



Air New Zealand Limited
Fuel Hedge Position as at 19 February 2010

	Units	FY10 Q3 Jan-Mar	FY10 Q4 Apr-Jun	FY11 Q1 Jul-Sep	FY11 Q2 Oct-Dec	FY11 Q3 Jan-Mar	Total FY10 1st Half	Total FY10 2nd Half	FY10 Total	Total FY11 1st Half
WTI collars	Volume	Barrels	510,000	1,275,000	675,000	125,000		510,000	510,000	1,950,000
	Ceiling Price	USD	78.17	81.30	82.70	81.46		78.17	78.17	81.78
	Floor Price	USD	64.89	69.75	71.78	71.46		64.89	64.89	70.45
WTI bought puts (1)	Volume	Barrels					360,000		360,000	
	Ceiling Price	USD					38.44		38.44	
WTI bought calls	Volume	Barrels	40,000					40,000	40,000	
	Ceiling Price	USD	75.90					75.90	75.90	
Singapore Jet bought puts (1)	Volume	Barrels					175,000		175,000	
	Strike price	USD					59.79		59.79	
Singapore Jet collars	Volume	Barrels	1,450,000	1,070,000			2,760,000	2,520,000	5,280,000	
	Ceiling Price	USD	80.61	86.00			70.89	82.90	76.62	
	Floor Price	USD	61.53	72.72			48.01	66.28	56.73	
Singapore Jet bought calls	Volume	Barrels	110,000				105,000	110,000	215,000	
	Ceiling Price	USD	82.58				76.16	82.58	79.44	
Total hedged	Barrels	1,560,000	1,620,000	1,275,000	675,000	125,000	2,865,000	3,180,000	6,045,000	1,950,000
Estimated fuel consumption	Barrels	1,816,742	1,708,376	1,771,612	1,883,910	1,925,314	3,719,193	3,525,118	7,244,311	3,655,522
Hedge ratio		86%	95%	72%	36%	6%	77%	90%	83%	53%
Compensation from fuel hedges (2)	USD	6,151,308	6,737,598	5,493,807	2,714,857	693,433	23,580,093	12,888,906	36,468,999	8,208,664
Purchase cost of options	USD	(6,286,600)	(5,093,150)	(3,667,000)	(1,915,500)	(326,250)	(14,029,200)	(11,379,750)	(25,408,950)	(5,582,500)
Net compensation from hedges (3)	USD	(135,292)	1,644,448	1,826,807	799,357	367,183	9,550,893	1,509,156	11,060,049	2,626,164

Notes:

WTI spot was \$79.80. 12 month WTI was \$83.00. 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 23 February 2010.

(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.