

TO	<b>Listed Company Relations NZSX Market</b>	VIA NZ MAP
CC	<b>Company Announcements Office Australian Stock Exchange</b>	VIA ASX ONLINE
FROM	Liz Lawless Corporate Legal Services	DATE 28 November 2016
NUMBER OF PAGES INCLUDING COVER SHEET		Two
SUBJECT	<b>ISSUE OF PERFORMANCE RIGHTS</b>	

In 2015, Air New Zealand Limited (AIR) (the **Company**) adopted a new Long Term Incentive Performance Rights Plan (the Plan).

The Company advises that it has issued 5,961,948 performance rights for no consideration to the Chief Executive Officer and selected executives under the Plan. The performance rights were issued on 21 November 2016 as approved by the directors of the Company on 26 October 2016.

The performance rights issued under the Plan give participants the right to receive ordinary shares in the Company subject to certain vesting conditions being met on or after 14 September 2019. The vesting of performance rights are subject to the Company's share price outperforming a comparison index made up 50:50 between the NZX All Index and the Bloomberg World Airline Index over a three year measurement period from the date of issue. In particular:

- (a) 50% of performance rights will vest if the Company's share price has matched the index over the measurement period; and
- (b) for each 1% the share price outperforms the index, a further 2.5% of performance rights will vest until reaching the maximum 100%.

If the share price does not match the index on the third anniversary of the issue date, there will be a further six-month opportunity for the performance rights to vest.

In connection with the issue, the Company advises the following details:

#### **Issue under Air New Zealand Long Term Incentive Performance Rights Plan**

Air New Zealand Limited announces that it has issued 5,961,948 Performance Rights pursuant to Air New Zealand's Long Term Incentive Performance Rights Plan.

In connection with the issue, Air New Zealand advises the following details:

- (a) Class of security and ISIN: Performance Rights- ISIN: N/A
- (b) Number of Performance Rights issued: 5,961,948
- (c) Issue Price: NIL
- (d) Payment in cash: NIL
- (e) Amount paid up: N/A

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|-----|--|--|
| (f) | Percentage of total class of securities:             | 40% (of Performance Rights on issue)   |
| (g) | Reason for issue:                                    | Issued under the Air New Zealand Long Term Incentive Performance Rights Plan     |
| (h) | Specific authority for issue:                        | Directors' Resolution  |
| (i) | Terms or details of issue:                           | Issued under the Air New Zealand Long Term Incentive Performance Rights Plan     |
| (j) | Total number of securities of the class after issue: | 15,014,597 (Performance Rights)  |
| (k) | Treasury Stock:                                      | Not applicable   |
| (l) | Date of issue:                                       | 21 November 2016 (Grant Date: 14 September 2016, Vesting Date 14 September 2019) |