



Air New Zealand Limited
Fuel Hedge Position as at 24 October 2008

		Units	FY09 Q2 Oct-Dec	FY09 Q3 Jan-Mar	FY09 Q4 Apr-Jun	FY10 Q1 Jul-Sep	Total FY09 1st Half	Total FY09 2nd Half	Total FY09 Total
WTI Collars	Volume	Barrels	1,615,000	1,530,000	890,000	150,000	3,215,000	2,420,000	5,635,000
	Ceiling Price	USD	111.58	122.26	122.12	105.99	103.91	122.21	111.77
	Floor Price	USD	94.70	106.84	107.31	84.99	86.55	107.01	95.34
WTI bought put spreads (6)	Volume	Barrels	200,000	950,000	250,000		200,000	1,200,000	1,400,000
	Ceiling Price	USD	85.00	79.74	71.00		85.00	77.92	78.93
	Floor Price	USD	69.38	61.18	50.00		69.38	58.85	60.36
Singapore Jet bought puts (6)	Volume	Barrels		250,000	250,000			500,000	500,000
	Strike price	USD		75.00	75.00			75.00	75.00
Total hedged		Barrels	1,615,000	1,530,000	890,000	150,000	3,215,000	2,420,000	5,635,000
Estimated Fuel Consumption (1)		Barrels	2,098,817	2,051,412	1,890,001	2,039,507	4,220,932	3,941,413	8,162,345
Hedge Ratio			77%	75%	47%	7%	76%	61%	69%
Compensation from fuel hedges (2)		USD	-24,892,713	-48,835,337	-32,908,000	-2,717,868	27,404,877	-81,743,337	-54,338,460
Purchase Cost of Options		USD	-5,937,350	-10,876,950	-6,016,950	-969,000	-10,469,200	-16,893,900	-27,363,100
Net Compensation from hedges (3)		USD	-30,830,063	-59,712,287	-38,924,950	-3,686,868	16,935,677	-98,637,237	-81,701,560

Notes:

WTI spot was \$69.38. 12 month WTI was \$75.02

- (1) The estimated fuel consumption excludes the round the world freighter.
- (2) Compensation from fuel hedges is the sum of the mark-to-market value of all fuel swaps and options as at 24 October 2008.
- (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.
- (4) Periods relate to the month of uplift.
- (5) Air New Zealand does not use three way call structures or leveraged collar structures.
- (6) The bought WTI put spreads and bought Singapore jet puts are designed to allow Air NZ to offset partially the losses generated from long established collar hedges should markets continue to fall. The hedges are cash for differences and do not involve physical purchases.

Key: **Volume:** Fuel volume is reported in barrels (42 US gallons in a barrel)
Price: Price is quoted in USD cost per barrel of West Texas Intermediate (WTI)