



MONTHLY INVESTOR UPDATE: 23 August 2011

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JULY MARKET CONDITIONS

Air New Zealand carried 1,150,000 passengers during the month of July, 2.8%* more than last year. Revenue passenger kilometres (RPKs) remained the same whilst capacity (ASKs) decreased by 1.8%*. The Group load factor increased by 1.5 percentage points.

Short Haul passenger numbers were up 4.1%* on July last year. Demand (RPKs) increased in the Domestic market by 4.4%* on last year and the load factor increased 3.6 percentage points to 83.4% on unchanged capacity. Tasman / Pacific demand was 7.2%* higher after capacity was increased by 8.7%*. The Tasman / Pacific load factor decreased by 1.1 percentage points on July 2010 to 83.4%.

Long Haul passenger numbers were 6.0%* lower than July last year. On North America / UK routes demand increased by 0.5%* on last July and capacity was decreased by 1.2%*. Load factor increased by 1.5 percentage points on last year to 88.6%. Demand decreased by 12.1%* on Asia / Japan / UK routes, capacity decreased by 15.8%* and load factor increased by 3.6 percentage points to 85.6%. The Christchurch earthquake in late February, combined with the Japan earthquake in March significantly affected passenger numbers on the Japan route. Excluding Japan, capacity (ASKs) decreased by 0.9%* on Asia/UK routes, demand (RPKs) increased by 1.1%* and load factor increased by 1.7 percentage points to 86.6% compared to July last year.

Group-wide yields for the financial year to date were up 6.7% on the same period last year. Compared to last July, year to date Short Haul yields were up 4.4%. Long Haul yields were up by 6.1%. Removing the impact of foreign exchange, Group-wide yields were up 7.9%.

In July, 72.98% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time due to challenging operating conditions from extreme weather.

** 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 2011 accounting period (31 days) compared with July 2010 (32 days).*

COMPANY NEWS

Jane Freeman retires from Air New Zealand Board

Jane Freeman will step down from the Air New Zealand Board following the board meeting on 24 August 2011.

Jane has been a director since February 2002 and her retirement, following the recent appointment of Jan Dawson, will bring the Board back to the normal number of seven directors.

JULY OPERATING STATISTICS TABLE

Group	JULY		
	2011	2010	% * †
Passengers carried (000)	1,150	1,155	2.8%
Revenue Passenger Kilometres(m)	2,401	2,479	(0.0%)
Available Seat Kilometres (m)	2,804	2,948	(1.8%)
Passenger Load Factor (%)	85.6%	84.1%	1.5 pts

Short Haul Total	JULY		
	2011	2010	% * †
Passengers carried (000)	1,011	1,002	4.1%
Revenue Passenger Kilometres(m)	1,066	1,035	6.3%
Available Seat Kilometres (m)	1,279	1,249	5.7%
Passenger Load Factor (%)	83.4%	82.9%	0.5 pts

Domestic	JULY		
	2011	2010	% * †
Passengers carried (000)	731	731	3.2%
Revenue Passenger Kilometres(m)	348	344	4.4%
Available Seat Kilometres (m)	418	431	0.0%
Passenger Load Factor (%)	83.4%	79.8%	3.6 pts

Tasman / Pacific	JULY		
	2011	2010	% * †
Passengers carried (000)	280	271	6.7%
Revenue Passenger Kilometres(m)	718	691	7.2%
Available Seat Kilometres (m)	861	818	8.7%
Passenger Load Factor (%)	83.4%	84.5%	(1.1 pts)

Long Haul Total	JULY		
	2011	2010	% * †
Passengers carried (000)	139	153	(6.0%)
Revenue Passenger Kilometres(m)	1,335	1,443	(4.5%)
Available Seat Kilometres (m)	1,526	1,698	(7.3%)
Passenger Load Factor (%)	87.5%	85.0%	2.5 pts

Asia / Japan / UK	JULY		
	2011	2010	% * †
Passengers carried (000)	54	62	(10.6%)
Revenue Passenger Kilometres(m)	493	579	(12.1%)
Available Seat Kilometres (m)	576	706	(15.8%)
Passenger Load Factor (%)	85.6%	82.0%	3.6 pts

North America / UK	JULY		
	2011	2010	% * †
Passengers carried (000)	85	91	(2.9%)
Revenue Passenger Kilometres(m)	842	864	0.5%
Available Seat Kilometres (m)	950	992	(1.2%)
Passenger Load Factor (%)	88.6%	87.1%	1.5 pts

* % change is based on numbers prior to rounding

† Month on month percentage movements have been adjusted for the 3% difference in days for the month of July 2011(31 days) compared with July 2010 (32 days)

Air New Zealand operates primarily in one segment, its primary business being the transportation of passengers and cargo on scheduled airline services to, from and within New Zealand. The following operational data and statistics is additional supplementary information only.