
TO	Listed Company Relations NZSX Market	VIA NZ MAP
CC	Company Announcements Office Australian Stock Exchange	VIA ASX ONLINE
FROM	Kelly Smith	DATE 2 June 2014

NUMBER OF PAGES INCLUDING COVER SHEET

SUBJECT **Air New Zealand Announces Fleet Investment**

Air New Zealand announces fleet investment – 13 new Airbus A320neo and another domestic A320

Air New Zealand has today announced further fleet investment with the purchase of 13 new Airbus A320neo (new engine option) aircraft to refresh its international narrow body fleet and an additional A320 to join its domestic operation.

Air New Zealand Chief Executive Officer, Christopher Luxon, signed the purchase agreement with Airbus Chief Operating Officer, Customers, John Leahy at the International Air Transport Association's Annual General Meeting in Doha, Qatar, today.

The A320neo aircraft will replace Air New Zealand's current fleet of 13 A320s which operate the majority of the airline's Tasman and Pacific Island services. Equipped with new generation engines and fuel efficient Sharklet wing tip devices they're expected to deliver fuel savings of up to 15 percent.

The A320neo purchase agreement is for a combination of A321neo and A320neo aircraft. The exact mix will be confirmed over time but will be a minimum of three A321neo aircraft.

The A321neo aircraft will have 38 more seats than the A320s the airline currently operates across the Tasman and to the Pacific, allowing for future growth on these routes. The first A321neo is due in late 2017 with the remainder of the aircraft delivered at intervals through until 2019. The additional A320 for the domestic fleet will be delivered in early 2015.

Mr Luxon said, "Today's announcement is incredibly exciting for Air New Zealand as we continue our unprecedented investment in next generation aircraft and tool the business up for growth.

"These aircraft will help to ensure we continue to operate one of the world's youngest jet fleets. This new fleet will further enhance the experience for our customers and will drive fuel efficiency enabling us to minimise our carbon footprint by saving around 3,600 tonnes of CO2 per aircraft per year."

Mr Luxon said the purchase supports the airline's fleet simplification strategy which is a key part of Air New Zealand's Go Beyond business strategy.

"With the announcement of this purchase we can confirm our intention to have an Airbus narrow body fleet. Operating one narrow body aircraft type will bring important efficiencies in training, maintenance and operating costs."

Mr Leahy welcomed Air New Zealand's support for the A320neo family of aircraft noting that it's the world's best-selling single aisle aircraft. Airbus already has some 2,700 orders for A320neo models from 50 customers around the globe.

The purchase agreement represents a discount to today's list price of NZ\$1.6 billion. Shareholder approval is not required as the value of the transaction is below the relevant thresholds.

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