

Management Discussion of June Operating Data

During June 2013, Air China Limited continued to record a year-over-year increase in passenger traffic, both in Revenue Passenger Kilometres (RPK) and head count. Passenger traffic in terms of head count recorded a slight decrease for domestic routes month-over-month while the remaining indicators continued to increase on a month-over-month basis. For cargo operation, Revenue Freighter Tonne Kilometres (RFTK) continued to record a year-over-year increase but freighter tonnage carried declined slightly on a year-over-year basis. A month-over-month decrease was recorded in both RFTK and freighter tonnage carried.

Passenger capacity in June, measured in Available Seat Kilometres (ASK), and passenger traffic, measured by RPK, rose 8.9% and 9.2% year-over-year respectively. Capacity on domestic routes increased 8.9% year-over-year, while RPK on domestic routes rose 9.4% year-over-year. Capacity and RPK on international routes increased 8.6% and 8.9% year-over-year respectively, and on regional routes rose 11.8% and 9.3% year-over-year respectively. The passenger load factor was 81.8%, an increase of 0.2 of a percentage point year-over-year. Passenger load factor on domestic and international routes climbed 0.2 and 0.4 of a percentage point respectively, but declined 1.7 percentage points on regional routes.

Cargo capacity in June, measured in Available Freighter Tonne Kilometres (AFTK), marginally decreased 0.8% year-over-year. Revenue Freighter Tonne Kilometres (RFTK) increased 2.1% but freighter tonnage carried marginally declined 0.5% compared with June 2012. The cargo load factor was 62.8%, a year-over-year increase of 1.8 percentage points.

On 17 June, a new route, Chengdu-Yantai (four flights per week), was launched. Another new route, Hohhot-Taipei (three flights per week), was launched starting from 25 June.

In June, excluding the controlling company, Air China purchased a total of 298,000 tonnes of jet fuel at a price of RMB6,690 per tonne, a year-over-year decrease of 8%. The average jet fuel purchase price at international airports was RMB5,976 per tonne, a year-over-year decline of 5%. The average jet fuel purchase price for international flights at the top six Chinese airports was RMB6,204 per tonne, a year-over-year drop of 9%. The average jet fuel

purchase price for domestic flights was RMB7,178 per tonne, also a year-over-year decrease of 9%.

Effective Date (Based on Ticket Issue Date)	Route	Previous Rate (Per Head Per Sector)	New Rate (Per Head Per Sector)
1 June	Hong Kong to Mainland China	HK\$214	HK\$200
	Mainland China to Hong Kong	RMB171	RMB159
	Korea to Mainland China (except for Qingdao and Jinan)	US\$41	US\$38
	Korea to Qingdao and Jinan	US\$24	US\$22

During the month, the Company added three airplanes, including two B737 and one A320, and retired two airplanes, specifically one B737 and one B747-400F. As at the end of June, Air China operated a fleet of 469 aircraft.