



**Air New Zealand Limited**  
**Fuel Hedge Position as at 22 January 2009**

	Units	FY09 Q3 Jan-Mar	FY09 Q4 Apr-Jun	FY10 Q1 Jul-Sep	FY10 Q2 Oct-Dec	Total FY09 1st Half	Total FY09 2nd Half	FY09 Total	Total FY10 1st Half	
WTI Collars	Volume	Barrels	1,580,000	1,255,000	675,000	105,000	3,215,000	2,835,000	6,050,000	780,000
	Ceiling Price	USD	120.19	103.17	69.61	61.10	103.91	112.66	108.01	68.47
	Floor Price	USD	104.62	86.86	46.95	33.96	86.55	96.76	91.33	45.20
WTI bought put spreads (6)	Volume	Barrels	950,000	250,000			200,000	1,200,000	1,400,000	
	Ceiling Price	USD	79.74	71.00			85.00	77.92	78.93	
	Floor Price	USD	61.18	50.00			69.38	58.85	60.36	
Singapore Jet bought puts (6)	Volume	Barrels	350,000	450,000				800,000	800,000	
	Strike price	USD	73.48	71.45				72.34	72.34	
Total hedged	Barrels	1,580,000	1,255,000	675,000	105,000	3,215,000	2,835,000	6,050,000	780,000	
Estimated Fuel Consumption (1)	Barrels	2,051,412	1,890,001	1,912,661	1,943,831	4,220,912	3,941,413	8,162,325	3,856,493	
Hedge Ratio		77%	66%	35%	5%	76%	72%	74%	20%	
Compensation from fuel hedges (2)	USD	-76,415,009	-42,461,546	-3,627,396	491,884	24,245,730	-118,876,555	-94,630,825	-3,135,512	
Purchase Cost of Options	USD	-11,886,450	-9,394,650	-3,833,700	-642,300	-10,479,200	-21,281,100	-31,760,300	-4,476,000	
Net Compensation from hedges (3)	USD	-88,301,459	-51,856,196	-7,461,096	-150,416	13,766,530	-140,157,655	-126,391,125	-7,611,512	

**Notes:**

WTI spot was \$43.50. 12 month WTI was \$54.00. Forward prices were based off Goldman Sachs Daily Fuel Price Forecast released 22 January 2009.

(1) The estimated fuel consumption excludes the round the world freighter.

(2) Compensation from fuel hedges is the sum of the mark-to-market value of all fuel swaps and options as at 22 January 2009.

(3) Net compensation from fuel hedges represents the unrealised gains and losses on fuel hedges. These gains and losses will be accounted for in line with Air New Zealand Limited's fuel instrument accounting policy:

- The effective portion of changes in the intrinsic value of fuel derivatives is recognised through the cash flow hedge reserve;
- Changes in the time value of fuel derivatives are recognised through earnings; and
- Any accounting ineffectiveness is recognised through earnings.

(4) Periods relate to the month of uplift.

(5) Air New Zealand does not use three way call structures or leveraged collar structures.

(6) The bought WTI put spreads and bought Singapore jet puts are designed to allow Air NZ to offset partially the losses generated from long established collar hedges should markets continue to fall. The hedges are cash for differences and do not involve physical purchases.

**Key: Volume:** Fuel volume is reported in barrels (42 US gallons in a barrel)

**Price:** Price is quoted in USD cost per barrel of West Texas Intermediate (WTI)