



MONTHLY INVESTOR UPDATE: 23 March 2011

CONTENTS

- *February market conditions*
- *Company news*
- *Operating statistics table*

FEBRUARY MARKET CONDITIONS

Air New Zealand carried 1,066,000 passengers during the month of February, 6.9% greater than last year. Revenue passenger kilometres (RPKs) were up 6.6% and capacity (ASKs) was increased by 6.5%. The Group load factor increased by 0.1 percentage points.

Short Haul passenger numbers were up 7.7% on February last year. Demand (RPKs) increased in the Domestic market by 8.4% on last year and the load factor increased by 2.3 percentage points to 83.3% on a capacity increase of 5.5%. Tasman / Pacific demand was 14.1% higher after capacity was increased by 10.5%. The Tasman / Pacific load factor increased 2.6 percentage points on February 2010 to 82.0%.

Long Haul passenger numbers were 2.1% higher than February last year. On North America / UK routes demand increased by 5.3% on last February and capacity was increased by 8.1%. Load factor decreased by 2.2 percentage points on last year to 83.9%. Demand increased by 0.5% on Asia / Japan / UK routes, capacity increased by 0.9% and load factor decreased by 0.3 percentage points to 83.7%.

Group-wide yields for the financial year to date were up 1.9% on the same period last year. Compared to last February, year to date Short Haul yields were down 2.3% partly due to the new seats to suit product. Long Haul yields were up by 5.5%. Removing the impact of foreign exchange, Group-wide yields were up 4.6%.

In February, 73.92% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time, due to the disruption and additional services following the Christchurch earthquake.



COMPANY NEWS

Jan Dawson to join Air New Zealand Board

Jan Dawson, currently the chair and chief executive of KPMG, will join the board of Air New Zealand on 1 April.

Ms Dawson has more than 30 years experience as a lead audit partner with many of New Zealand's major companies as well as experience in the UK and Canada. She has more recently been a regional board member of KPMG Asia Pacific, a board member of KPMG Australia and a councillor of KPMG International. Jan is also chair of Yachting New Zealand and deputy chair of Counties - Manukau District Health board amongst a number of community involvements.

Air New Zealand fares increase to recover jet fuel cost

Air New Zealand is increasing domestic and international fares as a result of the rising cost of jet fuel.

Over the past month jet fuel has increased from USD114 per barrel to USD130 per barrel, adding almost USD10 million per month to the airline's operating costs.

Effective from 18 March, domestic airfares will increase by an average of 7%, fares to Australia and the Pacific Islands will increase by an average of 8% and long haul fares will increase by an average of 7%.

Earnings Update

Air New Zealand gave guidance on February 24th 2011, at the six month result announcement, that it expected to be profitable in the second half, noting the risks around fuel price and the Christchurch earthquake.

The financial impact of the Christchurch earthquake is more severe than expected then. Further, the recent tragic events in Japan will also impact revenue in that important market. Based on current fuel prices and demand trends the company does not expect to be profitable in the second half year and full year normalised earnings* are expected to fall below \$100m.

** Normalised earnings before taxation after excluding the net impact of derivatives that hedge exposures in other financial periods.*

FEBRUARY OPERATING STATISTICS TABLE

Group	FEBRUARY			FINANCIAL YTD		
	2011	2010	% *	2011	2010	% *
Passengers carried (000)	1,066	997	6.9%	8,855	8,240	7.5%
Revenue Passenger Kilometres(m)	2,231	2,093	6.6%	18,746	17,626	6.4%
Available Seat Kilometres (m)	2,679	2,516	6.5%	22,190	21,424	3.6%
Passenger Load Factor (%)	83.3%	83.2%	0.1 pts	84.5%	82.3%	2.2 pts
Short Haul Total	FEBRUARY			FINANCIAL YTD		
	2011	2010	% *	2011	2010	% *
Passengers carried (000)	923	857	7.7%	7,680	7,102	8.1%
Revenue Passenger Kilometres(m)	906	809	11.9%	7,787	7,092	9.8%
Available Seat Kilometres (m)	1,098	1,011	8.6%	9,315	8,902	4.6%
Passenger Load Factor (%)	82.5%	80.0%	2.5 pts	83.6%	79.7%	3.9 pts
Domestic	FEBRUARY			FINANCIAL YTD		
	2011	2010	% *	2011	2010	% *
Passengers carried (000)	700	661	5.9%	5,674	5,284	7.4%
Revenue Passenger Kilometres(m)	337	311	8.4%	2,674	2,465	8.5%
Available Seat Kilometres (m)	405	384	5.5%	3,253	3,152	3.2%
Passenger Load Factor (%)	83.3%	81.0%	2.3 pts	82.2%	78.2%	4.0 pts
Tasman / Pacific	FEBRUARY			FINANCIAL YTD		
	2011	2010	% *	2011	2010	% *
Passengers carried (000)	223	196	13.7%	2,006	1,818	10.3%
Revenue Passenger Kilometres(m)	568	498	14.1%	5,113	4,628	10.5%
Available Seat Kilometres (m)	693	627	10.5%	6,063	5,750	5.4%
Passenger Load Factor (%)	82.0%	79.4%	2.6 pts	84.3%	80.5%	3.8 pts
Long Haul Total	FEBRUARY			FINANCIAL YTD		
	2011	2010	% *	2011	2010	% *
Passengers carried (000)	143	140	2.1%	1,175	1,139	3.2%
Revenue Passenger Kilometres(m)	1,326	1,283	3.3%	10,959	10,534	4.0%
Available Seat Kilometres (m)	1,582	1,505	5.1%	12,874	12,522	2.8%
Passenger Load Factor (%)	83.8%	85.2%	(1.4 pts)	85.1%	84.1%	1.0 pts
Asia / Japan / UK	FEBRUARY			FINANCIAL YTD		
	2011	2010	% *	2011	2010	% *
Passengers carried (000)	58	58	(0.2%)	479	462	3.6%
Revenue Passenger Kilometres(m)	530	527	0.5%	4,394	4,191	4.8%
Available Seat Kilometres (m)	633	627	0.9%	5,253	5,139	2.2%
Passenger Load Factor (%)	83.7%	84.0%	(0.3 pts)	83.7%	81.6%	2.1 pts
North America / UK	FEBRUARY			FINANCIAL YTD		
	2011	2010	% *	2011	2010	% *
Passengers carried (000)	85	82	3.7%	697	677	2.9%
Revenue Passenger Kilometres(m)	796	756	5.3%	6,565	6,343	3.5%
Available Seat Kilometres (m)	949	878	8.1%	7,622	7,384	3.2%
Passenger Load Factor (%)	83.9%	86.1%	(2.2 pts)	86.1%	85.9%	0.2 pts

* % change is based on numbers prior to rounding

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.