

Management Discussion of January Operating Data

During January 2013, Air China recorded a passenger traffic decrease measured both in Revenue Passenger Kilometres (RPK) and head count on a year-over-year basis but a slight increase on a month-over-month basis. The year-over-year decrease was mainly attributable to the higher base caused by the peak period in passenger transport during the Chinese New Year in January 2012. As for cargo, notable year-over-year increases continued both in Revenue Freighter Tonne Kilometres (RFTK) and freighter tonnage carried, while a decrease was recorded on a month-over-month basis.

Passenger capacity, measured in Available Seat Kilometres (ASK), in January dropped by 0.4% year-over-year while passenger traffic, measured by RPK, decreased by 1.5% year-over-year. Capacity on domestic routes rose 2.3% year-over-year, while RPK on domestic routes dropped by 1.6% year-over-year. Capacity and RPK on international routes dropped by 4.3% and 1.2% year-over-year respectively and on regional routes declined by 3.9% and 3.4% year-over-year respectively. The passenger load factor was 78.8%, a decrease of 0.9 percentage points year-over-year, of which the passenger load factor on domestic routes dropped by 3.1 percentage points, but climbed on international and regional routes by 2.4 percentage points and 0.5 percentage points respectively.

Cargo capacity in January, measured in Available Freighter Tonne Kilometres (AFTK), decreased by 0.5% year-over-year. However, Revenue Freighter Tonne Kilometres (RFTK) and freighter tonnage carried climbed strongly by 17.0% and 31.3% respectively compared with January 2012. The cargo load factor was 55.0%, an increase of 8.2 percentage points year-over-year.

On 1 January, the new Wuhan-Beijing-San Francisco route (virtual flight, one flight daily) was launched.

In January, Air China purchased a total of 288,500 tonnes of jet fuel at a purchase price of RMB7,333 per tonne, up by 1% year-over-year. The average jet fuel purchase price at international airports was RMB6,560 per tonne, an increase of 1% year-over-year. The average jet fuel purchase price for international flights at the top six Chinese airports was RMB6,745 per tonne, a decrease of 1% year-over-year. The average jet fuel purchase price for

domestic flights was RMB7,817 per tonne, basically the same as January 2012.

During the month, the Company added one A320 and one B737 aircraft, and retired one B737 passenger aircraft and one Gulfstream business jet. As at the end of January, Air China operated a fleet of 325 aircraft.

Please note that Shenzhen Airlines and Air Macau have been excluded from the above figures.