

Air New Zealand Limited
Fuel Hedge Position as at 17 May 2019

		Units	FY19 Q4 Apr-Jun	FY20 Q1 Jul-Sept	FY20 Q2 Oct-Dec	FY20 Q3 Jan-Mar	FY19 H2 Jan-Jun 2019	FY20 H1 Jul-Dec 2019	FY20 H2 Jan-Jun 2020
Brent Collars	Volume	Barrels	1,662,500	1,912,500	1,662,500	1,087,500	3,212,500	3,575,000	1,212,500
	Ceiling Price	USD	76.26	72.57	67.19	68.49	75.43	70.07	68.53
	Floor Price	USD	61.94	59.85	56.45	57.82	61.03	58.27	57.88
Brent Swaps	Volume	Barrels					360,000		
	Price	USD					68.10		
Singapore Jet Collars	Volume	Barrels	112,500				135,000		
	Ceiling Price	USD	99.00				99.00		
	Floor Price	USD	82.00				82.00		
Total hedged volume		Barrels	1,775,000	1,912,500	1,662,500	1,087,500	3,707,500	3,575,000	1,212,500
Estimated fuel consumption		Barrels	2,174,497	2,387,928	2,412,485	2,562,934	4,619,782	4,800,414	4,790,059
Hedged volume as proportion of total			82%	80%	69%	42%	80%	74%	25%
Compensation from fuel hedges (1)		USD	(686,967)	3,913,512	7,326,373	3,113,438	(5,953,397)	11,239,885	3,435,303
Purchase cost of options		USD	(5,582,500)	(4,467,000)	(3,363,250)	(2,052,500)	(12,548,200)	(7,830,250)	(2,287,000)
Net compensation from hedges (2)		USD	(6,269,467)	(553,488)	3,963,123	1,060,938	(18,501,597)	3,409,635	1,148,303
Brent Call Spreads (3)	Volume	Barrels	562,500				1,492,500		
	Bought Call	USD	71.50				68.38		
	Sold Call	USD	76.50				73.73		
Bought Brent Puts (4)	Volume	Barrels	112,500				1,012,500		
	Strike Price	USD	52.50				52.50		
Jet-Brent Crack Spreads (5)	Volume	Barrels	600,000	850,000	962,500	787,500	1,100,000	1,812,500	1,037,500
	Price	USD	15.02	16.09	17.28	17.17	15.28	16.73	17.09

Notes:

Brent spot was US\$72 and 12 month Brent was US\$67. As at 17 May 2019, Air New Zealand had no WTI hedges.

Singapore Jet Spot was US\$85 and 12 month Singapore Jet was US\$84.

(1) Compensation from fuel hedges is the sum of the mark-to-market value of all fuel hedges as at 17 May 2019.

(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. Any accounting ineffectiveness is recognised through earnings.

(3) Brent Call Spreads lower the ceiling price of existing collar structures.

(4) Bought Brent Puts allow Air New Zealand to benefit if oil prices fall under the strike price.

(5) Jet-Brent Crack Spreads lock in the margin between the Singapore Jet and Brent Crude prices; Air New Zealand has entered into Jet-Brent Crack Spreads to actively manage the volatility of the spread between Singapore Jet and Brent Crude prices.

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 and Singapore Jet.