



NAVAJO TRANSITIONAL ENERGY COMPANY

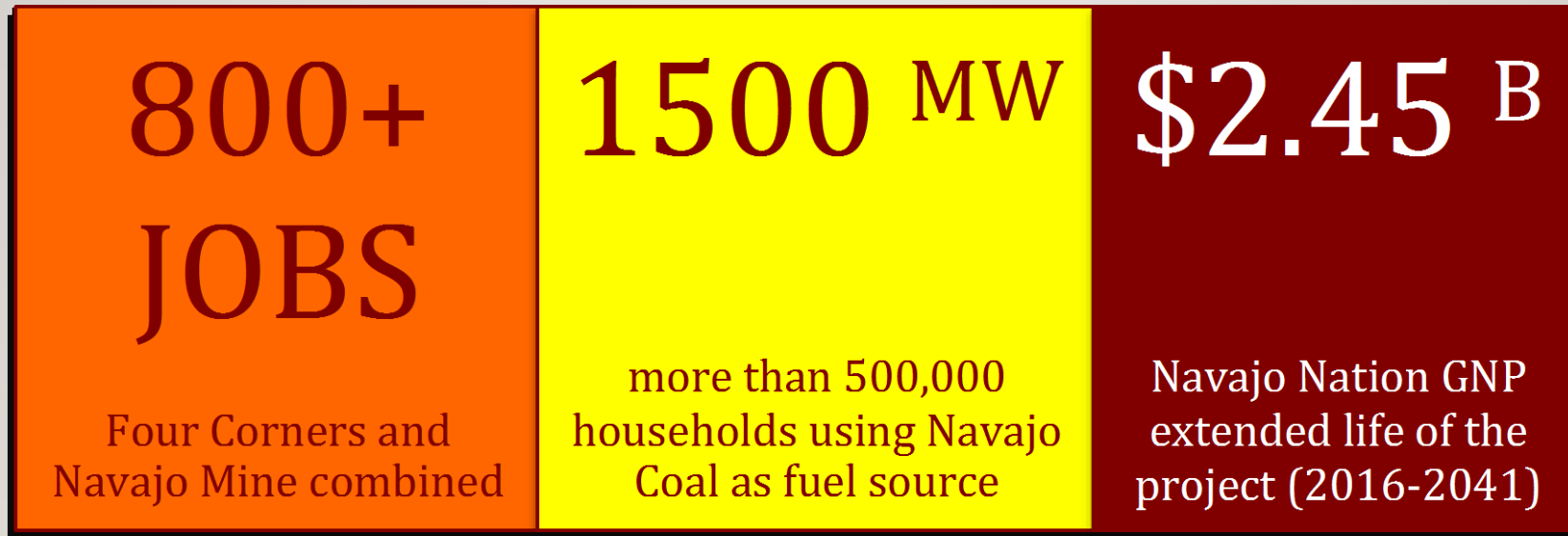
GRANTS, NEW MEXICO

JULY 14, 2016



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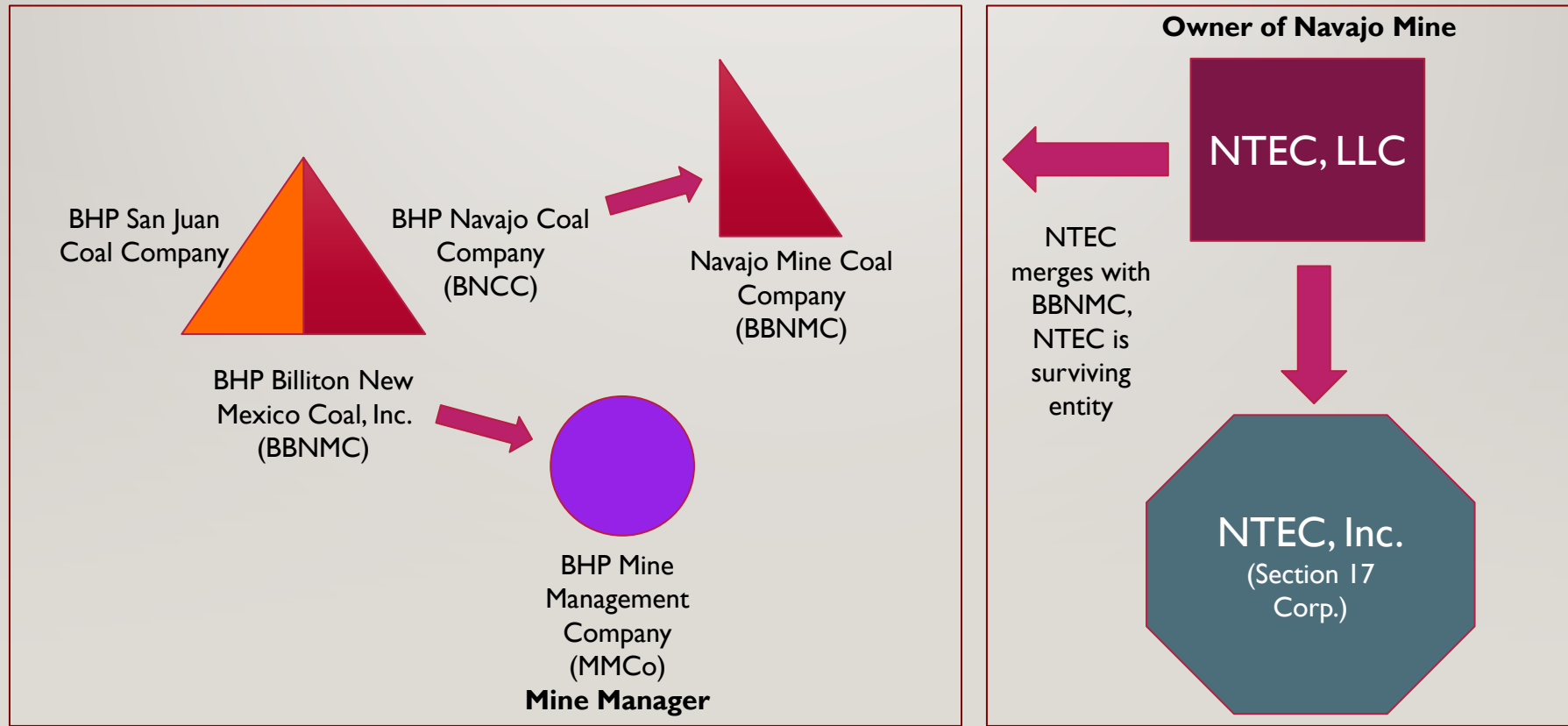
“Navajo Coal Sustains the Region with Life”



Source: Arizona State University – W.P. Carey School of Business | 2013 Four Corners Power Plant and Navajo Mine: An Economic Impact Analysis

Navajo Mine Transaction Summary

- ❖ The Equity Interest Purchase Agreement was signed on October 31, 2013 and the Navajo Nation became the Natural owner of Navajo Mine.

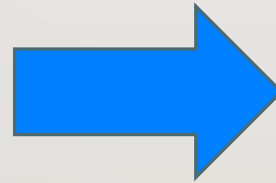


Financial Impacts

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Four Corners Power
Plant

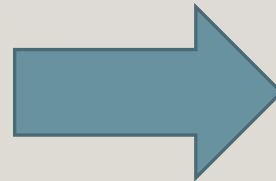
Navajo Mine



Economic Impact

- Preserve 800 + direct jobs
- Preserve \$65 million + of annual taxes and royalties to the Navajo Nation
 - ◆ Equates to 700 + FTE for Navajo Nation
 - ◆ Distribution to 110 Navajo communities
- Contribute \$1.8 billion of income to the Navajo Nation
- Preserve 17% of APS' base load supply
- Provide improvements to the air quality and reduces CO2 emissions

NTEC

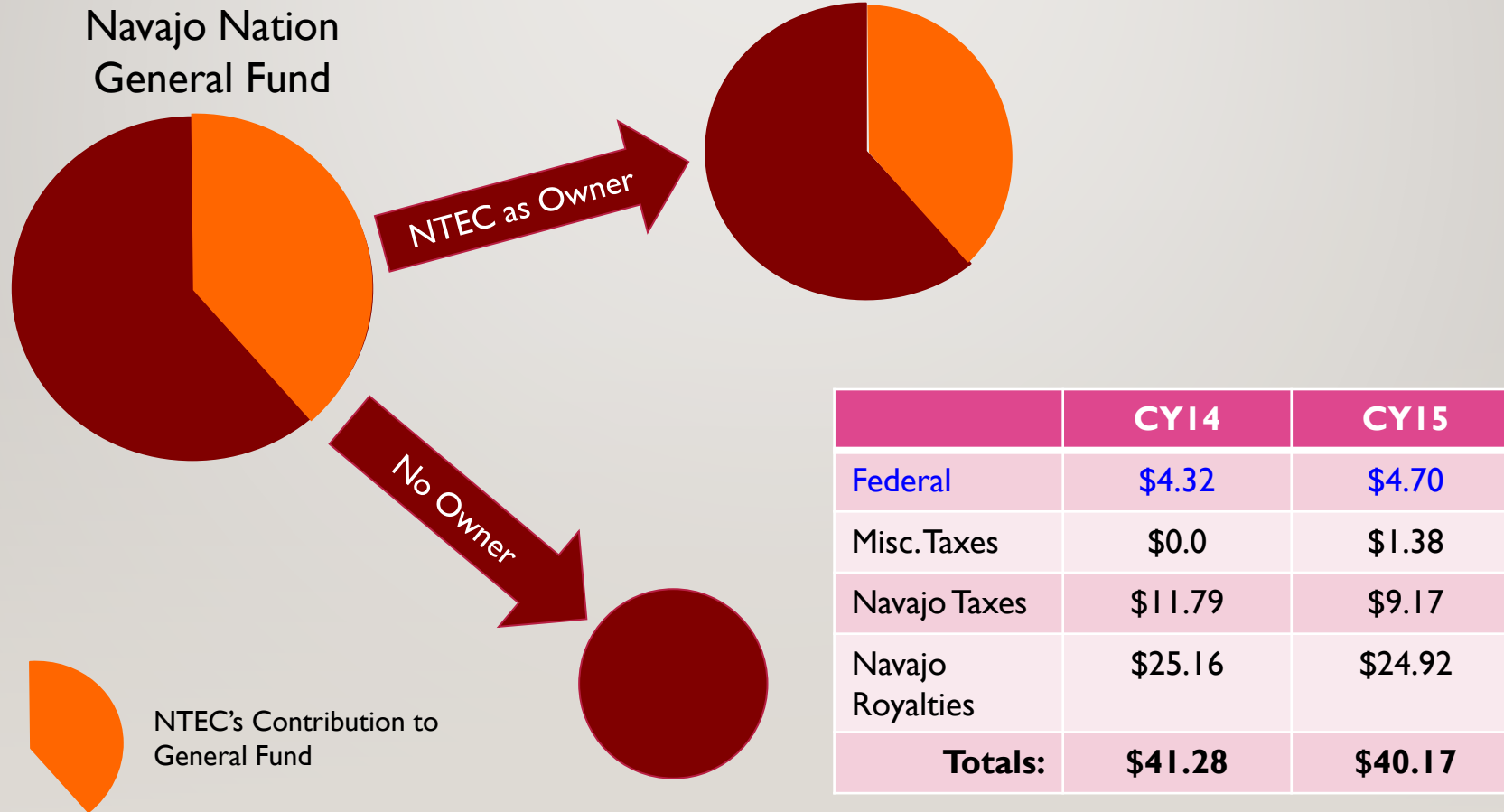


Future Impacts

- Dividends to the Navajo Nation
- Look at clean and alternative energy projects
- Greater self-sufficiency for the Navajo Nation
- Continue the viability of Navajo Coal
- Support the Navajo Nation Energy Policy

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NTEC Sustains Revenue to the Nation



Note: FY14* taxes and royalties are unaudited information provided to the reader with a consolidated picture from Navajo Mine's operations. Royalties information comes directly from the APS invoices.

6 NTEC'S SEVEN PERCENT



- NTEC plans to purchase Seven Percent ownership in Four Corners Power Plant
- The option was part of the new Coal Sales Agreement
- Negotiations are ongoing
- Purchase must be finalized before July 2017

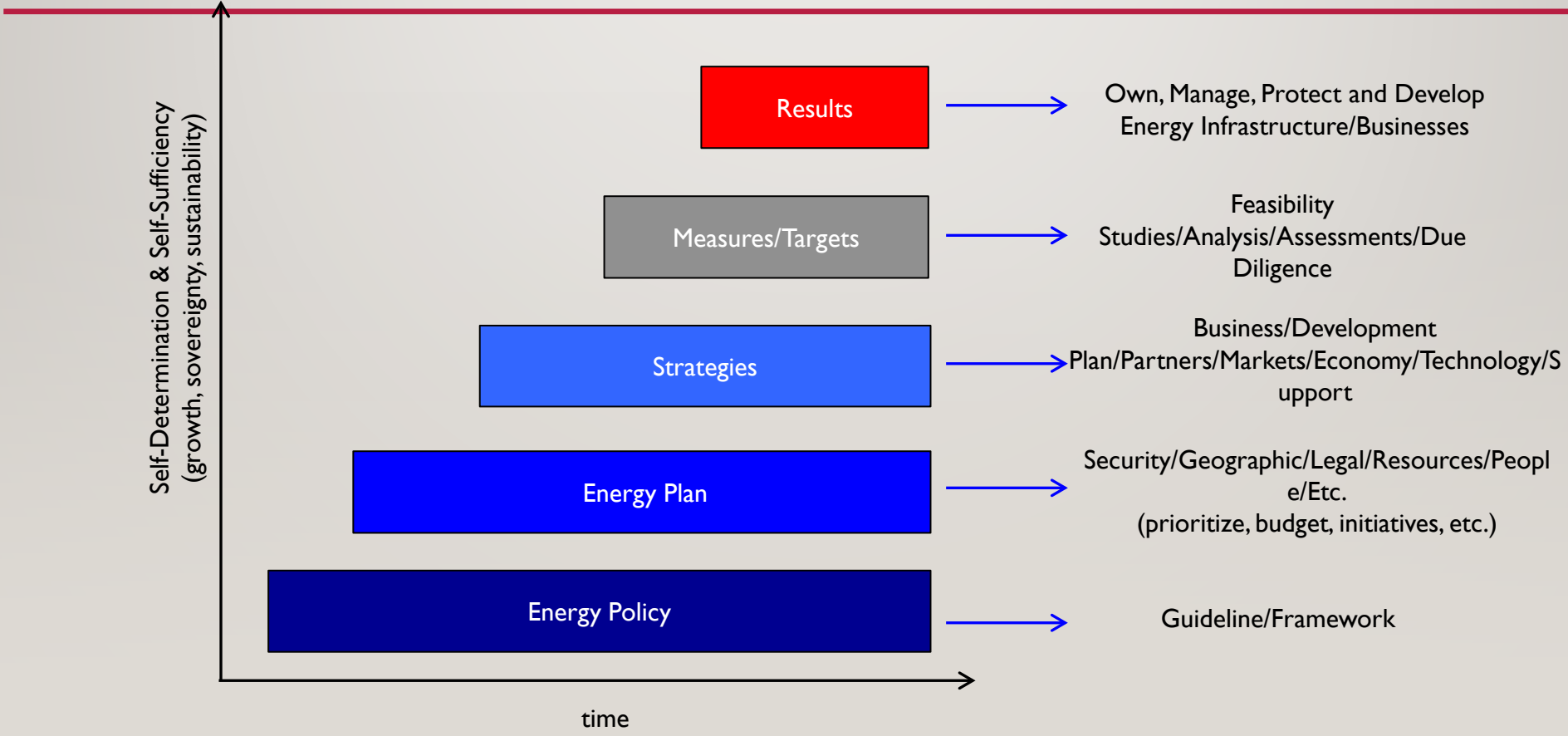
NEW MINE OPERATOR

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- In December 2015, NTEC announced Bitsi Coal, LLC, a subsidiary of North American Coal, as new operator for Navajo Mine.
- We ensured that Navajo Laws are part of Navajo Mine's future.
- Bisti Fuels will start transitioning into their new role and operate the mine at the end of 2016.

STRATEGIC ENERGY APPROACH



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CHALLENGES THAT WE FACE

- Lawsuit Challenging the Approval of the Extension of Mine and Power Plant for 25 more years
- Clean Power Plan and its impact to resources on the Nation
- OSM Stream Protection Rule
- Coal Leasing Moratorium

THANK YOU

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