

Management Discussion of October Operating Data

During October 2013, Air China Limited (CA+ZH+NX) recorded another year-over-year increase in passenger traffic, measured in Revenue Passenger Kilometers (RPK) and passenger head count. Passenger traffic also recorded increase on a month-over-month basis except for international routes.

Passenger capacity (ASK) and passenger traffic (RPK) for October rose by 11.0% and 12.2% year-over-year respectively. ASK on domestic routes increased by 7.8% year-over-year, while RPK rose by 10.4%. ASK and RPK on international routes increased strongly by 18.7% and 17.4% year-over-year respectively, and also climbed on regional routes by 9.0% and 7.8% year-over-year respectively. The overall passenger load factor was 80.2%, an increase of 0.9 percentage points year-over-year. The passenger load factor on domestic routes climbed 1.9 percentage points but declined 0.8 percentage points on both international and regional routes.

With respect to the cargo operation, Revenue Freighter Tonne Kilometers (RFTK) and freighter tonnage carried for October increased on a year-over-year basis. Revenue Freighter Tonne Kilometers (RFTK) and freighter tonnage carried on domestic routes decreased but continued to increase on the remaining routes on a month-over-month basis. Available Freighter Tonne Kilometres (AFTK) increased by 3.9% year-over-year. RFTK increased by 2.2% year-over-year, while freighter tonnage remained at a similar level. The cargo load factor was 58.4%, a year-over-year decrease of 1.0 percentage points.

Starting from 27 October, flights from Guiyang-Wenzhou (four flights per week) and Hangzhou-Haikou (seven flights per week) commenced operation.

In October, excluding the controlling company, Air China (CA) purchased a total of 319,000 tonnes of jet fuel at a price of RMB7,379 per tonne, a year-over-year decrease of 6.0%. The average jet fuel purchase price at

international airports was RMB6,310 per tonne, a year-over-year decrease of 10%. The average jet fuel purchase price for international flights at the top six Chinese airports was RMB6,511 per tonne, a year-over-year decrease of 10%. The average jet fuel purchase price for domestic flights was RMB7,673 per tonne, a year-over-year decrease of 8%.

Effective Date (Based on Ticket Issue Date)	Route		Previous Rate (Per Head Per Sector)	New Rate (Per Head Per Sector)
1 October	Hong Kong to Mainland China		HK\$217	HK\$229
	Mainland China to Hong Kong		RMB172	RMB181
15 October	Mainland China to Vietnam		RMB300	RMB450
5 October	Domestic Routes	Below 800 km	RMB60	RMB70

During the month, the Group added six airplanes, including one A330, one A320, two B737-800s and one B737-700, as well as one business jet. As at the end of October, the Company operated a fleet of 488 aircraft.