



**Air New Zealand Limited**  
**Fuel Hedge Position as at 18 August 2010**

		<b>Units</b>	<b>FY11 Q1 Jul-Sep</b>	<b>FY11 Q2 Oct-Dec</b>	<b>FY11 Q3 Jan-Mar</b>	<b>FY11 Q4 Apr-Jun</b>	<b>Total FY11 1st Half</b>	<b>Total FY11 2nd Half</b>	<b>FY11 Total</b>
WTI collars	Volume	Barrels	625,000	1,110,000	1,330,000	410,000	1,735,000	1,740,000	3,475,000
	Ceiling Price	USD	81.04	81.48	80.73	78.60	81.32	80.23	80.77
	Floor Price	USD	70.11	71.46	71.03	69.58	70.98	70.69	70.83
Singapore Jet collars	Volume	Barrels	1,020,000	595,000			1,615,000		1,615,000
	Ceiling Price	USD	90.04	91.83			90.70		90.70
	Floor Price	USD	79.11	81.81			80.11		80.11
Total hedged		Barrels	1,645,000	1,705,000	1,330,000	410,000	3,350,000	1,740,000	5,090,000
Estimated fuel consumption		Barrels	1,893,684	1,869,903	1,882,153	1,710,326	3,763,587	3,592,479	7,356,066
Hedge ratio			87%	91%	71%	24%	89%	48%	69%
Compensation from fuel hedges (1)		USD	68,000	(520,000)	2,317,000	1,798,000	(452,000)	4,115,000	3,663,000
Purchase cost of options		USD	(4,554,250)	(4,606,000)	(3,788,750)	(1,232,000)	(9,160,250)	(5,020,750)	(14,181,000)
Net compensation from hedges (2)		USD	(4,486,250)	(5,126,000)	(1,471,750)	566,000	(9,612,250)	(905,750)	(10,518,000)

**Notes:**

WTI spot was US\$75.00. 12 month WTI was US\$80.00. Periods relate to the month of uplift.

Air New Zealand does not use three way call structures or leveraged collar structures.

(1) Compensation from fuel hedges is the sum of the mark-to-market value of all fuel swaps and options as at 18 August 2010.

(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 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.