

Management Discussion of August Operating Data

During August 2013, Air China Limited (CA+ZH+NX) recorded both year-over-year and month-over-month increase in passenger traffic measured both in Revenue Passenger Kilometres (RPK) and passenger head count.

Passenger capacity (ASK) and passenger traffic (RPK) in August rose by 10.0% and 12.0% year-over-year respectively. ASK on domestic routes increased by 7.4% year-over-year, while RPK rose 9.7%. ASK and RPK on international routes increased by 15.8 % and 17.0% year-over-year respectively, and regional ASK and RPK rose 10.1% and 11.8% year-over-year respectively. The overall passenger load factor was 84.8%, an increase of 1.5 percentage points year-over-year. The passenger load factor on domestic, international and regional routes climbed 1.8, 0.9 and 1.2 percentage points respectively.

For cargo operation in August, Revenue Freighter Tonne Kilometres (RFTK) decreased both on a year-over-year and a month-over-month basis. Freighter tonnage carried increased slightly on a month-over-month basis. RFTK and freighter tonnage carried decreased by 2.6% and 3.7% year-over-year respectively. Freighter tonnage carried declined 6.0% year-over-year. The cargo load factor was 59.6%, a year-over-year decrease of 0.7 percentage points.

Starting from 2 August, three weekly flights from Tianjin to Osaka via Dalian were launched; on 9 August, the Chongqing-Beijing-San Francisco (seven flights per week) route began service. For domestic flight,, the Beijing-Hami-Korla route (three flights per week) commenced operation on 27 August.

In August, excluding the controlling company, Air China (CA) purchased a total of 331,000 tonnes of jet fuel at a price of RMB7,178 per tonne, a year-over-year increase of 4.0%. The average jet fuel purchase price at international airports was RMB6,315 per tonne, a year-over-year decrease of

3%. The average jet fuel purchase price for international flights at the top six Chinese airports was RMB6,366 per tonne, a year-over-year decrease of 2%. The average jet fuel purchase price for domestic flights was RMB7,412 per tonne, also a year-over-year increase of 5%.

Effective Date (Based on Ticket Issue Date)	Route	Previous Rate (Per Head Per Sector)	New Rate (Per Head Per Sector)
1 August	Japan to Mainland China	JPY6000	JPY5500
	Korea to Mainland China (except for Qingdao and Jinan)	US\$38	US\$41
	Korea to Qingdao and Jinan	US\$22	US\$24

During the month, the Group added seven airplanes, including one A330, three A320s and three B737-800s, and retired four airplanes, specifically two B737s, one B747 and one B747-400F. As at the end of August, the Company operated a fleet of 474 aircraft.