



MONTHLY INVESTOR UPDATE: 29 OCTOBER 2012

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SEPTEMBER MARKET CONDITIONS

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

The month saw demand increases across all networks, with further improving load factors year-on-year. The airline carried 1,286,000 passengers during the month of September, 6.3% more than the same period last year. Revenue passenger kilometres (RPKs) increased 8.2% on a capacity (ASKs) increase of 3.3%. Group load factor was 84.7%, up 3.9 percentage points.

Short Haul passenger numbers increased 6.6% on September last year. Demand (RPKs) increased in the Domestic market by 9.0% compared to last year, with load factor up 5.8 percentage points on a capacity (ASKs) increase of 1.2%. Demand was stimulated by price reductions, impacting on Short Haul yields.

Tasman/Pacific demand (RPKs) increased 10.1%, with capacity (ASKs) increasing 7.9%. Load factor increased by 1.7 percentage points to 84.0% when compared to September 2011.

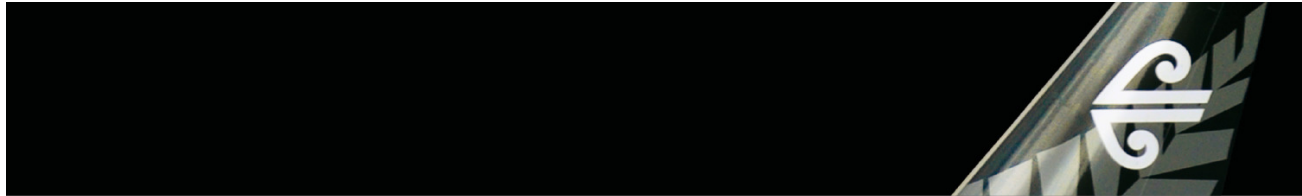
Long Haul passenger numbers increased 4.0% compared to September last year, with growth in capacity (ASKs) of 1.2% and demand (RPKs) of 6.8%. Load factor increased 4.5 percentage points to 86.3%, reflecting strong demand from both New Zealand and North American markets.

On North America/UK routes, demand (RPKs) increased 10.4% with capacity (ASKs) increasing by 1.5%. Load factor increased by 7.3 percentage points on the previous year to 91.1%.

Demand (RPKs) increased by 1.0% on Asia/Japan/UK routes, with capacity (ASKs) increasing by 0.8%. Load factor increased by 0.2 of a percentage point to 79.0%. For the second month in a row, performance on Japan routes exceeded pre-earthquake and tsunami levels.

Group-wide yields for the financial year to date were down 1.5% on the same period last year. Short Haul yields were down 3.8%, while Long Haul yields were up 1.8%. Removing the impact of foreign exchange, Group-wide yields were down 1.4%.

In September, 83.6% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time.



COMPANY NEWS

Changes to Executive structure

A new Executive structure has been announced, which will lead Air New Zealand under CEO Designate Christopher Luxon.

Christopher's direct report structure will be:

- | | |
|---|------------------------|
| •Chief Financial Officer | Rob McDonald |
| •Chief Flight Operations & Safety Officer | David Morgan |
| •Chief Marketing & Customer Officer | Mike Tod |
| •Chief Strategy & Planning Officer | Stephen Jones |
| •Chief Operations Officer | Appointment to be made |
| •Chief Commercial Officer | Appointment to be made |
| •Chief People Officer | Appointment to be made |

In the meantime, all functions of the business are covered by the existing Executive management team with the new structure planned to take effect from 1 January 2013.

'Night Rider' fares announced

Air New Zealand is launching a new late night service with every seat on the aircraft available at a fare of \$29, for the last flight of the day between Auckland and Wellington. This will add the equivalent of around 100,000 low cost seats per year between the two cities.

Flights will depart from both Auckland and Wellington at 10pm every night Sunday through Friday. On Saturdays Night Rider will depart Auckland for Wellington at 9pm, with the return leg departing Wellington at 10.30pm. \$29 'Seat' fares are available on every seat on the 133 seat Boeing 737 aircraft - or 'Seat+Bag' for \$39 one way.

Second season of direct Bali service

In light of high passenger numbers for the 2012 season, it has been announced that Air New Zealand will offer a seasonal service of direct flights to Bali again in 2013.

A Boeing 767-300 aircraft will operate twice weekly non-stop Auckland-Denpasar services from 1 June to 15 October. This is three weeks longer than the 2012 season, again reflecting strong levels of demand.

Further capacity increases to North America

Air New Zealand will add approximately 60,000 return seats per year to North America as it further increases capacity to San Francisco, Vancouver and Los Angeles from April 2013.

This builds on already boosted capacity increase on North American routes which was announced in March, and Air New Zealand anticipates announcing further capacity additions beyond July 2013 in the coming weeks.

Group	SEPTEMBER			FINANCIAL YTD		
	2012	2011	% *	2013	2012	% * +
Passengers carried (000)	1,286	1,210	6.3%	3,336	3,364	1.3%
Revenue Passenger Kilometres(m)	2,700	2,496	8.2%	7,147	6,916	5.6%
Available Seat Kilometres (m)	3,189	3,087	3.3%	8,597	8,357	5.1%
Passenger Load Factor (%)	84.7%	80.8%	3.9 pts	83.1%	82.8%	0.3 pts
Short Haul Total	SEPTEMBER			FINANCIAL YTD		
	2012	2011	% *	2013	2012	% * +
Passengers carried (000)	1,140	1,069	6.6%	2,946	2,980	1.0%
Revenue Passenger Kilometres(m)	1,264	1,152	9.7%	3,333	3,215	5.9%
Available Seat Kilometres (m)	1,526	1,444	5.7%	4,087	3,923	6.4%
Passenger Load Factor (%)	82.8%	79.7%	3.1 pts	81.6%	81.9%	(0.3 pts)
Domestic	SEPTEMBER			FINANCIAL YTD		
	2012	2011	% *	2013	2012	% * +
Passengers carried (000)	823	771	6.7%	2,094	2,151	(0.5%)
Revenue Passenger Kilometres(m)	393	360	9.0%	1,006	1,014	1.4%
Available Seat Kilometres (m)	489	483	1.2%	1,264	1,278	1.1%
Passenger Load Factor (%)	80.4%	74.6%	5.8 pts	79.6%	79.3%	0.3 pts
Tasman / Pacific	SEPTEMBER			FINANCIAL YTD		
	2012	2011	% *	2013	2012	% * +
Passengers carried (000)	317	298	6.5%	852	829	5.0%
Revenue Passenger Kilometres(m)	871	792	10.1%	2,327	2,201	8.0%
Available Seat Kilometres (m)	1,038	962	7.9%	2,823	2,646	9.0%
Passenger Load Factor (%)	84.0%	82.3%	1.7 pts	82.4%	83.2%	(0.8 pts)
Long Haul Total	SEPTEMBER			FINANCIAL YTD		
	2012	2011	% *	2013	2012	% * +
Passengers carried (000)	147	141	4.0%	391	385	3.8%
Revenue Passenger Kilometres(m)	1,436	1,344	6.8%	3,814	3,701	5.3%
Available Seat Kilometres (m)	1,663	1,643	1.2%	4,510	4,434	3.9%
Passenger Load Factor (%)	86.3%	81.8%	4.5 pts	84.6%	83.5%	1.1 pts
Asia / Japan / UK	SEPTEMBER			FINANCIAL YTD		
	2012	2011	% *	2013	2012	% * +
Passengers carried (000)	56	56	0.1%	158	159	1.7%
Revenue Passenger Kilometres(m)	519	514	1.0%	1,465	1,456	2.8%
Available Seat Kilometres (m)	657	652	0.8%	1,850	1,783	6.0%
Passenger Load Factor (%)	79.0%	78.8%	0.2 pts	79.2%	81.7%	(2.5 pts)
North America / UK	SEPTEMBER			FINANCIAL YTD		
	2012	2011	% *	2013	2012	% * +
Passengers carried (000)	91	85	6.6%	233	226	5.3%
Revenue Passenger Kilometres(m)	917	830	10.4%	2,349	2,246	6.9%
Available Seat Kilometres (m)	1,006	991	1.5%	2,660	2,651	2.5%
Passenger Load Factor (%)	91.1%	83.8%	7.3 pts	88.3%	84.7%	3.6 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.