AGENDA

• Overview & Operating Environment
• Performance
  – Long Haul Airline
  – Short Haul Airline
    • Domestic
    • Tasman & Pacific Islands
  – Other businesses
• Strategy
• Financial Management
• Outlook
OVERVIEW

- Normalised earnings* $26m
- Operating revenue up 3.7%
- Capacity reduced by 3.6%
- Net cash position of $1.4bn
- Domestic airport check in upgrade

* Normalised Earnings before taxation after excluding net gains and losses on derivatives that hedge exposures in other financial periods
OPERATING ENVIRONMENT

- Average jet fuel spot price was 36% higher
- Weakening passenger demand across all markets
- Increased competition on the Tasman
- NZ dollar weakening
• Average hedged WTI fuel cost for the 6 months to December 2008 was US$100 per barrel.
GROUP OPERATING PERFORMANCE

Group Year-on-Year Load Factor & Year to Date Yield Movements

- Change in Yield
- Load Factor ppt Movement
- FX Adjusted Yield Change
- Yield Change

Jul Aug Sep Oct Nov Dec

Change in Yield

Load Factor ppt Movement

FX Adjusted Yield Change

Yield Change
LONG HAUL PERFORMANCE

- Passenger numbers down 5.5%
- Capacity reduced by 5.7%
- Yields up 12.3%
- Load factor improved 1.3 percentage points
- Aggressive capacity management
LONG HAUL CAPACITY MANAGEMENT

Long Haul Y.O.Y Capacity Change & Load Factor Y.O.Y Percentage Point Movement

Change in Capacity

Load Factor ppt Movement

ASK Change

Projected ASK Change

Load Factor ppt Movement

0 ppt

5 ppt

-5 ppt

-10 ppt

-15 ppt

-20 ppt

Jul  Aug  Sep  Oct  Nov  Dec  Jan  Feb  Mar  Apr  May  Jun

-20%  -15%  -10%  -5%  0%  5%
DOMESTIC PERFORMANCE

- Passenger numbers down 2.9%
- Capacity decreased by 1.9%
- Yield increased by 0.3%
- Load factor decreased by 0.3 percentage points
- New commercial accounts won
- Domestic airport improvements well received
TASMAN & PACIFIC ISLAND PERFORMANCE

- Passenger numbers decreased by 7.3%
- Capacity was held constant - 0.1% increase
- Yield increased by 6.4%
- Load factor down 5.3 percentage points
- Underlying market softening and increased competition
- In-flight entertainment upgrade programme complete
 OTHER BUSINESSES

• CARGO
  – Volumes down 13%
  – Yield increase and FX benefit
  – Freighter to be withdrawn 31 March 2009

• TECH OPS
  – Increased third party work
  – Acquisition of Tenix and Masling
  – Falling NZD has increased competitiveness

• OTHER
  – Acquisition of VCubed
COST FOCUS

• Reduced capacity in response to demand softness
• Labour initiatives
  — Voluntary and compulsory redundancies
  — Reduced working week and unpaid leave
  — Reduction through attrition
• Reduced discretionary spend
• Reduced regional charter capacity
PRIORITIES

• Closely matching supply to demand remains a top priority
• Being the leader in chosen markets
• New generation interior design for 777-300ERs and 787-9s
• Growing non-airline revenue sources
• Being an industry leader on environmental initiatives
FINANCIAL MANAGEMENT

- $1.4bn cash on balance sheet excluding $190m restricted cash
- Gearing 52.7%, from 45.5% as at June 2008
- Limited debt repayments and no covenants or refinancing risk
- Interim dividend is 3.0 cents per share
FLEET MANAGEMENT

- 2 x Boeing 747-400s sold and leased back
- Next jet aircraft not due until November 2010
- Additional Boeing 777-300ER confirmed for 2012
- New delivery date and terms for Boeing 787-9 agreed
- Average operating fleet age of 7 years
1. Assumes NZD/USD = 0.53
2. 787-9 progress payments have shifted in line with announced delays
FUEL HEDGING*

- The second half of FY09 is approx. 72% hedged with the average effective floor** at US$85.10 per barrel of WTI crude oil.
- At current prices, average Singapore Jet fuel price would be US$88 per barrel for the second half of FY09 compared with US$123 in the first half.
- The first half of FY10 is approx. 20% hedged with the average ceiling of US$68.47 and average floor of US$45.20 per barrel of WTI crude oil.

* Fuel hedge position as at 22 January 2009
** The effective floor includes benefits from WTI bought put spreads
CURRENCY HEDGING

- Operating cash flow exposure for the second half of 2009 is 99% hedged at an average NZ$/US$ rate of 0.765
- The 2010 operating cash flow exposure is 71% hedged at an average NZ$/US$ rate of 0.703
- US$370m of future capex commitments are hedged at NZ$/US$ rate of 0.720 spot
OUTLOOK

• Competitive strength in core markets
• Greater benefit from lower fuel prices in second half of FY09
• Strong currency hedging position
• Global economic environment concerning

If current conditions and jet fuel prices continue, Air New Zealand expects to see financial performance significantly improve in the second half of the financial year.
<table>
<thead>
<tr>
<th></th>
<th>INTERIM 2009</th>
<th>INTERIM 2008</th>
<th>Dollar movement</th>
<th>Percentage movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>$2,419m</td>
<td>$2,332m</td>
<td>$87m</td>
<td>4%</td>
</tr>
<tr>
<td>Normalised Earnings*</td>
<td>$26m</td>
<td>$159m</td>
<td>$(133)m</td>
<td>(84)%</td>
</tr>
<tr>
<td>Net profit after tax</td>
<td>$24m</td>
<td>$115m</td>
<td>$(91)m</td>
<td>(79)%</td>
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<tr>
<td>Adjusted operating cash flow</td>
<td>$113m</td>
<td>$320m</td>
<td>$(207)m</td>
<td>(65)%</td>
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<tr>
<td>Net cash</td>
<td>$1,417m</td>
<td>$1,222m</td>
<td>$195m</td>
<td>16%</td>
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<tr>
<td>Gearing</td>
<td>52.7%</td>
<td>48.6%</td>
<td></td>
<td>(4.1) pts</td>
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<tr>
<td>Interim dividend</td>
<td>3.0cps</td>
<td>5.0cps</td>
<td>2.0cps</td>
<td>(40)%</td>
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</table>

* Normalised Earnings before taxation after excluding net gains and losses on derivatives that hedge exposures in other financial periods.
## Hedges RELATING TO OTHER FINANCIAL PERIODS

<table>
<thead>
<tr>
<th></th>
<th>INTERIM 2009</th>
<th>INTERIM 2008</th>
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<tbody>
<tr>
<td>Earnings before Taxation</td>
<td>$14m</td>
<td>$172m</td>
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Reverse net (gains) / losses on derivatives that hedge exposures in other financial periods:

<table>
<thead>
<tr>
<th></th>
<th>INTERIM 2009</th>
<th>INTERIM 2008</th>
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<tbody>
<tr>
<td>Fuel derivatives</td>
<td>$101m</td>
<td>$(14)m</td>
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<tr>
<td>Foreign exchange derivatives</td>
<td>$(88)m</td>
<td>$(2)m</td>
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<tr>
<td>Interest rate derivatives</td>
<td>$(1)m</td>
<td>$3m</td>
</tr>
<tr>
<td>Normalised Earnings before Taxation</td>
<td>$26m</td>
<td>$159m</td>
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### NEW AIRCRAFT ARRIVALS

<table>
<thead>
<tr>
<th>Aircraft Type</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
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</thead>
<tbody>
<tr>
<td>Boeing 777-300ER</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>2</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Boeing 787-9*</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3**</td>
<td>2</td>
</tr>
<tr>
<td>Bombardier Q300</td>
<td>2</td>
<td>-</td>
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<tr>
<td>Beech 1900D</td>
<td>1</td>
<td>-</td>
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<td>-</td>
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</tbody>
</table>

* Launch customer

** New delivery dates and terms agreed with Boeing for the 787-9s delivery