

**Air New Zealand Limited**  
**Fuel Hedge Position as at 15 August 2017**

		Units	FY18 Q1 Jul-Sept	FY18 Q2 Oct-Dec	FY18 Q3 Jan-Mar	FY18 Q4 Apr-Jun	FY18H1 Jul - Dec 2017	FY18H2 Jan - Jun 2018
<b>Brent Collars</b>	Volume	Barrels	1,695,000	1,700,000	1,360,000	882,500	3,395,000	2,242,500
	Ceiling Price	USD	56.22	55.34	53.20	50.81	55.78	52.26
	Floor Price	USD	42.76	44.76	44.65	42.62	43.76	43.85
<b>Brent Call Spreads*</b>	Volume	Barrels	1,362,500	897,500	75,000		2,260,000	75,000
	Bought Call	USD	47.47	51.73	53.13		49.16	53.13
	Sold Call	USD	56.17	57.44	58.00		56.67	58.00
<b>Brent Swaps</b>	Volume	Barrels		37,500	262,500	375,000	37,500	637,500
	Price	USD		49.00	49.14	49.48	49.00	49.34
<b>Bought Brent Puts**</b>	Volume	Barrels	325,000	600,000	125,000		925,000	125,000
	Strike Price	USD	40.23	40.63	40.00		40.49	40.00
Total hedged volume		Barrels	1,695,000	1,737,500	1,622,500	1,257,500	3,432,500	2,880,000
Estimated fuel consumption		Barrels	2,260,829	2,216,488	2,309,566	2,137,970	4,477,317	4,447,536
Hedged volume as proportion of total			75%	78%	70%	59%	77%	65%
Compensation from fuel hedges (1)		USD	4,276,277	2,071,140	2,390,628	3,397,686	6,347,417	5,788,314
Purchase cost of options		USD	(7,226,850)	(5,962,150)	(3,574,400)	(1,910,800)	(13,189,000)	(5,485,200)
Net compensation from hedges (2)		USD	(2,950,573)	(3,891,010)	(1,183,772)	1,486,886	(6,841,583)	303,114

**Notes:**

Brent spot was US\$51 and 12 month Brent was US\$51. As at 15 August 2017, 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.

\* Brent Call Spreads lower the ceiling price of existing collar structures.

\*\* Bought Brent Puts allow Air New Zealand to benefit if oil prices fall under the strike price.

(1) Compensation from fuel hedges is the sum of the mark-to-market value of all fuel options and swaps as at 15 August 2017.

(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.