



Air New Zealand Limited
Fuel Hedge Position as at 13 May 2016

	Units	FY16 Q3	FY16 Q4	FY17 Q1	FY17 Q2	FY17 Q3	FY17 Q4	Total FY16	Total FY17	Total FY17	
		Jan-Mar	Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	2nd Half	1st Half	2nd Half	
Brent Collars	Volume	Barrels	1,375,000	1,717,500	1,785,000	1,625,000	950,000	62,500	3,092,500	3,410,000	1,012,500
	Ceiling Price	USD	55.99	45.34	41.35	44.14	48.94	53.50	50.07	42.68	49.22
	Floor Price	USD	42.19	30.70	26.16	28.27	32.14	35.00	35.81	27.16	32.32
Bought Brent Puts	Volume		187,500	37,500					187,500	37,500	
	Strike Price		39.60	38.00					39.60	38.00	
Total hedged volume	Barrels	1,375,000	1,717,500	1,785,000	1,625,000	950,000	62,500	3,092,500	3,410,000	1,012,500	
Estimated fuel consumption	Barrels	2,163,564	1,992,796	2,250,173	2,211,720	2,315,301	2,008,592	4,156,360	4,461,893	4,323,893	
Hedged volume as proportion of total		64%	86%	79%	73%	41%	3%	74%	76%	23%	
Compensation from fuel hedges (1)	USD	(11,576,694)	5,688,774	15,123,865	13,215,009	5,810,694	250,659	(5,887,920)	28,338,874	6,061,353	
Purchase cost of options	USD	(3,456,875)	(4,118,300)	(4,379,925)	(4,574,000)	(2,998,625)	(215,000)	(7,575,175)	(8,953,925)	(3,213,625)	
Net compensation from hedges (2)	USD	(15,033,569)	1,570,474	10,743,940	8,641,009	2,812,069	35,659	(13,463,095)	19,384,949	2,847,728	

Notes:

Brent spot was US\$48 and 12 month Brent was US\$50. As at 13 May 2016, Air New Zealand had no WTI or Singapore jet hedges.

Periods relate to the month of uplift. Air New Zealand does not use three way call structures or leveraged collar structures.

Bought Brent Puts allow Air New Zealand to benefit from a continued fall in oil prices.

(1) Compensation from fuel hedges is the sum of the mark-to-market value of all fuel options as at 13 May 2016.

(2) 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 and time value of fuel derivatives is recognised through Other Comprehensive Income; and
- Any accounting ineffectiveness is recognised through earnings.

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 Brent.