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Project Florida

Preliminary Maine discussion materials

November 26, 2012

PRELIMINARY | SUBJECT TO FURTHER REVIEW AND EVALUATION

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Preliminary side-by-side-analysis

(\$ in millions, except where otherwise noted)

	Florida at market	Maine at market
Share price (11/23/12)	\$38.88	\$12.45
% discount to 52-week high	(20.6%)	(24.9%)
Market value	\$953	\$2,017
Enterprise value ⁽¹⁾	3,400	3,103
Enterprise value /		
2012E EBITDA(X)	6.0x	13.9x
2013E EBITDA(X)	4.1x	12.2x
Proved reserves (\$ / mcfe)		\$12.78
2012E Production (\$ / mcfe/d)		20,488
2013E Production (\$ / mcfe/d)		17,092
Pre-tax PV-10%		3.7x
Price /		
2012E CFPS	7.2x	17.0x
2013E CFPS	5.1x	8.7x
Statistics		
12/31/2011 Proved reserves (Bcfe)		242
% oil		40.6%
% developed		84.9%
Resource potential (Tcfe)		63.7
2012E production (mcfe/d)		151
% oil		40.6%
R/P		4.4x

Source: Public filings, company projections at forward curve pricing as of 11/23/12 and FactSet Research Systems.

(1) Florida corporate adjustments as of 9/30/12 based on \$3.7 billion of cash, \$3.5 billion of debt and \$3.6 billion of noncontrolling interest per Florida 10-Q. Maine corporate adjustments as of 9/30/12 based on \$191.9 million of cash and cash equivalents, \$700 million of 5.75% convertible preferred stock, \$188.9 million of 4% convertible notes, \$12 million of 8% convertible preferred stock, \$87.8 million of 5.25% of convertible notes and \$300 million of 11.875% senior notes per Maine 10Q.

1. Preliminary Maine analysis

Preliminary illustrative Maine NAV analysis assumptions

- 3P reserve estimates based on Ryder Scott reserve reports
- Projection model with production and costs for ~3 Tcfe of net resource potential provided by Maine management
 - Scaled up to 15.2 Tcfe of net unrisks resource potential per RPS guidance and 63.5 Tcfe of net unrisks resource potential per Maine management guidance
- Analyzed 14.25-year unlevered free cash flow (9/30/12–12/31/2026E)
 - Discounted projected unlevered free cash flows to 9/30/12; discount rate of 12% for illustrative purposes
 - Cash flow from remaining reserves after 2026E discounted to 9/30/12 based on the weighted average remaining life of production
- Assumes forward curve pricing as of 11/23/2012

	2012 ⁽¹⁾	2013	2014	2015	2016	2017	2018	2019	Thereafter
WTI (\$/bbl)	\$88.18	\$89.69	\$89.99	\$88.26	\$86.30	\$85.78	\$85.60	\$85.50	\$85.44
Henry Hub (\$/Mmbtu)	3.59	4.07	4.32	4.42	4.81	4.99	5.21	5.46	5.76

- **Implied Maine resource case based on ultra-deep resource potential and resource risking values implied by a \$1.50 per share⁽²⁾ estimate for a 4% override royalty interest on Maine’s ultra-deep resource potential**
 - **Implied 4.3 Tcfe of net risked resource potential in ultra-deep assuming 12% discount rate for illustrative purposes**
- Preliminary reserve and resource risking assumed for illustrative purposes with guidance from RPS and Maine management
 - 10% risking for ultra-deep resource potential per RPS
 - 30% risking for ultra-deep resource potential per Maine guidance
- Cash G&A and non-cash G&A per Maine management guidance
- Plan tax rate of 38% per Maine management
- Tax basis of assets as per Maine management



Note: Tax assumptions per Maine management as follows: Capital recovery assumes 25% of future capital expenditures allocated to tangible assets and 75% to intangible drilling costs expensed in year incurred. Tangible assets depreciated using a 7-year MACRS schedule. Analysis doesn't account for AMT and withholding taxes.

(1) Represents average of spot prices until 9/30/12 and forward curve pricing for remaining 2012.

(2) Assumes fully-diluted shares outstanding of 231.8 according to Maine guidance.

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Preliminary illustrative Maine NAV analysis summary

- Preliminary analysis based on forward curve pricing as of 11/23/2012 and illustrative discount rate of 12%
- Risking for illustrative purposes (RPS resource risking: 10%; Maine resource risking: 30%)
- Royalty payment based on revenue from ultra-deep prospects for 2012 through end of resource life

(\$ in millions, except per share amounts)

	Implied Maine	Maine management		RPS resource	
	resource case ⁽¹⁾	resource estimate ⁽²⁾		estimate ⁽³⁾	
	Risked 3P & resources (100/100/100/Maine)	Case 1 Risked 3P & resources (100/70/50/10)	Case 2 Risked 3P & resources (100/70/50/30)	Case 3 Risked 3P & resources (100/70/50/10)	Case 4 Risked 3P & resources (100/70/50/30)
Deep Shelf	\$498	\$434	\$434	\$434	\$434
Gulf of Mexico Deep Water	73	64	64	64	64
Traditional Shelf	524	484	484	484	484
Ultra Deep Shelf	2,990	4,406	13,217	1,077	3,232
Total of all regions	\$4,085	\$5,388	\$14,199	\$2,060	\$4,214
Others ⁽⁴⁾	168	164	163	184	166
PV of NOLs	530	633	1,107	412	557
Net asset value	\$4,783	\$6,185	\$15,469	\$2,656	\$4,937
(-) Corporate adjustments ⁽⁵⁾	(108)	(108)	(108)	(1,065)	(108)
Implied equity value	\$4,675	\$6,077	\$15,361	\$1,591	\$4,829
Implied price per Maine share	\$20.52	\$26.42	\$65.48	\$9.72	\$21.17
Implied price per Maine share – 4% royalty ⁽⁶⁾	19.62	25.09	61.39	9.21	20.20

Note: 3P: Proved + Probable + Possible.

(1) Based on ultra-deep resource potential and resource risking values implied by a \$1.50 per share value for a 4% override royalty interest on ultra-deep resource production; Implied 3.9 Tofe of net risked resource potential in ultra-deep assuming 12% discount rate for illustrative purposes.

(2) Based on net unrisked resource estimate of 83.5 Tofe per Maine management.

(3) Based on net unrisked resource estimate of 15.2 Tofe per RPS guidance.

(4) Others include PV of G&A and tax shield related to existing PP&E.

(5) Maine corporate adjustments based on \$191.9 million of cash and cash equivalents, \$700 million of 5.75% convertible preferred stock, \$188.9 million of 4% convertible notes, \$12 million of 8% convertible preferred stock, \$87.8 million of 5.25% of convertible notes and \$300 million of 11.875% senior notes per Maine 10Q for Q3 2012.

(6) Royalty on resource potential.



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Preliminary illustrative Maine royalty sensitivity analysis

Illustrative per share estimate for royalty

- Royalty payment based on revenue from ultra-deep prospects for 2012 through end of resource life
- Preliminary analysis based on forward curve pricing as of 11/23/12 and illustrative discount rate of 12%

(\$ per fully diluted share outstanding, except where otherwise indicated)

		Net implied risked resource (Tcfe)	Royalty 4.0%	Production estimate (Mmcfe/d)		
				2013E	2014E	2015E
Implied Maine resource case ⁽¹⁾		4.3	\$1.50	13.4	85.5	220.9
Maine management resource estimate ⁽²⁾						
Illustrative resource potential risking	10.0%	6.4	\$2.22	5.4	120.2	346.4
	30.0%	19.1	6.67	16.1	360.7	1,039.2
RPS resource estimate ⁽³⁾						
Illustrative resource potential risking	10.0%	1.5	\$0.54	5.4	34.2	88.4
	30.0%	4.6	1.62	16.1	102.7	265.1

Illustrative Maine price per share – ultra-deep royalty rate sensitivity

	Implied Maine resource case ⁽¹⁾	Maine management resource estimate ⁽²⁾		RPS resource estimate ⁽³⁾	
	Risked 3P & resources	Risked 3P & resources	Risked 3P & resources	Risked 3P & resources	Risked 3P & resources
	(100/100/100/Maine)	(100/70/50/30)	(100/70/50/30)	(100/70/50/10)	(100/70/50/30)
Implied price per Maine share (NAV/analysis) ⁽⁴⁾	\$20.52	\$26.42	\$65.48	\$9.72	\$21.17
Implied price per Maine share assuming:					
4% royalty on resource potential	19.62	25.09	61.39	9.21	20.20



Note:
 (1) Royalty interest not on 8/8 basis.
 (2) Based on ultra-deep resource potential and resource risking values implied by a \$1.50 per share value for a 4% override royalty interest on ultra-deep resource production; implied 4.3 Tcfe of net risked resource potential in ultra-deep assuming 12% discount rate for illustrative purposes.
 (3) Assumes 63.7 Tcfe of unrisks ultra-deep resource potential, including Davy Jones.
 (4) Assumes 15.4 Tcfe of unrisks ultra-deep resource potential, including Davy Jones. See previous page.

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Preliminary illustrative Maine transaction matrix

(\$ in millions, except as indicated)

	Florida		Maine		Illustrative Maine purchase price					
	11/23/2012		11/23/12		\$15.50	\$16.00	\$16.50	\$17.00	\$17.50	\$18.00
% premium / (discount) to:	Data		Data							
Current		\$38.88		\$12.45	24.5%	28.5%	32.5%	36.5%	40.6%	44.6%
52-week high	\$48.96	(20.6%)	\$16.57	(24.9%)	(6.5%)	(3.4%)	(0.4%)	2.6%	5.6%	8.6%
All-time high	62.93	(38.2%)	34.48	(63.9%)	(55.0%)	(53.6%)	(52.1%)	(50.7%)	(49.2%)	(47.8%)
5-day average	38.10	2.1%	12.39	0.5%	25.1%	29.1%	33.2%	37.2%	41.2%	45.3%
10-day average	38.05	2.2%	12.53	(0.6%)	23.8%	27.7%	31.7%	35.7%	39.7%	43.7%
20-day average	38.70	0.5%	12.29	1.3%	26.1%	30.1%	34.2%	38.3%	42.3%	46.4%
30-calendar day average	38.71	0.4%	12.25	1.6%	26.5%	30.6%	34.7%	38.8%	42.9%	47.0%
60-calendar day average	39.58	(1.8%)	11.92	4.5%	30.0%	34.2%	38.4%	42.6%	46.8%	51.0%
1-year average	37.94	2.5%	12.16	2.4%	27.4%	31.6%	35.7%	39.8%	43.9%	48.0%
Fully diluted shares		949.6		162.0	243.3	242.6	241.7	244.9	244.0	243.1
Implied equity value ⁽¹⁾		\$37,037		\$2,017	\$3,772	\$3,881	\$3,988	\$4,163	\$4,270	\$4,375
Corporate adjustments ⁽²⁾		3,400		1,077	176	176	176	108	108	108
Implied enterprise value		\$40,437		\$3,094	\$3,948	\$4,057	\$4,164	\$4,271	\$4,378	\$4,483
Pennsylvania interest (shares in millions)				51.0	51.0	51.0	51.0	51.0	51.0	51.0
Florida interest after conversion (shares in millions)				-	36.2	35.9	35.6	35.4	35.1	34.9
Fully diluted shares (ex Pennsylvania and Florida interest)				111.0	156.1	155.7	155.1	158.5	157.9	157.2
Implied equity value ⁽¹⁾ (ex Pennsylvania and Florida interest)				\$1,382	\$2,420	\$2,491	\$2,559	\$2,695	\$2,763	\$2,830
Incremental consideration						\$71	\$68	\$136	\$68	\$67
Enterprise value /	Data		Data							
2012E EBITDAX	\$6,739	6.0x	\$223	13.9x	17.7x	18.2x	18.6x	19.1x	19.6x	20.1x
2013E EBITDAX	9,815	4.1x	253	12.2	15.6	16.0	16.4	16.9	17.3	17.7
Proved reserves (\$ / mcfe)			242	\$12.78	\$16.31	\$16.76	\$17.20	\$17.65	\$18.09	\$18.52
Total resources (\$ / mcfe) per Maine management ⁽³⁾			63,835	0.05	0.06	0.06	0.07	0.07	0.07	0.07
Total resources (\$ / mcfe) per RPS ⁽⁴⁾			15,535	0.20	0.25	0.26	0.27	0.27	0.28	0.29
2012E Production (\$ / mcfe/d)			151	\$20,488	\$26,143	\$26,867	\$27,576	\$28,287	\$28,992	\$29,689
2013E Production (\$ / mcfe/d)			181	17,092	21,810	22,414	23,005	23,599	24,187	24,769
Pre-tax PV-10%			829	3.7x	4.8x	4.9x	5.0x	5.2x	5.3x	5.4x
Price /										
2012E CFPS	\$5.42	7.2x	\$0.73	17.0x	21.2x	21.8x	22.5x	23.2x	23.9x	24.6x
2013E CFPS	7.66	5.1x	1.43	8.7	10.8	11.2	11.5	11.9	12.2	12.6

Source: Florida management 5-year plan, Maine Financial Projections.

- (1) Assumes 161.9 million basic shares outstanding for Maine per Maine management, 14.3 million options outstanding at a weighted average exercise price of \$14.20 per share and 0.1 million RSUs. Assumes 949.3 million basic shares outstanding for Florida, 13.6 million options exercisable at weighted average price of \$33.10 and RSUs of 1.3 million.
- (2) Maine corporate adjustments as of 9/30/12 based on \$191.9 million of cash and cash equivalents, \$700 million of 5.75% convertible preferred stock, \$188.9 million of 4% convertible notes, \$12 million of 8% convertible preferred stock, \$67.8 million of 5.25% of convertible notes and \$300 million of 11.875% senior notes per Maine 10Q for Q3 2012. Florida corporate adjustments as of 9/30/12 based on \$3.7 billion of cash, \$3.5 billion of debt and \$3.6 billion of noncontrolling interest per Florida 10Q.
- (3) Assumes unrisks 3P reserves of 335 Bofe and unrisks resource potential of 83,500 Bofe, per Maine management.
- (4) Assumes unrisks 3P reserves of 335 Bofe and unrisks resource potential of 15,200 Bofe, per RPS estimates.

2. Preliminary royalty trust sensitivity analysis

Preliminary illustrative Maine royalty sensitivity analysis

Summary

- Royalty payment based on revenue from ultra-deep prospects for 2012 and sensitivity for royalty trust duration
- Preliminary analysis based on forward curve pricing as of 11/23/12, 4% royalty and 12% discount rate for illustrative purposes

		Implied Maine resource case ⁽¹⁾	Maine management resource estimate ⁽²⁾		RPS resource estimate ⁽³⁾	
		Risked 3P & resources (100/100/100/Maine)	Case 1 Risked 3P & resources (100/70/50/10)	Case 2 Risked 3P & resources (100/70/50/30)	Case 3 Risked 3P & resources (100/70/50/10)	Case 4 Risked 3P & resources (100/70/50/30)
Royalty trust duration (years)	10	\$0.81	\$1.18	\$3.53	\$0.29	\$0.87
	15	1.37	2.03	6.09	0.49	1.48
	20	1.50	2.22	6.67	0.54	1.62
	25	1.50	2.22	6.67	0.54	1.62

(1) Based on ultra-deep resource potential and resource risking values implied by a \$1.50 per share value for a 4% override royalty interest on ultra-deep resource production and 20 year duration; implied 4.3 Tcfe of net risked resource potential in ultra-deep assuming 12% discount rate for illustrative purposes.

(2) Based on net unrisks resource estimate of 83.7 Tcfe per Maine management, including Davy Jones.

(3) Based on net unrisks resource estimate of 15.4 Tcfe per RPS guidance, including Davy Jones.

Preliminary illustrative Maine royalty sensitivity analysis

- Royalty payment based on revenue from ultra-deep prospects for 2012 and sensitivity for royalty trust duration
- Preliminary analysis based on 4% royalty and 12% discount rate for illustrative purposes; forward curve pricing as of 11/23/12

Implied Maine case ⁽¹⁾

		Commodity price							
		Forward curve pricing	\$100.00	\$110.00	\$120.00	\$120.00	\$120.00	\$120.00	
		WTI oil	4.00	5.00	6.00	7.00	8.00	9.00	
		Nat. Gas							
Royalty trust duration (years)	10		\$0.81	\$0.66	\$0.80	\$0.94	\$1.06	\$1.19	\$1.32
	15		1.37	1.08	1.31	1.55	1.76	1.98	2.19
	20		1.50	1.17	1.43	1.69	1.92	2.16	2.39
	25		1.50	1.17	1.43	1.69	1.92	2.16	2.39

Maine management resource estimate ⁽²⁾ and illustrative 10% risking

		Commodity price							
		Forward curve pricing	\$100.00	\$110.00	\$120.00	\$120.00	\$120.00	\$120.00	
		WTI oil	4.00	5.00	6.00	7.00	8.00	9.00	
		Nat. Gas							
Royalty trust duration (years)	10		\$1.18	\$0.96	\$1.16	\$1.37	\$1.56	\$1.74	\$1.93
	15		2.03	1.59	1.94	2.29	2.61	2.93	3.25
	20		2.22	1.74	2.12	2.50	2.85	3.20	3.55
	25		2.22	1.74	2.12	2.50	2.85	3.20	3.55

Maine management resource estimate ⁽²⁾ and illustrative 30% risking

		Commodity price							
		Forward curve pricing	\$100.00	\$110.00	\$120.00	\$120.00	\$120.00	\$120.00	
		WTI oil	4.00	5.00	6.00	7.00	8.00	9.00	
		Nat. Gas							
Royalty trust duration (years)	10		\$3.53	\$2.87	\$3.49	\$4.11	\$4.67	\$5.23	\$5.80
	15		6.09	4.78	5.83	6.87	7.83	8.79	9.75
	20		6.67	5.21	6.35	7.49	8.55	9.60	10.65
	25		6.67	5.21	6.35	7.49	8.55	9.60	10.65



- (1) Based on ultra-deep resource potential and resource risking values implied by a \$1.50 per share value for a 4% override royalty interest on ultra-deep resource production and 20 year duration; implied 4.3 Tofe of net risked resource potential in ultra-deep assuming 12% discount rate for illustrative purposes.
- (2) Based on net unrisked resource estimate of 63.7 Tofe per Maine management, including Davy Jones.

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Preliminary illustrative Maine royalty sensitivity analysis (cont'd)

- Royalty payment based on revenue from ultra-deep prospects for 2012 and sensitivity for royalty trust duration
- Preliminary analysis based on 4% royalty and 12% discount rate for illustrative purposes; forward curve pricing as of 11/23/12

RPS resource estimate ⁽¹⁾ and illustrative 10% risking

	WTI oil Nat. Gas	Forward curve pricing	\$100.00 4.00	\$110.00 5.00	\$120.00 6.00	\$120.00 7.00	\$120.00 8.00	\$120.00 9.00
Royalty trust duration (years)	10	\$0.29	\$0.24	\$0.29	\$0.34	\$0.38	\$0.43	\$0.47
	15	0.49	0.39	0.47	0.56	0.64	0.71	0.79
	20	0.54	0.42	0.52	0.61	0.69	0.78	0.86
	25	0.54	0.42	0.52	0.61	0.69	0.78	0.86

RPS resource estimate ⁽¹⁾ and illustrative 30% risking

	WTI oil Nat. Gas	Forward curve pricing	\$100.00 4.00	\$110.00 5.00	\$120.00 6.00	\$120.00 7.00	\$120.00 8.00	\$120.00 9.00
Royalty trust duration (years)	10	\$0.87	\$0.71	\$0.86	\$1.01	\$1.15	\$1.29	\$1.42
	15	1.48	1.17	1.42	1.67	1.91	2.14	2.37
	20	1.62	1.27	1.55	1.82	2.08	2.33	2.59
	25	1.62	1.27	1.55	1.82	2.08	2.33	2.59

(1) Based on net unrisks resource estimate of 15.4 Tofe per RPS guidance, including Davy Jones.

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