



MONTHLY INVESTOR UPDATE: 25 October 2011

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SEPTEMBER MARKET CONDITIONS

Air New Zealand carried 1,210,000 passengers during the month of September, 4.8% less than last year. Revenue passenger kilometres (RPKs) decreased 5.2% on 1.2% more capacity (ASKs). The Group load factor decreased 5.4 percentage points.

Short Haul passenger numbers were down 4.3% on September last year. Demand (RPKs) decreased in the Domestic market by 6.1% on last year and the load factor decreased 8.1 percentage points to 74.6% on increased capacity (ASKs) of 3.9%. Tasman / Pacific demand (RPKs) was 2.7% higher after capacity (ASKs) increased by 6.7%. The Tasman / Pacific load factor decreased by 3.2 percentage points compared to September 2010 to 82.0%.

Long Haul passenger numbers were 8.8% lower than September last year on 2.3% less capacity (ASKs). On North America / UK routes demand (RPKs) decreased by 6.7% on last September and capacity (ASKs) was decreased by 0.4%. Load factor decreased by 5.7 percentage points on last year to 84.0%. Demand (RPKs) decreased by 11.8% on Asia / Japan / UK routes, capacity (ASKs) decreased by 5.3% and load factor decreased by 5.8 percentage points to 78.8%. The impact of the Christchurch and Japan earthquakes earlier in the year continues to significantly affect passenger numbers on the Japan routes. Excluding Japan, capacity (ASKs) increased 8.1% on Asia/UK routes, demand (RPKs) decreased by 0.9% and load factor decreased by 7.2 percentage points to 78.7% compared to September last year.

September activity benefited from the influx of international visitors in New Zealand for the Rugby World Cup, which was in line with expectations. Offsetting this, New Zealand school holidays were shifted from September to October and this has impacted demand accordingly. We have also seen generally lower levels of domestic travel due to perceived infrastructure constraints associated with the Rugby World Cup.

Group-wide yields for the financial year to date were up 5.7% on the same period last year. Compared to last September, year to date Short Haul yields were up 3.1%. Long Haul yields were up by 5.5%. Removing the impact of foreign exchange, Group-wide yields were up 7.3%.

In September, 90.52% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time.



COMPANY NEWS

Air New Zealand invests in regional growth with commitment to purchase up to 12 ATR aircraft

Air New Zealand has ordered seven new-generation ATR72-600 aircraft with purchase options for a further five worth a total list price of US\$270 million.

The first of the 68 seat ATR72-600 aircraft will be delivered to Air New Zealand in October 2012 followed by a second in December that year, two in 2013 and another each year for three years. The five purchase options are available for delivery between 2014 and 2016.

Air New Zealand increases interest in Virgin Australia

The increased interest is held through an equity derivative agreement with Deutsche Bank which gives Air New Zealand an economic interest in up to five percent of Virgin Australia subject to certain conditions. One of these conditions is that such purchase does not cause Virgin Australia to breach its foreign ownership cap of 49 percent specified in the Australian Air Navigation Act.

Under the agreement, Air New Zealand is guaranteed a minimum additional exposure of 3.5 percent and up to a maximum additional exposure of five percent. This would take Air New Zealand's total exposure in Virgin Australia to 18.49 and 19.99 percent respectively.

The outlay for the minimum exposure of 3.5 percent will be A\$23.0 million, while the outlay for the maximum five percent will be A\$32.8 million.

Air New Zealand's Seats to Suit extends to Perth

Seats to Suit fares to Perth are now available for purchase for travel from the end of October.

Customers can now book an Economy class ticket to suit their needs - including lead in fares that are \$60 cheaper than the best available standard fare today.

Air New Zealand is the only carrier to operate direct services between Auckland and Perth, offering a daily Boeing 767-300 service which will increase to eight times per week from December.

SEPTEMBER OPERATING STATISTICS TABLE

Group	SEPTEMBER			FINANCIAL YTD		
	2011	2010	% *	2012	2011	Adj % * +
Passengers carried (000)	1,210	1,272	(4.8%)	3,364	3,404	(0.1%)
Revenue Passenger Kilometres(m)	2,496	2,631	(5.2%)	6,916	7,189	(2.8%)
Available Seat Kilometres (m)	3,087	3,052	1.2%	8,357	8,536	(1.1%)
Passenger Load Factor (%)	80.8%	86.2%	(5.4 pts)	82.8%	84.2%	(1.4 pts)
Short Haul Total	SEPTEMBER			FINANCIAL YTD		
	2011	2010	% *	2012	2011	Adj % * +
Passengers carried (000)	1,063	1,110	(4.3%)	2,963	2,962	1.1%
Revenue Passenger Kilometres(m)	1,109	1,113	(0.3%)	3,091	3,014	3.7%
Available Seat Kilometres (m)	1,395	1,320	5.7%	3,782	3,638	5.1%
Passenger Load Factor (%)	79.5%	84.3%	(4.8 pts)	81.7%	82.8%	(1.1 pts)
Domestic	SEPTEMBER			FINANCIAL YTD		
	2011	2010	% *	2012	2011	Adj % * +
Passengers carried (000)	771	825	(6.5%)	2,151	2,179	(0.2%)
Revenue Passenger Kilometres(m)	360	384	(6.1%)	1,014	1,019	0.5%
Available Seat Kilometres (m)	483	464	3.9%	1,277	1,264	2.1%
Passenger Load Factor (%)	74.6%	82.7%	(8.1 pts)	79.4%	80.6%	(1.2 pts)
Tasman / Pacific	SEPTEMBER			FINANCIAL YTD		
	2011	2010	% *	2012	2011	Adj % * +
Passengers carried (000)	292	285	2.2%	812	783	4.8%
Revenue Passenger Kilometres(m)	749	729	2.7%	2,078	1,995	5.3%
Available Seat Kilometres (m)	913	855	6.7%	2,505	2,374	6.6%
Passenger Load Factor (%)	82.0%	85.2%	(3.2 pts)	82.9%	84.0%	(1.1 pts)
Long Haul Total	SEPTEMBER			FINANCIAL YTD		
	2011	2010	% *	2012	2011	Adj % * +
Passengers carried (000)	147	161	(8.8%)	402	443	(8.2%)
Revenue Passenger Kilometres(m)	1,387	1,519	(8.7%)	3,825	4,175	(7.4%)
Available Seat Kilometres (m)	1,692	1,732	(2.3%)	4,575	4,898	(5.6%)
Passenger Load Factor (%)	82.0%	87.7%	(5.7 pts)	83.6%	85.2%	(1.6 pts)
Asia / Japan / UK	SEPTEMBER			FINANCIAL YTD		
	2011	2010	% *	2012	2011	Adj % * +
Passengers carried (000)	56	63	(10.4%)	159	179	(9.9%)
Revenue Passenger Kilometres(m)	514	583	(11.8%)	1,456	1,664	(11.6%)
Available Seat Kilometres (m)	652	688	(5.3%)	1,783	2,012	(10.4%)
Passenger Load Factor (%)	78.8%	84.6%	(5.8 pts)	81.7%	82.7%	(1.0 pts)
North America / UK	SEPTEMBER			FINANCIAL YTD		
	2011	2010	% *	2012	2011	Adj % * +
Passengers carried (000)	91	99	(7.8%)	243	265	(7.2%)
Revenue Passenger Kilometres(m)	873	936	(6.7%)	2,369	2,511	(4.6%)
Available Seat Kilometres (m)	1,040	1,044	(0.4%)	2,792	2,886	(2.2%)
Passenger Load Factor (%)	84.0%	89.7%	(5.7 pts)	84.9%	87.0%	(2.1 pts)

* % change is based on numbers prior to rounding

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