

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

## MARKET ANNOUNCEMENT

22 October 2021

### **Air New Zealand issues performance rights under Long Term Incentive Plan**

Air New Zealand has had a Long-Term Incentive Performance Rights Plan since 2015 (the Plan).

Under the Plan, executives may be issued with three-year performance 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 to the executives participating in the Plan. This happened when the vesting conditions set for performance rights due to vest in 2020 and 2021 were not met.

Chairman Dame Therese Walsh says 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.

"Air New Zealand continues to face significant challenges due to the global pandemic. The years ahead will test our senior executives' ability to lead the business through continued volatility and re-establish Air New Zealand as a strong, profitable company. This Plan will recognise that effort, with benefits for the team only if value is created for the airline and its shareholders over the next three years."

The Company has now issued 5,276,405 performance rights for no consideration to a group of selected executives including the Chief Executive Officer. The performance rights were issued on 20 October 2021 as approved by the directors of the Company on 22 September 2021.

These performance rights give participants the right to receive ordinary shares in the Company subject to certain vesting conditions being met on or after 14 September 2024.

The rights will only vest if the Company's share price outperforms 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 that comparison index over the measurement period; and
- b) for each 1% the share price outperforms the comparison index, a further 2.5% of performance rights will vest up to the maximum 100%.

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

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In connection with the issue of these 2021 performance rights, Air New Zealand advises the following details:

- (a) Class of security and ISIN: Performance Rights- ISIN: N/A
- (b) Number of Performance Rights issued: 5,276,405
- (c) Issue Price: NIL
- (d) Payment in cash: NIL
- (e) Amount paid up: N/A
- (f) Percentage of total class of securities: 35% (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: 15,270,849 (Performance Rights)
- (k) Treasury Stock: Not applicable
- (l) Date of issue: 20 October 2021 (Grant Date: 14 September 2021)
- (m) Vesting Date 14 September 2024)

*Ends.*

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