

## Management Discussion of March Operating Data

During March 2013, Air China Limited continued to record year-over-year increase in passenger traffic, both in terms of Revenue Passenger Kilometers (RPK) and head count. Except regional routes, traffic also recorded increase on a month-over-month basis. For cargo operation, both Revenue Freighter Tonne Kilometers (RFTK) and freighter tonnage carried recorded increase on both year-over-year and month-over-month bases.

Passenger capacity in March, measured in Available Seat Kilometers (ASK), rose 7.9% year-over-year while passenger traffic, measured by RPK, climbed 12.9% year-over-year. Capacity on domestic routes increased 10.9% year-over-year, while RPK on domestic routes rose 17.1% year-over-year. Capacity and RPK on international routes rose 0.5% and 3.6% year-over-year respectively, and on regional routes rose 12.0% and 11.8% year-over-year respectively. The passenger load factor was 83.4%, a year-over-year increase of 3.7 percentage points, of which the passenger load factor on domestic and international routes climbed 4.5 and 2.4 percentage points respectively, while those of regional routes remained at similar levels.

Cargo capacity in March, measured in Available Freighter Tonne Kilometers (AFTK), rose by 7.9% year-over-year. Revenue Freighter Tonne Kilometers (RFTK) and freighter tonnage carried increased by 5.9% and 7.7% respectively compared with March 2012. The cargo load factor was 59.9%, a year-over-year decline of 1.1 percentage points.

Starting from 31 March, new routes were launched, including Beijing-Lijiang (seven flights per week); Jiuzhaigou-Guangzhou (seven flights per week); Hangzhou-Guiyang (seven flights per week); Hangzhou-Guilin (seven flights per week); Hangzhou-Zhengzhou-Xining (seven flights per week); Hangzhou-Yantai-Changchun (four flights per week); Hangzhou-Yinchuan (seven flights per week); Hangzhou-Lanzhou (seven flights per week); and Wenzhou-Guiyang (seven flights per week).

In March, excluding subsidiaries and associates, Air China purchased a total of 297,000 tonnes of jet fuel at a price of RMB7,784 per tonne, a year-over-year increase of 1%. The average jet fuel purchase price at international airports was RMB6,763 per tonne, a year-over-year decline of 4%. The average jet fuel purchase price for international flights at the top six

Chinese airports was RMB7,204 per tonne, basically the same price as the preceding year. The average jet fuel purchase price for domestic flights was RMB8,314 per tonne, a year-over-year increase of 2%.

Effective Date (Based on Ticket Issue Date)	Route	Previous Rate (Per Head Per Sector)	New Rate (Per Head Per Sector)	
1 March	Japan to Mainland China	JPY6,500	JPY6,000	
	Mainland China to Japan	RMB520	RMB450	
	Korea to Mainland China (except for Qingdao and Jinan in Shandong Province)	US\$47	US\$50	
	Korea to Shandong Province, China (Qingdao and Jinan)	US\$27	US\$29	
	Hong Kong to Mainland China	HK\$227	HK\$242	
	Mainland China to Hong Kong	RMB183	RMB196	
5 March	Domestic routes	Below 800km	RMB70	RMB80
		Above 800km	RMB130	RMB140

During the month, the company added five airplanes, specifically, two A320, one A321, one A330 and one B777-300ER. As at the end of March, Air China operated a fleet of 471 airplanes.