

Question and Answer

Antony John Carter

Former Independent Director

There are microphones handing around to people. Yes, the gentleman at the back.

Unknown Shareholder

Roger Clark's [ph] my name, shareholder. Firstly, congrats on a really awesome year, and keep up the good work.

Antony John Carter

Former Independent Director

Thank you.

Unknown Shareholder

Almost daily, we read in the newspaper that the IMF's saying we're on the brink of a world recession. We got the -- any number of expert commentator saying the economy's soft and/or our neighboring and trading partners, their economies are soft, and yet, the company goes from strength to strength. So how is it that demand seems to be immune from the current economic downturn? It seems a mystery to me.

Antony John Carter

Former Independent Director

Christopher?

Christopher Mark Luxon

Former Chief Executive Officer

Well, firstly, thanks for the question. And I guess, we're looking at the world slightly differently. I think we're sitting here saying actually there's been a once-in-a-generation shift of power from the Atlantic to the Pacific. And whether you look at the Americas, whether when you look at Asia or Australasia, there is very large populations that are still rapidly urbanizing. Their densities are there are rapidly rising middle classes. And there's a living standards metrics that when a customer or potential customer gets to a certain level of needs having been met, basic food, housing, security, they have insight to go traveling. And obviously, we have often thought about New Zealand at the end of the world. We're not at the end of the world. Way we're thinking about the world is we're bang smack in the middle of it. And as a result, for people living in these high-growth places, New Zealand is a big part of the opportunity to come and have quite a different experience. If I just take you through the U.S., for example, to give you in a sense of why, irrespective of the macroeconomic conditions, we think it's a big opportunity in the U.S., I could to tell you the same story in China or Japan, everywhere. But if in the U.S., there's 315 million people, there's 120 million that have passports. And there's 30 million Americans that have us on their bucket list of places they want to come to before they die. Last year, that increased about 11% to 250,000 visitors from America came to see us here in New Zealand, and we had a record year for tourism. 3 million visitors came to the country last year. So when you think about 250,000 came to see us and there are still 30 million that have us on their list that want to come and see us and it'll be tragic if they don't get here before they die, we acquired a booming [ph] platform to actually make sure we get many of those 30 million as we possibly can. And so what we're learning though is that we are having to compete for those people to say I'll go to New Zealand on my next holiday rather than Brazil or Austria or Thailand or Croatia or other places in the world. And so we're trying to get very clear what are the triggers and barriers that are actually stopping them from coming. And in the American context, what we've really discovered is that it is all about perceptions of distance. When we sit down with American customers, some of them tell us they think it's 41 hours of airplane flying here to this country, right? And having lived in America for 8 years, geography is not always a strong suit. But that's the perception rightly or wrongly. And so why are we going to Houston? We're going to Houston because it's the fourth largest city in America. It's bang

smack in the middle on the South. We can access Chicago and New York, the southeast of Florida, the deep south and actually say to people, it's a just 1- or 2-hour commuter flight, no different from going to Auckland or Christchurch. You arrive in Houston overnight, have some great food and wine, have a wonderful sleep, and you wake up in Middle-earth, the land of the hobbits, and it'll be great. So that's very much the way we're thinking about it, that irrespective of the macroeconomic conditions, there are big seams of customers and big segments of customers that we still think if we can get smarter about finding them and extracting that gold out of those markets by being much more customer centric and focused, that's how we'll actually keep building the business. And that's what we feel we're doing at the moment.

Antony John Carter

Former Independent Director

Okay. Thank you, Christopher. Are there any other questions on the financial performance or the outlook? There appear to be none.

Presentation

Antony John Carter*Former Independent Director*

So we'll now move on to the formal resolutions of the meeting.

The resolutions for consideration today may only be voted on by shareholders either in person or by postal vote, proxy holders and shareholder company representatives. You may have noticed that the Notice of Meeting does not include authorization for directors to fix the auditor's remuneration. As a result of the government shareholding in the company, the Auditor General is the company's auditor, under the section 5 of the Public Audit Act 2001. Section 42 of that act authorizes the Auditor General to be set the fees to be charged. The Auditor General has delegated the audit function to Deloitte.

The items to be voted on today are the reelection of 2 existing directors who retire by rotation; myself and Rob Jager. There is also a proposal to approve an increase in the poll of directors' remuneration. Voting on all the resolutions will be deducted today by way of a poll. The auditors, Deloitte, will act as scrutineer. As mentioned earlier, you would have been given your shareholder voting card when you register on arrival. If you are a shareholder and did not register on arrival and wish to vote, would you please make your way to the registration desk just outside the room, and Link staff will assist you. If you are both a shareholder and a proxy holder or a shareholder company representative or have more than one holding, you would have received separate voting cards for each holding. When you vote on the resolutions, please complete all the voting cards given to you at registration. If you hold shares in joint names and both or more holders are here today, you will have only received one voting card for your holding.

The company Secretary holds a record of the valid proxies and postal votes received. Postal votes have been received from 364 shareholders, who among them hold 6,142,331 shares. We will discuss on vote each -- and vote on each resolution in turn, and Link Market Services will collect voting cards and ballot boxes after the final resolution.

The first resolution relates to my reelection as a director. Before I hand over to Deputy Chair, Jan Dawson, to chair the meeting for that resolution, I would like to say a few words in support of my reelection. I have been a director of Air New Zealand since December 2010 and Chairman since the annual meeting in 2013. I've really enjoyed my association with Air New Zealand during this time. Since I've been on the board, the company has performed pretty well, and I hope I've been able to make a small contribution to that increased success. One of the benefits a director can bring to a company is your experience. I believe that my executive experience leading New Zealand's largest retailer, together with my governance experience at Fisher & Paykel Healthcare, Fletcher's and ANZ Bank is of real benefit to Air New Zealand.

Directors do serve with the best interest and at the whim of all shareholders, and that acts at the forefront of their minds every day. We are essentially a trustee for your investments. I personally take that responsibility incredibly seriously, and I will guarantee that I will do my best to add value to that investment. I offer myself for reelection and sincerely ask for your support. Thank you. Jan?

Janice Amelia Dawson*Deputy Chairman*

Thank you, Tony. Both directors standing for reelection today are strongly supported by your board and have been confirmed by the board to be independent directors. As Tony said, he was appointed a non-executive director of Air New Zealand in 2010, becoming Deputy Chair in 2012 and Chairman in 2013. Tony is a Chairman of the People Remuneration and Diversity Committee and sits on the Audit and the Safety Committee. He is Chairman of Fisher & Paykel Healthcare, a director of Fletcher Building Limited, ANZ Bank New Zealand Limited and an independent chair of the Blues LLP. Further credentials for Tony are set out in the Notice of Meeting. I move that Tony Carter is reelected as a director of the company. Is there any discussion on the resolution?

Unknown Shareholder

I must admit that as a very small shareholder in the company, I was nevertheless disgusted with reading the report on the New Zealand Herald on October 5 about the stopover in Hong Kong where passengers were sleeping on the floor of the lounge. Now one of the things that were -- that came to my mind was that this is an absolute wonderful opportunity for the Chairman, who was onboard, to make contact with the passengers who are flying at the airline, which is he is a Chairman of and communicating with them, empathizing with them how they can make the most of their time while in the Hong Kong airport. What did he do? [indiscernible] believes 1 passenger said that he was playing Tiddlywinks on his e-mail, and e-mail's on his cell phone, which is absolutely ridiculous. This was an opportunity for the Chairman to do a public relations job for the company, and what did he do? Did nothing. In fact, they went into the -- he got to the airport lounge, which he's entitled to as a business class flyer, but the same token, he also left the large number of people stranded on the floor of the Hong Kong airport lounge.

Janice Amelia Dawson

Deputy Chairman

Excuse me, sorry. I think you might have that completely incorrect. I'm happy to let Tony answer the question. But I think that, that is inappropriate to comment when you're not firsthand there. But I'm happy for Tony to comment as he was there.

Antony John Carter

Former Independent Director

Thanks, Jane. Firstly, I do take exception to that I have to say. There were -- the flights have boarded. It was offloaded because it was an engine problem. There were 311 passengers onboard. I was treated exactly the same as any other passenger. I did go and talk to the passengers. Unfortunately, there was a typhoon in Hong Kong at the time, so the weather was abysmal and as well it was a national holiday, which meant that there was an inability to get hotel rooms, which will be the standard practice for all passengers, including myself. So what the consequence of that was is that there were 80 passengers, including my wife and myself, who did spend the night on the floor. To say I was fiddling around playing with e-mails is ridiculous. I did do some e-mails. We were there for 17 hours. Of course, I communicated. I did have an e-mail discussion with Christopher explaining that the initial communication of the incident perhaps was a little disappointing. But after a couple of hours, they got that sorted out, and the incident was handled as well as could be. So I must admit I think that to take what has been reported in one article by one passenger as gospel is pretty disappointing.

Janice Amelia Dawson

Deputy Chairman

Thank you. And I would, on behalf of the board, say that Tony epitomizes what is good about this company and is very engaged with all of its customers. And I can see him both on the front of sleeping on the floor because that was the right thing to do because that our passengers had to endure the 19 hours. Any other discussion?

Unknown Attendee

Tony, can I ask a personal question? In view of that rather previous one and communication with passengers and the public, do you speak Spanish?

Antony John Carter

Former Independent Director

No, sir, I don't.

Unknown Attendee

If we're extending to Buenos Aires and Houston, even we might need to have some Spanish speakers around.

Antony John Carter

Former Independent Director

Christopher, do you want to answer to...

Christopher Mark Luxon

Former Chief Executive Officer

Yes. Rest assured, we have lots of Spanish speakers in Buenos Aires and also some here in New Zealand as well that are part of that set-up team that we have for Argentina. We'll have -- we've hired an excellent General Manager for South America who's fluent both in English and Spanish, which is helpful. And we're in really good shape on that front. So please don't worry about the lack of Tony's Spanish or mine for that matter.

James Charles Fox

Former Additional Non-Executive Director

Any further questions?

Unknown Attendee

I'm not sure that this is -- oh, it is working. I'm Alan Best, and I'm a proxy holder for the Shareholders Association. And after those critical comments, I really feel that we would -- we should spring to the defense of Mr. Carter. His style is consultative. He's got strength of character and integrity, and we thoroughly support his nomination here.

Janice Amelia Dawson

Deputy Chairman

Thank you.

Antony John Carter

Former Independent Director

Thank you.

Janice Amelia Dawson

Deputy Chairman

No other questions on that note. I think it's a very appropriate time to ask you to...

Antony John Carter

Former Independent Director

[indiscernible] one more [indiscernible] .

Janice Amelia Dawson

Deputy Chairman

Sorry, hard with the lights.

Unknown Shareholder

Well, I think it's very sad that this was a one-off incident and probably not reported well. And I think our company should make sure that they come out at the media and really defend it because this, I believe, is always happening. Even when, say, something with Qantas or Jetstar, there is media and journalism, which write something, which probably is not true, and to be very honest, our company should defend it. And I respect the board over here.

Janice Amelia Dawson

Deputy Chairman

Thank you. Thank you.

Antony John Carter

Former Independent Director

Thank you.

Janice Amelia Dawson
Deputy Chairman

Right. No other questions? On that basis, can you now please vote? On your voting form under Resolution 1, to reelect Tony Carter, please tick the boxes either for, abstain or against.

[Voting]

Janice Amelia Dawson
Deputy Chairman

Thank you. I'll now hand back to Tony to complete the rest of the meeting.

Antony John Carter
Former Independent Director

Thanks, Jan. I'll now turn to the reelection of Rob Jager as a director of the company. Mr. Jager is Chairman of the Shell companies in New Zealand and General Manager of Shell Todd Oil Services. He chaired the Workplace Health and Safety Review Taskforce in New Zealand, which have been instrumental encouraging fundamental changes to New Zealand's approach to workplace health and safety. Mr. Jager chairs the Petroleum Export and Production Association New Zealand as well as the Business Leaders Health and Safety Forum. Mr. Jager is a director for the National Science Challenge - Sustainable Seas - Project. Further credentials of Rob Jager are detailed in the Notice of Meeting. I should also point out that Rob does chair the Air New Zealand Safety Committee and does an outstanding job in that regard. Rob.

Robert J. Jager
Independent Non-Executive Director

Thank you, Tony. What a list. [Foreign Language] Tony's already run through the list of things that I do during my day job, but I have to say I'm really proud of having served for the last 2 years on the Air New Zealand board and indeed, quite privileged to have worked with what I think is an extraordinary executive team and great quality directors. My background is with Shell. I'm responsible for the Shell business in New Zealand, the day-to-day activities in Taranaki, which I think is one of the things that I bring to the board, is the perspective from the regions, which I think is critically important. From the list that Tony talked about, you may have sensed that I have a particular passion for health and safety, something that I think we really need to do better in Air New Zealand. And I've been privileged to be able to make a little bit of difference so far in improving our health and safety management and performance in Air New Zealand.

I've really enjoyed the work on the board, and I think, in a very small way, I think I might have contributed a little bit to the success, which has been fantastic. I'm personally really strongly committed to the success of New Zealand, and I think the success and the contribution that Air New Zealand makes to that is critically important. So on that note, I would very much appreciate your ongoing support for my reelection to the board. Thank you.

Antony John Carter
Former Independent Director

Thank you. I move that Rob Jager is reelected as a director of the company. Is there any discussion on that motion? Sir.

Unknown Shareholder

Is it fair to say that thanks to your efforts that the company is able to acquire fuel at the best possible price in the market?

Robert J. Jager
Independent Non-Executive Director

Great question. Unfortunately not. Are there any other questions on Rob's reelection? On your voting forms, under Resolution 2, to reelect Rob Jager, please tick either the box for, against or abstain. I'll give you a minute or so to mark that.

[Voting]

Antony John Carter

Former Independent Director

Right. I now need -- move to the third resolution of the approval of director remuneration. And I have to say, as a director, this is one of the hardest things that one has to do in terms of recommending a remuneration increase for yourselves, but it's unfortunately the way it works. The shareholders' approval of directors' fees were last considered at the Annual Meeting in 2007 and authorized total directors' fees of up to \$995,000 per meeting -- per annum at that meeting. Close. Following an independent review by PricewaterhouseCoopers of directors' fees in Australasia, the view of the board based on the recommendations in that review is that the total amount available to the board to allocate as directors' fees should now be set at \$1.1 million per annum. This represents a 10% increase in the cap over an 8-year period, which is around 1.1% per annum. While the directors' fee cap, if this resolution is passed, will increase this year, directors have determined that there will be no increase in individual director's fees for this year. We did consult the New Zealand Shareholders Association, and they have indicated their support for this increase. We did also have some online questions on this, and I think it's fair to say that most of those questions were under the misapprehension that this was a 10% increase for a year. As I've explained, it's a 10% increase from the period from 2007 to today, so basically, 1.1% per annum. So I now move that the total amount of directors' fees payable annually for all directors be increased by \$105,000 from \$995,000 to \$1.1 million, such sum to be divided amongst the directors as the directors from time to time deem appropriate. Is there any discussion on that motion? Alan? Yes, he's coming.

Alan Best

Mr. Chairman, in view of the fact that you have quite an organization, we should try and clarify the matter of the headroom and the requirements of Australia. Would you like to explain those? Because what you're doing effectively is saying we're not taking an increase, but we need an increase in the cap.

Antony John Carter

Former Independent Director

Yes. What the rules under which directors' fees operate is that you set a total amount and the fees the -- that individual directors cannot exceed that total amount in any year. We are, at the moment, operating very close to that cap, so there is no room for either increases on individual fees or bringing directors on or perhaps bringing in Australian-based director on, those sorts of things. So as much as anything, this is to give flexibility, but it also does give the room for modest increases going forward. Does that answer the question, Alan? Yes, thank you. Are there any further discussion on that motion? Sir at the back.

Unknown Shareholder

My name is John Walker. I'm a shareholder. Now look, back in 2007, I know Air New Zealand were in tough times. The directors did take a pretty tough time on their remuneration. But now they're giving these staff bonuses. I think that the directors should have a little bit more as a bonus because you are expanding the airline. You're showing us that you can give the revenue. You're bringing in new planes. There is extra work. Why are you cutting yourselves back?

Antony John Carter

Former Independent Director

The -- as I've said, the thing was predicated on getting independent advice, and the independent advice indicated that a level of \$1.1 million was appropriate. And that's what we are seeking, sir. But yes, thank you for your comments. We do appreciate it. Any -- gentleman here.

Unknown Shareholder

Andrew Muffet [ph], a shareholder. Thank you for the opportunity to speak. I just think it should be noted that, given that the last increase was in 2007 and it's quite some time ago and given the results that we've heard and the publication so far and again today, a fantastic job you guys are doing and the value we're getting for money, I'd say we're getting an excellent deal. And I think that you shouldn't cut short either. But thank you very much and well done.

Antony John Carter

Former Independent Director

Thank you very much, sir. Any further discussion on that motion? There appears to be none. So if you -- on your voting forms, under resolution 3, to approve the directors' remuneration, please tick the box for, against or abstain. And I will allow a couple of seconds for people to do that.

[Voting]

Antony John Carter

Former Independent Director

Okay. So assuming that all who wish to vote have done so, Link Market Services will now collect your voting cards. And once all the cards are collected, Link Market Services will then count the votes. And the results will be scrutinized by Deloitte, and they will be announced to the NZX and ASX as soon as they're available later today.

And while that's going on, I now welcome you to sit back, relax and watch a video from our latest Where to Next? campaign, while we wait for the votes to be counted -- collected. Thank you.

[Presentation]

Antony John Carter

Former Independent Director

All right. We'll now turn to the general business of the meeting. I should point out that the questions should be related to the company rather than individual experiences as personal travelers. If you have those sorts of questions, there are plenty of management people here who will be able to help you individually, but it's not appropriate to ask those sorts of questions for the general meeting. We have received some questions online or by post. And perhaps, we'll cover those first. Then -- and they're mostly for Christopher, which is good. We've received the question as to why domestic air fares are not more competitive. Christopher?

Christopher Mark Luxon

Former Chief Executive Officer

Right. Okay. So the 3 things I'd say about that is firstly, I'd dispute that airfares aren't competitive when I look at air fares paid in the U.S., Canada, Australia, U.K., Scandinavia, Western Europe, we're actually very well served by air services in New Zealand for a country of our size, our population. We're incredibly well served. What I'd say is a few things. Firstly, we've got 1.8 million fares under \$100 in the last year. Well, actually, in the coming year, this year, we'll have over 2 million fares under \$100, which is pretty phenomenal and people don't often register that. Second thing is that we're trying to do within domestic New Zealand is really work hard to get to the most efficient aircraft type. So if you can think about the Boeing -- old Boeing 737, they had 133 people on board those aircraft. The new A320s have 160 people on board those aircraft, and yet the actual operating cost of those large aircraft isn't that much greater than the number of extra people that they can take. And so by moving to larger aircraft, you actually put more people on and you get a lower cost per seat, which actually means that you can put downward pressure on prices. The biggest part of our network where we're challenged on pricing has been in the regional network. And many of you will look at that 19 seat at the Beech aircraft and go, "Gee, that just must be like my old 1966 mini." It must be really cheap to fill with some petrol and away you kind of go. That's the most expensive aircraft that we actually have on our network because we have 19 people to share those costs versus actually when we put people into a 50-seated aircraft, we defray most of those costs across passengers, no different from driving from Auckland to Wellington and your car is going to

be expensive, when you actually go on a bus with 50 other people. The cost per seat is much cheaper. So for us, what we've done there is -- and you would've seen in the press a lot over the last 15 months, 18 months is a major reset where we're taking \$300 million and investing in the new turboprop ATR72-600 68-seater aircraft and retiring the 19-seater aircraft. And every time -- and what that's enabling us to do is to move the markets that were small regional centers where we flew 19-seater aircraft into 50-seater aircraft. The 50-seater markets move into 68-seater aircraft. And every time we do that move, in particular, from the 15 towns at the 19-seater aircraft, we can actually lower the airfares 15%, and we've already started to do that. So this year, if I look at what's happening out of Porongā [ph] and out of Whangarei, we've actually got 15% price reduction happening in those markets once those aircraft have been moved to the bigger 50-seater. So it's really about aircraft economics, which enables us to lower the cost per seat, which then enables us to pass it through the customers. And the third thing I'd say is that as you heard in Tony's remarks and also mine, in domestic New Zealand, we're increasing capacity in the order of 8%. And if you think about GDP growth in New Zealand, that's closer to 2% to the 3% maybe. And we're clearly growing much faster than the market, and so we've got a lot of seats coming into the market as we move to these larger aircraft and more of them. And as a result, we need to fill those up, and that's why I think as we go forward, we're feeling that there'll be lot of price competition coming in the next market -- in the next year as well, coupled with us having a lower cost base with fuel savings as well. So the headline, as I think -- as I've been trying to say in any conversations with media is that the New Zealand public should expect in the coming year that there will be increasing price competitiveness, partly because we're solving it structurally with better aircraft economics and partly because of the macro environment that we're in as well, so...

Antony John Carter

Former Independent Director

Thanks, Christopher. [indiscernible] another question asking if there any new international routes or alliances planned for this year.

Christopher Mark Luxon

Former Chief Executive Officer

Good question. Yes. So I mean, the big thing I'd say is just take a step back. We've had -- in the last 6 months, the company grew 12%. In the coming year, we expect the company to grow 11%. In our 75-year history, we would never have ever grown that quickly or that fast. And the important thing is that in the past, we've had periods of high growth but we actually haven't had been able to make that profitable growth. And what we're doing is working with alliance partners and doing deeper market analysis that's enabling us to actually go into new markets and to be able to get to profitability very quickly. So it's profitable growth, which is what you want to hear, certainly, as a shareholder. Our big focus as a result is that we still got to digest the full year of land [ph] going into Singapore. And of course, the reason we go to Singapore is to access Southeast Asia, India and Europe after our alliance partnership with Singapore Airlines. We have to really do the job in Houston, which is accessing the Midwest and the East Coast of Americas as I talked about building that market. And the other piece is obviously going into Argentina. When we go to Argentina, and we talk to the Argentinians and say, "Which countries are you aware of," New Zealand rates us #48 in the world, which basically means it doesn't really rate at all. And the second thing I'd say is that when we go start up a new service like that, we're essentially taking \$350 million worth of capital, \$150 million worth of expenses. The plane has to be sold and filled every time 80% just to cover the cost. And then we've got to go build the tourism proposition for New Zealand and South America on behalf of the New Zealand tourism industry. So they are big investments. And so much of the focus, a long way of saying it is focusing on Singapore, Houston, Buenos Aires and also our joint venture with Air China into Beijing. There's plenty of work for the company in the next [indiscernible] to sort of bed down, given the amount of growth that we've got. And finally, I'd say we are still looking across that Pacific Rim market and opportunities that we see in Asia and in Americas and in Australasia. So we don't have any new announcements today. I think the company will be quite thrown if I did announce something. But it's -- we're in good shape about getting what we've got going, delivered and executed very well.

Antony John Carter

Former Independent Director

All right. Thanks, Christopher. The final question I have online is relating to diversity and this question asking when we're going to have more women directors and company executives. I'll speak on behalf of the directors because that's a bit that I have some influence on. We -- I -- personally, I think diversity is absolutely vital to a board and having a mix of skills and experience, gender, age, experience, ways of thinking. You get a much greater whole when you have a lot of diverse differences on the board. So I do passionately believe it. We do have 2 lady directors on our board, Jan and Linda, which means that after the meeting today, we will have 1/3 of all directors will be female. And certainly, as we continue to appoint directors, we will make sure that diversity is at the forefront of our mind.

Christopher Mark Luxon*Former Chief Executive Officer*

Very similar belief that we have 11,000 people at Air New Zealand. Our top 18 managers, when we started 2.5 years ago, we had 16% of those top 80 were women. We now have got that up to 33%, and we wanted to get it to 40% very quickly for the same reasons that Tony identified that we think diversity has got huge value to us. Importantly, we're backing it up with some really good initiatives, some program. So we're identifying young, high-potential women who might be lower management, middle management that we actually can put accelerated development programs around. And Lorraine Murphy, our Chief People Officer, deserves tremendous credit for actually bringing those programs and bringing them to life. But we've got a whole bunch of coaching, mentoring programs. We have people like Linda and others are coaching [ph] other -- and Jan, high-potential executives within our business. So I'm really proud of the progress that we're making. There's a lot more for us to do around gender diversity, around ethnic diversity and we'll keep unpacking that as we go forward and try and do what we talked about, about being a sustainable company that's a good company doing the right thing.

Antony John Carter*Former Independent Director*

Thanks, Christopher. Now questions from the audience. Who has some questions? Peter [ph]?

Unknown Attendee

I'd like to thank Christopher for remembering my birthday. Thank you, Christopher. Last year, I got a birthday card from Christopher. It said 75. I said, "Hey." That was Air New Zealand, and I was even more delighted. Congratulations to you all for doing a fantastic job. We've heard from various people how well you've done. I have -- as Christopher said, I'd like to step back and just go to a fourth point about winning team. Now I fly once a year as a pensioner to see my family in the U.K. And on the Los Angeles to London sector, we have some superb people coming out of London. And I ask the people. I can't remember their technical names whether they ever get praised for their service. And there was sort of a hesitant comment. I always write and say, "Well done. Thank you very much. And I hope that staff are -- the lowest staff, the people who serve us and who are doing this fantastic job to push this company through the roof -- through the takeoff area under your guidance are getting the praise they need. Because they are the people, the smiling faces who keep us all traveling. The second side to that is a little bit more difficult, and that is customer relationship. I personally need to talk to a named person, and I like to say, "I'm booking a flight. Can you help me out? Because I'm not very good on the computer. I'm not very good on this modern stuff. I'm a dying breed." For a few more years, can I ring you up, Suzanne [ph], and say, "Please, Suzanne [ph], how do I change this?" I have spoken to Christopher, so I know the answer. But I think perhaps the meeting might want to know.

Christopher Mark Luxon*Former Chief Executive Officer*

Yes, sure. So thanks, Peter [ph]. I mean, a couple of things I'd say is one is yes, there's 75 years, I think, to be incredibly proud about. It's an incredible story of Air New Zealand if you think about it from 1940 to today. And the second thing I'd say is that we do spend a lot of time focused on people because the real reason for it is that if I'm just fixated on dollars and cents, that's only 1/3 of actually what we've got to do. Great companies are commercial customer and culture. And everything else about Air New

Zealand can be copied by our competitors. We all have a similar aircraft. We all have similar -- other bits of it can be copied. The one thing that can never be copied is our people. And so our people positively charged, and I can tell you our people say very proud things about working for Air New Zealand at their friends at barbecues. They are staying here. We have very little staff turnover, because they choose to stay here. It's the #1 place people want to work in the country. It's the #1 corporate reputation. We had 55,000 people applied for 1,000 jobs last year. So it's a really good environment and site. We do have a big program around reward and recognition, and we do that in 2 ways. One is what we call informally where we encourage managers and staff and colleagues to actually recognize their peers or people within their teams and really spot greatness and talent. The second thing is we do it very formally and through what we call a -- previously a legends event but now an icons event where we identify some really high-performing people who've gone above and beyond in the way that they've done their work and really esteemed within the company. I personally would write 25 e-mails or letters and notes a day to staff just thanking them for stories that I hear from customers that have come through to me. So I think our people are saying positive things about the company. They're staying, and they're certainly striving. And we measure that ultimately through what we call this engagement survey that I talked about before. We measure ourselves against the best companies in the world now, and we're certainly in the top quartile of companies. And for a company as diverse as ours, it's a really great outcome and a good starting point. We want to obviously move it forward and keep moving it forward. The second point that Peter [ph] is alluding to is around Holidays Stores, where we've announced in the last couple of weeks that we will be selling part of our Holidays Stores and other parts are -- some are collocated with the BNZ Bank. Others are actually independent, will be closed as of 30th November. And the reason for that is that bricks-and-mortar stores, in general, are down about -- as a channel is becoming less and less popular. To give you a feel for it, on the mobile phone now, we can sell up to \$3 million worth of tickets a week now that people are buying through their phone, believe it or not. Just in the last 9 months, it's really taken off. So as a channel, it's becoming less popular. The other thing I'd say is that the people that we are selling the business to, Stella who have brands like Harvey World Travel, United Travel, Helloworld in Australia, are real experts at the brick-and-mortar game. And so they are taking on board our people with their relationships with you as customers and being able to offer that to the customer base still. It's just that Air New Zealand is not what we do really as well as what someone else can actually do. And so -- and then the remaining staff that is about 40% of the people that work in holiday stores, we are working with them. I can't say too much about that because we're in collaboration with them as individuals, about trying to find them opportunities. The good news is that Air New Zealand as a group is growing. And as we found over the last 1.5 years, we have added another 120 heads, I think, in the last year. And that's because when you got growth, there's lots of opportunities. And so we think there's opportunities to redeploy some of those people as well. So yes -- so we don't -- I don't want actually misunderstood in the sense that we're trying to create lots of channels for knowing that we've got a very diverse set of customers, some that want to talk to us on a mobile phone and just do the transaction; others that, quite rightly, want to have face-to-face interaction. You've got to do that through a contact center, call center and also keep happy [ph] the relationship with the individuals that you've got, but just transferred to another company that can manage that.

Antony John Carter

Former Independent Director

Thank you, Christopher. Sir?

Unknown Attendee

The company is -- our company is [indiscernible].

Antony John Carter

Former Independent Director

Can you just...

Unknown Attendee

Selected Dreamliners. And I understand it's around 12 of them in total as a commitment. And I think 5 of them already come in. Would like to know a little more how they're performing.

Christopher Mark Luxon

Former Chief Executive Officer

Yes, good question. So the question is around the Dreamliner aircraft. And originally, so when we started the order, we felt we'd get 6 of those Dreamliner, 787-9. So you're quite right, we have 5. And our sixth one arrives at the end of this month, so we'll have 6 for Christmas. We've upped the order as the company has done better. It's a great case of as we've taken the profits. We're plowing it straight back into this company so it's strong in 5, 10, 15 years' time. And we've upped the order from 6 to 10 to 12. The good news is that the aircraft, we had high expectations for the aircraft. It's performing even better than we thought it would. So -- and we are getting huge fuel savings and benefits out of this. Our customers are rating the aircraft and are telling us spontaneously they actually -- I think they feel better less jetlagged. They're actually having a really positive experience. So from our point of view, it's going very well. And Boeing, the manufacturer of the aircraft, would say that Air New Zealand is operating it better than any airline in the world. So the way we're looking after it, maintaining it, the reliability of the aircraft is in the top of the global fleet. So you are right, we love that aircraft. It's really interesting, isn't it? Because I mean, in 1968, there was the 747, which was a really big technological leap. And in many ways, the 787-9 Dreamliner, which is a composite aircraft, fuselage, is another big technological leap that will -- there'll be aspects of that aircraft that will be applied to future aircraft designs whether it's 777s or 737s or other aircraft type. So the headliners are going well. We are pointing on the aircraft on the wide body international fleet. What we're trying to do is make sure we've got a much more consistent experience for our customers. In the past, we had a collection of aircraft. We have older 747s. We had older 777-200s and new 777-300s, 767s. And as we're trying to get to the simplified fleet, we want you to know that you can buy an economy seat. You can buy a space -- that's what we call a Skycouch. It's going on all the aircraft now. We've done a full refurbishment of our 777-200s. The last aircraft comes out in early December and in the Dreamliner. So there's a consistency of product now. There's also consistency in the back end. It's all the same catering system. So if there's a disrupt, which inevitably happens because of weather or mechanical problems, we can we substitute an aircraft and manage the catering and turn that around much quicker. It used to take us 4.5 hours just to change the catering over, just because they're different types of aircraft. One run a holding [ph] system, one run a forward system and it took us that long to sort of get it together. So there's a lot of back-end synergies and I hope a lot more consistency. So whether you're in a 777-300, 200 or Dreamliner, it should all look and feel more similar and much the same.

Antony John Carter

Former Independent Director

Okay. Thanks, Christopher. Sir?

Unknown Attendee

Speaking about the demise of the Air New Zealand front-shop operation, could I just say that I found that the one at Milford which is obviously now destined for the chop, Milford being a suburb of Auckland, I found that the staff over the years there have given excellent service and advice. It's a [indiscernible] environment to do business. It's far better than waiting on the phone to be heard, to be listened to and then to be eventually chopped off from and find we've got some supplementary questions to try and reengage with the operator as often impossible. People of my age do not particularly prefer to go on computers. It seems to take a long time to get anywhere. And I was booking yesterday on a computer for a travel experience and got dumped off at the very end before I paid. So back to the beginning. Snakes and ladders, I call it. But anyway, I'm not sure if you're correct in saying that those front-of-house interfaces with customers are destined for the death mill because earlier on in your speech, you said that you valued customer service one on one and all that sort of thing. Where one on one and customer service, apart from the time you speak to someone on the aircraft, has totally disappeared. So surely, the availability of people that you can speak to directly to an Air New Zealand employee is something of some value. Okay. You can go up to the flight season [ph] or...

Christopher Mark Luxon

Former Chief Executive Officer

Perhaps [indiscernible].

Unknown Attendee

Flight -- let me finish. Flight [indiscernible] or Harvey World, and you find that they're probably recommending Emirates. And they've got excellent seats on their aircraft, and I could easily end up choosing them. So it could be self-defeating.

Christopher Mark Luxon

Former Chief Executive Officer

So sir, a couple of things in there. One is your store at Milford we bought out by Helloworld and will be rebranded a Helloworld store. It will stay in the same location. It will have new signage over the top. It will be the same people with the same relationships that you have today. So that's certainly your particular question about the Milford store. I would...

Unknown Attendee

Do you have any ability to sell other aircraft packages?

Christopher Mark Luxon

Former Chief Executive Officer

They can do, and you can feel free to choose that as you wish. So they do today. The Air New Zealand people and Holidays Stores sell other airlines, too. So it's -- you've got complete freedom and choice to do as you wish with -- in their interaction. I would just take a step back and say our customer satisfaction while I appreciate there will be issues where you will say, "I had a frustrating experience with a call center or a contact center person." Those people do an exceptionally good job, and we've got great examples where they -- I can point to data that sort of shows us that we think they're getting better and better at how they are handling customers and dealing with customers, quite complex customer needs and request at different times. So I mean, our view is that when we look at our customer satisfaction scores, which we monitor now monthly, the company has got the highest levels of customer satisfaction it has. It's running at about 88%, 89% across the whole of the company at the moment. Now we will have -- don't take me wrong. Airlines with mechanical problems defying gravity, dealing with weather, all those sort of things, often will run into disruptions and situations that we've got to deal with. But I think we're dealing with those much better on average than what we have been in the past. So yes -- so from your point of view, you can carry on the relationship with the person that you built that relationship with, and we will keep -- we'll keep working hard on the customer service training. We put a lot of money in customer service training in the last couple of years to make sure we get more a consistent experience across the piece.

Antony John Carter

Former Independent Director

Thank you, Christopher, and we'll move on. Next question, down at the back there.

Unknown Attendee

Sorry. Pardon me.

Antony John Carter

Former Independent Director

Not -- down.

Unknown Shareholder

Peter [ph], a small shareholder. It's great to see the company being -- doing so well and being able to lead. Congratulations to everybody. It's really good. Now I just had a small point, which I think is a bit curious and I would like some sort of answer on it. Loyalty cards. Okay. Probably like a lot of other people,

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I had a Bank of New Zealand Gold Card, which gave credited Airpoints. And all of a sudden, probably early this year, there seem to be a rapid change whereby the Bank of New Zealand was off-limits, and we went to the Westpac bank. Now I mean, obviously, it's been well researched and you've done a good job. But I just like to know from what I can piece together, what the reasoning and changeover was to Westpac.

Antony John Carter

Former Independent Director

Good question. Christopher?

Christopher Mark Luxon

Former Chief Executive Officer

So it is a really good question. And so if you just look at our credit card portfolio, essentially, we have Airpoints relationships with ANZ, with Kiwibank and American Express and historically BNZ through the global plus -- our global reward card. And that had been a long-standing relationship for 18 years or so. Essentially, the banks as part of rewarding you for their -- your loyalty with them, they are very keen to get their hands on our programs and obviously buy those Airpoints off us in order to be able to offer them to you. And in this case, what happened was we went to -- we couldn't come to agreement with the BNZ and another banks stepped in and actually offered us, obviously, a better commercial terms but, more importantly, offered our customers better set of conditions and terms as well. And so that's why we made the transition that we did. And so now, we're partnering with ANZ, Westpac, Kiwibank and American Express, and that's the -- probably the right set of partners from our financial services point of view that we can manage. We can't work with everybody. We have to -- otherwise, there's no exclusivity for the banks that want to work with us. So yes, we have made that decision, and that has gone well. We've had a massive migration of customers who often only had a BNZ global plus card with the bank for the Airpoints benefits, didn't have other products with the bank. A lot of those people have obviously signed up with Westpac but also with ANZ, with Kiwibank, with American Express. So yes, I was very conscious. In May, you would would've seen a lot of advertising for your business -- banking business to be moved around in order -- and using Airpoints as part of an attraction for you to do that.

Antony John Carter

Former Independent Director

I think I can add it with the decision that was very carefully considered and debated. And it's -- it wasn't taken lightly, but it was in the best commercial interest of Air New Zealand and our customers. Yes. Next question. Sir, over on the right -- sorry, Roger [ph].

Unknown Attendee

Yes, just in regard to the company's ability to buy its own shares back, I note that the company has the ability to expand up to \$60 million to buy its own shares back or up to 3% of share capital. And this is really a question to you, Tony. I see you've been buying a few shares in the company after the pullback from \$3 down to \$2.50. I note that consensus analyst estimate for current year is \$0.45 a share. So the company's on a P/E of about 5.5, which must be something of an all-time low. And does the board consider the shares good value? And if so, why isn't the company exercising some ability to buy its own shares back?

Christopher Mark Luxon

Former Chief Executive Officer

Well, that's an excellent question. You might be at the board meeting today. The board doesn't have a formal view on what the shares should be valued at. I think that's for the market to determine. I think it will be fair to say the board was disappointed in the market reaction to our last result's announcement. And individually, some directors did buy some shares, including myself. And -- but the share buyback we did have place and had in place for many years that actually lapse at the end of September, but it is something that the board will consider in the future. So probably, I can't go any more than that.

Unknown Attendee

[indiscernible] a further question to you, Chris. Listening on the conference call with the analyst, it seems a little bit of frustration that you feel the analysts constantly sort of rating Air New Zealand as a cyclical stock. And yet we see consensus analyst estimates for Qantas, for example, sort of tracking up with EPS over the next few years. But the analysts are saying, "Well, look, we're in a peak year, and it's actually going to head down." Is there any sort of frustration there on your part that perhaps analysts are viewing the company called -- as really as the cyclical stock, not really reading in the growth story?

Christopher Mark Luxon

Former Chief Executive Officer

Yes. I think, well, how it is, Robin [ph], not frustration, but just more coming from a non-airline perspective. So I spent 18 years at Unilever, a large part of it overseas, 4 years in the airline. We have worked really hard as a business amongst 11,000 of us to say, look, we understand in this business, there is controllable and there's uncontrollable. The uncontrollable are things like fuel going up or down, foreign exchange going up or down, natural disasters, competition. That stuff happens. And the way that I personally feel about it is that I think a lot of airline CEOs make a tremendous amount of excuses for poor performance, blaming all these other things for why they can't deliver the outcomes. And those are just the context or the circumstances by which you have to build and manage the business on. And so what we have said as a company is we're not going to make excuses for a high foreign exchange, low fuel, high fuel, whatever it may need to be. And if you look at the last 4 years, we've had high foreign exchange, which people would say would be bad for tourism. You should be doing poorly. We had very high fuel prices at different times. We now manage a low foreign exchange, which got a whole bunch of implications with it. So we sort of say, no, those uncontrollable, we will manage by actually having good risk mitigation in place around hedging policies on fuel and foreign exchange, that buy us some time to adapt to those changing circumstances, but also gets back to our people and the culture of the place because if we're nimble, fast and agile, that's how we'll respond to those better than our competitors. So the Japanese yen devalued. Within 2 weeks, we retooled our whole network to Japan and our marketing programs and had a good growth in Japan 1.5 years ago. So we don't think the uncontrollable of the business we can manage through culture and speed, agility, risk mitigation. Then you get to the controllable, and this industry gets very obsessed on buying aircraft and capacity. And so they go buy a bunch of aircraft and then work out where to send it in the world after they bought them. And what we're doing is saying we're going to be like a Procter & Gamble or a Nestle or a Unilever and actually say we're going to build market demand and actually understand the market and actually as I was trying to explain before around the U.S. market. And then we'll go get the extra aircraft. So we've gone from 6 Dreamliners to 10 to 12 as we've seen demand build. So part of it is I keep saying to the industry is that the airline CEOs then become largely irrelevant, and their management teams if you just believed it's all fatalistic and stuff happens to you. So we -- I don't why we're here. And that's not a good place for us to be. And then likewise, the trade carries on the same conversation and the industry carries on and the analysts carry on that same conversation. We're running a business not just an airline and, therefore, we shouldn't -- we should be thinking about, yes, it's tough. It's capital intensive. It's got a lot of challenges with it. But by -- and we're not being naïve about those things do shock us. They do knock us around. That if we have that view, we'll be very fatalistic about we won't be happening to our future, our future will be happening to us. And that's not something me or my management team are up for at all. So yes, that might be a way -- seems some frustration in the conversation.

Antony John Carter

Former Independent Director

Thanks, Christopher. Sir? Oh, madam?

Unknown Attendee

I was curious as to the occupancy rate of the new aircraft. And secondly, I attempted to book online to go to a conference recently, and a friend took over for me because I didn't feel confident. And it was all done so rapidly that I didn't get to use my Airpoints. And I think this could be my last flight. If you look around people here, a lot of us are very elderly and didn't get to use our Airpoints.

Antony John Carter

Former Independent Director

I think we covered the load sector on the new aircraft, but I think the question on the Airpoints perhaps will be handled individually later at one of the...

Christopher Mark Luxon

Former Chief Executive Officer

I had people -- I've got some -- first thing I'd say is the aircraft are running about 85% full, and certainly, some of our international ones are even up to 87% full. And that's been one of the big improvements over the years with Air New Zealand is that we've moved from having 75% of the aircraft full to having 85% of the aircraft full. So it doesn't mean we're going off -- remembering aircraft are expensive. We spent \$25 million to buy an ATR turboprop. We spent \$50 million essentially buying A320s. A Dreamliner is about \$150 million. So if you can fill up the aircraft more intelligently and actually have more of it full than empty, obviously, that's how you recover the cost and you avoid spending lots of capital money doing it. So the good...

Unknown Attendee

[indiscernible]?

Christopher Mark Luxon

Former Chief Executive Officer

Yes, that's happening across the whole -- the whole company would average about 85% and it's in New Zealand, it's in Australia, Tasman, Pacific Islands and internationally. And that's really good outcome and relative to -- it's one of the reasons why we've been doing quite well. The second thing I'd say is that we do have Hamish Rumbold, our General Manager of Customer Value and Airpoints, and we should hook you up with him at the end of the meeting just to clarify your individual issue about Airpoints.

Antony John Carter

Former Independent Director

Okay. Thank you. Sir?

Unknown Attendee

It's encouraging to hear about the growth of the company for us all and to be commended, especially Christopher. But what I wanted to know is that with this growth phase that the company is in, this is unusual around the world, very unusual. I mean, you look at all the big boys, the Googles, the Facebooks. And even Volkswagen took out the Porsche to grow, which was a shame. And so what distinguishes Air New Zealand from the rest of the big boys in that we're in a significant growth phase now? And it looks like it will continue for some time. Is there a defining factor? Or is there a number of factors, perhaps?

Christopher Mark Luxon

Former Chief Executive Officer

No, sir. I think it's -- thank you for those complimentary remarks. But I think it is genuinely a series of things that we're trying to do right. It is this thinking around how we go about building markets and creating demand. We think of ourselves as a tourism business. And so we're very much offshore with tourism in New Zealand, trying to talk to customers in these big markets to convince them to come here. So there's a lot of focus on -- we're very clear about where we're going to play geographically. It's in the Pacific Rim region. We're really clear about one of the things we had to do better for those big boys. Don't punch us up and hurt us as to own -- knowing New Zealand and New Zealanders really well. If we ever lose that, that's a really big problem for us. And then we've made very good fleet decisions on our aircraft. So a lot of the big airlines maybe haven't made the same decisions and are suffering with older fleets or less efficient fleets. And again, Rob McDonald and his team deserve tremendous credit because those decisions were made some time ago, and we're now benefiting from those, getting us into the 777-300, best international aircraft, the new Dreamliner, great aircraft, A320s and the ATR turboprop. So it's a series of things, I think. I think at the end of the day, I just think we've got the best people in the world.

And I honestly do that. You expect me to say that, but I actually really believe, and I can say that because I lived overseas for 16 years working in some of the best companies in the world. So I think we're in good shape. I mean, 350 airlines in the world. 30 million of them recovered their cost of capital last year in what was supposed to be a fairly good year. Seven of them are investment-grade rated, Air New Zealand in the top 3. So we punched above our weight, and people pay attention. I think as we go forward, that's why we're quite aware we'll have a lot more competition coming at us in the next few while. This is a business that loves competing. We've got a good plan. We've seen us off lots of competitors in the past. We love a good punch up in a fight, and our people like it, too. And you should have no doubt about it. And we're really for it. We've been waiting for it for some time, and we're up for the challenge. So yes, I think it's going to be -- it makes us -- we're winning, and we're having a lot of fun doing it, which is the main thing.

Unknown Attendee

[indiscernible].

Christopher Mark Luxon

Former Chief Executive Officer

Yes, I think we're trying to manage in the philosophy that I was outlining before to say we've now had 4 years of consecutive improved results, and we just keep marching forward and taking it forward every 6 months, every year. We have good relationship with the board and the executive team. And as a leadership group, we really discuss how we're doing that and moving that forward. So it doesn't mean to say there'll be a shock that won't hit us or something will hit them, but the agility in this business and the nimbleness and the speed to adapt to lots of different circumstances is what makes us really great. Because a lot of those big guys, they lock in on their decisions and they sit there losing money on a route forever and a day. And we'll say, "Right, we can't make that work. We'll move our assets to somewhere else where we can make it work." So much more flexible, nimble, fast but good street fighters, too.

Antony John Carter

Former Independent Director

Any other questions. Sir? John?

John Leonard Palmer

Former Director

Chairman, John Palmer, shareholder and former Chairman. Chairman, you asked us not to indulge with any stories about personal journeys. Well, I am going to do that. But I want to do that in the context of your remarks in relation to Roger France and his contribution to the company. Having been the Chairman for 12 years and served with Roger for all of that time, it's perhaps not widely appreciated Roger started off as the acting CEO at the time of crisis when I arrived in 2001 to take over the chair. Shortly after that, he became the Deputy Chairman for all of the time that I was the Chairman. And he chaired the Audit Committee, I think, for all of that time, which must be a record for the company. It's very hard for shareholders to judge both the work and the worth of individual directors. They can judge the board as a whole. But because I've had the opportunity to work around board tables at the top level in both New Zealand and Australia, I can assure you shareholders that Roger stands at the very highest level of the people that I have worked with. He has been diligent since day 1. We've criticized him regularly that he's had trouble getting the accountant out of him but that's been one of his strengths. And one can't underestimate the importance of having a really good Audit Committee Chair in a company and the guidance that it provides both to the board and the management. So I just like to endorse your remarks, Tony, to pay tribute to the outstanding contribution that Roger has made because I think the journey is just about to finish. Thank you, Roger.

Antony John Carter

Former Independent Director

Thank you, John, for those kind words. Are there any further questions? It appears not, so I will formally close the meeting. Thank you very, very much for your attendance. We do appreciate your support. And as

Christopher said, we couldn't do it without you. We now invite you to join us all for a light refreshment and afternoon tea. Thank you very much.