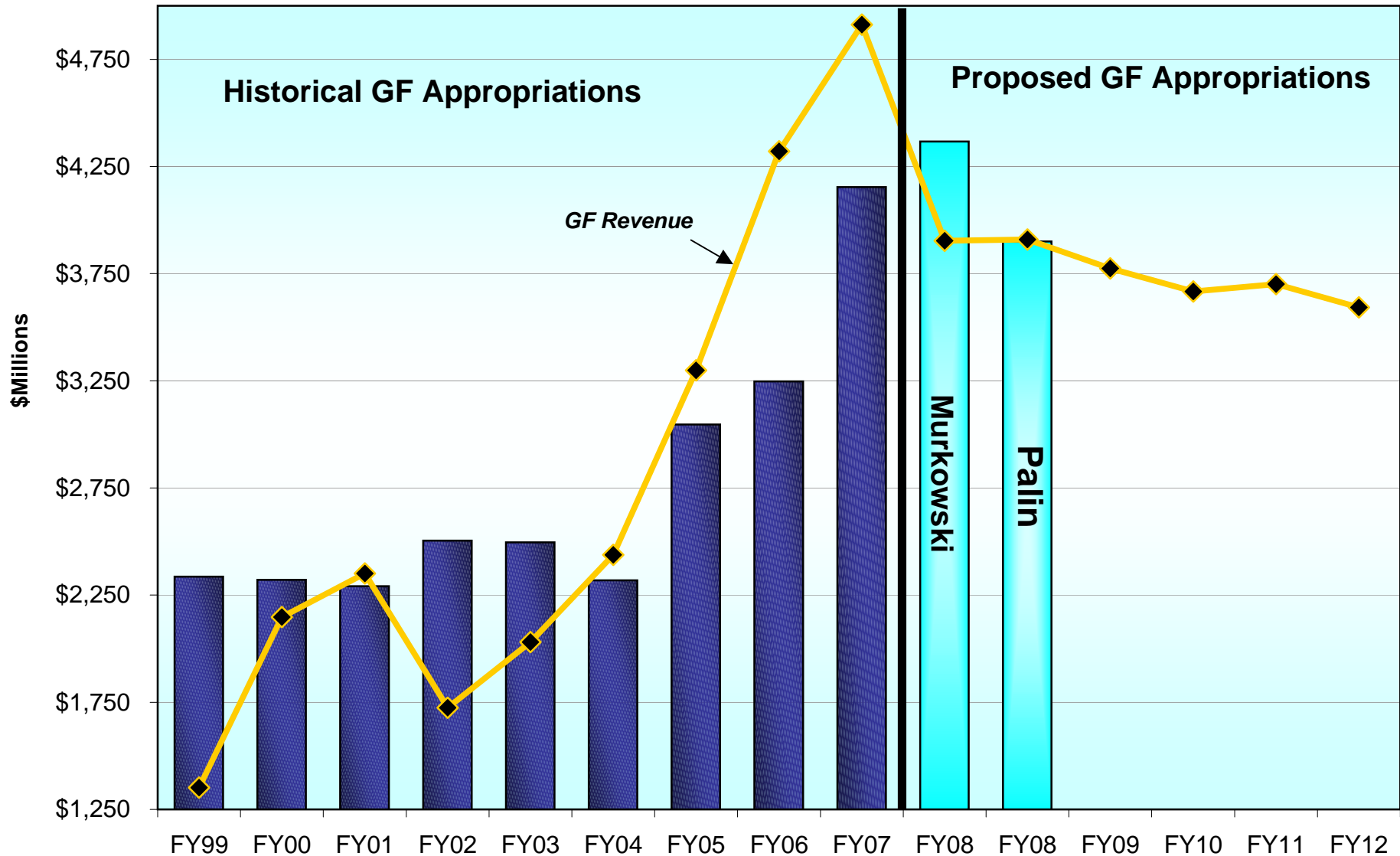


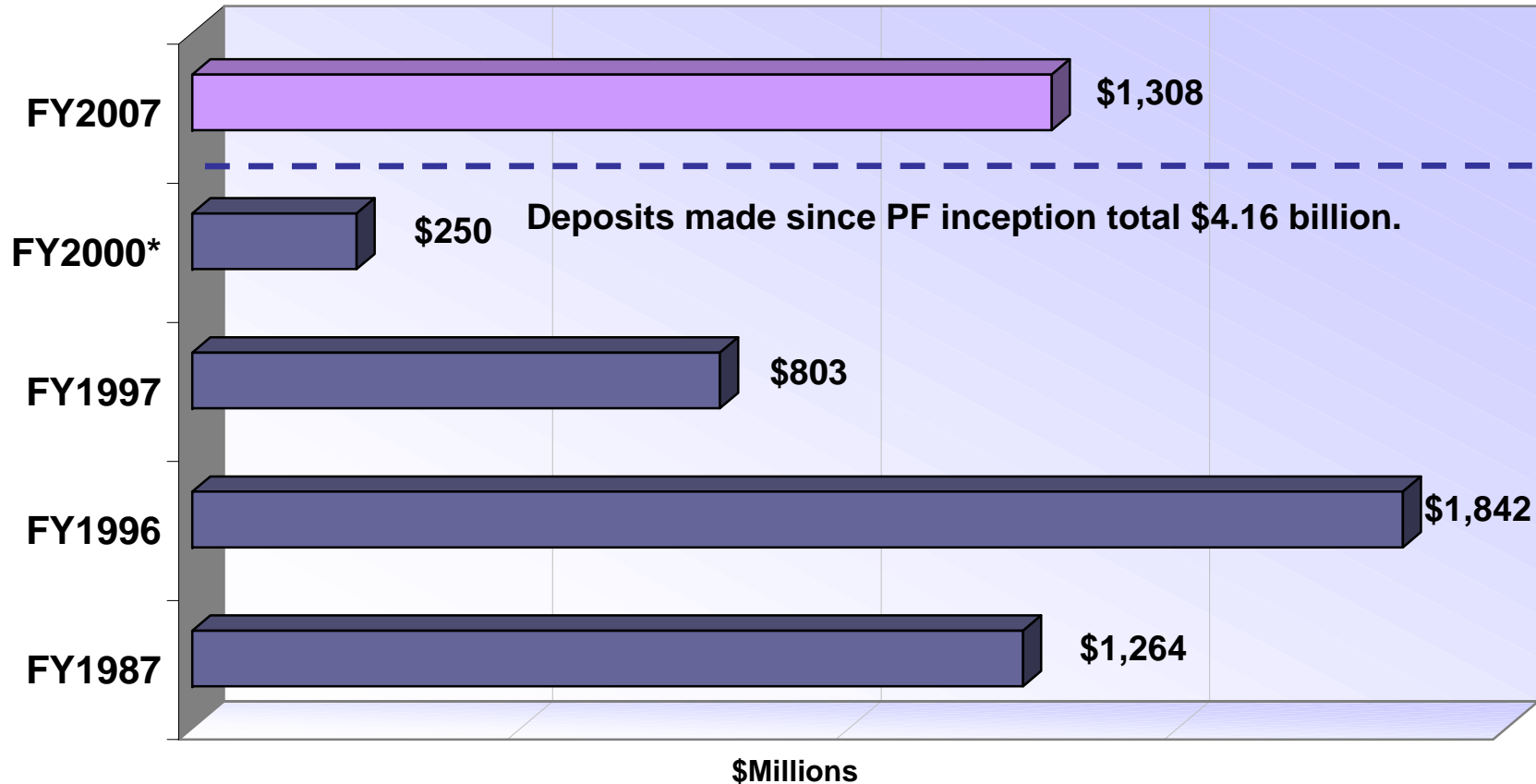
Live Within Our Means

Governor Palin's Challenge: Operating with Current Year General Fund Revenues



Save the Earnings

Proposal to Deposit \$1.3 Billion from the Permanent Fund Earnings Reserve to the Permanent Fund Principal



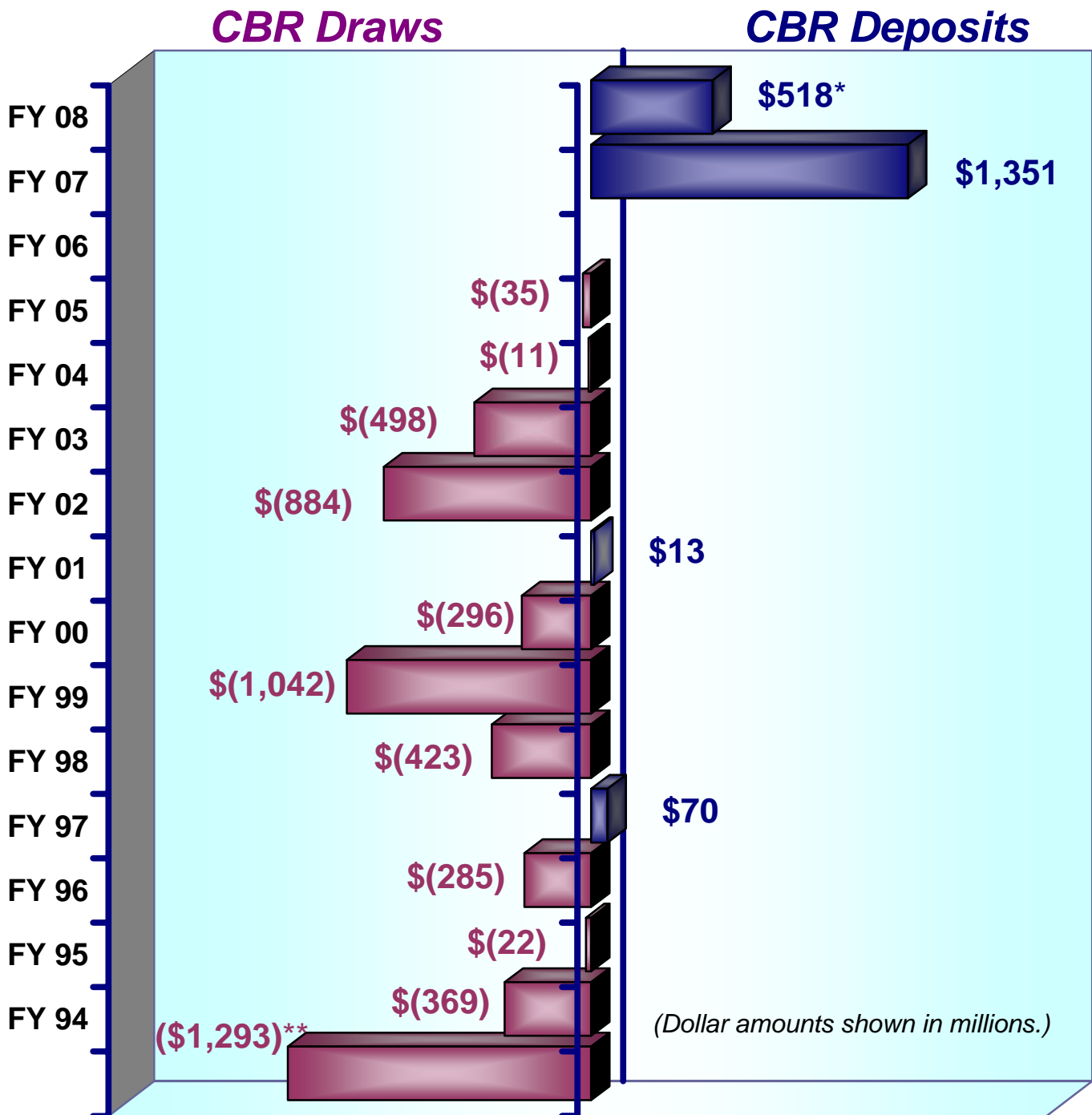
FY 2007 proposal is to leave a balance of \$1.73 billion in the Permanent Fund Earnings Reserve after dividends, inflation proofing and Amerada Hess calculation.

FY07 projections are from *Alaska Permanent Fund Financial History and Projections* .

* FY2000 deposit was \$276.4 million, figure shown excludes \$26.4 million in 8G Escrow Principal Earnings that was deposited to the Permanent Fund Principal as part of a lawsuit settlement.

Save The Surplus

Governor Palin's Proposed Constitutional Budget Reserve Payback of \$1.8 Billion



*Governor's Proposed FY08 Budget

**Non-deficit borrowing includes Court ordered reconstitution of the CBR, Y2K expenditures, Mental Health Trust settlement and PCE endowment.

Total appropriations from the CBRF are \$5,162 million