AIR NEW ZEALAND

INTERIM RESULTS 2009

» AGENDA

- Overview & Operating Environment
- Performance
  - Long Haul Airline
  - Short Haul Airline
    - Domestic
    - Tasman & Pacific Islands
  - Other businesses
- Strategy
- Financial Management
- Outlook

» OVERVIEW

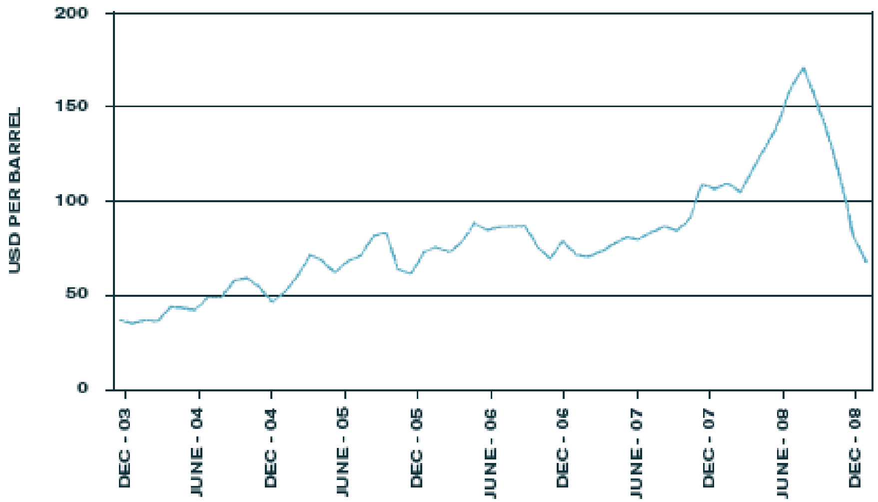
- Normalised earnings* $26m
- Operating revenue up 3.7%
- Capacity reduced by 3.6%
- Net cash position of $1.4bn
- Domestic airport check in upgrade

* Normalised Earnings before taxation after excluding net gains and losses on derivatives that hedge exposures in other financial periods

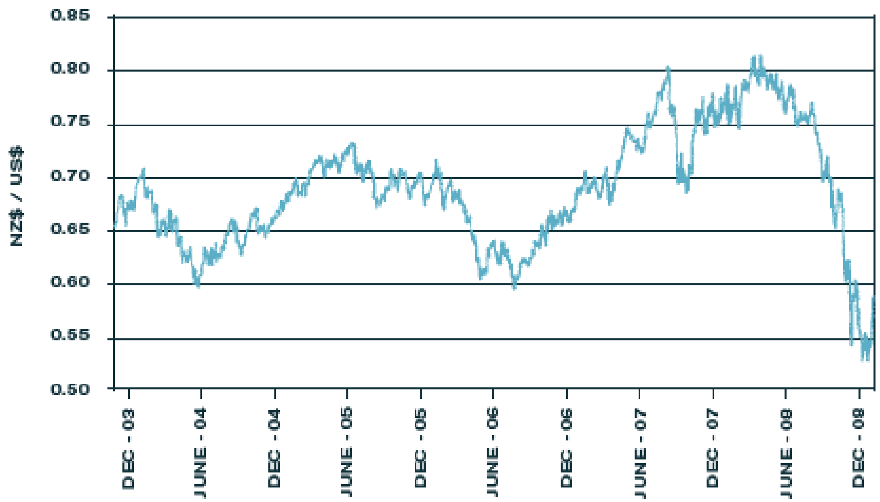
»OPERATING ENVIRONMENT

- Average jet fuel spot price was 36% higher
- Weakening passenger demand across all markets
- Increased competition on the Tasman
- NZ dollar weakening

JET FUEL PRICE



NZ$ / US$



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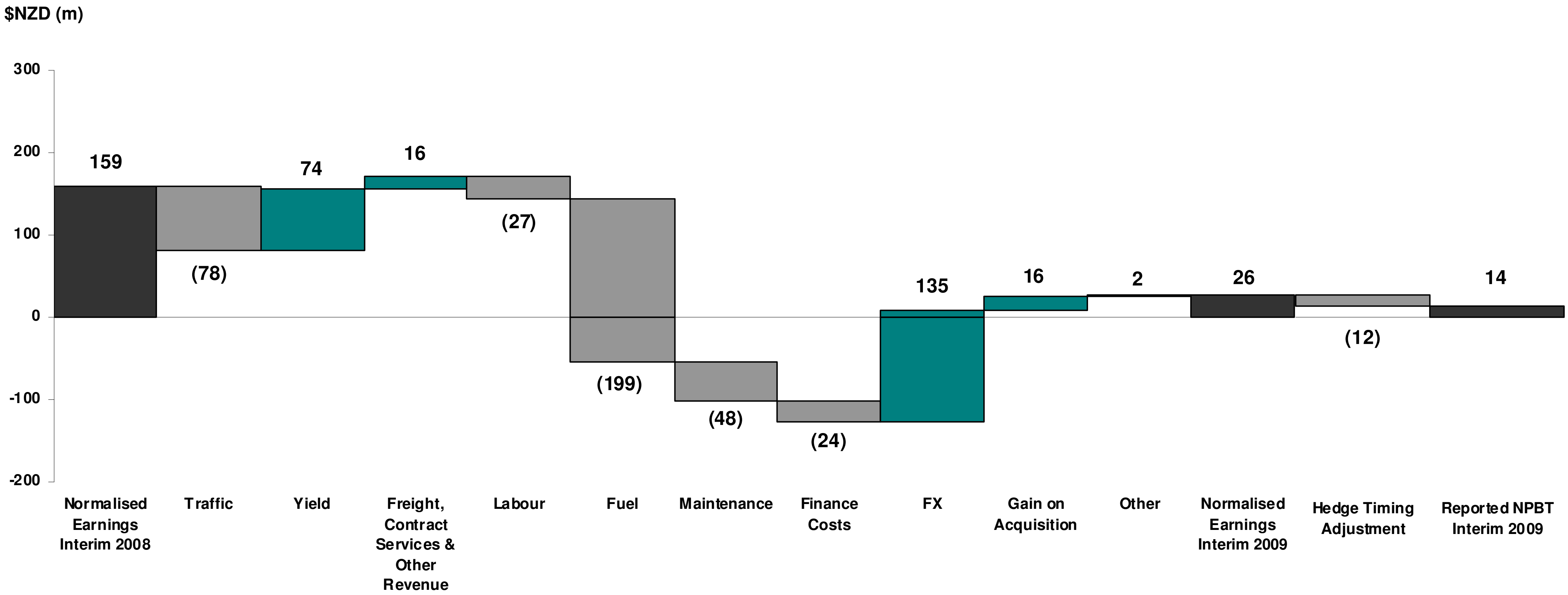
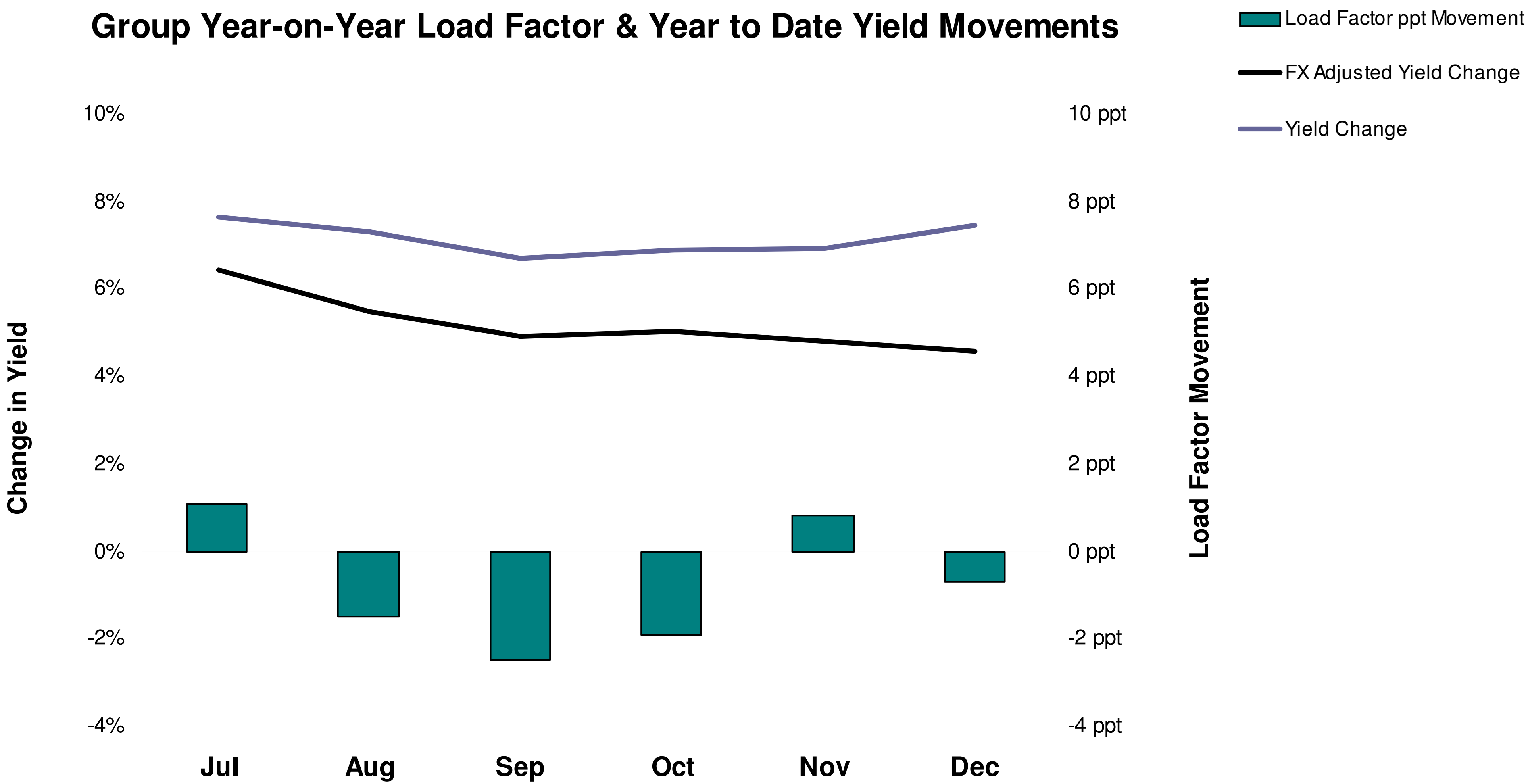
KEY INFLUENCES ON PROFITABILITY



- Average hedged WTI fuel cost for the 6 months to December 2008 was US$100 per barrel.

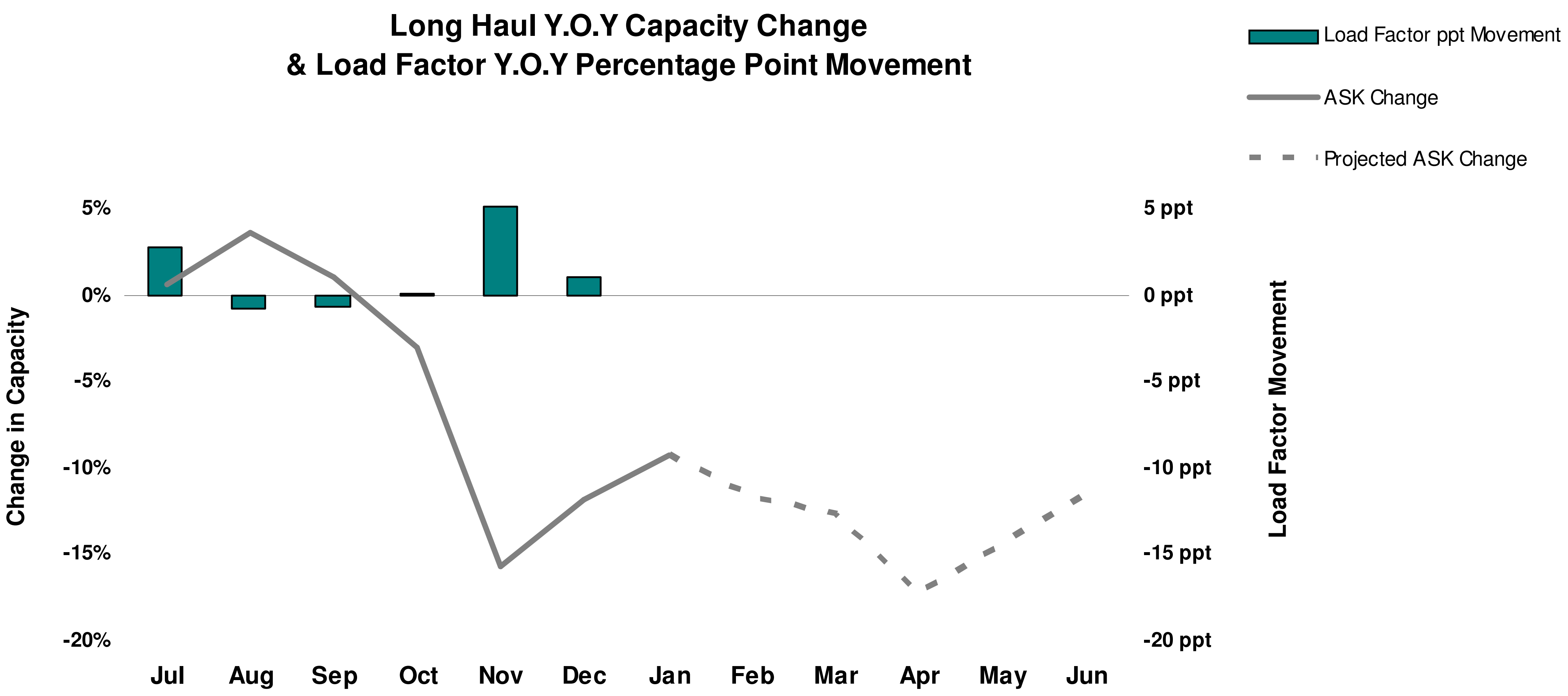
» GROUP OPERATING PERFORMANCE



» LONG HAUL PERFORMANCE

- Passenger numbers down 5.5%
- Capacity reduced by 5.7%
- Yields up 12.3%
- Load factor improved 1.3 percentage points
- Aggressive capacity management

LONG HAUL CAPACITY MANAGEMENT



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»DOMESTIC PERFORMANCE

- Passenger numbers down 2.9%
- Capacity decreased by 1.9%
- Yield increased by 0.3%
- Load factor decreased by 0.3 percentage points
- New commercial accounts won
- Domestic airport improvements well received

TASMAN & PACIFIC ISLAND PERFORMANCE

- Passenger numbers decreased by 7.3%
- Capacity was held constant - 0.1% increase
- Yield increased by 6.4%
- Load factor down 5.3 percentage points
- Underlying market softening and increased competition
- In-flight entertainment upgrade programme complete

» OTHER BUSINESSES

- CARGO
  - Volumes down 13%
  - Yield increase and FX benefit
  - Freighter to be withdrawn 31 March 2009
- TECH OPS
  - Increased third party work
  - Acquisition of Tenix and Masling
  - Falling NZD has increased competitiveness
- OTHER
  - Acquisition of VCubed

» COST FOCUS

- Reduced capacity in response to demand softness
- Labour initiatives
  - Voluntary and compulsory redundancies
  - Reduced working week and unpaid leave
  - Reduction through attrition
- Reduced discretionary spend
- Reduced regional charter capacity

» STRATEGY

PRIORITIES

- Closely matching supply to demand remains a top priority
- Being the leader in chosen markets
- New generation interior design for 777-300ERs and 787-9s
- Growing non-airline revenue sources
- Being an industry leader on environmental initiatives

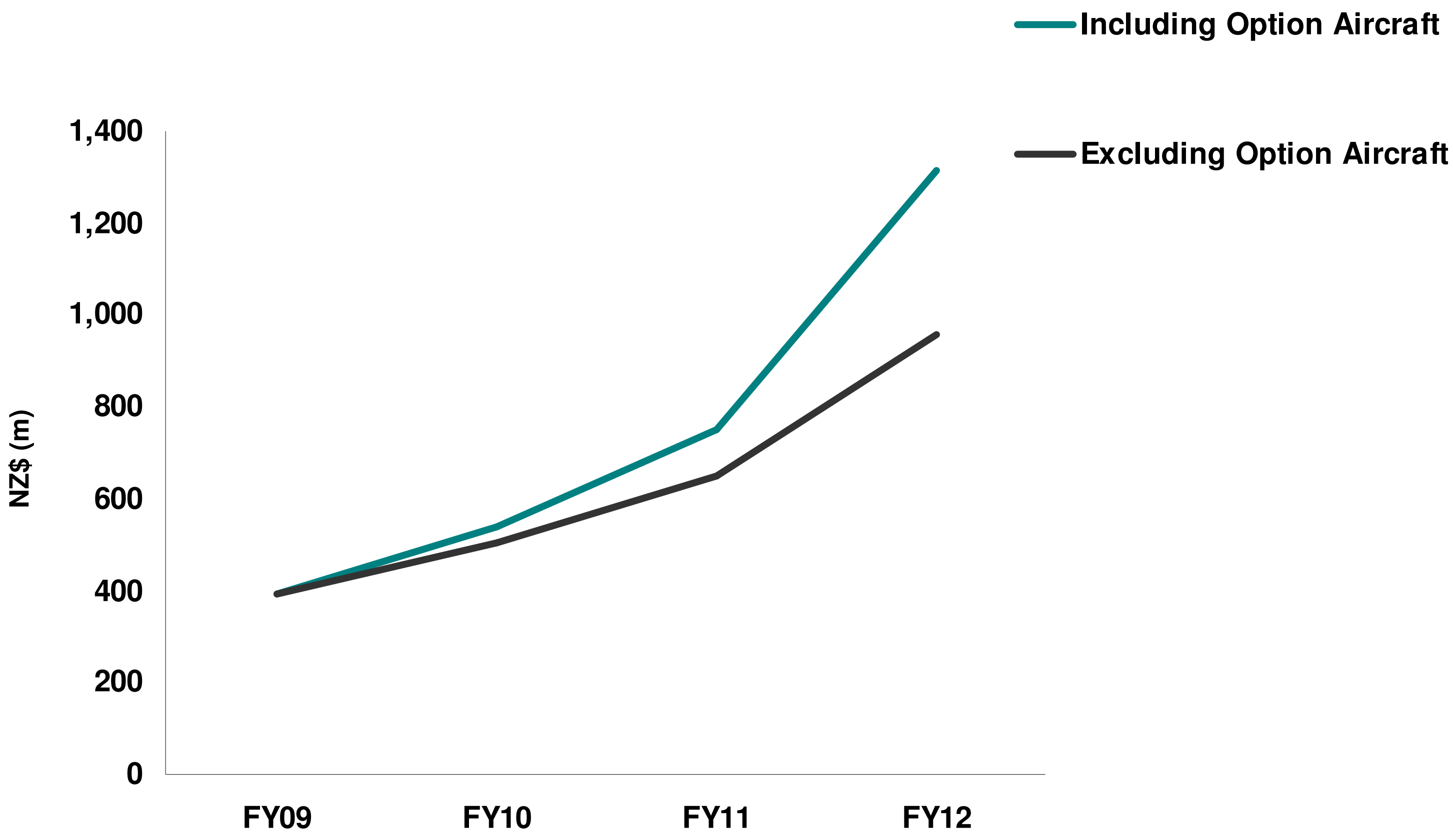
» FINANCIAL MANAGEMENT

- $1.4bn cash on balance sheet excluding $190m restricted cash
- Gearing 52.7%, from 45.5% as at June 2008
- Limited debt repayments and no covenants or refinancing risk
- Interim dividend is 3.0 cents per share

» FLEET MANAGEMENT

- 2 x Boeing 747-400s sold and leased back
- Next jet aircraft not due until November 2010
- Additional Boeing 777-300ER confirmed for 2012
- New delivery date and terms for Boeing 787-9 agreed
- Average operating fleet age of 7 years

» CAPEX PROJECTION



1. Assumes NZD/USD = 0.53
2. 787-9 progress payments have shifted in line with announced delays

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» FUEL HEDGING*

- The second half of FY09 is approx. 72% hedged with the average effective floor** at US$85.10 per barrel of WTI crude oil
- At current prices, average Singapore Jet fuel price would be US$88 per barrel for the second half of FY09 compared with US$123 in the first half
- The first half of FY10 is approx. 20% hedged with the average ceiling of US$68.47 and average floor of US$45.20 per barrel of WTI crude oil

***   Fuel hedge position as at 22 January 2009**

**** The effective floor includes benefits from WTI bought put spreads**

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» CURRENCY HEDGING

- Operating cash flow exposure for the second half of 2009 is 99% hedged at an average NZ$/US$ rate of 0.765
- The 2010 operating cash flow exposure is 71% hedged at an average NZ$/US$ rate of 0.703
- US$370m of future capex commitments are hedged at NZ$/US$ rate of 0.720 spot

» OUTLOOK

- Competitive strength in core markets
- Greater benefit from lower fuel prices in second half of FY09
- Strong currency hedging position
- Global economic environment concerning

If current conditions and jet fuel prices continue, Air New Zealand expects to see financial performance significantly improve in the second half of the financial year.

» FINANCIAL OVERVIEW

	INTERIM 2009	INTERIM 2008	Dollar movement	Percentage movement
Operating revenue	$2,419m	$2,332m	$87m	4%
Normalised Earnings*	$26m	$159m	$(133)m	(84)%
Net profit after tax	$24m	$115m	$(91)m	(79)%
Adjusted operating cash flow	$113m	$320m	$(207)m	(65)%
Net cash	$1,417m	$1,222m	$195m	16%
Gearing	52.7%	48.6%		(4.1) pts
Interim dividend	3.0cps	5.0cps	2.0cps	(40)%

* Normalised Earnings before taxation after excluding net gains and losses on derivatives that hedge exposures in other financial periods

SUPPLEMENTARY INFORMATION

» HEDGES RELATING TO OTHER FINANCIAL PERIODS

	INTERIM 2009	INTERIM 2008
Earnings before Taxation	$14m	$172m
Reverse net (gains) / losses on derivatives that hedge exposures in other financial periods:		
Fuel derivatives	$101m	$(14)m
Foreign exchange derivatives	$(88)m	$(2)m
Interest rate derivatives	$(1)m	$3m
Normalised Earnings before Taxation	$26m	$159m

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» NEW AIRCRAFT ARRIVALS

Aircraft Type	FY09	FY10	FY11	FY12	FY13	FY14
Boeing 777-300ER	-	-	3	2	-	-
Boeing 787-9*	-	-	-	-	3**	2
Bombardier Q300	2	-	-	-	-	-
Beech 1900D	1	-	-	-	-	-

* Launch customer

** New delivery dates and terms agreed with Boeing for the 787-9s delivery