Presentation to The Alliance

Anchorage, Alaska
February 25, 2010
On January 29, Alaska Pipeline Project (APP) filed an Open Season plan with Federal Energy Regulatory Commission (FERC)

Two pipeline options:

- 4.5 Bcf/d Pipeline from North Slope to Alberta Hub
- 3.0 Bcf/d Pipeline from North Slope to Valdez
- Both options include:
  - Access to North Slope gas for Alaskans
  - Minimum 5 Alaska off-takes
  - Gas Treatment Plant
  - Pipeline from the Point Thomson field
Path to In-service

Large pipeline projects undergo:

- Lengthy development stage
- If development stage is successful, then move to construction and operations

APP’s development stage scheduled to run through 2014

All stakeholders have important responsibilities

- Alaska Pipeline Project / Producers-Shippers / Governments
- All parties need to achieve commercial and regulatory breakthroughs
Open Season Timeline

- **Filing begins 60-day FERC review for U.S. section**
- **If FERC approves plan, conduct Open Season from May-July 2010**
  - Concurrent Canadian Open Seasons for Alberta option
- **Expect APP / Shipper follow-up negotiations to resolve conditioned bids (typical situation)**
- **Final Open Season results targeted by year-end 2010**
  - Contingent on satisfactory resolution of Shippers’ conditions precedent
APP’s Competitive Response

- **APP offering better commercial terms / access than in AGIA Application**
  - Available to Shippers in APP’s initial Open Season
  - Comprehensive Alberta and Valdez options
    - Responsive to Shipper discussions
    - 48 inch 3.0 Bcf/d pipeline to Valdez
    - Access to other pipelines upstream of Alberta Hub
  - 20-year minimum contract term for firm service
  - Interruptible, overrun and park-and-loan services
  - Shared development costs
- **Better commercial terms reduces tolls by $500 million/year**
  - 12% ROE
  - 80% capital recovery over initial contract term
  - 70/30 debt/equity ratio for expansions
Project Cost Estimates / Indicative Tolls (2009 US$)

**Pipeline from North Slope to Alberta**
- Capital cost range: $32B - $41B
- Target in-service: 2020
- Tariff range (incl. fuel): $2.80 - $3.50/MMBtu (from GTP to Alberta Hub)

**Pipeline from North Slope to Valdez**
- Capital cost range: $20B - $26B
- Target in-service: 2020
- Tariff range (incl. fuel): $2.45 - $3.15/MMBtu (from GTP to Valdez)
Upcoming Regulatory/Commercial Milestones

What should project supporters focus on?

Alaska Pipeline Project
- Resolve conditions precedent with Shippers
- Continue work to prepare for major U.S./Canadian permitting
- Meet AGIA obligations (including FERC Application in 2012)
- Advance project in step with commercial and regulatory breakthroughs
- Continue to seek alignment with BP / COP

Producers / Shippers
- Resolve conditions precedent with APP
- Resolve upstream fiscal and resource access issues with State
- Arrange downstream transportation, secure final gas markets and export permits (LNG option)

State of Alaska
- Resolve any fiscal or resource access issues with Producers / Shippers
- Facilitate project permitting

U.S. Government / FERC
- Establish Federal Loan Guarantee level / terms and conditions
- Facilitate project permitting

Government of Canada
- Facilitate project permitting
APP is the Right Choice

- **Comprehensive, credible and competitive Open Season plan**
  - TransCanada and ExxonMobil have unparalleled expertise / experience in interstate/inter-provincial gas pipelines and gas treatment plants
  - Over one-quarter million hours of engineering, regulatory, technical, environmental, commercial, legal and project management work
  - Builds on significant base from past initiatives for Alaska gas
  - Joint project work has provided improved understanding of scope, costs, complexities and risk for this large, complex project

- **Alberta and Valdez options**

- **Legislative and regulatory structure in place to expedite project in Alaska and Canada**

- **TransCanada/ExxonMobil/State working together through AGIA structure provides best opportunity to:**
  - Align all stakeholders
  - Achieve project benefits for Alaskans and other parties
The following are some photos illustrating TransCanada / ExxonMobil recent experience on major projects with similar characteristics to the gas treatment plant and the pipeline project.
Gas Treatment Plant, UK
Sakhalin module
North Slope module
Qatar Gas Trains
Sakhalin OPF construction
640-Person Camp
Pipe Stockpile
Bending
Welding
Dual Torch Automatic Welding
UltraSonic Testing
Lowering In
Compressor Station
Construction / In-service
Construction / In-service
Construction / In-service
Project Landmarks – Spring 2011

- **Alaska Pipeline Project**
  - Open Season results in hand
  - Advancing on major U.S./Canada permitting, including FERC Application in 2012
  - Alignment with BP/COP?

- **Producers/State of Alaska**
  - Resolution of upstream fiscal and resource access issues?

- **U.S. Government**
  - Establish Federal Loan Guarantee level/terms and conditions?
Winter Operator
Thank You

APP’s Open Season Plan available at www.thealaskapipelineproject.com or on the FERC website