

2013



Economic Impact Report


ANCSA REGIONAL ASSOCIATION
Bringing Together Regional Corporation Presidents and CEOs





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Image by Mark Kelley courtesy of Sealaska

MESSAGE FROM ANCSA REGIONAL ASSOCIATION

Alaska Native Corporations (ANCs) were born as a result of a lands claim settlement for Alaska's Native people, and today represent a corporate model for the 21st century. By signing into law the Alaska Native Claims Settlement Act (ANCSA), President Richard Nixon allowed for the creation of a path forward for Alaska Native people through economic self-determination. The journey from December 18, 1971 – the historic day when ANCSA was enacted – to the present has been punctuated with many successes and challenges for the 12 Alaska-based Regional Corporations and over 200 Village Corporations created under the original law. We celebrate our successes and grow stronger from the challenges.

Our 2013 economic report includes a snapshot of the past five-year performance of our corporations as a whole. Our focus on long-term sustainability, which is the hallmark of our corporations and our people, has kept us resilient and growing. Despite the deep recession that began in late 2007 and political setbacks that have impacted our 8(a) contracting ability, the economic picture for our corporations looks strong. Our commitment to our more than 100,000 Alaska Native shareholders in the face of economic and political challenges is unwavering. And our continued investment in scholarships and shareholder capacity-building will assure our companies remain sustainable for generations to come. Perhaps one of the most visible results from our investment in capacity building is found in our leaders: 7 of the 12 CEOs of ANCSA Regional Corporations were either very young, or were not yet born, when ANCSA was enacted.

Our commitment to shareholders and sustainability remains evident. As a whole, our corporations had a profitable but down year from 2012, with nine of the 12 Regionals reporting profits and three reporting an uncharacteristically down year. Although overall financial performance declined 5.3 percent from 2012, 2013 revenue nonetheless represents an 18 percent increase from the recessionary days of 2009. And dividends to shareholders increased to 133.4 percent of net income, over twice the five-year average of 60.4 percent and far out-pacing 2012's 61.2 percent.

In 2013, all of the corporations maintained their strong commitment to building shareholder capacity through scholarships, dividends and contributions to Native nonprofit organizations. Nearly 5 percent of net income was contributed to scholarships to continue to grow our workforce and leadership capacity, an increase over the five-year average of 3.5 percent. And our commitment to strengthening the social fabric of our communities was expressed through contributions representing 13.3 percent of 2013 net income made to Native nonprofits.

In all, ANCs paid out 152.6 percent of net income in shareholder dividends and scholarships and to Native nonprofit organizations. As a percentage of net income, this level of investment in the economic and social capacity-building of our shareholders and communities is unprecedented. But we know that investing in our people is what makes us strong in the long term. And focusing on the long-term sustainability of our people and corporations is an expression of our values as Alaska Native people. When thinking of growth, we think in terms of generations.

We are also stewards of the land entrusted to us by the generations that came before us and those that fought so hard for the original ANCSA agreement. As a result of this unique relationship with our land we do not carry the value of undeveloped land on our balance sheets, even though it could represent up to \$44 billion in the asset column. Instead, we successfully manage our corporations without putting the land at risk because this is the heart of who we are: a people capable of providing for today, while at the same time ensuring we sustain our corporations and the land for future generations.

Our story is just beginning. In 43 years we have weathered challenges that have made us stronger and we have celebrated together many successes. And in that short time we have grown multi-generational leadership and shareholder capacity in our corporations to ensure we face the next challenges with the same resiliency we have used to survive and thrive for millennia.



Jason Metrokin
BOARD CHAIR

Kim Reitmeier
PRESIDENT

*ANCSA
Regional
Corporations,
as unique as
the people we
represent.*

ANCSA REGIONAL ASSOCIATION BOARD MEMBERS



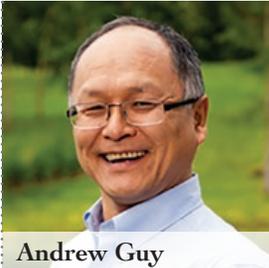
Michelle Anderson

PRESIDENT
Ahtna, Incorporated



Wayne Westlake

PRESIDENT & CEO
NANA Regional Corporation



Andrew Guy

PRESIDENT & CEO
Calista Corporation



Julie Kitka

PRESIDENT
Alaska Federation of Natives



Gabriel Kompkoff

CEO
Chugach Alaska Corporation



Thomas Mack

PRESIDENT
Aleut Corporation



Anthony Mallot

PRESIDENT & CEO
Sealaska Corporation



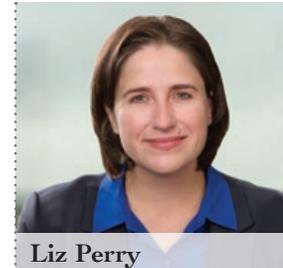
Jason Metrokin

PRESIDENT & CEO
Bristol Bay Native Corporation



Sophie Minich

PRESIDENT & CEO
*Cook Inlet Region,
Incorporated*



Liz Perry

CEO
Koniag, Incorporated



Rex Rock, Sr.

PRESIDENT & CEO
*Arctic Slope Regional
Corporation*



Gail R. Schubert

PRESIDENT & CEO
*Bering Straits Native
Corporation*



Aaron M. Schutt

PRESIDENT & CEO
Doyon, Limited

Ahtna, Incorporated



Vision

Our Culture Unites Us;
Our Land Sustains Us;
Our People are Prosperous.



Website
ahtna-inc.com

Mission

Ahtna, Inc., an Alaskan Native Corporation, is a global company providing exceptional construction and integrated services to both government and private sector clients.

Number of Shareholders

1,894

Landholdings

Along with regional entitlements, Ahtna manages a total land area of approximately 1.5 million acres. In addition, Ahtna, Inc. owns 622,000 acres within Denali National Park and the Wrangell-St. Elias National Park and Preserve.

Geography of Region

The Ahtna region encompasses the Copper River Basin and the Wrangell Mountains and is bordered by the Mentasta and Nutzotin Mountains to the northeast, the Alaska Range to the north, the Talkeetna Mountains to the west, and the Chugach Mountains to the south. The Ahtna region is considered to be one of the most beautiful places in Alaska. The region includes eight villages: Cantwell, Chistochina, Chitina, Copper Center (Kluti-Kaah), Gakona, Gulkana, Mentasta, and Tazlina.

Business Activities

Construction and Engineering Services
Facilities Support Services
Environmental Remediation
Janitorial Services
Detention and Security Guard Services
Oil and Gas Services
Marine/Dredging
Food Services
Property Management
Natural Resource Development



Aleut



CORPORATION

Vision

The Corporation is committed to promoting economic, cultural and social growth for its shareholders through its subsidiaries, partnerships and foundation.

Mission

The Aleut Corporation's mission is to maximize dividends and choices for our shareholders.

Number of Shareholders

3,802

Landholdings

The Aleut Region starts in the east at Sand Point and stretches over a thousand miles along the Aleutian Chain to Attu in the west and to the Pribilofs to the north. The Aleut Corporation manages 66,000 acres of surface lands and 1.572 million acres of subsurface estate.

Geography of Region

The Aleut people live and subsist in one of the harshest and most beautiful parts of the world. Centered in the Ring of Fire with over 45 volcanoes, the region encompasses over 167 named islands in the five major island groups, which are the Fox Islands, Islands of Four Mountains, Andreanof Islands, Rat Islands, Near Islands and the Eastern Islands, south of the Alaska Peninsula. Unimak Island is the eighth largest island in the United States, with Unalaska Island being the 13th largest.



Business Activities

- Government Contracting
- Fuel/Energy Sales and Operations
- Real Estate Investment
- Commercial Property Rentals
- Finance, Investments, and Joint Ventures
- Transportation Services
- Commercial Fisheries
- Water Testing
- Hazardous Waste Remediation
- Mechanical Engineering
- Oil Drilling Testing

Website
aleutcorp.com





Mission

ASRC's mission is to actively manage our businesses, our lands and resources, our investments and our relationships to enhance Iñupiaq cultural and economic freedom - with continuity, responsibility and integrity.

Number of Shareholders

11,941

Landholdings

ASRC owns title to nearly 5 million acres of land on Alaska's North Slope. A majority of the Corporation's Iñupiat Eskimo shareholders live in the villages of Point Hope, Point Lay, Wainwright, Atkasuk, Barrow, Nuiqsut, Kaktovik and Anaktuvuk Pass.

Geography of Region

ASRC shareholders live primarily in eight villages on Alaska's North Slope, above the Arctic Circle. This is one of the most isolated and challenging environments in the United States.

Business Activities

- Petroleum Refining and Marketing
- Energy Support Services
- Government Services
- Construction
- Resource Development
- Industrial Services
- Financial and Lending Services
- Local Services
- Tourism



Website
asrc.com





On the Edge of Tomorrow

Vision

On the edge of tomorrow, we cast our vision to the future. We strive to empower our people as leaders in the development and protection of the Arctic region.



Website

beringstraits.com

Mission

Our mission is to improve the quality of life of our people through economic development while protecting our land and preserving our culture and heritage.

Number of Shareholders

7,118

Landholdings

The Bering Straits region encompasses the majority of Alaska's Seward Peninsula and the coastal lands of eastern Norton Sound. BSNC owns and manages nearly 2 million acres of subsurface estate of land selected by 17 village corporations in the region.

Geography of Region

The Bering Straits region encompasses the majority of Alaska's Seward Peninsula and the coastal lands of eastern Norton Sound. This region forms the eastern border of Bering Strait, the 50-mile wide body of water separating North America from eastern Eurasia. Just miles from the International Date Line, the BSNC region is geographically situated on the edge of tomorrow.

Business Activities

Government Services
Construction
Tourism





Vision

To be a corporation that protects the past, present and future of the Natives from Bristol Bay.



Website
bbnc.net

Mission

Enriching our Native way of life.

Number of Shareholders

9,821

Landholdings

At 40 million acres, the Bristol Bay region is larger than the state of Oklahoma. BBNC manages more than 3 million acres of surface and subsurface estate on behalf of its shareholders.

Geography of Region

The region is home to three Native cultures – Eskimo, Indian and Aleut – each with its own distinct cultural traditions. The geography features spectacular landscapes, a fascinating and complex history, volcanoes, unspoiled wilderness, and diverse state and national parks and refuges. In addition to approximately 8,000 residents, Bristol Bay is home to abundant wildlife: 10,000 brown bears, 25,000 walrus, and 25 million salmon, plus fresh water seals, ospreys, eagles, and many other species.

Among the wide-open spaces are black sand beaches, mountain ranges, lowland tundra, wetlands, abundant flora and fauna, and many wild and scenic rivers. Iliamna Lake, located in the north of the region, is the largest freshwater lake in Alaska. The Bristol Bay villages are situated in the watersheds of the world-renowned Bristol Bay salmon fishery.

Business Activities

Oilfield & Industrial Services
Construction
Government Services
Petroleum Distribution
Tourism





CALISTA CORPORATION
www.calistacorp.com

Vision

Increase financial prosperity through diversified global investments and business ventures – adhering to our Native values and corporate responsibility.



Website
calistacorp.com

Mission

Increase shareholder benefits and economic opportunities through innovation, growth, leadership, execution and financial discipline.

Number of Shareholders

12,900

Landholdings

Calista Corporation's land entitlement is made up of approximately 6.5 million acres in the Yukon Kuskokwim (YK) River Delta and the Kuskokwim Mountains regions of Southwestern Alaska. The area's 56 villages selected the bulk of their entitlement based on the importance of the land to their subsistence economies, both in terms of the available resources and in preserving access to those resources. Nearly 5 million acres of the total entitlement has been conveyed to Calista and villages in the region.

Geography of Region

The Calista region includes the villages of the Lower Yukon River, the Central and Lower Kuskokwim River, Nunivak Island and the coast of the Bering Sea from the mouth of the Yukon River to Cape Newenham. The entire area encompasses over 58,000 square miles. No roads connect the region with the rest of Alaska, making it only accessible by boat or plane.

Business Activities

Construction and Heavy Equipment
Environmental Services
IT, Telecom and Marketing Services
Real Estate Holdings
Military Defense Contracting
Professional Services





Chugach

Mission

Committed to profitability, celebration of our heritage and ownership of our lands.

Number of Shareholders

2,600

Landholdings

The Chugach region comprises one million acres in southcentral Alaska. Chugach is entitled to 928,000 acres, of which 378,000 acres are full fee entitlement, and 550,000 acres are subsurface estate.

Geography of Region

The Chugach Alaska Corporation region includes the communities of Cordova, Seward, Valdez, Whittier, Port Graham, Chenega Bay, Eyak, Nanwalek (English Bay) and Tatitlek. Our region includes more than 5,000 miles of coastline along the southern tip of the Kenai Peninsula, through the Kenai Fjords, Prince William Sound and Gulf of Alaska.

The lands of our region are rich in timber, minerals and wildlife. The majestic fjords, bays and waterways are home to a diverse population of fish, birds and marine mammals, and the diverse landscape ranges from mountains and glaciers to dense forests of hemlock and spruce. Spectacular scenery and recreational activities are the focus of tourism opportunities.

Business Activities

Facilities Management and Maintenance
Construction and Engineering
IT and Technical Services
Education
Oil and Gas



Website
chugach.com





Vision

A corporation rooted in the heritage and cultures of our shareholders, working toward a future where Alaska Native people thrive.



Website
ciri.com

Mission

The mission of CIRI is to promote the economic and social well-being and Alaska Native heritage of our shareholders, now and into the future, through prudent stewardship of the company's resources, while furthering self-sufficiency among CIRI shareholders and their families.

Number of Shareholders

8,555

Landholdings

CIRI is the largest private landowner in southcentral Alaska with 1.3 million acres of subsurface estate available for responsible exploration, leasing and resource development. CIRI has leased or contracted under exploration agreements more than 450,000 acres of land for oil and gas exploration and development in the Cook Inlet region. Other business ventures developed by CIRI on CIRI land includes the Tikahtnu Commons, Retail and Entertainment Center and Fire Island Wind.

Geography of Region

The Cook Inlet region approximates the traditional homeland of the Dena'ina Athabascan people who traditionally lived along the shores of the Cook Inlet, or Tikahtnu as the Dena'ina knew it, taking advantage of abundant salmon runs and other resources offered by land, river and sea. The region includes the following villages: Chickaloon, Eklutna, Knik, Ninilchik, Salamatof, Seldovia and Tyonek.

Business Activities

Traditional and Alternative Energy and Resource Development
Oilfield and Construction Services
Environmental Services
Real Estate Investment and Management
Tourism and Hospitality
Government Contracting
Private Equity and Venture Capital Investments





DOYON

— Limited® —

Vision

Leader in All We Do



Website
doyon.com

Mission

Doyon's mission is to continually enhance our position as a financially strong Native corporation in order to promote the economic and social well-being of our shareholders and future shareholders, to strengthen our Native way of life and to protect and enhance our land and resources.

Number of Shareholders

19,015

Landholdings

With a land entitlement of 12.5 million acres, Doyon, Limited is the largest private landowner in Alaska and one of the largest private landowners in North America.

Geography of Region

The Doyon region encompasses a vast region in Interior Alaska, from the Brooks Range in the north to the Alaska Range, and from Alaska's border with Canada in the east extending westward nearly to the shores of Norton Sound. As of October 2013, about 11.5 million acres have been conveyed, including 7.9 million acres in surface and subsurface estate (fee Owned) and 3.6 million acres of subsurface estate corresponding to surface estate owned by village corporations in the Doyon region.

Business Activities

- Oilfield Services
- Utility Management
- Security
- Engineering Management
- Land and Natural Resource Development
- Facility Management
- Construction
- Tourism





KONIAG

INCORPORATED

Vision

Cultural Pride,
Corporate Excellence.



Website
koniag.com

Mission

To sustain growth and provide increasing dividends while celebrating community and culture.

Number of Shareholders

3,853

Landholdings

Koniag holds title to approximately 144,000 acres of surface estate and 990,000 acres of subsurface estate. Most of Koniag's surface estate is on the west side of Kodiak Island, near the Sturgeon and Karluk Rivers. The Kodiak Island village corporations also received title to surface estate through ANCSA, scattered throughout Kodiak and Afognak Islands, and much of Koniag's subsurface holdings are for those lands.

Geography of Region

The Koniag region encompasses Kodiak Island, the Kodiak Archipelago and an area of land on the southern coast on the Alaska Peninsula. Kodiak, nicknamed the "Emerald Isle," is the second largest island in the United States. The lands of the Koniag region offer a stunning abundance of natural resources that have sustained the Alutiiq people for centuries.

Business Activities

Oilfield Services
Natural Resources
Real Estate
Technical Services
Technology Business Solutions



NANA



Mission

We improve the quality of life for our people by maximizing economic growth, protecting and enhancing our lands, and promoting healthy communities with decisions, actions, and behaviors inspired by our Iñupiat Ilitqusiat values consistent with our core principles.

Number of Shareholders

13,500

Landholdings

The NANA region is 38,000 square miles located in Northwest Alaska, most of which is above the Arctic Circle. Vast and beautiful, the region is roughly the size of Indiana and encompasses eleven villages: Ambler, Buckland, Deering, Kiana, Kivalina, Kobuk, Kotzebue, Noatak, Noorvik, Selawik and Shungnak. NANA owns 2.28 million acres, or approximately 9.4 percent of the 24.3 million acres that comprise the region.

Geography of Region

The NANA region encompasses 38,000 square miles located in Northwest Alaska, most of which is above the Arctic Circle. Most of the NANA region is considered “arctic desert.” Winter lasts nine months of the year, and temperatures often stay well below freezing for months. Rivers wind through the landscape and the terrain varies dramatically from mountains and sand dunes to tundra and boreal forests. Much of the region is designated as national park land.

Business Activities

Land Management
Resource Development
Engineering and Construction
IT and Telecom
Facilities Management and Logistics
Real Estate and Hotel Development



Website
nana.com





Vision

An Alaska Native enterprise of excellence built on our cultural values.



Website
sealaska.com

Image by Mark Kelley
courtesy of Sealaska

Sealaska Mission

To strengthen our people, culture and homelands.

Sealaska Way

Utilizing our Values In Action to increase profitability and build Alaska Native capacity.

Number of Shareholders

22,000

Landholdings

Sealaska owns approximately 360,000 acres of surface estate and subsurface estate. In addition, Sealaska owns an additional 280,000 acres of only subsurface estate beneath village and urban corporation land.

Geography of Region

The traditional homelands of the Tlingit, Haida and Tsimshian people are the forests and coastline of Southeast Alaska, extending from Yakutat on the north to the Queen Charlotte Islands of British Columbia on the south. These traditional homelands represent approximately 22 million acres.

Business Activities

Government Services

Sealaska Environmental Services
Sealaska Technical Services
Sealaska Constructors
Managed Business Solutions

Sustainable Natural Resources

Aggregate Supply
Timber
Minerals

Economic Development

Haa Aaní, LLC
Haa Aaní Community Development Fund

Investments Funds



ALASKA NATIVE PEOPLE BUILDING SUSTAINABLE FUTURES

Alaska Native people have lived sustainably in the vast regions of the Arctic, Subarctic, Interior and cool ocean areas of the northwest corner of the North American continent for thousands of years. Working in harmony with the land and managing resources for the benefit of both current and future generations is the basis of Alaska Native culture.

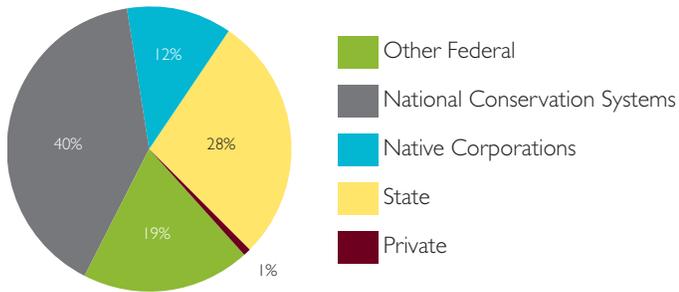
Long-held Alaska Native value systems, based on a deep connection to the land, are the bedrock of today's modern Alaska Native economic, social and cultural systems. These systems have

instilled in Alaska Native people a vision that reaches far beyond quarterly and yearly corporate financial results. While many corporations are only recently taking steps to integrate aspects of social responsibility into their business models, ANCs have long lent a part of their focus to delivering social benefits to their shareholders, while also contributing to the broader society.

At the same time, ANCs remain ever cognizant of the importance of grooming and preparing their future leaders, because they understand and respect that ANCSA isn't just about one or two generations of shareholders, but was meant to benefit all Alaska Native people. And we know that investing in our people is what makes us strong in the long term.

Today's Alaska Native people have melded their traditional knowledge, skills and acumen honed over millennia and brought it to the boardroom. They've built economic engines that are unique in the world for their commitment to prosperity, and to building the capacity to sustain their people and the world around them for generations to come. This is a new corporate model for the 21st century.

Who Owns Alaska



ANCSA

ANCSA was signed into law on December 18, 1971. It was the largest land claims settlement in the United States, and was the result of lengthy debate and litigation over whether Alaska Native people had aboriginal land claim rights to ancestral lands and resources.

Through the settlement, Alaska Native people were conveyed 44 million acres of land in Alaska (12 percent of Alaska's land mass), including surface and subsurface rights, as well as \$962 million, paid over 10 years, as compensation for land that could not be conveyed in the settlement and for accrued mineral extraction royalties.

ANCSA created 12 Alaska-based Regional Corporations and over 200 Village-based Corporations, whose primary mission is to protect the land and to develop economic opportunities and benefits for Alaska Native people.

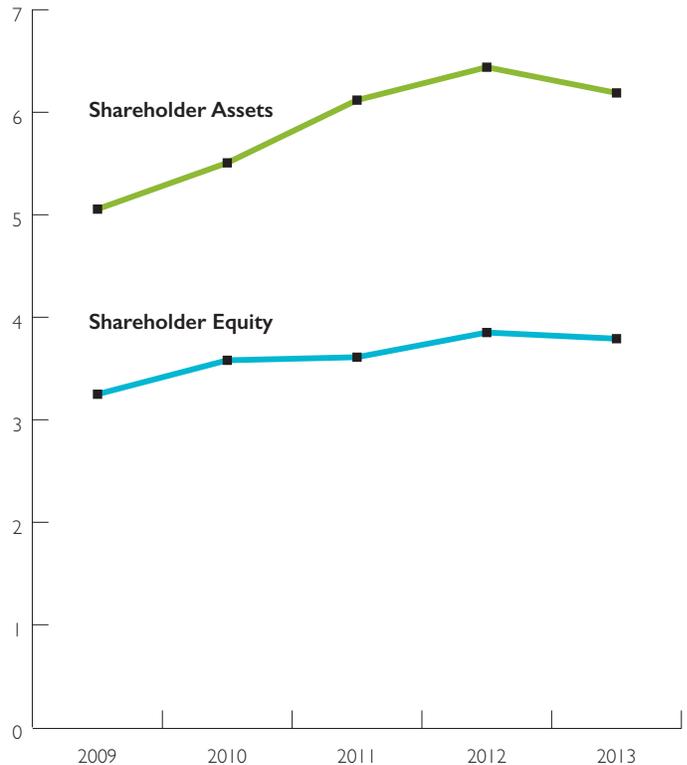
ANCSA arose from a perfect storm, at a moment when the federal government, the State of Alaska, the oil and gas industry and the early conservation movement all had reason to reach an agreement so development and conservation could proceed in the newly-born state. It was at that moment that early Alaska Native leaders saw the opportunity to create a new model of economic self-determination, and actively negotiated the terms of the agreement with an eye to generations yet to be born.

ANCSA was intended as a mechanism to "settle" the long-standing, legitimate land claims made by Alaska's first peoples and to provide an economic development structure, in the form of corporations, to create a path to economic sustainability and independence.

From the start, our leaders envisioned ANCSA as multi-generational. We have invested extensively in scholarships to help create Alaska Native leaders and grow a qualified workforce for our companies and the companies that we do business with and we provide significant support to Native nonprofit organizations that strengthen the social fabric that ties our success together. The enactment of ANCSA was a beginning, not an end, to the ever-evolving role of ANCs in the future of our people, the state of Alaska and beyond.

Still, ANCSA was a land claims settlement. It was not intended as a solution for all the social ills impacting Alaska Native people, and it in no way releases the federal government from its responsibility for all U.S. citizens, including Alaska Native people.

Total Shareholder Equity and Assets (in billions)



MYTHS AND FACTS ABOUT 8(A) CONTRACTING

As ANCSA implementation began, it became increasingly evident that Alaska Native people faced very real challenges in developing economic opportunities. A combination of remote land holdings and limited infrastructure in most rural communities made it exceedingly difficult for ANCs to generate economic progress without assistance.

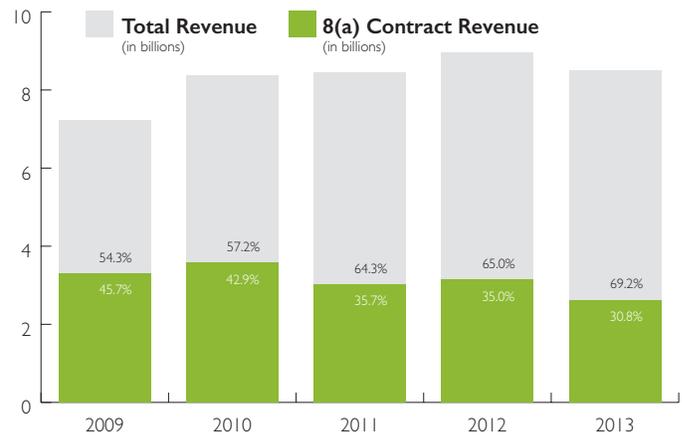
Congress responded by voting to amend ANCSA in 1988 to designate ANCs as minority-owned and economically disadvantaged business enterprises. And Section 8(a) of the Small Business Administration Act was changed to provide special consideration for ANCs and American Indian Tribes. As a result, ANCs became eligible to negotiate federal contracts of any size through direct award.

The amendment made clear that positioning ANCs to secure government contracts through the 8(a) program fulfilled an integral part of the original intent of the ANCSA economic settlement, through which Alaska Native people exchanged their traditional land claims for economic opportunities. The amendment states that ANCSA Corporations are classified as economically disadvantaged because our shareholders, Alaska Native people, are economically disadvantaged, and it recognizes that ANCs represent whole communities of socially and economically disadvantaged individuals, each of whom could be individually eligible for SBA 8(a) status.¹

In recent years, in large part due to our substantial success in federal contracting, ANCs have been closely scrutinized by U.S. senators representing districts with large federal contracting sectors. But an extensive review by the U.S. Government Accountability Office (GAO) into the governance practices and benefits provided to ANC shareholders resulted in no substantive negative findings.

The report summary states, “GAO found that the corporations provide a wide variety of monetary and nonmonetary benefits to shareholders and other Alaska Natives. Monetary benefits include shareholder dividends, Elder benefits, scholarships, memorial benefits, shareholders’ equity and charitable donations. Nonmonetary benefits — often offered in partnership with Village Corporations, tribal organizations and nonprofit organizations within the region — include employment opportunities, cultural preservation, land management, economic development and advocacy on behalf of Alaska Natives and their communities.”²

Although 8(a) procurement has become important to ANCSA Corporations, it represents a mere 1.3 percent of all federal contracting. During the last five years the ratio of 8(a) revenue to total Regional Corporation revenue has ranged from a high of 45.7 percent in 2009 to the current ratio in 2013 of 30.8 percent. In addition, more than 80 percent of the ANC 8(a)s are Village Corporations working relatively small contracts, hiring local people and sharing the economic benefits with local shareholders in small, remote villages. Since typical profit margins from federal contracts are less than 5 percent, they are not a path to great wealth, but they do provide capacity-building and economic opportunities to many small and disadvantaged businesses in rural Alaska Native communities.



ALASKA’S NATIVE PEOPLES: DELIVERING SUSTAINABILITY FOR SHAREHOLDERS, DESCENDANTS, ALASKA AND THE UNITED STATES

Nothing says sustainability like 10,000 years of successfully inhabiting a region viewed by some as challenging, while at the same time increasing your economic prosperity, protecting the land which sustains your people and continuing to grow future leadership. ANCs have taken the values of their culture and, over the last 43 years, developed a new corporate model that meets the economic, social and environmental triple bottom line. In addition to providing benefits directly to Alaska Native people, ANCs also provide economic benefits to the State of Alaska and the United States in the form of employment and income taxes.

¹ ISER: Benefits of ANCSA and SBA(a) Program 2009

² Regional Alaska Native Corporations: Status 40 Years after Establishment and Future Considerations, GAO

“The stated goal of ANCSA in 1971 was to build economic self-sufficiency while addressing the social and cultural needs of our people. This hybrid was a striking difference to the Federal Indian policy of Lower 48 reservations and oversight by the Bureau of Indian Affairs, which at the time was viewed as a failure.”⁵ Instead of separating indigenous peoples from others in society, ANCSA embraced an inclusive model to settle indigenous land claims. At the time of passage, ANCSA was the most far-reaching indigenous land claims agreement ever drafted between a government and any indigenous peoples’ group.

Alaska’s Native Corporations, formed under ANCSA, have grown into leaders in Alaska’s economy by investing and growing economically around the globe and bringing those profits home to our shareholders. The combining of Alaska Native values with the economic independence of the Western corporate model led to increased economic parity for Alaska Native people within the span of one generation.

FINANCIAL BENEFITS: THE ECONOMIC BOTTOM LINE

In many ways the ANCSA and the corporations created under that law are the nation’s best kept secret: an economic success story that not only reaches Alaska Native people and the State of Alaska, but touches every state in the United States.

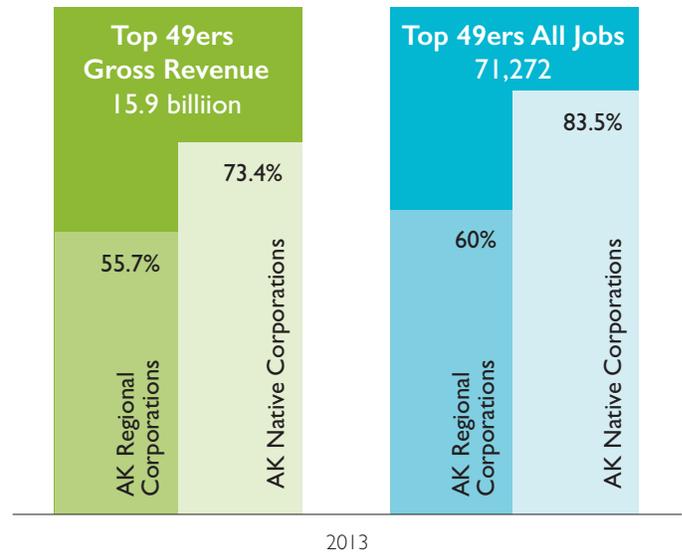
One of the real unsung benefits of the ANCSA Regional Corporations is the contributions they make to the U.S. economy. ANCSA Regional Corporations are job creators. In 2013 the ANCSA Regionals employed over 43,000 people in all 50 states (and U.S. territories) with a total annual payroll of \$2.2 billion. And, while 37 percent of the payroll and 41 percent of the jobs are Alaska-based, the rest are distributed across the country from Missouri to California.

At home, ANCSA Regional and Village Corporations have grown into the economic engine of Alaska. When measured against the other top 49 Alaska-owned companies (Alaska is the 49th state), ANCs account for 73.4 percent of the revenue earned, 66.3 percent of Alaskan jobs and 83.5 percent of the worldwide employment. ANCSA Regional Corporations alone account for over half the revenue and jobs provided by the 49 companies, making up 55.7 percent of the gross revenue, 58.9 percent of Alaskan jobs and 60 percent of the worldwide employment. 22 ANCs in total – including all twelve ANCSA Regional Corporations – are on the list of the top 49 companies.

Beyond being of critical economic benefit to the state of Alaska, ANCSA Regional Corporations take very seriously their obligation to provide economic benefits to their shareholders through employment, corporate dividends and scholarships. Even during a somewhat down year for ANCSA Regional Corporations as a whole, exceptional performance by individual companies caused shareholder dividends to increase to over \$200 million. This represents 133.4 percent of net income, over twice the average percentage of 60.4, and an increase of 72.2 percent from the previous year’s 61.2 percent. Dividends are a critical cash supplement to the subsistence way of life for many shareholders, and for others, a helpful addition to annual income or an opportunity to save for future needs.

Perhaps the most effective way to provide lasting economic benefit to Alaska Native people is to provide good, long-term career opportunities. All ANCSA Regional Native Corporations have a clear priority to hire qualified shareholders, descendants and family members. In 2013, ANCSA Regional Corporations employed 13,867 shareholders and an additional 3,477 Alaska Native people for a total employment of 17,344 Native people. In this way, ANCSA Regional Corporation payrolls create an important economic multiplier within the Alaska Native community.

Impact of ANCSA Corps



⁵ Native American Contractors Association

SOCIO-CULTURAL BENEFITS:

THE SOCIAL BOTTOM LINE

“Successful economies stand on the shoulders of legitimate, culturally-grounded institutions of self-government.”⁴ By significantly contributing to social and cultural institutions, ANCs are ensuring a sustainable future for their people through the continued development of their emerging leaders. ANCSA Regional Corporations contract with the federal government to provide social, education and health services for Alaska Native people in their regions. And to administer these services, ANCSA corporations set up nonprofit organizations to supplement the corporations created by Congress. By cooperatively working with these nonprofits, the for-profit ANCs are able to deliver significant social benefits to our people across Alaska.

In 1971, prior to ANCSA, Alaska Native people experienced some of America’s harshest living conditions and had scarce economic opportunities compared to most. Today, conditions have improved greatly on a number of levels.⁵

Status of Alaska Natives	1971	2007
Life Expectancy	53	70
High School Drop-Out Rate	89%	11.7%
Median Income (adjusted for inflation)	\$28,516	\$42,703
College Education	6%	28%

As ANCs succeed, many of the indicators of a healthy society have also begun to improve. For example, the life expectancy for both Alaska Native men and women has increased, infant mortality has decreased and poverty has been reduced from over 60 percent to 20 percent. While the health and social outlook for Alaska Native people is far from perfect, there have been remarkable advances since 1971, and with the increased success of ANCs, we are likely to see continued improvement in the coming years.⁶

Hard data and emerging trends indicate the increasingly positive impact ANCs are having on the socio-cultural bottom line. Federal agencies like the GAO have formally recognized the numerous non-monetary benefits ANCs provide to their shareholders and

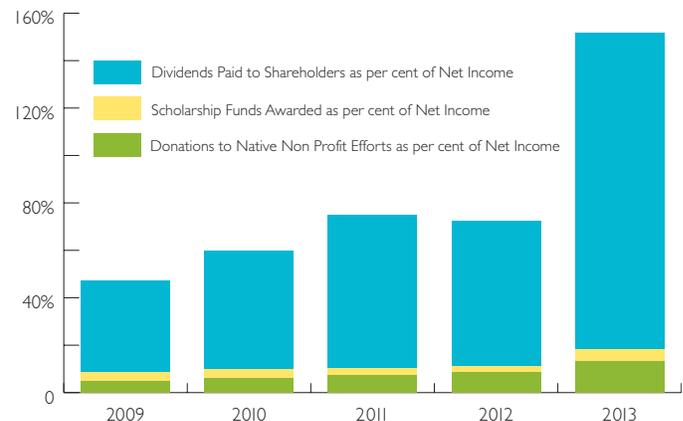
other Alaska Native people. Some of these socio-cultural benefits, which are often offered in partnership with Village Corporations, tribal organizations and nonprofit organizations in the regions, include:

- Employment opportunities
- Scholarships
- Cultural preservation
- Land management
- Economic development
- Advocacy for Alaska Native people and communities

In 2013, the ANCSA Regional Corporations expressed once again a firm social commitment to building their futures, with all corporations maintaining a strong commitment to building shareholder capacity through scholarships, dividends and contributions to Native nonprofit organizations.

- The companies contributed \$7.7 million to scholarships, representing 5 percent of net income, considerably above the five-year average of 3.5 percent.
- Contributions to Native nonprofits of over \$20 million were well in line with the average support for the five years reported of \$21 million. Native nonprofit contributions in 2013 represented 13.3 percent of 2013 net income.
- When scholarships and contributions to Native nonprofits are combined with corporate dividends, ANCSA Regional Corporations dedicated 152 percent of net income. Stable support for these critical investments for the future, even in a somewhat down year, underlines the Corporations’ commitment to bring real benefits to their shareholders and descendants.

Building Shareholder Capacity



⁴ The Harvard Project on American Indian Development

⁵ ISER: The Changing Economic Status of Alaska Natives, 1970-2007

⁶ AFN, ISER: Status of Alaska Natives Report 2004

LAND STEWARDSHIP:

THE ENVIRONMENTAL BOTTOM LINE

ANCs are unique in the world in that they are not merely for-profit corporations, but are stewards of their Native homelands. Most of the land received under ANCSA — key to our heritage, culture and future — continues to be held by the corporations, just as Congress intended in passing ANCSA. These are our settlement lands; lands that we must not lose.

So how do ANCs sustainably manage the resource-rich land that was the basis for our land claims, and is the cultural heart of our people? Over the last 43 years ANCSA Regional Corporations have exemplified values-driven land management. ANCSA Regional Corporations only carry the value of developed land on their balance sheets, a minute portion of the 44 million acres received under ANCSA. Even a casual valuation of the 44 million acres of land at \$1,000 per acre would mean that shareholder equity, from a balance sheet perspective, is understated by \$44 billion. This might seem crazy from a Wall Street-perspective; however, the conveyed lands were the most important element of ANCSA, and it is management's job to protect the land. Quite simply, the land is more than acreage to Alaska Native people; it is who we are.

FINANCIAL RESULTS

As a whole, ANCSA Regional Corporations had a profitable but down year from 2012, with nine of the twelve Regionals reporting profits and three reporting uncharacteristically down years. At the same time, ANCSA Regional Corporations maintained a strong commitment to providing dividends and scholarships to shareholders and descendants, and continued to support numerous nonprofit organizations that deliver social and cultural services to Alaska Natives and other individuals across the state. The following are key observations from the ANCSA Regional Corporation financial performance in 2013.

- Total revenue averaged \$8.3 billion for the five years 2009-2013. While 2013 revenues of \$8.5 billion represented a 5.3 percent decline from a 2012 high of \$8.9 billion, they nonetheless represented solid performance and an 18 percent increase from the recessionary days of 2009.
- Nine of the 12 Alaska Regional Corporations were solidly profitable in 2013. Unfortunately, three corporations experienced significant losses that impacted the aggregate 2013 net income for the ANCSA Regional Corporations as a whole. 2013 net income fell to \$154 million, down 43.3 percent from the previous year. Profit margins for 2013 were 1.8 percent, compared to an average profit margin of 3.5 percent for the five years reported.
- Total assets for 2013 were \$6.2 billion, which, despite the lost value due to the losses experienced by three companies, represented a 22.2 percent increase since 2009.
- Similarly, shareholder equity for 2013 was \$3.8 billion, a slight decline from 2012, but up 17 percent for the five years reported. And the Corporations' aggregate debt to equity ratio remained very stable at 62.9 percent, closely in line with the five-year average of 61.9 percent.
- Due to exceptional performance by individual companies, dividends to shareholders increased to \$205 million, representing 133.4 percent of net income, over twice the 60.4 percent average.

ANCSA REGIONAL CORPORATION FINANCIAL ANALYSIS 2009-2013

	2009 (dollars in thousands)	Percent Change from 2009-2010	2010 (dollars in thousands)	Percent Change from 2010-2011
Total Revenue	\$ 7,232,098	15.9%	\$ 8,378,569	0.9%
8(a) Contract Revenue	\$ 3,303,111	8.7%	\$ 3,589,981	-15.9%
8(a) Revenue as per cent of Total Revenue	45.7%	-6.2%	42.9%	-16.6%
Total Net Income	\$ 397,493	-2.0%	\$ 389,504	-35.6%
Profit Margin	5.5%	-15.4%	4.7%	-36.2%
.....				
Total Assets	\$ 5,050,011	8.9%	\$ 5,499,863	11.1%
Return on Assets	7.9%	-10.0%	7.1%	-42.0%
Total Asset Turnover	1.4	6.4%	1.5	-9.1%
.....				
Total Shareholder Equity	\$ 3,245,722	10.2%	\$ 3,576,263	1.0%
Shareholder Equity as per cent of Total Assets	64.3%	1.2%	65.0%	-9.0%
Return on Equity	12.3%	-11.1%	10.9%	-36.3%
Total Debt Ratio	35.7%	-2.1%	35.0%	16.8%
Debt to Equity Ratio	55.6%	-3.2%	53.8%	28.4%
Equity Multiplier	1.6	-1.2%	1.5	9.9%
.....				
Total Dividends Paid to Shareholders	\$ 154,741	26.1%	\$ 195,148	-16.7%
Total Dividends as per cent of Net Income	38.9%	28.7%	50.1%	29.4%
.....				
Total Scholarship Funds Awarded	\$ 13,415	12.4%	\$ 15,078	-56.1%
Scholarships as a per cent of Net Income	3.4%	14.7%	3.9%	-31.8%
.....				
Donations to Native non profit efforts	\$ 19,824	17.6%	\$ 23,317	-19.8%
Donations to Native non profit efforts as per cent of Net Income	5.0%	20.0%	6.0%	24.5%
.....				
Donations to non-Native Charities	\$ 1,709	-58.3%	\$ 712	167.4%
Non-Native Charitable Giving as per cent of Net Income	0.4%	-57.5%	0.2%	315.2%
.....				
Percent of Net Income Paid Out in Dividends, Scholarships and Non-Profit Contributions	47.7%	26.0%	60.1%	25.8%

2011	Percent Change from 2011-2012	2012	Percent Change from 2012-2013	2013	Averages 2012 - 2013
(dollars in thousands)		(dollars in thousands)		(dollars in thousands)	
\$ 8,455,927	6.1%	\$ 8,972,865	-5.3%	\$ 8,498,897	\$ 8,307,671
\$ 3,020,642	3.9%	\$ 3,139,379	-16.7%	\$ 2,614,078	\$ 3,133,438
35.7%	-2.1%	35.0%	-12.1%	30.8%	37.7%
\$ 250,811	8.0%	\$ 270,880	-43.3%	\$ 153,696	\$ 292,477
3.0%	1.8%	3.0%	-40.1%	1.8%	3.5%
\$ 6,108,481	5.2%	\$ 6,426,656	-3.9%	\$ 6,175,478	\$ 5,852,098
4.1%	2.7%	4.2%	-41.0%	2.5%	5.0%
1.4	0.9%	1.4	-1.4%	1.4	1.4
\$ 3,613,404	6.4%	\$ 3,845,123	-1.4%	\$ 3,790,890	\$ 3,614,280
59.2%	1.1%	59.8%	2.6%	61.4%	61.8%
6.9%	1.5%	7.0%	-42.5%	4.1%	8.1%
40.9%	-1.7%	40.2%	-3.9%	38.6%	38.2%
69.1%	-2.8%	67.1%	-6.3%	62.9%	61.9%
1.7	-1.1%	1.7	-2.5%	1.6	1.6
\$ 162,598	2.0%	\$ 165,862	24.0%	\$ 204,997	\$ 176,669
64.8%	-5.6%	61.2%	117.8%	133.4%	60.4%
\$ 6,620	15.6%	\$ 7,653	0.1%	\$ 7,657	\$ 10,084
2.6%	7.0%	2.8%	76.4%	5.0%	3.5%
\$ 18,692	22.4%	\$ 22,872	-10.7%	\$ 20,437	\$ 21,029
7.5%	13.3%	8.4%	57.5%	13.3%	7.2%
\$ 1,904	-3.5%	\$ 1,838	-18.8%	\$ 1,492	\$ 1,531
0.8%	-10.6%	0.7%	43.1%	1.0%	0.5%
75.7%	3.3%	73.2%	108.6%	152.6%	71.6%

The ANCSA Regional Association exists to promote and foster the continued growth and economic strength of the Alaska Native Regional Corporations on behalf of their shareholders. The Board of Directors includes one representative from each of the 12 Alaska-based Native Regional Corporations as well as the Alaska Federation of Natives. These members represent the highest level of each corporation's management.



ACKNOWLEDGMENTS

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Terzah Tippin Poe, a lifelong Alaskan of Iñupiaq descent, is a principal of TRIO Global Consulting, a published author and a lecturer at Harvard University. Poe has worked as a project leader and change agent for over 15 years with global, national and regional resource development and policy organizations in the Arctic, Americas and Europe. Her work focuses on building capacity in vulnerable populations and advising multinational corporations on how to progress business development objectives using a mutual gains approach. Poe holds a BA in journalism and public communications and a master's degree from Harvard University in sustainability and environmental management.

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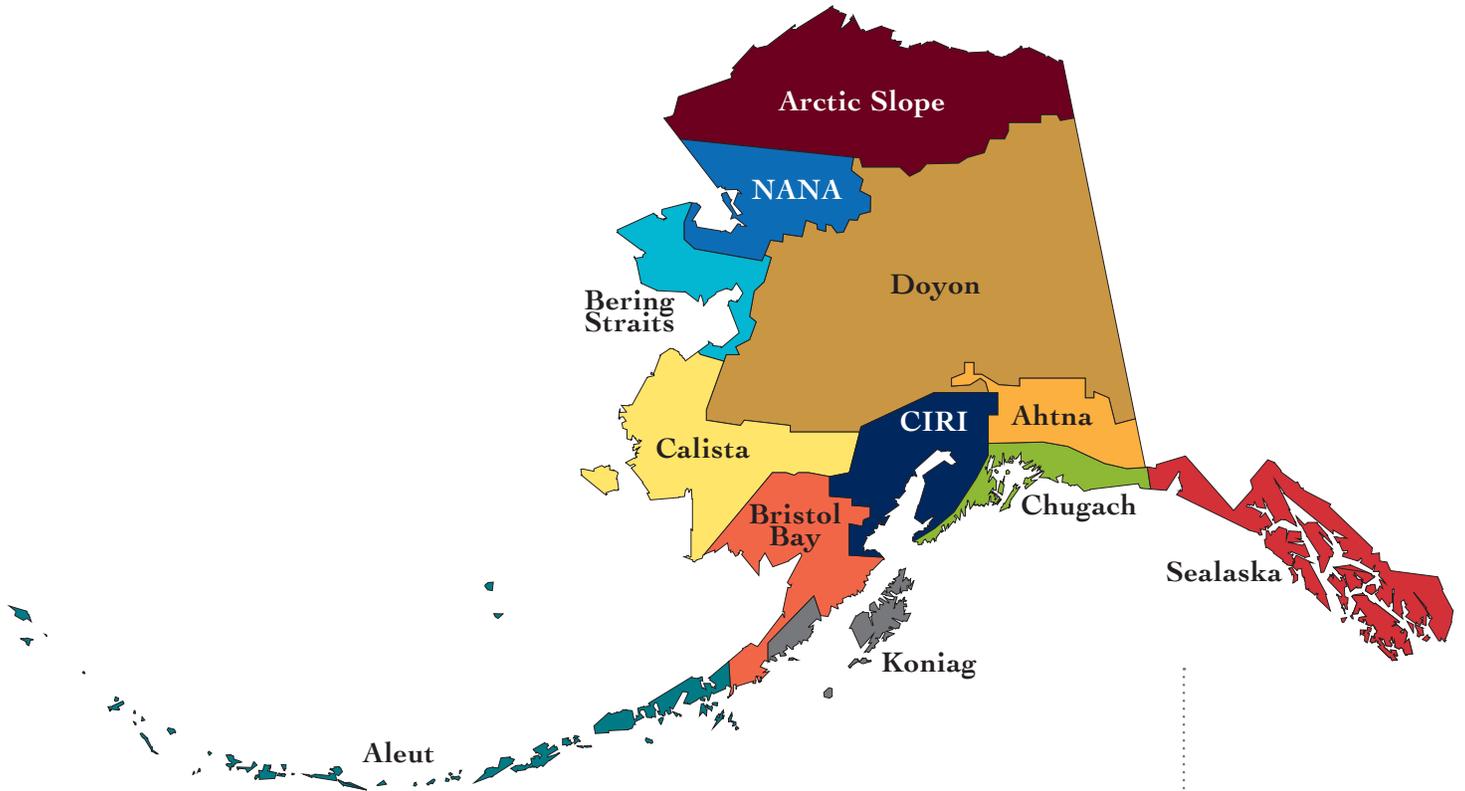




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WE ARE ANCSA

ANCSA Regional Corporations,
as unique as the people we represent.



Cover (left): Image by Mark Kelley courtesy of Sealaska