# AIR NEW ZEALAND

## Air New Zealand Limited
## Fuel Hedge Position as at 17 August 2016

| | Units | FY17Q1 | FY17Q2 | FY17Q3 | FY17Q4 | FY17 | FY17 |
|---|---|---|---|---|---|---|---|
| | | Jul-Sept | Oct-Dec | Jan-Mar | Apr-Jun | 1st Half | 2nd Half |
| **Brent Collars** Volume | Barrels | 1,785,000 | 1,770,000 | 1,672,500 | 675,000 | 3,555,000 | 2,347,500 |
| Ceiling Price | USD | 41.35 | 45.03 | 50.67 | 53.48 | 43.19 | 51.48 |
| Floor Price | USD | 26.16 | 29.13 | 34.57 | 37.50 | 27.64 | 35.41 |
| **Bought Brent Puts** Volume | | 37,500 | | | | 37,500 | |
| Strike Price | | 38.00 | | | | 38.00 | |
| Total hedged volume | Barrels | 1,785,000 | 1,770,000 | 1,672,500 | 675,000 | 3,555,000 | 2,347,500 |
| Estimated fuel consumption | Barrels | 2,240,273 | 2,201,124 | 2,306,493 | 1,969,300 | 4,441,397 | 4,275,793 |
| Hedged volume as proportion of total | | 80% | 80% | 73% | 34% | 80% | 55% |
| Compensation from fuel hedges (1) | USD | 11,549,157 | 12,925,077 | 8,911,319 | 3,120,621 | 24,474,234 | 12,031,940 |
| Purchase cost of options | USD | (4,379,925) | (4,993,750) | (5,076,525) | (2,101,600) | (9,373,675) | (7,178,125) |
| Net compensation from hedges (2) | USD | 7,169,232 | 7,931,327 | 3,834,794 | 1,019,021 | 15,100,559 | 4,853,815 |

**Notes:**

Brent spot was US$50 and 12 month Brent was US$53.  As at 17 August 2016, Air New Zealand had no WTI or Singapore jet hedges.

Periods relate to the month of uplift.  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 17 August 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.