

BUILDING A WORLD OF DIFFERENCE

SENATE FINANCE COMMITTEE

CLARIFICATIONS ON PREVIOUS PRESENTATIONS

PREPARED FOR THE STATE OF ALASKA

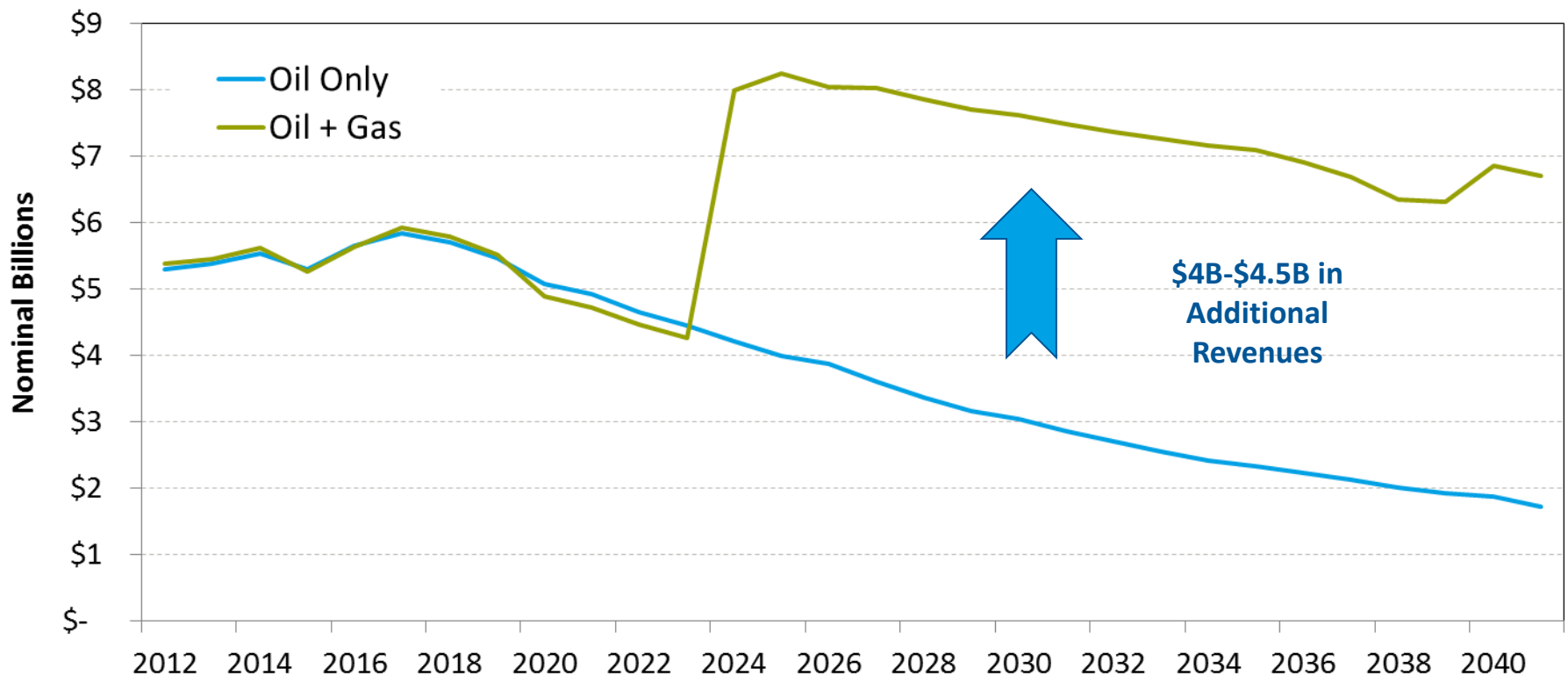
MARCH 5, 2014



BLACK & VEATCH
Building a world of difference.®

LONG-TERM NORTH SLOPE OIL & GAS REVENUES ARE DRIVEN BY AKLNG PROJECT SUCCESS

State of Alaska – North Slope Oil & Gas Annual Revenue Forecast

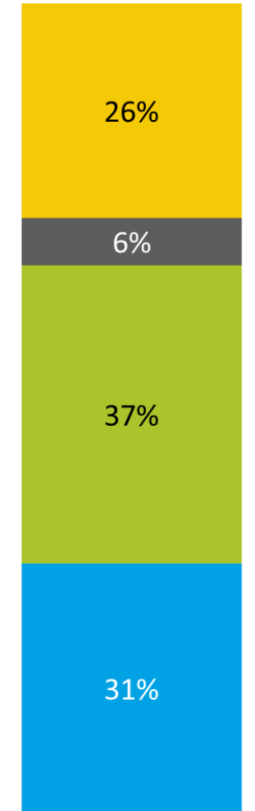
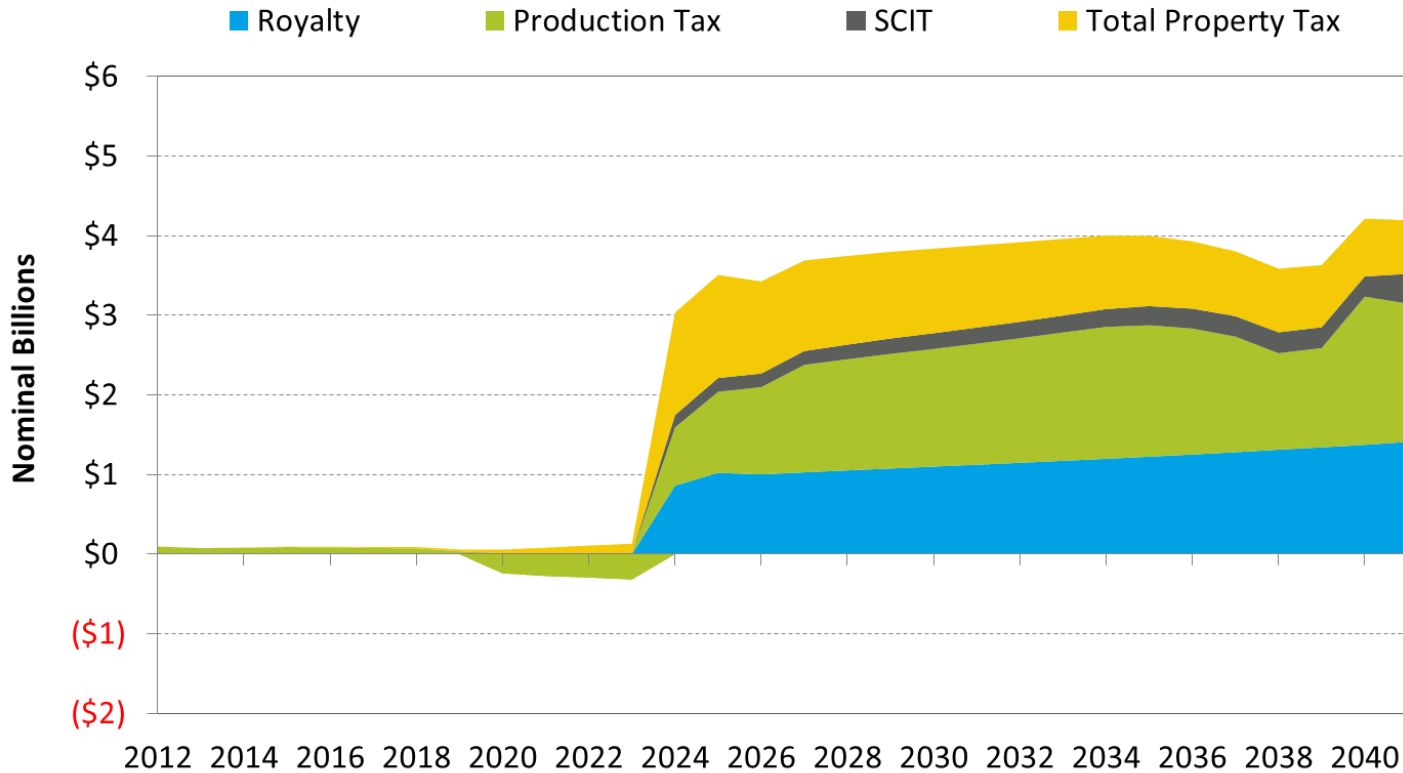


PRESERVE VALUE TO STATE FROM ROYALTY & TAXES



VALUE TO SOA

State of Alaska Modified Status Quo Annual Cash Flow



Total Cash Flow (Through 2041) = \$68 Billion

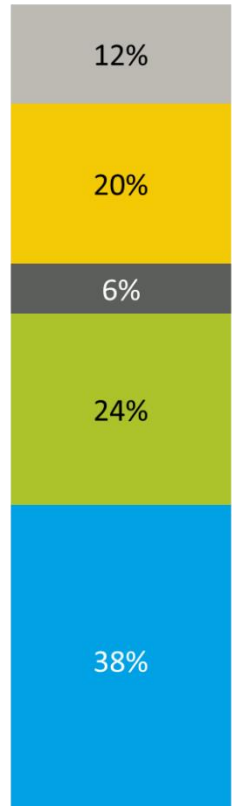
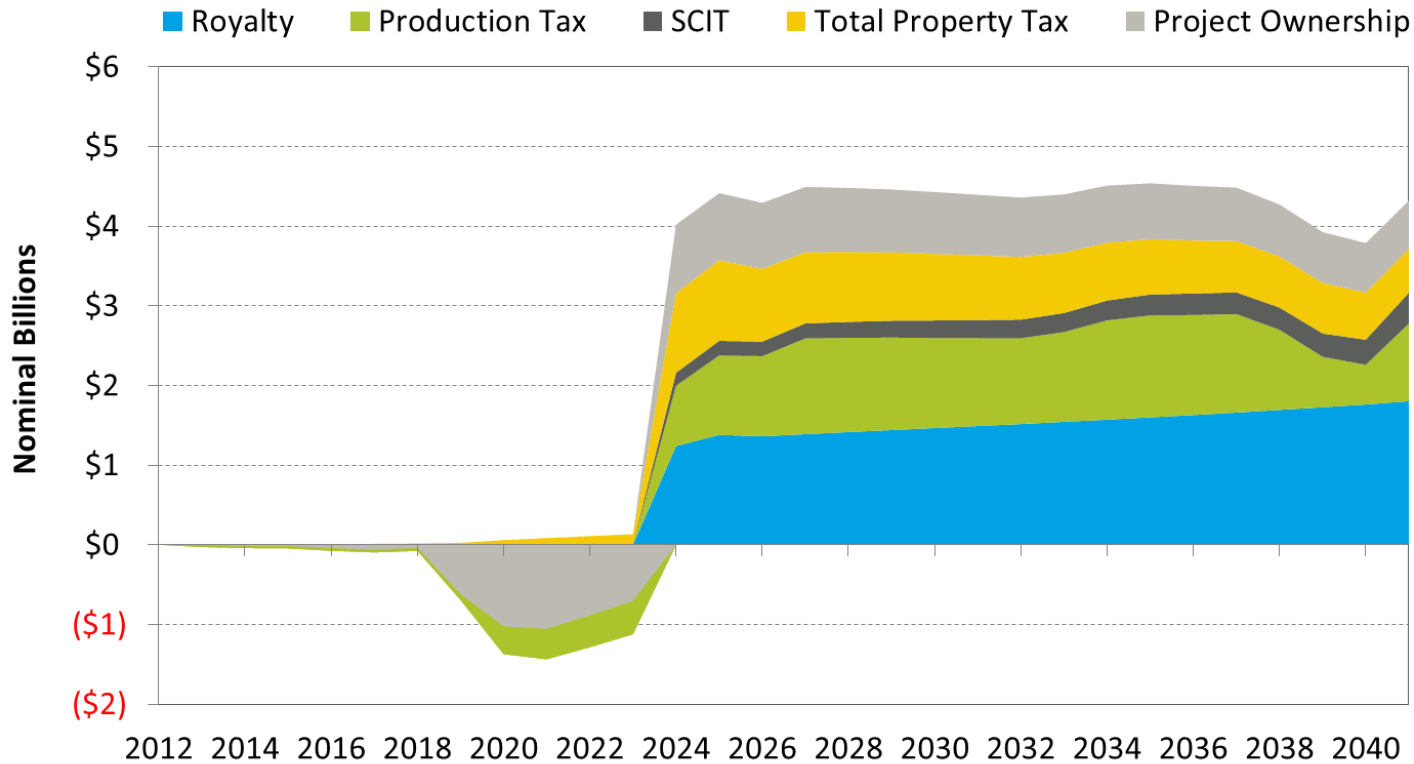


PRESERVE VALUE TO STATE FROM ROYALTY & TAXES



VALUE TO SOA

State of Alaska 25% Equity Alternative Annual Cash Flow

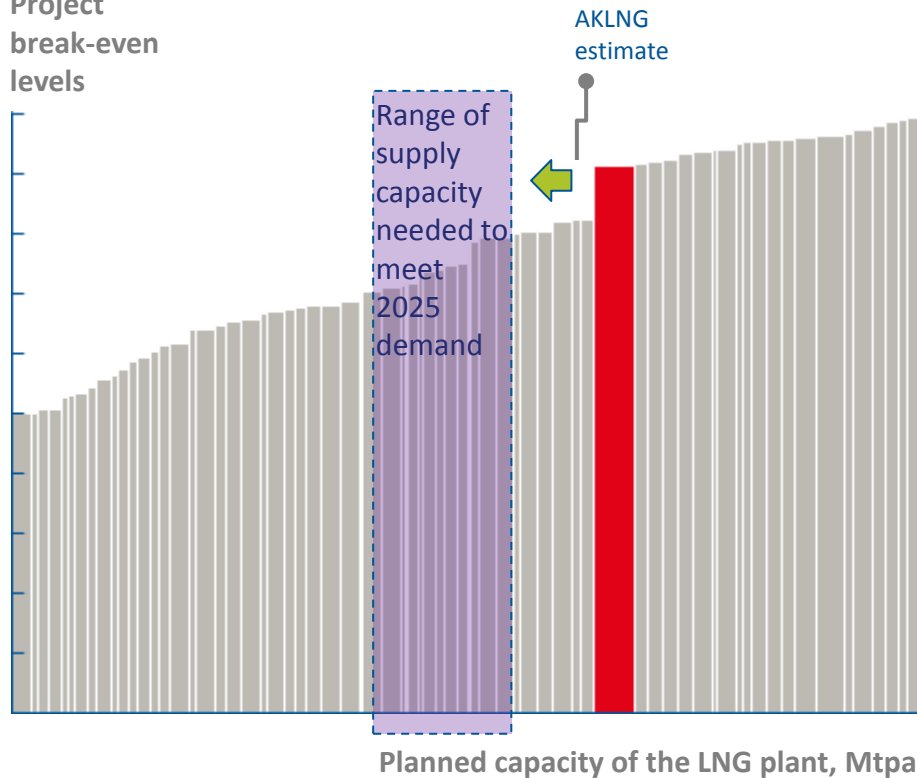


Total Cash Flow (Through 2041) = \$72 Billion



ON THE GLOBAL SUPPLY CURVE, AKLNG APPEARS TO CURRENTLY BE OUT OF THE MONEY, MODIFICATIONS REQUIRED FOR COMPETITIVENESS

Project
break-even
levels



ILLUSTRATIVE CHART, ANALYSIS DONE FOR
ALL PROJECTS WITH STARTUP AFTER 2013

IMPLICATIONS:

- 1 AKLNG is currently out of the money:
 - Alaska break-even price is US\$12.3/MMBtu
 - Projects more economic than Alaska can provide ~340 MTPA new supply, more than required to meet global LNG demand (~250 – 300 MTPA)
- 2 AKLNG faces significant competition
 - There are several projects to the right in supply stack which will compete with AKLNG
- 3 However, the risk levels of competing LNG projects also needs to be considered
 - Due to political, resource and other risks, some in the money projects may be delayed/cancelled, leading to range of needed capacity

¹ NPV=0 @ discounted at Weighted Average Cost of Capital

BLACK & VEATCH STATEMENT

This presentation was prepared for the State of Alaska (“Client”) by Black & Veatch Corporation (“Black & Veatch”) and is based in part on information not within the control of Black & Veatch.

In conducting our analysis, Black & Veatch has made certain assumptions with respect to conditions, events, and circumstances that may occur in the future. The methodologies we utilize in performing the analysis and making these projections follow generally accepted industry practices. While we believe that such assumptions and methodologies as summarized in this report are reasonable and appropriate for the purpose for which they are used; depending upon conditions, events, and circumstances that actually occur but are unknown at this time, actual results may materially differ from those projected.

Readers of this presentation are advised that any projected or forecast price levels and price impacts reflect the reasonable judgment of Black & Veatch at the time of the preparation of such information and are based on a number of factors and circumstances beyond our control. Accordingly, Black & Veatch makes no assurances that the projections or forecasts will be consistent with actual results or performance. To better reflect more current trends and reduce the chance of forecast error, we recommend that periodic updates of the forecasts contained in this presentation be conducted so recent historical trends can be recognized and taken into account.

Neither this presentation, nor any information contained herein or otherwise supplied by Black & Veatch in connection with the services, shall be released or used in connection with any proxy, proxy statement, and proxy soliciting material, prospectus, Securities Registration Statement, or similar document without the written consent of Black & Veatch.

Use of this presentation, or any information contained therein, shall constitute the user’s waiver and release of Black & Veatch from and against all claims and liability, including, but not limited to, any liability for special, incidental, indirect or consequential damages, in connection with such use. In addition, use of this presentation or any information contained therein shall constitute an agreement by the user to defend and indemnify Black & Veatch from and against any claims and liability, including, but not limited to, liability for special, incidental, indirect or consequential damages, in connection with such use. To the fullest extent permitted by law, such waiver and release, and indemnification shall apply notwithstanding the negligence, strict liability, fault, or breach of warranty or contract of Black & Veatch. The benefit of such releases, waivers or limitations of liability shall extend to Black & Veatch’s related companies, and subcontractors, and the directors, officers, partners, employees, and agents of all released or indemnified parties. USE OF THIS PRESENTATION SHALL CONSTITUTE AGREEMENT BY THE USER THAT ITS RIGHTS, IF ANY, IN RELATION TO THIS PRESENTATION SHALL NOT EXCEED, OR BE IN ADDITION TO, THE RIGHTS OF THE CLIENT.

