



Air New Zealand Limited
Fuel Hedge Position as at 25 November 2009

		Units	FY10 Q2 Oct-Dec	FY10 Q3 Jan-Mar	FY10 Q4 Apr-Jun	FY11 Q1 Jul-Sep	FY11 Q2 Oct-Dec	Total FY10 1st Half	Total FY10 2nd Half	FY10 Total	Total FY11 1st Half
WTI collars	Volume	Barrels		160,000	1,130,000	750,000	225,000		1,290,000	1,290,000	975,000
	Ceiling Price	USD		72.72	77.87	82.54	85.34		77.23	77.23	83.18
	Floor Price	USD		53.64	63.93	69.97	73.57		62.66	62.66	70.80
WTI bought puts (1)	Volume	Barrels	120,000					360,000		360,000	
	Ceiling Price	USD	38.44					38.44		38.44	
WTI bought calls	Volume	Barrels		110,000	40,000				150,000	150,000	
	Ceiling Price	USD		74.70	75.90				75.02	75.02	
Singapore Jet bought puts (1)	Volume	Barrels						175,000		175,000	
	Strike price	USD						59.79		59.79	
Singapore Jet collars	Volume	Barrels	1,375,000	1,290,000	150,000			2,760,000	1,440,000	4,200,000	
	Ceiling Price	USD	72.30	80.51	85.46			70.89	81.02	74.36	
	Floor Price	USD	48.36	61.43	71.52			48.01	62.48	52.97	
Singapore Jet bought calls	Volume	Barrels	80,000					105,000		105,000	
	Ceiling Price	USD	77.02					76.16		76.16	
Total hedged		Barrels	1,455,000	1,560,000	1,320,000	750,000	225,000	2,865,000	2,880,000	5,745,000	975,000
Estimated fuel consumption		Barrels	1,815,032	1,841,401	1,753,250	1,721,981	1,758,035	3,656,507	3,594,651	7,251,158	3,480,016
Hedge ratio			80%	85%	75%	44%	13%	78%	80%	79%	28%
Compensation from fuel hedges (2)		USD	11,736,035	14,361,242	8,803,015	3,286,672	477,283	23,885,595	23,164,257	47,049,852	3,763,955
Purchase cost of options		USD	-6,747,650	-6,286,600	-4,291,400	-2,346,000	-694,500	-14,029,200	-10,578,000	-24,607,200	-3,040,500
Net compensation from hedges (3)		USD	4,988,385	8,074,642	4,511,615	940,672	-217,217	9,856,395	12,586,257	22,442,652	723,455

Notes:

WTI spot was \$76.00. 12 month WTI was \$83.30. 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 25 November 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 for passenger aircraft (42 US gallons in a barrel)

Price: Price is quoted in USD cost per barrel of West Texas Intermediate (WTI) and Singapore Jet.