

Management Discussion of May Operating Data

During May 2013, Air China Limited continued to record a year-over-year increase in passenger traffic, both in terms of Revenue Passenger Kilometres (RPK) and head count. For cargo operation, both Revenue Freighter Tonne Kilometres (RFTK) and freighter tonnage carried increased on a year-over-year and month-over-month basis.

Passenger capacity in May, measured in Available Seat Kilometres (ASK), and passenger traffic, measured by RPK, both rose 8.8% year-over-year. Capacity on domestic routes increased 8.8% year-over-year, while RPK on domestic routes rose a respectable 10.3% year-over-year. Capacity and RPK on international routes increased 8.3% and 6.1% year-over-year respectively, and on regional routes rose 12.4% and 4.1% year-over-year respectively. The passenger load factor was 78.9%, similar as that of the same period last year. Passenger load factor on domestic routes climbed 1.1 percentage points, but declined 1.6 and 5.2 percentage points on international and regional routes respectively.

Cargo capacity in May, measured in Available Freighter Tonne Kilometres (AFTK), rose 7.2% year-over-year. Revenue Freighter Tonne Kilometres (RFTK) and freighter tonnage carried increased by 8.6% and 4.5% respectively compared with May 2012. The cargo load factor was 60.5%, a year-over-year increase of 0.8 percentage points.

On 7 May, a new route, Beijing-Geneva (four flights per week), was launched. Another new route, Chengdu-Frankfurt (three flights per week), was launched starting from 19 May.

In May, excluding the controlling company, Air China purchased a total of 299,000 tonnes of jet fuel at a price of RMB6,818 per tonne, a year-over-year decrease of 12%. The average jet fuel purchase price at international airports was RMB5,978 per tonne, a year-over-year decline of 13%. The average jet fuel purchase price for international flights at the top six Chinese airports was RMB6,295 per tonne, a year-over-year decline of 13%. The average jet fuel purchase price for domestic flights was RMB7,351 per tonne, a year-over-year decrease of 12%.

Effective Date (Based on Ticket Issue Date)	Route		Previous Rate (Per Head Per Sector)	New Rate (Per Head Per Sector)
1 May	Hong Kong to Mainland China		HK\$254	HK\$214
	Mainland China to Hong Kong		RMB204	RMB171
	South Korea to Mainland China (except for Qingdao and Jinan)		US\$47	US\$41
	South Korea to Qingdao and Jinan		US\$27	US\$24
	United Kingdom (Gatwick Airport) to Mainland China		GBP90	GBP105
14 May	Mainland China to Poland		RMB900	RMB1200
	Poland to Mainland China			
5 May	Domestic Routes	Below 800km	RMB70	RMB60
		Above 800km	RMB130	RMB110

During the month, the company added one A330 and retired five aeroplanes, specifically, one B737, two B767s and two A321s. As at the end of May, Air China operated a fleet of 468 aeroplanes.