ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

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Corporate Directory

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Seattle, WA 98154

Information requests welcome
Shareholders may request additional annual report copies and refer questions and comments to:

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Sealaska
CORPORATION

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Juneau, Alaska 99801
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LOOKING TO THE FUTURE

ABOUT THIS REPORT

This report chronicles a year of success for CIRI as the corporation emerges from leaner economic times well positioned for the future. CIRI has the tested leadership and financial strength to move forward with confidence. This confidence comes not only from the size and strength of our corporation, but also from the energy and pride we draw from our rich and varied Alaska Native heritage. To emphasize the importance of CIRI's heritage in our business achievements, the following pages display images of present-day business activities over backgrounds of traditional crafts and tools. The front cover and this page combine a contemporary bird mask by Sylvester Ayek with a portrait of Rebecca Williams in traditional Alutiiq attire.

Cook Inlet Region, Inc. (CIRI) is one of the 12 regional corporations established by Congress under terms of the Alaska Native Claims Settlement Act (ANCSA) of 1971. CIRI is owned by approximately 6,700 Native shareholders of predominantly Athabascan, Eskimo and Aleut descent. A majority of the company's shareholders are women.

The principal lines of business of CIRI (together with its subsidiaries, the "company") are natural resource development, real estate and broadcast radio and television. The company also owns a substantial interest in two drilling rigs and an oilfield service company which operates in Alaska on the Kenai Peninsula and the North Slope, the nation's largest oil province.

CIRI owns and manages 924,000 acres of surface estate and 1.6 million acres of subsurface estate in Alaska. The company holds various royalty and working interests in several producing and prospective oil and gas fields, as well as significant coal, timber and mineral properties in Alaska. The company also owns more than two dozen real estate properties throughout the United States.

The company owns WTNH-TV, the New Haven, Connecticut ABC affiliate, and is the managing general partner of WSMV-TV, the Nashville, Tennessee NBC affiliate. The company also is the managing general partner of radio stations WPGC-AM/FM in Washington, D.C., KBXX-FM in Houston, Texas, and KUBE-FM in Seattle, Washington.

The primary emphasis of the company's strategy for growth is continued development of its natural resource holdings and selective investment in the broadcast, real estate and oilfield service industries.

The company has its headquarters in Anchorage, Alaska.

To The Shareholders

Sound decisions made in previous years and a rebounding U.S. economy helped lead to another profitable and successful year for our corporation in 1993. A highly advantageous financial restructuring of our broadcast properties was completed, and arrangements were made to further reduce risks and increase returns in other areas of our operations. The company's net income of $25.3 million for 1993 represented an 8.1% increase over 1992.

Other important measures of CIRI's financial health also marked 1993 as a year of solid achievement. Cash inflows and cash reserves increased [illegible] million [illegible] working capital [illegible] [illegible] balance [illegible] [illegible] yield [illegible] [illegible] financial [illegible] has a positive [illegible] shareholders as well. [illegible] per share 1993 dividends [illegible] higher than the year before. Additionally, [illegible] revenue distributions of $[illegible] per share were made to at-large shareholders and village corporations as required [illegible] Section 7(j) of ANCSA.

Even more important than [illegible] dividends is the longer range positioning of the company. Our strengthened financial condition translates into security for the next generation of CIRI shareholders and the generations that follow. As custodians of the [illegible] of our land settlement, we have a special responsibility to pass along to our children a corporation that is in sound financial condition. We are pleased and *proud that 1993 operations further improved the long-term strength of our corporation.*

In the pages that follow, you will find details about our 1993 operations. We urge you to read them, and we hope that they will give you the same sense of pride and excitement that we experienced as the year progressed. A few of the highlights are:

Real estate experienced a particularly strong year, generating improved income and cash flows from our growing list of commercial, industrial and residential properties in and outside of Alaska. Our partnership interest in Peak Oilfield Service Company performed particularly well this year. Income and distributions from the partnership increased substantially from the prior year. CIRI's oil and gas operations, despite declining reserves, exceeded projections made at the beginning of the year.

In the area of implementing CIRI's land settlement, significant steps were taken toward closing out CIRI's federal property Treasury Account, which represents nearly 50% of our ANCSA entitlement. In addition, talks with federal agencies were intensified, with the goal of completing conveyance of the remainder of our land entitlement and that of our village corporations in the near future.

During the year, the corporation also made significant contributions toward its broader goal of meeting the educational and human service needs of our shareholders. CIRI's non-profit affiliates continued to assist shareholders through a wide array of programs that provide health care, housing, educational and employment support and cultural enrichment. Another CIRI initiative, the Alaska Native Justice Center, will focus on solving the problem of continued discrimination against Native people in the justice system and in other areas of society.

Looking to the future, we are proud that we have been able to take part in the building of a strong, successful corporation. Over the past two decades, CIRI has faced unique and unrelenting challenges to attaining its land entitlement and other related goals. Despite these obstacles, we have chalked up a remarkable record of achievement—thanks to the innovative and diligent work of our staff and board of directors, as well as the perseverance of our shareholders.

When our children and our children's children look back on CIRI's first 21 years, they will see that their corporation has indeed come far. We pledge to continue our work so that CIRI will remain a source of economic, social and cultural strength for our shareholders far into the 21st century.

Roy M. Huhndorf

ROY M. HUHNDORF, PRESIDENT

John N. Colberg

JOHN N. COLBERG, CHAIRMAN

Land

In 1993 the company undertook a number of initiatives designed to help complete close-out of CIRI's land entitlement. We began serious negotiations with the Bureau of Land Management to speed conveyance of lands on the west side of Cook Inlet. These conveyances will allow for reconveyances to the villages and a final determination of CIRI's entitlement status. In addition we initiated the process for conveyance of transportation and port site easements for development of CIRI's Johnson Tract mineral property, which is under lease to Westmin Resources, Ltd.

In August CIRI completed a sale to the State of Alaska of its 19,307 acres of subsurface estate within Kachemak Bay State Park. Earlier in the year CIRI and Seldovia Native Association (SNA) had jointly negotiated a sales agreement with the state which provided the basis for a state legislative appropriation to cover the purchase cost. In 1979 CIRI and SNA had completed a land exchange with the state that had added approximately 10,000 acres to the park. The 1993 purchase concluded the state's 18-year effort to reconstitute the park by acquiring CIRI and SNA interests.

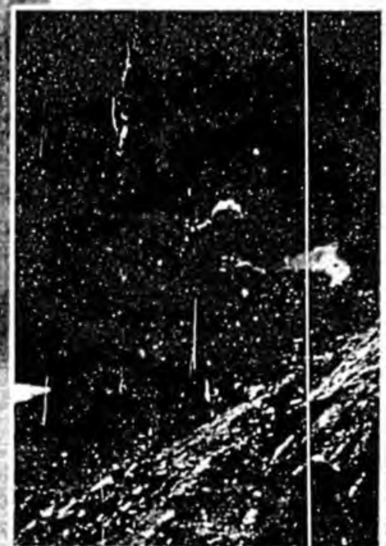
Also in 1993 the company signed an agreement with Tyonek Native Corporation that formally settled disputes about the use of sand and gravel from lands where the surface estate is owned by Tyonek and the subsurface by CIRI. Similar sand and gravel agreements remain in effect for Eklutna, Ninilchik, Salamatof and Seldovia.

In 1993 Circle DE Pacific Corporation completed its first full year of timber harvest operations on CIRI land in the southern Kenai Peninsula. State-of-the-art techniques have been used to harvest selectively 2,500 acres of spruce bark beetle infested timber, and to ship 60,000 tons of premium quality wood chips to market from the Port of Homer.

Energy & Minerals

CIRI and its wholly owned subsidiary, CIRI Production Company, hold various active working interests and royalty positions in the Endicott Field on Alaska's North Slope, and in the Kenai Unit, Cannery Loop Unit and other fields on the Kenai Peninsula, one of the state's most prolific oil and gas regions. CIRI is one of the largest private landowners on the Kenai Peninsula. Production levels on the company's oil and gas properties were somewhat lower in 1993, a trend that naturally continues as fields age. The company's strategy is to stimulate

MOUNTAIN OF TOP GRADE WOOD CHIPS HARVESTED FROM BEETLE INFESTED TIMBER ON CIRI LAND AWAITS SHIPMENT TO PACIFIC RIM MARKETS FROM THE DOCK IN HOMER.



SUBSTANTIAL FIELD EXPLORATION WORK FURTHER DELINEATES THE MINERAL RESOURCES ON CIRI LANDS.

RESERVE INCREASES HAVE BEEN REPORTED AND THE LIFE OF THE FIELD EXTENDED AT ENDICOTT ON THE NORTH SLOPE, WHERE CIRI HAS A SMALL WORKING INTEREST.

development of new reserves through leasing and drilling activities.

One significant area of activity in 1993 was the negotiation of an exploration and option to lease agreement with Union Texas Petroleum Alaska Corporation for some 340,000 acres on the Kenai Peninsula. The agreement was executed in early 1994. In addition, in 1993 the company completed preparations for reworking its West Fork gas field wells. This work was successfully completed in early 1994, leading to increased production from the wells. The company also consolidated its North Slope land position in the Alpenglow prospect, which lies approximately 20 miles southeast of Prudhoe Bay.

CIRI's wholly owned mining subsidiary, North Pacific Mining Corporation, continued its efforts for marketing properties within CIRI's extensive mineral estate. Under an exploration agreement with Echo Bay Exploration, which terminated in 1993, an extensive drilling program was completed on the Illinois Creek gold property located south of Galena, Alaska. The drilling expanded the proven and probable oxide gold reserves to more than 500,000 ounces. At CIRI's Johnson River gold and base metal property located on the west side of Cook Inlet, diamond drilling was completed in 1993 by Westmin Resources Ltd., the new leasehold operator, to confirm ore reserves. Additional work is scheduled there for 1994.

OILFIELD SERVICES

The consolidation of Prudhoe Bay operations by major North Slope producers and the ongoing restructuring within the Alaska oil industry have created a new concept in partnership/alliancing between the oilfield service sector and the major oil companies. The company is a major participant in this newly developed market concept through its 50% equity ownership in Peak Oilfield Service Company, which has been selected as one of the significant partnership/alliancing service companies.

Despite an anticipated shrinkage of contracting work on the North Slope, the company increased its ownership in Peak from 26% to 50% in 1991 in the belief that excellent opportunities existed for good performers in oilfield services. That decision produced immediate positive results when Peak was designated as one of the few "partnering" firms on the North Slope and expanded its operations to the Kenai Peninsula. In 1993 Peak again performed well as the financial effects of expansion were further realized. Efforts continue to explore the feasibility of entering the construction and oilfield service industries in the lower 48 states, South America and Russia.

In addition to its ownership interest in Peak, the company owns interests in two drilling rigs located on the North Slope. Rig 141 completed contract work for ARCO in 1993 and is presently under contract with Amerada Hess for 1994 drilling. The company also owns a 20% interest in Rig 217, which is presently situated on a platform offshore from the North Slope.

"Double-truck" system, utilizing two trucks driven side by side while towing lowboy trailers, transports large crane owned by Peak Oilfield Service Company.

Peak's welding fabrication shop, located at its base camp in Deadhorse at Prudhoe Bay, allows in-house construction of pipe spools.

Peak utilizes snow blowers to maintain ice roads, airport runways, and gravel roads and pads for several clients on the North Slope.

Real Estate

In 1993 the company virtually completed its federal entitlement property acquisition efforts and shifted its focus toward the management and development of its substantial real estate portfolio. This fundamental shift resulted from the successful deployment of nearly all of the remainder of the CIRI Treasury Account, established as part of the 1976 Cook Inlet Land Exchange to fulfill a portion of CIRI's ANCSA land entitlement. Nearly all of the company's real estate holdings in the lower 48 states, as well as its commercial real estate holdings in Alaska, were acquired utilizing the Treasury Account.

Two significant acquisitions utilizing the Treasury Account were apartment complexes in Poway, California, and Santa Fe, New Mexico. These acquisitions, which closed in early 1994, bring CIRI's multi-family portfolio to 2,123 units in eight complexes located in five Sunbelt states. In addition the company acquired a 28,500 square foot office building in Anchorage, bringing its Anchorage commercial portfolio to more than 270,000 square feet. These office buildings are currently 98% leased.

The company generated $1.3 million in cash from the sale of raw land in California and Louisiana and entered into a contract, expected to close in 1994, to sell a raw parcel in Miami, Florida for $6 million.

Cook Inlet Region of Virginia, a wholly owned subsidiary, completed its second phase of nine townhomes at the Ford's Landing project in Alexandria, Virginia. Ten townhomes were sold in 1993, bringing the total constructed and sold to date to 14, with one remaining in inventory. CIRI Land Development Company, also a wholly owned subsidiary, completed site work for its 46-acre Kenai Industrial Park on Oahu, Hawaii.

In all, 1993 was a particularly successful year for the company's real estate segment in terms of converting the Treasury Account to operating assets and in terms of cash flow generated by those assets.

PALMS SURROUND 112,000 SQUARE FOOT INDUSTRIAL WAREHOUSE LOCATED NEAR SKY HARBOR AIRPORT IN PHOENIX, A PROJECT ACQUIRED BY CIRI IN 1991.

SITE WORK IS NOW COMPLETE ON THE COMPANY'S 46-ACRE KENAI INDUSTRIAL PARK ON OAHU, HAWAII.

NEWLY ACQUIRED APARTMENT BUILDING IN SANTA FE, NEW MEXICO ADDS 160 RESIDENTIAL UNITS TO CIRI'S SUBSTANTIAL REAL ESTATE PORTFOLIO.

Broadcasting

In 1993 the company successfully completed efforts to restore strong levels of operating cash flow for its television and radio properties. The company maintained its high operating margins and took advantage of rising values in radio by entering into sales agreements for its three remaining radio stations.

Cook Inlet Communications Corp., owner of WTNH-TV, the ABC affiliate in New Haven, Connecticut, successfully restructured approximately $129 million of public and private debt. The restructuring reduced the station's financial leverage and increased the company's equity ownership from 80% to nearly 100%. The station, operating in the nation's 25th largest market, regained its number one rating in news and generated a 30% increase in operating cash [illegible]

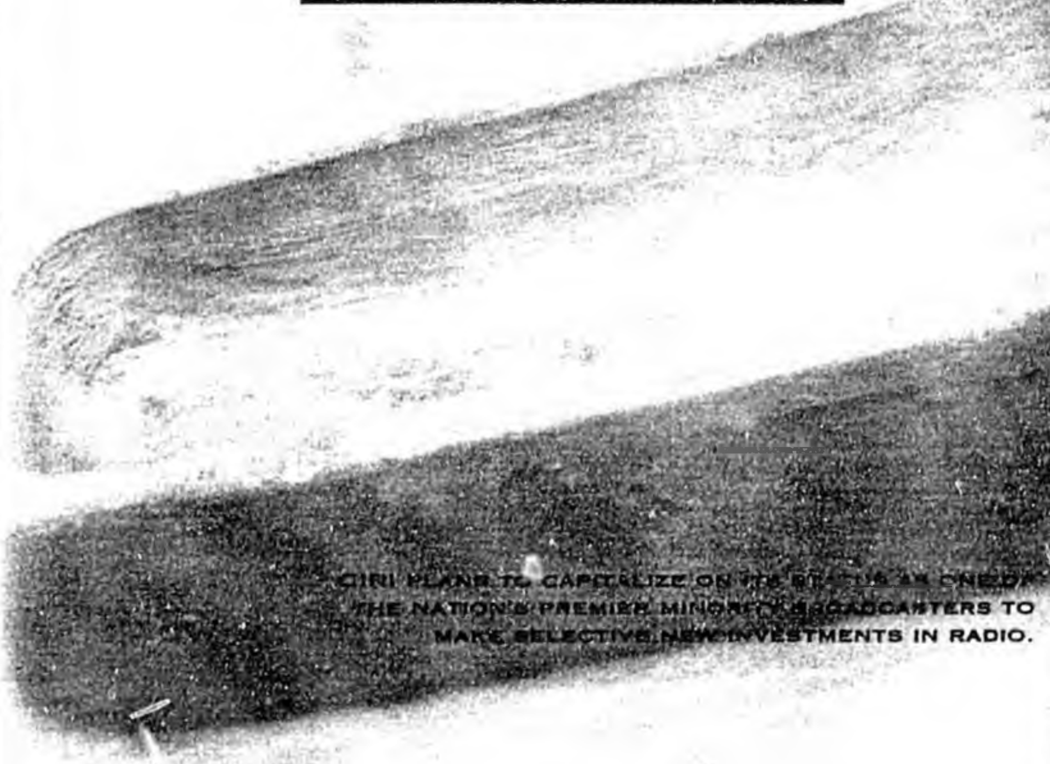
Cook Inlet Television Partners (CITP), owner of WSMV-TV, the NBC affiliate in Nashville, Tennessee, increased operating cash flow by 22% in 1993. Through increased efficiency, new programming and the strong growth in advertising revenues in [illegible] maintained [illegible] operating [illegible] which is [illegible] by natio[illegible] WSMV, operating in the [illegible] largest market, also captured a number of national journalism awards.

Cook Inlet Radio Partners (CIRP), in which the company owns a 50% partnership interest, generated substantially increased operating cash flow from its three radio properties. This performance, plus the continuing effect of Federal Communications Commission rules permitting the ownership of two FM stations in the same market, allowed CIRI to command favorable prices for the sale of its stations. In October 1993 an agreement was signed to sell WPGC-AM/FM in Washington, D.C. for $60 million. Sales agreements signed in early 1994 are to bring $21 million for KBXX-FM in Houston, the nation's 10th largest market, and $18.1 million for KUBE-FM in Seattle, the nation's 13th largest market.

The company plans to capitalize on its status as one of the nation's premier minority broadcasters to diversify its television operations, make selective investments in radio, and [illegible] cable television and pe[illegible] communication servic[illegible]

As a result of [illegible] ions and the reduction [illegible] leverage in the [illegible] is well positio[illegible] s to sh[illegible]

WTNH-TV, THE ABC AFFILIATE IN NEW HAVEN, CONNECTICUT, OPERATES IN THE NATION'S 25TH LARGEST MARKET.



CIRI PLANS TO CAPITALIZE ON ITS STATUS AS ONE OF THE NATION'S PREMIER MINORITY BROADCASTERS TO MAKE SELECTIVE NEW INVESTMENTS IN RADIO.

IN 1993 WTNH-TV REGAINED ITS NUMBER ONE RATING IN NEWS AND GENERATED A 30% INCREASE IN OPERATING CASH FLOW.

SHAREHOLDER SERVICES

CIRI's mission extends beyond taking care of the corporation's bottom line. Improving the lives of CIRI shareholders and their families is the goal of the many programs administered by the CIRI non-profit corporations, which operate under delegation of CIRI's tribal authority. In 1993 these non-profits continued to offer a broad and expanding range of services.

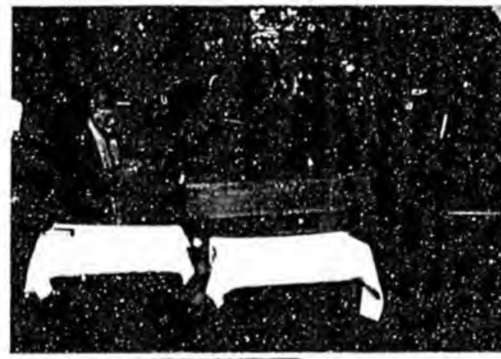
Southcentral Foundation, which provides a wide variety of health care and dental services, opened a facility in 1993 for the Clubhouse Program to help meet the needs of those who are experiencing severe and persistent mental illness. The psychiatric rehabilitation program offers a supportive and nurturing environment focusing on peer, family and community support. Southcentral Foundation also was awarded a contract to provide national Community Health Representative training in Anchorage. Healthy Start funds were awarded to expand the current home visits provided by the Community Health Representative to include parents who need help with parenting skills such as coping with a newborn. Also in 1993 orthodontic and optometry services were expanded.

Cook Inlet Housing Authority, which provides a range of low-cost housing services, secured final funding in 1993 to build 75 elderly low-rent units in Anchorage. Groundbreaking is scheduled for the spring of 1994. Under the Anchorage Mutual Help Acquisition Program, 40 homes were purchased and are being renovated and occupied by home buyers.

Cook Inlet Tribal Council, which provides a variety of job placement, training and other services, prepared to initiate a new program in 1993 called TAPP, the Technical and Academic Preparation Program. TAPP opened in early 1994 to enhance Alaska Native students' ability to earn an associate degree or a two-year certificate from the University of Alaska, Anchorage. [illegible] will receive help in such areas as adjusting to the city and college environment, ongoing academic and personal counseling and acquisition of basic communication and math skills.

Cook Inlet Tribal Council's Tribal Employment Rights Office coordinated the hiring of [illegible] Alaska Native construction [illegible] for the [illegible] Alaska Native [illegible] Center replacement hospital [illegible] construction in Anchorage. [illegible] for Native hire were [illegible] project, with Alaska Native [illegible] American Indian worker participation exceeding 75%. In addition the Family Services Department added a general assistance program which provides a temporary source of financial assistance to meet essential needs when no other source exists.

The CIRI Foundation, which [illegible] educational scholarships and [illegible], as



Father Simeon Oskolkoff prepares for a ceremony in Homer that blessed the fragmentary human remains returned from a museum in Pennsylvania and subsequently reburied on Yukon Island in Kachemak Bay.

Children enjoy Native art projects at the CIRI Friendship Potlatch organized by The CIRI Foundation.

Cook Inlet Tribal Council coordinates the hiring of skilled Alaska Native construction trade workers for the new Alaska Native Medical Center in Anchorage.

Shareholder Services
Continued

well as support to cultural programs, awarded more than 336 scholarships and grants totaling more than $300,000 in 1993. In addition more than 100 Native high school students were sponsored on a career field trip held in Anchorage by the Foundation in conjunction with a statewide Alaska Native Youth Leadership Conference. The Foundation also organized two major heritage programs: Alaska Native dance groups which performed daily at the Anchorage Museum over the summer, and the CIRI Friendship Potlatch held last fall.

CIRI has been one of the primary sponsors of the Alaska Native Heritage Park, a proposed Native cultural and educational center. This project moved forward in 1993 after a setback a year earlier. CIRI made available a new site for the center, a 26-acre parcel in Anchorage. Construction is anticipated to begin in the spring of 1995.

Koahnic Broadcast Corporation, a Native-operated community public radio station, was launched in 1992 by The CIRI Foundation. In 1993 Koahnic received Federal Communications Commission approval of its construction permit and was awarded a $236,212 federal grant for capital equipment. The station anticipates being on the air by late 1994.

Also in 1993 the Foundation helped lead CIRI's first repatriation of human remains stemming from passage of the Native American Graves Protection and Repatriation Act of 1990. The fragmentary remains of 82 prehistoric Chugach Alutiiqs were returned to Yukon Island in Kachemak Bay. The reburial service was a cooperative effort with the villages of Port Graham and Nanwalek (previously known as English Bay), Seldovia Native Association and the Chugach Alaska Corporation.

Charles G. Anderson

Gosta E. Dana

V. Debbie Fullenwider

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Leo Stephan


Clare Swan


Robert N. Woodhead

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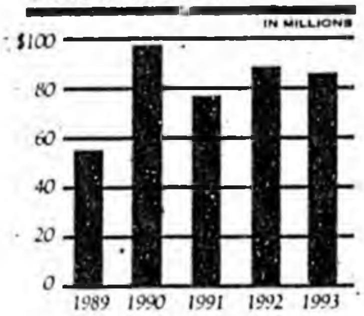
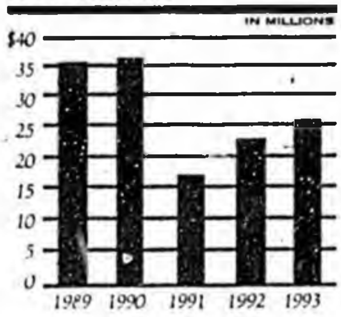
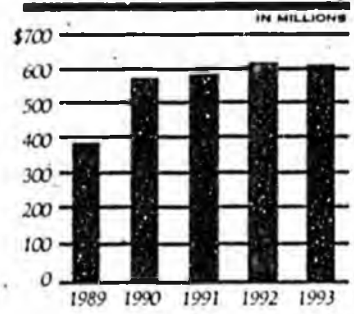
SUBSIDIARIES

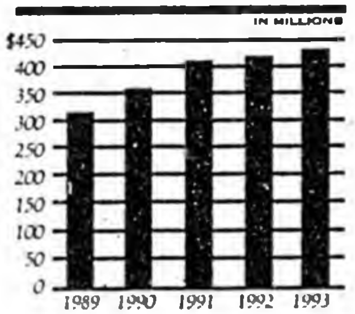
CIRI CONSTRUCTION COMPANY
CIRI DRILLING COMPANY
CIRI LAND DEVELOPMENT COMPANY
CIRI PRODUCTION COMPANY
CIRI TRANSPORTATION COMPANY
PEAK ALASKA VENTURES, INC.
CIRI LAND EXCHANGE INC.
COOK INLET REGION OF VIRGINIA, INC.
COOK INLET REGION OF GEORGIA, INC.
COOK INLET REGION OF ARIZONA, INC
NORTH PACIFIC MINING CORPORATION
COOK INLET CORPORATION
COOK INLET INVESTMENT MANAGEMENT, INC.
COOK INLET ENERGY SUPPLY CORPORATION

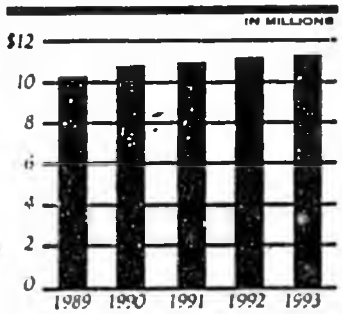
FINANCIAL HIGHLIGHTS
Five Year Summary

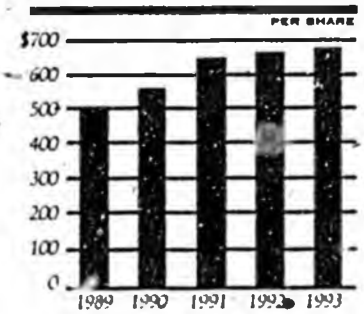
TOTAL REVENUE


NET INCOME


TOTAL ASSETS


TOTAL SHAREHOLDERS' EQUITY


DIVIDENDS PAID


SHAREHOLDERS' EQUITY


Total revenue	[illegible]
Net income	[illegible]
Total assets	[illegible]
Total shareholders' equity	[illegible]
Dividends paid	[illegible]
Cumulative dividends paid since [illegible]	[illegible]
Cumulative [illegible]	[illegible]
Shareholders' equity per share	[illegible]

COOK INLET REGION, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

December 31, 1993 and 1992

Assets	1993	1992
	(In Thousands)	
Current assets:		
Cash and equivalents	$ 14,526	6,760
Investment securities	18,534	10,189
Receivables:		
Resource revenues	7,756	8,049
Broadcast revenues	8,261	6,198
Real estate revenues	163	2,453
Management fees	173	3,947
Other	1,276	3,702
Total receivables	17,629	24,349
Film contract rights	2,223	2,579
Prepaid expenses and other	1,272	981
Properties held for sale	11,690	16,252
Total current assets	65,874	61,110
Natural resource investments	42,332	45,293
Investment in affiliates	47,711	52,939
Property and equipment, at cost	220,383	208,788
Less accumulated depreciation and amortization	20,523	16,617
Net property and equipment	199,860	192,171
Other assets:		
Investment securities	4,841	3,603
Restricted cash and investment securities	93,008	90,605
Notes and other receivables, less current installments	5,554	4,772
Management fees receivable	1,437	1,393
Non-current film contract rights	2,329	1,034
Broadcast intangible assets, net	119,213	139,709
Other	18,694	16,059
Total other assets	245,076	257,175
	$ 600,853	608,688

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

Cook Inlet Region, Inc. and Subsidiaries

Consolidated Balance Sheets

Liabilities and Shareholders' Equity	*1993*	*1992*
	(In Thousands)	
Current liabilities:		
Current installments of long-term debt	$ 955	6,477
Accounts payable	3,896	2,775
Accrued liabilities	9,368	8,246
Current installments of film contracts	2,080	3,064
Due to other regions, at-large shareholders and village corporations	5,424	5,113
Other	881	3,321
Total current liabilities	22,604	28,996
Accrued liabilities	962	752
Film contracts, excluding current installments	2,431	902
Long-term debt, less current installments	113,405	128,503
Long-term liability to other regions, at-large shareholders and village corporations	23,368	21,605
Minority interest in subsidiaries	2,618	6,120
Shareholders' equity:		
Common stock of no par value		
Paid-in capital	209,230	209,793
Retained earnings	226,235	212,017
Total shareholders' equity	435,465	421,810
Commitments and contingencies		
	$ 600,853	608,688

Cook Inlet Region, Inc. and Subsidiaries

Consolidated Statements of Income

Years ended December 31, 1993, 1992 and 1991	1993	1992	1991
	(In Thousands, Except Income Per Share)		
Revenues:			
Natural resources:			
Royalty production	$ 6,382	6,542	7,430
Working interest production	10,866	14,311	13,376
Other	3,907	1,256	1,577
	21,155	22,109	22,383
Less amount distributable to others	(5,343)	(5,924)	(4,634)
Net natural resource revenues	15,812	16,185	17,749
Broadcast, net of commissions	32,406	28,875	32,537
Share of earnings (loss) of unconsolidated broadcast affiliates	-	13,054	(9,207)
Land and real estate	16,709	10,594	4,903
Construction, equipment and oilfield services	5,559	2,533	2,900
Investment securities	6,437	9,507	11,041
Other significant items	9,182	8,328	18,272
Total revenues	86,105	89,076	78,195
Expenses:			
Natural resources	11,631	10,815	9,788
Broadcast	22,545	23,992	23,281
Land and real estate	12,826	10,496	6,417
General and administrative and shareholder relations	5,969	7,770	7,372
Other	1,475	487	891
Total expenses	54,446	53,560	47,749
Operating income	31,659	35,516	30,446
Other (income) expense:			
Interest income	(431)	(488)	(780)
Interest expense	13,451	14,063	15,602
Minority interest in loss of broadcast subsidiary	(909)	(1,716)	(646)
Support to The CIRI Foundation	171	236	120
Other	329	(27)	(858)
	12,611	12,068	13,438
Net income before extraordinary gain	19,048	23,448	17,008
Extraordinary gain on repurchase of broadcast debt	6,301	-	-
Net income	$ 25,349	23,448	17,008
Earnings per share of common stock:			
Net income before extraordinary gain	$ 30.33	37.34	27.08
Extraordinary gain	10.03	-	-
Net income	$ 40.36	37.34	27.08

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

COOK INLET REGION, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders' Equity

Years ended December 31, 1993, 1992 and 1991	1993	1992	1991
		(In Thousands)	
Paid-in capital at beginning of year	$ 209,793	209,793	159,695
Federal properties received	-	-	50,098
Other	(563)	-	-
Paid-in capital at end of year	209,230	209,793	209,793
Retained earnings at beginning of year	212,017	199,833	193,995
Net income	25,349	23,448	17,008
Cash dividends - $18.00, $17.93 and $17.78 per share in 1993, 1992 and 1991, respectively	(11,306)	(11,264)	(11,170)
Other	175	-	-
Retained earnings at end of year	226,235	212,017	199,833
	$ 435,465	421,810	409,626

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

COOK INLET REGION, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 1993, 1992 and 1991	*1993*	*1992*	*1991*
		(In Thousands)	
Cash flows from operating activities:			
Net income	*$ 25,349*	*23,448*	*17,008*
Reconciliation of net income to net cash provided by operating activities:			
Extraordinary gain on debt repurchase	*(6,301)*	*-*	*-*
Undistributed (earnings) loss of affiliates	*46*	*(13,834)*	*22,746*
Depreciation, depletion and amortization	*16,141*	*18,687*	*17,166*
(Gain) loss on sales of investment securities	*(1,652)*	*373*	*(2,183)*
Gain on settlement of claims	*(8,958)*	*(3,392)*	*(39,400)*
Write-downs of long-term assets for economic impairment	*-*	*250*	*4,288*
Accretion of discount on long-term debt	*3,493*	*7,758*	*7,259*
Minority interest in losses of unconsolidated affiliates	*(218)*	*(1,889)*	*(646)*
Other	*31*	*375*	*624*
Changes in operating assets and liabilities	*5,076*	*(15,141)*	*15,490*
Net cash provided by operations	*33,007*	*16,635*	*42,352*
Cash flows from investing activities:			
Net (purchases) sales of investment securities	*(6,730)*	*18,293*	*12,230*
Proceeds from disposals of operating property and equipment	*82*	*20*	*185*
Cash invested in operating property and equipment	*(2,263)*	*(3,274)*	*(699)*
Cash invested in natural resource activities	*(1,222)*	*(8,009)*	*(6,856)*
Cash invested in affiliates	*-*	*(895)*	*(19,128)*
Distributions from affiliates	*4,776*	*-*	*2,459*
Net cash provided (used) in investing activities	*(5,357)*	*6,135*	*(11,809)*
Cash flows from financing activities:			
Principal payments on long-term debt	*(42,992)*	*(17,805)*	*(11,368)*
Purchase of outstanding debt securities	*-*	*(6,765)*	*(5,337)*
Payments of film contract rights	*(3,372)*	*(4,903)*	*(5,007)*
Proceeds from issuance of long-term debt	*38,174*	*16,641*	*3,963*
Dividends paid	*(11,306)*	*(11,264)*	*(11,170)*
Other	*(388)*	*207*	*-*
Net cash used in financing activities	*(19,884)*	*(23,889)*	*(28,919)*
Net increase (decrease) in cash	*7,766*	*(1,119)*	*1,624*
Cash at beginning of year	*6,760*	*7,879*	*6,255*
Cash at end of year	*$ 14,526*	*6,760*	*7,879*

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Cook Inlet Region, Inc. and its subsidiaries (Company). Significant intercompany balances and transactions have been eliminated in consolidation.

Property Selection Rights

Federal surplus, excess, and other properties received pursuant to the Alaska Native Claims Settlement Act, as amended (ANCSA), were recorded as an addition to property and paid-in capital at fair value, either as agreed to between the Company and the federal government or as determined by a successful bid of acre-equivalent values (note 2).

Fair value of the surface and subsurface estate received pursuant to ANCSA, other than such federal properties, was not determinable within reasonable limits at the time of conveyance and therefore no value has been recorded in the accompanying consolidated financial statements for these assets.

The Company's basis in surface and subsurface estate for financial statement purposes may differ from the basis for income tax reporting purposes.

Depreciation

Depreciation of buildings and furniture and fixtures is provided over the estimated useful lives of the respective assets using the straight-line method.

Depletion and Amortization

Because the fair value of lands received pursuant to ANCSA, other than federal properties, has not been recorded, the accompanying consolidated financial statements do not reflect depletion as a charge against production revenues from lands received pursuant to ANCSA.

Lease acquisitions, exploratory drilling costs and development costs are capitalized and are depleted or amortized over estimated useful lives by application of the units-of-production method. In arriving at rates under the units-of-production method, the quantities of recoverable reserves are established based on estimates made by the unit operators' geologists and engineers. Exploratory drilling costs are charged to expense if and when a well is determined to be unsuccessful.

The cost of film contract rights is capitalized and the corresponding liability is established at the time film contracts are executed, although the programs may not currently be available for broadcast. These costs are charged to expense based upon the usage of the films under methods which generally result in straight-line amortization.

Land Selection Costs

Costs associated with selection of surface and subsurface estate have been expensed as incurred.

Income Per Share

Income per share is based upon the aggregate number of Class A shares outstanding (628,000 shares).

Investment Securities

Marketable equity securities are stated at the lower of cost or market value. Aggregate net unrealized losses are included in income if related to current assets and in shareholders' equity if related to non-current assets. Fixed income securities are stated at cost unless there is a permanent impairment of value, in which case the adjustment to market value is included in income.

In May 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 115 (SFAS 115), Accounting for Certain Investments in Debt and Equity Securities

SFAS No. 115 will be implemented in 1994. The Company anticipates that implementation of SFAS No. 115 will not have a material effect on the results of operations of the Company.

Current investment securities are recorded at the lower of cost or market value at December 31, 1993 and 1992. The carrying value of non-current investment securities approximates market value at December 31, 1993.

Investments

Investments in unconsolidated partnerships are accounted for using the equity method of accounting. Cost in excess of the net carrying value of assets acquired is amortized using the straight-line method for periods from 25 to 40 years.

Investments in participating interests in oil and gas leases are carried at cost, including capitalized interest, until production occurs, at which time the investment balance is amortized over the estimated recoverable reserves.

Reclassifications

Certain reclassifications have been made to the 1992 and 1991 consolidated financial statements to make them comparable with the 1993 presentation.

(2) ALASKA NATIVE CLAIMS SETTLEMENT ACT

The Company was incorporated June 8, 1972, as a Regional Corporation pursuant to the provisions of ANCSA. The Company has received its total proportionate share of the monetary entitlement under ANCSA in the amount of $34,363,000 and has recorded this amount as paid-in capital.

ANCSA also provides that the Company, in partial fulfillment of its ANCSA entitlement, is to receive 1,260,000 acres of surface estate and 2,285,000 acres of subsurface estate. As of December 31, 1993, after adjustment to reflect federal property acquisitions as explained below, the Company has received conveyance of approximately 924,000 acres of its surface entitlement and 1,608,000 acres of its subsurface entitlement. A substantial portion of the remaining unfulfilled entitlement has been filled by acquisitions of federal properties.

As a result of certain amendments to ANCSA, authority exists whereby the Company may fulfill a portion of its land entitlement by means of acquisition of federal surplus, excess, and other properties. Through various mechanisms, up to 138,240 acres of in-region entitlement can be converted to a fixed-dollar value and utilized for acquiring in-state properties through a conveyance process (conveyance account), and all but 161,280 acres of out-of-region entitlement can be converted to a fixed-dollar value for acquiring both in-state and out-of-state properties through a bid-purchase process (bid-purchase account). Properties acquired through the conveyance process are charged against the conveyance account at the fair value of the properties at the date of conveyance. Properties acquired through the bid-purchase process are charged against the bid-purchase account at the accepted bid or purchase amount. The conveyance account is adjusted periodically for inflation while the bid-purchase account is not adjusted.

As of December 31, 1993 pursuant to these provisions, the Company had received and recorded land and improvements of $209,769,000 which represents the fair value of the properties at the date of conveyance.

Common Stock

Under provisions of ANCSA, each qualified Alaska Native enrolled to the Company was entitled to receive 100 shares of Class A voting stock. Issuance of the Village Series of stock was restricted to qualified persons who were residents of one of the village corporations in the region, the Non-village Series of stock was issued to non-village residents. The stock carries voting rights only if the holder is an eligible Alaska Native or descendant of a Native as defined in ANCSA.

ANCSA and the Company's Articles of Incorporation provide that the Class A stock cannot be sold, pledged, assigned or otherwise alienated, except in certain circumstances pursuant to court decree or upon death. The Articles and ANCSA permit transfer during a shareholder's life of the Company's currently outstanding stock to a child, grandchild, great-grandchild, niece, nephew, or (if the holder has reached the age of majority as defined by the laws of the State of Alaska) brother or sister of a shareholder if such relative is a Native or a descendant of a Native as defined in ANCSA. 1,500,000 shares of Village and 1,500,000 shares of Non-village Class A stock were authorized of which 628,000 were issued and outstanding at December 31, 1993. The Company's current outstanding stock will remain subject to these restrictions unless, pursuant to specified procedures, a decision is made by shareholders to eliminate the restrictions. None of the 2,000,000 shares of Village and 2,000,000 shares of Non-village Class B stock authorized by the Company's Articles of Incorporation had been issued at December 31, 1993.

(3) Mandatory Distributions Pursuant to ANCSA

Distributions to Other Regional Corporations

Under Section 7(i) of ANCSA as provided in the Section 7(i) Settlement Agreement (Settlement Agreement) entered into by the twelve Alaska Regional Corporations, 70% of net revenues received by a Regional Corporation from timber resources and resources from subsurface estate conveyed to it under ANCSA (less certain deductions) is to be divided annually by the receiving Regional Corporation among all twelve Alaska Regional Corporations, including itself, in proportion to the number of Alaska Natives enrolled to each Regional Corporation.

Included in restricted cash and investment securities is $4,442,000 and $4,182,000 at December 31, 1993 and 1992, respectively, which represent resource payments which are subject to the escrow provisions of the Settlement Agreement.

Distributions to Village Corporations and At-large Shareholders

Section 7(j) of ANCSA requires that 50% of the 70% allocation established by Section 7(i) of ANCSA and received by the Regional Corporation must be distributed to village corporations and at-large shareholders within the region. The amount distributed to village corporations and at-large shareholders is apportioned among them based on the proportion of the Company's Village Series stock owned by village shareholders compared to the Company's Non-village stock owned by at-large shareholders.

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS SUPPLEMENTAL DISCLOSURES

Changes in operating assets and liabilities consist of:

	Years ended December 31,		
	1993	1992	1991
		(In Thousands)	
(Increase) decrease in resource revenue receivables	$ 418	(528)	997
Decrease in broadcast revenues receivable	2,370	998	713
(Increase) decrease in real estate receivables	314	743	(114)
(Increase) decrease in other receivables	129	2,695	(3,828)
Increase in prepaid expenses and other current assets	(292)	(287)	(383)
(Increase) decrease in properties held for sale or development:			
Capital expenditures	(2,647)	(9,927)	(5,994)
Proceeds from sales	6,780	1,821	22,117
(Gains) losses on sales	(919)	282	(162)
Unrealized loss on properties held for sale	-	984	4,027
(Increase) decrease in restricted cash and investment securities	(3,351)	(9,752)	24,487
Increase in other assets	(1,335)	(34)	(241)
Increase in accounts payable and accrued liabilities	1,534	1,072	2,438
Increase (decrease) in liabilities to other regions, at-large shareholders and village corporations	2,075	(3,208)	(28,567)
	$ 5,076	(15,141)	15,490

For purposes of the consolidated statements of cash flows, acquisitions and dispositions of all highly liquid investments purchased with a maturity of three months or less are shown net and are included in investment securities.

Interest paid, net of amounts capitalized, was $3,622,000, $5,965,000 and $8,136,000 during 1993, 1992 and 1991, respectively.

Non-cash investing activities include federal properties received pursuant to ANCSA in the amount of $50,098,000 in 1991.

Interest expense includes accretion of discount on long-term debt of $3,493,000, $7,758,000 and $7,259,000 in 1993, 1992 and 1991, respectively.

(5) DISCLOSURES ABOUT FAIR MARKET VALUE OF FINANCIAL INSTRUMENTS

Cash and Current Receivables and Payables

The carrying amount approximates fair value due to the short maturity of these instruments.

Investment Securities and Restricted Cash and Investment Securities

The fair value of investment securities and restricted cash and investment securities is based on quoted market prices for these or similar investments.

Long-Term Notes Receivable

The fair value of the Company's long-term notes receivable is estimated based on discounting cash flows through the estimated maturity using estimated market discount rates that reflect the credit and interest rate risk inherent in the notes.

Long-Term Debt

The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities.

Non-Current Film Contracts

The fair value of non-current film contracts is estimated based on discounting expected cash flows over the term of the contracts using estimated market discount rates.

The estimated fair values of the Company's financial instruments are summarized as follows:

	At December 31, 1993	
	Carrying Amount	Estimated Fair Value
	(In Thousands)	
Long-term notes receivable	$ 5,554	5,653
Restricted cash and investment securities:		
Escrowed pursuant to 7(i) settlement agreement (note 3)	4,442	4,442
Escrowed to secure indemnification under tax sharing agreements (note 12)	87,098	87,842
Other	1,468	1,468
Non-current film contract obligations	2,431	2,186
Long-term debt	113,405	113,470

(6) INVESTMENTS

The Company has investments in common stock, partnerships and joint ventures related to television and radio broadcasting, real estate development, oil and gas exploration, construction, equipment and oilfield service activities. The following is a summary of these investments at December 31:

	1993	1992
	(In Thousands)	
Investments in producing oil and gas leases, net of accumulated amortization and depletion of $27,322,000 in 1993 and $22,993,000 in 1992	$ 27,944	30,630
Investments in oil and gas leases held for development	2,522	2,504
	30,466	33,134
Natural resource projects, at cost	11,866	12,159
Natural resource investments	$ 42,332	45,293
Investments reported using the equity method of accounting:		
Broadcast	32,233	34,907
Construction, equipment and oilfield services	15,478	17,998
Real estate	-	34
Investments in affiliates	$ 47,711	52,939

The following is a summary of financial information of unconsolidated investees accounted for using the equity method:

COMBINED BALANCE SHEETS
December 31, 1993 and 1992
(Unaudited, In Thousands)

	1993		1992		
	Broadcast	Const/Equip Oilfield Serv	Broadcast	Const/Equip Oilfield Serv	Real Estate
Assets:					
Current assets	$ 15,090	13,876	121,502	15,884	11
Noncurrent assets	125,668	16,691	134,317	15,796	3,086
	$ 140,758	30,567	255,819	31,680	3,097
Liabilities and partners' equity:					
Current liabilities	$ 7,660	6,201	30,943	4,650	614
Noncurrent liabilities	90,857	4,490	179,608	2,917	2,506
Partners' equity	42,241	19,876	45,268	24,113	(23)
	$ 140,758	30,567	255,819	31,680	3,097
Partners' equity allocable to the Company	$ 32,233	11,048	34,907	13,150	34
Cost in excess of net book value of assets acquired, less accumulated amortization	-	4,430	-	4,848	-
Cook Inlet Region, Inc. investment	$ 32,233	15,478	34,907	17,998	34

COMBINED STATEMENTS OF INCOME
Years ended December 31, 1993, 1992 and 1991
(Unaudited, In Thousands)

	1993	1992	1991
Revenues:			
Broadcast	$ 50,142	100,285	61,160
Construction, equipment and oilfield services	74,120	64,588	58,960
Real estate	-	-	-
Total revenues	124,262	164,873	120,120
Expenses:			
Broadcast	47,752	74,674	106,582
Construction, equipment and oilfield services	63,034	59,332	53,283
Real estate	-	294	284
Total expenses	110,786	134,300	160,149
Net income (loss)	$ 13,476	30,573	(40,029)
Net income (loss) allocable to Cook Inlet Region, Inc.:			
Broadcast	-	13,054	(22,613)
Construction, equipment and oilfield services	5,562	2,533	2,040
Real estate	-	(150)	(128)
	$ 5,562	15,437	(20,701)

The Company has agreements with its broadcast affiliate partners which allocate annual profits and losses disproportionately among the Company and its partners.

The long-term debt of the unconsolidated investees is without recourse to the Company.

(7) PROPERTY AND EQUIPMENT

The following summarizes property and equipment by major function at December 31:

	1993	1992
	(In Thousands)	
Rental properties	$ 107,558	88,709
Broadcast properties	16,691	15,802
Properties under development	22,397	34,925
Properties held for investment or development	51,761	47,723
Properties held for sale	25,976	30,225
Natural resource properties	2,117	2,135
Other	5,573	5,521
	232,073	225,040
Less properties held for sale, current	(11,690)	(16,252)
	$ 220,383	208,788

(8) LONG-TERM DEBT

The following summarizes long-term debt at December 31:

	1993	1992
	(In Thousands)	
Land and Real Estate		
Mortgage notes payable, due in monthly installments aggregating $331,000 including interest with effective rates from 6% to 7.3%. Final payments due at various dates through May 2007.	$ 41,532	13,766
Less unamortized discount	(198)	(232)
Total mortgage notes payable	41,334	13,534
Construction note payable, interest only payments at prime plus 1.5% due monthly through November 1994, with a one year extension option after which time the note will convert to long-term financing. Principal borrowing limit is $10,000,000.	7,897	5,724
Natural Resources		
Notes payable to bank, due in monthly installments of $182,000 plus interest at prime minus 1/2%, LIBOR plus 3/4%, and 8.12% through April 1995.	-	2,986
Construction, Equipment and Oilfield Services		
Note payable to bank, minimum annual installments of $600,000. Interest due monthly at prime plus 3/4%.	-	2,400
Broadcast		
Senior secured notes, interest only payments due semi-annually at 10-3/4%, principal due in September 1998 or annually to the extent of 50% of the station's excess cash flow, as defined.	65,129	-
Note payable to bank, due June 30, 1993 including interest at 8%.	-	3,265
Zero coupon senior notes with yields to maturity ranging from 13% to 13.5%, due 1992 through 1994, net of $12,000,000 held by the Company in 1992.	-	72,000
Less unamortized discount	-	(7,837)
Total zero coupon senior notes	-	64,163
13-7/8% subordinated debentures, semi-annual interest payments, principal due December 15, 1997, net of $13,345,000 held by the Company in 1992.	-	16,655
Less unamortized discount	-	(35)
Total subordinated debentures	-	16,620
10-3/4% note payable, including deferred interest of $1,288,000 in 1992, interest due quarterly at 8-1/4%, principal due December 2000.	-	26,288
Total long-term debt	114,360	134,980
Less current installments	955	6,477
Long-term debt, excluding current installments	$ 113,405	128,503

During 1993 the Company completed a restructuring and repurchase of debt related to Cook Inlet Communications Corporation, the Company's New Haven, Connecticut television station (WTNH). The restructure was implemented through a prepackaged Chapter 11 reorganization of WTNH concluded in September 1993. The restructure included the following elements:

- *The Company acquired at a discount its 10-3/4% note payable which had an outstanding balance of $26,445,000 and its 8% note payable to a bank which had an outstanding balance of $3,265,000. The purchase of these notes at a discount resulted in a net extraordinary gain of $6,301,000.*

- *Agreement was reached to restructure the outstanding debt with the holders of the 13% to 13.5% Zero Coupon Senior Notes and the holders of 13-7/8% subordinated debentures resulting in:*
  - *$74,000,000 of new Senior Secured Notes at a reduced interest rate of 10-3/4% issued in settlement of $87,828,000 of outstanding debt, including unpaid accrued interest. The deferred gain on restructuring is recorded as an offset to the Company's investment in broadcast related assets.*
  - *The restructure extended maturity of WTNH debt to September 1998.*
  - *The restructured debt is secured by the common stock of WTNH and is otherwise without recourse to the Company.*

- *CIRI and other consolidated subsidiaries converted their holdings of WTNH debt to 16% Preferred Stock of WTNH.*

- *The 20% minority interest owner of WTNH transferred its equity to the Company and forgave a management fee receivable from the Company of approximately $3,228,000 and received, in exchange, $2,618,000 of 16% Preferred Stock in WTNH.*

- *The Company currently owns 100% of the common stock and 93% of the outstanding Preferred Stock of WTNH.*

Scheduled maturities of long-term debt at December 31, 1993, excluding unamortized discounts of $198,000, are as follows:

Year ending December 31,	Amount
	(In Thousands)
1994	$ 955
1995	8,922
1996	1,099
1997	1,180
1998	100,423
Thereafter	1,781

Property and equipment and certain cash deposits are pledged to secure land and real estate long-term debt. Land and the Company's share of related gas production are pledged to secure oil and gas development debt. The Company's partnership interest and share of distributions from the partnership are pledged to secure the construction, equipment and oilfield services debt. Interest costs of $264,000 and $341,000 were capitalized and included in participating interest in oil and gas leases and development properties for the years ended December 31, 1993 and 1992, respectively.

(9) INCOME TAXES

In February 1992, the Financial Accounting Standards Board issued SFAS 109, Accounting for Income Taxes. This Statement requires that the Company recognize income tax benefits for loss carryforwards, credit carryforwards and certain temporary differences for which tax benefits have not previously been recorded. A valuation allowance on deferred tax assets would then be provided when it is more likely than not that some part of the deferred tax asset will not be realized.

The Company has certain unresolved questions regarding the treatment under SFAS 109 of basis differences associated with the Company's ANCSA lands. Because of the unique tax attributes of ANCSA corporations, current interpretations of SFAS 109 could result in the Company recording net deferred tax assets, after valuation allowance, between zero and $500,000,000. Management believes that implementation under the current interpretation of the statement would result in misleading financial statements and has delayed implementation pending resolution of these questions.

The Company and its subsidiaries file consolidated federal and state income tax returns. The actual tax expense included in other expenses for 1993, 1992 and 1991 differs from the "expected" tax expense (computed by applying the U.S. Federal corporate income tax rate of 34% to income before income taxes) as follows:

	1993	1992	1991
		(In Thousands)	
Computed "expected" income tax expense	$ 8,618	7,972	5,782
State income tax, net of federal income tax benefit	1,151	(1,055)	(854)
Net permanent differences	(2,020)	(7,585)	(17,109)
Net operating loss carryforwards generated but not recognized	-	668	12,181
Alternative minimum tax	617	-	-
Utilization of tax loss carryforwards	(7,749)	-	-
Provision for income taxes	$ 617	-	-

The Company has significant net operating loss carryforwards available for income tax reporting purposes and financial statement purposes. In 1993, the Company realized a benefit from utilization of net operating loss carryforwards.

The Company's consolidated federal income tax returns for 1984 through 1989 are currently being examined by the Internal Revenue Service (IRS). During 1991, the IRS proposed significant adjustments to the returns, chiefly related to the valuation for tax purposes of certain of the Company's non-producing natural resource properties. Management believes that all the Company's values are supported by appropriate independent valuations and is vigorously contesting the proposed IRS adjustments. The ultimate resolution of these proposed adjustments may result in a charge to earnings in the future. However, management believes any adjustments will not have a material adverse effect on the financial position of the Company.

(10) RENTAL ACTIVITIES

The Company owns office and industrial facilities which it leases to others under non-cancelable operating leases expiring at various times over the next five years. Minimum future rental revenues are as follows:

Year ending December 31	(In Thousands)
1994	$ 3,944
1995	3,616
1996	2,873
1997	1,033
1998	686
	$ 12,152

Apartment units are leased under short-term rental agreements, generally for periods of three to six months. Rental revenues related to the apartments totaled $10,417,000, $6,561,000 and $803,000 in 1993, 1992 and 1991, respectively.

Following is a summary of rental properties at December 31, 1993 and 1992:

	1993	1992
	(In Thousands)	
Office and industrial facilities	$ 51,172	32,951
Apartment complexes	56,386	55,758
	107,558	88,709
Less accumulated depreciation	(12,082)	(9,389)
	$ 95,476	79,320

(11) BUSINESS SEGMENT INFORMATION

The operations of the Company are organized into principal segments including natural resources, broadcast, land and real estate, construction, equipment and oilfield services, and investment securities.

Natural resource operations include activities of the Company related to interests in subsurface estate of land received pursuant to ANCSA or otherwise acquired by the Company, with revenues relating primarily to royalty payments from oil and gas production on the Company's lands, working interest production from the Company's natural resource investments and sales of subsurface estate. Land and real estate operations include activities of the Company related to the surface estate of land received pursuant to ANCSA or purchased by the Company; revenues include property rentals as well as revenues from the development and sale of real estate holdings. Construction, equipment and oilfield service operations include the Company's involvement in oil drilling, oilfield related real estate activity, oilfield services, and construction and equipment rental and maintenance. Broadcast operations represent the Company's involvement in television and radio broadcasting. The investment securities segment includes the Company's investment securities portfolios.

Intersegment sales are not material for business segments.

Information by business segment follows:	1993	1992	1991
		(In Thousands)	
Segment income (loss):			
Natural resources, royalty production and other	$ 3,032	2,261	2,541
Natural resources, working interest production	1,149	3,110	5,419
Broadcast	9,861	17,937	48
Land and real estate	3,883	98	(1,514)
Construction, equipment and oilfield services	4,347	2,322	2,749
Investment securities	6,174	9,230	10,303
	28,446	34,958	19,546
Other significant items:			
Natural resources	(75)	(1,439)	(3,500)
Broadcast	-	-	(13,406)
Land and real estate	9,604	2,408	34,641
Investment securities	-	(270)	-
Other	(347)	7,629	537
	9,182	8,328	18,272
Corporate general and administrative expense	(5,969)	(7,770)	(7,372)
Operating income	31,659	35,516	30,446
Other, net			
Broadcast	(3,990)	(11,282)	(13,107)
Other	(2,320)	(786)	(331)
Consolidated net income	$ 25,349	23,448	17,003
Identifiable assets:			
Natural resources	58,665	61,787	56,770
Broadcast	178,620	204,850	198,066
Land and real estate	223,843	219,292	206,456
Construction, equipment and oilfield services	19,004	21,575	20,415
Investment securities	119,827	99,801	111,859
Corporate and other	894	1,383	858
Consolidated net assets	$ 600,853	608,688	594,424
Capital expenditures:			
Natural resources	1,277	8,047	6,957
Broadcast	821	2,161	10,147
Land and real estate	3,711	11,692	5,994
Construction, equipment and oilfield services	-	2	9,329
Corporate and other	323	203	251
Consolidated capital expenditures	$ 6,132	22,105	32,678
Depreciation, depletion and amortization:			
Natural resources	4,351	5,444	4,780
Broadcast			
Film contract rights	2,978	4,751	4,574
Other	5,552	6,052	5,969
Land and real estate	2,538	1,520	848
Construction, equipment, and oilfield services	389	388	352
Corporate and other	333	532	643
Consolidated depreciation, depletion and amortization	$ 16,141	18,687	17,166

(12) OTHER SIGNIFICANT ITEMS

The following schedule details amounts included in other significant items on the consolidated statements of income for the years ended December 31, 1993, 1992 and 1991:

	1993	1992	1991
		(In Thousands)	
Land entitlement settlement adjustments	$ 9,604	3,393	39,400
Sale of income tax net operating losses, net of expenses	(347)	7,878	2,424
Write-off of unsuccessful oil and gas drilling costs	(75)	(1,439)	(3,500)
Write-down of assets to net realizable value	-	(1,504)	(4,815)
Write-off of investment in WSMV	-	-	(13,406)
Other	-	-	(1,831)
	$ 9,182	8,328	18,272

During the three years ended December 31, 1993 the Company recorded income resulting from land entitlement settlement adjustments. The Company does not expect significant adjustments in the future.

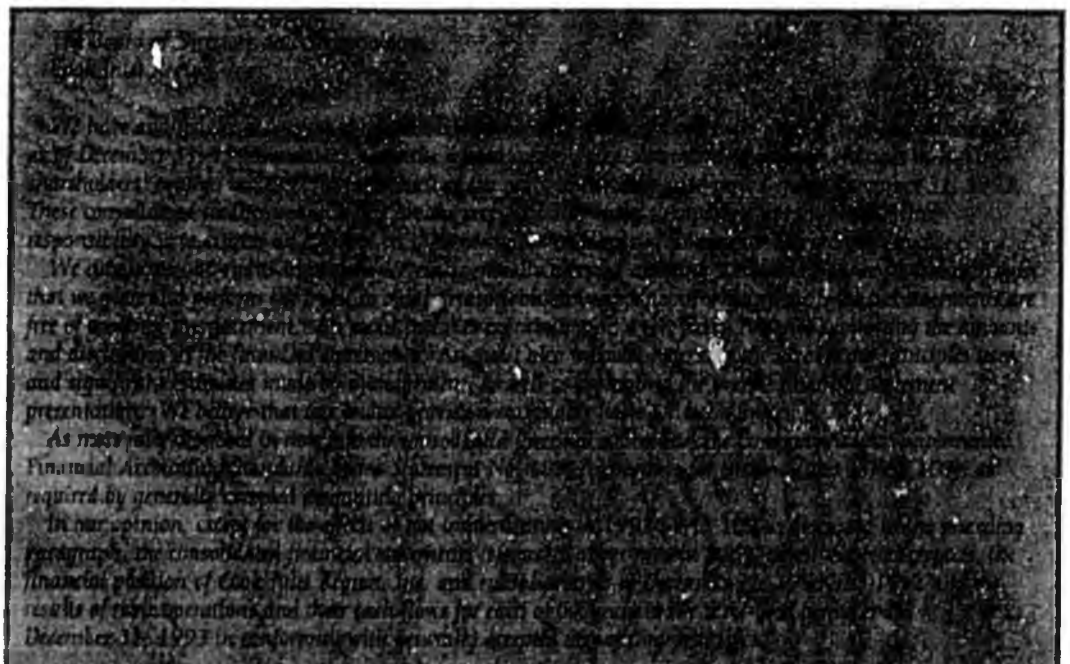
In 1989 and 1988 the Company entered into agreements with other corporations to realize the current economic benefit of a portion of the Company's accumulated income tax net operating losses. In accordance with the agreements, a portion of the Company's anticipated share of the benefits is held in interest earning escrow accounts until certain contingencies are resolved. $87,098,000 and $86,423,000 related to these transactions are included in restricted cash and investment securities at December 31, 1993 and 1992, respectively.

In 1991, the Company wrote off its 50% investment in a Nashville, Tennessee broadcast television station. At that time, the Company's assessment of the broadcast industry in Nashville and the prospects of reaching agreement with lenders to the station regarding restructure of debt service requirements led to the write-off. Subsequent successful renegotiation of the terms of the station's debt combined with improved performance of the station cause management to believe that the Company will recover a portion of its investment.

(13) COMMITMENTS AND CONTINGENCIES

The Company is subject to various commitments and contingencies arising in the normal course of business. In the opinion of management, the ultimate outcome of such matters will not have a material effect on the financial position or results of operations of the Company.

INDEPENDENT AUDITORS' REPORT


March 11, 1994
Anchorage, Alaska

KPMG Peat Marwick

Financial Condition and Results of Operations

THE COMPANY

Cook Inlet Region, Inc. (together with its subsidiaries, the "Company") is a regional corporation formed pursuant to the Alaska Native Claims Settlement Act of 1971 ("ANCSA"). The Company is owned by approximately 6,700 predominantly Aleut, Eskimo, and Athabascan Indian shareholders.

ANCSA provided for the conveyance of approximately $962 million and 44 million acres of land to twelve regional corporations, and with respect to a portion of the surface estate of such land, numerous village corporations within those regions, in settlement of Alaska Natives' aboriginal land claims. The Company's original share of this entitlement was $34.3 million, and approximately 1.2 million acres of surface estate and 2.3 million acres of subsurface estate.

The Company is by far the largest private landowner in the Cook Inlet region, which is centered around Anchorage, Alaska's largest city, and which includes the Cook Inlet oil and gas basin. Most of the Company's Alaska land consists of large, rural tracts with little likelihood of surface commercial development in the near term. Subsurface estate in these lands, however, has proven very valuable. The Company owns royalty and working interests in producing oil and gas fields as well as other explored and unexplored oil and gas prospects. The Company's subsurface land ownership, combined with its substantial holdings of mining claims in Alaska, led to the creation and growth of its Natural Resources segment.

Since 1976, the Company has consolidated its original land entitlement through legislative action. Among these adjustments was the creation of an account with the United States government through which the Company could fulfill a portion of its land entitlement by acquiring properties disposed of by the federal government. This "Treasury Account" has been used by the Company to acquire approximately $210 million of properties throughout the United States disposed of by federal agencies and instrumentalities. As of December 31, 1993, the Company had approximately $12 million remaining in this account. Subsequent to December 31, 1993, the Company acquired two additional apartment properties, leaving about $1 million in the Treasury Account to be used to acquire federal properties. Substantial real estate holdings acquired with the Treasury Account are the underpinning of the Company's Real Estate division.

Financial and income tax incentives designed to encourage minority ownership of broadcast stations provided the basis for the Company's substantial investment during the 1980s in its Broadcast division. The Company owns a 50% interest in three radio stations serving major metropolitan markets in the United States. In addition, the Company owns the ABC television affiliate serving New Haven/Hartford, Connecticut and a 50% interest in the NBC television affiliate in Nashville, Tennessee.

FINANCIAL CONDITION

Total Assets *At the end of 1993 the Company's assets totaled $601 million, compared to $609 million and $594 million at the end of 1992 and 1991, respectively. The following schedule summarizes total assets by business segment at the end of each of the last three years:*

	1993	1992	1991
	(In Thousands)		
Natural resources	$ 58,665	61,787	56,770
Broadcast	178,620	204,850	198,066
Land and real estate	223,843	219,292	206,456
Construction, equipment and oilfield services	19,004	21,575	20,415
Investment securities	119,827	99,801	111,859
Other	894	1,383	858
Total assets	$ 600,853	608,688	594,424

Working Capital and Liquidity *Liquidity represents the Company's ability to meet its obligations as they come due and to take advantage of investment opportunities as they arise. The Company's liquidity is represented by the amount of cash, cash equivalents, marketable securities and other assets which can be converted to cash in a relatively short time period, net of liabilities which are due in the relative near-term. Among common measures of liquidity at a point in time are the amount of working capital, the ratio of current assets to current liabilities (working capital ratio) and the amount of cash and marketable securities held.*

At the end of each of the last three years, the Company's working capital was as follows:

	1993	1992	1991
	(In Thousands)		
Current assets	$ 65,874	61,110	79,485
Current liabilities	22,604	28,996	65,369
Working capital	$ 43,270	32,114	14,116
Working capital ratio	2.9 to 1	2.1 to 1	1.2 to 1

Unrestricted cash, cash equivalents and marketable securities held by the Company for liquidity and investment purposes totaled $37.9 million at the end of 1993, compared to $20.5 million and $40.1 million at the end of 1992 and 1991, respectively.

The Company's working capital and liquidity position improved substantially in 1993. In addition to cash generated from normal operations, the following factors contributed to improved working capital and liquidity:

- *Cash distributions from operations in radio broadcasting and construction, equipment, and oilfield services totaled $13.3 million in 1993.*
- *The Company's radio partnership sold three radio stations at the end of 1992 which paid off all debt in the partnership early in 1993.*

- Management restrained capital expenditures and new investments in 1993. Cash expended for capital additions, net of sales, for 1993 totaled $7 million, compared to $11.2 million in 1992 and $21.9 million in 1991, respectively.

- As part of a restructuring of the Company's Connecticut television station, the Company purchased $32.7 million of outstanding debt at a discounted price of $26.4 million in late 1992 and 1993. (See Broadcast division on page 38.) The debt repurchases were funded by borrowings, net of debt repayments, of $28 million.

The Company has a policy of paying consistent cash dividends to shareholders. The Company's cash dividends exceeded $11 million in each of the last three years.

Results of Operations

Net income for the year ended December 31, 1993 increased to $25.3 million from 1992 net income of $23.4 million and 1991 net income of $17 million. Following is a summary of net income for the last three years with operating income detailed by business segment:

	1993	1992	1991
	(In Thousands)		
Operating income:			
Natural resources	$ 4,181	5,371	7,960
Broadcast	9,861	17,937	48
Land and real estate	3,883	98	(1,514)
Construction, equipment and oilfield services	4,347	2,322	2,749
Investment securities	6,174	9,230	10,303
Operating income	28,446	34,958	19,546
Other significant items	9,182	8,328	18,272
General & administrative expenses	(5,969)	(7,770)	(7,372)
Other expenses, net	(12,611)	(12,068)	(13,438)
Repurchase of broadcast debt	6,301	-	-
Net income	$ 25,349	23,448	17,008

The three year period was marked by very substantial improvement in the Company's Broadcast division resulting from management efforts to restructure station operations and financing. Over the three years, the Company's Real Estate division produced significant, steadily improving results as investments in income properties acquired with the Treasury Account came on line. These improvements were partially offset by declining oil and gas production in the Natural Resources division and lower income from investment securities caused by smaller average balances invested and lower interest rates.

Natural Resources

The Cook Inlet area of Alaska has had significant oil and gas activity since the 1950s. The region contains numerous producing oil and natural gas fields and supports oil refining, fertilizer manufacturing and export facilities for oil and liquefied natural gas. The majority of the Company's vast subsurface land holdings are located in this region. The Company owns royalty and working interests in producing oil and gas fields in Cook Inlet as well as substantial acreage currently under exploration agreements and mineral leases. In addition, the Company owns a working interest in the Endicott oil field on the North Slope of Alaska.

Following is a summary of net operating income from the Company's oil and natural gas royalty and working interests for each of the last three years:

	1993	1992	1991
	(In Thousands)		
Royalty interests:			
Revenue	$ 6,382	6,542	7,430
Expenses	(1,488)	(665)	(895)
Section 7(i) revenue sharing	(3,065)	(4,164)	(4,604)
	1,829	1,713	1,931
Working interests:			
Revenue	10,866	14,311	13,376
Operating expenses	(4,594)	(4,057)	(3,377)
Depletion, depreciation and amortization	(4,117)	(5,444)	(4,780)
Section 7(i) revenue sharing	(847)	(1,700)	200
	1,308	3,110	5,419
Oil and gas operating income	$ 3,137	4,823	7,350

The above schedule shows that operating income from oil and gas royalty interests and working interests has declined steadily over the last three years. This results from declining production as reserves are depleted in the fields as well as lower than expected production from the Company's West Fork gas field, which was developed in 1991 and 1992.

Because the value of lands received under ANCSA was not determinable at the dates conveyed, the Company has recorded substantially no value for subsurface interests received. The Company's assets do not reflect a carrying value for such interests and, consequently, no depletion expense is reflected in the Company's income statement for oil, natural gas or other minerals extracted from lands received under ANCSA.

The Company also generates natural resource income from timber and mining sources and sales of subsurface lands, and receives distributions of 7(i) revenue sharing from other regional corporations. Operating income generated from these sources totaled $1,044,000, $548,000 and $610,000 in 1993, 1992 and 1991, respectively.

ANCSA Sections 7(i) and 7(j). *Natural resource revenues generated from subsurface estate and timber received by the Company as part of its ANCSA land entitlement are subject to certain revenue sharing obligations under ANCSA Section 7(i), as defined and clarified in that certain Section 7(i) Settlement Agreement entered into among the twelve regional corporations ("Section 7(i)"). In effect, Section 7(i) requires that approximately 60.3% of revenues generated from timber and subsurface resources on the Company's ANCSA lands, net of certain defined costs, be shared with the other 11 regional corporations. ANCSA Section 7(j) requires, in effect, that approximately 2.8% of such revenues and one half of all Section 7(i) receipts from other regional corporations be distributed to village corporations within the Company's region and "at-large" shareholders of the Company who are not members of such village corporations.*

The Company accrues a liability for Section 7(i) and 7(j) distributions as the related timber and subsurface revenues are generated. The Company has recorded a long-term liability to other regions, at-large shareholders and village corporations to account for timing differences between recognition of revenues and expenses for financial statement purposes versus Section 7(i) purposes. Section 7(i) and 7(j) distributions payable within one year are reflected as a current liability in the Company's balance sheet. Section 7(i) and 7(j) expense charged against income in 1993 totaled $5.3 million compared to $5.9 million and $4.6 million in 1992 and 1991, respectively.

The Company is entitled to receive Section 7(i) revenue sharing from the other 11 regional corporations. As noted above, one half of these receipts is subject to redistribution under Section 7(j). Receipts of Section 7(i) revenues from other regional corporations, net of Section 7(j) sharing with villages and at-large shareholders, totaled $663,000, $551,000 and $933,000 in 1993, 1992 and 1991, respectively. The Company does not expect Section 7(i) revenues from other regions to be a material source of revenues in the short-term future.

BROADCASTING

The Company's investment in broadcasting consists of:

- *A 50% ownership interest in Cook Inlet Radio Partners, L.P., a group of FM and AM radio stations located in major metropolitan markets in the United States ("Radio Group"). The Radio Group is accounted for using the equity method in the Company's financial statements. The Company's investment in the Radio Group is included in "Investments in affiliates" in the Company's balance sheet.*

- *All common stock and 93% of the preferred stock of Cook Inlet Communications Corporation, owner of WTNH, the ABC television affiliate serving in New Haven/Hartford, Connecticut. WTNH is consolidated in the Company's financial statements.*

- *A 50% ownership interest in Cook Inlet Television Partners, L.P. ("CITP"), owner of WSMV, the NBC television affiliate located in Nashville, Tennessee. WSMV is accounted for using the equity method in the Company's financial statements. In 1991, the Company wrote off its investment in WSMV, recognizing a charge of $13.4 million.*

Performance of the Company's Broadcast division improved substantially in 1992 and 1993.

A nationwide recession which began in 1990 and persisted through much of 1992 caused a very substantial decline in advertising revenue throughout the broadcast industry in the United States. WTNH was particularly hard hit by the national recession as well as a severe and prolonged recession in the Connecticut economy driven by contractions in the defense and insurance industries. Operating cash flow of WTNH declined 25.4% from 1989 through 1992. Successful efforts by management to restructure the operations as well as the debt structure of WTNH, combined with some recovery in the national and Connecticut economies in 1993, increased the station's operating cash flow from $12 million for 1992 to $15.2 million for 1993. Operating cash flow in the Company's Nashville, Tennessee television station declined in 1990 and 1991 but through restructuring efforts and economic improvement began a recovery in 1992 which strengthened in 1993. The Company's Radio Group was less affected by the economic recession than television. Some decline in revenues occurred in 1990 and 1991 but operating cash flow from the Company's remaining stations grew dramatically in 1993.

Operating income and net income in the Company's Broadcast division for 1991 through 1993 were as follows:

	1993	1992	1991
		(In Thousands)	
Operating income	$ 9,861	17,937	48
Net income (loss)	$ 5,257	6,651	(27,112)

Income from the Broadcast division includes several significant transactions in the last three years.

- *In 1993 the Company reached agreement with the holders of various outstanding debts related to WTNH to extend the maturity, lower the interest rate, forgive unpaid interest and accept discounts of the principal amounts owed. The Company converted outstanding debt of WTNH which was held by CIRI and certain other subsidiaries into preferred stock in the station and took ownership of the 20% of common stock previously held by minority interests. This restructure was concluded through a prepackaged Chapter 11 reorganization of WTNH. Included in 1993 net income are extraordinary gains of $6.3 million resulting from the repurchase by the Company of certain debts at a discount (See Note 8 of the Consolidated Financial Statements).*

- In late 1992 the Company sold its Boston, Atlanta and Chicago radio stations for $100 million. The sale resulted in a gain recorded in the Company's 1992 financial statements of approximately $13.3 million. In February 1993 the proceeds from this sale repaid all of the Radio Group's outstanding debt. The Radio Group now holds three FM and one AM radio stations which are debt-free. Each of these stations is also under a separate contract for sale, each of which is scheduled to close in 1994. In 1993 the Company took cash distributions from its Radio Group totaling $5.9 million.

- In 1991 the Company wrote off its investment in WSMV recognizing a loss of $13.4 million. At that time, the Company's assessment of the broadcast industry in Nashville and the prospects of reaching agreement with WSMV's lenders regarding a restructuring of debt service requirements led to this write-off. Subsequent successful renegotiation of the terms of WSMV's debt combined with a very significant recovery of the advertising market in Nashville substantially improved advertising revenues and operating cash flow in 1993. Management believes the Company will recover a portion of its investment in WSMV.

Management anticipates that the broadcast industry in the United States will undergo substantial changes in the next several years as the broadcast, cable, telephone and wireless communications businesses converge. In preparation for these changes, the Company has developed a business plan for its broadcast division which may include the following:

- The radio group has entered into agreement to sell its remaining stations in Washington, D.C., Houston, Texas and Seattle, Washington to various parties. The sale agreements are subject to approval of the Federal Communications Commission. Management currently expects the sale transactions to close in 1994, although the contingency of Federal Communications Commission approval may affect the sale of the Washington, D.C. stations.

- The Company is exploring reinvesting into a new geographically diverse group of radio stations.

- In order to reduce the relative amount of the Company's assets invested in broadcast television and to diversify its television investment geographically, the Company may explore opportunities for sale and/or merger of its interests in WTNH and WSMV.

- In order to diversify investment into areas which may benefit from changes expected in the communications industry, the Company is exploring investment opportunities in cable, telephone and personal communications licenses.

Construction, Equipment and Oilfield Services

The Company, through affiliates and joint ventures, performs equipment maintenance, construction, oilfield services and oil and gas drilling in Alaska's North Slope oilfields and elsewhere. Operating income from these activities totaled $4.3 million in 1993, $2.3 million in 1992 and $2.7 million in 1991. Cash distributions from joint ventures increased substantially and was a significant component of the Company's overall growth in cash flow from operations. Cash distributions from joint ventures totaled $7.5 million in 1993, compared to $800,000 in 1992 and $4.1 million in 1991.

Land and Real Estate

Under the terms of ANCSA, the Company was originally entitled to receive 1,260,000 acres of surface estate and 2,285,000 acres of subsurface estate. As of December 31, 1993, the Company had received approximately 924,000 acres of its surface entitlement and approximately 1.6 million acres of its subsurface entitlement. Because the value of lands received was not determinable at the dates conveyed, the Company has recorded substantially no value for these lands in its financial statements. Total assets of the Company do not reflect a substantial portion of the Company's land and resource holdings.

The Company obtained adjustments to its entitlement through legislation, which provided for exchanging and consolidating public and private lands and permitted a portion of the Company's entitlement to be fulfilled through acquisition of certain properties disposed of by the federal government, using a legislatively established account (the "Treasury Account"). Through 1993, the Company has acquired approximately $ 210 million of federal properties through this mechanism. Approximately $175 million of such acquisitions have been recorded as direct additions to paid-in capital.

The Company realized the results of additional land entitlement settlements in 1993, 1992 and 1991 of $9.6 million, $3.4 million and $39.4 million, respectively and recorded revenue in these amounts. Included in other assets at December 31, 1993, is $12 million representing land entitlement settlement amounts remaining to be exchanged for properties. Subsequent to December 31, 1993, the Company utilized $11 million of this balance to acquire two additional apartment properties, leaving a remaining balance to be utilized of about $1 million.

The Company began utilizing its Treasury Account in 1977. Until 1988 the Treasury Account could be used only to acquire surplus property disposed of by the General Services Administration. The number, type and quality of properties acquired during this period *varied widely and included a substantial amount of vacant land, with some office buildings, residential developments and industrial properties. Since 1988 the Company has been permitted to use the Treasury Account to acquire property from any agency or instrumentality of the United States and has acquired numerous high quality income properties from the Federal Deposit Insurance Corporation and the Resolution Trust Corporation.*

Operating income grew substantially over the three year period ended December 31, 1993, as several income producing properties were acquired and came on line. The Company's investment in office buildings, apartment properties and commercial and industrial properties grew from approximately $30 million at the beginning of 1991 to approximately $95 million at the end of 1993. Income from operations of the Land and Real Estate segment over the three year period follows:

	1993	1992	1991
		(In Thousands)	
Operating Income	$ 3,883	98	(1,514)

The Company holds a number of properties for sale which are reflected in the financial statements at net realizable value. Losses totaling $1 million in 1992 and $4 million in 1991 were recorded to reflect the net realizable value of properties classified as held for short-term sale. Real estate sales and collection of real estate notes receivable generated cash proceeds of $6 million, $2 million, and $22.1 million in 1993, 1992 and 1991, respectively. The large amount of cash generated in 1991 resulted primarily from the sale of one property.

Following is a summary of real estate, net of accumulated depreciation, held by the Company at the end of each of the last three years:

		December 31,	
	1993	1992	1991
		(In Thousands)	
Income properties:			
Apartment projects	$ 54,124	54,858	31,044
Office buildings	15,875	16,027	13,650
Commercial/industrial	25,477	8,435	4,768
	95,476	79,320	49,462
Properties under development:			
Residential	22,397	19,997	21,248
Commercial/industrial	-	14,927	8,716
	22,397	34,924	29,964
Properties held for development or investment	51,761	47,723	47,157
Properties held for sale:			
Within one year	11,690	16,252	19,043
After one year	14,286	13,973	14,734
	25,976	30,225	33,777
	$ 195,610	192,192	160,360

INVESTMENT SECURITIES

As part of its ongoing liquidity management, the Company holds a substantial investment securities portfolio. In addition, the Company holds securities for long-term investment and pursuant to escrow agreements securing obligations under Section 7(i) and under certain tax sharing agreements. A summary of the Company's cash and investment securities portfolio at the end of each of the last three years follows:

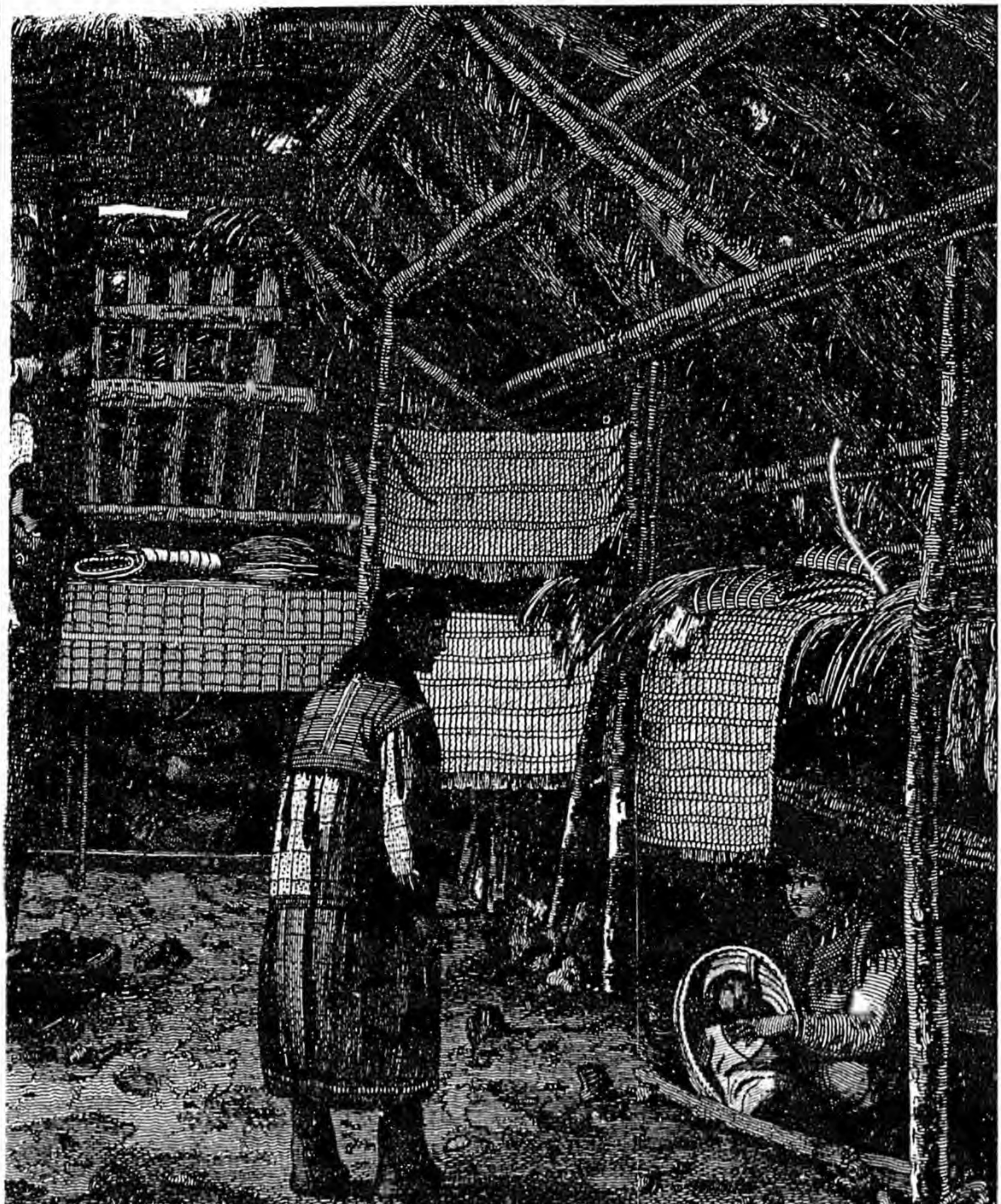
	1993	1992	1991
		(In Thousands)	
As of December 31,			
Current assets:			
Cash and cash equivalents	$ 14,526	6,760	7,879
Investment securities	18,534	10,189	24,308
Non-current assets:			
Investment securities	4,841	3,603	7,885
Restricted escrows	93,008	90,605	77,114
	$ 130,909	111,157	117,186
For the year ended December 31,			
Investment securities revenues	$ 6,437	9,507	11,041

The above schedule illustrates a significant decline in unrestricted cash and investment securities held for liquidity and investment during 1992. Although the amount of unrestricted cash and investment securities increased $17.3 million in 1993, the average balance held during the year was substantially less in 1993 than in 1992. This factor combined with very significant declines in interest rates in late 1992 and throughout 1993 resulted in the lower earnings from investment securities in 1993.

OTHER

The Company disposed of certain assets in 1987 and 1988 recognizing losses in its financial statements of approximately $5 million. Because the tax basis of such assets, determined in accordance with ANCSA, was substantially higher than the book basis of the assets, the Company's income tax returns reflected a substantial tax loss on disposal. Under a provision of the 1986 Tax Reform Act, the Company was permitted for a limited time to realize the benefit of certain tax losses through a series of tax sharing agreements with other companies. Included in Other Significant Items on the Company's income statement are revenues of $8.2 million in 1992 and $3 million in 1991 related to these tax sharing agreements. At December 31, 1993, the Company's assets include approximately $87 million of securities which are held in restricted escrow accounts pending final resolution of income tax examinations for the years 1986 through 1988.

The Company contributed $171,000 in 1993, $236,000 in 1992 and $120,000 in 1991 to The CIRI Foundation, a non-profit educational and cultural foundation.



The Aleut Corporation 1994 Annual Report

Corporate Profile

The Aleut Corporation (the Corporation) was established in 1972 under the terms of the Alaska Native Claims Settlement Act (ANCSA). This legislation provided land settlements and cash settlements to the 13 ANCSA Regional corporations formed under this Act.

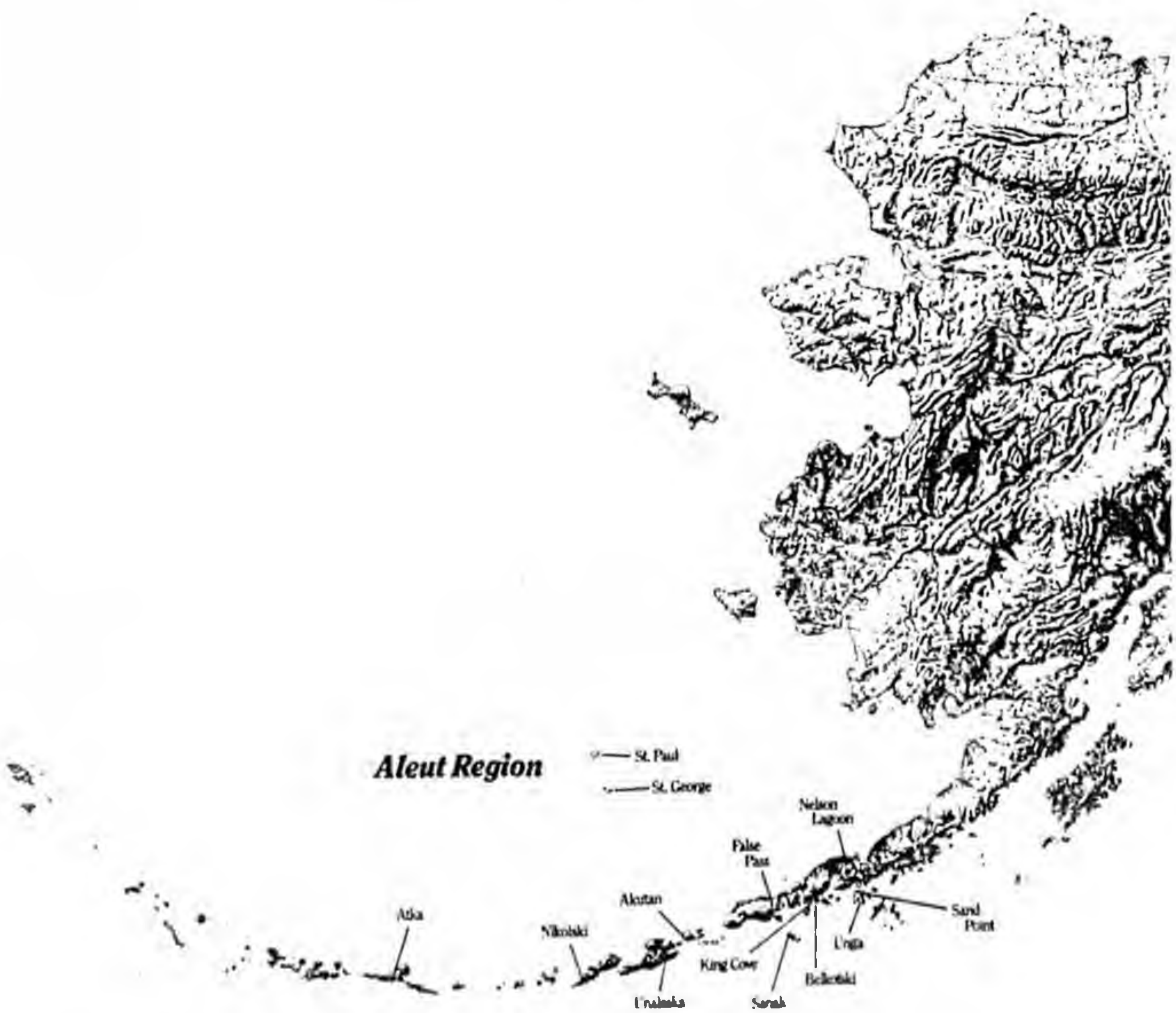
The Aleut Corporation received a settlement of $19.5 million, and was entitled to 66,000 acres of surface lands and 1.572 million acres of subsurface estate. Voting shares of stock were issued to 3,249 shareholders.

Most of the Corporation's ANCSA selections are on the Alaska Peninsula and Aleutian, Shumagin, and Pribilof Islands, situated between Port Moller on the Alaska Peninsula and the western tip of Atka Island. The Corporation owns the village site at Attu as well as numerous historical and cemetery sites between Atka and Attu islands.

The Aleut Corporation currently manages and sells sand, gravel, and rock aggregates as part of its subsurface rights within the region.

The Corporation's primary areas of business are real estate, government operations and maintenance contracting, professional consulting services, construction, aggregate sales, and investments in oil and gas producing properties and marketable securities.

The Aleut Corporation is the sole owner of two subsidiaries, Baidarka Corporation and Space Mark, Inc.



Chairman's and President's Letter to Shareholders

This has been a year in which TAC has had a mixture of positive and negative things. I will go into the positive aspect of the Corporation activities after discussing the survival of TAC over the last 22 years.

Reflecting back on the years that TAC has been in existence, its survival as a viable corporation speaks well of the people who have been involved in the policy-making (Board of Directors) and the Management (staff) of TAC to meet the challenges of being a profit and non-profit corporation due to mandates of the Alaska Native Claim Settlement Act.

TAC has been successful, but most shareholders may not be aware that many of TAC's activities are non-income producing, such as the shareholder department. This is one department that does not produce any income, but needs to be kept current with the address changes and stock transfers, etc. In order to cut costs, we are now merging the duties of the shareholder department with the executive secretary and the accounting technician.

Unlike the other regional corporations which have subsurface resources such as oil and gas, or trees for lumber, TAC has been able to survive by the investments made by the Board and Management. All the people who have worked for TAC have contributed to the survival of the Corporation along with the dedicated Board members. All these people with different backgrounds, cultures, educations and beliefs have been able to work together and have contributed to the survival of TAC. Yes, mistakes were made, but actions were taken to correct these mistakes and these same mistakes were used to create positive results. Many of the people who made contributions toward the survival of TAC are now gone; Lillie McGarvey, Barbara Jaehnig, Leonard Mack, and John Gundersen just to name a few. Many more were involved in getting the land claims settlement passed. All these people worked together for the common good of the Aleuts who are now the stockholders of TAC. To all these people we say thank you.

One of the negative factors was Baidarka Corporation activities. BC showed losses last year and will again this year. The Board took action in late summer to make changes in the corporate make-up of the subsidiaries. There were changes made in the make-up of the BC Board and Management. We are optimistic that the changes made will create positive results in the subsidiaries. The intent of the changes is to allow BC to bid more government contract related projects without the high risk of commercial construction. The loss from BC totaled $1,098,000 for the year ended March 31, 1994.

Space Mark, Inc. was certified as an 8(a) business in 1992 and in February of this year Baidarka Corporation was also given 8(a) status. Baidarka has submitted their business plan to the Small Business Administration for approval. Once the plan is approved BC will be certified as an 8(a) business. This will allow BC to bid jobs on a more competitive basis and to be eligible for set-asides in major construction projects.

Space Mark, Inc. has had a successful year. SMI has opened an office in the Aleut Plaza Building. A change in the management personnel was a positive one in that this is the first year that SMI has shown a profit of $243,000.

The Board and Management have worked together to take corrective actions on the subsidiaries when they felt it was needed. The results of these actions have been very positive, especially concerning SMI.

Perhaps the most positive highlight of the year was the settlement of the TAC vs. St. George Tanaq Corporation lawsuit. On June 10th, representatives of both corporations attended a settlement conference and mutually agreed to resolve the case. The TAC vs. City of St. George portion of the case was tried in Superior Court on August 10th and as of the date of this report, the trial judge has not yet ruled on the various motions before the Court.

The Aleut Corporation Board of Directors held their Planning Session in February 1994. It was a comprehensive planning session. The Board critiqued itself as well as the management. They looked at the past and then finally to the future of the Corporation. They held another one-day session in May. The Board will approve the final Long-Term Plan at the August meeting.

In FY 1994 TAC invested in West McArthur River Well No. 2, a potential oil and gas producing well being drilled in the Cook Inlet area of Alaska by Stewart Petroleum Company. The well was successfully completed and is now producing a substantial total return and cash flow for the Corporation.

The commercial real estate holdings have consistently maintained a 96% occupancy rate and have provided a positive cash flow for the corporation which, in turn, has assisted in offsetting corporate administrative expenses. This year TAC reduced its own office space in order to provide more income by leasing the excess space to others.

The Aleut Corporation has taken positive action in cutting costs in the operations by combining office positions, reducing office space, and finalizing the Long-Term Plan for TAC.

Ron Philemonoff
Chairman of the Board

Alice Petrivelli
President

Business Activities

Space Mark, Inc.

Space Mark, Inc. (SMI) is a wholly-owned subsidiary that was acquired by the Corporation in FY 1991 for the purpose of entering into the industry of federal government operations and maintenance (O&M) contracting. Based in Colorado Springs, Colorado, SMI's primary business is now federal government O&M contracting. SMI also has a technical consulting service business within the field of federal government O&M contracting. SMI's O&M revenue in FY 1994 was from six federal contracts. This included ongoing contracts at the U.S. Air Force Academy in Colorado Springs, Colorado and the Los Angeles U.S. Air Force Base in California and the start-up of new O&M contracts at the Galena U.S. Air Force Base in Galena, Alaska, the Fort Richardson U.S. Army Post in Anchorage, Alaska and a NASA contract at the Vandenburg U.S. Air Force Base in California.

After a long and time consuming effort SMI was certified in FY 1993 by the U.S. Small Business Administration (SBA) to be an 8(a) Small Disadvantaged (Native) Business and eligible to be included in the SBA's 8(a) program. Such certification has advantages for companies which compete for federal contracts. SMI is attempting to take full advantage of its 8(a) status while it is eligible to be included in this 9 year program. SMI has developed an excellent reputation with the SBA, receiving both its "Administrators Award for Excellence" and its Region VIII "Prime Contractor of the Year" award for 1993.

Space Mark, Inc. reported a profit $243,000 for the year ended March 31, 1994. This was SMI's first annual profit since it was acquired by the Corporation and developed into a federal government O&M contractor. Due to a combination of the expected financial impact from the new O&M contracts that were started up in the last half of FY 1994 and prospects for being awarded new O&M contracts next year SMI's management is very optimistic for improved financial results for FY 1995.

Baidarka Corporation

Baidarka Corporation (BC) is a wholly-owned subsidiary that was established in FY 1991 by the Corporation for the purpose of entering the construction industry as a general contractor in Alaska with special emphasis in the Aleut region. BC reported a loss of $(1,098,000) for the year ended March 31, 1994. Due to continued losses since inception by BC the Corporation has decided to alter the strategic direction of BC to utilize its 8(a) certification from the SBA. The Corporation expects to complete its remaining construction obligations by October 31, 1994. In the future BC will concentrate on bidding light construction and other government service contracts which may include environmental cleanup. The Board approved the business plan for BC which included the environmental, light construction and military service contracts.

Shareholder Permanent Fund

The Corporation established the shareholder permanent fund on April 1, 1992. The purpose of the fund is to accumulate investments in marketable securities to provide a future stable source of cash flow for dividends to be paid to shareholders. Funds transferred by the Corporation into the permanent fund have been restricted by the Board of Directors not to be available for other operating activities of the Corporation. The Board of Directors also established a policy to transfer one third of all future 7(i) receipts and natural resource sale receipts into the permanent fund. Additional funds may be transferred at the Board's discretion. The permanent fund will invest in both debt and equity marketable securities. Earnings of the fund will be reinvested until fund assets reach $10,000,000. After which 50% of amount of earnings will be reinvested in the fund and 50% will be distributed to shareholders.

Oil & Gas Producing Properties

West McArthur River Well No. 2 - In FY 1994 the Corporation invested in a working interest in a potential oil & gas well being drilled in the Cook Inlet area of Alaska by Stewart Petroleum Company. The well was successfully completed and began limited production in January 1994. It is anticipated that this investment will provide a substantial total return and cash flow to the Corporation beginning in FY 1995. It is anticipated that well No.3 in the West McArthur River lease acreage will be drilled in FY 1995. The Corporation plans to participate in West McArthur River Well No. 3.

Real Estate

Aleut Plaza - The Aleut Plaza is a three story class A office building located in the midtown area of Anchorage. The Aleut Corporation occupies approximately 4,500 square feet of this 30,000 square foot building with the balance of the space leased to other tenants. The building and parking area occupy approximately two acres, leaving an additional 2 1/2 acres for future expansion.

Fairbanks Street - This commercial complex consists of an 18,000 square foot office building and a 6,000 square foot warehouse on a 2 1/2 acre industrial lot with an adjoining undeveloped 2 1/2 acre lot. The Aleut Corporation leases this entire complex to Prime Cable of Alaska.

Westcenter - Westcenter is a single story commercial complex located at 510 West Tudor Road. This building consists of 24,000 square feet of office space. The building is leased to First American Title, Norwest Financial, MicroAge Computers, and Advance Chiropractic.

840 K Street - This four story office building consists of 20,000 square feet of office space on the upper two levels. The two lower levels consist of covered parking for tenants of the building. The anchor tenant for this building is Ecology and Environment, Inc., which occupies the lower floor.

Aleutian Village - The Aleutian Village trailer court is located on 25 acres of land near the Valdez airport. The facility consists of 100 permanent spaces and is managed by R. Bell and Associates. All available spaces are occupied and there is room on-site to add fifty additional spaces.

Midtown Estates - Midtown Estates is a residential subdivision located between Palmer and Wasilla in the Matanuska Valley. The subdivision features a community water system, paved streets and a natural wooded setting. There are approximately 130 one half acre lots remaining to be sold.

Other Real Estate Held For Sale Or Development - The Aleut Corporation owns other tracts of raw land and developed lots in the Matanuska Valley, the Kenai Peninsula and the Anchorage area.

Future Investments - The Corporation plans to continue to investigate possible investments in real estate that are conservative in nature and which will generate immediate positive cash flow.

Lands

Conveyances - The thirteen Aleut Region Village Corporations are in the process of finalizing the selection and prioritization of their ANCSA Section 12 (b) and 12 (a) lands. Once these lands are conveyed to the villages by the Bureau of Land Management, TAC will initiate the prioritization process for its own ANCSA Section 14 (h) (8) and 12 (a) (1) land Selections.

Resources

Quarry Operations - The Aleut Corporation has entered into a quarry operation agreement with a private contractor for purposes of operating the Ugadaga rock quarry in Unalaska. A professional and experienced quarry operator will facilitate the development and control of TAC's resources. Negotiations are also underway to implement private management of Kaminista Ridge rock quarry on St. Paul Island.

Subsurface Estate - The corporation continues to utilize the assistance of the Qawalangin Tribe of Unalaska, the Shumagin Corporation and the King Cove Corporation in the management of its subsurface resources in those respective areas. It is anticipated that FY 1995 will be a productive one with regard to income from the sale of corporate rock, sand and gravel aggregates.

FY 1989 Net Operating Loss Sale

In FY 1989 the Corporation sold 7,000 acres of land at Makushin Volcano on Unalaska Island. This acreage includes the site of the Makushin geothermal prospect which was intended to furnish electricity to Unalaska. The sale resulted in a tax loss which, in turn, was sold to a third party. The Corporation earned approximately $1 million from this transaction in FY 1989 and could potentially earn significantly more in future income provided the ultimate outcome of an Internal Revenue Service (IRS) audit is favorable. However, the IRS has aggressively challenged the Corporation's treatment of this transaction for tax purposes and the ultimate outcome of the IRS audit cannot be determined at this time. Due to the large dollar amount involved in this transaction, the Corporation expended considerable staff time and money in FY 1994 and FY 1993 pursuing the successful resolution of this dispute.

Independent Auditors' Report
of KPMG Peat Marwick, LLP

The Board of Directors and Shareholders
of The Aleut Corporation:

We have audited the accompanying consolidated balance sheets of The Aleut Corporation and subsidiaries as of March 31, 1994 and 1993 and the related consolidated statements of loss, shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Aleut Corporation and subsidiaries as of March 31, 1994 and 1993 and the results of their operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes, during fiscal year 1994.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

KPMG Peat Marwick LLP

June 17, 1994
Anchorage, Alaska

Consolidated Balance Sheets

The Aleut Corporation and Subsidiaries
March 31, 1994 and 1993

	1994	1993
ASSETS		
Current assets:		
Cash and cash equivalents	$ 440,000	$ 936,000
Short-term investments	50,000	1,105,000
Receivables -		
Current portion of notes receivable	262,000	175,000
Trade accounts, net	1,787,000	892,000
Interest	14,000	44,000
Total receivables	2,063,000	1,111,000
Prepaid expenses and other	36,000	61,000
Costs and estimated earnings in excess of billings on uncompleted contracts	57,000	63,000
Total current assets	2,646,000	3,276,000
Shareholders' permanent fund - marketable securities	471,000	175,000
Property and equipment:		
Land and buildings held for lease	8,535,000	8,339,000
Equipment and furniture	780,000	636,000
Less accumulated depreciation	(2,496,000)	(2,176,000)
Net property and equipment	6,819,000	6,799,000
Oil and gas producing properties and equipment, net	750,000	---
Investments and other assets:		
Investment, restricted	1,000,000	1,000,000
Notes receivable, net of current portion	2,159,000	2,413,000
Real estate held for sale and development	1,547,000	1,699,000
Goodwill and other intangibles	57,000	89,000
Investment in 1984 Limited Partnership	300,000	300,000
Other	135,000	131,000
Total investments and other assets	5,198,000	5,632,000
Total assets	$ 15,884,000	$ 15,882,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term debt	$ 206,000	$ 75,000
Accounts payable	1,159,000	787,000
Accrued expenses	524,000	227,000
Billings in excess of costs and estimated earnings on uncompleted contracts	---	4,000
Total current liabilities	1,889,000	1,093,000
Long-term debt, net of current installments	790,000	876,000
Shareholders' equity:		
Common stock -		
Class A, no par value. Authorized 1,000,0000 shares; 236,100 issued and outstanding	---	---
Class B, no par value. Authorized 1,000,0000 shares; 88,800 issued and outstanding	---	---
Contributed capital	19,179,000	19,179,000
Deficit	(5,974,000)	(5,266,000)
Total shareholders' equity	13,205,000	13,913,000
Commitments and contingencies	---	---
Total liabilities and shareholders' equity	$ 15,884,000	$ 15,882,000

See accompanying notes to consolidated financial statements

Consolidated Statements of Loss

The Aleut Corporation and Subsidiaries
Years Ended March 31, 1994 and 1993

	1994	1993
Revenue:		
Operations and maintenance contracts	$ 8,155,000	$ 4,865,000
Earned construction contract revenues	3,015,000	2,327,000
Rental properties	1,504,000	1,431,000
Professional consulting services	331,000	490,000
Section 7(i)	460,000	362,000
Natural resource sales	390,000	236,000
Interest income	208,000	305,000
Sales of real estate held for investment	216,000	101,000
Oil and gas revenues	44,000	---
Other	2,000	44,000
Total revenue	14,325,000	10,161,000
Costs and expenses:		
Operations and maintenance contracts	7,880,000	4,926,000
Cost of earned construction contracts	3,481,000	2,160,000
Construction overhead	587,000	402,000
Rental properties -		
Direct costs	771,000	711,000
Interest expense	92,000	205,000
Depreciation	236,000	242,000
Professional consulting services	342,000	743,000
Natural resource sale direct costs -		
Gravel sale commissions	6,000	9,000
Legal and consulting	393,000	280,000
Cost of real estate sales -		
Book value of real estate sold	152,000	54,000
Commissions and closing costs	16,000	14,000
Amortization of oil and gas properties and equipment	10,000	---
Carrying cost of real estate held for sale	75,000	79,000
Provision for doubtful receivables	3,000	84,000
General and administrative	861,000	888,000
Charitable contributions -		
Aleut Foundation scholarships	40,000	---
Alaska Federation of Natives	26,000	26,000
Other	5,000	57,000
Expenses related to disposition of future income tax benefits -		
Trustee fees	29,000	29,000
Tax consultant costs	28,000	51,000
Total expenses	15,033,000	10,960,000
Loss before provision for income taxes	(708,000)	(799,000)
Provision for income taxes	---	---
Net loss	$ (708,000)	$ (799,000)
Net loss per share	$ (2.18)	$ (2.46)

See accompanying notes to consolidated financial statements

Consolidated Statements of Shareholders' Equity

The Aleut Corporation and Subsidiaries
Years Ended March 31, 1994 and 1993

	Common Stock Class A	Common Stock Class B	Contributed Capital	Retained Earnings (Deficit)	Total Shareholders' Equity
Balance at March 31, 1992	$ ---	$ ---	$ 19,179,000	$ (4,467,000)	$ 14,712,000
Net loss	---	---	---	(799,000)	(799,000)
Balance at March 31, 1993	---	---	19,179,000	(5,266,000)	13,913,000
Net loss	---	---	---	(708,000)	(708,000)
Balance at March 31, 1994	$ ---	$ ---	$ 19,179,000	$ (5,974,000)	$ 13,205,000

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows

The Aleut Corporation and Subsidiaries
Years Ended March 31, 1994 and 1993

	1994	1993
Cash flows from operating activities:		
Net loss	$ (708,000)	$ (799,000)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
(Increase) decrease in receivables	(698,000)	927,000
Increase (decrease) in accounts payable and other current liabilities	669,000	(322,000)
Decrease (increase) in costs in excess of billings on uncompleted contracts	6,000	(6,000)
(Decrease) in billings in excess of costs and estimated earnings on uncompleted contracts	(4,000)	(70,000)
Other	21,000	(14,000)
Depreciation and amortization	368,000	416,000
Net cash (used in) provided by operating activities	(346,000)	132,000
Cash flows from investing activities:		
Purchases of marketable securities	(296,000)	(1,244,000)
Proceeds from sale of marketable securities	1,055,000	2,661,000
Investment in oil and gas producing property and equipment	(760,000)	---
Capital expenditures	(340,000)	(122,000)
Proceeds from sale of real property, net	146,000	101,000
Net cash (used in) provided by investing activities	(195,000)	1,396,000
Cash flows from financing activities:		
Retirement of long-term debt	(75,000)	(1,211,000)
Borrowings	120,000	---
Net cash provided by (used in) financing activities	45,000	(1,211,000)
Net increase (decrease) in cash and cash equivalents	(496,000)	317,000
Cash and cash equivalents at beginning of year	936,000	619,000
Cash and cash equivalents at end of year	$ 440,000	$ 936,000
Supplemental disclosure of cash flow information - cash paid during the year for interest expense	$ 96,000	$ 205,000

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

The Aleut Corporation and Subsidiaries
March 31, 1994 and 1993

(1)Summary of Significant Accounting Policies

Consolidation - The consolidated financial statements include the accounts of The Aleut Corporation (Company) and its subsidiaries. All significant intercompany transactions and accounts have been eliminated in consolidation.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Short-term Investments - Short-term investments in marketable equity securities are carried at the lower of cost or market value. Short-term investments in marketable debt instruments are carried at cost, which approximates market value.

Permanent Fund - Investments in marketable equity securities are carried at the lower of cost or market value. Investments in mutual funds are carried at market value. Investments in marketable debt instruments are carried at amortized cost.

Investment, Restricted - Investment, restricted represents an investment in a marketable debt instrument which is carried at cost. This investment has been used to collateralize a bank letter of credit required for obtaining construction bonding.

Property and Equipment - Property and equipment are initially stated at cost which includes interest on funds borrowed to finance the acquisition or construction of major projects. Write-downs are made on property and equipment when permanent impairments to the net realizable value of such assets occur. Provision is made for depreciation by the straight-line and accelerated methods over the estimated useful lives of the assets, computed based on the lower of cost or net realizable value. Major renewals and betterments are capitalized while maintenance and repairs are expensed.

Oil and Gas Properties and Equipment - Capitalized costs of the Company's investment in oil and gas properties and equipment are depreciated using the unit-of-production method on a property by property basis.

Goodwill and Other Intangibles - Goodwill and other intangible assets are stated at cost, net of accumulated amortization. Provision is made for amortization over the lesser of five years or the useful lives of the assets.

Income Recognition on Sale of Real Estate - Full profit recognition is accorded transactions for sales of real estate when specific requirements as to the buyer's initial and continuing investment have been met. Until those requirements are met, the installment or deposit methods of accounting are used.

Contributions to Capital - The Company recorded its share of cash contributions under the Alaska Native Claims Settlement Act (Act) as contributions to capital. The fair values of surface and subsurface estate received and to be received pursuant to the Act will be recorded as contributions to capital when such value is determined within reasonable limits. Revenues from Timber Resources and Subsurface Estate - Section 7(i) of the Act requires that 70% of the net revenues received from timber resources and subsurface estate patented to the 12 regional corporations be divided annually among these 12 regional corporations based on shareholder enrollment. The Company's share of distributions from other regional corporations is recorded as income when the amount thereof is reasonably determinable.

Subsurface estate revenues within the Aleut region include sales of sand, gravel and armor rock.

Method of Accounting for Contracts - For financial statement presentation and tax reporting purposes, the Company uses the percentage of completion method of accounting. Revenues earned and related costs are recorded based on the Company's engineering estimates of the physical percentage of completion of each project. However, profits are not recorded during the start-up phase of the contract which has been determined by the Company to approximate the initial 10% of construction. Anticipated losses on contracts are charged to earnings as soon as such losses can be estimated. Changes in estimated profits on contracts are reflected during the period in which the change in estimate was made. Construction overhead expenses are not allocated to contract costs.

The Company does not record claims for additional compensation on contracts until the contract has been revised to reflect the amount to be paid for the additional work performed. All costs related to work for which a contract revision has not been received are expensed as incurred. A provision for amounts claimed by subcontractors is made if, in the opinion of management or counsel, the claim will ultimately result in additional nonreimbursable costs to the Company.

Company revenues from government sources totaled $11,319,000 and $5,743,000 for the years ended March 31, 1994 and 1993, respectively. Trade account receivables from government sources totaled $1,552,000 and $572,000 at March 31, 1994 and 1993, respectively.

Real Estate Held for Sale and Development - The Company has purchased several tracts of land. Certain of these tracts have been subdivided, developed and placed on the market for sale. Real estate held for sale and development is stated at the lower of cost or net realizable value. Net realizable value is calculated recognizing holding costs and deducting seller costs from estimated selling price.

Income Taxes - Funds and properties received under the provisions of the Act are not subject to federal and state income taxes. Income earned from funds and properties received under the Act is subject to federal and state income tax laws.

Effective April 1, 1993 the Company adopted Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" issued by the Financial Accounting Standards Board. There was no cumulative effect of the change in the method of accounting for income taxes.

Net Income (Loss) Per Share - Net income (loss) per share is computed based upon the average number of Class A and Class B shares issued.

(2) Alaska Native Claims Settlement Act

The Aleut Corporation was incorporated pursuant to the Alaska Native Claims Settlement Act (Act), which resolved the Alaska Native land claims. Under the terms of the Act (and amendments), the Company was entitled to $19,504,000, which it received in prior years, and the surface estate of 66,000 acres of land and 1,572,000 acres of subsurface estate. Until developed or leased or sold to third parties, lands conveyed to the Company pursuant to the Act are exempt from adverse possession and similar claims and real property taxes. Except to the extent such lands are expressly pledged as security for a loan or committed to a commercial transaction or to the extent necessary to enforce a judgment pursuant to Section 7(i) or 14 (c) of the Act, such lands are also exempt from judgments resulting from claims based or Title II or other laws affecting creditors' rights or judgments in any action to recover sums owed by the Company.

Under the provisions of the Act, until terminated by Amendment to the Articles of Incorporation, the Company stock, rights thereto, and rights to dividends or distributions declared with respect thereto may not be sold, subjected to a lien or judgment execution, assigned, treated as an asset under Title XI or any successor statute, any insolvency or moratorium law or other laws affecting creditors' rights, or otherwise alienated, except that the stock may be transferred (i) to a Native or a descendant of a Native in certain circumstances by court decree or inter vivos gift, or (ii) by Will or the laws of intestate succession. Until terminated by amendment to the Articles of Incorporation, the stock shall carry voting rights only if the holder thereof is an eligible Native or a descendant of a Native.

Shareholder - The Act provided for the issuance of 100 shares of common stock to each eligible Alaska Native as follows:

Class A shares to Alaska Natives enrolled pursuant to the Act in the Aleut region who are shareholders in one of the village corporations in the Aleut region.

Class B shares to Alaska Natives enrolled pursuant to the Act in the Aleut region but who are not shareholders in one of the village corporations in the Aleut region.

Individuals certified by the Department of Interior have been recorded as shareholders. Enrollment is now closed.

(3) Future Minimum Lease Rentals

At March 31, 1994 the Company has various properties leased to others under non-cancelable operating lease agreements. Future minimum rents under these lease agreements are as follows:

Year ending March 31,	1995	$ 1,234,000
	1996	1,197,000
	1997	833,000
	1998	346,000
	1999	197,000
	Thereafter	13,000

(4) Notes Receivable

Notes receivable bearing interest from 6.5% to 12.0% with various repayment terms are comprised of the following at March 31:

	1994	1993
Notes secured by first and second deeds of trust	$ 1,133,000	$ 1,192,000
Notes secured by oil and gas production payment	1,239,000	1,250,000
Other notes	102,000	199,000
	2,474,000	2,641,000
Less:		
Current portion	(262,000)	(175,000)
Allowance for doubtful notes	(53,000)	(53,000)
Long-term portion, net	$ 2,159,000	$ 2,413,000

(5) Costs and Estimated Earnings on Uncompleted Contracts

Costs and estimated earnings on uncompleted contracts at March 31, are summarized as follows:

	1994	1993
Costs and estimated earnings on uncompleted contracts	$ 57,000	$ 301,000
Estimated earnings thereon	—	28,000
	57,000	329,000
Less billings	—	(270,000)
	$ 57,000	$ 59,000

Included in accompanying balance sheets under the following captions:

	1994	1993
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 57,000	$ 63,000
Billings in excess of costs and estimated earnings on uncompleted contracts	—	(4,000)
	$ 57,000	$ 59,000

(6) Shareholder Permanent Fund

The Company established the shareholder permanent fund on April 1, 1992. The purpose of the fund is to accumulate investments in marketable securities to provide a future stable source of cash flow for dividends to be paid to shareholders. Funds transferred by the Company into the shareholder permanent fund have been restricted by the Board of Directors not to be available for other operating activities of the Company. The Board of Directors also established a policy to transfer one third of all future Section 7(i) receipts and ANCSA natural resource sale receipts into the shareholder permanent fund. The shareholder permanent fund will invest in both debt and equity marketable securities. Earnings of the fund will be reinvested in the fund until assets reach $10,000,000, after which 50% of future earnings will be reinvested in the fund and 50% will be distributed to shareholders. Cost of investments, individually and in aggregate approximates market at March 31, 1994 and 1993. The shareholder permanent fund was invested as follows at March 31:

	1994	1993
Money market accounts	$ 83,000	$ 88,000
Bonds	185,000	87,000
Mutual funds	203,000	---
	$ 471,000	$ 175,000

(7) Long-Term Debt

Long-term debt consists of the following at March 31:

	1994	1993
Note payable - bank, interest rate at 10.0%, interest and principal payable monthly, secured by Westcenter office building and lot	$ 876,000	$ 951,000
Note payable - bank line of credit, interest at bank prime plus 1%, interest payable monthly, interest and principal due December 31, 1994	120,000	-
Total long-term debt	996,000	951,000
Less current installments	(206,000)	(75,000)
Long-term debt, net of current installments	$ 790,000	$ 876,000

Principal payments required on long-term debt are as follows:

Year ending March 31,	1995	$ 206,000
	1996	91,000
	1997	101,000
	1998	111,000
	1999	123,000
	Remainder through 2002	364,000
		$ 996,000

(8) General and Administrative Expenses

Other general and administrative expenses consist of the following for the year ended March 31:

	1994	1993
Payroll and related costs	$ 579,000	$ 582,000
Consultant fees	6,000	7,000
Audit and tax preparation	27,000	25,000
Directors' fees	23,000	23,000
Directors' travel	15,000	11,000
Directors' per diem	23,000	28,000
Depreciation	34,000	45,000
Travel and lodging	28,000	25,000
Shareholders' meetings and elections	31,000	44,000
Newsletter publication	4,000	5,000
Legal - corporate	10,000	19,000
Office, insurance and miscellaneous	81,000	74,000
	$ 861,000	$ 888,000

(9)Income Taxes

As discussed in note 1, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109 as of April 1, 1993. There was no current or deferred income tax expense (benefit) for 1994 and 1993. The actual income tax benefit for 1994 and 1993 differs from the "expected" tax expense for those years (computed by applying the U.S. Federal corporate rate of 34% to income before income taxes, discontinued operations and cumulative effect of a change in accounting principle) as follows:

	1994	1993
Computed "expected" income tax expense (benefit)	$ (241,000)	$ (272,000)
State taxes, net of federal effect	(42,000)	(48,000)
Net operating loss for which no benefit is currently realizable	---	410,000
Gravel depletion	(133,000)	(80,000)
Amortization of goodwill	7,000	7,000
Other	(27,000)	(17,000)
Change in valuation allowance	436,000	---
	$ ---	---

The components of and changes in the deferred tax asset are as follows:	April 1, 1993		March 31, 1994
Taxable income note recorded in the financial statements	$ 645,000	$ 127,000	$ 772,000
Fixed assets	1,212,000	(49,000)	1,163,000
Real estate held for sale	2,185,000	(22,000)	2,163,000
Net operating loss carry-forward	8,273,000	361,000	8,634,000
Other	(72,000)	19,000	(53,000)
Net deferred tax assets	12,243,000	436,000	12,679,000
Valuation allowance	(12,243,000)	(436,000)	(12,679,000)
	$ ---	$ ---	$ ---

A valuation allowance on a deferred tax asset is provided when in management's opinion it is more likely than not that some portion of the deferred tax asset will not be realized. The Company has net operating loss carry forwards available to offset future taxable income for federal and state purposes as follows:

Net operating loss carry-forwards, which if not utilized will expire March 31:	2004	$ 16,878,000
	2005	2,987,000
	2006	15,000
	2007	6,000
	2008	797,000
	2009	901,000
		$ 21,584,000

During 1989, the Company sold certain of its properties which were received pursuant to the Act, the tax basis of which had not previously been determined. Management engaged consultants to assist in the determination of the tax basis of the property. Subsequently, the Company entered into a tax-sharing agreement whereby tax losses generated by the sale of the properties, if any, up to a target amount were offset against the taxable earnings of another company in the 1989 consolidated income tax return. The Company's share of the resulting income tax savings could be as much as approximately $8,160,000 if the tax basis of the properties sold approximates or exceeds the target amount. Pursuant to the agreement, the Company received $1,000,000 which was non-refundable and has been previously included in income. The tax-sharing agreement required that the Company's remaining share of the tax savings in the amount of $7,160,000 be placed into a trust account and to be paid to the Company when certain criteria and/or events have been achieved. The Company will recognize as income the remaining benefit from this transaction when the amounts are estimable within reasonable limits and realization is assured. The actual amount will be determined in connection with the resolution of the previously mentioned tax-sharing transaction. The Internal Revenue Service is examining the Company's tax returns for the years 1989 and 1990. While the ultimate outcome of this examination cannot be determined at this time, in the opinion of management, the examination should not result in any significant adjustment.

(10)The Aleut Corporation 401(k) Retirement Plan

Non-union employees of the Company, after one year of work service, are eligible to participate in The Aleut Corporation 401(k) Retirement Plan. Prior to January 1, 1993 provisions of the plan included an employer match of employee contributions up to 7% of their salary. Vesting by plan participants is immediate. Pension expense totaled $69,000 in 1993.

(11)Commitments and Contingencies

Legal Actions - In the ordinary course of business, the Company may be involved in legal actions incidental to its operations. In the opinion of management the ultimate liability, if any, of such actions will not materially affect the Company's consolidated financial statements.

Operating Lease Commitments - The Company leases office space and equipment under various operating lease agreements. Future minimum lease payments under the terms of these leases are as follows:

Year ending March 31,	1995	$ 75,000
	1996	14,000

Consolidating Balance Sheet

The Aleut Corporation and Subsidiaries
March 31, 1994

	The Aleut Corporation	Baidarka Corporation	Space Mark, Inc.	Consolidating Adjustments	Consolidated Balance
CURRENT ASSETS:					
Cash and cash equivalents	$ 384,000	$ 26,000	$ 30,000	$ ---	$ 440,000
Short-term investments	50,000	---	---	---	50,000
Receivables:					
Current portion of notes receivable	262,000	---	---	---	262,000
Trade accounts	278,000	31,000	1,534,000	---	1,843,000
Allowance for bad debts	(56,000)	---	---	---	(56,000)
Interest	14,000	---	---	---	14,000
Total receivables	498,000	31,000	1,534,000	---	2,063,000
Prepaid expenses and other	---	---	36,000	---	36,000
Costs and estimated earnings in excess of billings on uncompleted contracts	---	57,000	---	---	57,000
Total current assets	932,000	114,000	1,600,000	---	2,646,000
SHAREHOLDER PERMANENT FUND	471,000	---	---	---	471,000
PROPERTY AND EQUIPMENT:					
Land and buildings held for lease	8,425,000	---	110,000	---	8,535,000
Equipment and furniture	409,000	120,000	251,000	---	780,000
Less accumulated depreciation and amortization	(2,302,000)	(32,000)	(162,000)	---	(2,496,000)
Total property and equipment	6,532,000	88,000	199,000	---	6,819,000
OIL AND GAS PROPERTIES, NET	750,000	---	---	---	750,000
INVESTMENTS AND OTHER ASSETS:					
Investment, restricted	1,000,000	---	---	---	1,000,000
Notes receivable, net of current portion	2,159,000	---	---	---	2,159,000
Real estate held for sale and development	1,547,000	---	---	---	1,547,000
Goodwill and other intangibles	---	---	57,000	---	57,000
Investment in Baidarka Corp. & Space Mark, Inc.	944,000	---	---	(944,000)	---
Investment in 1984 Limited Partnership	300,000	---	---	---	300,000
Art work and other	130,000	---	5,000	---	135,000
Total investments and other assets	6,080,000	---	62,000	(944,000)	5,198,000
Total assets	$ 14,765,000	$ 202,000	$ 1,861,000	$ (944,000)	$ 15,884,000
CURRENT LIABILITIES:					
Current installments of long-term debt	$ 86,000	$ ---	$ 120,000	$ ---	$ 206,000
Accounts payable	586,000	5,000	568,000	---	1,159,000
Accrued expenses	98,000	19,000	407,000	---	524,000
Billings in excess of costs and estimated earnings on completed contracts	---	---	---	---	---
Total current liabilities	770,000	24,000	1,095,000	---	1,889,000
LONG-TERM DEBT:					
Notes payable, net of current installments	790,000	---	---	---	790,000
SHAREHOLDERS' EQUITY:					
Contributed capital	19,179,000	2,436,000	1,405,000	(3,841,000)	19,179,000
Deficit	(5,974,000)	(2,258,000)	(639,000)	2,897,000	(5,974,000)
Total shareholders equity	13,205,000	178,000	766,000	(944,000)	13,205,000
Total liabilities and shareholders' equity	$ 14,765,000	$ 202,000	$ 1,861,000	$ (944,000)	$ 15,884,000

Consolidating Statement of Income (Loss)

The Aleut Corporation and Subsidiaries
Year Ended March 31, 1994

	The Aleut Corporation	Baidarka Corporation	Space Mark, Inc.	Consolidating Adjustments	Consolidated Balance
REVENUE:					
Operations and maintenance contracts	$ ---	$ ---	$ 8,155,000	$ ---	$ 8,155,000
Earned construction contract revenues	---	3,015,000	---	---	3,015,000
Rental properties	1,519,000	---	---	(15,000)	1,504,000
Professional consulting services	---	---	331,000	---	331,000
Section 7(i)	460,000	---	---	---	460,000
Natural resource sales	390,000	---	---	---	390,000
Interest income	202,000	---	6,000	---	208,000
Sales of real estate held for investment	216,000	---	---	---	216,000
Other	---	2,000	---	---	2,000
Oil & gas revenue	44,000	---	---	---	44,000
Intercompany	59,000	---	---	(59,000)	---
Total revenue	2,890,000	3,017,000	8,492,000	(74,000)	14,325,000
COSTS AND EXPENSES:					
Operations and maintenance contracts	---	---	7,907,000	(27,000)	7,880,000
Cost of earned construction contract revenues	---	3,481,000	---	---	3,481,000
Construction overhead	---	634,000	---	(47,000)	587,000
Rental properties-					
Direct costs	771,000	---	---	---	771,000
Interest expense	92,000	---	---	---	92,000
Depreciation	236,000	---	---	---	236,000
Total rental properties	1,099,000	---	---	---	1,099,000
Professional consulting services	---	---	342,000	---	342,000
Natural resource sales direct costs-					
Gravel sale commissions	6,000	---	---	---	6,000
Legal and consulting	393,000	---	---	---	393,000
Total natural resource costs	399,000	---	---	---	399,000
Cost of real estate sales-					
Book value of real estate sold	152,000	---	---	---	152,000
Commissions and closing costs	16,000	---	---	---	16,000
Total cost of real estate sales	168,000	---	---	---	168,000
Amortization of oil and gas properties and equipment	10,000	---	---	---	10,000
Carrying costs of real estate held for sale	75,000	---	---	---	75,000
Provision for doubtful receivables	3,000	---	---	---	3,000
General and administrative-					
Payroll and related	579,000	---		---	579,000
Consultant fees	6,000	---	---	---	6,000
Audit and tax preparation	27,000	---	---	---	27,000
Directors' fees	23,000	---	---	---	23,000
Directors' travel	15,000	---	---	---	15,000
Directors' per diem	23,000	---	---	---	23,000
Depreciation	34,000	---	---	---	34,000
Travel and lodging	28,000	---	---	---	28,000
Shareholders' meetings and elections	31,000	---	---	---	31,000
Newsletter publication	4,000	---	---	---	4,000
Legal-corporate	10,000	---	---	---	10,000
Office, insurance and miscellaneous	81,000	---	---	---	81,000
Total general and administrative	861,000	---	---	---	861,000

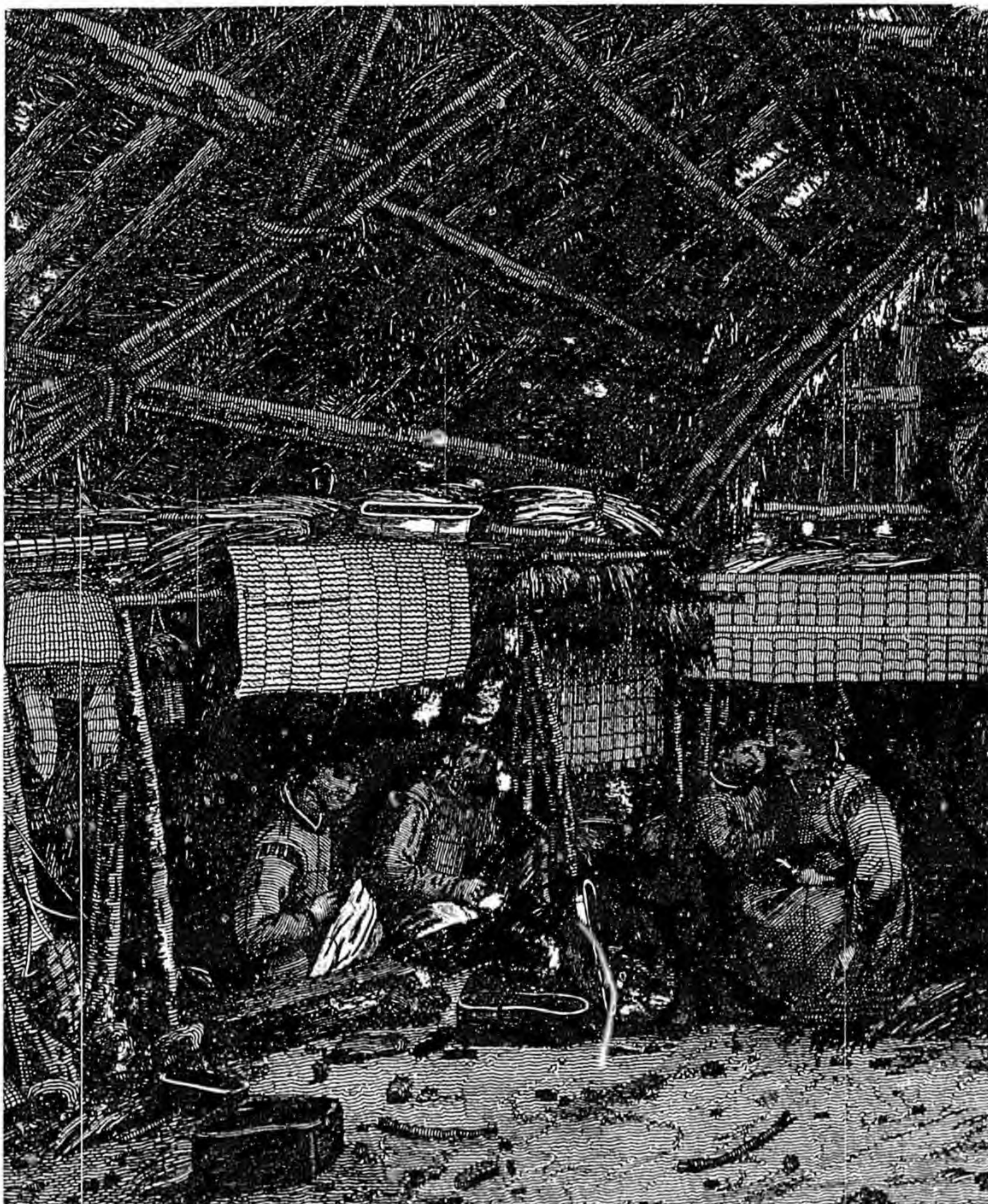
STATEMENT CONTINUED ON NEXT PAGE.

Consolidating Statements of Income (Loss) - continued

The Aleut Corporation and Subsidiaries
Year Ended March 31, 1994

	The Aleut Corporation	Baidarka Corporation	Space Mark, Inc.	Consolidating Adjustments	Consolidated Balance
Statement Continued From Previous Page					
Charitable contributions-					
Scholarships	40,000	---	---	--	40,000
Alaska Federation of Natives	26,000	---	---	---	26,000
Other	5,000	---	---	---	5,000
Total charitable contributions	71,000	---	---	---	71,000
Disposition of future income tax benefits, net of related expenses-					
Trustee fees	29,000	---	---	---	29,000
Tax consultant costs	28,000	---	---	---	28,000
Total disposition of future income tax benefits, net of related expenses	57,000	---	---	---	57,000
Total costs and expenses	2,743,000	4,115,000	8,249,000	(74,000)	15,033,000
PROVISION FOR INCOME TAXES	---	---	---	---	---
UNCONSOLIDATED INCOME (LOSS)	147,000	(1,098,000)	243,000	---	(708,000)
INCOME (LOSS) OF SUBSIDIARIES	(855,000)	---	---	855,000	---
CONSOLIDATED NET INCOME (LOSS)	$ (708,000)	$ (1,098,000)	$ 243,000	$ 855,000	$ (708,000)

The **Aleut Corporation**
4000 Old Seward, Suite 300
Anchorage, Alaska 99503
Phone: (907)561-4300 or
Toll free: 1 800 232-4882



The INSIDE *of a* HOUSE *in* OONALASHKA

HB

251

(File 2)

2/3/95 Juneau Empire

Right move at the right time

These new laws – caused them their progress to nothing

Goldbelt changes election rules

Native corporations throughout Alaska are under the gun these days as unhappy shareholders strive to recall board members and divvy up corporate assets for bigger cash payouts.

Given the accusatory tone of the recall movements, it would be easy for corporate officials to try to cut off criticism.

That's why it is so encouraging to see the opposite response from Goldbelt Inc., Juneau's Native corporation.

Instead of withdrawing from critics of the corporation, board members recently voted to open up the process. They plan to even the election playing field by no longer endorsing a slate of management candidates or paying their campaign expenses.

Goldbelt also will do away with discretionary voting, which was heavily criticized by dissident shareholders. Under the old rules, shareholders who supported the status quo could check a "discretionary" box in corporate elections. Board members then would divide those votes among only management candidates.

Goldbelt management also no longer will use proxy workers – solicitors paid to gather shareholder votes. Allegations of forgery – of proxy workers tampering with ballots to favor management candidates – have arisen in the past.

Instead, Goldbelt simply will pay each shareholder $25 for turning in a valid proxy. It's part of a continuing effort to convince people to vote.

The changes are set to take effect June 3, the date of the next scheduled board election. In the meantime, a new ethics code governing the behavior of board members and corporate officers already is in place.

Without doubt, the new rules will give those critical of Goldbelt management a fairer shot at winning seats on the board and influencing decision-making. That probably wasn't an easy choice for many of those currently in power.

But, in the end, it's that kind of thinking that can help Goldbelt face the future with strength. If the playing field is even, shareholders can spend less time challenging the election process and more time debating important corporate decisions.

And, with a broader representation of opinion on the board, perhaps some shareholders will be more willing to listen to Goldbelt leaders and less inclined to demand huge dividend payouts. Goldbelt, like all Native corporations, has only limited assets. By opting for more cash now, shareholders are guaranteeing just one thing: a very uncertain future.

Surely there is lots of discussion to come on that issue.

But by making its elections bylaws more fair – in essence, assuring more say for more people – Goldbelt has set the stage for reasoned debate between corporate managers and shareholders.

Ideally, that will mean less "us against them" sentiment and more "we're all in this together" cooperation.

Have You Been Lied To???

Ref: House Bill No. 251

I talked to a Representative from the Anchorage area March 24, 1995 and he told me that he was told that "Changing the percentage of voters required to call a special meeting was being changed from 10% to 25% in order to bring the Native Corporations in line with all the other Non-Native corporations in the state." BULL!!!

§ 10.06.390 ALASKA STATUTES § 10.06.405

Editor's notes. — Section [illegible] ch 166, SLA 1988, [illegible] "AS 10.06.390[illegible], as enacted by sec. [illegible] of this Act, applies only to shares acquired on or after July 1, 1990."

Sec. 10.06.390. Capitalization of retained earnings. The paid-in capital of a corporation may be increased by resolution of the board directing that all or a part of the retained earnings of the corporation be transferred to the paid-in capital account. (§ 1 ch 166 SLA 1988)

Article 5. Shareholders.

Section
405. Meetings of shareholders
408. Closing of transfer books and fixing record date
410. Notice of shareholders' meetings
413. Voting list; liability
415. Quorum of shareholders
418. Proxies
420. Voting of shares
422. Corporation's acceptance of certain documents
423. Actions taken without meeting; written consent; revocation of consent

Section
424. Shareholder agreements
425. Voting trusts and agreements among shareholders
428. Shareholders' preemptive rights
430. Books and records
433. Annual report to shareholders; contents; financial statement on request
435. Shareholders' derivative action
438. Liability of shareholders and subscribers

Sec. 10.06.405. Meetings of shareholders. (a) Meetings of shareholders shall be held at a place inside or outside this state as provided in the bylaws. In the absence of a provision in the bylaws, meetings shall be held at the registered office of the corporation.

(b) An annual meeting of the shareholders shall be held at the time as provided in the bylaws. If the annual meeting is not held within any 13-month period, the superior court may on the application of a shareholder summarily order a meeting to be held.

(c) Special meetings of the shareholders may be called by the board, the chairman of the board, the president, **the holders of not less than one-tenth of all the shares entitled to vote at the meeting, or other persons as may be authorized in the articles of incorporation or the bylaws.**

(d) The failure of a corporation to hold an annual meeting at the time stated in or fixed under its bylaws does not cause the corporation to forfeit its status, does not cause a dissolution of the corporation, and does not affect the validity of corporate action. (§ 1 ch 166 SLA 1988; am § 17 ch 82 SLA 1989)

Effect of amendments. — The 1989 amendment, effective July 1, 1989, added subsection (d).

Collateral references. — 18A Am. Jur. 2d, Corporations, § 948 et seq.

18 C.J.S., Corporations, § 533 et seq.

Power of directors to change time for stockholders' meetings. 2 ALR 50, 6 ALR 678.

Informality of meeting of stockholders as affecting action taken thereat. 51 ALR 941.

Remedies to restrain or compel holding of stockholders' meetings. 48 ALR2d 615

312

This provision in the bill was designed to make it nearly impossible for dissatisfied Native shareholders to call a special meeting in order to correct a problem or situation which they would like addressed.

Please note to the left a copy of the Alaska Statutes governing all non-Native corporations and shareholders. Sec. 10.06.405 Paragraph C. 10% required to call a special meeting.

If this bill passes then it is **discriminatory**. Why should Native shareholders abide by a 25% ruling while Non-Native shareholders only have to abide by a 10% ruling?

At this time, Native Corporations are not under any governmental oversight , either Federal SEC or state oversight, with the exception of proxy solicitation by the State. Maybe it's time the Sate require ALL Native Corporations to fall under State jurisdiction.

Sincerely, John P. Watson

8220 Spruce St.
Anch. AK 99507

Knowles doesn't like bill on Native board recalls

By DIRK MILLER
THE JUNEAU EMPIRE

The Knowles administration says it will work to eliminate or modify a House bill's requirement that shareholders show cause when trying to recall Native corporation board members.

The provision is supported by several Native corporations, which are looking to the state for help in avoiding what they call frivolous and expensive recall efforts by dissident shareholders.

The House passed the bill Wednesday, 26-14, moving it to the Senate.

Pat Pourchot, Gov. Tony Knowles' legislative lobbyist, said the requirement making it harder for shareholder recall drives has caused some consternation in the governor's office.

"I think we continue to have serious concerns on the for-cause provision, particularly if the only recourse is to take it to court," Pourchot said.

He said the governor's office would work to get the cause requirement modified or eliminated in the Senate.

In a letter to sponsor Carl Moses, an Unalaska Democrat in the House majority, Sealaska Corp. chief executive officer Leo Barlow restated the Southeast Alaska regional corporation's support for the measure.

"Of importance is the addition into law of establishing within the recall petition process the requirement of stating the 'cause' for recall," Barlow wrote in the Tuesday letter.

Anchorage-based Cook Inlet Region Inc. also supports the bill.

Critics say the cause requirement means a shareholder would have to go to court to establish a cause before a recall could begin.

"They can't afford to go to court and pay their court fees," Rep. Beverly Masek, R-Willow, said during House debate Tuesday night. Masek failed in her attempt to remove the requirement from the bill.

Pat Pourchot, Knowles' legislative lobbyist, says some provisions of the measure have caused consternation in the governor's office.

The stricter standard is not imposed on any other corporation in the state.

Supporters of the provision say if Native corporation shareholders want to remove people from boards without a reason, they could do so at regular elections. Otherwise, to allow recalls without reason affects the stability of the corporations, said Rep. Bill Williams, a Saxman Democrat.

Williams told lawmakers of a recall experience at Cape Fox Native Corp. in Ketchikan when he was on the board. When the recall surfaced, financing for a project the corporation was involved in became difficult, even though the recall failed.

"We lost the project," Williams said.

Pourchot said he could not say whether Knowles would veto the bill, "but it is a significant concern."

State Commerce Department Commissioner Willie Hensley said the cause requirement is a concern but not likely enough to cause a veto.

The bill would also allow a one-year lull before a failed recall attempt could be repeated and raise the percentage of shareholder signatures required to call a special meeting or hold a recall. The number would increase to 15 percent for large Native corporations.

To petition a smaller corporation with fewer than 500 shareholders would require 25 percent. The current standard is 10 percent.

One of the complaints by House critics is that the bill didn't get enough work in committees.

It had to make it through just one committee, the House Labor and Commerce panel, before it was scheduled for a floor vote. In contrast, Juneau Rep. Caren Robinson's bill to establish a Channel Islands Marine Park has four committees of referral.

"I believe it needs a lot more airing before it comes to the floor," Robinson said Wednesday.

As if to illustrate the point, during a break in the debate Wednesday night, about a dozen representatives gathered in the back of the chamber to try and answer questions about the bill raised by Rep. Mike Navarre, a Kenai Democrat who voted against the measure.

Both Rep. Kim Elton, D-Juneau, and Robinson voted against the measure. Four Republicans also voted no: Masek, Alan Austerman of Kodiak, Scott Ogan of Palmer and Terry Martin of Anchorage. Four Democrats in the House minority voted for the bill, Irene Nicholia of Tanana, Bettye Davis of Anchorage, Eileen MacLean of Barrow and John Davies of Fairbanks.

Of the six Native lawmakers who voted for the bill, five are past or present corporation board members. Only Nicholia doesn't have that on her resume.

Of the two Native lawmakers who voted against the measure, House Minority Leader Jerry Mackie, D-Craig, is a former Native corporation board member, and Masek lost an independent bid to win a seat on Doyon Ltd.'s board.

Masek said the bill was promoted and pushed by the big corporations at the expense of their shareholder rights.

Moses, a former president of the Aleut Corp., which has supported the bill, said the measure attempts to put a stop to frivolous recalls and special meetings sponsored by dissatisfied shareholders across the state.

"Everybody wants to be chief or wants to get their hands on the money," he said.

BRIEFL

Alaska

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Retired professor honored

ADN 5-6-93

House Bill 251

An act to hamstring Native shareholders

House Bill 251 — an act relating to Native corporations — should be permanently parked on a railroad spur.

As written, the revised bill would be unduly onerous for Native shareholders and would provide protection to Native-corporation boards of directors that isn't extended to non-Native boards.

Critics of the original bill succeeded in removing some harsh provisions. But even with these deletions, House Bill 251, now in the Senate, is still not worthy of passage.

One provision of the current bill would unnecessarily raise the bar for Native shareholders to call a special meeting. State law now allows for such meetings if signatures are gathered from shareholders who own 10 percent of stock. HB 251 would raise that level to 15 or 25 percent, depending on the number of shareholders.

That is not fair.

When it comes to special meetings, shareholders of Native corporations should not be treated any differently than other shareholders governed by state statutes who only need 10 percent to act.

HB 251, sponsored by Rep. Carl Moses, unfairly exempts Native corporation boards from rules designed to empower shareholders. The bill says if board members are elected by staggered terms, they can't be prematurely removed without cause from office at a special or regular meeting.

The amendment protects only Native corporation boards from a fair recall process outlined in state law. It is not the state's job to specially insulate Native corporation boards from shareholders.

The bill also requires that a written notice or petition and accompanying material be filed with the affected corporation "before a person solicits support." If this amendment is needed at all, why not require petitioners to file with the state? And why not require the same stipulation of the corporation, not just the shareholders?

Questions of corporate management are best settled by shareholders, not legislators. Native corporation shareholders deserve to be treated like shareholders of other Alaska corporations, with the authority and ability to hold management accountable.

PHOTO BY MARK KELLEY

eal

pectoral fin out of the e whales can extend to gth. The undersides are ite. Some marine biologists believe humpbacks flash the fins at schools of herring to startle and herd them into tight balls, where the small fish can be more easily attacked. For a story on other tools and techniques used by humpbacks when feeding, please see today's Juneau Life, Page 9.

ojects still unfunded

pansion, satellite money not in budget bills

works problem: Juneau's Democratic legislative delegaom left, Sen. Jim Duncan and Reps. Caren Robinson and Kim are trying to add money to the reappropriations bill.

J. Hickel, was aimed at ing jobs to workers laid off he Greens Creek silver mine niralty Island shut down. her costs and other factors y officials to cancel the profter about $200,000 had been spent.

Juneau lawmakers then proposed a plan for spending the remaining $1 million. That called for spending $1 million for University of Alaska Southeast student housing, $300,000 for sewer system work near the university's Auke Lake campus, and $400,000 toward improvements in the state's satellite telecommunications system.

The satellite work is part of a larger project that would help continue broadcasts by public TV and the Rural Alaska Television Network.

Knowles included the projects in his $135 million public works spending plan, which he proposed in March.

Legislative leaders have since trimmed that figure.

The $100 million Senate Bill 136, the most recent version of what is known as the capital budget, was released Monday by the Senate Finance Committee without the Juneau projects.

The Knowles administration and Juneau lawmakers also have

Please see Budget, back page

girl talk often just gossip

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And pairs of boys who were [redacted] gossiped less than pairs of boys [redacted] as close, Parker said.

In comparison, the closer [redacted] the more time they were likely [redacted] gossip, it found.

"Boys used it to get [redacted] it when they were already [redacted] said.

The preteens were three [redacted] to gossip about their own [redacted] site sex, and equally likely to [redacted] other people's relationships [redacted] own, Parker and psychologist [redacted] ley found.

Some fourth graders at [redacted] ry School in Delta Township [redacted] about the opposite sex is [redacted]

"Boys, the next school day, [redacted] stuff that's going around [redacted]" are all common topics, said [redacted], age 10.

For 9-year-old James Peterson, girls and sports are the main topics.

"I talk about what I'm going to do, who I like and school stuff," Peterson said Monday. "And I talk about sports that I play for fun – soccer, football and basketball."

The amount of time the youngsters spent gossiping is not surprising, said Peter Scales, director of national initiatives for the Center for Early Adolescence at the University of North Carolina.

"Kids that age, socializing is the prime thing they do," he said. "Kids are starting to define themselves."

The Ann Arbor study videotaped the conversations of 108 children, all between 9 and 12 and divided up into roughly equal male and female pairs. The children were at an overnight summer camp and were randomly paired with a camper of the same sex as a cabin mate.

Please see Gossip, back page

drop the carrier from bankruptcy protection altogether.

From the IRS point of view, MarkAir has no hope for a profitable future. It also contends the airline filed for Chapter 11 to change the terms that the airline committed to last year in its reorganization plan from the first bankruptcy.

"It is simply unreasonable to believe that MarkAir is motivated by any starry-eyed notion that the corporation has any better chance to reorganize its business in MarkAir II than it had in MarkAir I," the IRS motion says.

The IRS isn't the only creditor challenging the second filing. Seattle First National Bank lawyers want the judge to throw MarkAir out of Bankruptcy Court, saying the company is trying to stop creditors from seeking what they are entitled to.

MarkAir's attorney was not immediately available for comment.

But MarkAir chief financial of-

Please see MarkAir, back page

Recall bill slows to a standstill

By DIRK MILLER

THE JUNEAU EMPIRE

A House bill that would make it more difficult for shareholders to recall Native corporation board members is slowing down in the Senate and will have to wait for next year.

The bill passed the House last week, but has bogged down in the Senate Community and Regional Affairs Committee, which has not scheduled a hearing on the measure in the final week of the session.

Committee Chairman Sen. John Torgerson said there is not enough time left and he has concerns about the bill.

The bill, sponsored by Democrat Carl Moses of Unalaska, would require recall attempts to state a cause for the action. That could mean a trip to the courts to establish a legal cause, according to the state Commerce Department.

The cause requirement also would apply to recall attempts raised at annual meetings of the corporations.

Currently dissatisfied shareholders do not need legal cause to start a recall drive – all they need

Please see Bill, back page

Juneau Empire 5/9/95

Continued from Page 1

pushed to include the three projects in the Legislature's annual reappropriations bill. That spending plan takes unused money from previous years' projects and allocates it to new projects, mostly within the same community or legislative district.

A House Finance Committee version of the reappropriations bill, slated for a hearing today, did not include the projects.

House Finance Co-Chairman Richard Foster, who prepared House Bill 178, said additional projects could be included.

"It's a fluid situation right now," said ... and member of the House GOP-led majority caucus.

Foster, however, made no commitment to fund UAS housing, sewer work or the satellite project.

Juneau's two House members, Democrats Kim Elton and Caren Robinson, said they are working on plans to try to add the projects to the House reappropriations bill.

Juneau's lone senator, Democrat Jim Duncan, said the final push may have to come from the governor's office.

"He's got the tools to get it in," Duncan said.

... continue its efforts.

"A lot is going to come together in the next 36 hours or so," McConnell said.

There is little administration officials can do if Republican-majority lawmakers keep the projects out of the capital or reappropriations budgets. Though Knowles can veto items, he cannot add in projects.

If the marina money is reappropriated to other projects, Juneau's legislative delegation would push Knowles to veto the money and include it in next year's budget, Elton said.

"It brings people back into the equation," said Gorton. "It counts human values as being important parts of the environment and allows them to be given appropriate weight."

Environmental groups and Babbitt said the bill would trash the law that has been credited with saving the bald eagle and dozens of other species over the past two decades.

"This bill is like a movie set for a western town," Babbitt said. "From the front it looks like the Endangered Species Act, but if you

Currently, the act requires the government to act to protect and rebuild the population of any species listed as threatened or endangered. Such requirements have led to protracted battles in the Pacific Northwest and Southeast states over the economic impact of preserving species.

Peter A.A. Berle, president of the National Audubon Society, said the bill would "reverse America's longstanding commitment to protecting our natural wildlife heritage" and "put at risk significant sectors of our economy and sp

MarkAir...

Continued from Page 1

ficer Steve Hartung last week disagreed with claims that the company filed for Chapter 11 in bad faith.

He said allowing the company to operate under Bankruptcy Court protection will mean it can pay off its debts more equitably to its creditors. A liquidation, on the other hand, would most benefit the largest creditors with collateral, on the backs of the other creditors, Hartung said.

MarkAir filed for Chapter 11 bankruptcy protection last month. It was the second time in the past three years that the airline sought the court's help in holding off creditors while trying to reorganize its finances.

Since filing for bankruptcy protection on April 14, MarkAir has laid off 600 employees, returned nine airliners to leasing agents or owners, dropped jet service around Alaska and has transferred operations from Anchorage to its Denver hub.

The new filing's preliminary figures show $164 million in assets and $223 million in debt, with $100 million secured by collateral.

MarkAir Express, MarkAir's small-plane subsidiary, is not part of this filing, unlike 1992 when it also filed for Chapter 11. MarkAir Express is now trying to separate itself and survive on its own, but it is unclear how it would be affected in a ruling on the motions.

Bill...

Continued from Page 1

are petition signatures. Supporters of the measure say the corporations need protection from frequent and frivolous recall battles.

The bill also raises the percentage of shareholders required to call a special meeting, allows a year lull before similar recall attempts, and sets a 180-day deadline for gathering signatures.

"I'm not sure this battle between Native corporations and the shareholders belongs in the Legislature," said Torgerson, a Soldotna Republican.

He said the bill's requirements should likely apply to all corporations and not single out Native corporations authorized by the Alaska Native Claims Settlement Act.

Supporters of the bill say if shareholders want to remove people from corporation boards without a reason, they could do so at regular elections. Otherwise, to allow recalls without sufficient cause affects the stability of the corporations.

Vikki Mata, a Sealaska Corp. spokeswoman, said the corporation supports having recalls based on a specific cause but doesn't like the idea of making shareholders go to court to establish cause.

"It's not that we're against shareholders' rights to petition the corporation," she said. "We want to eliminate disruptions to the corporation's ongoing business."

Moses, a member of the House's GOP-led majority, said the bill is for the majority of corporation shareholders and eventually will prevail.

"I'm sure it will go through next session if it doesn't go this year," he said.

Opponents of the bill say it would weaken shareholder rights.

Portions of the bill are opposed by Gov. Tony Knowles, said Pat Pourchot, Knowles' legislative lobbyist. Pourchot has said the governor's office would work to have the cause requirement changed or eliminated in the Senate.

Prosecutor wants de

THE ASSOCIATED PRESS

SEATTLE – The fatal shootings of three women in the King County Courthouse were "a full-out attack on the justice system" and call for nothing less than the death penalty, Prosecutor Norm Maleng said Monday.

Maleng announced he will seek execution as the punishment against Timothy Blackwell, the man accused of fatally shooting his wife and two of her friends in the courthouse March 2.

Blackwell, 47, a computer laboratory technician, is charged with three counts of aggravated first-degree murder in the deaths of his wife, Susana Remerata Blackwell, 25, and two friends, Phoebe Dizon, 46, and Veronica Laureta Johnson, 42.

He is charged with one count of first-degree manslaughter in the death of Susana Blackwell's 7-month-old fetus.

The shootings happened in a courthouse hallway shortly before a hearing in a case to end the Blackwells' marriage. Timothy Blackwell was seeking an annulment, claiming his mail-order bride had deceived him into marriage simply as a way to come to the United States from the Philippines.

Susana Blackwell had filed a counterclaim for divorce.

in prison with no chance of parole

"This was a horrific crime," Maleng said. "It ended four live endangered many others and wa a full-out attack on the justice sy tem, the very institution designe to preserve the peace."

Aggravating circumstances i the case are that it involved mult ple victims, and that the victim were witnesses in a court procee ing – the divorce-annulment case

Blackwell's defense attorne Terry Mulligan, disagreed with th decision to seek execution, sayi it is inconsistent with other deat penalty cases since Blackwell ha no history of criminal or viole conduct.

Blackwell is held in the Ki County Jail without bail. Trial scheduled for Aug. 21.

Senior deputy prosecutors Ke ry Keefe and Lisa Marchese w prosecute the case.

If Blackwell is convicted of a

Gossip

Client No. 0300

Bill's passage would rob Native corporation shareholders of power

Commentary

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By Geri Reich

A bill introduced in March in the state House of Representatives has many Natives across the state concerned about its implications and how the bill will affect them.

House Bill 251 contains subtle yet drastic changes to laws governing Alaska Native corporations. It affects some 75,000 Alaska Natives who are shareholders of Native regional and village corporations. The bill is co-sponsored by Reps. Carl Moses, D-Unalaska; Eileen MacLean, D-Barrow; and Bill Williams, D-Saxman.

Bobbie Oskolkoff, a Cook Inlet Region Inc. and Ninilchik shareholder, wrote a letter to the Anchorage Daily News last week expressing her views on the bill.

She wrote that shareholders and village corporations were not informed about the bill, and that state statutes concerning both non-Native and Native corporations now require only 10 percent of signatures and no time restrictions for calling a special meeting. HB 251 would raise the 10 percent requirement and impose a restricted time of 90 days for filing the petition only toward Native corporations, thus "placing Natives in a unique and discriminatory situation."

HB 251 says that special meetings of the shareholders of a corporation organized under the Alaska Native Claims Settlement Act may only be called by the board, the chairman of the board, the president, or with a petition signed by the holders of not less than 25 percent of all the shares entitled to vote in corporate elections.

"In order for us to do that," said Ruth Schaeffer of Kotzebue, "we would have to travel to most of the 10 villages surrounding Kotzebue for the 25 percent needed. We would also have to try and contact those shareholders who are living out of state. This costs a lot of money, which we can't

See Power, page 11

Power ...

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From page 4 345A

afford.

Schaeffer made copies of the bill and passed them out to NANA Regional Corp. shareholders working at the Red Dog Mine. Some of the copies went to the villages within the NANA region with employees going home on scheduled breaks. Schaeffer also helped in writing a petition that opposes the bill.

"It is our opinion that these amendments serve only to consolidate the power of the corporate board over the shareholders," said Schaeffer. "Furthermore, we believe that the amendments to Section 1 (a section concerning a director's liabilities) are necessary to protect the Native shareholders from unscrupulous acts of corporate boards."

The petition garnered over 100 signatures from employees, not only from Native corporation shareholders, but from others who, because they are state citizens, can participate in opposing this bill.

"They're trying to take away your constitutional rights," said Bill Cress who signed the petition. Cress is a heavy-equipment operator who works for Cominco.

The bill also calls for people who knowingly and willfully violate any part of the proposition to be subjected to civil penalties such as a mandatory jail sentence or heavy fines. HB 251 also sets another time restraint that prohibits petitioners from bringing the same subject matter to the corporate board's attention for two years after it has initially been presented.

During a legislative hearing on the bill last Wednesday, one Native shareholder from Juneau got right down to the point when she said, "The board has the power to sell our land. What if they do? And one of us petitions this? If it is found arbitrary and capricious and is thrown out, then we hav · to wait two years?"

Bobbie Oskolkoff probably defined how the bill could affect Alaska Native shareholders when she wrote, "Extremely powerful corporate leaders who introduced a bill of this magnitude create a 'chilling effect' on shareholders. With HB 251, no reasonable Native shareholder will ever raise his voice in protest again.

Geri Reich is a Kotzebue resident and an electrician at the Red Dog Mine.

HB 251 violates rights

I am writing in regard to House Bill 251, sponsored by Reps. Carl Moses (Unalaska), Eileen MacLean (Barrow) and Bill Williams (Ketchikan).

As written, HB 251 violates the constitutional rights granted to all U.S. citizens. Currently, the bill is in the House Labor and Commerce Committee (Pete Kott, chairman).

The proposed bill prohibits the people from speaking or petitioning on an issue for one year if the issue is substantially the same subject matter brought to the shareholders in the preceding year.

This section of the bill is a violation of the First Amendment freedom of speech, and the right of the people peaceably to assemble and to petition for a redress of grievances.

HB 251 also violates the Fifth Amendment right to "due process." This section allows the state administrator to violate the due process rights of an individual and immediately issue orders against an individual who has engaged in or is about to engage in an act that is in violation of the bill's amendments.

The individual does not have to commit a violation; the administrator only has to be informed that he may engage in an act in violation.

— *Myrna Gardner*
Klawock

AGAINST THE ODDS

One native corporation stands alone backing the wishes of its shareholders. Kikiktagruk Inupiat Corporation (Kotzebue village corp.) donated a substantial amount of the money needed when its shareholders were raising funds to send Mr. Emil Notti to Juneau to lobby against HB251. Alaska Native Shareholders from Kikiktagruk Inupiat, NANA, Doyon, Sea Alaska, North Slope, AHTNA, Bering Strait, Calista, Ninilchik, CIRI, KNA, Sea Lion, Tikikguuk, Klawoc, and Salamatof united from across Alaska to fight against a House Bill they consider racist and discriminating. Shareholders are upset with powerful leaders paying exorbitant amounts of *our own* corporate assets for lobbyists, attorneys, consultants and others in order to silence Native Shareholders. Naive Natives innocently believed hundreds of letters, phone calls, public opinion messages, petitions and faxes would have a powerful effect on lawmakers. After speaking with legislators who voted yes for HB251 shareholders realized lobbyists relate potent convincing arguments to legislators who have little time to review bills. Ultimately natives learned they had to use corporate tactics and lobbyists to try to defeat the bill. Corporate management failed to inform shareholders before introducing legislation affecting their rights to participate. Over the past month, through news editorials, shareholders began to contact one another, forming a coalition of united shareholders. The joint effort resulted in enough funds to send Mr. Emil Notti to lobby against HB251. Mr. Notti who has been active in Native affairs for most of his life was contacted and he volunteered. After discussion with all shareholders involved he was unanimously selected. Shareholders cannot change by-laws or effectively defeat corporate management slates under some of the current native corporate structures. All resolutions are advisory to the board and advisory votes do not allow shareholders to change corporate structure, alter by-laws and articles of incorporation or simply approve them. The only recourse open to shareholders is recall and/or petitions which are merely advisory and serve only to notify corporations of shareholder concerns. Shareholders are restricted by management slates who often use seniority to retain Board members and management control. United Natives feel they represent more votes than corporate leaders. And we also perceive legislators as failing to remember who elected them to office in the first place. These feelings are the heart of the united effort to obtain representation for the shareholders in Juneau. Controversial shareholders believe that interaction between shareholders and their corporations is healthy and should be encouraged, not discouraged. We use this interaction as an attempt to bring positive reconstruction to our corporations which were established in 1971. In 1995 shareholders are demanding participation available to all other corporations under Alaska State Law. HB251 places restrictions geared only to Native Corporations. United Shareholders believe Native issues should be addressed by Natives and legislative action should be ceased. We are already bound by laws and restrictions under the guidance of Banking and Securities. Shareholders feel HB 251 is simply a special interest bill introduced by CEO's to silence those who wish to voice opinions. Natives became alarmed and were forced by legislators and corporations to send Mr. Notti to Juneau in a crusade designed to pit native against native. This is positively against our culture but we are left with little or no recourse. This Bill should have been brought before ALL Natives before introduction. Except for the corporate leaders, we have not found a shareholder anywhere that supports this bill. Late Wednesday afternoon shareholders learned the Bill was passing the house. Phones and facsimiles allowed shareholders across the state to raise money, contact Mr. Notti and implement a united effort within 3 hours time. Rapid unity has never occurred in our brief corporate history before. This Bill has once again united the Alaskan people. Mr. Notti left for Juneau Thursday morning in an effort to halt the

SO WHO <u>REALLY</u> BENEFITS FROM HB251? Have the legislators already forgotten <u>who</u> elected them into office?

AGAINST THE ODDS

One native corporation stands alone backing the wishes of its shareholders. Kikiktagruk Inupiat Corporation (Kotzebue village corp.) donated a substantial amount of the money needed when its shareholders were raising funds to obtain representation in Juneau. Recently shareholders formed a coalition and unanimously selected Mr. Emol Notti to lobby against HB251. Alaska Native Shareholders from Kikiktagruk Inupiat, NANA, Doyon, Sea Alaska, North Slope, AHTNA, Bering Strait, Calista, Ninilchik, CIRI, KNA, Sea Lion, Tikikguuk, Klawoc, and Salamatof united from across Alaska to fight against a House Bill they consider racist and discriminating. Shareholders are upset with powerful leaders paying exorbitant amounts of *our own* corporate assets for lobbyists, attorneys, consultants and others in order to silence Native Shareholders. Corporate management failed to inform shareholders before introducing legislation affecting their rights to participate. Shareholders feel HB251 is simply a special interest bill introduced by CEO's to silence those who wish to voice opinions. Interaction between shareholders and their corporations is healthy and should be encouraged, not discouraged. Under some of the current native corporate structures, shareholders cannot change by-laws or effectively defeat corporate management slates. All resolutions are advisory and do not allow shareholders to change corporate structure, alter by-laws and articles of incorporation or simply approve them. The only recourse open to shareholders is recall and/or petitions which are merely advisory and serve only to notify corporations of shareholder concerns. This Bill should have been brought before ALL Natives before introduction. Except for the corporate leaders, we have not found a shareholder anywhere that supports this bill.

Ruth C. Ferguson-Schaeffer

7420 Tangle Court
Anchorage, Ak 99504-3527
(HM) 907-337-0559 (unlisted#)
(WK) 907-426-9206 I work out of town on a 2/1 schedule. ~~in~~ in Anc. May 9 (weather permitting)

(Edited for the newspapers)

AGAINST THE ODDS

One native corporation stands alone backing tho wishes of its shareholders. Kikiktagruk Inupiat corporation (Kotzebue village corp.) donated a substantial amount of the money needed when its shareholders were raising funds to send Mr. Emil Notti to Juneau to lobby against HB251.

Alaska Native Shareholders from Kikiktagruk Inupiat, NANA, Doyon, Sea Alaska, North Slope, AHTNA, Bering Strait, Calista, Ninilchik, CIRI, KNA, Sea Lion, Tikikguuk, Klawoc united from across Alaska to fight a House Bill they consider racist and discriminating. The joint effort resulted in enough funds to send Mr. Emil Notti to lobby against HB251.

Powerful Corporate leaders paid exorbitant amounts for lobbyists and others in order to silence Native Stockholders who have been forced to unite because they began to realize they needed a lobbyist after many letters, public opinion messages, faxes and phone calls failed to destroy the Bill. WHO REALLY BENIFITS FROM HB251? Have the legislators forgotten who elected them into office?

May 2, 1995

To the Alaskan Legislature:

I am a shareholder in the Bering Strait Native Corporation and through my mother, Hana Kangas, the Ahtna Corporation. I am most definitely against House Bill 251.

This adds insult to injury to all of those shareholders who have benefitted very little, if at all, from the Alaska Native Claims Settlement Act. The true value of corporation assets has not been presented to the shareholders. Instead boardmemebers have awarded themselves huge bonuses at the expense of the shareholders to whom they are responsible. This is generally true for all of the Native Corporations; some to a greater extent than others.

To target the Native Corporation Shareholders via legislation as a special class is a racist action which burdens the shareholders to a greater extent.

Please vote against House Bill 251.

Shelley Trainor
211B McCarrey #16
Anchorage, Alaska 99508

Shelley Trainor

House Bill 304: more anti-Bush legislation

The administration recently introduced House Bill 304, which attempts to reduce the state budget by targeting its most isolated rural workers. Because of that very isolation, this small group of employees are those least able to protest such injustice. The bill may also withdraw support from grantees such as the borough government.

State workers, like court clerks, in areas like Barrow, Kotzebue, Nome and Bethel, may find their salaries reduced by $1,000 a month. The administration has chosen to ignore its own cost surveys which show that many of those very workers receive much less than they should in geographic differentials seeking to provide some parity with urban area workers.

A state worker in Barrow easily pays twice as much in housing costs as a worker in the same position in Juneau or Anchorage. Clothing, food and utility prices are equivalently higher. Shower and laundry water costs of 15 cents per gallon are astronomical. To go out to a movie and a dinner for two costs over $1,000, considering that the nearest theater is a plane ride to Fairbanks. Forget driving. It costs thousands of dollars just to ship in a compact car, and gas is almost $4 a gallon. The car needs to be plugged into an electrical outlet eight months out of the year, and the nearest paved road is 500 miles away.

State workers' pay is already so low in these areas that some jobs go unfilled for years, despite statewide recruitment. Turnover rates are extremely high, because state wages are not nearly as competitive with North Slope Borough pay scales. Thousands of training dollars are easily squandered, and the public may often have to deal with service providers who are learning on the job. It is conceivable that courts and other state agencies could be forced to close simply because it may be impossible to hire replacements.

In some cases, the previous administration dragged on contract renewal talks for over a year. The legislature has reneged on agreements that were signed in the past: This is despite the fact that the average state government employee makes less than the average Alaskan. Our present administration, seemingly anxious to virtually give away the North Slope's petroleum heritage, has done no better. It is particularly offensive that it seeks to subsidize these giveaways by penalizing low income, rural and indigenous Alaskans most heavily.

Frank Smith
Barrow

House Bill 251 would steal shareholders' voice

I am responding to the April 20 article in the *Arctic Sounder* "Bill's passage would rob Native corporation shareholders of power" written by Geri Reich.

Proposed House Bill 251 says that special meetings of the shareholders of a corporation under the Alaska Native Claims Settlement Act may only be called by the board, the chairman of the board, the president, or with a petition signed by the holders of not less than 25 percent of all the shares entitled to vote in corporate elections.

If statutes concerning non-Native corporations require 10 percent of signatures on petitions and no time restrictions, why are the lawmakers attempting to make it more difficult for Native shareholders to exercise their rights?

I had collected 25 percent signatures on a petition requesting a special meeting of UIC corporation (which I am a shareholder of) to address mismanagement issues on the part of the Ukpeagvik Iñupiat Corporation president and UIC Construction president. At the meeting, the board informed us that we needed 50 percent shareholder attendance to have a quorum. There wasn't 50 percent shareholder attendance, so the meeting was canceled due to lack of quorum.

A number of shareholders live in the outlying villages, Fairbanks, Anchorage and out of state, and the ones I had talked with said they weren't notified of a special meeting. I had contacted a number of friends in town and they informed me that their supervisors wouldn't excuse them from UICC employment positions to attend. Most of the people I talked with didn't even know there was a meeting scheduled. It is evident that proper notification was not issued from the UIC parent office in Barrow.

I believe if a situation like this arises a non-biased entity should conduct the notification and scheduling of a meeting.

There were a lot of shareholders that had concerns and were not allowed to voice them at this meeting. There hasn't been any progress and if the Native corporations are going to conduct their business like this, the shareholders will never be allowed to correct what they see is wrong.

Non-shareholders who commute out of Anchorage seem to run this corporation. I wonder how many other corporations are run by non-Natives'/non-shareholders. I wish Native shareholders would understand what is going on and take control of your corporation. Help, make your own decisions, your community knows what its needs are.

I believe that all Alaska Natives are a proud people and need to stay that way.

So please, exercise your right to vote your choice, your opinions and let them be heard by your state representative. If this bill passes, it makes it more difficult to have your concerns be heard.

I have tried, and even after collecting 25 percent signatures the meeting was shut out. When we know something's not right and want to do something to make it right, it is very difficult. I have tried to put things the way it was meant for — for the shareholders. It is very stressful to keep pushing to try and make things right for what you believe is right and now I am asking everyone — help, stand up for your rights and let our voices be heard!

Clara Kious
Barrow

Let your voice be heard. Put down your thoughts in a le

Honorable Governor Tony Knowles May 4, 1995

Bobby Schaeffer
Shareholder of NANA & KIC
P.O. Box 1148
Kotzebue, Alaska 99752

Dear Honorable Governor Knowles,

I was told that you support H.B. 251. A bill that passed the House of Representatives May 3, 1995, relating to placing restrictions on Native Corporation Shareholders, when shareholders wish to petition for a special meeting.

I am not happy with your stand as it was the shareholders of our corporations that voted you in as our Governor, not the CEO's of corporations.

HB 251 is simply a special interest bill introduced by the CEO's of our Native Corporations to silence the shareholders, when shareholders wish to express concerns of corporate activities. I think this interaction is healthy and should be encourage not discouraged. The restrictions allowed in HB 251 would make it more difficult for shareholders to express their concerns of corporate activities.

In addition, I wish to alert you of a possible conflict of interest situation with one of your cabinet members. Mr. Hensley, not only is a member of your cabinet, but also sits as co-chair of AFN. AFN supports this bill. Mr. Hensley is a former CEO of a native corporation and friends of other CEO's of regional corporations that are spending corporate dollars pushing this bill through. I have inquired as to why AFN took such a stand, and the word is, the co-chairs told AFN staff to support this bill.

I have not found a sharehoder anywhere that supports this bill. If the Senate passes this bill with no changes, it will go before you for your signature. I respectfully request that you reconsider your position on this bill simply as a jesture of respect for the village folk that voted you in as our Governor.

Thank you for your consideration.

Sincerely,

Bobby

Bobby Schaeffer
Shareholder - NANA and KIC

CC: AFN
Daily News

MAY-04-1995 14:14 99752

(In Anc. Daily News the day after Bobby Schaeffer's letter to Knowles)

Knowles seeks bill change

Native corporations support tougher rules for recall drives

The Associated Press

JUNEAU — The Knowles administration says it will work to defeat or modify a House bill's requirement that shareholders show cause when trying to recall Native corporation board members.

The provision is supported by several Native corporations, which are looking to the state for help in avoiding what they call frivolous and expensive recall efforts by dissident shareholders.

The House passed the bill Wednesday, 26-14, moving it to the Senate.

Pat Pourchot, Gov. Tony Knowles' legislative lobbyist, said the requirement making shareholder recall drives more difficult has caused some concern in the governor's office.

"I think we continue to have serious concerns on the for-cause provision, particularly if the only recourse is to take it to court," he said.

Pourchot said the governor's office would work to get the cause requirement modified or eliminated in the Senate.

In a letter to sponsor Carl Moses, an Unalaska Democrat in the House majority, Sealaska Corp. chief executive officer Leo Barlow restated the southeast Alaska regional corporation's support.

Anchorage-based Cook Inlet Region Inc. also supports the bill.

Critics say the cause requirement means a shareholder would have to go to court to establish a cause before a recall could begin.

"They can't afford to go to court and pay their court fees," Rep. Beverly Masek, R-Willow, said during House debate Tuesday night. Masek failed in her attempt to remove the requirement from the bill.

The stricter standard is not imposed on any other corporation in the state.

Supporters of the provision say if Native corporation shareholders want to remove people from boards without a reason, they could do so at regular elections.

State Commerce Department Commissioner Willie Hensley said the cause requirement is a concern but not likely enough to cause a veto.

The bill also would allow a one-year lull before a failed recall attempt could be repeated and raise the percentage of shareholder signatures required to call a special meeting or hold a recall. The number would increase to 15 percent for large Native corporations, such as Sealaska.

To petition a smaller corporation with fewer than 500 shareholders would require 25 percent. The current standard is 10 percent.

One of the complaints by House critics is that the bill didn't get enough work in committees.

It had to make it through just one committee, the House Labor and Commerce panel, before it was scheduled for a floor vote.

CONCERNED NATIVE SHAREHOLDERS
Kotzebue, Alaska 99752

Shareholders Unite

To defeat HB251

For Immediate Release

Friday, May 05, 1995

[Contact: Ruth C. Ferguson-Schaeffer]

DO Not print please.

907-426-9206

Ruth C. Ferguson-Schaeffer NANA & KIC shareholder

Kotzebue - Concerned Alaskans and Native Shareholders formed a coalition consisting of Kikiktagruk Inupiat, NANA, Doyon, Sea Alaska, North Slope, AHTNA, Bering Strait, Calista, Ninilchik, CIRI, KNA, Sea Lion, Tikikguuk, Klowoc and Salamatof have united against House Bill 251. They are alarmed over a bill which they consider unfair and biased. The Joint effort has resulted in funds being raised to send Mr. Emil Notti to lobby their cause in Juneau against HB251. Kikiktagruk has played a major role in the fight against HB251. This bill, supported by Powerful Corporate Leaders and Politicians, serves only to benefit Corporate Leaders by giving them broader controls over Shareholder activities. Shareholders have been uniting for the past month in a last ditch effort to halt HB251's passage. This resulted in many letters, petitions, public opinion messages, faxes and phone calls to elected officials requesting the HB251 be voted down. The massive effort has so far failed to destroy HB251, it passed the House May 03, 1995, it is currently in the Senate.

PRINTED NAME	SIGNED NAME	CORPORATION	VILLAGE/TOWN/CITY
Abraham Snyder	Abraham Snyder	NANA Regional Corp KIC Corp	Kotzebue AK
DAN HARVEY	Dan Harvey	NANA Regional	Kotzebue, AK
Leo Thomas	Leo Thomas	NANA Regional Corp	Buckland, AK
Henry sherman	[illegible]	NANA Regional Corp	Kotzebue, AK.
JEFF RAMOTH	[illegible]	" "	Selawik AK
Ed Douglas	Ed Douglas	" "	Shungnak AK
Kenny Wells	Kenny Wells	" "	Noorvik AK. 99763
Alvin Williams	Alvin Williams	NANA Regional Corp	Ambler Ak-99786
CLYDE F. RAMOTH	Clyde F. Ramoth	NANA REG. CORP.	SELAWIK, AK 99770
Cecil W. Taylor Jr	Cecil Wayne Taylor Jr	Nana / KIC Corp.	Anchorage AK 99519
Nelson Walker Jr.	Nelson Walker Jr	NANA / KIC	Kiana Ak 99749
DAVID S. KELSEY	David S. Kelsey	NANA	KOTZEBUE AK 99752
Harry Johnsen	[illegible]	NANA	Noatak Ak 99761
Walter W. Downey	Walter W Downey	NANA	Kotzebue, AK 99750
EVANS BALLOT JR	[illegible]	NANA	BUCKLAND AK
David E. Cormack	David E Cormack	Nana Region	Selawik Ak
HENRY BALLOT Sr	Henry Ballot Sr	NANA	NOORVIK, AK
Ruth C. Schaeffer	Ruth C Schaeffer	NANA / KIC	Anchorage, AK
ROBERT MITCHELL	Rose Mitchell	NANA	NOATAK AK
Noah Skin	Noah C Skin	~~[illegible]~~ Nana	Selawik
Garrett Smith	[illegible]	NANA	Kotzebue
Frank J Jackson	Frank Jackson	NANA	Kiana
Vincent Thomas	Vincent Thomas	NANA	Buckland
DELORIS GARDNER	Deloris Gardner	Nana / Kic	Anchorage Ak
Louis Hadley Jr	[illegible]	NANA	Buckland
Rachel Nelson	Rachel [illegible]	NANA	Anc
BERGMAN NELSON	[illegible]	NANA	ANCHORAGE
Clinton Wells	Clinton Wells	NANA	Fairbanks
GARY Gallahorn	[illegible]	NANA	Anchorage
Leslie Sheldon	Leslie Sheldon	NANA	Ambler AK
William Cress	William Cress	None	Kotzebue AK
JIM BALDWIN	[illegible]		[illegible]
Francis Cushingham	Francis Cushingham	none	Anchorage
Howarth Walker	[illegible]	~~[illegible]~~ Nana	Anchorage
Desi J. Ortiz	[illegible]	NANA	ANCHORAGE
CHARLES GALLAHORN	[illegible]	NANA / KIC	KOTZEBUE
Charles Smith	Charles N. Smith	Nana	Selawik Ak. 99770

PRINTED NAME	SIGNED NAME	CORPORATION	VILLAGE/TOWN/CITY
Frank H Burns	Frank H Burns	NANA	Kotzebue
Alice Amun	Alice Amun	NANA	KVL
JOE NAZURUK	Joe Nazuruk	NANA	NOORVIK
MARY BARR	Mary Barr	NANA	KIANA
TINA M. JONES	Tina M. Jones	Nana / KIC	Kotzebue
DAVID R. Schaeffer	David R. Schaeffer	NANA-KIC	Kotzebue
Lorena Mills	Lorena Mills	Nana-KIC	Kotzebue
Bob Davey	Bob Davey	NANA	ANCHORAGE
Fred Atoruk	Fred Atoruk	NANA	Kiana
Isaac Smith Jr	Isaac Smith Jr.	NANA	Noatak
ANDREW JACKSON	Andrew Jackson	NANA	KIANA
CHESTER TICKETT Sr	Chester Tickett Sr	NANA	SELAWIK
Caleb Stone	Caleb Stone	Nana	Noorvik
Allen [illegible]	[illegible]	NANA	Kobuk
Ernest G Lee	Ernest G. Lee	NANA	Ambler
LORENZ O. SCHROEDER	[illegible]	NANA	KIANA
MIKE L. SHELDON	Mike L. Sheldon	NANA	NOORVIK
Levi Hadley	Levi Hadley	NANA	Buckland
CLIFFORD MOLTON	Clifford Molton	NANA/KIC	Buckland/Kotz
Joe C R S.	[illegible]	NANA	Ambler/Noorvik
Wallace Field	Wallace Field	NANA	Noorvik, AK
Albert P. Adams Jr.	Albert P. Adams Jr.	NANA / KIC	ANCHORAGE, AK.
EDWARD LEE SR.	Edward Lee Sr.	NANA / KIC	Kotzebue, AK
CLYDE BALDWIN Jr	Clyde Baldwin Jr.	~~Cominco~~ NANA	Anchorage, AK.
Louis B. BELTZ	Louis B. Beltz	Cominco "	Fairbanks, AK
Bert Smith	Bert Smith	NANA	NOORVIK
LAYNE SCHWILLARD	Layne Schwillard	Cominco	PALMER AK
Laura Jackson	Laura Jackson	NANA	Kiana, AK
Carrie J. Barr	Carrie Barr	Cominco	Deering, Ak. 99736
Rochelle Gall	Rochelle Gall	NANA / KIC	Kotzebue, AK

PRINTED NAME	SIGNED NAME	CORPORATION	VILLAGE/TOWN/CITY
DARLENE B NEWLIN	Darlene Newlin	NANA	NOORVIK
Walter J. Field	Walter J. Field	NANA	"
~~Hale w Tickett~~			
GALE W. Tickett	Gale W. Tickett	NANA	AMBLER
Marvin Jackson	Marvin Jackson	~~[illegible]~~ NANA	Noorvik
Calvin Barger	Calvin Barger	NANA/KIC	Kotzebue
Wilbur Atorak	Wilbur Atuk	NANA	KIANA
Susie W. Wesley	Susie W. Wesley	Nana	Anchorage
Frances Onalik	Frances Onalik	NANA	Noatak
RICK LITTLE	Rick Little	NONE	ANCHORAGE
RON HOYEM	Ron Hoyem	"	NIKISKI
William D [illegible]	William D [illegible]	none	Anchorage

WE, THE UNDERSIGNED SHAREHOLDERS OF THE REGIONAL AND VILLAGE CORPORATIONS ARE OPPOSED TO HB 251. (AN ACT RELATING TO THE MEETINGS, SHAREHOLDER PROPOSALS AND REMOVAL OF DIRECTORS OF NATIVE CORPORATIONS)

SHAREHOLDER	REGIONAL CORPORATION	VILLAGE CORPORATION
1. Kimberly Daniels	Calista Corporation	Qinaq Corporation Ltd
2. Lawrence J. Pavila	Calista Corporation	Bethel Native Corporation
3. Nastasia Pavilla	Calista Corp.	Kasigluk Corporation
4. [illegible]	Calista Corp.	Atmautluak, AK
5. [illegible] Pavilla	Calista Corp	Atmautluak, AK
6. Arthur Jenkins	Calista Corp	Atmautluak, AK
7. [illegible]	Calista Corp	Atmautluak Ltd.
8. Harry Bilmar	Calista Corp.	Atmautluak, Alaska
9. Robert [illegible]	Calista Corp.	Atmautluak Ltd.
10. Robert Aguagalria Sr.	Calista Corp.	Napakiak Corp.
11. Moses M. Pavilla	Calista corp	Atmautluak
12. Louisa Nicholai	Calista Corporation	Atmautluak Limited
13. Olinka Alexie		Kasigluk Inc.
14. Mary Lou Mochin	Calista Corporation	Atmautluak Limited
15. Moses A. Pavilla Jr.	Calista Corporation	Atmautluak, AK
16. Susan Pavilla	Calista Corporation	Kasigluk Corp
17. [illegible] A. Pavilla	Calista Corp	Atm. AK
18. Angelina M. Pavilla	Calista corp.	Atm. AK.
19. Elena Pavila	Calista Corp	B.N.C. Bethel AK.
20. Ralph Pavilla	Calista Corp	BNC
21. [illegible]	Calista corp	Kasigluk Corp
22. Marie M. Pavilla	Calista Corp.	Kasigluk Corp
23. Nelson R. [illegible]	Calista Corp	BNC. Bethel
24. [illegible] Pavilla	Calista Corp	Atmautluak Ltd
25. Deborah Pavilla	Calista Corp	Atmautluak Ltd
26. [illegible] Pavilla	Calista Corp.	Atmautluak Ltd
27. Elsie Nick	Calista Corp	Kasigluk Corp [illegible]
28. [illegible]	Calista Corp	Atm LTD
29. [illegible] Nicholai	Calista Corp	ATM LTD
30. Wilson Nicholai	Calista Corp	ATM. LTD.

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NATIVE VILLAGE
of Atmautluak

SHAREHOLDER	REGIONAL CORPORATION	VILLAGE CORPORATION
31. [illegible]	Calista Corp	Bethel NC
32. [illegible] Nicholai	Calista Corp	Bethel Native Corp
33. Pauline Waska	Calista Corp.	Atmautluak Ltd.
34. Irene Nicholai	Calista Corp.	Atmautluak Ltd.
35. Bernice R. Waska	Calista Corp	Atmautluak Ltd.
36. Brenda R. Waska	Calista.	Atmautluak AK.
37. [illegible]	Calista	Atmautluak AK 99559
38. Eliza Nicholai	Calista	Atmautluak AK 99559
39. Raymond [illegible]	Calista	Atmautluak Ltd.
40. [illegible]	Calista	Atmautluak Ltd
41. Joshua [illegible]	Calista	Atmautluak Ltd
42. Benjamin [illegible] Sr.	Calista	Bethel Native Corporation
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