



MONTHLY INVESTOR UPDATE: 27 July 2010

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JUNE MARKET CONDITIONS

Air New Zealand carried 1 million passengers during the month of June. Revenue passenger kilometres (RPKs) were up 5.8%* and capacity (ASKs) was increased by 1.7%*. The Group load factor increased by 3.2 percentage points.

Short Haul passenger numbers were up 8.2%* on June last year. Demand (RPKs) increased in the Domestic market by 10.6%* on last year and the load factor rose by 5.7 percentage points to 80.7% as capacity was increased by 2.9%*. Tasman / Pacific capacity was reduced by 3.4%* and demand increased by 2.2%*. The Tasman / Pacific load factor increased 4.5 percentage points on June 2009 to 81.2%.

Long Haul passenger numbers were 4.8%* higher than June last year. On North America / UK routes demand increased by 3.9% and capacity was similar to last year, the load factor increased by 3.0 percentage points to 87.0%. Demand increased by 10.5%* on Asia / Japan / UK routes and capacity was increased by 10.0%* with the load factor relatively flat at 79.1%. In June last year Air New Zealand reduced capacity in response to decreased demand as a result of swine flu that predominantly impacted Asian markets.

Group-wide yields for the financial year to date were down 7.1% on the same period last year. Year to date Short Haul yields were down 5.4% and the respective Long Haul yields were down by 10.7%. Removing the impact of foreign exchange, Group-wide yields were down 4.9%.

Poor weather again caused a number of operational challenges during June resulting in 83.0% of Air New Zealand's Domestic flights departing within 10 minutes of schedule departure time.

COMPANY NEWS

Air New Zealand increases flights into Wanaka

Air New Zealand will be increasing the number of flights into and out of Wanaka. The additional services, will be operated by Air New Zealand's Eagle Air, and are in response to feedback on the demand for flights at times that suit the increasing numbers of both business and leisure travellers.

The new services, which will be trialled for 3-6 months, will increase the number of flights by 40%.

** Month on month percentage movements have been adjusted on a daily weighted average basis. The adjustment takes into account the difference in days for the June 2010 accounting period (31 days) compared with June 2009 (37 days).*

