

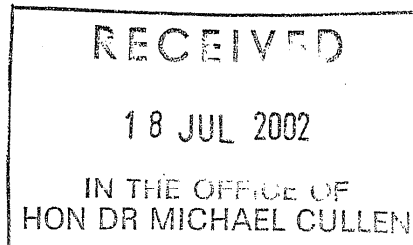
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AIR NEW ZEALAND

8 July 2002

Hon Dr Michael Cullen
Minister of Finance
Parliament Buildings
WELLINGTON



Dear Michael

Thank you for your letter of last week.

I would like the opportunity to confirm the content of your letter.

While there can be no certainty that any proposed transaction between Air New Zealand and Qantas will eventuate from the current discussions, we formally acknowledge that should any proposal be made to you, you must have the full freedom as shareholder to weigh the best interests of the shareholder.

I can confirm that allowing your office, Treasury and its advisors, a full six weeks for detailed examination of a formal proposal, will not adversely impact on Air New Zealand. We would appreciate, of course, an indication, if it is reasonably possible, that as shareholder you see no clear impediments prior to any proposed announcement that could occur as early as 22 August 2002. Air New Zealand will undertake all appropriate actions possible prior to that date to assist you.

Air New Zealand has already had preliminary discussions with the Commerce Commission and will seek to meet officials from the Ministry of Transport as soon as possible to ascertain its requirements.

We are in complete agreement that should a proposal eventuate we need to jointly consider a media strategy to address issues that could arise following the presentation of a proposal to the Government.

Yours sincerely

John Palmer
Chairman

A STAR ALLIANCE MEMBER