

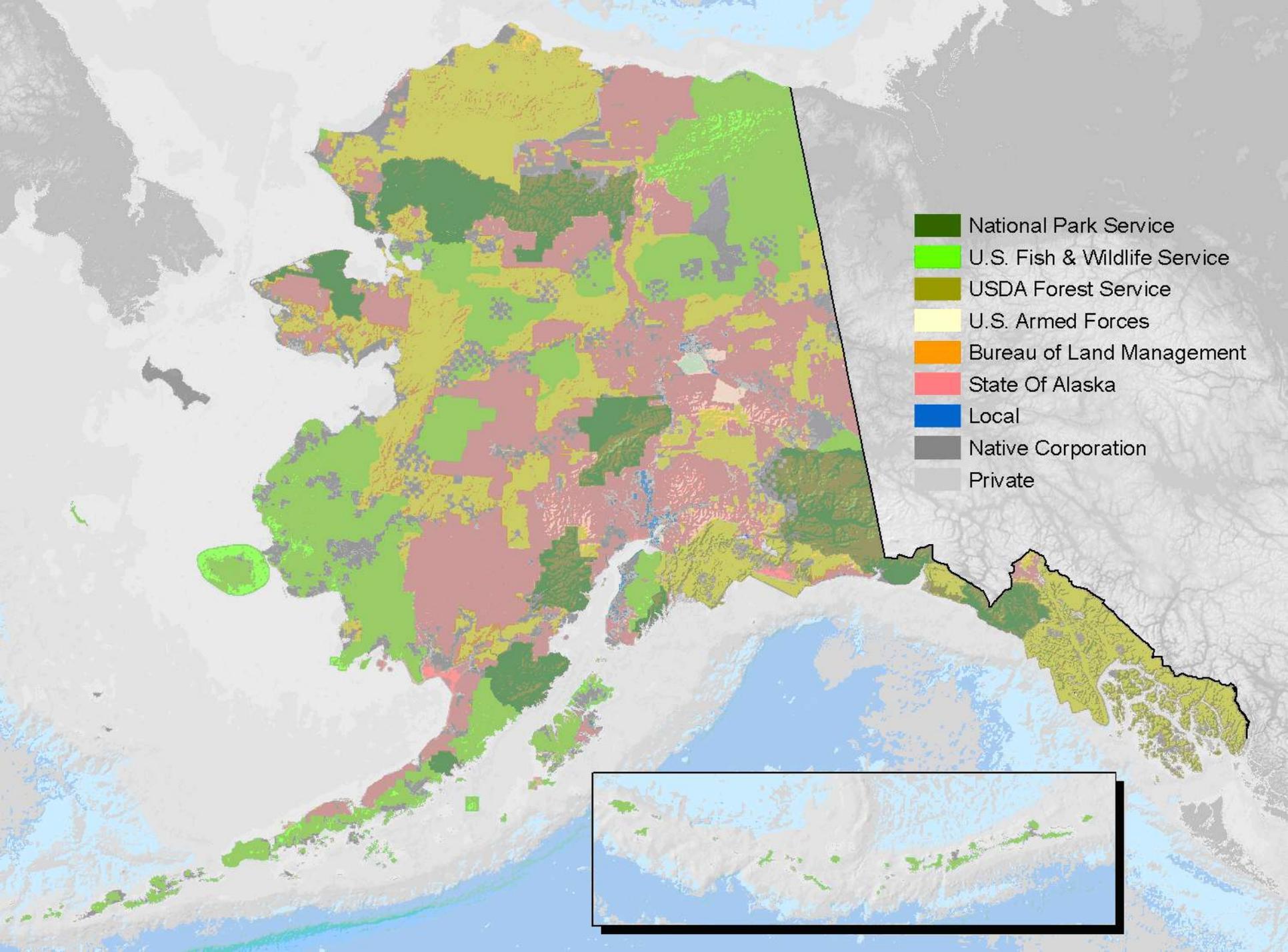
**COMMONWEALTH
NORTH**

A Shareholders

Report to Alaskans

12th Annual Review of Alaska's Assets

- Report on value, income, and prospects of Alaska's key assets for the preceding year
- Identify emerging public policy issues related to those assets
- Ask asset managers to identify what criteria they should be judged upon in the coming year
- Track performance of those assets - and asset managers - against that criteria and other metrics



- National Park Service
- U.S. Fish & Wildlife Service
- USDA Forest Service
- U.S. Armed Forces
- Bureau of Land Management
- State Of Alaska
- Local
- Native Corporation
- Private

Alaska as an “*Owner State*”

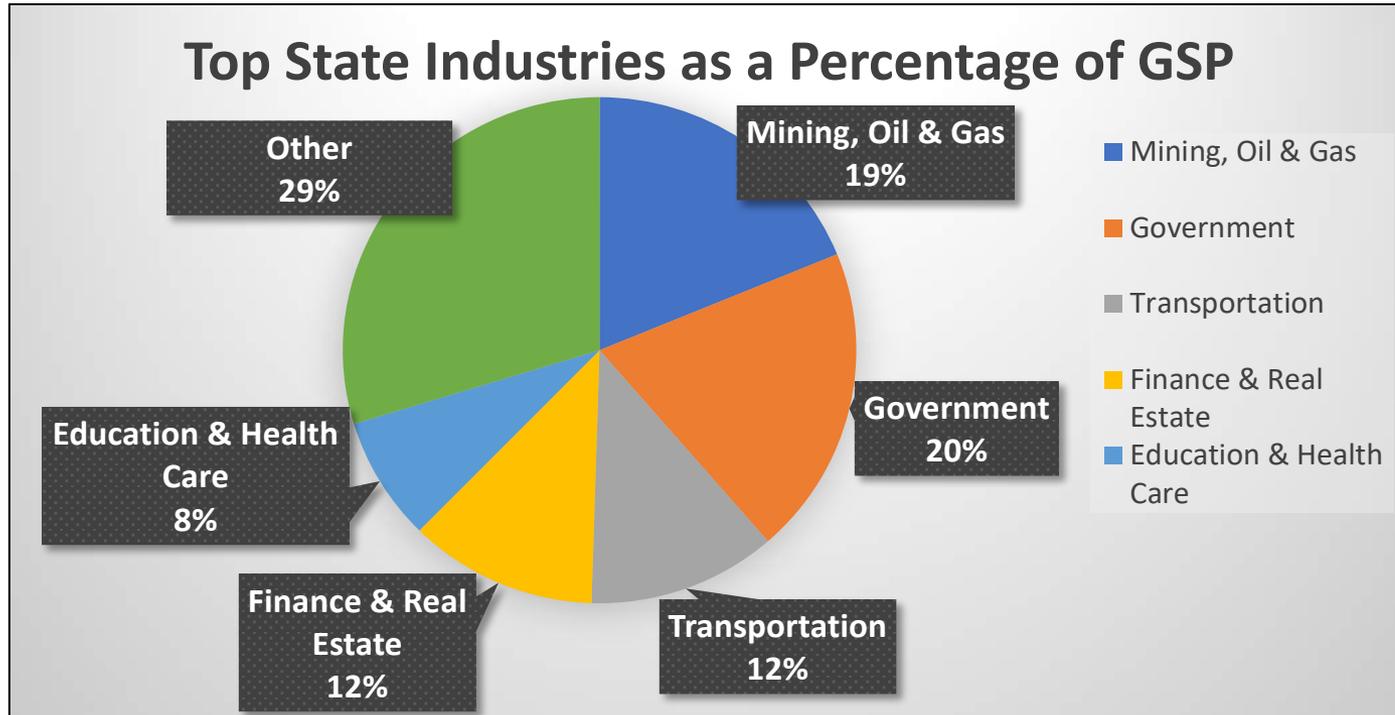
Manages its assets as:

- **Natural Resources**, available for sale, lease, or conservation
- **Financial Assets**, intended to produce financial return
- **Enterprises**, intended to produce both financial return and key infrastructure

Alaska's Economic Health

Total Gross State Product – 52.8 Billion (2017)

↓ Alaska's GSP grew 0.3% from 2016 National Average was up 2.1%



Per Capita Personal Income: \$56,042 (2017)

Up 0.7% from 2016

111% of the National Average of \$50,392

Alaska's Assets Up 5%

Total State Assets in Billions



Each Individual Alaskan's
Share **\$93,814**

FY '09 FY '10 FY '11 FY '12 FY '13 FY '14 FY '15 FY '16 FY '17

— Total State Assets

NATURAL RESOURCES

A scenic landscape featuring a river flowing through a valley with mountains in the background and autumn foliage in the foreground. The river is surrounded by rocky banks and lush greenery, with some trees showing early autumn colors. The mountains in the distance are covered in dense forests.

Coal

Tidelands

Fisheries

Timber

Gas

Water

Land

Wildlife

Minerals

Wind

Nature

Oil

Fisheries



TOTAL FISHERIES TAX REVENUE

MILLIONS



FY '10

FY '11

FY '12

FY '13

FY '14

FY '15

FY '16

FY '17

Division of Parks and Recreation



<i>Millions</i>	<u>FY '18</u>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>
Total Budget	\$13.39	\$14	\$14.4	\$14.6	\$14.1	\$13.7	\$13.7
Revenue from User Fees	\$3.73 (FY18 estimate)	\$4.07	\$4.1	\$3.3	\$3.1	\$2.9	\$3.00
Total Acres of Land	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Total No. of Visitors (millions)	Not available	4.7	4.6	4.5	4.6	4.6	5.2

Division of Mining, Land & Water



	<u>FY '18</u>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>	<u>FY '11</u>
Millions of Acres	100.5	100.5	100.5	100.5	100.4	100.4	100.4	100.3
Less: Total Land Conveyed	-2.2							
Remaining Total Acquired Lands	98.3	98.3	98.3	98.3	98.2	98.2	98.2	99.1

**Does not include 65 million acres of submerged land acquired at Statehood.*

Oil, Gas, and Geothermal Leases and Licenses



	<u>FY '18</u>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>	<u>FY '11</u>
Millions of Acres Leased	5.0	5.3	6.2	5.8	5.8	5.8	5.3	6.1
# of Leases	2,094	2,071	2,226	1,997	1,906	1,748	1,569	1,737

North Slope Oil and Gas Activity

State of Alaska, Department of Natural Resources, Division of Oil and Gas, as of May 2018

BOEM
Calling for information and nominations for proposed 2019 Beaufort Sea lease sale.

Beaufort Sea

BSEE
Deferring expiration of ASRC's Beaufort Sea leases that they acquired from Shell in 2016. ASRC must file an exploration plan with BOEM in 2023.

AOGCC
Approved pool rules for Northstar-Kuparuk oil pool at Northstar Unit.

ExxonMobil
Division of Oil and Gas approved plan to engineer Point Thomson expansion for gas sales to Alaska LNG project and increased condensation production.

Glacier Oil and Gas
Spudded exploratory B1-07 Starfish well at Badami. Well targets are the Badami and Killian sands (Canning Fm).

BLM
Beginning EIS for oil and gas leasing program within 1002 area of ANWR.

Hilcorp
Expecting first oil from Moose Pad in late 2018. Planning expansion of other drillsites to accommodate additional wells.

Eni
Drilling extended reach well into Nikaichuq North OCS prospect from Spy Island.

Oil Search
Plan to drill on Pikka-Horseshoe trend next winter. Evaluating potential targets within Pikka Unit and on NPRA acreage north of Stony Hill well. Development at unit expected to come online by 2022-2023 and may produce up to 120K BOPD.

ConocoPhillips
Well CD5-25 set a North American record for longest horizontal lateral drilled in a land-based well: 21,748 feet in the Alpine A sand. With a true vertical depth of 7,900 feet and a second lateral of 12,463 feet, the well reached a combined total footage of 42,993 feet.

ConocoPhillips
Drilled three wells to explore the Pikka-Horseshoe Nanushuk and Alpine targets (Putu 2 & 2A and Stony Hill 1) plus four wells to delineate the Willow area Nanushuk trend (Tinmiaq 7-9 and West Willow 1). Successfully flow tested oil in Putu 2/2A, Stony Hill 1, and Tinmiaq 6-8.

Started GMT-1 development drilling from MT6 pad targeting Lookout Alpine C reservoir. Planning to drill nine horizontal wells, four producers and five injectors.

BLM
Released draft EIS for ConocoPhillips' proposed GMT-2 development targeting Rendezvous Alpine reservoir.

Brooks Range Petroleum
Tested North Tam 1A well in November 2017. Average peak flow rate was 1,292 barrels of 24 API oil per day. Continuing to work towards first oil production. Application to expand Southern Miluveach Unit denied by Division of Oil and Gas.

ConocoPhillips
Improving gravel roads in Kuparuk River Unit to ensure safety and engineering standards are met.

BP Exploration
Prudhoe Bay oil production held flat at 280K BOPD for third straight year. Reached new maximum number of 33 wells online for Sag Rich Gas Program and new peak production of 12K BOPD. Expanding Q pad in western area of PBU to allow safe maneuvering of larger drilling rigs to access existing wells.

ConocoPhillips
Completed 250 sq-mi Bear 3D seismic survey on their state leases south of Horseshoe and east of Colville River.

88 Energy
Completed 175 sq-mi Icewine 3D survey to refine prospects identified from 2D seismic. Permitted Bravo and Charlie wells in acquisition area. Also acquired 37 sq-mi Yukon 3D survey on Yukon Gold acreage west of ANWR.

Accumulate Energy Alaska
Planning to reopen Icewine 2 for flow testing this spring/summer.

Division of Oil and Gas
Released North Shore 3D, reprocessing of Pike Bottom Hole Planning 2D survey, Cross Island Ocean Bottom Geotechnical Study, and North Slope Geological Field Program data sets through Geologic Materials Center.

Division of Oil and Gas
Released final best interest finding for North Slope Area-wide oil and gas lease sale, tentatively scheduled for fall 2018.

Bureau of Land Management
Under recent appropriation bill, will receive \$10 million to complete legacy well cleanup in NPRA.

Exploratory Wells Spud

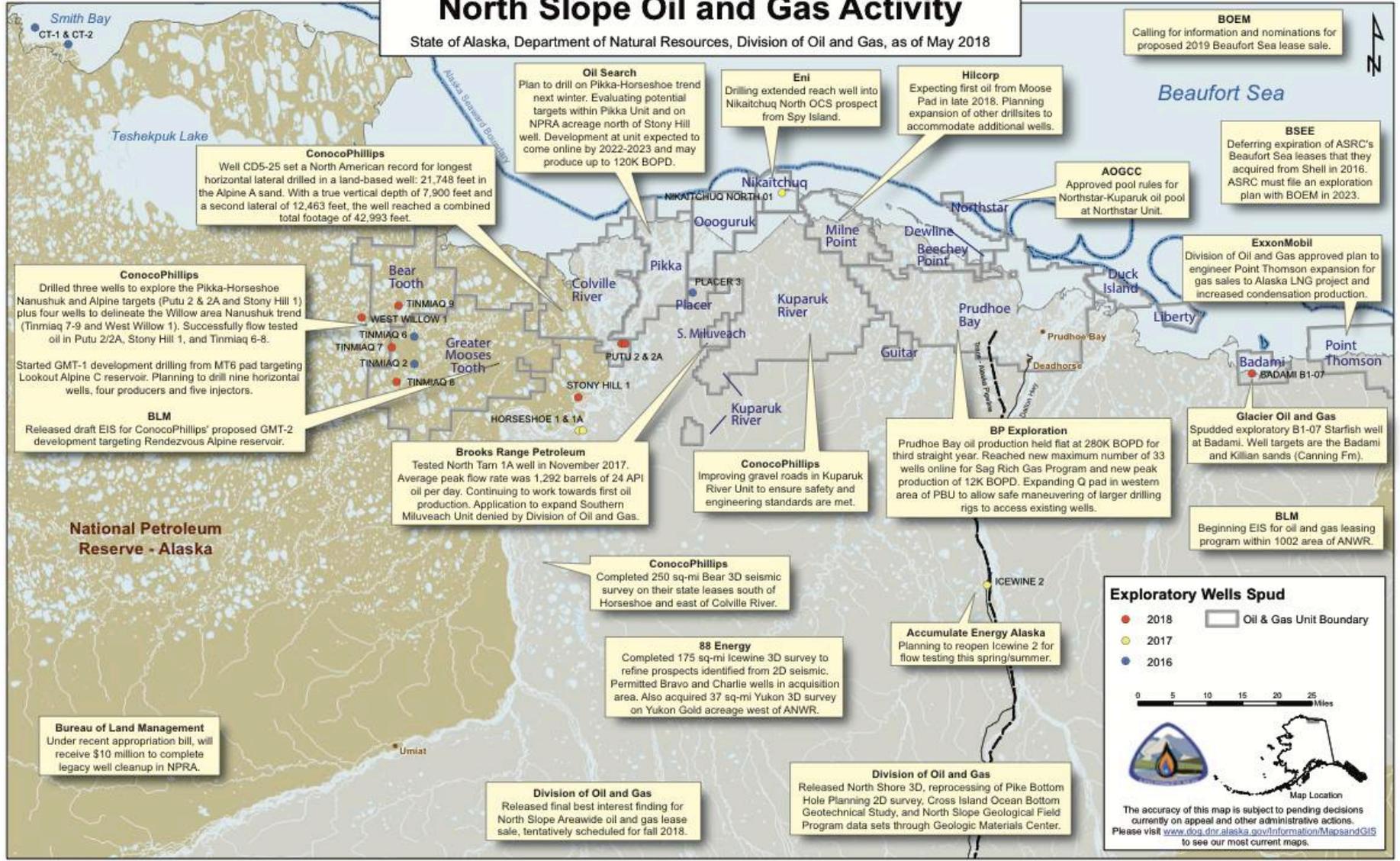
- 2018
- 2017
- 2016

Oil & Gas Unit Boundary

0 5 10 15 20 25 Miles

Map Location

The accuracy of this map is subject to pending decisions currently on appeal and other administrative actions. Please visit www.dog.dnr.alaska.gov/Information/MapsandGIS to see our most current maps.



Petroleum General Fund Revenues

<i>Millions*</i>	<u>FY '17</u>	<u>FY'16</u>	<u>FY' 15</u>	<u>FY' 14</u>	<u>FY' 13</u>	<u>FY '12</u>	<u>FY '11</u>
Petroleum Property Tax	\$120.4	\$111.7	\$125.2	\$128.1	\$99.6	\$111.2	\$110.6
Petroleum Corporate Income Tax	(\$59.4)	(\$58.8)	\$94.8	\$307.6	\$434.6	\$570.9	\$542.1
Severance Tax (a.k.a. Production Tax)	\$125.9	\$186.0	\$389.7	\$2,614.7	\$4,050.3	\$6,146.1	\$4,552.9
Petroleum Mineral Bonuses and Rents	\$4.8	\$25.1	\$22.4	\$15.1	\$19.0	\$6.3	\$10.3
Oil and Gas Royalties	\$676.2	\$840.3	\$1,051.9	\$1,685.0	\$1,748.4	\$2,022.8	\$1,843.5
Total Unrestricted Petroleum Revenue	\$867.9	\$1,104.3	\$1,684.0	\$4,750.5	\$6,351.9	\$8,857.3	\$7,059.4
Total Unrestricted Nonpetroleum Revenue	\$474.2	\$423.2	\$568.4	\$627.3	\$576.5	\$627.4	\$624.0

Source: Alaska Department of Revenue: 2018 Spring Revenue Sources Book



FINANCIAL ASSETS

Constitutional Budget Reserve Fund

Alaska Mental Health Trust Authority

Alaska Industrial Development and
Export Authority

Alaska Housing Finance Corporation

Division of Treasury

Alaska Permanent Fund

DOR REPORT ON STATE OF ALASKA FISCAL STATUS



Sheldon Fisher
Commissioner,
Alaska Department of Revenue

**Presentation to
Commonwealth North**
August 1, 2018
Anchorage, Alaska



STATE ASSETS

- State's Financial Statements, including the Balance Sheet, are reflected in the Comprehensive Annual Financial Report -- CAFR

Comprehensive Annual Financial Report

For the Fiscal Year
July 1, 2016 - June 30, 2017



- State's Fiscal Year runs from July 1 – June 30.
 - Fiscal Year 2018 ended June 30, 2018
 - We are now in FY 2019
- The CAFR is released approximately 6 months following the end of the fiscal year
 - Expect FY 2018 CAFR in January, 2019
- The most recent available CAFR is from FY 2017
 - The information presented today adds to FY 2017.

All references to current fiscal year market values and stated returns are unaudited, preliminary, and include some estimates.

CAFR REPORTING

MY PRESENTATION WILL FOCUS ON A PORTION OF THE CAFR:

**STATE OF ALASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017
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BASIC FINANCIAL STATEMENTS:

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Statement of Revenues, Expenses, and Changes in Fund Net Position
Statement of Cash Flows

Fiduciary Funds

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Component Units

Statement of Net Position
Statement of Activities

- **Government Funds include:**
 - General Fund and Other Non-segregated Funds (GeFONSI)
 - Constitutional Budget Reserve (CBR)
 - Statutory Budget Reserve (SBR)
 - Permanent Fund
 - Power Cost Equalization Fund
 - Public Education Fund
 - Public School Trust Fund
- **Proprietary Funds** – When the State charges customers for the services it provides:
 - International Airports Funds
- **Fiduciary funds** - The State acts as a trustee or fiduciary for its employee pension plans. Because of a trust arrangement, can be used only for the trust beneficiaries.
 - State Retirement System
- **Component Units:**
 - University of Alaska
 - Alaska Housing Finance Corporation
 - Alaska Industrial Development and Export Authority
 - Nonmajor Component Unit

THE STATE'S GENERAL FUND & GEFONSI

The General Fund is the State's primary operating fund:

- Treasury has combined, for investment purposes, assets of many funds into the General Fund and Other Non-segregated Investments (or 'GeFONSI')
- The GeFONSI includes almost all of the assets of the General Fund together with the assets of a long list of smaller funds
- DOR is responsible for investing the GeFONSI, and calculating and allocating the monthly investment earnings to participants in accordance with the provisions of each fund's memorandum of understanding (MOU)
- By pooling funds the state can achieve benefits from economies of scale, cash flow management, and administration

There are several accounts and funds that have been created by law which are considered part of the General Fund, and accounted for individually:

- Constitutional Budget Reserve Fund; Statutory Budget Reserve; Public Education Fund; Permanent Fund Dividend Fund

		General Fund						
		Constitutional Budget Reserve Subfund	Statutory Budget Reserve Subfund	Permanent Fund Dividend Subfund	Public Education Subfund	General and all Other Subfunds	Eliminations of Internal Balances	Total General Fund
STATE OF ALASKA	ASSETS							
Combining Balance Sheet	Cash and Investments	\$ 3,892,473	\$ 267,974	\$ 20,861	\$ 33,498	\$ 2,975,128	\$ —	\$ 7,189,934
General Fund	Accounts Receivable - Net	8	—	332	—	102,869	—	103,209
June 30, 2017	Interest and Dividends Receivable	3,476	—	27	—	2,493	—	5,996
(Stated in Thousands)	Due from Other Funds	10,110,795	—	—	—	330,841	(10,381,246)	60,390
	Due from Component Units	—	—	—	—	13,705	—	13,705
	Due from Other Governments	—	—	—	—	744,429	—	744,429
	Loans, Notes, and Bonds Receivable	—	—	—	—	18,254	—	18,254
	Inventories	—	—	—	—	23,917	—	23,917
	Other Assets	—	—	1	—	114,866	—	114,867
	Total Assets	\$ 14,006,752	\$ 267,974	\$ 21,221	\$ 33,498	\$ 4,326,502	\$ (10,381,246)	\$ 8,274,701

RESERVE FUND BALANCES & FINANCIAL FLEXIBILITY

	Funds	Description	Audited Balance as of June 30, 2016 (\$mm)	Audited Balance as of June 30, 2017 (\$mm)	Unaudited ASSET Balance as of June 30, 2018* (\$mm)
Reserves	Constitutional Budget Reserve (CBRF)	<ul style="list-style-type: none"> Established in 1991 to provide fiscal stability Restricted use and mandated periodic funding of the reserve <i>Second reserve to draw in event of cash flow shortfall, requires 75% majority to appropriate, must replenish</i> 	\$7,343.4	\$4,834.7	\$2,360.1
	Permanent Fund Earnings Reserve (PFER)	<ul style="list-style-type: none"> Legislatively available portion of Permanent Fund <i>SB26 establishes a statutory framework on the amount that can be drawn from the PFER each year</i> 	8,570.0	12,815.5	18,864.4
	TOTAL of CBRF and PFER			\$15,913.4	\$17,650.2
	Permanent Fund Principal Balance	<ul style="list-style-type: none"> Source for perpetual earnings and budget stability Principal balance requires Constitutional amendment to spend; earnings from Permanent Fund does not 	44,199.7	46,969.6	46,030.0

Source: State of Alaska

*Balances presented are asset values as of June 30, 2018 (unaudited). The CBRF balance represents cash and securities, and may differ from the official fund balance presented in the State's FY18 CAFR, with anticipated release in January 2019. Audited balances as of FY2016 and FY2017 use the State's CAFR and APFC's financial statements.

STATE OF ALASKA MAIN ASSETS IN TREASURY

Treasury Fund	Balances at FY End (\$Millions)			Returns at FY End (1-Year Actuals)		
	FY 2016	FY 2017	FY2018	FY 2016	FY 2017	FY 2018
GeFONSI	3,539.5	4,089.6	3,011.7	0.82%	0.56%	1.02%
Constitutional Budget Reserve	7,331.4	3,895.9	2,360.1	1.75%	1.83%	1.47%
Power Cost Equalization	946.9	1,023.6	1,073.4	0.99%	12.21%	7.53%
Public School Trust (Principal & Income)	604.0	631.0	651.3	2.11%	10.13%	6.15%

	Balances at FY End (\$Millions)			Returns at FY End (1-Year Actuals)		FY 2018 Quarter Ended:
	FY 2016	FY 2017	FY2018	FY 2016	FY 2017	
PERS Retirement (DB Pension & Health Trust)	14,983.2	16,293.8	16,934.0	-0.36%	13.35%	9/30/2017: 3.37%
TRS Retirement (DB Pension & Health Trust)	7,477.3	8,076.7	8,349.9	-0.36%	13.36%	12/31/2017: 3.50%

Notes:

- FY2018 Returns for the GeFONSI do not include the GeFONSI II, a portion was segregated during Fiscal Year 2018 with a longer term investment horizon
- Public School Trust returns stated are for the Principal Account only
- Returns shown for the Retirement system are for 6/30/2016 and 6/30/2017, quarterly information is shown for FY2018 (most recent available)

Division of Treasury

<i>\$ Millions</i>	<u>FY '18</u>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>
	(UNAUDITED)						
Net Assets Managed by Treasury Division	\$8,285	\$10,864	\$13,703	\$18,561	\$25,919	\$26,208	\$24,623
ARMB Assets (PERS + TRS)*	\$27,399	\$26,120	\$23,816	\$24,615	\$21,674	\$18,398	\$16,426
Investment Income (Not including ARMB funds)	\$236	\$362	\$207	\$325	\$1,485	\$828	\$374

*ARMB Assets (PERS + TRS) include totals for both Defined Benefit and Defined Contribution Plans

STATE OF ALASKA'S RETIREMENT SYSTEM – FUNDING STATUS

Funded Status as of June 30 (\$ in 000's)	PERS				TRS			
	2014	2015	2016	2017	2014	2015	2016	2017
DB - Pension								
Actuarial Accrued Liability	12,947,759	13,337,033	13,633,033	13,832,130	6,921,362	7,051,724	7,159,788	7,217,525
Valuation of Assets	7,731,438	8,931,160	9,056,662	9,229,703	3,771,139	5,442,651	5,428,687	5,476,835
Unfunded Liability	5,216,321	4,405,873	4,576,371	4,602,427	3,150,223	1,609,073	1,731,101	1,740,690
Funded Ratio	59.7%	67.0%	66.4%	66.7%	54.5%	77.2%	75.8%	75.9%
DB - Healthcare								
Actuarial Accrued Liability	7,949,613	7,310,734	7,736,457	8,049,265	2,919,670	2,677,393	2,747,836	2,927,093
Valuation of Assets	6,913,160	7,242,299	7,411,330	7,557,068	2,248,135	2,686,272	2,771,704	2,836,802
Unfunded (Overfunded) Liability	1,036,453	68,435	325,127	492,197	671,535	(8,879)	(23,868)	90,291
Funded Ratio	87.0%	99.1%	95.8%	93.9%	77.0%	100.3%	100.9%	96.9%
DB - Total								
Actuarial Accrued Liability	20,897,372	20,647,767	21,369,490	21,881,395	9,841,032	9,729,117	9,907,624	10,144,618
Valuation of Assets	14,644,598	16,173,459	16,467,992	16,786,771	6,019,274	8,128,923	8,200,391	8,313,637
Unfunded (Overfunded) Liability	6,252,774	4,474,308	4,901,498	5,094,624	3,821,758	1,600,194	1,707,233	1,830,981
Funded Ratio	70.1%	78.3%	77.1%	76.7%	61.2%	83.6%	82.8%	82.0%

- Defined Benefit OPEB funding is 93.9% for PERS and 96.9% for TRS (FY 2017)
- FY 2017 returns of 13.35% for PERS and 13.36% for TRS were above actuarial assumptions
- FY 2015 figures reflect the impact of the State's \$3 billion transfer from the CBRF:
 - \$1 Billion PERS / \$2 Billion TRS

NEW REVENUE DEVELOPMENTS - SB26

- A compromise version of Governor Bill Walker’s Permanent Fund Protection Act was passed, establishing a statutory limit on the amount that can be drawn from the Permanent Fund earnings reserve each year.

Fiscal Year	\$Millions	
	Projection of PF Draw under SB26	PF Total Balance
2019	2,722.6	64,844.7
2020	2,915.5	66,357.6
2021	3,058.6	67,818.4
2022	3,048.5	69,379.9
2023	3,199.0	70,885.7
2024	3,295.0	72,397.1
2025	3,371.6	73,946.1
2026	3,447.2	75,536.4
2027	3,523.1	77,158.2

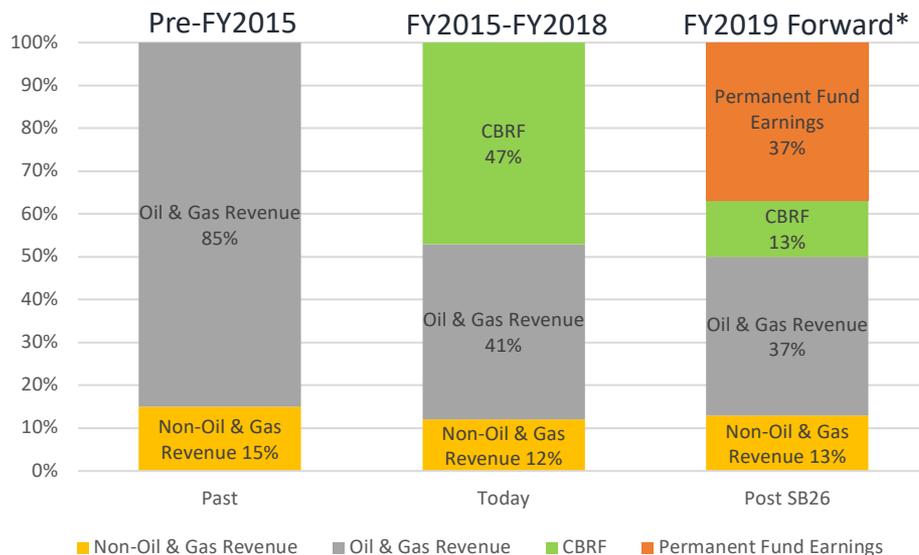
- For Fiscal Years 2019 through 2021, the draw calculation is 5.25% of the average market value of the fund for the first five of the preceding six fiscal years, including the fiscal year just ended, computed annually. A draw rate of 5.00% is used thereafter.
- SB26 addresses draws from the Permanent Fund earnings reserve; the precise appropriation for Dividends and Government Spending shall be determined annually.
- Dividends are approximately \$1,600 this year for every Alaskan. For the third consecutive year, Dividends are \$1,000 less than they would be under the historical formula.

Source: State of Alaska – Office of Management and Budget ('OMB').
 Permanent Fund draw forecast per fiscal year represents initial projections by OMB. www.omb.Alaska.gov
 Assumes 6.5% flat annual earnings

DIVERSIFIED SOURCES OF REVENUE

The outlook under SB26 reflects more stable and diversified sources of unrestricted revenues for government use, and will shape reserve management into the future

Unrestricted General Fund Revenue Before and After SB26



Source: State of Alaska – Office of Management and Budget (‘OMB’) FY2019 Budget Outlook by Oil Price, and SB26 (Deficit)/Surplus forecast represents initial projections by OMB with \$1,600 Dividend. www.omb.Alaska.gov

*This was the split as of the passage of the FY2019 Operating Budget, and assumes an ANS oil price averaging \$63 for the fiscal year

SB26 – Permanent Fund POMV

FY2019 Budget Outlook by Oil Price (\$millions)				
	Pre-SB26		SB26 - \$1,600 PFD	
Oil Price	(Deficit)/Surplus		(Deficit)/Surplus	
\$40.00/bbl	\$	(3,098)	\$	(1,399)
\$45.00/bbl	\$	(2,950)	\$	(1,251)
\$50.00/bbl	\$	(2,802)	\$	(1,103)
\$55.00/bbl	\$	(2,654)	\$	(955)
\$60.00/bbl	\$	(2,505)	\$	(806)
\$65.00/bbl	\$	(2,228)	\$	(529)
\$70.00/bbl	\$	(1,828)	\$	(129)
\$75.00/bbl	\$	(1,445)	\$	254
\$80.00/bbl	\$	(1,053)	\$	646
\$85.00/bbl	\$	(657)	\$	1,042
\$90.00/bbl	\$	(117)	\$	1,582
\$95.00/bbl	\$	274	\$	1,973

- SB26 produced \$2.7 billion for FY2019, \$1.0 billion for dividends and \$1.7 billion for government. Without the passage of SB26, the deficit would have been approximately **\$2.2 billion**.

SHORT-TERM OIL PRICE FORECAST¹

Fiscal Year

	2019	2020	2021	2022	2023	2024	2025	2026	2027
DOR Spring Official²	\$63	\$64	\$66	\$67	\$69	\$70	\$72	\$74	\$75
NYMEX Extended³	\$62	\$59	\$57	\$56	\$56	\$56	\$56	\$56	\$56
EIA STEO⁴	\$60	-	-	-					
EIA AEO		- \$67	\$80	\$88					
Analysts: Average⁶	\$64	\$66	\$67	\$64					

	As Of July 2018		
	2019	2020	2021
NYMEX Extended	75	73	70
EIA STEO	71	68	-
EIA AEO	-	-	81
Analysts Average	72	70	69

Current Average ANS Oil Price for July 2018: \$76.48

¹ All price forecasts rounded to the nearest dollar. Dashes indicate that a forecast for this FY is either not available or inapplicable.

² DOR Spring Official forecast: Released 3/16/2018; Crude Forecast ANS West Coast; Original forecast in FY.

³ NYMEX Futures: Retrieved 3/9/2018; Crude Traded Brent; FY calculated based on monthly prices.

⁴ EIA STEO (Short-Term Energy Outlook): Released 3/6/2018; Crude Forecast Brent; FY calculated based on monthly prices.

⁵ EIA AEO (Annual Energy Outlook) forecasts: Released 2/6/2018; Crude Forecast Brent; Converted to FY by assuming 6 months of each calendar year's forecast.

⁶ Analysts Forecasts: Retrieved 3/9/2018; Individual forecasts released between 01/22/2018 and 03/02/2018; Crude Forecast Brent.

- NYMEX Futures: Retrieved 7/27/2018; Crude Traded Brent; FY calculated based on monthly prices.

- EIA STEO (Short-Term Energy Outlook): Released 7/10/2018; Crude Forecast Brent; FY calculated based on monthly prices.

- EIA AEO (Annual Energy Outlook) forecasts: Released 2/6/2018; Crude Forecast Brent; Converted to FY by assuming 6 months of each calendar year's forecast.

- Analysts Forecasts: Retrieved 7/5/2018; Individual forecasts released between 04/01/2018 and 07/05/2018; Crude Forecast Brent.

UNRESTRICTED GENERAL FUND REVENUE RANGES FOR FY2019 - FY2021¹

		UGF Revenue Projection (\$Millions)		
ANS Oil Price		FY 2019	FY 2020	FY 2021
\$	60.00	2,134	2,123	2,103
\$	65.00	2,411	2,321	2,286
\$	70.00	2,811	2,704	2,571
\$	75.00	3,194	3,095	2,959
\$	80.00	3,586	3,492	3,348
\$	85.00	3,982	3,884	3,739
\$	90.00	4,522	4,438	4,269

Key Spring 2018 forecast assumptions included in this analysis									
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
ANS production (ths bbl/day)	526.6	536.1	525.3	508.7	496.9	493.9	495.3	495.9	493.0
ANS total lease expenditures (\$ million)	\$4,938	\$5,821	\$6,022	\$6,069	\$6,123	\$5,923	\$5,441	\$5,344	\$5,321
ANS total lease expenditures per barrel	\$26	\$30	\$31	\$33	\$34	\$33	\$30	\$30	\$30

¹Chart ranges include unrestricted Oil and Gas revenues only, and not other forms of UGF revenues

Source: DOR Spring 2018 forecast model

Notes:

This table presents revenue estimates at a range of ANS prices, holding all other variables constant. Analysis assumes that the given price is in place for all years shown. Only production tax, royalties, and corporate income tax are adjusted for purposes of this analysis. Users should be cautioned that changes in any number of variables may cause revenue to vary significantly from amounts shown. These variables include but are not limited to production, lease expenditures, and netback costs. In addition, revenues may vary from amount shown due to changes in company decision making, company specific tax calculation issues, month to month variation in price or production, and changes in non-oil revenue.

Source: Department of Revenue – Economic

Research

RECENT ANNOUNCEMENTS

Recent announcements look promising for future oil and gas development

- **Oil Search Ltd. recently purchased interests in the largest onshore oil discovery in the US in three decades**
 - Oil Search Ltd. recently assumed role as operator and paid an initial \$400 million for a stake in the exploration acreage
 - A 1.2 billion barrel find on Alaska's North Slope
 - First oil could come as early as 2021
 - Potential to produce 120,000 barrels per day
- **ConocoPhillips is developing the Greater Mooses Tooth Unit in the NPR-A**
 - First phase under construction (30,000 barrels per day starting in 2019)
 - Second phase in EIS process (first oil projected in 2022)
 - "Willow" discovery announced (potential 100,000 barrels per day)
- **Hilcorp is progressing the "Liberty" Project in OCS**
 - Well known resource that has faced several logistical hurdles
 - Final EIS expected next year
 - Up to 70,000 barrels per day of production as early as 2022



APPENDIX

STATE OF ALASKA'S GENERAL FUND

		General Fund (and other non-segregated investments)		General Fund II (and other non-segregated investments)	
Investment Objective		Moderate Risk, Short to Intermediate investment horizon		Moderate Risk, Intermediate investment horizon	
Target Asset Allocation					
Market Value (Sthousands)	6/30/2016	Actuals		Actuals	
	6/30/2017	\$3,539,500		N/A	
	6/30/2018	\$4,089,600		N/A	
	Combined @ 6/30/2018:	\$1,705,300*		\$1,306,400	
		\$3,011,700			
Returns @ 6/30/18		Actuals	Benchmark ¹	Actuals	Benchmark ²
	FY18	1.02%	0.88%	-0.21%	-0.25%
Returns 6/30/18 (Rolling)	3 Month	0.41%	0.37%	0.38%	0.37%
	1 Year Actuals	1.02%	0.88%	N/A	N/A
	3 Year Actuals	0.80%	0.57%	N/A	N/A
	5 Year Actuals	0.69%	0.47%	N/A	N/A
		Callan Projected 10-Year Return: 2.38%		Callan Projected 10-Year Return: 3.38%	

¹Short-term: 3-month U.S. Treasury Bill; Intermediate-term: Barclays 1-3 Year Gov't Bond Index; ²Short-term: 3-month U.S. Treasury Bill; Intermediate-term: Barclays 1-3

Year Gov't Bond Index; Domestic Equity: Russell 3000; International Equity: MSCI ACWI ex-US; Broad Fixed Income: Barclays US Aggregate

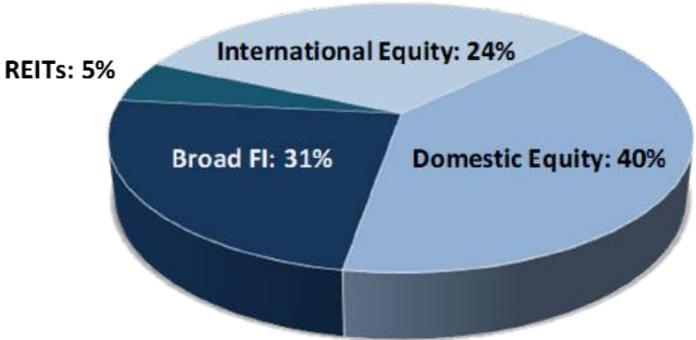
*A portion of the GeFONSI was transferred to the GeFONSI II during Fiscal Year 2018

STATE OF ALASKA'S CONSTITUTIONAL BUDGET RESERVE FUND

		Constitutional Budget Reserve	
Investment Objective		Moderate Risk, Short to Intermediate investment horizon	
Target Asset Allocation		<p>A 3D pie chart illustrating the target asset allocation for the Constitutional Budget Reserve. The largest portion is Short-term FI at 67%, followed by Broad FI at 26%. Other categories include Domestic Equity (4%), REITs (1%), and International Equity (2%).</p>	
Market Value (Sthousands)	6/30/2016	Actuals	
	6/30/2017	\$7,331,400	
	6/30/2018	\$3,895,900	
Returns @ 6/30/18	FY18	Actuals	Benchmark ¹
		1.47%	1.42%
Returns 6/30/2018 (Rolling)	3 Month	0.43%	0.43%
	1 Year Actuals	1.47%	1.42%
	3 Year Actuals	1.69%	1.41%
	5 Year Actuals	1.47%	1.25%
Callan Projected 10-Year Return: 2.89%			

¹Broad Fixed Income: Barclays U.S. Aggregate; Domestic Equity: Russell 3000 Stock Index; International Equity: MSCI ACWI ex-US
Short-term Fixed Income: 3-month U.S. Treasury Bill; REITs: FTSE NAREIT All Equity Index

STATE OF ALASKA'S POWER COST EQUALIZATION FUND

		Power Cost Equalization Fund	
Investment Objective		High Risk, Long Term investment horizon	
Target Asset Allocation		 <p>REITs: 5% International Equity: 24% Broad FI: 31% Domestic Equity: 40%</p>	
Market Value (Sthousands)	6/30/2016	Actuals	
	6/30/2017	\$946,900	
	6/30/2018	\$1,023,600 \$1,073,400	
Returns @ 6/30/18	FY18	Actuals	Benchmark ¹
		7.53%	7.52%
Returns 6/30/18 (Rolling)	3 Month	1.17%	1.21%
	1 Year Actuals	7.53%	7.52%
	3 Year Actuals	6.81%	6.60%
	5 Year Actuals	8.77%	8.46%
Callan Projected 10-Year Return: 6.20%			

¹Broad Fixed Income: Barclays U.S. Aggregate; Domestic Equity: Russell 3000 Stock Index; International Equity: MSCI ACWI ex-US; REITs: FTSE NAREIT All Equity Index

STATE OF ALASKA'S PUBLIC SCHOOL TRUST FUND (PRINCIPAL & INCOME)

		Public School Trust Fund (Principal)		Public School Trust Fund (Income)	
Investment Objective		High Risk, Long Term investment horizon		Low Risk, Short investment horizon	
Target Asset Allocation		<p>REITs: 4%</p> <p>International Equity: 24%</p> <p>Broad FI: 32%</p> <p>Domestic Equity: 40%</p>		<p>Short-Term Fixed Income: 100%</p>	
Market Value (Sthousands)	6/30/2016	Actuals		Actuals	
	6/30/2017	\$573,300		\$30,700	
	6/30/2018	\$622,000		\$9,100	
		\$649,900		\$1,500	
Returns @ 6/30/18		Actuals	Benchmark ¹	Actuals	Benchmark
	FY18	6.15%	6.16%	1.53%	1.37%
Returns 6/30/18 (Rolling)	3 Month	0.97%	1.01%	0.51%	0.45%
	1 Year Actuals	6.15%	6.16%	1.53%	1.37%
	3 Year Actuals	6.08%	5.89%	0.99%	0.68%
	5 Year Actuals	6.66%	6.55%	0.71%	0.42%
Callan Projected 10-Year Return: Principal 6.20%					

¹Short-term: 3-month U.S. Treasury Bill; Broad Fixed Income: Barclays U.S. Aggregate; Domestic Equity: Russell 3000 Stock Index; International Equity: MSCI ACWI ex-US; REITs: FTSE NAREIT All Equity Index

STATE OF ALASKA'S RETIREMENT SYSTEM

PERS Retirement Defined Benefit Pension & Health Trust

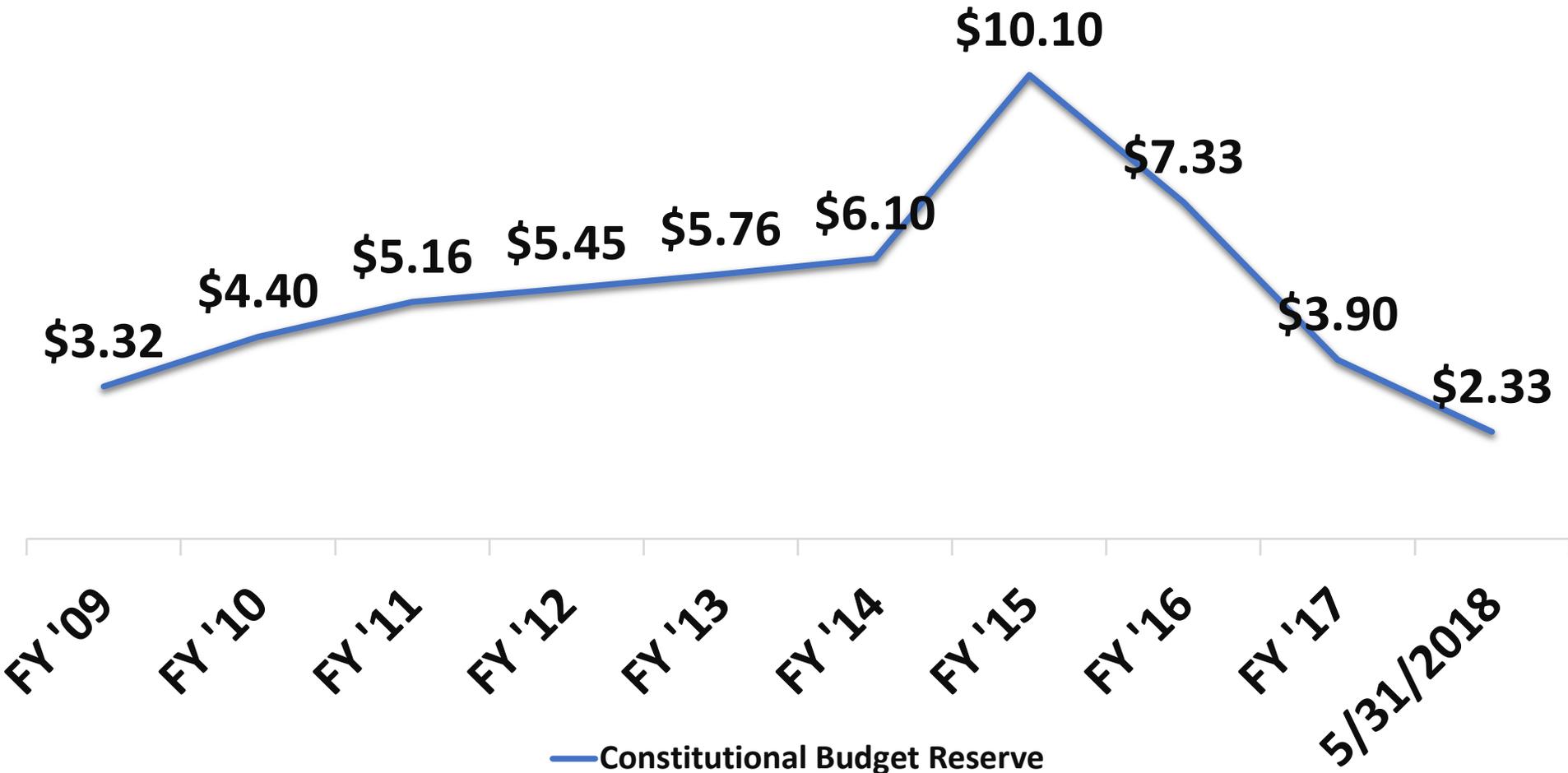
TRS Retirement Defined Benefit Pension & Health Trust

Investment Objective		Moderate Risk, Long Term investment horizon		Moderate Risk, Long Term investment horizon	
Target Asset Allocation		<ul style="list-style-type: none"> ■ 10% Fixed Income ■ 24% Broad Domestic Equity ■ 22% Global Equity Ex-US ■ 17% Real Assets ■ 10% Opportunistic ■ 16% Absolute Return / Private Equity ■ 1% Cash 		<ul style="list-style-type: none"> ■ 10% Fixed Income ■ 24% Broad Domestic Equity ■ 22% Global Equity Ex-US ■ 17% Real Assets ■ 10% Opportunistic ■ 16% Absolute Return / Private Equity ■ 1% Cash 	
		Actuals		Actuals	
Market Value (Sthousands)	6/30/2016	\$14,983,200		\$7,477,300	
	6/30/2017	\$16,293,800		\$8,076,700	
	6/30/2018	\$16,934,000		\$8,349,900	
Returns @ 12/31/17 (Most Recent Available)	3 Month	Actuals	Benchmark ¹	Actuals	Benchmark
	1 Year Actuals	3.50%	3.91%	3.50%	3.91%
	3 Year Actuals	15.52%	16.11%	15.54%	16.11%
	5 Year Actuals	7.71%	7.83%	7.72%	7.83%
	5 Year Actuals	9.53%	9.05%	9.54%	9.05%
Actuarial Assumed ROR: 8.00%					

¹ 24% Russell 3000, 22% MSCI ACWI ex US, 10% Blmbg Treas Intmtd, 7% HFRI Fund of Funds Compos, 6% Russell 2000, 5.3% NCREIF Total, 4.2% NCREIF Farmland, 4% Blmbg Aggregate, 3% MSCI EAFE, 3% S&P 500, 3% Russell 2000, 3% Global Infra., 2.1% Alerian MLP, 1.7% NCREIF Timberland, 1% 3-Mo Treas. Bill, and 0.7% FTSE NAREIT All Eq

Constitutional Budget Reserve Fund

CBR Annual Market Value in Billions



Alaska Permanent Fund Corporation

<i>\$ Billions</i>	FY'18 (as of 5/31/18 unaudited)	FY'17	FY'16	FY'15	FY'14	FY'13	FY '12	FY '11	FY '10
Net Assets	65.4	59.8	52.8	52.8	51.2	44.9	40.3	40.1	33.3
Statutory Net Income	5.9	3.2	2.2	2.9	3.5	2.9	1.6	2.1	1.6
Interest, Dividends, Real Estate, Other	1.4	1.3	1.2	1.1	1.2	1.1	1.0	0.9	0.8
Increase in Market Value of Investments	4.7	5.6	-0.7	1.3	5.8	3.4	-1.0	6.0	2.8
Total Revenue	6.0	6.7	0.5	2.5	7.0	4.4	-0.2	6.9	3.3
% Return	9.58	12.89	1.02	4.9	15.5	10.9	0.0	20.6	11.7

Global Sovereign Wealth Funds

<u>Country</u>	<u>Fund</u>	<u>Assets \$Billions</u>	<u>Inception</u>
Norway	Government Pension Fund – Global	\$1,035.24	1990
China	China Investment Corporation	\$900.0	2007
UAE - Abu Dhabi	Abu Dhabi Investment Authority	\$828.0	1976
Kuwait	Kuwait Investment Authority	\$524.0	1953
Saudi Arabia	SAMA Foreign Holdings	\$494.0	1952
China - Hong Kong	Hong Kong Monetary Authority Investment Portfolio	\$456.6	1993
China	SAFE Investment Company	\$441.0	1997
Singapore	Government of Singapore Investment Corporation	\$390.0	1981
Singapore	Temasek Holdings	\$320.8	1974
Qatar	Qatar Investment Authority	\$320.0	2005
China	National Social Security Fund	\$295.0	2000
Saudi Arabia	Public Investment Fund	\$250.0	2008
UAE – Dubai	Investment Corporation of Dubai	\$229.8	2006
South Korea	Korea Investment Corporation	\$134.1	2005
UAE - Abu Dhabi	Mubadala Investment Company	\$125.0	2002
UAE – Abu Dhabi	Abu Dhabi Investment Council	\$123.0	2007
Australia	Australian Future Fund	\$105.4	2006
Iran	National Development Fund	\$91.0	2011
Russia	National Welfare Fund	\$66.3	2008
Libya	Libyan Investment Authority	\$66.0	2006
US - Alaska	Alaska Permanent Fund	\$61.5	1976
Kazakhstan	Samruk-Kazyna JSC	\$60.9	2008
Kazakhstan	Kazakhstan National Fund	\$57.9	2000
Brunei	Brunei Investment Agency	\$40.0	1983
Turkey	Turkey Wealth Fund	\$40.0	2016
Malaysia	Khazanah Nasional	\$38.7	1993
US – Texas	Texas Permanent School Fund	\$37.7	1854

Alaska Mental Health Trust Authority

<i>\$ Millions</i>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>	<u>FY '11</u>
Net Assets	\$639.8	\$593.4	\$601.9	\$585.6	\$527.4	\$487.6	\$501.8
Rents and Royalty Income	3.4	\$5.2	\$3.6	\$3.0	\$2.0	\$5.3	\$6.4
Investment Income	61.9	\$6.7	\$25.3	\$72.2	\$48.2	\$1.9	\$80.4

Alaska Industrial Development and Export Authority



<i>\$ Millions</i>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>	<u>FY '11</u>
Net Position (Assets)	\$1,317.6	\$1,311.7	\$1,290.5	\$1,270.8	\$1,161.2	\$1,075.7	\$1,039.5
Operating Revenue	\$59.9	\$77.4	\$53.1	\$64.9	\$51.9	\$69.5	\$68.3
Operating Expense	\$49.9	\$40.2	\$27.8	\$29.0	\$31.2	\$27.4	\$27.2
Net Operating Income	\$10.0	\$37.2	\$25.3	\$35.9	\$20.7	\$42.1	\$41.1
Transfers to State of Alaska/Other Agencies	\$6.3	\$17.7	\$10.7	\$70.7	\$20.4	\$29.4	\$23.4
Non-operating Revenue	\$2.1	\$1.7	\$13.7	\$140.6	\$85.2	\$23.3	\$9.6
Change in Net Position	\$5.8	\$21.2	\$28.3	\$105.8	\$85.5	\$36.1	\$27.3

Alaska Industrial Development and Export Authority



Net Assets

In Billions



FY '11

FY '12

FY '13

FY '14

FY '15

FY '16

FY '17

Alaska Housing Finance Corporation

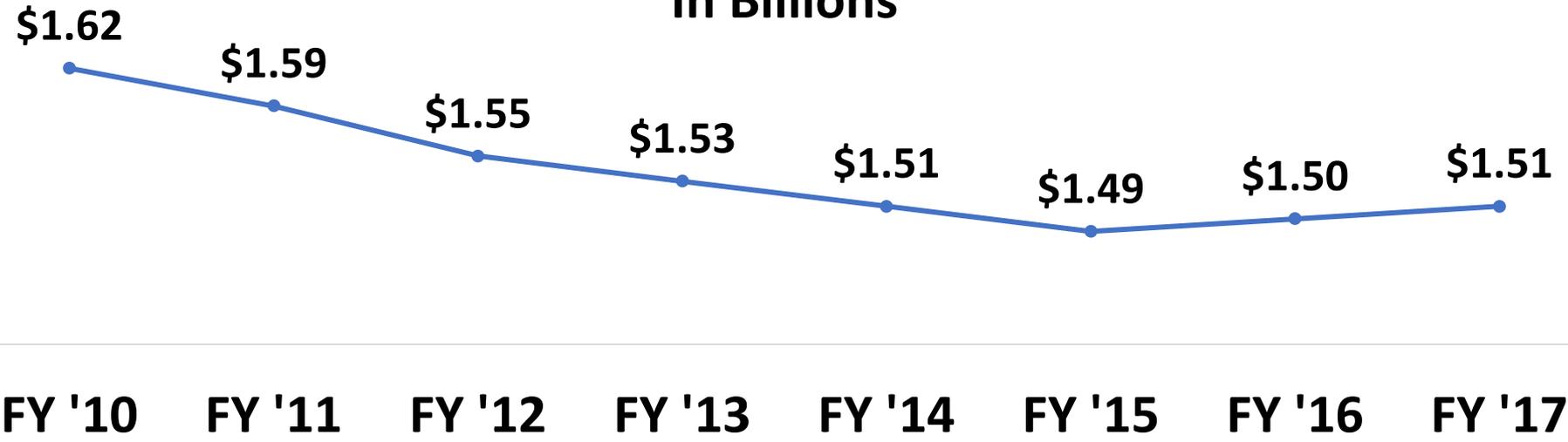
<i>\$ Millions</i>	<u>FY'17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>	<u>FY '11</u>
Net Position	\$1,513.6	\$1,499.5	\$1,485.5	\$1,509.9	\$1,525.5	\$1,554.1	\$1,593.8
Operating Revenue	\$249.5	\$274.2	\$290.1	\$308.1	\$315.3	\$351.2	\$385.7
Operating Expense	\$235.1	\$260.0	\$281.6	\$311.5	\$333.2	\$381.6	\$398.6
Operating Income	\$14.3	\$14.2	\$8.5	-\$3.4	-\$17.9	-\$30.4	-\$12.9
Change in Net Position	\$14.1	\$14.1	\$4.7	-\$4.8	-\$28.6	-\$39.7	-\$30.2
Dividend to State of AK	\$29.4 (projected)	\$30.5	\$25.9	\$19.1	\$7.5	\$10.6	\$27.3

Alaska Housing Finance Corporation



Net Position

In Billions



A scenic landscape of a river flowing through a forested valley with mountains in the background. The river is in the center, surrounded by lush green and yellow foliage. The mountains are in the background, and the sky is clear.

ENTERPRISES

Alaska Aerospace

Alaska Marine Highway

Alaska Energy Authority

Alaska Railroad Corporation

International Airports

University of Alaska

Alaska Marine Highway



<i>\$ Millions</i>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>	<u>FY '11</u>
Net Assets	\$1,297.5	\$1,204.9	\$1,116.7	\$1,038.8	\$963.3	\$893.2	\$828.3
Operating Revenue	\$45.8	\$47.2	\$53.9	\$51.7	\$54.3	\$54.7	\$48.6
Operating Expense	\$134.9	\$145.2	\$160.8	\$166.0	\$172.5	\$171.0	\$158.7
Net Income	(\$89.1)	(\$98.0)	(\$106.9)	(\$114.3)	(\$118.2)	(\$116.3)	(\$110.1)

Alaska Energy Authority

<i>\$ Millions</i>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>	<u>FY '11</u>
Net Assets	\$1,461.2	\$1,395.2	\$1,426.8	\$1,406.2	\$1,180.9	\$1,070.3	\$1,075.9
Operating Revenue	\$41.3	\$42.3	\$56.0	\$92.8	\$102.4	\$98.7	\$47.3
Operating Expense	\$85.3	\$94.1	\$136.0	\$156.5	\$165.9	\$160.6	\$118.7
Operating Loss/Gain	\$-44.0	\$-51.8	\$-80.0	\$-63.7	-\$63.5	-\$61.9	-\$71.4
Investment Income	\$114.4	\$11.0	\$35.1	\$173.1	\$113.4	\$14.1	\$70.9
Capital Contributions by the State	\$9.1	\$9.2	\$28.9	\$37.0	\$25.9	\$29.0	\$437.4

➤ Assets in Action

Organization (following State purchase)

- Independent corporation owned by State
- Managed by a seven-member board of directors appointed by Governor
- Mandated to be self-sustaining, responsible for financial and legal obligations

Operating Data

- 683 Total miles of track
- 912 Freight cars (owned & leased)
- 44 Passenger cars
- 51 Locomotives

2017 Operating Statistics

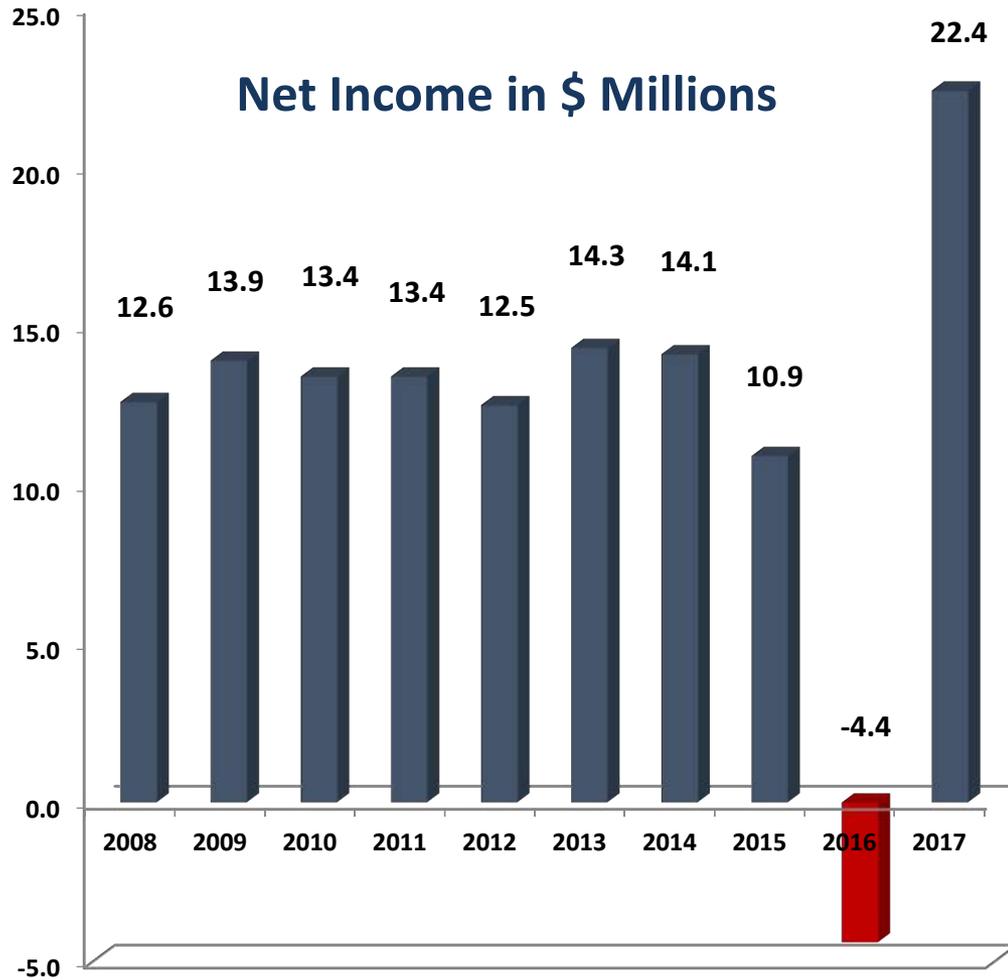
- 505,994 passengers
- 4.8 million tons of freight

Employees (January 2018)

- 572 full-time year-round employees
- 511 members of 5 unions



➤ The Bottom Line



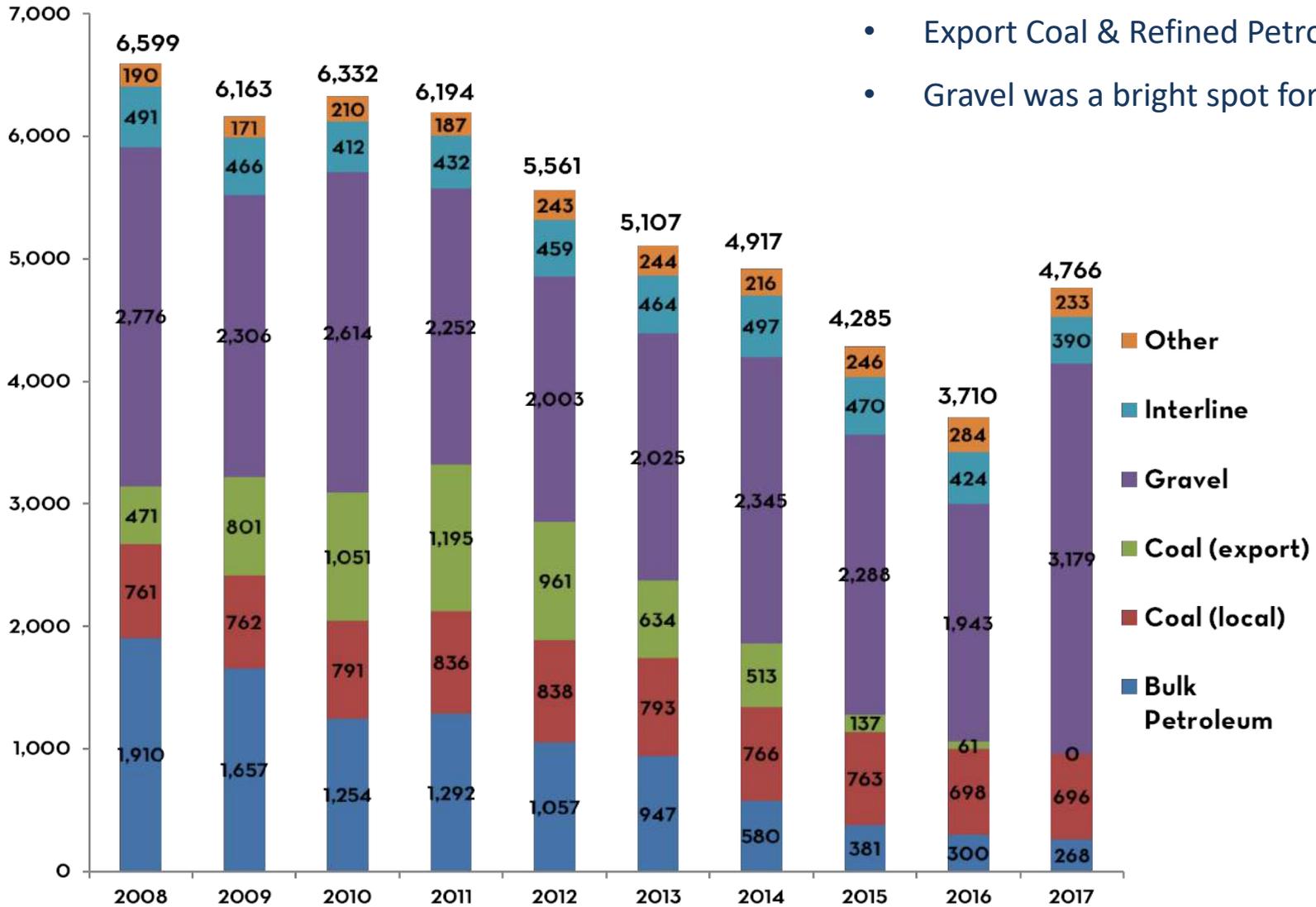
Total Assets – \$1.07 Billion
2017 Revenue – \$187.5 Million
2017 Net Income – \$22.4 Million



Freight Operations

Freight down significantly

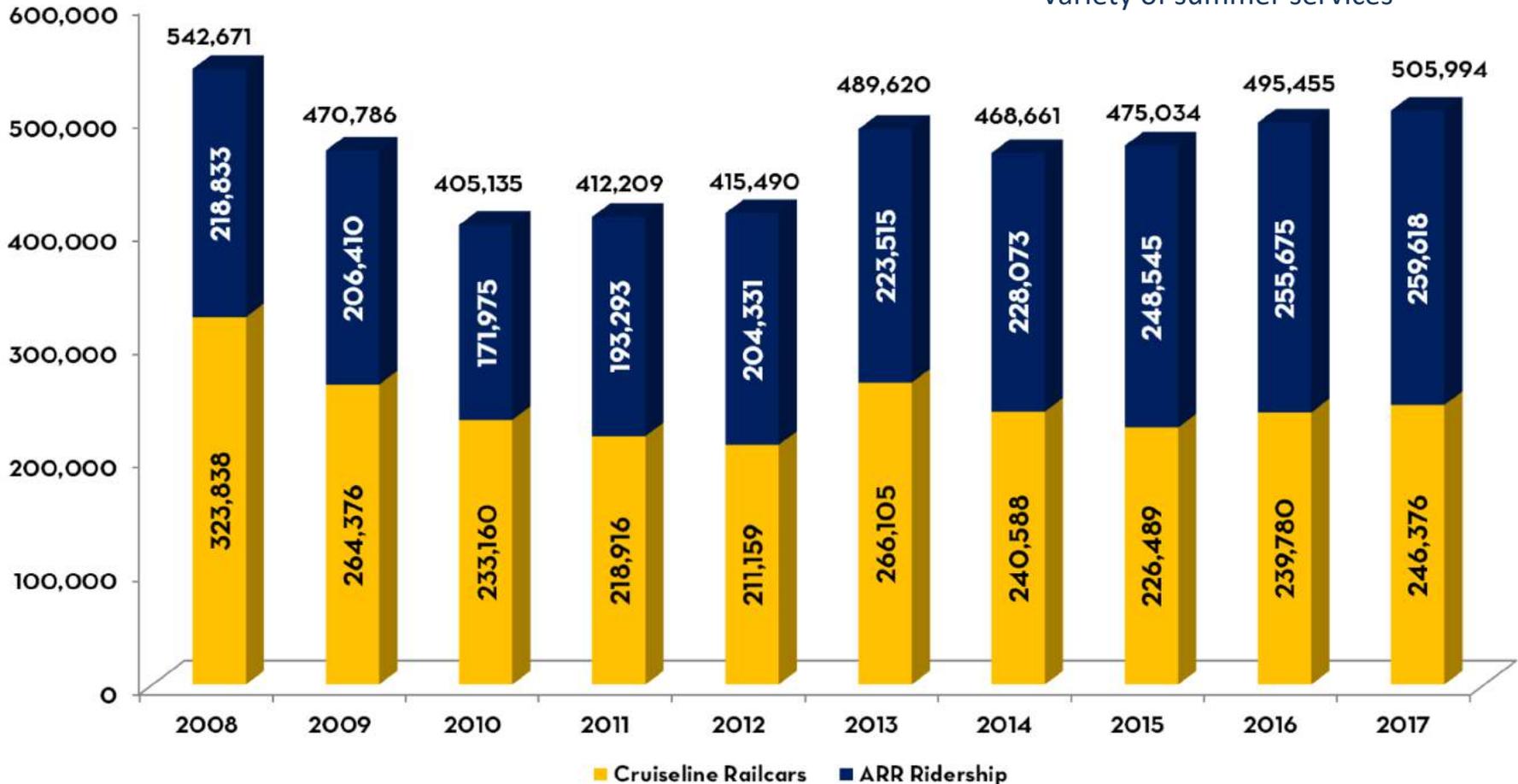
- Export Coal & Refined Petroleum
- Gravel was a bright spot for 2017



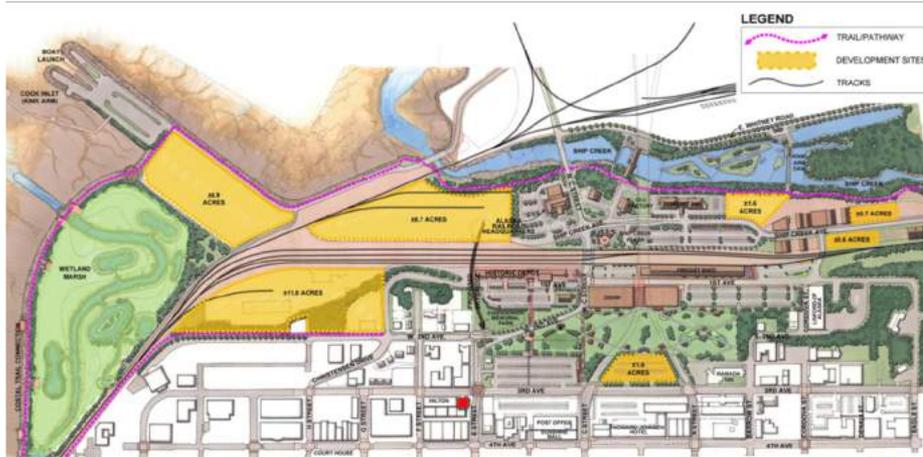
Passenger Operations

Passenger Service Rebounding

- Up 2% over 2016 / Up 25% over 2010
- Near max capacity on south end
- Variety of summer services



➤ Real Estate



- Recent Land Sales
- Ship Creek Development
 - Residential & industrial opportunities
- Fairbanks Leases
- Exploring Wetlands Mitigation



Alaska Railroad Corporation



<i>\$ Millions</i>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>
Net Assets	\$338.70	\$316.33	\$320.69	\$304.71	\$278.23	\$255.6
Operating Revenue (Trains)	\$107.8	\$102.9	\$113.9	\$125.1	\$125.5	\$128.0
Operating Expense (Trains)	\$101.3	\$114.1	\$114.5	\$121.3	\$120.5	\$124.3
Operating Income (Trains)	\$6.5	(\$11.2)	(\$0.6)	\$3.8	\$5.0	\$3.7
Non Operating Income (Real Estate)	\$13.7	\$10.5	\$12.6	\$11.6	\$11.0	\$10.2
Net Revenue (Corporate)	\$22.4	(\$4.4)	\$10.9	\$14 .1	\$14.3	\$12.5



Alaska International Airport System



<i>\$ Millions</i>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>	<u>FY '11</u>
Net Position (Assets)	\$896	\$883	\$864	\$903	\$906	\$864	\$830
Operating Revenue	\$143	\$137	\$134	\$124	\$108	\$107	\$107
Operating Expense	\$168	\$140	\$148	151	\$146	\$139	\$131
Net Op Revenue	\$-25	\$-2	\$-14	\$-27	\$-38	-\$33	-\$25
Capital Contributions	\$56	\$40	\$50	\$58	\$89	\$89	\$35



UNIVERSITY
of ALASKA
Many Traditions One Alaska

<i>\$ Millions</i>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>	<u>FY '11</u>
Net Capital Assets	\$1,692.5	\$1,617.9	\$1,544.7	\$1,447.3	\$1,280.3	\$1,097.3	\$952.9
Endowment Investments	\$143.6	\$130.2	\$143.1	\$148.5	\$136.7	\$127.2	\$127.4
Land Endowment and other Assets	\$62.6	\$62.7	\$62.4	\$62.6	\$62.9	\$46.2	\$45.3
Endowment Investment Return	14.3%	-4.7%	-1.5%	13.1%	10%	0.9%	18%



UNIVERSITY
of ALASKA

Many Traditions One Alaska

	Fall 2017/FY18	Fall 2016/FY17	Fall 2015/FY16	Fall 2014/FY15	Fall 2013/FY14	Fall 2012/FY13	Fall 2011/FY12	Fall 2010/FY11
Fall Student Headcount (Non-degree)	27,823 (7,825)	29,171 (8,100)	30,496 (8,454)	31,522 (8,716)	32,696 (8,992)	33,581 (9,564)	34,983 (10,567)	34,480 (11,063)
Degrees Awarded	August 2018	4,594	4,794	4,678	4,908	4,491	4,174	3,983
High School/College Concurrent Enrollment Headcount	2,721	2,392	1,881	1,522	1,556	1,413	1,313	1,394
Tuition and Fees - UA to Western States Average (4-Year)	88%	88%	84%	80%	77%	78%	76%	83%
Average Annual Salary Increase for Exiters, Post-Training	Available February 2020	Available February 2019	Available TBD	24%	27%	33%	29%	31%
Grant-Funded Research Expenditures (\$ Millions)	Available October 2018	\$123.4	\$119.4	\$111.8	\$120.4	\$129.8	\$132.7	\$138.0
Full-Time Regular Employees Headcount (Total Employees)	3,889 (7,247)	4,034 (7,503)	4,276 (7,972)	4,510 (8,430)	4,587 (8,614)	4,532 (8,665)	4,519 (8,523)	4,558 (8,444)



UNIVERSITY of ALASKA
ANCHORAGE



UNIVERSITY OF
ALASKA
FAIRBANKS



learn · engage · change

ISSUES & PROSPECTS

➤ Natural Assets

- Oil exploration and petroleum projects
- Obligations for unpaid oil tax credits

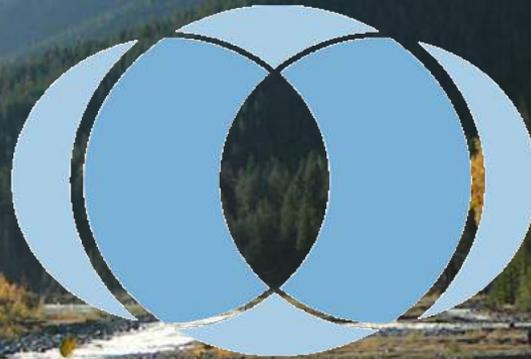
➤ Financial Assets

- Permanent fund percentage of value
- Long range fiscal plan
- Leveraging financial assets and expertise for Alaska

➤ Enterprise Assets

- Are we investing in our critical Infrastructure (railroad, airports, energy)
- Is there an opportunity for recycling and leveraging capital?

**Download today's presentation at:
commonwealthnorth.org/publications/**



**COMMONWEALTH
NORTH**

**A Shareholders
Report to Alaskans**