



Air New Zealand Limited
Fuel Hedge Position as at 20 July 2009

	Units	FY10 Q1 Jul-Sep	FY10 Q2 Oct-Dec	FY10 Q3 Jan-Mar	FY10 Q4 Apr-Jun	Total FY10 1st Half	Total FY10 2nd Half	FY10 Total	
WTI Collars	Volume	Barrels	840,000	765,000	255,000	840,000	1,020,000	1,860,000	
	Ceiling Price	USD	63.62	68.23	73.91	63.62	69.65	66.93	
	Floor Price	USD	39.19	44.60	57.09	39.19	47.72	43.87	
WTI bought puts (1)	Volume	Barrels	240,000	120,000		360,000		360,000	
	Ceiling Price	USD	38.44	38.44		38.44		38.44	
WTI bought calls	Volume	Barrels		80,000	110,000	40,000	80,000	150,000	230,000
	Ceiling Price	USD		68.97	74.70	75.90	68.97	75.02	72.92
Singapore Jet bought puts (1)	Volume	Barrels	175,000			175,000		175,000	
	Strike price	USD	59.79			59.79		59.79	
Singapore Jet Collars	Volume	Barrels	1,385,000	465,000		1,850,000		1,850,000	
	Ceiling Price	USD	69.49	71.67		70.04		70.04	
	Floor Price	USD	47.67	47.24		47.56		47.56	
Singapore Jet bought calls	Volume	Barrels	25,000			25,000		25,000	
	Ceiling Price	USD	73.40			73.40		73.40	
Total hedged	Barrels	1,410,000	1,385,000	875,000	295,000	2,795,000	1,170,000	3,965,000	
Estimated Fuel Consumption	Barrels	1,786,636	1,797,799	1,800,700	1,700,999	3,584,434	3,501,699	7,086,133	
Hedge Ratio		79%	77%	49%	17%	78%	33%	56%	
Compensation from fuel hedges (2)	USD	8,350,120	9,964,418	6,693,382	1,466,317	18,314,538	8,159,699	26,474,237	
Purchase Cost of Options	USD	-7,281,550	-6,521,900	-4,118,600	-1,198,150	-13,803,450	-5,316,750	-19,120,200	
Net Compensation from hedges (3)	USD	1,068,570	3,442,518	2,574,782	268,167	4,511,088	2,842,949	7,354,037	

Notes:

WTI spot was \$63.56. 12 month WTI was \$72.03. Forward prices were based off Goldman Sachs Daily Fuel Price Forecast released 20 July 2009. Periods relate to the month of uplift.

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

(1) The bought WTI puts and bought Singapore jet puts are designed to allow Air NZ to offset partially the losses generated from established collar hedges. The hedges are cash for differences and do not involve physical purchases.

(2) Compensation from fuel hedges is the sum of the mark-to-market value of all fuel swaps and options as at 20 July 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.

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) and Singapore Jet.