



Air New Zealand Limited
Fuel Hedge Position as at 18 May 2010

	Units	FY10 Q4 Apr-Jun	FY11 Q1 Jul-Sep	FY11 Q2 Oct-Dec	FY11 Q3 Jan-Mar	FY11 Q4 Apr-Jun	Total FY10 1st Half	Total FY10 2nd Half	FY10 Total	Total FY11 1st Half	Total FY11 2nd Half	FY11 Total
WTI collars	Volume	Barrels	780,000	1,125,000	550,000	100,000				1,905,000	650,000	2,555,000
	Ceiling Price	USD	81.47	83.10	83.85	81.50				82.43	83.49	82.70
	Floor Price	USD	70.47	72.74	73.76	73.50				71.81	73.72	72.30
WTI bought puts (1)	Volume	Barrels					360,000		360,000			
	Ceiling Price	USD					38.44		38.44			
WTI bought calls	Volume	Barrels										
	Ceiling Price	USD										
Singapore Jet bought puts (1)	Volume	Barrels					175,000		175,000			
	Strike price	USD					59.79		59.79			
Singapore Jet collars	Volume	Barrels	1,580,000	745,000			2,760,000	3,030,000	5,790,000	745,000		745,000
	Ceiling Price	USD	85.83	90.00			70.89	83.33	77.40	90.00		90.00
	Floor Price	USD	72.54	79.00			48.01	67.27	58.09	79.00		79.00
Singapore Jet bought calls	Volume	Barrels	40,000				105,000	150,000	255,000			
	Ceiling Price	USD	83.56				76.16	82.84	80.09			
Total hedged	Barrels	1,620,000	1,525,000	1,125,000	550,000	100,000	2,865,000	3,180,000	6,045,000	2,650,000	650,000	3,300,000
Estimated fuel consumption	Barrels	1,715,307	1,722,766	1,830,418	1,872,972	1,721,745	3,701,175	3,549,301	7,250,476	3,553,183	3,594,718	7,147,901
Hedge ratio		94%	89%	61%	29%	6%	77%	90%	83%	75%	18%	46%
Compensation from fuel hedges (2)	USD	10,172,160	254,446	(693,844)	(41,915)	203,865	23,580,093	16,518,891	40,098,984	(439,398)	161,950	(277,448)
Purchase cost of options	USD	(5,172,150)	(4,236,250)	(2,962,750)	(1,461,250)	(254,000)	(14,029,200)	(11,458,750)	(25,487,950)	(7,199,000)	(1,715,250)	(8,914,250)
Net compensation from hedges (3)	USD	5,000,010	(3,981,804)	(3,656,594)	(1,503,165)	(50,135)	9,550,893	5,060,141	14,611,034	(7,638,398)	(1,553,300)	(9,191,698)

Notes:

WTI spot was US\$70.00. 12 month WTI was US\$79.00. 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 18 May 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.