

Distribution Policy

Last updated December 2008

1. Policy Statement

The Board of Air New Zealand (the Board) is committed to a Distribution Policy geared towards providing a consistent dividend stream to shareholders while maintaining financial flexibility through the business cycle.

2. Policy guidelines

The following policy guidelines form Air New Zealand's Distribution Policy:

- Dividend declarations will take into account current earnings, the medium term trading outlook, long term capital structure and requirements for investment in value creating projects.
- Target capital structure (including capitalised aircraft operating leases as debt) is within the range of 45 to 55 percent.
- Given the cyclical nature of the airline industry and the requirement to undertake significant fleet reinvestment programmes, Air New Zealand may, for periods, operate outside the target net gearing range.
- Other relevant economic factors impacting on the Air New Zealand Group.

3. Distributions to shareholders

The Board recognises that distributions to shareholders by way of fully imputed dividends represent the optimal way in which to return funds to shareholders. This is dependent on the level of imputation credits available to be attached to dividends.

6. Dividend Reinvestment Plan

A Dividend Reinvestment Plan (DRP) was launched in 2005. Shareholders have the option under a DRP to choose to automatically have their dividends reinvested in Air New Zealand or to continue to receive cash dividends.

DRPs provide economic benefits to shareholders as they can purchase additional shares in Air New Zealand at regular intervals for little or no brokerage and often in quantities that would otherwise not be cost effective.

Authorised by:



John Palmer
Chairman of the Board

December 2008

Air New Zealand Limited reserves the right to amend, update or withdraw its corporate policies without prior notice.