



MONTHLY INVESTOR UPDATE: 30 OCTOBER 2013

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SEPTEMBER MARKET CONDITIONS

Air New Zealand carried 1,297,000 passengers during the month of September, 0.8% more than the same period last year. Revenue passenger kilometres (RPKs) increased 0.3% on a capacity (ASKs) increase of 1.0%. Group load factor was 84.1%, down 0.6 of a percentage point.

Short Haul passenger numbers were up 0.9% on the same period last year. Demand (RPKs) increased in the Domestic market by 2.0%, while capacity increased 3.1%. Domestic load factor was down 0.9 of a percentage point to 79.5%.

Tasman/Pacific demand (RPKs) increased 0.6%, with capacity (ASKs) increasing 3.0%, reflecting the up-gauge to a B777 aircraft on Auckland-Perth. Load factor for Tasman/Pacific was down 2.0 percentage points to 82.0%.

Long Haul passenger numbers decreased 0.1% compared to September last year, with demand (RPKs) and capacity (ASKs) down 0.4% and 1.0% respectively. Load factor increased by 0.6 percentage points to 86.9%.

On North America/UK routes, demand (RPKs) increased 9.6% with capacity (ASKs) increasing by 9.0%. Load factor increased 0.5 of a percentage points to 91.6%.

Demand (RPKs) was down 18.0% on Asia/Japan/UK routes, with capacity (ASKs) decreasing by 16.2% due to the withdrawal of Hong Kong-London flights. Load factor decreased 1.6 percentage points to 77.4%.

Group-wide yields for the financial year to date were down 0.1% on the same period last year. Short Haul yields were down 1.4%, while Long Haul yields were up 0.9%. Removing the impact of foreign exchange, Group-wide yields were up 1.9%.

In September, 81.4% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time.



COMPANY NEWS

Appointment of Chief Sales & Commercial Officer

Air New Zealand has appointed Cam Wallace to the role of Chief Sales and Commercial Officer effective January 1, 2014. He will replace Norm Thompson who retires in December.

Chief Executive Officer Christopher Luxon says Mr Wallace, who is currently Group General Manager New Zealand and Pacific Islands, has been selected for the role after an international search.

Mr Wallace has held sales leadership roles for more than ten years on both sides of the Tasman with Air New Zealand. He currently has responsibility for generating more than NZ\$2 billion in revenue annually through leading a sales and market development team of over 650 people. Prior to joining Air New Zealand he held roles within two other airlines.

New Los Angeles Star Alliance lounge opens

The new Star Alliance Lounge located at Los Angeles International Airport (LAX) officially opened its doors on 25 September, welcoming all First, Business and Star Alliance Gold Card passengers departing on Star Alliance member airlines from the Tom Bradley International Terminal.

Air New Zealand, as a member carrier, was appointed to develop and manage the new lounge on behalf of the Alliance.

The new premium customer facility offers space for around 400 Business Class and Star Alliance Gold passengers, including an exclusive area for First Class passengers. Designed by global architectural firm Gensler, the 18,000 square foot (1,675 square meter) lounge features a unique open air terrace, offering panoramic views of the northern runway towards the Hollywood Hills. This outdoor terrace provides passengers with an unparalleled sensory experience, complete with fire pits and a water wall.

Increased capacity to Hawaii, the Pacific Islands and a return to Bali

Kiwis' love affair with the beach is set to continue with Air New Zealand announcing it will increase capacity on its Auckland to Honolulu service, on Pacific Island routes and operate a third season of its Auckland to Bali service. The airline will operate four services a week between Auckland and Honolulu from 16 June to 25 October next year, moving to five services a week over the peak 30 June to 27 July period.

Air New Zealand Group General Manager New Zealand and Pacific Islands Cam Wallace says Hawaii continues to prove popular with customers, especially those with families. "Hawaii is an ideal school holiday destination as it's almost a full day behind New Zealand meaning there's no difficulty in adjusting to a different time zone," Mr Wallace says.

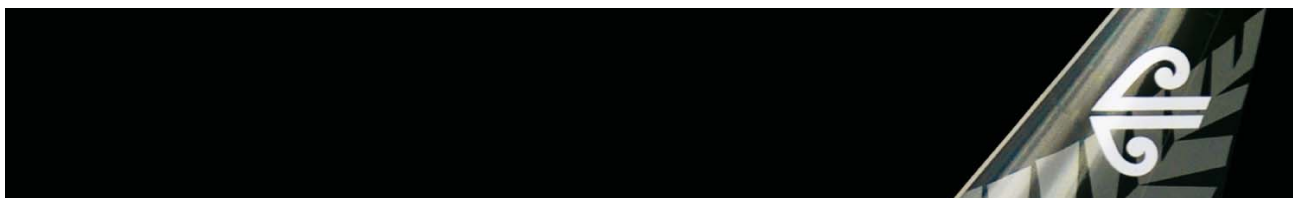
Air New Zealand will also operate a third season of its popular non-stop Auckland to Bali service next year and increase capacity on the route by 40 percent. The twice weekly 2014 seasonal service between Auckland and Denpasar will operate from 31 May to 19 October. The service will be bolstered to three flights a week over the most popular period of 1 July to 12 October.



Employment relations update

Air New Zealand has recently concluded a round of employment relations negotiations which have led to significant changes in terms and conditions for the Cabin Crew and Technical Operations workforces, designed to improve efficiency and productivity for the long term.

As a result of new collective agreements, the company will not be involved in any bargaining for new collective agreements in any of the major workplaces until the middle of the 2015 calendar year.



Group	SEPTEMBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	1,297	1,286	0.8%	3,414	3,336	3.5%
Revenue Passenger Kilometres(m)	2,708	2,700	0.3%	7,212	7,147	2.0%
Available Seat Kilometres (m)	3,219	3,189	1.0%	8,557	8,597	0.6%
Passenger Load Factor (%)	84.1%	84.7%	(0.6 pts)	84.3%	83.1%	1.2 pts
Short Haul Total	SEPTEMBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	1,150	1,140	0.9%	3,026	2,946	3.9%
Revenue Passenger Kilometres(m)	1,277	1,264	1.0%	3,420	3,333	3.7%
Available Seat Kilometres (m)	1,573	1,526	3.0%	4,185	4,087	3.5%
Passenger Load Factor (%)	81.2%	82.8%	(1.6 pts)	81.7%	81.6%	0.1 pts
Domestic	SEPTEMBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	832	823	1.1%	2,159	2,094	4.3%
Revenue Passenger Kilometres(m)	400	393	2.0%	1,053	1,006	5.8%
Available Seat Kilometres (m)	504	489	3.1%	1,315	1,264	5.2%
Passenger Load Factor (%)	79.5%	80.4%	(0.9 pts)	80.0%	79.6%	0.4 pts
Tasman / Pacific	SEPTEMBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	318	317	0.5%	867	852	2.9%
Revenue Passenger Kilometres(m)	877	871	0.6%	2,367	2,327	2.9%
Available Seat Kilometres (m)	1,069	1,038	3.0%	2,870	2,823	2.8%
Passenger Load Factor (%)	82.0%	84.0%	(2.0 pts)	82.5%	82.4%	0.1 pts
Long Haul Total	SEPTEMBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	147	147	(0.1%)	388	391	0.4%
Revenue Passenger Kilometres(m)	1,430	1,436	(0.4%)	3,792	3,814	0.5%
Available Seat Kilometres (m)	1,647	1,663	(1.0%)	4,371	4,510	(2.0%)
Passenger Load Factor (%)	86.9%	86.3%	0.6 pts	86.8%	84.6%	2.2 pts
Asia / Japan / UK	SEPTEMBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	48	56	(15.2%)	127	158	(18.7%)
Revenue Passenger Kilometres(m)	426	519	(18.0%)	1,144	1,465	(21.0%)
Available Seat Kilometres (m)	550	657	(16.2%)	1,476	1,850	(19.3%)
Passenger Load Factor (%)	77.4%	79.0%	(1.6 pts)	77.5%	79.2%	(1.7 pts)
North America / UK	SEPTEMBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	99	91	9.2%	261	233	13.3%
Revenue Passenger Kilometres(m)	1,005	917	9.6%	2,648	2,349	14.0%
Available Seat Kilometres (m)	1,097	1,006	9.0%	2,895	2,660	10.0%
Passenger Load Factor (%)	91.6%	91.1%	0.5 pts	91.5%	88.3%	3.2 pts

* % change is based on numbers prior to rounding.

+ The 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 accounting month of July 2013 (28 days) compared to July 2012 (29 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.