



MONTHLY INVESTOR UPDATE: 20 May 2010

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APRIL MARKET CONDITIONS

In April Air New Zealand carried 958,000 passengers, 1.4% less than the same month last year. Revenue passenger kilometres (RPKs) were down 6.7% and capacity (ASKs) was reduced by 4.1%. The Group load factor decreased by 2.3 percentage points.

Short Haul passenger numbers were in line with April last year. Demand (RPKs) increased in the Domestic market by 3.4% on last year and the load factor rose by 1.4 percentage points to 80.0% as capacity was increased by 1.5%. Tasman / Pacific capacity was reduced by 4.9% in response to a 7.2% decrease in demand. Easter and school holidays fell in March and April this year compared with only April last year decreasing demand on Short Haul leisure routes. Trans-Tasman load factors were 2.0 percentage points lower than April 2009 at 80.9%.

The Long Haul performance for the month was impacted by the volcanic ash related disruptions in the UK, which reduced capacity for the month by around 1.5%. Long Haul passenger numbers were 10.6% lower than April last year. Demand declined by 14.5% on Asia / Japan / UK routes and capacity was reduced by 5.3% with the load factor decreasing by 8.3 percentage points to 77.1%. On North America / UK routes demand decreased by 5.0% and capacity was reduced by 5.2%, partially due to volcanic ash disruptions, the load factor increased by 0.2 of a percentage point to 79.6%.

Group-wide yields for the financial year to date were down 8.5% on the same period last year. Year to date Short Haul yields were down 6.6% and the respective Long Haul yields were down by 12.5%. Removing the impact of foreign exchange, Group-wide yields were down 6.7%.

89.4% of Air New Zealand's Domestic flights departed within 10 minutes of schedule departure time in April.

COMPANY NEWS

Air New Zealand and Virgin Blue Announce Trans-Tasman Alliance Proposal

Air New Zealand and Virgin Blue Airlines Group have announced their intention to seek regulatory approval to create an alliance on the trans-Tasman.

The proposed alliance will allow the airlines to strengthen their competitive offering on the trans-Tasman and to collaborate on future route and product planning, code sharing and frequent flyer programme benefits.

Air New Zealand and Virgin Blue have had trans-Tasman teams working on the alliance proposal for some months and have filed applications with the Australian Competition and Consumer Commission and the New Zealand Ministry of Transport. The regulators are expected to take around six months to review the applications prior to authorisation.

