



MONTHLY INVESTOR UPDATE: 27 June 2011

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MAY MARKET CONDITIONS

Air New Zealand carried 892,000 passengers during the month of May, 1.0% more than last year. Revenue passenger kilometres (RPKs) were down 2.8% and capacity (ASKs) decreased by 3.9%. The Group load factor increased by 0.9 percentage points.

Short Haul passenger numbers were up 2.5% on May last year. Demand (RPKs) increased in the Domestic market by 3.4% on last year and the load factor decreased by 1.1 percentage points to 79.0% on a capacity increase of 4.9%. Tasman / Pacific demand was 4.4% higher after capacity was increased by 3.5%. The Tasman / Pacific load factor increased by 0.6 percentage points on May 2010 to 78.9%.

Long Haul passenger numbers were 9.3% lower than May last year. On North America / UK routes demand decreased by 4.0% on last May and capacity was decreased by 5.6%. Load factor increased by 1.3 percentage points on last year to 81.2%. Demand decreased by 13.3% on Asia / Japan / UK routes, capacity decreased by 14.8% and load factor increased by 1.3 percentage points to 73.2%. The Christchurch earthquake in late February, combined with the Japan earthquake in March significantly affected passenger numbers on the Japan route. Excluding Japan, capacity (ASKs) decreased 0.2% on Asia/UK routes, demand (RPKs) increased by 4.5% and load factor increased by 3.4 percentage points to 75.0% compared to May last year.

Group-wide yields for the financial year to date were up 1.4% on the same period last year. Compared to last May, year to date Short Haul yields were down 2.6% partly due to the new seats to suit product. Long Haul yields were up by 4.3%. Removing the impact of foreign exchange, Group-wide yields were up 3.7%.

In May, 79.23% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time.



COMPANY NEWS

Altitude Aerospace Interiors Ltd Wins Second Major VIP Aircraft Contract

Altitude Aerospace Interiors has landed its second major VIP aircraft completion contract which will see it outfit a Boeing Business Jet 737 (BBJ) VIP aircraft with a luxurious state of the art interior for a sub continental client.

The client will take possession of the brand new aircraft at the end of this year and it's expected to arrive at Altitude's facilities early next year. It will arrive without any interior components other than what is necessary to ferry the aircraft to New Zealand. The Altitude team will then spend the best part of a year fitting it out with a luxury bespoke interior to meet the clients' exacting standards. This is Altitude's second major VIP aircraft fit out contract.

MAY OPERATING STATISTICS TABLE

Group	MAY			FINANCIAL YTD		
	2011	2010	% *	2011	2010	% *
Passengers carried (000)	892	883	1.0%	12,047	11,323	6.4%
Revenue Passenger Kilometres(m)	1,707	1,755	(2.8%)	24,883	23,770	4.7%
Available Seat Kilometres (m)	2,174	2,263	(3.9%)	29,843	29,088	2.6%
Passenger Load Factor (%)	78.5%	77.6%	0.9 pts	83.4%	81.7%	1.7 pts

Short Haul Total	MAY			FINANCIAL YTD		
	2011	2010	% *	2011	2010	% *
Passengers carried (000)	793	774	2.5%	10,514	9,802	7.3%
Revenue Passenger Kilometres(m)	760	731	4.0%	10,552	9,678	9.0%
Available Seat Kilometres (m)	963	926	4.0%	12,746	12,123	5.1%
Passenger Load Factor (%)	79.0%	78.9%	0.1 pts	82.8%	79.8%	3.0 pts

Domestic	MAY			FINANCIAL YTD		
	2011	2010	% *	2011	2010	% *
Passengers carried (000)	609	597	2.1%	7,836	7,353	6.6%
Revenue Passenger Kilometres(m)	283	273	3.4%	3,697	3,429	7.8%
Available Seat Kilometres (m)	358	341	4.9%	4,504	4,348	3.6%
Passenger Load Factor (%)	79.0%	80.1%	(1.1 pts)	82.1%	78.9%	3.2 pts

Tasman / Pacific	MAY			FINANCIAL YTD		
	2011	2010	% *	2011	2010	% *
Passengers carried (000)	184	178	3.8%	2,678	2,449	9.4%
Revenue Passenger Kilometres(m)	478	458	4.4%	6,854	6,249	9.7%
Available Seat Kilometres (m)	605	585	3.5%	8,242	7,775	6.0%
Passenger Load Factor (%)	78.9%	78.3%	0.6 pts	83.2%	80.4%	2.8 pts

Long Haul Total	MAY			FINANCIAL YTD		
	2011	2010	% *	2011	2010	% *
Passengers carried (000)	98	109	(9.3%)	1,532	1,521	0.8%
Revenue Passenger Kilometres(m)	946	1,024	(7.6%)	14,331	14,092	1.7%
Available Seat Kilometres (m)	1,211	1,337	(9.4%)	17,097	16,965	0.8%
Passenger Load Factor (%)	78.1%	76.6%	1.5 pts	83.8%	83.1%	0.7 pts

Asia / Japan / UK	MAY			FINANCIAL YTD		
	2011	2010	% *	2011	2010	% *
Passengers carried (000)	37	42	(12.0%)	614	618	(0.6%)
Revenue Passenger Kilometres(m)	341	393	(13.3%)	5,643	5,634	0.2%
Available Seat Kilometres (m)	466	547	(14.8%)	6,879	6,973	(1.4%)
Passenger Load Factor (%)	73.2%	71.9%	1.3 pts	82.0%	80.8%	1.2 pts

North America / UK	MAY			FINANCIAL YTD		
	2011	2010	% *	2011	2010	% *
Passengers carried (000)	61	66	(7.6%)	918	902	1.7%
Revenue Passenger Kilometres(m)	606	631	(4.0%)	8,688	8,458	2.7%
Available Seat Kilometres (m)	746	790	(5.6%)	10,219	9,992	2.3%
Passenger Load Factor (%)	81.2%	79.9%	1.3 pts	85.0%	84.7%	0.3 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.