed above, a strategic and risk evaluation was conducted, considering factors such as: fleet simplicity and future fleet combinations, network and operational flexibility, delivery and lifecycle risks, passenger experience, sustainability and crew health and safety.

The issue of carbon emissions is a significant social, political, and economic issue for the airline industry, and these factors play into enhancing the attractiveness of the Boeing 787 family. The 787-10 Purchased Aircraft will significantly reduce emissions of both carbon dioxide and particulates per seat kilometre flown.

Revenue potential is a function of a range of factors including capacity, cabin layout, route options, and aircraft utilisation. The 787-10 performed well in this analysis.

The capital cost and operating costs of aircraft reflect a number of inputs. Air New Zealand was able to negotiate a significant discount from the list price for the aircraft. The configuration with the fuel-efficient GENx engines, together with the engine maintenance contract that was negotiated, contribute to these costs being attractive for the 787-10 aircraft.

The ability to optimise operational performance, including the payload capacity to service existing and potential destinations is important. Air New Zealand has worked with Boeing to obtain comfort that the 787-10 provides the necessary characteristics to replace the existing 777-200ER fleet in this respect.



## EXPLANATORY NOTES (CONTINUED)

Resolution 4:

### WIDEBODY AIRCRAFT TRANSACTION (continued)

Analysis against the evaluation criteria supported Air New Zealand's view that the 787-10 Aircraft represents the best selection in terms of the Company's future wide-body aircraft requirements. The eight 787-10 Purchased Aircraft represent a natural replacement for the Company's eight 777-200ER Aircraft, but will offer significantly improved economics.

The Company has also negotiated substitution rights that allow a switch from the larger 787-10 Aircraft to smaller 787-9 Aircraft, or a combination of the two models for future fleet and network flexibility. The delivery schedule can also be delayed or accelerated according to market demand, providing Air New Zealand with significant operational flexibility.

Air New Zealand has considered risks associated with the Widebody Aircraft Transaction and taken appropriate commercial measures to manage these. The Company has negotiated various protections in respect of delivery dates, and can further mitigate this through the timing of existing fleet retirements or leases of additional capacity. The Company has a strong track record in the induction of new aircraft into its fleet. Engagement with current operators of the aircraft and engine has enabled the Company to assess and address the technical risks of these to the operations of the Company.

The Board believes that the acquisition of 787-10 Purchased Aircraft and the contractual flexibility mentioned above will provide Air New Zealand with the most suitable wide-body aircraft to ensure that it is well placed to meet expected future passenger demand.

#### Selection of Engine

As part of the aircraft acquisition programme Air New Zealand released a Request for Proposal to engine manufacturers. The evaluation of the engine proposals considered the engine purchase costs, the performance of the engine (including the fuel burn and payload capability), as well as the cost to maintain the engines.

Two engine types are available for selection on the 787-10 Aircraft: the Rolls-Royce Trent 1000 and the GE GENx.

As a result of this engine selection process, the Board and Management agreed the GE GENx proposal would best meet the requirements of the 787-10 Purchased Aircraft.

## EXPLANATORY NOTES (CONTINUED)

Resolution 4:

### WIDEBODY AIRCRAFT TRANSACTION (continued)

In addition to the criteria outlined for the aircraft selection above, the engine proposal evaluation criteria included:

- Engine maintenance costs;
- Engine time on wing;
- Commercial terms including payment structure;
- Performance and reliability guarantees; and
- Technical assessment.

Analysis against the evaluation criteria supported Air New Zealand's view that the GENx represents the best selection of engine to power the 787-10 Purchased Aircraft.

Overhaul and repair services for all of the installed and spare engines will be undertaken by GE, under the contract with them. This includes guarantees by GE related to performance including fuel burn, and remedies to address any short falls. GE will charge for these services on a flight hour per engine basis.

Air New Zealand is initially required to acquire two spare engines under this contract, to cover for planned and unplanned engine removals for maintenance over the life of the aircraft.

#### Delivery Dates of Aircraft

The delivery dates in respect of the 787-10 Purchased Aircraft are sequenced over a period of five years, starting in financial year 2023 through to financial year 2028. If any Option Rights are exercised, delivery dates for these aircraft could range from financial year 2023 through to financial year 2031.

#### Value and Financing of the Aircraft Acquisition

The actual purchase prices of the 787-10 Purchased Aircraft which will be paid by Air New Zealand were negotiated during a period of low global demand for new widebody aircraft, and are, in Air New Zealand's view, very favourable. There are multiple financing options available to Air New Zealand to fund these acquisitions. The decision around the exact financing structure is expected to be determined prior to delivery of the 787-10 Purchased Aircraft and will be subject to Air New Zealand Board approval. The Company enjoys very good access to the aviation debt markets and the Boeing 787 family of aircraft are highly regarded secured assets by debt financiers.

The Company has a strong balance sheet and recently reaffirmed its Capital Management and Distribution Policy. Notwithstanding this investment for the Widebody Aircraft Transaction, the Company expects to remain within its capital expenditure target parameters.





## EXPLANATORY NOTES (CONTINUED)

Resolution 4:

### **WIDEBODY AIRCRAFT TRANSACTION (continued)**

However, shareholders are reminded that Air New Zealand operates in a volatile industry and its operating performance is subject to several external factors including foreign exchange fluctuations and fuel prices.

#### **Effect if Not Approved**

If shareholder approval of the Widebody Aircraft Transaction is not obtained the Company will not be able to complete this transaction as embodied in the current agreements. However, the Company will have the same commercial and operational incentives to replace its 777-200ER Aircraft with aircraft suitable for its future requirements. It would be open to the Board to acquire new aircraft on a piecemeal basis, which would not require shareholder approval but would be unlikely to deliver the same financial benefits to Air New Zealand that come with a purchase of scale, and may also delay the delivery of any benefits.

#### **Directors' Recommendation**

Your Directors have given careful consideration to the issues and opportunities associated with the Widebody Aircraft Transaction, and its importance to the ongoing capability of the Company to deliver against its strategy. The Board is unanimous in its support for the Widebody Aircraft Transaction and recommends shareholders vote in favour of it.

## EXPLANATORY NOTES (CONTINUED)

Resolution 5:

### **ADOPTION of a new Constitution**

The former NZSX Listing Rules (dated 1 October 2017) have been replaced by updated Listing Rules dated 1 January 2019 (New Rules). These took effect for Air New Zealand from 1 July 2019, and as a consequence the Constitution of Air New Zealand Limited is required to be updated to ensure it meets the requirements of, and is consistent with, the New Rules (as required by New Rule 2.18.1).

The following documents may be viewed on the Air New Zealand website at [airnewzealand.co.nz/annual-meeting](http://airnewzealand.co.nz/annual-meeting) and are also available at the registered office of the Company at 185 Fanshawe Street, Auckland:

- A copy of the constitution marked-up to show all of the proposed changes to be made by the proposed new constitution.
- A table explaining the key differences between the proposed new constitution and the existing Constitution.
- A clean copy of the proposed new constitution.

#### **A summary of the more significant changes follows**

- **Removal of clauses that replicate listing rules** – The Company has elected to remove certain content from the existing Constitution that replicate Listing Rule provisions. This reflects the approach taken by most listed companies, and the removal over time of the obligation to include this content explicitly in the Constitution. This approach also reduces the potential for inconsistencies between the Constitution and the New Rules if the Rules are amended. Clauses affected include those relating to the issue of equity securities (in Section 4 of the New Rules), buybacks and redemptions of equity securities (also in Section 4 of the New Rules), certain major transactions and related party transactions (in Section 5 of the New Rules), director remuneration (in Section 2 of the New Rules) and the Audit Committee (in New Rule 2.13).
- **Removal of ASX Listing Rule provisions** – Since the existing Constitution was last amended in 2009 the Company has changed its ASX admission category from a full ASX Listing to an ASX Foreign Exempt Listing. As a result of this change, the Company's Constitution is no longer required to contain specific ASX compliance provisions and, therefore, these have not been included in the proposed new constitution.



## EXPLANATORY NOTES (CONTINUED)

Resolution 5:

### **ADOPTION**

#### **of a new Constitution (continued)**

- **Director rotation** – Amendments to the existing Constitution to align it with the New Rules include revision of the Director Rotation provisions, given that all directors must now retire by rotation at the third annual meeting of shareholders following their election or re-election.
- **References updated** – Cross-references throughout the Constitution have been updated to reflect changes to the former Listing Rules, relevant legislation, and the Constitution itself.
- **Companies Act amendments** – The Constitution has been updated to reflect recent amendments to the Companies Act 1993 that relate to shareholder meetings, including in relation to hybrid meetings, electronic voting and electronic participation in those meetings.
- **General changes for consistency** – Rewording of some clauses, which does not impact on their purpose or effect, has occurred to reflect the New Rules, or for consistency with market practice.

Adoption of the proposed new constitution will not change any shareholder rights and will allow the Company to operate within the parameters permitted by the New Rules. If any of the proposed amendments are inconsistent with the New Rules, the New Rules (as amended by any waiver or ruling granted to the Company) will prevail.

Pursuant to the Companies Act 1993, the adoption of the proposed new constitution must be approved by a special resolution of shareholders. As the proposed new constitution does not impose or remove a restriction on the activities of the Company or affect the rights attaching to shares, the shareholder minority buy-out rights under the Companies Act 1993 do not apply.

In accordance with clause 3.5(b) of the existing Constitution, the written consent of the Kiwi Shareholder has been obtained in respect of changes to applicable clauses.

The Kiwi Shareholder provisions in the proposed new constitution are substantially the same as the Kiwi Shareholder provisions in the existing constitution.

As required by New Rule 2.19.1, Bell Gully has provided an opinion to NZX that it considers that the proposed new constitution complies with the New Rules (subject to various Kiwi Shareholder provisions in the proposed new constitution in respect of which NZX has granted revised waivers from the New Rules).

