

ALASKA'S ECONOMY



POISED FOR GROWTH... WITH SOME CONCERNS

The Positives

- Alaska's economy and housing market are stable
- The State Government has large cash reserves
- Our Governor is committed to filling the Trans-Alaska Pipeline
- The Governor and Legislature are investing in low cost energy and transportation infrastructure projects

- Shell is making progress toward exploration in the Beaufort and Chukchi Sea
- Some variation of a natural gas pipeline from the North Slope seems probable
- Alaska is rich with mineral resources

The Concerns

- The future of the Trans-Alaska Pipeline is uncertain and needs more throughput
- We are losing oil industry service jobs to North Dakota
- Energy costs are high in most of Alaska and unsustainable in Fairbanks and rural Alaska

- Continued European Union financial recession would impact Alaska negatively
- New natural resource development projects face cumbersome permitting processes
- We have limited transportation infrastructure compared to other states

A MAJOR STEP FORWARD

Improve Alaska's Transportation Infrastructure

Aid the Development of Natural Gas
and
Hydroelectric Energy

Open up Interior Alaska to Resource Development

...is well underway



Progress to date

100 rail car loop
Longest industrial rail loop in Alaska

2/3s of rail loop is now completed

Rail/truck embankment to loop is completed

Last regulatory hurdle has been cleared

Advantages of Rail Extension to Port MacKenzie

Shorter rail distance to tidewater for mineral exports

Terminates at Point Mackenzie, **a year round**, deep draft port

Avoids the most congested portion of Alaska RR mainline

Will have Alaska's **only** 100 railcar industrial loop

Allows for **efficient transfer** between trains and ships

Ideal for storage, staging and transport of pipe for any gas line

Can provide an additional port for transport of heavy machinery for Susitna Dam

Only port in Alaska with **large** (14 sq. Mi) staging, storage and industrial area

Provides large industrial space and excellent opportunity for **value added growth**

Two new, **long term leases** recently signed

PacArctic, a Subsidiary of Koniag-20 year
lease, Transportation and Logistics

Central Alaska Energy-25 year lease. Receiving,
Storing and Distributing Fuel



LIVENGOOD

FAIRBANKS

DELTA JUNCTION

HEALY

PORT MACKENZIE



What the Rail Extension Means to *Alaska's* Economy

Makes Alaska's minerals **more competitive** on the world market

Provides **increased opportunity** to open up Interior
to resource development
(lead, zinc, copper, molybdenum and silver)

Priority of AMFAST for military force capability

Helps facilitate development of world class limestone deposit near Livengood and cement production plant near Fairbanks

Can reduce transportation and staging cost for construction of any natural gas pipeline from North Slope

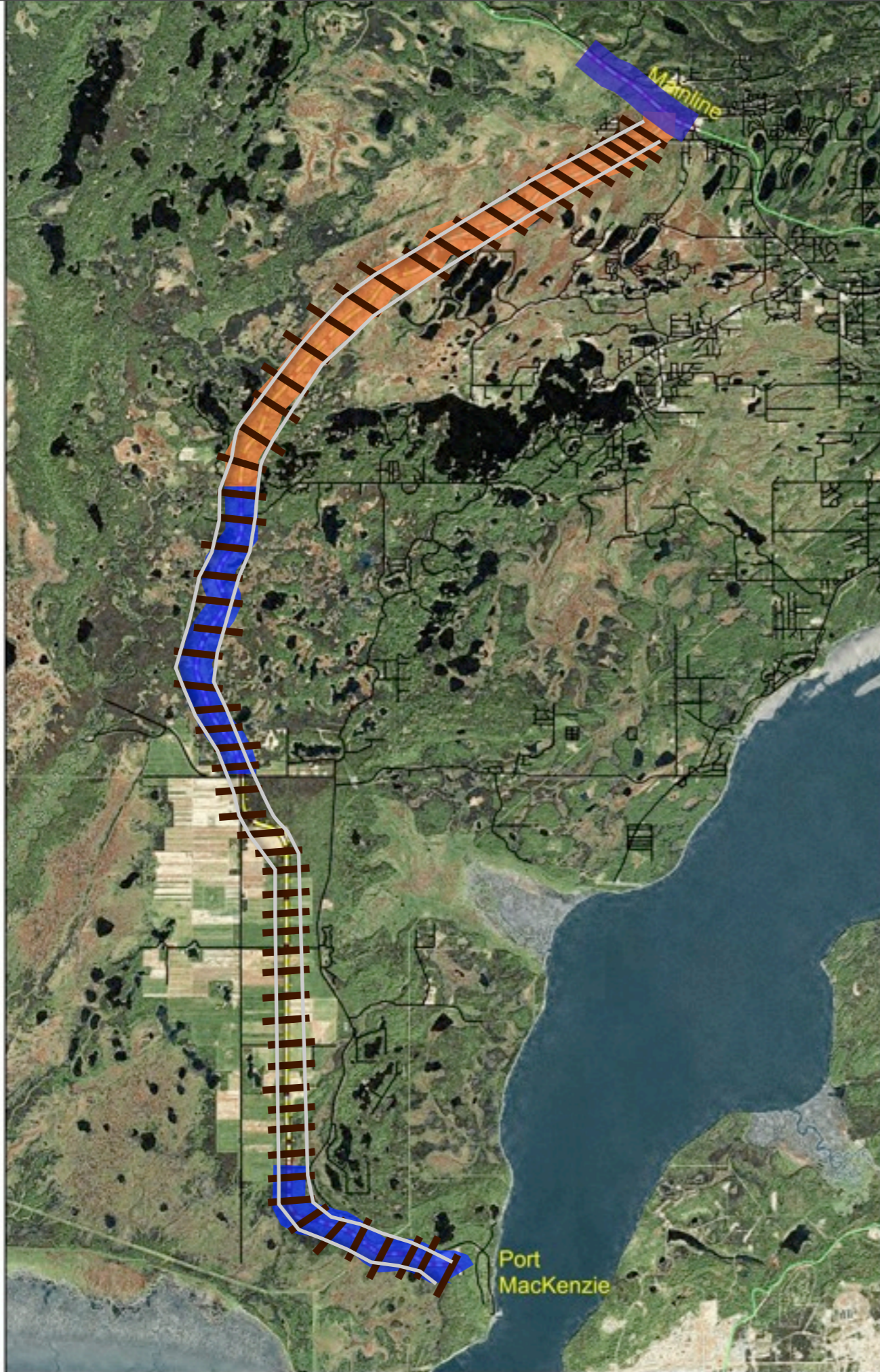
Could provide cement, equipment staging and transportation for the construction of the Susitna-Watana Dam

Improves competitiveness of Alaska coal on the world market

Increases employment and business opportunities
in Interior and Southcentral Alaska

2012 Funding Request

\$60 million



Currently funded

With this year's
\$60 Million funding,
we can complete
2/3s of the railbed