

Projected funding and spending

We are currently in Fiscal year 2008 and have received our deposit for this year. All other items presented will be forecasts based on the Science Plan, Work Plan, and information from the Treasury department. This information provides reasonable estimates through 2010. After that it is difficult to provide much information, but a projection is provided based on current levels of funding and spending.

Deposits

There are currently two scenarios for future deposits. The current 22.5M is invested in bonds that pay 3.125 percent for an anticipated deposit of \$703,000. There is legislation that would boost the principle to over 32M which, depending how it is invested, will give an annual deposit around \$1,100,000. These deposit amounts are shown in Figure 1.

Between the time that the funds are deposited and when they are spent they accumulate interest and are invested so that they may appreciate in value. A total amount of funds available at the beginning of the year can be determined by the sum of deposits from the Treasury department and the interest and appreciation minus the sum of expenditures to date. The expected funds available are also presented in Figure 1.

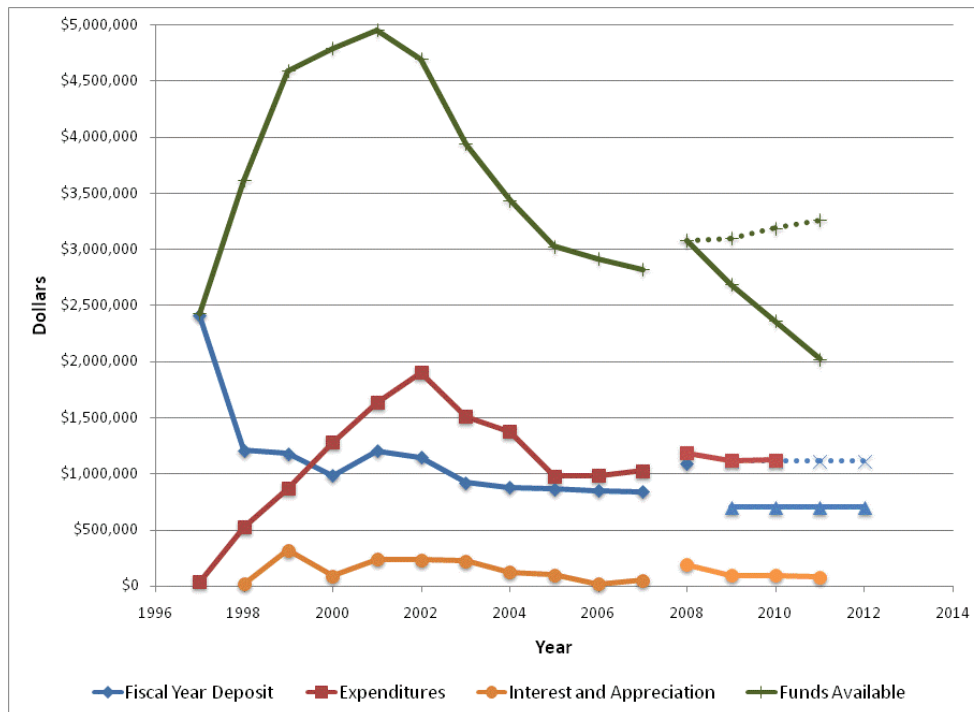


Figure 1. The deposits provided each year are shown in blue. Two projected deposit amounts are depicted starting in 2009. The expenditures are shown in red, with projected expenditures starting in 2008. The yellow line is the interest and appreciation of the deposits. The green line is the estimated amount of funds available at the beginning of each fiscal year. It includes the sum of deposits minus the sum of expenses. The administrative overhead has not been removed from these numbers.

Expenditures

Expenditures are difficult to predict beyond the current Science Plan. That plan provides estimated spending levels that can be changed during the development of the annual Work Plan or during the fiscal year as projects are not funded or come in at levels different than expected. The current Science Plan recommends a spending level of about \$1,120,000 for 2008-2010. The breakout of the expenditures by goal is provided in Figure 2.

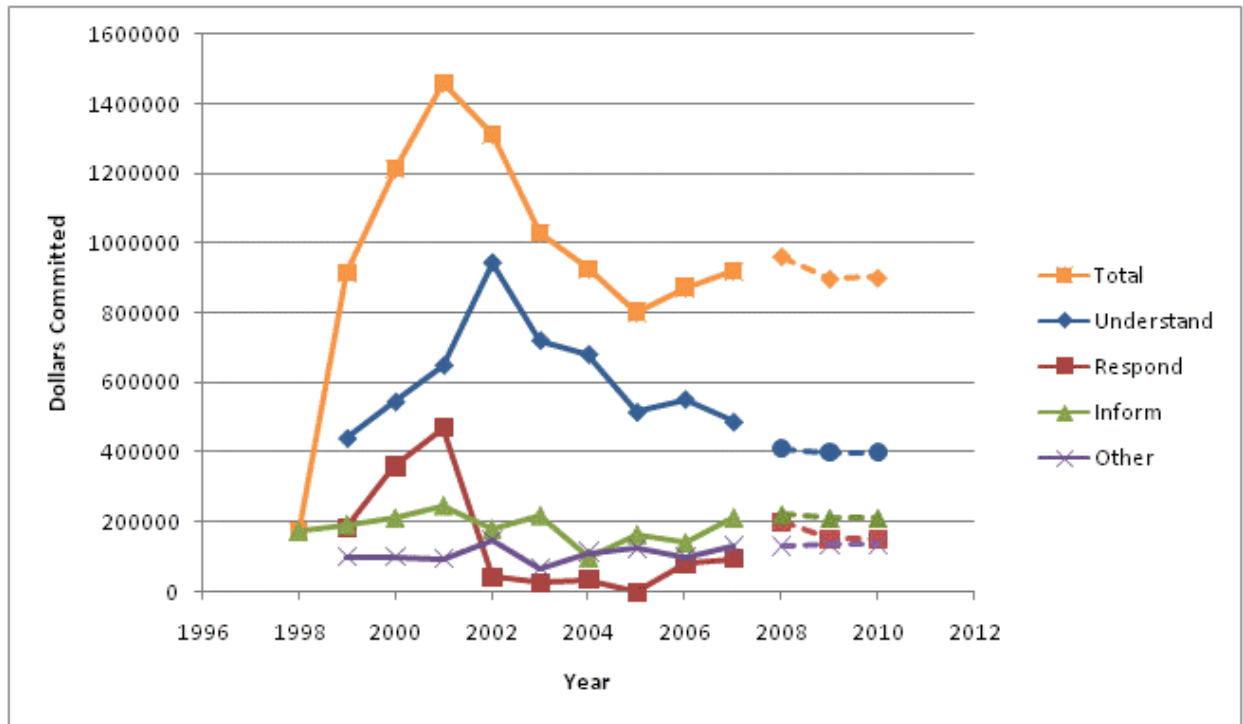


Figure 2. A breakout of past and future spending by goal is provided. The future spending numbers are from the Science Plan. The total spending does not include the administrative overhead charged against all spending.

Far Future

We can project how far the OSRI reserves may last under simple spending scenarios. If we stay at an annual expenditure of \$1,120,000 with deposits of \$703,000, as we are expecting in the near future we would be able to sustain the spending rate through 2013. This depends on investment returns and several other factors. If we get the increase in the principle in the Oil Spill Liability Trust Fund current spending rate will match the deposits.