

Management Discussion of February Operating Data

Both passenger traffic and the number of passengers carried have shown a slight year-over-year growth across the board during February 2012, however a decrease across the board was recorded on a month-over-month basis compared to January 2012. As for cargo, international, domestic and regional Revenue Freighter Tonne Kilometres (RFTK) and freighter tonnage carried all achieved year-over-year increases at different rates, and domestic and regional indices also showed increases in month-over-month performance, while there was a decline in international routes.

Passenger capacity, measured in Available Seat Kilometres (ASK), in February achieved a rise of 5.1% year-over-year while passenger traffic, measured by Revenue Passenger Kilometres (RPK), also climbed by 2.3%. Capacity on domestic routes increased by 8.2%, while RPK climbed 3.4% year-over-year. Capacity on international routes grew 0.8%, with RPK increasing by 1.1%. Capacity on regional routes decreased by 0.5%, while RPK dropped by 4.5%. The passenger load factor was 77.3%, a decrease of 2.1 percentage points year-over-year. The passenger load factor for domestic routes and regional routes declined by 3.6 and 3.1 percentage points respectively while that for international routes slightly increased by 0.3 of a percentage point.

Cargo capacity, measured in Available Freighter Tonne Kilometres (AFTK), rose by 4.0% year-over-year in February. Revenue Freighter Tonne Kilometres (RFTK) increased by 11.5%, and freighter tonnage carried grew by 18.3%, compared with February 2011. The cargo load factor was 50.5%, an increase of 3.4 percentage points year-over-year.

Air China launched the Beijing-Hailar-Chita route (two flights a week) starting 29 February.

During the month, Air China purchased a total of 268,000 tonnes of jet fuel at an average price of RMB7457 per tonne, a year-over-year rise of 17%. The average jet fuel purchase price at international airports was RMB6722 per tonne, and the average purchase price of jet fuel for international flights at the top six Chinese airports was RMB6914 per tonne. Both of these prices increased by 11% year-over-year. The average jet fuel purchase price for

domestic flights was RMB7897 per tonne, a rise of 21% compared with February last year.

Starting from 1 February, the purchase price of domestic jet fuel was increased by RMB105 per tonne.

During February, the Company made the following adjustments to jet fuel surcharges presented in the chart below.

Effective Date (Based on Ticket Issue Date)	Route	Previous Rate (Per Head Per Sector)	New Rate (Per Head Per Sector)
1 Feb	Hong Kong to Mainland China	HK\$226	HK\$215
	Mainland China to Hong Kong	HK\$185	HK\$175
10 Feb	Greece to Mainland China	EURO100	EURO120
	Mainland China to Greece	RMB900	RMB1050

During the month, the Company added two aircraft, including one B777-300ER and one A321. As at the end of February, Air China operated a fleet of 311 aircraft.

* Please note that Shenzhen Airlines and Air Macau are excluded from the above figures.