

Group Policy



Distribution policy

1.0 Policy Statement

- 1.1 The Board of Air New Zealand (the Board) is committed to a Distribution Policy geared towards providing a consistent and sustainable ordinary dividend stream to shareholders in the medium term while maintaining financial flexibility through the business cycle.

2.0 Policy Guidelines

- 2.1 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 future capital expenditure requirements.
 - 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.

3.0 Distributions to Shareholders

- 3.1 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.