INTERIM RESULTS 2010

AIR NEW ZEALAND
HIGHLIGHTS

• NORMALISED EARNINGS* $96M, UP $70M
• NET CASH POSITION OF $1.1BN
• GEARING STABLE AT 46.0%
• ATW AIRLINE OF THE YEAR
• UNVEILING OF NEW LONG HAUL PRODUCT
• AIRPOINTSTM DEVELOPMENTS

* NORMALISED EARNINGS BEFORE TAXATION AFTER EXCLUDING THE NET IMPACT OF DERIVATIVES THAT HEDGE EXPOSURES IN OTHER FINANCIAL PERIODS
MORE STABLE OPERATING ENVIRONMENT

- Air travel demand bottoming out
- Lower spot fuel prices, long term upward trend continues
- More stable foreign exchange rates
- Competition remains intense
KEY INFLUENCES ON PROFITABILITY

DEC 2008
NORMALISED
EARNINGS
BEFORE
TAXATION

DEC 2009
NORMALISED
EARNINGS
BEFORE
TAXATION

Percentage or value change from previous period.

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2010 Interim Results

Air New Zealand
REVENUE MANAGEMENT

*Revenue per Available Seat Kilometre

YTD RASK* CHANGE
YTD YIELD CHANGE

*REVENUE PER AVAILABLE SEAT KILOMETRE

0%

JUL  AUG  SEP  OCT  NOV  DEC  JAN

(2%)

(4%)

(6%)

(8%)

(10%)

(12%)

(14%)

(16%)
LONG HAUL PERFORMANCE

• PASSENGER DEMAND DOWN 7.3%
• CAPACITY REDUCED BY 8.7%
• LOAD FACTOR IMPROVED 1.2 PERCENTAGE POINTS TO 83.3%
• YIELD DOWN 12.5%
• DEMAND REMAINED WEAK ON ASIAN ROUTES
• US ROUTES SHOWED SIGNS OF RECOVERY
LONG HAUL REVENUE MANAGEMENT

LONG HAUL

<table>
<thead>
<tr>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>JAN</th>
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*Revenue per Available Seat Kilometre

YTD RASK* CHANGE

YTD YIELD CHANGE

*REVENUE PER AVAILABLE SEAT KILOMETRE
DOMESTIC PERFORMANCE

• DEMAND UP 4.8%
• CAPACITY RELATIVELY UNCHANGED
• LOAD FACTOR IMPROVED 3.8 PERCENTAGE POINTS TO 77.2%
• CHANGING COMPETITIVE DYNAMICS
• OTP IMPROVED TO 87.6%* ON TIME
• A320S ON ORDER IN MOVE TO A SINGLE NARROW BODY FLEET
• GRABASEAT™ AN EFFECTIVE SALES TOOL FOR LOW COST SEATS

* AIR NEW ZEALAND ADHERES TO A MORE DISCIPLINED 10 MIN STANDARD THAN THE REST OF THE MARKET
• DEMAND DOWN 2.9%
• REDUCED CAPACITY BY 10.5%
• LOAD FACTOR IMPROVED 6.3 PERCENTAGE POINTS
• ROTORUA/SYDNEY SERVICE LAUNCHED
• SYDNEY TO RAROTONGA TRIAL SERVICE ANNOUNCED
• UNSTABLE MARKET DYNAMICS PERSIST
• CARGO
  – REVENUE DOWN ON LOWER VOLUMES AND YIELDS
  – CESSATION OF FREIGHTER LEASE IN MARCH 2009
• ENGINEERING BUSINESSES CONTINUE TO INCREASE REVENUE
  – MARINE & INDUSTRIAL GAS TURBINES
- Network optimised for demand levels
- Fuel efficiency initiatives continue
- Employee numbers reduced by 5% since December 2008
- Continuous cost management

**Employee Numbers**

<table>
<thead>
<tr>
<th></th>
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<tr>
<td>FTE</td>
<td>10,600</td>
<td>10,800</td>
<td>11,000</td>
<td>11,200</td>
<td>11,000</td>
<td>10,800</td>
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</table>
THE TRAVEL EVOLUTION CONTINUES

- WORLD-FIRST LONG HAUL PRODUCT FROM NOVEMBER
- CONTINUE TO EVOLVE TASMAN/PACIFIC OPERATIONS
- MORE CAPACITY AND EVERYDAY LOW FARES FOR DOMESTIC OPERATION WITH A320 ARRIVAL
STRATEGIC PRIORITIES

• MAKING THE MOST OF ANY DEMAND UPSIDE
• PROMOTION AND DELIVERY OF NEW LONG HAUL PRODUCT
• MANAGING FLEET REPLACEMENT PROGRAMMES
• MAINTAINING OUR ENVIRONMENTAL LEADERSHIP POSITION
• FURTHER DEVELOPMENT OF AIRPOINTS PROGRAMME
• $1.1BN CASH, DOWN $0.5BN ON JUNE 2009
  – DEBT HEDGE ROLL OVER
  – DEBT PAYMENTS
  – PROGRESS PAYMENTS
  – FIXED ASSET ADDITIONS

• GEARING 46.0%, 1.0% INCREASE ON JUNE 2009

• AVERAGE FLEET AGE OF 7.9 YEARS

• INTERIM DIVIDEND OF 3.0 CENTS PER SHARE
AIRCRAFT CAPEX COMMITMENTS

1. INCLUDES PROGRESS PAYMENTS ON AIRCRAFT AND IS NET OF SALE AND LEASE BACK AGREEMENTS
2. ASSUMES NZD/USD = 0.7
3. EXCLUDES CAPITALISED MAINTENANCE OF APPROXIMATELY $50M PER ANNUM AND NON AIRCRAFT CAPEX
The second half of FY10 is approx. 90% hedged with the average effective ceiling at US$76 per barrel of WTI crude oil.

At current prices, the average Singapore jet fuel price after hedging would be US$85 per barrel for the second half of FY10 compared with US$75 in the first half.

The first half of FY11 is approx. 53% hedged with the average ceiling of US$82 and average floor of US$70 per barrel of WTI crude oil.

*Fuel hedge position as at 19 February 2010*
• OPERATING CASH FLOW EXPOSURE FOR THE SECOND HALF OF FY10 IS 91% HEDGED AT AN AVERAGE NZ$/US$ RATE OF 0.66
• THE FY11 OPERATING CASH FLOW EXPOSURE IS 69% HEDGED AT AN AVERAGE NZ$/US$ RATE OF 0.64
• US$466M OF FUTURE CAPEX COMMITMENTS ARE HEDGED AT NZ$/US$ RATE OF 0.73 SPOT
OUTLOOK

- STABILISATION AND RECOVERY OF THE TRADING ENVIRONMENT
- CHALLENGE REMAINS TO IMPROVE PASSENGER NUMBERS AND YIELDS
- WE EXPECT A MORE NORMAL SEASONAL BALANCE THIS YEAR WITH THE SECOND HALF WEAKER THAN THE FIRST
- FOREIGN EXCHANGE HEDGING LOSS OF AROUND $20 MILLION* IN THE SECOND HALF COMPARED TO A GAIN OF $24 MILLION IN THE FIRST HALF
- WE EXPECT THE BUSINESS TO REMAIN PROFITABLE IN THE SECOND HALF

*BASED ON CURRENT EXCHANGE RATES CONTINUING
## Financial Overview

<table>
<thead>
<tr>
<th></th>
<th>Interim 2010</th>
<th>Interim 2009</th>
<th>Dollar Movement</th>
<th>Percentage Movement</th>
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<tbody>
<tr>
<td><strong>Operating Revenue</strong></td>
<td>$2,054M</td>
<td>$2,419M</td>
<td>$(365)M</td>
<td>(15%)</td>
</tr>
<tr>
<td><strong>Normalised Earnings</strong></td>
<td>$96M</td>
<td>$26M</td>
<td>$70M</td>
<td>269%</td>
</tr>
<tr>
<td><strong>Net Profit after Tax</strong></td>
<td>$56M</td>
<td>$24M</td>
<td>$32M</td>
<td>133%</td>
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<tr>
<td><strong>Adjusted Operating Cash Flow</strong></td>
<td>$165M</td>
<td>$113M</td>
<td>$52M</td>
<td>46%</td>
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<tr>
<td><strong>Net Cash</strong></td>
<td>$1,095M</td>
<td>$1,417M</td>
<td>$(322)M</td>
<td>(23%)</td>
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<tr>
<td><strong>Gearing</strong></td>
<td>46.0%</td>
<td>51.9%</td>
<td>N/A</td>
<td>5.9 PTS</td>
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<tr>
<td><strong>Interim Dividend</strong></td>
<td>3.0 CPS</td>
<td>3.0 CPS</td>
<td>-</td>
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</table>

*Normalised earnings before taxation after excluding the net impact of derivatives that hedge exposures in other financial periods.*
<table>
<thead>
<tr>
<th></th>
<th>INTERIM 2010</th>
<th>INTERIM 2009</th>
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<tbody>
<tr>
<td>EARNINGS BEFORE TAXATION</td>
<td>$84M</td>
<td>$14M</td>
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<td>REVERSE NET (GAINS) / LOSSES ON DERIVATIVES THAT HEDGE EXPOSURES IN OTHER FINANCIAL PERIODS:</td>
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<tr>
<td>FUEL DERIVATIVES</td>
<td>$1M</td>
<td>$101M</td>
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<td>FOREIGN EXCHANGE DERIVATIVES</td>
<td>$11M</td>
<td>$(88)M</td>
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<tr>
<td>INTEREST RATE DERIVATIVES</td>
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<td>$(1)M</td>
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<tr>
<td>NORMALISED EARNINGS BEFORE TAXATION</td>
<td>$96M</td>
<td>$26M</td>
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## Aircraft Delivery Schedule

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<thead>
<tr>
<th>Aircraft Type</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
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<tr>
<td>Boeing 777-300ER</td>
<td>-</td>
<td>3</td>
<td>2</td>
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<tr>
<td>Airbus A320</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>4</td>
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<tr>
<td>Boeing 787-9</td>
<td>-</td>
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<td>-</td>
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QUESTIONS