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JUNE MARKET CONDITIONS

Air New Zealand carried 1,124,000 passengers during the month of June, 0.2% more than the same period last year. Revenue passenger kilometres (RPKs) increased 6.9% on a capacity (ASKs) increase of 7.8%. Group load factor was down 0.7 of a percentage point to 83.6%.

Short Haul passenger numbers decreased 1.2% on June last year. Demand (RPKs) decreased in the Domestic market by 0.6% compared to last year, with load factor down 1.8 percentage points on a capacity (ASKs) increase of 1.7%. Tasman/Pacific demand (RPKs) increased 1.8%, with capacity (ASKs) increasing 4.8%. Tasman/Pacific load factor decreased by 2.4 percentage points to 83.1% when compared to June 2011. The Short Haul part of the network was positively impacted in June 2011 as a result of the Chilean ash cloud disrupting other airlines' flight schedules.

Long Haul passenger numbers increased 10.9% compared to June last year, with growth in capacity (ASKs) of 11.1% and demand (RPKs) of 11.7%. Load factor increased 0.5 of a percentage point to 85.1%. On North America/UK routes, demand (RPKs) increased 9.1% with capacity (ASKs) increasing by 7.4%. As a result, load factor increased by 1.4 percentage points on the previous year to 90.0%. Demand (RPKs) increased by 16.2% on Asia/Japan/UK routes, with capacity (ASKs) increasing by 16.7%. Load factor decreased by 0.4 of a percentage point to 78.2%.

Group-wide yields for the financial year to date were up 3.0% on the same period last year. Compared to June 2011, year to date Short Haul yields were up 1.0%. Long Haul yields were up by 4.0%. Removing the impact of foreign exchange, Group-wide yields were up 4.7%.

The network performed strongly in June, contributing to a better Group financial performance than expectations in the final quarter of the 2012 financial year.

In June, 83.7% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time.



COMPANY NEWS

Fleet to sport a new livery from next year

The tails of all new aircraft entering the Air New Zealand fleet are to be painted black, and the lettering of the Air New Zealand name is being modernised. The airline began using black as its corporate colour ahead of the All Blacks' campaign last year. Kiwi typeface designer Kris Sowersby and Designworks were engaged to update the airline's brand imagery, which will be rolled out across all signage and communications channels by the end of the year.

Air New Zealand brings the world to Middle Earth

As part of a two-year partnership between Air New Zealand and Warner Bros. Pictures, passengers to and from the UK and North America can look forward to flying on two *Hobbit*-branded Boeing 777 aircraft, enjoy a very special edition of the inflight safety video and take part in a wide range of upcoming promotions and experiences. This partnership is a natural extension of Air New Zealand's successful involvement with the *Lord of the Rings* trilogy films, which significantly raised New Zealand's profile as an international travel destination.

Airpoints can become 'Shairpoints'

In an expansion of the current Airpoints gifting programme, New Zealand based members will now be able to pool their Airpoints Dollars with up to four other members – including two who reside at a different address. This is a simple way in which people can make the most of their Airpoints Dollars and adds to the improved flexibility introduced a few months ago when the OneSmart card was launched. OneSmart allows people who are short on Airpoints dollars to pay for a flight to top up their account using their OneSmart account.

Aggressive new pricing on domestic routes

Fares are to be slashed on domestic trunk routes for the second time in nine months, as Air New Zealand boosts capacity over the coming year. Leisure travellers in Auckland, Wellington, Christchurch, Dunedin and Queenstown will be the first to benefit from an aggressive new approach to fill the 320,000 additional seats per year that are being added to the New Zealand domestic network. Pricing on regional services is also under review, with the first of the new ATR72-600 turbo prop aircraft arriving in the coming months.



Group	JUNE			FINANCIAL YTD		
	2012	2011	% * +	2012	2011	% *
Passengers carried (000)	1,124	1,056	0.2%	13,122	13,103	0.1%
Revenue Passenger Kilometres(m)	2,403	2,115	6.9%	27,012	26,996	0.1%
Available Seat Kilometres (m)	2,875	2,510	7.8%	32,618	32,353	0.8%
Passenger Load Factor (%)	83.6%	84.3%	(0.7 pts)	82.8%	83.4%	(0.6 pts)
Short Haul Total	JUNE			FINANCIAL YTD		
	2012	2011	% * +	2012	2011	% *
Passengers carried (000)	980	934	(1.2%)	11,520	11,449	0.6%
Revenue Passenger Kilometres(m)	1,007	939	1.0%	11,844	11,490	3.1%
Available Seat Kilometres (m)	1,234	1,120	3.7%	14,247	13,866	2.7%
Passenger Load Factor (%)	81.6%	83.8%	(2.2 pts)	83.1%	82.9%	0.2 pts
Domestic	JUNE			FINANCIAL YTD		
	2012	2011	% * +	2012	2011	% *
Passengers carried (000)	724	693	(1.7%)	8,500	8,530	(0.3%)
Revenue Passenger Kilometres(m)	341	323	(0.6%)	4,050	4,021	0.7%
Available Seat Kilometres (m)	433	401	1.7%	4,969	4,904	1.3%
Passenger Load Factor (%)	78.9%	80.7%	(1.8 pts)	81.5%	82.0%	(0.5 pts)
Tasman / Pacific	JUNE			FINANCIAL YTD		
	2012	2011	% * +	2012	2011	% *
Passengers carried (000)	256	240	0.2%	3,020	2,919	3.5%
Revenue Passenger Kilometres(m)	666	615	1.8%	7,795	7,470	4.4%
Available Seat Kilometres (m)	801	720	4.8%	9,278	8,962	3.5%
Passenger Load Factor (%)	83.1%	85.5%	(2.4 pts)	84.0%	83.3%	0.7 pts
Long Haul Total	JUNE			FINANCIAL YTD		
	2012	2011	% * +	2012	2011	% *
Passengers carried (000)	144	122	10.9%	1,601	1,654	(3.2%)
Revenue Passenger Kilometres(m)	1,396	1,176	11.7%	15,168	15,506	(2.2%)
Available Seat Kilometres (m)	1,641	1,390	11.1%	18,371	18,487	(0.6%)
Passenger Load Factor (%)	85.1%	84.6%	0.5 pts	82.6%	83.9%	(1.3 pts)
Asia / Japan / UK	JUNE			FINANCIAL YTD		
	2012	2011	% * +	2012	2011	% *
Passengers carried (000)	57	47	14.0%	652	662	(1.5%)
Revenue Passenger Kilometres(m)	537	435	16.2%	5,979	6,077	(1.6%)
Available Seat Kilometres (m)	686	553	16.7%	7,495	7,432	0.8%
Passenger Load Factor (%)	78.2%	78.6%	(0.4 pts)	79.8%	81.8%	(2.0 pts)
North America / UK	JUNE			FINANCIAL YTD		
	2012	2011	% * +	2012	2011	% *
Passengers carried (000)	87	75	8.9%	950	993	(4.4%)
Revenue Passenger Kilometres(m)	859	741	9.1%	9,189	9,429	(2.5%)
Available Seat Kilometres (m)	955	836	7.4%	10,876	11,055	(1.6%)
Passenger Load Factor (%)	90.0%	88.6%	1.4 pts	84.5%	85.3%	(0.8 pts)

* % change is based on numbers prior to rounding

+ Month on month percentage movements have been adjusted for the 6% difference in days for the month of June 2012 (34 days) compared with June 2011 (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.