

Customized Fuel Hedging and Risk Management Solutions





SOTER ADVISORS LTD.

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Soter Advisors
provides a full
suite of energy
and fuel hedging
strategies and
risk management
solutions.

Risk Management

A professionally-run hedging program can help businesses manage risks that are company-wide or specific to business units/particular contracts.

Our hedging solutions allow our clients to focus on their core businesses and excel at what they do best.





Our extensive experience in commodity markets, pricing and trading derivatives, and risk management allows us to build customized solutions for our clients.

We are independent providers of hedging and risk management solutions and are experts in commodity markets, financial services and technology. We have an international perspective with a focus on shipping, oil & gas, aviation and logistics companies.

We provide independent, conflict-free advice. Our interests are aligned with those of our clients. We are long-term, trusted partners who support our clients and help them to reach their business objectives, which may include:

- Protecting profit margins
- Securing a company's competitive edge
- Meeting budget targets
- Reducing earnings variability
- Attracting long-term shareholders
- Securing improved project finance terms
- Reducing the risk of financial distress

STRATEGIES

Choosing the best strategy can be a complex process. Risks vary over time, as do company attitudes towards them. Our team will identify these risks and help you design a solution that addresses your unique circumstances and objectives.

A particular hedging tool might suit your current financial objectives. As your business develops or global events move markets, an alternative or hybrid solution may be preferable. Regardless of the situation, our consultants will be there to offer expert insights and advice as events unfold.

SWAP

BENEFITS

- Price certainty
- Standardized product
- Liquid market

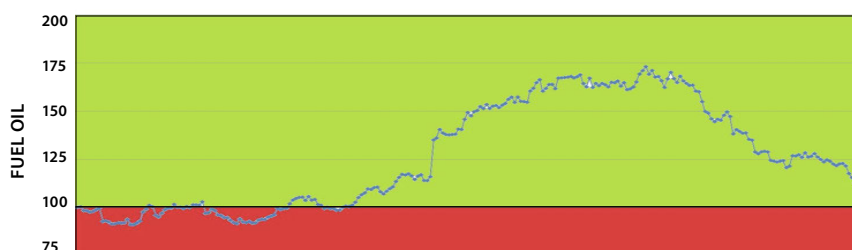
RISKS

- Basis risk

A swap is a financial instrument that allows you to hedge your exposure by fixing the price you pay for fuel at a predefined level, over a predefined time period.

Execution:

- Select the most relevant contract (e.g. US Gulf Coast No.6 Fuel Oil 3%)
- Select volume of fuel to hedge
- Select time period



Monte Carlo simulated data (volatility 30%) using an index starting at 100.

SCENARIO 1 Fuel price moves below swap execution price (red zone). You make a cash payment to your trading counterparty but this is offset by lower physical fuel prices in the market.

SCENARIO 2 Fuel price moves above swap execution price (green zone). You receive cash from your trading counterparty to offset the higher physical fuel prices you must pay in the market.

CAP

BENEFITS

- Protection against price increases

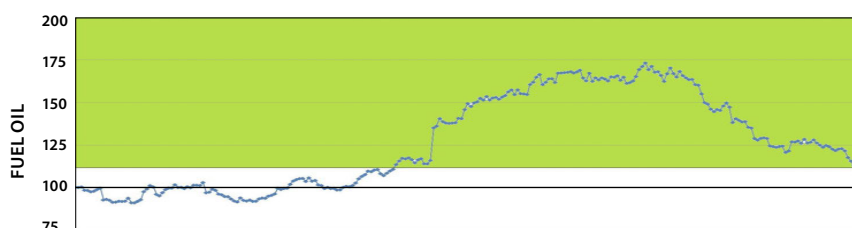
RISKS

- Basis risk
- Upfront premium

A cap (or call option) is a financial instrument (similar to an insurance contract) that protects your business from rising fuel prices whilst allowing you the flexibility to take advantage of falling prices.

Execution:

- Select the most relevant contract (e.g. US Gulf Coast No.6 Fuel Oil 3%)
- Select volume of fuel to hedge
- Select time period
- Select price cap level (or strike price)
- Pay premium



Monte Carlo simulated data (volatility 30%) using an index starting at 100.

SCENARIO 1 Fuel price remains below cap level (un-shaded zone). There are no further cash payments or receipts. Physical fuel is purchased in the market and you are able to take advantage of falling prices.

SCENARIO 2 Fuel price rises above cap level (green zone). You receive cash from your trading counterparty to offset the higher physical fuel prices you must pay in the market.

COLLAR

BENEFITS

- Price certainty (within range)
- Some benefit from falling prices
- Potential to receive premium

RISKS

- Basis risk
- Limited downside protection

A collar (a combination of a call option and a put option) is a financial instrument designed to hedge your fuel exposure by locking prices into a certain range. These products are often traded at zero upfront cost. However, depending upon the exact structure, a premium can be received.

Execution:

- Select the most relevant contract (e.g. US Gulf Coast No.6 Fuel Oil 3%)
- Select volume of fuel to hedge
- Select time period
- Select price cap level (or call strike price)
- Select price floor level (or put strike price)



Monte Carlo simulated data (volatility 30%) using an index starting at 100.

SCENARIO 1 Fuel price moves below the price floor level (red zone). You make a cash payment to your trading counterparty but this is offset by the lower physical fuel prices you pay in the market. You will benefit from falling prices until the floor is passed.

SCENARIO 2 Fuel prices remain between cap and floor levels (un-shaded zone). There are no further cash payments or receipts. Physical fuel is purchased in the market and you are exposed to price fluctuations within your predefined range.

SCENARIO 3 Fuel price rises above cap level (green zone). You receive cash from your trading counterparty to offset the higher physical fuel prices you must pay in the market. You will be exposed to rising fuel prices until the cap is passed.

CUSTOMIZED OPTION STRATEGY

We leverage our deep understanding of complex trading strategies to design bespoke solutions for clients with specific risk targets. Whether it is an idiosyncratic risk, to which a company wishes to retain exposure; or creating a better risk/reward payoff for a company's existing business risks, we will build a best-in-class product that help you reach your tactical risk goals.

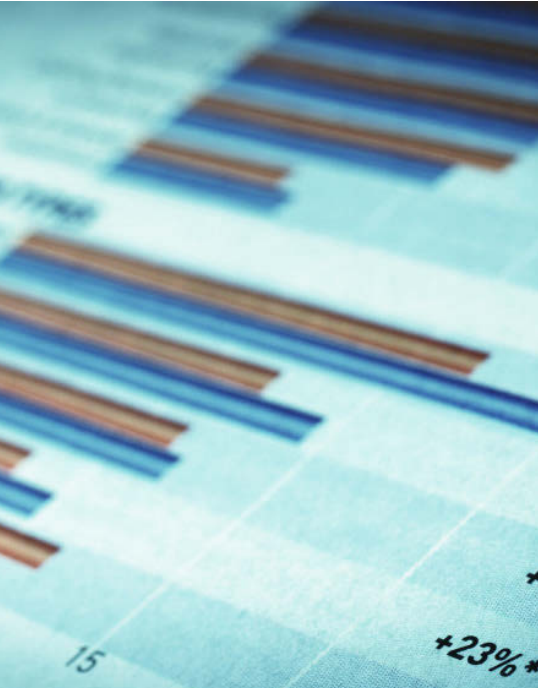
STRUCTURED PRODUCTS

Soter Advisors designs structured products for companies that have a more sophisticated approach to risk management, desire highly tailored products that cannot be replicated with exchange traded contracts, and are comfortable with counterparty risk. We utilize our extensive network of institutional relationships to find the most competitive prices and retain the maximum profit potential for our clients.

Working With Us

We are long-term, trusted partners who support our clients and help them to reach their business objectives.



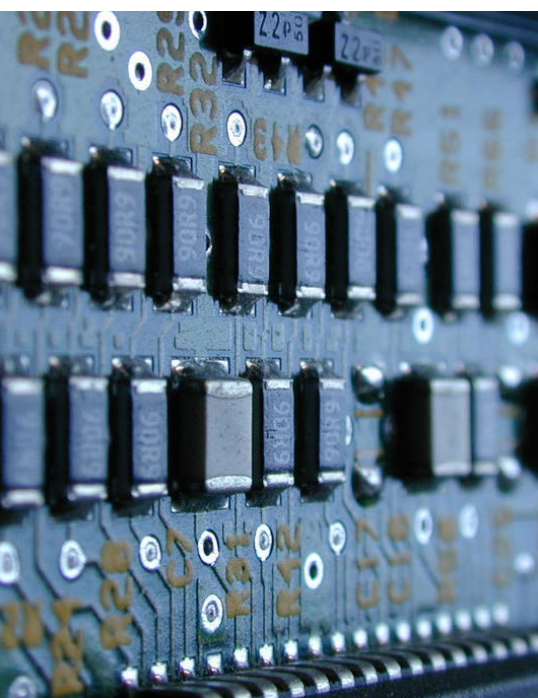


BUSINESS ANALYSIS

Your risk consultant will meet with you to evaluate the location and scope of fuel risks within your business model.

Key areas may include:

- Total fuel consumption and spending
- Regional fuel consumption breakdown
- Current financial position
- Impending changes to business environment
- Business/financial objectives
- Risk tolerance



STRATEGY DESIGN AND IMPLEMENTATION

We will suggest a range of solutions to mitigate or more effectively manage your fuel price exposure.

We will then work with you to implement a structured process within your operational model. We will provide:

- Complete analysis of your fuel risks
- Quantitative blueprint of the implications of each strategy
- Introductions to key institutional relationships
- Software selection
- Implementation manual

STRATEGY MONITORING AND CONSULTING

Your risk consultant will regularly review your hedging program to ensure your objectives are met.

We will also be 'on call' to provide answers to questions you have regarding any aspect of your hedging program. Advisory services will include:

- Constant evaluation of open positions and strategy
- Ad hoc strategy discussions driven by market conditions
- Employee education
- Derivative pricing
- Technology consulting



Principles

Integrity

Our business is based on strong client relationships. We hold ourselves to the highest ethical standards, knowing that our reputation is our most valuable asset. Our goal is to become long-term trusted advisors to the people we serve.

Independence

Our business thrives on independence. Our only focus is the design and implementation of solutions that best provide for our client's needs. Our advice is not conflicted by relationships with banks or oil majors and we do not work on commission. 100% of our time and 100% of our energy is focused on helping our clients meet their business goals.

Innovation

Our edge is our deep knowledge of commodity markets and risk management. We will constantly monitor new product development and changes in market structures to provide best-in-class bilateral and exchange-traded solutions to our clients.





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