AIR NEW ZEALAND INTERIM RESULTS 2008
## FINANCIAL OVERVIEW

<table>
<thead>
<tr>
<th></th>
<th>DEC 2007</th>
<th>DEC 2006</th>
<th>DOLLAR MOVEMENT</th>
<th>PERCENTAGE MOVEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUE</td>
<td>$2,332m</td>
<td>$2,127m</td>
<td>$205m</td>
<td>9.6%</td>
</tr>
<tr>
<td>NORMALISED EARNINGS*</td>
<td>$159m</td>
<td>$98m</td>
<td>$61m</td>
<td>62%</td>
</tr>
<tr>
<td>NPAT</td>
<td>$115m</td>
<td>$73m</td>
<td>$42m</td>
<td>58%</td>
</tr>
<tr>
<td>ADJUSTED OPERATING CASH FLOW**</td>
<td>$320m</td>
<td>$227m</td>
<td>$93m</td>
<td>41%</td>
</tr>
<tr>
<td>NET CASH</td>
<td>$1,222m</td>
<td>$1,045m</td>
<td>$177m</td>
<td>17%</td>
</tr>
<tr>
<td>GEARING</td>
<td>48.6%</td>
<td>52.0%</td>
<td>n/a</td>
<td>3.4pts</td>
</tr>
<tr>
<td>INTERIM DIVIDEND</td>
<td>5cps</td>
<td>3cps</td>
<td>n/a</td>
<td>67%</td>
</tr>
</tbody>
</table>

* Normalised earnings before taxation & unusual items after excluding net gains/losses on non-hedge accounted & ineffective derivatives that hedge exposures in other financial periods

** Operating cash flow excluding the impact of the rollover of short-dated foreign exchange contracts
KEY INFLUENCES ON PROFITABILITY

- Traffic: 186
- Yield: 71
- Freight, contract services and other revenue: 38
- Labour: (47)
- Fuel: (81)
- Maintenance: (28)
- Aircraft operations, passenger services, sales & marketing: (55)
- FX: (14)
- Other: (9)
- Interim normalised earnings 2008: 159
- Hedge timing adjustment: 13
- Interim reported NPBT 2008: 172

2007:
- Normalised earnings: 98

2008:
- Interim normalised earnings: 71
- NPBT: 18 6
- (47)
### GROUP OPERATING STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>DEC 2007</th>
<th>DEC 2006</th>
<th>JUN 2007</th>
<th>MOVEMENT*</th>
</tr>
</thead>
<tbody>
<tr>
<td>PASSENGERS CARRIED ('000)</td>
<td>6,592</td>
<td>6,193</td>
<td>12,480</td>
<td>6.4%</td>
</tr>
<tr>
<td>AVAILABLE SEAT KILOMETRES (ASKs)</td>
<td>18,464m</td>
<td>17,689m</td>
<td>35,113m</td>
<td>4.4%</td>
</tr>
<tr>
<td>LOAD FACTOR</td>
<td>79.4%</td>
<td>74.1%</td>
<td>76.5%</td>
<td>5.3pts</td>
</tr>
<tr>
<td>YIELD (cents per RPK)</td>
<td>13.0</td>
<td>13.0</td>
<td>12.9</td>
<td>(0.4%)</td>
</tr>
</tbody>
</table>

* Calculations based on numbers before rounding
### Broad Based Revenue Growth

#### Total Flight Revenue*

<table>
<thead>
<tr>
<th>Region</th>
<th>DEC 07 Revenue</th>
<th>DEC 06 Revenue</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>N.America/Europe</td>
<td>$585m</td>
<td></td>
<td>3%</td>
</tr>
<tr>
<td>Asia/Europe</td>
<td>$402m</td>
<td></td>
<td>44%</td>
</tr>
<tr>
<td>AUS &amp; PI</td>
<td>$550m</td>
<td></td>
<td>5%</td>
</tr>
<tr>
<td>Domestic</td>
<td>$576m</td>
<td></td>
<td>5%</td>
</tr>
</tbody>
</table>

*Flight revenue includes passenger revenue, cargo and mail.

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**05: 08 Interim Results**
# Short-Haul Operating Statistics

<table>
<thead>
<tr>
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<th>DEC 2006</th>
<th>JUN 2007</th>
<th>MOVEMENT*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passengers Carried (’000)</strong></td>
<td>5,618</td>
<td>5,360</td>
<td>10,731</td>
<td>4.8%</td>
</tr>
<tr>
<td><strong>Available Seat Kilometres (ASKs)</strong></td>
<td>7,457m</td>
<td>7,598m</td>
<td>14,588m</td>
<td>(1.8%)</td>
</tr>
<tr>
<td><strong>Load Factor</strong></td>
<td>77.4%</td>
<td>72.8%</td>
<td>75.3%</td>
<td>4.6pts</td>
</tr>
<tr>
<td><strong>Yield (cents per RPK)</strong></td>
<td>18.7</td>
<td>18.4</td>
<td>18.4</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

* Calculations based on numbers before rounding
TASMAN/PACIFIC ISLANDS
• Sustained demand, less capacity = acceptable performance

DOMESTIC/REGIONALS
• 4.5% revenue growth on 6.2% growth in capacity
• Load factors and yields down
• Network and product remain very competitive
• Innovation programme underway
• In for intense period of competition
## LONG-HAUL OPERATING STATISTICS

<table>
<thead>
<tr>
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<th>DEC 2006</th>
<th>JUN 2007</th>
<th>MOVEMENT*</th>
</tr>
</thead>
<tbody>
<tr>
<td>PASSENGERS CARRIED ('000)</td>
<td>973</td>
<td>833</td>
<td>1,749</td>
<td>16.8%</td>
</tr>
<tr>
<td>AVAILABLE SEAT KILOMETRES (ASKs)</td>
<td>11,007m</td>
<td>10,091m</td>
<td>20,525m</td>
<td>9.1%</td>
</tr>
<tr>
<td>LOAD FACTOR</td>
<td>80.8%</td>
<td>75.1%</td>
<td>77.4%</td>
<td>5.7pts</td>
</tr>
<tr>
<td>YIELD (cents per RPK)</td>
<td>9.3</td>
<td>9.1</td>
<td>9.2</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

* Calculations based on numbers before rounding
• “Best in class” business product driving loads and yields
• New routes performing well
  - Vancouver exceeding expectations
  - Shanghai meeting expectations
• US markets performing well despite softening economy
• Japanese market remains challenging
• Beijing to commence in July 2008
• Fuel prices remain a concern
Operating environment less predictable than this time last year:

• Fuel prices remain high
• Increased competition in the domestic market
• Tight labour market
• High airport charges
STRAEGIC PRIORITIES

- Domestic market – competitive positioning
- International focus on customer service and international sales strategy
- Developing and executing innovative competitive advantages
- Growing other non-airline revenue sources
OUR CURRENT POSITION

• Strong financial position
• Flexible fleet plan
• Competitive product
• Competitive cost base and work practices
• Environmental initiatives gathering momentum
HEDGING POSITION

CURRENCY

- US dollar operating cash flow exposure for second half of 2008 is approx. 90% hedged at an average NZD/USD rate of 0.69
- 2009 US dollar operating cash flow exposure is approx. 65% hedged at an average NZD/USD rate of 0.74
- USD 629m of future capex commitments are hedged at NZD/USD 0.744 spot
HEDGING POSITION

FUEL

- The second half of 2008 is approx. 82% hedged with the average ceiling at USD 80 per bbl WTI
- The first half of 2009 is approx. 40% hedged with the average ceiling at USD 89 per bbl WTI
CAPEX PROJECTION

1. Includes progress payments on aircraft
2. Assumed NZD/USD = 0.75

* Subjected to confirmation from Boeing regarding the timing of B789 deliveries
HIGHLIGHTS

ATW magazine “best passenger service”

OPERATING REVENUE  NORMALISED EARNINGS*  NPAT

9.6%  62%  58%

Note: Six months to 31st December year-on-year comparison.

* Normalised earnings before taxation & unusual items after excluding net gains/losses on non-hedge accounted & ineffective derivatives that hedge exposures in other financial periods.