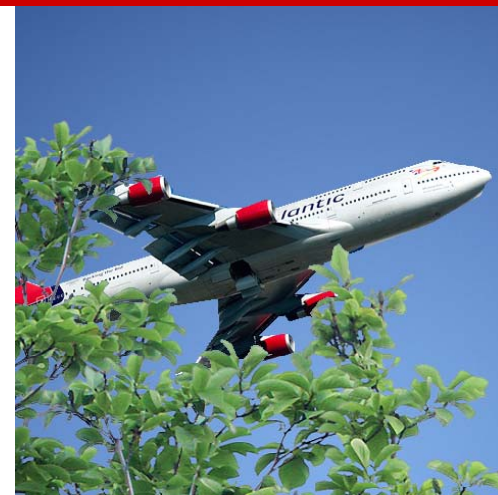


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JONATHAN PARDOE
Head of Fuel Management
Virgin Atlantic Airways
Limited



Virgin Atlantic is a Long Haul only operator, with three award winning cabin classes, based in the UK, and was founded by Sir Richard Branson

- I have about 22 years of Airline experience with 19 at Virgin Atlantic
- For 18 years I have headed up the Fuel Management area
- I designed and implemented Virgin's initial Fuel Hedging strategy
- Responsible for all Virgin Atlantic's fuel hedging for over 15 years



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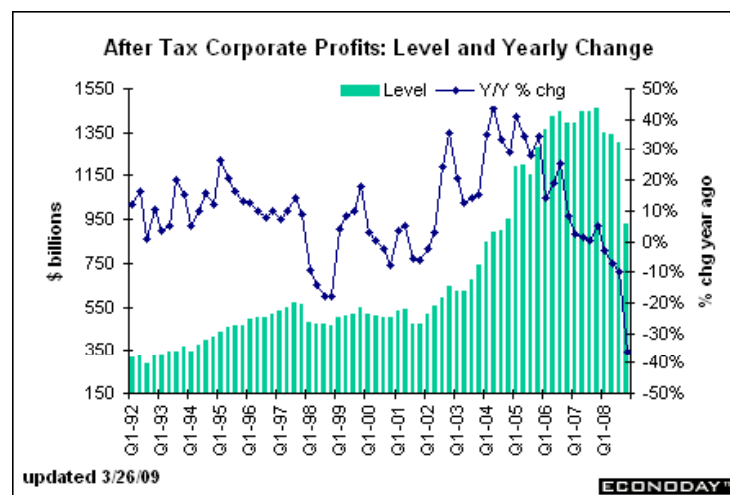
- Virgin have a hedging policy for Fuel and FX which is approved by the Board and sets tenor, percentage to be hedged and contract types.
- The Board receives a trading update showing the current position and approves the proposed activity every time it meets.
- A small sub-committee agrees the finer details and reviews progress.
- Counterparty exposure is monitored through daily Mark to Markets.
- Daily conversations with counterparties and reviewing market commentaries and statistics.
- I interpret the strategy with my Director and the implementation is by myself or my delegate.

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Major Issues Regarding Hedging At The Moment



- Credit Support Annex to ISDA – Cash



- Accounting Regulations - Profit



- Counterparty Exposure – Security

- Increased regulation of OTC derivatives market – Reduced hedging opportunities



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Or Just Trying to Achieve the Impossible

- Knowing what will happen to prices
- Getting the lowest fuel price cover
- With total participation at lower prices
- At no cost!!!!
- Whilst keeping your Mark to Market exposure down



THANK YOU