



MONTHLY INVESTOR UPDATE: 22 November 2011

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OCTOBER MARKET CONDITIONS

Air New Zealand carried 1,032,000 passengers during the month of October, 1.5% more than last year. Revenue passenger kilometres (RPKs) increased 2.5% on 3.3% more capacity (ASKs). The Group load factor decreased 0.6 percentage points.

Short Haul passenger numbers were up 1.9% on October last year. Demand (RPKs) increased in the Domestic market by 0.4% on last year and the load factor decreased 2.6 percentage points to 80.8% on increased capacity (ASKs) of 3.8%. Tasman / Pacific demand (RPKs) was 11.8% higher after capacity (ASKs) increased by 14.5%. The Tasman / Pacific load factor decreased by 2.1 percentage points compared to October 2010 to 85.2%.

Long Haul passenger numbers were 1.8% lower than October last year on 1.9% less capacity (ASKs). On North America / UK routes demand (RPKs) increased by 3.7% on last October and capacity (ASKs) was increased by 2.7%. Load factor increased by 0.8 percentage points on last year to 81.1%. Demand (RPKs) decreased by 9.6% on Asia / Japan / UK routes, capacity (ASKs) decreased by 9.3% and load factor decreased by 0.3 percentage points to 81.2%. 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 5.3% on Asia/UK routes, demand (RPKs) increased by 6.7% and load factor increased by 1.1 percentage points to 82.5% compared to October last year.

Group-wide yields for the financial year to date were up 6.1% on the same period last year. Compared to last October year to date Short Haul yields were up 3.8%. Long Haul yields were up by 5.5%. Removing the impact of foreign exchange, Group-wide yields were up 7.9%.

In October, 85.57% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time.



COMPANY NEWS

Air New Zealand Paraparaumu-Auckland service takes off

Paraparaumu is the 27th destination on Air New Zealand's domestic network with the launch of direct services between Paraparaumu (Kapiti Coast) and Auckland.

The new service is being operated by Air New Zealand regional subsidiary Air Nelson, with 18 return flights per week between the Kapiti Coast and Auckland.

The new schedule has been designed to support business customers travelling between northern Wellington and Auckland and also to encourage Aucklanders to enjoy a weekend on the Kapiti Coast.

Direct Japan-Christchurch flights resume

Air New Zealand resumes its direct services from Japan into Christchurch on Tuesday 1 November, with a Boeing 777-200 flight from Narita, Tokyo.

The service marks both the resumption of Air New Zealand's annual summer schedule from Japan, and the return of regular Boeing 777-200 services on the Japan route after an eight-month absence.

Air New Zealand boosts capacity between Rotorua and Queenstown

Domestic jet services are set to return to Rotorua in the 2012-2013 summer season.

Air New Zealand has announced capacity increases between Rotorua and Queenstown via Christchurch with the up-gauging of six services a week to a Boeing 737.

The airline currently operates three ATR services a day between Rotorua and Queenstown via Christchurch.

The planned up-gauge to a 737 on one of the services provides a 27% increase in capacity between Rotorua and Christchurch, and a 14% increase between Christchurch and Queenstown.

Air New Zealand announces plans for new service between Mt Cook/Christchurch/Queenstown

Mt Cook is set to become the 28th domestic destination on Air New Zealand's network with the airline announcing today the trial of a new Christchurch/Mt Cook/Queenstown route in the summer of 2012-2013.

The service will operate for six weeks between 23 December 2012 and 27 January 2013 to meet high-season demand from offshore markets, particularly tourists coming in from Japan.

Schedule (subject to change)

Christchurch-Mt Cook	1145/1225
Mt Cook-Queenstown	1330/1410
Queenstown-Mt Cook	1510/1550
Mt Cook-Christchurch	1630/1710

OCTOBER STATISTICS TABLE

Group	OCTOBER			FINANCIAL YTD		
	2011	2010	% *	2012	2011	Adj % * +
Passengers carried (000)	1,032	1,017	1.5%	4,396	4,421	0.3%
Revenue Passenger Kilometres(m)	2,087	2,036	2.5%	9,003	9,223	(1.6%)
Available Seat Kilometres (m)	2,537	2,456	3.3%	10,894	10,992	(0.1%)
Passenger Load Factor (%)	82.3%	82.9%	(0.6 pts)	82.6%	83.9%	(1.3 pts)
Short Haul Total						
	OCTOBER			FINANCIAL YTD		
	2011	2010	% *	2012	2011	Adj % * +
Passengers carried (000)	911	894	1.9%	3,873	3,854	1.3%
Revenue Passenger Kilometres(m)	952	883	7.8%	4,043	3,897	4.6%
Available Seat Kilometres (m)	1,137	1,028	10.6%	4,919	4,666	6.3%
Passenger Load Factor (%)	83.7%	85.9%	(2.2 pts)	82.2%	83.5%	(1.3 pts)
Domestic						
	OCTOBER			FINANCIAL YTD		
	2011	2010	% *	2012	2011	Adj % * +
Passengers carried (000)	663	674	(1.6%)	2,814	2,852	(0.5%)
Revenue Passenger Kilometres(m)	315	313	0.4%	1,328	1,333	0.5%
Available Seat Kilometres (m)	389	375	3.8%	1,666	1,640	2.5%
Passenger Load Factor (%)	80.8%	83.4%	(2.6 pts)	79.7%	81.3%	(1.6 pts)
Tasman / Pacific						
	OCTOBER			FINANCIAL YTD		
	2011	2010	% *	2012	2011	Adj % * +
Passengers carried (000)	248	220	12.7%	1,059	1,002	6.6%
Revenue Passenger Kilometres(m)	637	570	11.8%	2,715	2,564	6.7%
Available Seat Kilometres (m)	748	653	14.5%	3,253	3,027	8.3%
Passenger Load Factor (%)	85.2%	87.3%	(2.1 pts)	83.5%	84.7%	(1.2 pts)
Long Haul Total						
	OCTOBER			FINANCIAL YTD		
	2011	2010	% *	2012	2011	Adj % * +
Passengers carried (000)	120	123	(1.8%)	523	566	(6.9%)
Revenue Passenger Kilometres(m)	1,135	1,153	(1.5%)	4,960	5,326	(6.1%)
Available Seat Kilometres (m)	1,400	1,428	(1.9%)	5,974	6,326	(4.8%)
Passenger Load Factor (%)	81.1%	80.7%	0.4 pts	83.0%	84.2%	(1.2 pts)
Asia / Japan / UK						
	OCTOBER			FINANCIAL YTD		
	2011	2010	% *	2012	2011	Adj % * +
Passengers carried (000)	44	49	(8.7%)	204	227	(9.7%)
Revenue Passenger Kilometres(m)	409	452	(9.6%)	1,865	2,117	(11.2%)
Available Seat Kilometres (m)	503	555	(9.3%)	2,286	2,567	(10.2%)
Passenger Load Factor (%)	81.2%	81.5%	(0.3 pts)	81.6%	82.5%	(0.9 pts)
North America / UK						
	OCTOBER			FINANCIAL YTD		
	2011	2010	% *	2012	2011	Adj % * +
Passengers carried (000)	76	74	2.8%	319	339	(5.0%)
Revenue Passenger Kilometres(m)	727	700	3.7%	3,095	3,209	(2.8%)
Available Seat Kilometres (m)	896	872	2.7%	3,688	3,758	(1.1%)
Passenger Load Factor (%)	81.1%	80.3%	0.8 pts	83.9%	85.4%	(1.5 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.