

Raven's Circle



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› The sun shines along the horizon as an aircraft taxis down a flightline at McConnell AFB. Photo courtesy of the USAF.

U.S. AIR FORCE AWARDS WELDIN FIVE-YEAR CONSTRUCTION CONTRACT

The hits just keep coming.

On the heels of contract wins that include a fitness center addition at Fort Greely, near Fairbanks, Alaska, and a five-year construction project at Offutt Air Force Base (AFB) near Omaha, Neb., Weldin Construction was awarded a five-year Multiple Award Construction Contract (MACC) at McConnell AFB in Wichita, Kan.

McConnell AFB is the home of the 22nd Air Refueling Wing, whose primary mission is to provide global air refueling and airlift support. It is the future home of the KC-46A Pegasus, a military version of the Boeing 767. Under the MACC, Weldin will provide design-build construction services for a range of maintenance, repair, alteration and new construction projects at McConnell AFB.

This is the second U.S. Air Force (USAF) MACC awarded to Weldin in the past year, adding to the 2016 contract award at Offutt AFB. "The close proximity of these military bases provides Weldin with significant opportunities for increased financial and operational efficiency," said Jared Edgar, president of CIRI Services Corp., Weldin's parent company. "Weldin is proud to bring another contract win to the CIRI family of government contracting companies."

Weldin participates in the U.S. Small Business Administration's Historically Underutilized Business Zones (HUBZone) program, which helps small businesses in urban and rural communities gain preferential access to federal procurement opportunities. The program's benefits for HUBZone-certified companies



› A KC-46 Pegasus takes to the skies. Photo courtesy of the USAF.

include competitive and sole-source contracting, subcontracting opportunities and a 10-percent price evaluation preference in full and open contract competitions. The 10-percent preference allows a qualified HUBZone firm to win a competitive procurement even if its bid is up to 10 percent higher than the price offered by an equally qualified larger firm.

After many years of operating solely in Alaska, Weldin became a national federal contractor in 2016 by landing construction contracts in Nebraska, Nevada, Washington and now Kansas. The Palmer, Alaska-based company provides comprehensive construction and construction management services to local, state and federal government agencies, which include heavy civil construction, underground utilities, electrical, concrete, design/build vertical construction, mechanical, HVAC, fire protection, fuel systems and process piping.

For information, visit www.weldin.com.

SHAREHOLDER SPOTLIGHT



Argent Kvasnikoff

Argent Kvasnikoff wants young Alaska Native people to embrace their culture – "whatever that culture means to *them*," he emphasized. An artist based in Ninilchik, Alaska, Argent's exhibit, "Qena Sint'isis," will run April 7 through May 29 at the Pratt Museum in Homer, Alaska. The multimedia exhibit is a visual representation of the Dena'ina language through various forms, including beadwork, ceramics, paint and ink. The title is a pairing of the Dena'ina word "qena," which means "word," and the English word "synthesis," written as a phonetic approximation through the lens of the Dena'ina alphabet.

Argent never set out to become an artist. He studied linguistics in college in Vancouver, Canada, "but it wasn't clicking," he said. "I had liked art from a young age, and while I was in college, I got a job as a student advisor and began putting together activities centered on cultural outreach." Those activities led to involvement with the local art scene and gallery system, and courses in art history further piqued his interest, particularly the study of the role of visual arts in social movements.

After returning in 2010 to Alaska, Argent worked for several years at the Ninilchik Traditional Council, the governing organization of the Ninilchik Village Tribe. It was there that he began creating and administering social arts initiatives and events in rural

SHAREHOLDER SPOTLIGHT, CONTINUED ON PAGE 02

A WORD FROM THE PRESIDENT

Sophie Minich, CIRI president and chief executive officer

Along with CIRI staff and the CIRI Board of Directors, I look forward to visiting with many of you at CIRI's Shareholder Information Meetings and the upcoming Annual Meeting of Shareholders.

By the time you're reading this newsletter, you should have received your copy of CIRI's 2016 Annual Report. The theme, "Expanding Our Horizons," speaks to CIRI's willingness to pursue opportunities outside our region and our state to deliver benefits to shareholders. Featured throughout the report are several CIRI investments, such as the Middletown Energy Center in Ohio, Makahū'ena Estates in Hawaii and the Briscoe Wind Farm in Texas. These investments reflect the company's commitment to seek out the most promising business ventures, wherever they may be.

While CIRI experienced many successes in 2016, our business segments were not immune to the downturn in the state's economy and impacts due largely to continued low oil and commodity prices. Particularly affected was Cruz Energy Services, a company that specializes in moving oil rigs in North Dakota's Bakken oilfield. As a result of Cruz Energy's performance and the current outlook for oil prices, CIRI recorded a goodwill impairment of \$21.6 million, which recognizes a reduction in the value of Cruz Energy Services.

In the interim, Cruz Energy has been scaling back staff, cutting costs and looking for

opportunities in other geographic markets, while maintaining its capabilities in North Dakota for when the market rebounds.

In spite of these setbacks, CIRI's operations and investments delivered net income of \$9.13 million in 2016 and total assets ended the year at \$913 million. Total shareholders' equity declined to \$640 million, and because CIRI's dividend policy calculates dividends based on 3.5 percent of total shareholders' equity, shareholders can expect a slight decrease in dividends in 2017 – an estimated \$22.4 million (or a total of \$35.69 per share) to be paid out in four installments

For those able to attend, CIRI's Annual Meeting – to be held June 3 at Southcentral Foundation's Nuka Learning and Wellness Center in Anchorage – promises to be an entertaining and educational event for our shareholders and their families. Attendees will hear an overview of the company's financial performance and speeches from candidates for the CIRI Board of Directors, and will also have an opportunity to learn about CIRI's efforts to engage shareholders and descendants, villages, tribes and other organizations that benefit Alaska Native people. Representatives from the CIRI family of nonprofits will also discuss programs available to shareholders and others residing in the Cook Inlet region.

The Nuka Learning and Wellness Center was chosen for its emphasis on sharing and wellness. The Tribal Drum area is based on a traditional talking circle,



which facilitates cooperation, active listening and problem solving. The building opened last summer and it is the first time CIRI will hold its Annual Meeting in this new space. I hope to see you there!

Warm regards,

Sophie Minich

SHAREHOLDER SPOTLIGHT, CONTINUED FROM PAGE 01

areas of the Kenai Peninsula, and participated in several indigenous cultural projects. He also began studying pre-contact Dena'ina language.

"Art only recently became 'the thing I'm doing,'" Argent said. "I'm not a craftsperson; I have probably the most unsteady hand of anyone in the world. What I'm interested in is taking some of the themes that reflect my understanding of cultural evidence – in this case, the Dena'ina language – and meshing them with my personal experience."



► Yuq' Qiteni 1 (ink on paper board) by Argent Kvasnikoff.

The goals of Qena Sint'isis, as described by the Pratt Museum, are to "share information about the Dena'ina language using visual elements, to share information about traditional Dena'ina culture, and to encourage people to explore language through the lens of a different writing system in

order to experience how cultural information can be transformed in front of their eyes."

At the core of the exhibit are 44 new symbols that correlate to the Dena'ina alphabet. The symbols, Argent said, are based on familial and tribal histories and historical records, which he developed over a three-month period.

Argent is related to CIRI through his parents, Marla and Jack Kvasnikoff Jr., both of whom have mixed Dena'ina/Alutiq ancestry and hail from the Ninilchik tribe. Though he's an avid traveler and has lived elsewhere, Argent is happy to call Ninilchik home. "I have family nearby and I know the people here, and they've been really supportive," he said. "I've applied to museums in the Lower 48 and outside the country as well, but for now, I'm really happy to see what I can do from here."

Qena Sint'isis is funded in part through a Heritage Project Grant from The CIRI Foundation (TCF). Heritage Project Grant funding is available to support projects that affect and/or involve Alaska Native beneficiaries of CIRI and further the heritage goals of TCF, such as enhancing the understanding and appreciation of Alaska Native history; encouraging contemporary Alaska Native tradition bearers in pursuit of their works; and fostering the identification, preservation, curation and interpretation of traditional and contemporary Alaska Native cultural resource materials.

Argent has received pushback about the project from a few individuals who feel "it's not an



► Transfiguration (ink on paper) by Argent Kvasnikoff.

authentic venture," he said. "The thing is, Alaska Natives, and particularly young Alaska Natives, don't have to let other people tell them what their culture is."

"I had a lot of guilt for a long time," Argent admitted. "When I was in college, I was president of the student union and involved with First People initiatives. I would be asked by 'experts' what kind of traditional songs I listened to, and for me, growing up, that was pop music. I was looked at as strange and with pity. Young people need to be assured that others don't get to dictate their traditions. If you're really interested in preserving culture, as an indigenous person, be the best person *you* can be."

Qena Sint'isis will be on exhibit at the Pratt Museum from April 7 through May 29. For information, visit www.prattmuseum.org. For more information on Argent Kvasnikoff and his work, visit www.argentkvasnikoff.com.

CITC OPENS EARLY HEAD START CENTER IN ANCHORAGE



▶ The Clare Swan Early Head Start Child Care Center opened March 1 and serves children six weeks to 3 years. Photo courtesy of CITC.

Finding child care in Anchorage just became a lot easier for Alaska Native families thanks to Cook Inlet Tribal Council's (CITC) newest project, the Clare Swan Early Head Start Child Care Center.

"The bottom line is there's a significant shortage of infant daycare in the community," said CITC Family Services Manager and CIRI shareholder Connie Wirz. "Here, we're providing not just child care for the families most in need, but consistent, quality early learning and family support. That's an important piece: Trying to encourage and support families wherever they're at."

According to a study released in 2015 by the Economic Policy Institute, a typical Alaska family would have to spend a quarter of its total income on child care for an infant and a 4-year-old. And that's for families who can find care. A separate 2016 study by the State of Alaska found that 43 percent of child care providers had waiting lists, many as long as two or three years. Problems can be compounded for children with disabilities or special needs.

The Clare Swan Early Head Start Child Care Center, which opened March 1, will serve up to 72 children, ages six weeks to 36 months, with nine classrooms, two of which offer 10-hour programs for children whose parents require extended childcare. Any family may apply to this income-eligibility-based Head Start program, with preference given to existing Temporary Assistance for Needy Families (TANF) and Child Care Assistance families. Applicants must provide a birth certificate, proof of income and Certificate Degree of Indian Blood (CDIB), along with an online application.

While CITC will provide family services staff and support, the Anchorage Vineyard Early Learning Center will administer the day-to-day oversight of the center and provide teachers with specialized training in social/emotional learning. The Clare Swan Early Head Start Child Care Center places an emphasis on employing Alaska Native/American Indian (AN/AI) teachers and employees, with about 90 percent of its staff composed of AN/AI employees.

The location of the Clare Swan Early Head Start Child Care Center, at 800 Northway Drive in Anchorage, was chosen for its ease of access to the Nat'uh Service Center, just a couple

blocks north, where the bulk of CITC's programs and services are offered. CITC purchased the facility, a former restaurant, and with Cook Inlet Housing Authority acting as project manager, gutted the building and refurbished it, adding classrooms, a commercial kitchen, a staff lounge, health center and meeting room. Outside, a colorful playground is designed around a giant map of Southcentral Alaska.

"HERE, WE'RE PROVIDING NOT JUST CHILD CARE FOR THE FAMILIES MOST IN NEED, BUT CONSISTENT, QUALITY EARLY LEARNING AND FAMILY SUPPORT."

The center is named after Clare Swan, who served on CIRI's Board of Directors from 1991 to 2005 and was honored with CIRI's Shareholder of the Year Award in 2013. Swan is CITC's current board chair and a 2011 inductee into the Alaska Women's Hall of Fame. In 2009, she was honored as Elder of the Year by the Alaska Federation of Natives. Swan is recognized for her achievements in political activism related to issues that affect Alaska Native people, including subsistence fishing rights and community health.

Thanks to a Language Nest Grant from the Administration for Native Americans, the Clare Swan Early Head Start center will offer three Yup'ik language immersion classes — the first of their kind in Anchorage. A Tribal Maternal, Infant, and Early Childhood Home Visiting Program grant awarded to the center will also equip CITC to provide intensive support to families in the program and in the greater community.

"People think, 'Oh, it's a daycare center,' but it's really so much more," Wirz said. "It's an early learning center. Or really, it's more a family learning center, because our families are learning, too."

To apply for the Clare Swan Early Head Start Child Care program, visit www.citci.org. For more information, call CITC Child and Family Services at (907) 793-3132 or email info@citci.org.

Special thanks to CITC's Jamey Bradbury for contributing to this article.

MISSING SHAREHOLDERS

The following CIRI shareholders do not have a current mailing address on record. **When CIRI mail is returned as undeliverable, the distributions are held and the shareholder does not qualify to participate in any prize drawings until the address is updated. Shareholders with Qenek portal accounts may update their addresses online.** Alternatively, shareholders may visit CIRI's website or call Shareholder Relations at (907) 263-5191 or (800) 764-2474 for address change forms and information.

(As of 04/20/2017)

Byron Keith Abell	Elizabeth Terri Lee
Edgar Ailak	Ross Allan Leininger
Matthew Jacob Anahonak	William Dean Luttrell Jr.
Constance S. Anderson	Anthony James Malburg
Egan Hugh Askay	Linnea Maria Mario
Verena Lee Bean	Nicodemus Dominick Marsing
Leticia S. Belardi	Stacy Lea MacAfee
Ryan Lee Belcher	Hultman Ababuk McKenna
Thomas Michael Bellinger	Chase William-Mejia
Isaac Bob	McMichael
Hilliard Ellis Bonner	Burt Gregory Mercurief Jr.
Nathan Lee Bordewick	Sharon Renee Miller
Lisa Marie Boster	Jack Joseph Milligan
Dana E. Bostrom	Shaun Michael Moore
John Joel Boucher	Karina Eleanor Anne Munson
Elmer Roy Bradley	Forrest James Nayukok
Joanne Rae Brady	Carol Ann Nelsen
Richard Kenneth Bright	Glenda Lee Nicholi
Steven Patrick Bright	Hoyt Leonard Ogle
Alberto Caballero Jr.	Kellen St-Clair Okpealuk
Raul Jose Caballero	Lehman Rither Olson
Raynaldo Cinco Caballero	Patrick Shane O'Neill
Diana Marie Call	Bryan Lee Outwater
Eugene Al Cameron Jr.	Deborah Florence Parr
Martin Andrew Campbell	Melonie Leone Perrenoud
Darren Isaac Capsul	Daniel Raymond Petersen
Yvonne Marie Carlo	Catherine Mae Peterson
Florence Vera Caskey	Ashley Alise Poulin
Sandra A. Chapman	Norma Propst
Beverly Ann Chilligan	Bryan Thomas Protzman
Liberty Ann Choquette	Mary Jane Rastetter
Wanda D. Clancy	Barbara N. Redington
Michael James Cooper	Larissa Marion Reed
Salina Lynn Cooper	Melanie Brook Ritter
Lisa Denise Coulter	Frank Alan Rodriguez
Juliana Marie Crandall	Susan Diane Sannes
Kamakana Charles-Nukapigak	William Jack Schneider Jr.
Danner	Amanda Agetha Sebwenwa
Rosa R. Davis	Roxane Lynette Seeber
Juan Eugene Delacruz Jr.	Cynthia Iona Shackelford
Christy Lynn Downs	Joshua James Sheldrick
Owen Francis Eben	David J. Showalter
Wassillie Lloyd Ekopak III	Maryah Dorothy Showalter
Candice Marie Elias	Steven Shuravloff
Elizabeth MSH Evon	Foster P. Simmonds Sr.
Matthew Lee Fox	Ronald Ekosik Simmonds Jr.
Gary Richard Franzen	Sharon Graham Skinner
Anthony Lane Fry	Andrew David Smith
Jack Fred John Gnat	Chyna Rae Smith
Susan Helene Gonzalez	James Earl Smith
Cheryl Denise Goozmer	Hopeful Lucy Standifer
Cecilia Green	Lawrence Morris Starkloff
Owen Brandon Gruber	Brianna Michelle Steiner
Jade Ariane Grunert	Thomas Joseph Stlaurent
Donna Rae Hamlin	Corey Stanley Sylva
William Earl Hand	Jonathan Antonio King Tadlock
Alma Marie Hansen	Veronica Ann Takeuchi
Annie Marie Heinrich	Floyd Brian Tetpon
Cindy Kim Hertz	Arlene Lois Thomas
Michael Lee Howard	Diane L. Thomas
David Lewis Huffman Jr.	Raymond Robert Thompson
Claire Rachell Hursey	Trudi Patricia Totemoff
Suzanne Carlana Hutchens	Charmaine Lavonne Triplett
Phyllis Alberta Jackson	Martin Sean Tucker
Hilda H. Jacobs	Cyril M. Tyson
Teresa Rai Jacobsson	Jerome David Walker
Keith Robert Jennings	Terilyn Irene Wamser
Sundance Steven Jennings	Hayli Melissa Ward
Robert Dale Johnson	Anthony Wayne Waterbury
Branden J. Jordan	David Edward Watson
David Michael Karabelnikoff	Ralph Lee Watson
Jason Andrew Kasak	Melford Nunoolik Nupeauk
Laura Keaton	Wesley Jr.
Julie Marie Kenick	Jordan Brando Wik
Crystal Rene Kirkpatrick	Joseph Carrol Williams
Kathryn Frances Knudsen	Norman Eugene Wood Jr.
Lorna Kay Larsen	Kristina Marie Yankovic
Michael Gene Larsen	Janice Lynn Yates
Melissa Marie Lawton	

GUIDE TO THE 2016 ANNUAL REPORT

Understanding CIRI's financial statements

CIRI recently released its 2016 Annual Report. This document summarizes the company's performance last year and contains information readers can use to better understand CIRI's business and investments. Annual report financial statements can be difficult to understand. This guide explains key parts of the financial statements that begin on page 24 of CIRI's 2016 Annual Report.

The consolidated financial statements include:

- Consolidated Balance Sheets
- Consolidated Statements of Income
- Consolidated Statements of Other Comprehensive Income
- Consolidated Statements of Changes in Shareholders' Equity
- Consolidated Statements of Cash Flows

The consolidated financial statements are accompanied by footnotes that provide additional details about the company's financial position, investments and earnings. An independent auditor, KPMG LLP, audited the financial statements and issued an opinion as to CIRI's conformity with generally accepted accounting principles. Following the financial statements and footnotes is CIRI Management's Discussion and Analysis, which provides additional information about the company's operations and holdings.



COOK INLET REGION, INC.		2016	2015
CONSOLIDATED BALANCE SHEETS		(in thousands)	
December 31,		2016	2015
		\$ 42,214	40,907
		68,023	29,379
		135,524	88,550
Assets:			
Cash and cash equivalents		117,305	137,095
Marketable securities (notes 4 and 12)		1,317	6,019
Trade and other receivables, net (note 5)		187,013	198,581
Restricted cash and cash equivalents and marketable securities (notes 4, 6, 14, 15, and 20)		189,095	190,359
Income taxes receivable (note 19)		22,179	22,283
Investments in unconsolidated affiliates (note 7)		57,107	46,784
Real estate investments, net of accumulated depreciation of \$16,207,000 and \$13,582,000 for 2016 and 2015, respectively (notes 10 and 15)		42,342	43,077
Natural resource investments, net of accumulated depreciation of \$4,600 and \$4,000 for 2016 and 2015, respectively (notes 10 and 15)		43,621	65,269
Energy and infrastructure investments, net of accumulated depreciation of \$7,660,000 and \$5,920,000 for 2016 and 2015, respectively (note 10)		8	106
Property and equipment, net of accumulated depreciation and amortization of \$30,481,000 and \$24,512,000 for 2016 and 2015, respectively (notes 11 and 15)		-	39,079
Goodwill, net (note 9)		7,290	8,029
Intangible assets, net (note 9)		-	-
Assets of discontinued operation (note 6)		913,038	915,497
Other		-	-
Total assets		\$ 913,038	915,497
Liabilities and shareholders' equity:			
Liabilities:			
Notes payable (note 15)		182,134	160,045
Accounts payable		34,532	20,643
Accrued liabilities (notes 20 and 21)		18,435	18,068
Due to other regions, at-large shareholders and village corporations (note 16)		9,315	15,782
Deferred income taxes (note 19)		18,246	27,719
Derivative liability (note 13)		1,064	1,562
Liabilities of discontinued operation (note 6)		-	1,755
Other		1,214	1,864
Total liabilities		210,495	210,495
Shareholders' equity:			
Common stock of no par value (note 17)		430,462	444,212
Paid-in capital (notes 8 and 17)		(670)	426
Retained earnings		640,287	655,133
Accumulated other comprehensive (loss) income - unrealized gains and losses on marketable securities and cash flow hedge (notes 4 and 13)		7,811	12,926
Total shareholders' equity attributable to Cook Inlet Region, Inc.		648,098	668,059
Noncontrolling interests (note 17)		-	-
Total liabilities and shareholders' equity		\$ 913,038	915,497

← CONSOLIDATED BALANCE SHEETS

- **Assets:** What the company owns and what is owed to it.
- **Liabilities:** What the company owes.
- **Shareholders' equity:** The net worth of the company, which is equal to company assets minus company liabilities.
- **Cash and cash equivalents and marketable securities:** Cash in bank accounts, money market accounts, equities and bonds that can easily be converted into cash.
- **Restricted cash and cash equivalents and marketable securities:** Cash and marketable securities the company has set aside to pay future liabilities.
- **Investments in unconsolidated affiliates:** CIRI's ownership interests in other corporations, partnerships, limited liability companies and joint ventures in which CIRI does not hold a controlling interest.
- **Natural resource and energy investments:** Land and resource property and energy investments, including the Fire Island Wind project.
- **Liabilities:** Amounts owed by CIRI from debt or costs unpaid at year-end.

CONSOLIDATED INCOME →

CIRI's revenues and expenses are reported by operating segment:

- **Government services** includes CIRI's operations that provide services to local, state and federal government agencies.
- **Oilfield and constructions services** is from oilfield operations services and heavy marine hauling and construction support.
- **Real estate** includes commercial rental property activities and CIRI's interests in multi-family and retail investments, as well as other real estate holdings.
- **Natural resources** is from oil and gas royalty revenues and 7(i) resource sharing payments received from other ANCSA corporations.
- **Energy and infrastructure** is CIRI's investments in wind farms.
- **Discontinued operation** is the sale of CIRI Alaska Tourism, which was completed on March 11, 2016.
- **Private equities** is from investments in general private equity and venture capital funds that invest in a broad variety of industries, both foreign and domestic.
- **Income per share of common stock** divides the net income by the number of outstanding CIRI shares (627,700), to report the amount of income earned per share.

COOK INLET REGION, INC.		2016	2015	2014
CONSOLIDATED STATEMENTS OF INCOME		(in thousands, except income per share)		
Years ended December 31,		2016	2015	2014
Revenues:				
Government services	\$	215,868	155,151	125,300
Oilfield and construction services		27,768	43,754	60,780
Real estate		6,273	14,625	12,191
Natural resources		11,380	17,069	17,178
Energy and infrastructure		12,818	8,186	9,867
Tourism and hospitality		-	15	49,983
Private equities		5,819	4,467	4,482
Investment securities		9,122	(2,554)	594
Total revenues		289,048	240,713	280,375
Expenses:				
Government services		203,238	142,383	121,714
Oilfield and construction services		54,648	47,313	59,402
Real estate		10,808	9,741	10,284
Natural resources		1,652	1,325	3,043
Energy and infrastructure		6,693	8,188	10,326
Tourism and hospitality		2	1	83
Private equities		3,336	1,593	1,977
Investment securities		1,643	1,276	1,178
General and administrative and shareholder relations		17,485	18,068	17,324
Total expenses		299,505	229,888	225,331
(Loss) income from continuing operations before income taxes		(10,457)	10,825	55,044
Income tax benefit (provision) (note 19)		11,037	8,000	(5,721)
Income from continuing operations		580	18,825	49,323
Discontinued operations:				
Income from discontinued Alaska tourism and hospitality operations (note 6)		5,631	4,106	1,850
Income tax provision		(2,086)	(1,537)	(704)
Income from discontinued operations		3,545	2,569	1,146
Net income		4,125	21,394	50,469
Decrease (increase) of income attributable to noncontrolling interests		5,006	(894)	(2,241)
Net income attributable to Cook Inlet Region, Inc.	\$	9,131	20,500	48,228
Income attributable to Cook Inlet Region, Inc. per share of common stock				
Earnings from continuing operations		8.90	28.56	75.00
Earnings from discontinued operations		5.65	4.09	1.83
Earnings per share from net income	\$	14.55	32.65	76.82

(See accompanying notes to the consolidated financial statements.)

THE CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY →

This financial statement shows the year's activity in each of the components of shareholders' equity including current year net income and dividends paid to shareholders.

- Net income as reported in the statements of income.
- Total dividends paid to shareholders during 2016.

COOK INLET REGION, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

Years ended December 31, 2016, 2015 and 2014

	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Equity Attributable to CIRI	Non-controlling Interests	Total
(in thousands, except number of shares)						
Balance as of January 1, 2014	\$ 208,464	420,431	(25)	628,870	19,016	647,886
Net income	-	-	-	628,870	19,016	647,886
Other comprehensive loss	-	48,228	-	48,228	2,241	50,469
Change in noncontrolling interests, other than allocation of income	-	-	(432)	(432)	-	(432)
Elders' Benefit Program distribution (note 17)	-	-	-	-	3	3
Cash distributions - \$35.06 per share (note 17)	-	(8)	-	(8)	-	(8)
Balance as of December 31, 2014	208,464	446,640	(457)	654,647	21,260	675,907
Net income	-	20,500	-	20,500	894	21,394
Other comprehensive income	-	-	883	883	-	883
Change in noncontrolling interests, other than allocation of income	-	-	-	-	(9,228)	(9,228)
Purchase of subsidiary shares from noncontrolling interest (notes 8 and 17)	2,031	-	-	-	-	2,031
Elders' Benefit Program distribution (note 17)	-	-	-	-	2,031	2,031
Cash distributions - \$36.51 per share (note 17)	-	(7)	-	(7)	-	(7)
Balance as of December 31, 2015	210,495	444,212	(456)	655,133	12,926	668,059
Net income	-	9,131	-	9,131	(5,006)	4,125
Other comprehensive loss	-	-	(1,096)	(1,096)	-	(1,096)
Change in noncontrolling interests, other than allocation of income	-	-	-	-	(109)	(109)
Elders' Benefit Program distribution (note 17)	-	-	-	-	(7)	(7)
Escheatment of shares	-	52	-	52	-	52
Cash distributions - \$36.52 per share (note 17)	-	(7)	-	(7)	-	(7)
Balance as of December 31, 2016	\$ 210,495	430,462	(670)	640,287	7,811	648,098

CIRI's outstanding shares of common stock with no par value totaled 627,700 at December 31, 2016.
(See accompanying notes to the consolidated financial statements.)

COOK INLET REGION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2016	2015	2014
(in thousands)			
Cash flows from operations:	\$ 4,125	21,394	50,469
Net income	4,101	7,700	(7,255)
Reconciliation of net income to net cash provided by operating activities:	12,154	11,402	9,382
Losses (earnings) of unconsolidated affiliates, net of distributions (note 7)	-	-	23
Depreciation and amortization	284	(8,624)	(3,289)
Amortization of premiums and discounts on marketable securities	(6,281)	7,040	1,872
(Gain) loss on sale of assets	-	(2,179)	1,242
Unrealized (gain) loss on marketable securities	-	270	1,167
Purchase price adjustment on acquisitions (notes 3 and 8)	21,648	-	7,904
Imputed interest expense	997	2,405	2,620
Write-down of goodwill (note 9)	(8,829)	(3,818)	1,098
Write-down of asset value for economic impairment (note 7 and 10)	(5,458)	7,338	66,831
Change in deferred income taxes	22,741	42,928	3,450
Changes in operating assets and liabilities, net of businesses acquired (note 3)	(8,025)	4,726	3,450
Cash provided by operating activities of continuing operations	14,716	47,654	70,281
Cash provided by operating activities of discontinued operations	-	-	-
Net cash provided by operations	102,705	109,811	137,787
Cash flows from investing activities:	(112,249)	(105,629)	(222,272)
Proceeds from sale of marketable securities	4,611	22,975	983
Purchases of marketable securities	1,040	410	11,253
Proceeds from disposals of construction services investments	8,424	10,000	366
Proceeds from disposals of real estate investments	(20,000)	(48,424)	-
Proceeds from the disposal of other assets	13,258	11,042	8,152
Proceeds from notes receivable	15,029	3,948	18,659
Issuance of notes receivable	-	(102)	-
Capital returned from investments in private equities	-	(6,000)	-
Capital returned from investments in unconsolidated affiliates (note 7)	(5,525)	(27,767)	(31,378)
Sale of consolidated investment	(39,286)	988	(2,070)
Investment in government services	(4,162)	(6,596)	(8,971)
Investment in real estate	(13,210)	(20,402)	(21,012)
Investment in energy and infrastructure, net of grant proceeds (note 14)	85	(13)	(255)
Investment in operating property and equipment	(49,280)	(55,759)	(108,758)
Investment in private equities	37,761	(1,315)	(2,140)
Cash received from (invested) in partnerships and limited liability companies	(11,519)	(57,074)	(110,898)
Cash used in investing activities of continuing operations	-	-	-
Cash provided by (used in) investing activities of discontinued operations	-	-	-
Net cash used in investing activities	(112,249)	(105,629)	(222,272)
Cash and cash equivalents at beginning of year	\$ 42,214	43,827	23,346
Cash and cash equivalents at end of year	\$ 42,214	40,907	16,741
Cash included in balance sheets as:			
Cash and cash equivalents	-	2,920	6,605
Assets held for sale	42,214	43,827	23,346

← CONSOLIDATED STATEMENTS OF CASH FLOWS

This statement shows how CIRI used or received cash during the year.

- CIRI generated \$14.7 million from its operations in 2016.
- CIRI invested a net \$11.5 million in 2016 in a variety of operating companies, interests in partnerships and marketable securities.
- CIRI paid \$22.9 million in shareholder dividends in 2016.

GLOSSARY OF FINANCIAL TERMS

Asset: Something of value that is owned, including cash and items that are convertible to cash. Examples of assets include receivables (monies owed to the company), inventories (supplies), property and equipment (buildings, land, machinery, etc.).

Consolidated Balance Sheets: These reports show what a corporation and its subsidiaries own (assets) and owe (liabilities) at a certain date. They also show shareholders' equity.

Consolidated Statements of Cash Flows:

These reports show the amount of cash received and spent during a fiscal year, including:

- Cash received or spent operating a business
- Cash received or spent buying and selling assets
- Cash borrowed or paid on debt and/or paid to shareholders.

Consolidated Statements of Income: These reports show the combined revenues, expenses and net income or net loss of a company.

Consolidated Statement of other Comprehensive Income: These reports show non-cash gains (or losses) not recognized in the Statements of Operations.

Expenses: The costs required to generate revenue. For example, fuel to operate construction equipment.

Fiscal year: CIRI's fiscal year is Jan. 1 through Dec. 31.

Liability: A company's legal debt or obligation that arises during the course of business operations.

Liquidity: Cash and current assets sufficient to satisfy a company's liabilities and commitments as they come due.

Marketable securities: A general term for stocks, bonds or other investments that can be sold on the open market.

Net income: When total revenues exceed total expenses.

Net loss: When total expenses exceed total revenues.

Revenue: The money received from operating a business or earned from holding an asset.

Total shareholders' equity: Total assets minus total liabilities.

IN MEMORY



Leila Faye Jaynes Carroll, 37

Leila Faye Jaynes Carroll passed away Feb. 10 at Northridge Hospital Medical Center in Northridge, Calif. Ms. Jaynes Carroll was born May 31, 1979, in Anchorage.

She is survived by her parents, Pamela and Eric Christenson; father, Gordon Jaynes; sister, Erika Jaynes; and children, Ashley, Brandon, Justice, Jordan, Jaylee and Benjamin.

Eleanor J. Douglas, 63

Eleanor J. Douglas passed away on Jan. 10 at home in Indianapolis, Ind. Ms. Douglas was born Sept. 3, 1953, in Nome, Alaska. She is survived by her husband, Don Douglas; sons, James, John and Larry Douglas; daughter, Deborah Douglas; and brother, Tim Sears.

Betty J. Mahle, 94

Betty J. Mahle passed away Feb. 7 at the White Dove Assisted Living Home in Peoria, Ariz. Ms. Mahle was born Oct. 23, 1922, in East River Township, Iowa. She is survived by her son, Paul Christy; brother, Herman Kane; sister, Gleda Estes; and nephew, Paul Jerome Kane.

Pauline Bertha Pete, 49

Pauline Bertha Pete passed away Oct. 11, 2016, in Bethel, Alaska. Ms. Pete was born Dec. 19, 1966, in Bethel, Alaska. She is survived by her children, Cynthia L. Pete, Joshua J., George M. and Wendy D.A. Kameroff, and Quentin and Chiara J. Demientieff; and grandchildren, Samantha, Beth and Tobias Graf, and Betty Marie Kameroff.

Condolences

Glenn Timmons Cole, 70
Robert James Munson, 63

2017 ANNUAL MEETING PRIZES Vote Early and Win!

To encourage early submission of proxies, CIRI is offering \$15,000 in Early Bird prizes!

If you own voting shares, you should have received your proxy in the mail along with your CIRI Annual Report and Voter's Guide and Proxy Statement. The proxy is the document on which your mailing address appears.

If for any reason you need a replacement proxy, visit ciri.com or contact CIRI's Shareholder Relations department: (907) 263-5191 or toll free (800) 764-2474 (select option 0).

Shareholders whose proxies (for any proxy holder or candidate) are received by the Inspector of Election or the CIRI Secretary by 5 p.m. Alaska Daylight Time on the deadline date for a particular drawing will be

eligible for that drawing and all subsequent drawings. While shareholders who win an Early Bird Prize are not eligible to receive another Early Bird Prize this year, they remain eligible for the Annual Meeting prize drawings.

Early Bird Prize Deadlines:

April 28, 2017	Two prizes of \$1,000
May 5, 2017	Four prizes of \$1,000
May 12, 2017	Two prizes of \$2,000
May 19, 2017	One prize of \$5,000

All proxies must be received by 2 p.m. Alaska Daylight Time, Thursday, May 25, 2017.

Winners will be notified by CIRI and their names published in the newsletter and on CIRI's website.



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CIRI CONTACT INFORMATION

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Shareholder Participation Committees

www.ciri.com/spc

Submit ideas, stories & recipes to info@ciri.com

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Patrick Marris, *Aleut*

IMPORTANT CIRI DATES

MAY 6, 2017	Northwest Shareholder Information Meeting, Puyallup, Wash.
MAY 12, 2017	CIRI Summer Internship Program application deadline
MAY 29, 2017	Memorial Day holiday: CIRI offices closed
MAY 30, 2017	Deadline to sign up for direct deposit for the second quarter Elders' Settlement Trust distribution: 3 p.m. Alaska Daylight Time (ADT)
JUNE 1, 2017	Address change and cancel direct deposit deadline for the second quarter Elders' Settlement Trust distribution: 3 p.m. ADT
JUNE 3, 2017	CIRI Annual Meeting, Anchorage, registration 8-11 a.m. ADT; please RSVP via Qenek, ciri.com or phone
JUNE 5, 2017	Shareholder, Elder and Youth Award nominations deadline
JUNE 9, 2017	CIRI Elders' Settlement Trust distribution
JUNE 12, 2017	Deadline to sign up for direct deposit for the second quarter dividend: 3 p.m. ADT
JUNE 22, 2017	Address change and cancel direct deposit deadline for the second quarter dividend: 3 p.m. ADT
JUNE 30, 2017	Second quarter dividend distribution Deadline for second quarter participation prizes: Confirmed Descendant, Direct Deposit, eNewsletter, Qenek, Stock Will (visit ciri.com for additional information) Youth Educational Incentive Drawing Deadline: 3 p.m. ADT

SHAREHOLDER ESTATES

ALSO MISSING

When CIRI shareholders pass away, gathering the information necessary to settle the stock estate is often a difficult task and may delay settlement. CIRI is looking to contact the individuals listed below in connection with the following estates:

- Estate of Wayne Allen Belardi – Perlita Keener
- Estate of Thomas William Highsmith – Tonya Lorraine Highsmith
- Estate of Lily Mae Marshall – Kamette R. Myers and Christian James Marshall
- Estate of Richard Lloyd Sargent (aka Lloyd Richard Sargent) – Derek Bernard Sargent and John Michael Sargent Clark
- Estate of Leonard Turgeon – Ashley Moore
- Estate of Lawrence M. Wade – Alex H. Wade

If your name appears above or you know the whereabouts of any of the individuals listed above, please contact CIRI Probate at (907) 263-5191 or toll free at 1-800-764-2474, and select option 4.