

Sale 3.30pm

**CAMERON & COMPANY**  
*Investment Bankers*

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11 September 2001

John Blair  
General Counsel  
Air New Zealand Limited

By email to [John.Blair@airnz.co.nz](mailto:John.Blair@airnz.co.nz)

Dear John

**Due Diligence Requirements for Crown Support**

In discussions on Sunday 9 September we indicated that the Crown was willing to work with Air New Zealand Limited ("Air NZ"), SIA and BIL to develop a funding package to support Air NZ. Work on the terms and conditions that might apply to that package is currently underway. The proposal discussed envisaged the Crown providing facilities to Air NZ up to a maximum amount of NZ\$550million. The first step in any funding package is expected to be a Heads of Agreement (HOA) between the Air NZ, SIA, BIL and the Crown. This HOA will have certain conditions precedent and is expected to be executed late on September 11 2001

The Crown will wish to have access to certain due diligence material prior to executing any agreement to provide financial support to Air NZ. This letter sets out the Crown's current thinking on due diligence requirements. These requirements are designed to allow us to form a view on the value of, and risks attached to, any securities that the Crown might purchase from Air NZ

**Banking arrangements**

We require details on your current unsecured facilities and the proposed arrangements for ongoing support from the unsecured banks. You must also inform us immediately of any developments in your discussions with unsecured banks and other financiers in the period up until the Crown executes the HOA.

### ***Exposures to Ansett***

We need to see:

- ▶ Details of arrangements ( If any) for the sale of Ansett to Qantas and their status
- ▶ All legal advice received by Air NZ in relation to exposures that may arise for Air NZ and its Directors from the placing of Ansett into Liquidation or Administration
- ▶ A list of documents under which Air NZ has specific obligations to Ansett (letters of comfort, guarantees, indemnities etc) and legal advice in relation to these documents received in the context of Ansett's failure or sale. We will require certification from the Directors that this list includes all such documents and that there are no other arrangements Whether documented or not) of this nature.

### ***Business Forecasts***

We are in contact with Air NZ's financial advisors regarding the preparation of financial data that will allow us to assess the value of, and risks attached to, securities that might be purchased by the Crown. Related to this we are seeking data on Air NZ's forecast cash position to ensure that the proposed arrangements provide enough, but not too much, access to liquidity. We will require confirmation from the Board that the forecasts supplied by your advisors are the Board's best assessment of the forward trading position of the group at the time the Crown executes the HOA.

We will also need to integrate the forecasts with the proposed revisions to the banking facilities and undertake sensitivity analyses to ensure that the position is satisfactory in the event that not all banks support the revised terms.

### ***Other Material***

We have already received a number of materials from you that will assist us in our due diligence. To the extent that we need further detail on, or certification of, these materials we will let you know as soon as possible.

Yours sincerely,

CAMERON & COMPANY LIMITED

Murdo Beattie  
Partner