

Stock exchange listings: New Zealand (NZX: AIR) / Australia (ASX: AIZ) / ADR (OTC : ANZLY)

MARKET ANNOUNCEMENT

31 January 2024

Air New Zealand issues share rights under Long Term Incentive Plan

Air New Zealand has had a Long-Term Incentive Share Rights Plan since 2015 as amended from time to time (the Plan).

Under the Plan, executives may be issued with 3-year share rights. There is no cost to the Company or to the employee when these rights are issued. If future targets, known as 'vesting conditions' as set out below, are met then these rights will see participants receive ordinary shares in the Company at a future date.

If targets are not met, the rights lapse and no shares are awarded. This happened when the vesting conditions set for share rights due to vest in 2020, 2021 and 2022 were not met and those rights lapsed. The rights due to vest in 2023 vested in part.

The Plan is part of the broader remuneration package for senior executives and is designed to incentivise management to outperform over time for the benefit of all shareholders, employees and customers.

Under the Plan, the Company has now issued 16,204,950 share rights for no consideration to the Chief Executive Officer and to participating executives. The share rights were issued on 30 January 2024 as approved by the directors of the Company on 11 January 2024.

These share rights give participants the right to receive ordinary shares in the Company subject to certain vesting conditions being achieved over a performance period (commencing on 15 September 2023 and ending on the date which is 20 NZX trading days after Air New Zealand has issued its annual results for the financial year ending 30 June 2026).

These 2023 share rights are divided into two equal tranches and each tranche that an individual is awarded will be measured against a separate performance hurdle. The rights will only vest if the Total Shareholder Return (TSR) of an Air New Zealand Share over the performance period described above is greater than zero. If TSR is zero or negative, the share rights will lapse without the performance hurdles being tested.

If the TSR gate is achieved, the number of rights that will be eligible for vesting will depend on Air New Zealand's performance against two comparison indices:

- the performance hurdle for the first tranche will measure Air New Zealand's TSR against the NZX 50 index.
- the performance hurdle for the second tranche will measure Air New Zealand's TSR against the Bloomberg World Airline index.

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Further information on the issue of these share rights is set out in the Capital Change Notice accompanying this announcement.

Ends.

This announcement is made pursuant to Listing Rule 3.13.1 and is authorised for release on NZX and ASX by Jennifer Page, General Counsel & Company Secretary (jennifer.page@airnz.co.nz).

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