



MONTHLY INVESTOR UPDATE: 24 AUGUST 2012

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JULY MARKET CONDITIONS

Air New Zealand carried 1,075,000 passengers during the month of July, 0.1%* less than the same period last year. Revenue passenger kilometres (RPKs) increased 4.3%* on a capacity (ASKs) increase of 7.8%*. Group load factor was down 2.8 percentage points to 82.8%.

Short Haul passenger numbers decreased 0.6%* on July last year. Demand (RPKs) decreased in the Domestic market by 1.8%* compared to last year, with load factor down 3.9 percentage points on a capacity (ASKs) increase of 3.1%*. Tasman/Pacific demand (RPKs) increased 7.6%*, with capacity (ASKs) increasing 9.9%*. Tasman/Pacific load factor decreased by 1.8 percentage points to 81.8% when compared to July 2011. The Short Haul part of the network was positively impacted in July 2011 as a result of the Chilean ash cloud disrupting other airlines' flight schedules.

Long Haul passenger numbers increased 3.4%* compared to July last year, with growth in capacity (ASKs) of 7.9%* and demand (RPKs) of 4.1%*. Load factor decreased 3.1 percentage points to 84.4%. On North America/UK routes, demand (RPKs) increased 3.9%* with capacity (ASKs) increasing by 4.3%*. Load factor decreased by 0.3 of a percentage point on the previous year to 88.4%. Demand (RPKs) increased by 4.3%* on Asia/Japan/UK routes, with capacity (ASKs) increasing by 13.5%*. Load factor decreased by 6.9 percentage points to 78.7%.

Group-wide yields for the financial year to date were down 2.2% on the same period last year. Compared to July 2011, year to date Short Haul yields were down 4.5%. Long Haul yields were up by 1.0%. Removing the impact of foreign exchange, Group-wide yields were down 1.7%.

In July, 79.2% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time. This lower figure was driven by a combination of adverse weather and engineering issues.

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



COMPANY NEWS

Air New Zealand to have a new home at Los Angeles International Airport

After nearly 20 years based in Terminal 2, the airline will in early 2014 move to the Tom Bradley International Terminal which is currently undergoing a US\$1.7 billion make-over. In a first for the airline, Air New Zealand has also been appointed to design and operate a brand new Star Alliance lounge in the terminal.

The terminal move will enable passengers to access better facilities when arriving or departing Los Angeles and also while in transit. Passengers transiting through Los Angeles on NZ1 and NZ2 will no longer be in a small transit lounge. Instead they'll be able to quickly clear a more efficient customs processing facility and then make use of 180,000 square feet of dining, shopping, retail and passenger amenities while they await their onward journey.

More Japanese visitors expected this summer as Air New Zealand boosts charter programme

The airline is doubling the number of charter services it operates between Japan and New Zealand, with 14 from seven Japanese cities confirmed for this summer season. Six of the charter services will operate non-stop from Nagoya into Christchurch, with the remainder flying into Auckland.

The charter programme, which is additional to Air New Zealand's regular scheduled services from Tokyo and Osaka, is expected to bring up to 3200 additional Japanese tourists into New Zealand over the peak summer months.

Direct Auckland–Queenstown flights every two hours this summer

Air New Zealand is increasing capacity on direct services between Auckland and Queenstown by 32% this summer, including the addition of a fifth daily flight between Auckland and Queenstown giving travellers a choice of direct services approximately every two hours.

The increased capacity will take the total number of seats available on direct services over summer to 5,200 each way per week. The additional flights are expected to be available for booking from later next week, with four services per day in November (up from three) and five per day December through March. Timing of the extra service is expected to be a late afternoon departure from Auckland return.

Group	JULY		
	2012	2011	% * +
Passengers carried (000)	1,075	1,150	(0.1%)
Revenue Passenger Kilometres(m)	2,343	2,401	4.3%
Available Seat Kilometres (m)	2,829	2,804	7.8%
Passenger Load Factor (%)	82.8%	85.6%	(2.8 pts)

Short Haul Total	JULY		
	2012	2011	% * +
Passengers carried (000)	946	1,017	(0.6%)
Revenue Passenger Kilometres(m)	1,088	1,112	4.6%
Available Seat Kilometres (m)	1,342	1,331	7.8%
Passenger Load Factor (%)	81.1%	83.5%	(2.4 pts)

Domestic	JULY		
	2012	2011	% * +
Passengers carried (000)	663	731	(3.1%)
Revenue Passenger Kilometres(m)	320	348	(1.8%)
Available Seat Kilometres (m)	403	418	3.1%
Passenger Load Factor (%)	79.5%	83.4%	(3.9 pts)

Tasman / Pacific	JULY		
	2012	2011	% * +
Passengers carried (000)	284	286	5.9%
Revenue Passenger Kilometres(m)	768	763	7.6%
Available Seat Kilometres (m)	939	914	9.9%
Passenger Load Factor (%)	81.8%	83.6%	(1.8 pts)

Long Haul Total	JULY		
	2012	2011	% * +
Passengers carried (000)	128	133	3.4%
Revenue Passenger Kilometres(m)	1,255	1,289	4.1%
Available Seat Kilometres (m)	1,487	1,473	7.9%
Passenger Load Factor (%)	84.4%	87.5%	(3.1 pts)

Asia / Japan / UK	JULY		
	2012	2011	% * +
Passengers carried (000)	52	54	3.2%
Revenue Passenger Kilometres(m)	481	493	4.3%
Available Seat Kilometres (m)	612	576	13.5%
Passenger Load Factor (%)	78.7%	85.6%	(6.9 pts)

North America / UK	JULY		
	2012	2011	% * +
Passengers carried (000)	77	79	3.5%
Revenue Passenger Kilometres(m)	774	796	3.9%
Available Seat Kilometres (m)	876	898	4.3%
Passenger Load Factor (%)	88.4%	88.7%	(0.3 pts)

* % change is based on numbers prior to rounding

+ Month on month percentage movements have been adjusted for the 6% 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 service to, from and within New Zealand. Operational data and statistics is additional supplementary information only.