



Air New Zealand Limited
Fuel Hedge Position as at 18 November 2016

		Units	FY17 Q2	FY17 Q3	FY17 Q4	FY18 Q1	FY18 Q2	FY17 1H	FY17 2H	FY 18 1H
			Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sept	Oct-Dec	Jul - Dec 2016	Jan - Jun 2017	Jul - Dec 2017
Brent Collars	Volume	Barrels	1,770,000	1,785,000	1,537,500	847,500	137,500	3,555,000	3,322,500	985,000
	Ceiling Price	USD	45.03	50.91	53.99	54.82	53.82	43.19	52.34	54.68
	Floor Price	USD	29.13	34.83	38.20	40.78	42.36	27.64	36.39	41.00
Bought Brent Puts	Volume							37,500		
	Strike Price							38.00		
Total hedged volume		Barrels	1,770,000	1,785,000	1,537,500	847,500	137,500	3,555,000	3,322,500	985,000
Estimated fuel consumption		Barrels	2,151,172	2,226,777	1,948,020	2,250,000	2,250,000	4,394,746	4,174,797	4,500,000
Hedged volume as proportion of total			82%	80%	79%	38%	6%	81%	80%	22%
Compensation from fuel hedges (1)		USD	8,358,033	4,906,056	4,069,988	2,095,545	401,168	19,474,274	8,976,044	2,496,713
Purchase cost of options		USD	(4,993,750)	(5,429,550)	(4,738,375)	(2,536,925)	(363,375)	(9,373,675)	(10,167,925)	(2,900,300)
Net compensation from hedges (2)		USD	3,364,283	(523,494)	(668,387)	(441,380)	37,793	10,100,599	(1,191,881)	(403,587)

Notes:

Brent spot was US\$47 and 12 month Brent was US\$52. As at 18 November 2016, Air New Zealand had no WTI or Singapore jet hedges.

Periods relate to the month of consumption. 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 18 November 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.