



MONTHLY INVESTOR UPDATE: 25 SEPTEMBER 2012

CONTENTS

- *August market conditions*
- *Company news*
- *Operating statistics table*

AUGUST MARKET CONDITIONS

The August operating results were in line with expectations, and the outlook statement provided at the full year result announcement.

The month saw demand improvements on Tasman/Pacific and Long Haul routes, offset by a drop in demand on the Domestic network, when measured against last year's unusually strong result. The airline carried 975,000 passengers during the month of August, 2.9% less than the same period last year. Revenue passenger kilometres (RPKs) increased 4.2% on a capacity (ASKs) increase of 4.6%. Group load factor was 81.6%, down 0.3 of a percentage point.

Short Haul passenger numbers decreased 3.8% on August last year, primarily due to reduced passengers on the Domestic network partially offset by an increase in passenger numbers on the Tasman/Pacific network. Demand (RPKs) decreased in the Domestic market by 3.8% compared to last year, with load factor down 2.1 percentage points on a capacity (ASKs) decrease of 1.3%. This reduction is attributable to a stronger than normal August 2011 result, as many customers sought to complete travel commitments prior to the Rugby World Cup.

Tasman/Pacific demand (RPKs) increased 6.4%, with capacity (ASKs) increasing 9.9%. Tasman/Pacific load factor decreased by 2.7 percentage points to 81.2% when compared to August 2011. This result was driven mostly by higher capacity on several routes, notably the introduction of flights to Bali and an extension of the Honolulu and Perth services.

Long Haul passenger numbers increased 4.2% compared to August last year, with growth in capacity (ASKs) of 3.2% and demand (RPKs) of 5.2%. Load factor increased 1.6 percentage points to 82.6%. On North America/UK routes, demand (RPKs) increased 6.5% with capacity (ASKs) increasing by 2.1%. Load factor increased by 3.5 percentage points on the previous year to 84.7%. Demand (RPKs) increased by 3.5% on Asia/Japan/UK routes, with capacity (ASKs) increasing by 4.7%. Load factor decreased by 1.0 percentage point to 79.9%. This result was underpinned by traffic increases on Pacific Rim routes, particularly North America. August was the first month that pre-earthquake traffic levels returned to Japan routes.

Group-wide yields for the financial year to date were down 1.2% on the same period last year. Compared to August 2011, year to date Short Haul yields were down 4.0%, but Long Haul yields were up by 3.4%. Removing the impact of foreign exchange, Group-wide yields were down 0.9%.

In August, 83.9% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time.



COMPANY NEWS

Air New Zealand invests in B777-200ER upgrade programme

Air New Zealand is investing more than \$100 million in upgrading its Boeing 777-200ER fleet to ensure it continues to deliver the most innovative product and technologies to customers flying on its international network. The upgrade of the eight aircraft is scheduled to begin in the second quarter of 2014, with all eight aircraft planned to be completed in the following 12 months.

The new system called 'Panasonic eXlite' will have improved system performance along with significant weight savings through better component design and architecture. Air New Zealand will be the launch customer for the new system on the 777-200ER.

Altitude welcomes its first VIP customer to New Zealand in style

Altitude Aerospace Interiors, a fully owned subsidiary of Air New Zealand, has welcomed the first new Boeing Business Jet (BBJ) into its Christchurch-based completion facility following a non-stop delivery flight from Los Angeles to Auckland.

The BBJ aircraft will now be positioned at Altitude's Christchurch base for the next 10 months where it will receive a full VIP custom interior complete with the latest in-flight entertainment and communication systems before being delivered to a private overseas owner.

Air New Zealand receives Marketing Excellence Award

Air New Zealand Chief Executive Rob Fyfe has been awarded the inaugural 'Marketing Excellence Award' at the 2012 New Zealand Marketing Awards. It is an award which celebrates the CEO of an organisation that has demonstrated a consistent commitment to marketing excellence; which is demonstrated by the adoption of a superior marketing strategy which has driven business success.

The Marketing New Zealand judges said from product and price to advertising and loyalty, Air New Zealand is customer-centric at every point of the experience and marketing-led at every point of the business.

Air New Zealand named Most Reputable Organisation

Air New Zealand has been named this year's Most Reputable Organisation by New Zealand Management magazine, taking top slot in the overall survey rankings, followed by Fonterra and Beca.

This year's survey respondents praised many aspects of Air New Zealand performance: its strong leadership, customer service orientation, innovation, brand and corporate values, and its role as a strong ambassador for New Zealand.

Group	AUGUST			FINANCIAL YTD		
	2012	2011	% *	2013	2012	% * +
Passengers carried (000)	975	1,005	(2.9%)	2,050	2,154	(1.5%)
Revenue Passenger Kilometres(m)	2,104	2,019	4.2%	4,448	4,421	4.1%
Available Seat Kilometres (m)	2,579	2,466	4.6%	5,408	5,271	6.2%
Passenger Load Factor (%)	81.6%	81.9%	(0.3 pts)	82.2%	83.9%	(1.7 pts)
Short Haul Total	AUGUST			FINANCIAL YTD		
	2012	2011	% *	2013	2012	% * +
Passengers carried (000)	860	893	(3.8%)	1,806	1,911	(2.2%)
Revenue Passenger Kilometres(m)	981	951	3.1%	2,069	2,063	3.8%
Available Seat Kilometres (m)	1,219	1,148	6.2%	2,561	2,479	6.9%
Passenger Load Factor (%)	80.5%	82.9%	(2.4 pts)	80.8%	83.2%	(2.4 pts)
Domestic	AUGUST			FINANCIAL YTD		
	2012	2011	% *	2013	2012	% * +
Passengers carried (000)	608	649	(6.2%)	1,271	1,380	(4.7%)
Revenue Passenger Kilometres(m)	294	305	(3.8%)	614	653	(2.8%)
Available Seat Kilometres (m)	372	377	(1.3%)	775	795	0.9%
Passenger Load Factor (%)	78.8%	80.9%	(2.1 pts)	79.2%	82.1%	(2.9 pts)
Tasman / Pacific	AUGUST			FINANCIAL YTD		
	2012	2011	% *	2013	2012	% * +
Passengers carried (000)	251	245	2.7%	535	531	4.3%
Revenue Passenger Kilometres(m)	687	646	6.4%	1,455	1,409	6.9%
Available Seat Kilometres (m)	847	771	9.9%	1,786	1,684	9.8%
Passenger Load Factor (%)	81.2%	83.9%	(2.7 pts)	81.5%	83.7%	(2.2 pts)
Long Haul Total	AUGUST			FINANCIAL YTD		
	2012	2011	% *	2013	2012	% * +
Passengers carried (000)	116	111	4.2%	244	244	3.7%
Revenue Passenger Kilometres(m)	1,124	1,068	5.2%	2,379	2,357	4.4%
Available Seat Kilometres (m)	1,360	1,318	3.2%	2,847	2,791	5.6%
Passenger Load Factor (%)	82.6%	81.0%	1.6 pts	83.5%	84.5%	(1.0 pts)
Asia / Japan / UK	AUGUST			FINANCIAL YTD		
	2012	2011	% *	2013	2012	% * +
Passengers carried (000)	50	49	2.0%	102	103	2.6%
Revenue Passenger Kilometres(m)	465	449	3.5%	946	942	3.9%
Available Seat Kilometres (m)	581	555	4.7%	1,193	1,131	9.2%
Passenger Load Factor (%)	79.9%	80.9%	(1.0 pts)	79.3%	83.3%	(4.0 pts)
North America / UK	AUGUST			FINANCIAL YTD		
	2012	2011	% *	2013	2012	% * +
Passengers carried (000)	65	62	6.0%	142	141	4.5%
Revenue Passenger Kilometres(m)	659	619	6.5%	1,433	1,415	4.8%
Available Seat Kilometres (m)	779	762	2.1%	1,654	1,660	3.1%
Passenger Load Factor (%)	84.7%	81.2%	3.5 pts	86.6%	85.2%	1.4 pts

* % change is based on numbers prior to rounding

+ The year to date percentage movements have been adjusted on a daily weighted average basis. The adjustment takes into account the difference in days for the accounting month of July 2012 (29 days) compared with July 2011 (31 days).

Air New Zealand operates primarily in one segment, its primary business being the transportation of passengers and cargo on an integrated network of scheduled airline services to, from and within New Zealand. The following operational data and statistics is additional supplementary information only.