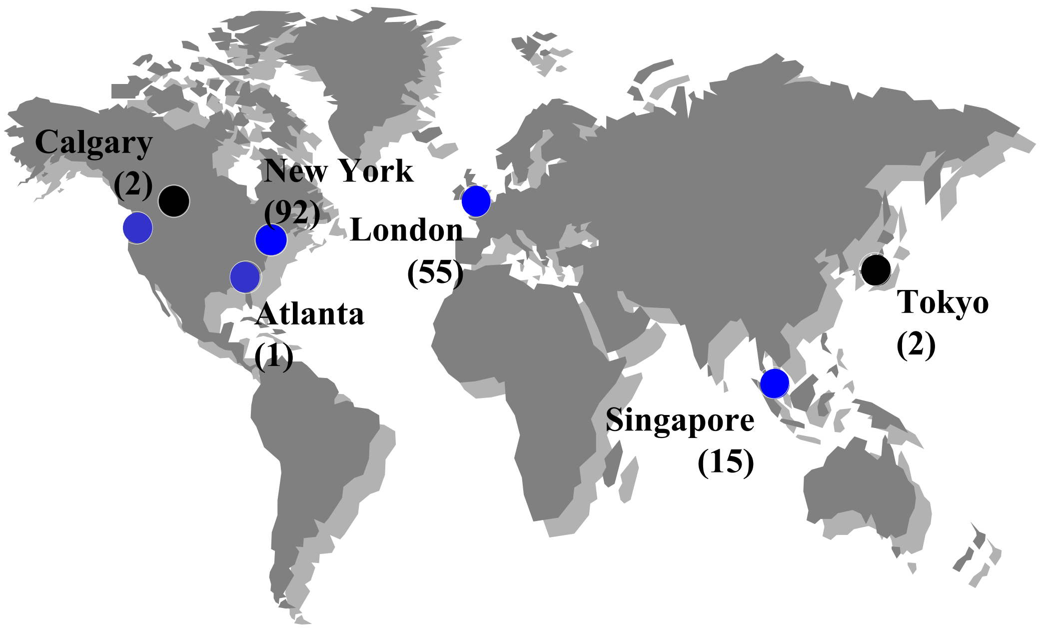
Morgan Stanley Commodities Group

Commodities Group Overview

A Leading Commodity Trader:

- **Trading as principal since 1982**
- **Offices in New York, London, Singapore, Tokyo and Calgary**
- **170+ professionals world-wide**
- **Extremely active in refined product and crude oil, physicals and derivatives**
- **Proven track record in executing and managing large, complex supply agreements**



Morgan Stanley Commodity Services

- **Price Risk Management**
- **Cash Flow Management - Margin Stabilization**
- **Working Capital - Inventory Ownership and Trade Credit**
- **Combined Working Capital and Margin Stabilization - Delivered Supply**

Representative Transactions

Premcor – Memphis Crude Market Intermediation

- MSCG provides crude oil crude oil market intermediation for the Memphis Refinery. Premcor personnel buy and sell crude as agent for MSCG. The transaction covers 125 MBD of supply. Transactions are automatically uploaded into Tempest from Premcor's SolArc system.

Premcor – Lima Crude Linefill Inventory Ownership

- MSCG owned $85MM of crude linefill to support Lima refinery operations. The agreement was terminated at Premcor's request as GCM oversold their high yield bond offering.

Orion - Refining Working Capital

- MSCG provided turn-key service that included inventory ownership, crude and product market intermediation and risk management on 150 MBD of supply and $100 MM of inventory. The transaction was restructured for bankruptcy and the inventory was sold to Valero.

Oil International (Repsol) - Contract Monetization

- MSCG intermediates long term crude offtake agreement and offsetting swap to support $360MM Senior Secured Notes.

Apache - Volumetric Production Payment (VPP)

- MSCG paid $300MM for a 70 Bcfe forward stream of offshore USGC oil and gas. MSCG provided physical off take, financing and price risk management.

Jet Fuel Supply Services - Highlights

Morgan Stanley's inventory ownership service combines the Firm's capabilities in physical commodity trading, risk management and financing to offer a unique alternative to a traditional bank revolver.

By having Morgan Stanley own physical inventory, an airline may be able to reduce the amount of cash tied up in inventory and also lower the total cost of inventory ownership. The transaction structure may also simplify inventory risk management, risk reporting and inventory accounting.

A long term, delivered supply arrangement can combine the benefits of an inventory ownership structure with a single source of market-priced supply. This may result in a simplified work process, an optimized working capital investment and a lower total cost of fuel ownership.

UAL Agreement - Meeting Core Objectives

	Features of MSCG Agreement	Benefits to United
Maintain Competitive Pricing	• Self-Supply delivered at indexed pricing, plus logistics costs. • Inventory-Supply delivered at prices and costs directly negotiated by United acting as agent. • Into-Wing supply delivered at prices and costs directly negotiated by United. • Existing supply and logistics contracts assumed and operated by MSCG or retained by United.	• United maintains benefit of USGC-related pricing without the staffing, cost, and risk of a trading department. • United maintains direct control over Into-Wing and Inventory supply costs. • Assignment ensures uninterrupted cash flow from existing commercial activities. • United/MSCG synergies reduce overhead costs. • Trading, duty drawback and retained 3rd Party sales help reduce the effective cost of supply.
Reduce Working Capital	• Inventories purchased and owned by MSCG. • Fuel deliveries collateralized or pre-paid on a "just-in-time" basis.	• United liberates the cash tied up in inventory and benefits from MSCG's low capital costs. • By consolidating to one supplier for Self-Supply and Inventory locations, United establishes a more efficient collateral structure.

UAL Agreement - Meeting Core Objectives

	Features of MSCG Agreement	Benefits to United
Ensure Integrity of Supply	• MSCG's trading network immediately utilized to manage Self-Supply locations. • Into-Wing and Inventory locations managed by United (either directly or as agent). • MSCG contractually obligated to meet volume requirements and maintain minimum inventories.	• Given the large number of locations and United's rapid execution plan, a phased approach provides a mechanism to preserve supply integrity while generating cost reductions. • MSCG is an investment grade counterparty with a 20-year track record of performance in the commodity marketplace.
Preserve Exit Strategy	• Initial MSCG process maximizes use of United staff and systems. • MSCG would allow United to assume supply, sales and logistics contracts at termination.	• United will preserve its ability to re-establish direct supply at the end of the agreement. • MSCG's initial implementation phase minimizes process change.

Morgan Stanley Commodities Group