

raven's circle

CIRI, village corporations collaborate on sand and gravel operations

The CIRI land and resources department is working with the CIRI region village corporations to promote and cooperatively develop sand and gravel resources throughout our region. Although CIRI owns the sand and gravel subsurface resources, the land surface is most often owned by one of CIRI's village corporations.

"CIRI's management has made it a high priority to find opportunities that fall within our joint best interests and to work cooperatively with the CIRI region village corporations," said CIRI Senior Vice President of Land and Energy Development Ethan Schutt. "We believe sand and gravel developments are one such area of mutual opportunity."

In the spirit of working together, CIRI is developing three types of template agreements to address different ownership and development situations. The agreements include a royalty agreement between CIRI and the village corporation surface owner that shares the financial benefits of sand and gravel sales between CIRI as the resource owner and the village corporation as the party that bears the long-term surface consequences of sand and gravel extraction.

Another type of agreement being developed is an excavation (operating) agreement between CIRI

and a village corporation which, as the surface owner, would also be the pit operator. This form of agreement would provide the village corporations with the business opportunity to develop and operate sand and gravel operations that historically have been contracted to unrelated business entities. Currently, Eklutna, Inc. and Tyonek Native Corporation are working with CIRI to develop

excavation contracts to operate some of their surface estate-owned pits.

A final form of agreement addresses the case where CIRI is the surface and subsurface owner and would allow a village corporation to be contracted as the pit operator. Again, this form of agreement would provide a business opportunity to the CIRI region village corporations. Niniichik Natives Association, Inc. is in discussions with CIRI to develop this type of contract.

Once finalized and approved, we expect to use all three types of agreements as we move forward with sand and gravel resource development.

"We believe these template agreements will promote efficient sand and gravel operations and achieve mutually beneficial business relationships with our village corporations," Schutt said.



Sand and gravel operations on a parcel of Eklutna land in Birchwood, Alaska.

Save the date!

Shareholder information meetings and annual meeting

Anchorage

Sunday, April 14
Dena'ina Civic & Convention Center
600 West Seventh Avenue
Registration opens at 9:30 a.m.

Kenai

Saturday, April 27
Kenai Central High School
9583 Kenai Spur Highway
Registration opens at 11 a.m.

Northwest

Saturday, May 4
Shoreline Community College
16101 Greenwood Avenue N.
Shoreline, Wash.
Registration opens at 9:30 a.m.

Annual Meeting

Saturday, June 1
Chief Leschi School
5625 52nd Street East
Puyallup, Wash.
Registration: 8:00 a.m. to 11:00 a.m.

Help CIRI ensure there will be enough food. Please RSVP for the Kenai meeting by 5 p.m. Monday, April 22 and the Shoreline meeting by 5 p.m. Monday, April 29 by visiting www.CIRI.com/annualmeeting or by calling (907) 263-5191 or (800) 764-2474 and selecting option 5.

Visit **CIRI**.COM

Southcentral Foundation's 16th Annual Gathering

Photos by Jason Moore



A satisfied customer at the face-painting table.



Lepquinn Gumilgit Gagoadim Tsimshian Dancers performing at the Gathering.



CIRI President and CEO Sophie Minich welcomes the crowd and thanks Southcentral Foundation for its commitment to healthy lifestyles.

CIRI is on **Facebook!** Get the latest CIRI news and updates at facebook.com/cirinews

PRESIDENT'S MESSAGE
SPOTLIGHT

2
3

IN TOUCH
SHAREHOLDER NEWS

3
3

ANNUAL REPORT GUIDE
IN MEMORY

4, 5
6

MISSING SHAREHOLDERS

6

A word from the president

President's Message

By: **Sophie Minich, CIRI president and chief executive officer**

If you haven't received it already, CIRI's 2012 annual report and proxy materials are in the mail. I encourage you to review the report that details CIRI's financial performance in 2012. With great pleasure, I can report that CIRI had another good year in 2012 with solid financial results and strategic investments that will benefit shareholders for many years.

CIRI earned \$24.1 million in net income before taxes and \$16.4 million in after-tax net income during 2012, impressive figures considering the sluggish recovery of the national economy. The amount is less than the net income from 2011, which included the proceeds from the sale of CIRI's stake in Peak Oilfield Service Company, which sale drove 2011's higher net income. CIRI's strategy of investing in diversified assets proved successful as several sectors contributed to the overall performance. Our natural resources and energy, government contracting and private equities portfolio all showed strong results for the year.

2012 was an important year for setting long-term strategies for CIRI investments. After diligent research and consideration, the Board of Directors approved large investments in several assets that we anticipate will bring strong returns for decades to come. In reviewing the CIRI balance sheet, you will notice that our assets grew by an impressive 23 percent and are now valued at close to \$1 billion. This is the result of the major investments CIRI made in 2012, deploying a portion of CIRI's sizeable cash reserves and leveraging debt.

A major accomplishment for CIRI in 2012 was the successful construction of the Fire Island Wind project in Anchorage. CIRI worked on this project for many years to gain the necessary permits, develop strong technical partnerships and negotiate the power purchase agreement. This is the first major energy project owned and operated by CIRI. Construction of the 11 wind turbines and transmission line was completed in early fall and the project began generating power in September.

CIRI also became a major investor in wind energy projects in the Lower 48. Joining other equity investors, CIRI is now part of Capistrano Wind Partners. The partnership operates five utility-scale wind projects in Wyoming, Texas and Nebraska. In eastern Washington, CIRI became a "tax equity" investor in Palouse Wind, a 105-megawatt wind energy project. Both the Palouse Wind and Capistrano projects have long-term power purchase agreements in place, which ensure a consistent return on equity. The agreements also significantly limit CIRI's exposure to development and construction risk.

In 2012, CIRI acquired a 75 percent ownership interest in Cruzco Services Holdings, LLC, which owns Cruz Energy Services and Cruz Marine. CIRI's interest in Cruz Energy Services gives the company a strong position in the rapidly growing oil field services industry in North Dakota. Over the past two years, oil production in North Dakota has

tripled and now exceeds oil production in Alaska. CIRI anticipates the growth in oilfield services in the lower 48 to continue and Cruz Energy Services, through its roustabout and rig moving services, is helping to meet the demand.

Another exciting investment in 2012 was CIRI's 75 percent acquisition of Weldin Construction LLC. CIRI was attracted by Weldin's excellent reputation in the field of civil, mechanical and electrical construction. As a result of the acquisition, Weldin has expanded its ability to bid directly or as a subcontractor on local, state and federal government contracts.

If you have been watching the news, you surely know about the turmoil within the federal government over the budget. The ongoing uncertainty and anticipated pressure to reduce federal spending affects all companies that conduct business with the federal government. In addition, some in Congress seek to further limit the government's ability to contract with Alaska Native firms through the Small Business Administration's 8(a) program. CIRI continues to monitor these developments and assess the potential impacts on our government contracting sector.

Honoring CIRI's ongoing commitment to our shareholders, I am pleased to report CIRI distributed more than \$22 million in dividends in 2012. We anticipate that, during the 2013 calendar year, CIRI's cumulative distributions and dividends to shareholders will top the \$1 billion mark – a testament to how far we have come in 40 years! It is also encouraging to see how the CIRI nonprofits have grown. The quality and breadth of services they provide not only help our shareholders, but enrich our lives and help keep us connected.

The significant and successful investments CIRI has made within our region are gratifying to see. Whether it is the wind turbines on the horizon at Fire Island or the thriving Tikahtnu Commons, our community knows that when CIRI does something, it is done the right way – with respect for the land, community and culture. As CIRI embarks on its next 40 years, I am confident we will continue to harness our potential and power the growth of our corporation for an even brighter future.

Sophie Minich



CIRI Board of Directors

*Charles G. Anderson, Aleut
Chair*

*Roy M. Huhndorf, Yup'ik
Chair Emeritus*

*Patrick M. Marrs, Aleut
Vice Chair*

*Thomas P. Huhndorf, Yup'ik
Secretary*

*Michael R. Boling, Athabascan
Treasurer*

*Douglas W. Fifer, Tlingit
Assistant Secretary*

*Penny L. Carty, Aleut
Assistant Treasurer*

Hallie L. Bissett, Athabascan

Rolf A. Dagg, Yup'ik

Erik I. Frostad, Athabascan

Jeffrey A. Gonnason, Haida

Robert E. Harris, Inupiaq

Katrina M. (Dolchok) Jacuk, Aleut

Ted S. Kroto Sr., Athabascan

Louis "Lou" Nagy Jr., Yup'ik

Our Business

CIRI distributed resource revenue payments on April 1

Payment was \$ 10.7011 per share

CIRI distributed the resource revenue payments to its at-large shareholders in the amount of \$10.7011 per share, or \$1,070.11 if you own 100 shares, on Monday, April 1. Section 7(i) of the Alaska Native Claims Settlement Act (ANCSA) requires each regional corporation to share 70 percent of its net resource revenues received from ANCSA lands with the other regional corporations. Under section 7(j) of ANCSA, the money each regional corporation

receives under section 7(i) is divided equally between itself and the village corporations and at-large shareholders in its region. The directors of each village corporation determine whether to distribute the 7(j) amounts it receives to its shareholders. Additional information on resource revenue payments can be found online at www.ciri.com/content/shareholders/ResourceRevenueDistributions.aspx.

CIRI Spotlight: Jessica Fulton

From pageant model to
role model

When CIRI shareholder Jessica Fulton was earning her psychology degree at the University of Alaska-Anchorage (UAA), the prospects of earning educational scholarships drew her into the world of pageantry. Entering her first competition at the age of 22, Fulton started notching a string of victories. In 2009, she won the evening gown and interview competition and earned the title of Miss Chugiak – Eagle River. From there, it was on to the Miss Alaska competition where she was the first runner-up, which came with the title of Miss Alaska Sweetheart. Not only did it land her in a national competition, but those scholarships she had heard about came rolling in – full-ride scholarships at UAA for two years.

Fulton earned her degree and landed a job at CIRI, all the while staying active in pageant competitions and in 2012, she earned the title of Miss Alaska. The title means Fulton will represent Alaska in the July 4th Miss United States pageant in Washington, D.C. To be successful in the competition, Fulton said, competitors have to describe the priorities they would pursue if selected. For Fulton, it is her passion in her platform “Mentoring for Academic Success.”

“When I attended high school at Holy Rosary Academy, because the student body was so small, the school emphasized mentoring younger students,” Fulton said. “I have benefited from tutors in my education and I understand the importance of a mentor in a student’s life. Often times, it just takes one person to steer them away from a detrimental path.”

Fulton acknowledges she has benefited from strong role models in her life. When she was 18, Fulton served a summer internship working for Senator Lisa Murkowski. She said the experience allowed her to witness how the senator was a strong voice for Alaska in the nation’s capital. But, Fulton said, her number one mentor is her aunt, CIRI shareholder Barbara Donatelli. Donatelli, the senior vice president at CIRI, raised Fulton. She instilled a strong set of values and encouraged Fulton’s determination.

“Being Alaska Native gives me a great deal of pride,” said Fulton. “My grandmother, Grace Murphy, was orphaned at a young age and grew up in the Jesse Lee Home in Seward. Knowing of my family’s struggles and to see how far we have come since then, pushes me to want to do more. I want to set even higher standards for my children and I want to be a great example.”

While planning for the Washington, D.C. pageant in July, for which she is still seeking sponsors, Fulton is also mapping out her next academic pursuit. She begins her master’s program in the field of mental health counseling in the fall of 2013. By then, she just might be wearing the Miss United States crown.



Jessica Fulton

Photo by VO Photography / Hair/MUA by Studio MOD

In Touch with shareholders



Medgar Donovan Haynes, III (Trey)

Courtesy of Cheryl Castillo

Birth announcement

CIRI descendant Medgar Donovan Haynes Jr. and his wife Tasha announce the birth of their son Medgar Donovan Haynes, III (Trey). Trey was born in Columbia, S.C. on Dec. 10, 2012 and weighed 9 lbs and 3 oz. Trey is the first grandchild of CIRI shareholder Cheryl Castillo.



Tami Doone

Courtesy of Lester Stephan

Graduate announcement

CIRI descendant Tami Doone graduated from Basic Training with the Army National Guard Jan. 25. Doone is the daughter of CIRI shareholder Carol Munson and CIRI shareholder and employee Lester Stephan, and granddaughter of CIRI shareholder and former CIRI board member Leo Stephan.

Promotion announcement

CIRI descendant Jacob A. LaQua was awarded a new rank of Specialist E-4 in the U.S. Army and Soldier of the Quarter first quarter 2013. Upon graduating from Auburn High School in Washington June 2011, he graduated from boot camp in South Carolina September 2011, and then studied advanced training earning a 4.0 grade point average and 30 college credits. He is the grandson of CIRI shareholders Elizabeth Young and the late John Young.

Stock Will Participation Prize Winners

The winner of the February 2013 Stock Will Participation Prize is Lee Steven Stephan and Patricia Ann Vantubergen is the winner of the first quarter drawing for an Apple iPad 3. Congratulations, Lee and Patricia!

Shareholders will have three more opportunities to win an Apple iPad 3 in 2013, with drawings conducted for the quarters ending June 30, September 30 and December 31. To be eligible for the \$200 monthly and quarterly iPad drawings, shareholders must have a valid will on file in CIRI’s Shareholder Relations Department that complies with CIRI’s fractional share policy. The CIRI Stock Will form, instructions and additional information on the fractional share policy may be found on the CIRI website. Contact CIRI’s probate staff at (907) 263-5191 or toll-free at (800) 764-2474 and select option 4 to verify whether you have a will on file.



Find CIRI on
Facebook

at www.facebook.com/cirinews



Koahnic Art Auction generously supports Native broadcasting

Photo by Clark Mishler Photography



Lawrence “Ulaaq” Ahvakana’s donation to the live auction portion. The artwork includes Qaluqag panels with an Umialik mask.

Koahnic Broadcast Corporation held its 18th Annual Alaska Native Art Auction on March 7, 2013. This annual fundraising event and celebration of Alaska Native culture featured artwork by Alaska Native artists from throughout the state. The annual event raised nearly \$200,000 for programming heard on KNBA 90.3 FM.

Koahnic President and CEO Jaclyn Sallee said “The auction was a success this year with more than 400 business leaders, art collectors, volunteers and some of our state’s finest Native artists coming together to support Native broadcasting at this gala event.”

The event’s ambassadors and art selection committee included long-time donors and several CIRI shareholders including Koahnic board member Debra Call, Susan Anderson, Barbara Donatelli and Gloria O’Neill. The catalogue was written and designed by CIRI shareholder Brianna Cannon.

Photo by Clark Mishler Photography



Participants in the silent auction portion of the Alaska Native Art Auction.

Guide to the 2012 Annual Report

Understanding CIRI's financial statements

CIRI recently released its 2012 Annual Report. This document summarizes the Company's performance last year and contains information that shareholders and interested 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 are on pages 26-30 of CIRI's 2012 annual report. The consolidated financial statements include:

- **Consolidated Balance Sheets**
- **Consolidated Statements of Operations**
- **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, audits the financial statements and issues opinions as to CIRI's conformity with generally accepted accounting principles. Following the financial statements and footnotes is CIRI management's discussion and analysis that provides additional information about the Company's operations and holdings.



Cook Inlet Region, Inc.
Consolidated Balance Sheets

	2012	2011
(in thousands)		
December 31,		
Assets:		
Cash and cash equivalents	\$ 70,809	122,173
Marketable securities (notes 4 and 12)	14,960	81,446
Trade and other receivables, net (note 5)	47,480	25,972
Restricted cash and cash equivalents and marketable securities (notes 14, 15 and 20)	71,409	20,101
Income taxes receivable (note 19)	14,665	-
T-Mobile exchange rights agreement (notes 6)	93,982	88,231
Investments in unconsolidated affiliates (note 7)	216,758	131,668
Real estate investments, net of accumulated depreciation of \$10,189,000 and \$9,180,000 for 2012 and 2011, respectively (note 10)	155,944	154,944
Natural resource and energy investments, net of accumulated depreciation of \$525,000 and \$16,000 for 2012 and 2011, respectively (note 10)	101,897	64,200
Property and equipment, net of accumulated depreciation of \$51,680,000 and \$47,981,000 for 2012 and 2011, respectively (note 11)	70,178	40,960
Goodwill (notes 2 and 8)	67,445	22,748
Intangible assets, net (notes 8 and 9)	1,890	1,151
Other	7,188	6,278
Total assets	\$ 934,905	759,878
Liabilities and shareholders' equity:		
Liabilities:		
Notes payable (notes 7, 8 and 15)	\$ 178,715	49,326
Accounts payable	24,502	19,020
Accrued liabilities (notes 7, 20 and 21)	13,344	16,220
Due to other regions, at-large shareholders and village corporations (note 16)	10,308	12,275
Income taxes payable (note 19)	34,468	586
Deferred income taxes (note 19)	3,379	20,054
Derivative liability (note 13)	26,172	1,693
Other (note 14)	290,888	5,699
Total liabilities	178,715	124,879
Shareholders' equity:		
Common stock of no par value (note 17)	208,464	208,464
Paid-in capital	421,028	426,808
Retained earnings	(1,927)	(801)
Accumulated other comprehensive income - unrealized gains and losses on marketable securities and cash flow hedge (notes 4 and 13)	627,565	634,471
Total shareholders' equity attributable to Cook Inlet Region Inc.	16,452	534
Noncontrolling interests (note 17)	644,017	635,005
Total liabilities and shareholders' equity	\$ 934,905	759,878

(See accompanying notes to the consolidated financial statements.)

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 Fire Island Wind farm.

Liabilities: Amounts owed by CIRI from debt or costs unpaid at year-end.

Consolidated Statements of Operations

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

- **Government services income** includes CIRI's operations that provide services to local, state and federal government agencies.
- **Oilfield and constructions services income** is CIRI's share of net earnings from its 50 percent ownership of AIC and revenues from oilfield services and heavy marine hauling and construction support.
- **Real estate income** includes property leases, property management fees and brokerage commissions and CIRI's interests in multifamily and retail investments as well as revenues from the sale of real estate holdings.
- **Natural resources and energy income** is from oil and gas royalty revenues, 7(i) resource sharing payments received from other ANCSA corporations, and investments in wind farms.
- **Telecommunications income** is from CIRI's ownership interest in a joint venture with T-Mobile.
- **Tourism income** is from CIRI's Alaska tourism company and CIRI's interests in an out-of-state resort and hotel.
- **Private equities income** 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 (627,800), to report the amount of income earned per share.

Cook Inlet Region, Inc. Consolidated Statements of Operations

	2012	2011	2010
(in thousands, except income per share)			
Years ended December 31,			
Revenues:			
Government services	\$ 119,845	114,231	118,198
Oilfield and construction services	52,630	23,733	7,614
Real estate	5,709	5,911	7,324
Natural resources and energy	19,034	16,381	12,043
Telecommunications (note 6)	5,947	5,669	8,960
Tourism and hospitality	22,010	22,091	18,339
Private equities	13,586	13,546	3,750
Investment securities	(912)	(734)	12,129
Total revenues	237,849	200,828	188,357
Expenses:			
Government services	106,475	106,342	110,323
Oilfield and construction services	50,523	(344)	313
Real estate	10,790	9,114	8,792
Natural resources and energy	4,957	5,758	3,643
Telecommunications	87	48	155
Tourism and hospitality	21,699	22,519	21,512
Private equities	2,036	1,213	1,233
Investment securities	811	496	674
General and administrative and shareholder relations	16,398	15,738	14,855
Total expenses	213,776	160,884	161,500
Income before income taxes	24,073	39,944	26,857
Income tax provision (note 19)	(6,046)	(10,084)	(9,990)
Net income	18,027	29,860	16,867
Less income attributable to noncontrolling interests, net of income tax provision of \$0, \$0 and \$24,000 for 2012, 2011 and 2010, respectively	(1,593)	(219)	(332)
Net income attributable to Cook Inlet Region Inc.	\$ 16,434	29,641	16,535
Income attributable to Cook Inlet Region, Inc. per share of common stock	\$ 26.18	47.21	26.34

(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 operations.
Total dividends paid to shareholders during 2012.

Cook Inlet Region, Inc. Consolidated Statements of Changes in Shareholders' Equity

Years ended December 31, 2012, 2011 and 2010

	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, 2010	\$ 209,159	424,842	1,388	635,389	87	635,476
Net income	-	16,535	-	16,535	332	16,867
Comprehensive loss	-	-	(1,553)	(1,553)	-	(1,553)
Change in noncontrolling interests, other than allocation of income	-	-	-	-	(123)	(123)
Purchase of subsidiary shares from noncontrolling interest (note 16)	(695)	-	-	-	-	(695)
Elders' Benefit Program distribution (note 17)	-	(6)	-	(6)	-	(6)
Cash distributions - \$35.42 per share (note 17)	-	(22,236)	-	(22,236)	-	(22,236)
Balance as of December 31, 2010	208,464	419,135	(165)	627,434	296	627,730
Net income	-	29,641	-	29,641	219	29,860
Comprehensive loss	-	-	(636)	(636)	-	(636)
Change in noncontrolling interests, other than allocation of income	-	-	-	-	19	19
Elders' Benefit Program distribution (note 17)	-	(7)	-	(7)	-	(7)
Cash distributions - \$34.98 per share (note 17)	-	(21,961)	-	(21,961)	-	(21,961)
Balance as of December 31, 2011	208,464	426,808	(801)	634,471	534	635,005
Net income	-	16,434	(1,126)	16,434	1,593	18,027
Comprehensive loss	-	-	(1,126)	(1,126)	-	(1,126)
Change in noncontrolling interests, other than allocation of income	-	-	-	-	14,325	14,325
Elders' Benefit Program distribution (note 17)	-	(9)	-	(9)	-	(9)
Cash distributions - \$35.37 per share (note 17)	-	(22,205)	-	(22,205)	-	(22,205)
Balance as of December 31, 2012	\$ 208,464	421,028	(1,927)	627,565	16,452	644,017

CIRI's outstanding shares of common stock with no par value totaled 627,800 for the three years noted above.

(See accompanying notes to the consolidated financial statements.)

Cook Inlet Region, Inc. Consolidated Statements of Cash Flows

	2012	2011	2010
(in thousands)			
Years ended December 31,	\$ 18,027	29,860	16,867
Cash flows from operations:			
Net income	4,642	7,433	4,570
Reconciliation of net income to net cash provided by operating activities:			
Earnings of unconsolidated affiliates, net of distributions	10,570	6,584	7,784
Depreciation and amortization	268	203	(52)
Amortization of premiums and discounts on marketable securities	178	(42,892)	(15,989)
Loss (gain) on sale of assets	(338)	12,091	7,220
Unrealized (gains) loss on marketable securities	(5,751)	(5,462)	(8,663)
Accrued income on exchange rights agreement	(2,889)	-	(3,753)
Purchase price adjustment on acquisitions (notes 3 and 8)	2,407	1,380	1,518
Imputed interest expense	2,445	5,807	-
Write-down for other-than-temporary impairment	-	-	2,689
Write-downs of assets	19,939	(9,373)	10,822
Change in deferred income taxes	(25,581)	7,731	(6,568)
Changes in operating assets and liabilities, net of businesses acquired (note 3)	23,917	13,362	16,445
Net cash provided by operations	83,968	124,884	83,281
Cash flows from investing activities:			
Proceeds from sale of marketable securities	(84,951)	(156,853)	(73,780)
Purchases of marketable securities	-	65,000	-
Proceeds from disposals of construction services investments	1,227	744	660
Proceeds from disposals of real estate investments	798	213	-
Proceeds from the disposal of other assets	13,024	16,420	6,751
Capital returned from investments in private equities	2,738	275	53,076
Capital returned from investments in unconsolidated affiliates (note 7)	-	-	(764)
Purchase of noncontrolling interest	(13,087)	-	-
Cash invested in government services, net of cash acquired	(17,140)	-	(26,374)
Cash invested in oilfield and construction services, net of cash acquired	(14,201)	(20,195)	(16,548)
Cash invested in real estate	(86,217)	(27,836)	(16,548)
Cash invested in natural resources and energy	(13,241)	(2,337)	(2,080)
Cash invested in operating property and equipment	(12,525)	(16,925)	(17,240)
Cash invested in private equities	(62)	(226)	(866)
Cash invested in partnerships and limited liability companies	(139,669)	43,164	6,116
Net cash (used in) provided by investing activities	107,077	27,014	6,745
Cash flows from financing activities:			
Proceeds from issuance of debt	(29,704)	(5,707)	(8,113)
Principal payments on notes payable	(549)	-	(126)
Distributions to noncontrolling interest holder	14,148	(17,600)	-
(Decrease) increase in restricted cash and cash equivalents from financing	(4,370)	5,000	-
(Decrease) increase in working capital cash and cash equivalents received in advance	(9)	(7)	(6)
Distributions to Elders' Benefit Program	(22,205)	(21,961)	(22,236)
Distributions to shareholders	64,388	(13,261)	(23,738)
Net cash provided by (used in) financing activities	(51,364)	43,265	(1,477)
Net increase (decrease) in cash and cash equivalents	122,173	78,908	80,085
Cash and cash equivalents at beginning of year	\$ 70,809	122,173	78,908
Cash and cash equivalents at end of year			

(See accompanying notes to the consolidated financial statements.)

Consolidated Statements of Cash Flows

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

CIRI generated \$23.9 million from its operations in 2012.

CIRI invested a net \$139.7 million in 2012 in a variety of operating companies, interests in partnerships and marketable securities.

CIRI paid \$22.2 million in shareholder dividends in 2012.

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 Operations: 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 Statement 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

Ronald Lee Cain, 41

Ronald Lee Cain passed away Dec. 28, 2012, in Minneapolis, Minn. Mr. Cain was born March 15, 1971, in Anchorage. He is survived by his son, Lucas Oliver Cain-Olson; father, Gary L. Cain; sister, Lisa H. Brazman; niece, Staurie T. Cain; and nephew, Lewis A. Brazman.

Dennis Lee Copeland, 51

Dennis Lee Copeland passed away Jan. 9. Mr. Copeland was born May 24, 1961, in Freeport, Texas to Eleanor (Herman) and Luther Leo Copeland. He worked as an offshore engineer, loved fishing and was a jack-of-all trades. He is survived by his daughters, Crystal Dawn Copeland and Michelle Nichole Copeland; sons, Jerry Lee Norton, Jeremy Sullivan, Dennis Lee Copeland Jr.; father, Leo Copeland, and his wife Shirley; sister, Mina Ruth Copeland Crocker; 11 grandchildren and numerous nieces and nephews.

Raymond L. Deitz, 85

Raymond L. Deitz passed away Jan. 5 in Anchor Point, Alaska. Mr. Dietz was born Oct. 27, 1927, in Seldovia, Alaska. He is survived by his children Gina, Kay and Darby; and brother, Bud Deitz.

Donald E. McCabe Jr., 59

Donald E. McCabe Jr. passed away Oct. 9, 2012, at Fairbanks Memorial Hospital in Fairbanks, Alaska. Mr. McCabe was born Sept. 10, 1953. He is survived by his son, Christopher McCabe; sisters, Francine Ball and Ann Mihalik; and stepbrother, Edwin Mackey.

Leslie Ernest Paneok, 72

Leslie Ernest Paneok passed away March 2 at Alaska Regional Hospital in Anchorage. Mr. Paneok was born Sept. 16, 1940, in White Mountain, Alaska. He is survived by his wife, Mollie Paneok; daughter, Judy Sellens; son, Peter Paneok; sister, Millie Oyounick; and cousins, Gerald "Popsy" Napouk and Tony Shoogukwruk.

Mary Jeane Romer, 85

Mary Jeane Romer passed away Jan. 6 at Marquardt Health and Rehabilitation Center in Watertown, Wis. Ms. Romer was born Oct. 14, 1927, in Jim Thorpe, Pa. She is survived by her daughter, Cynthia Romer; son and daughter-in-law, Kenneth and Anne Romer; granddaughter, Anneka Romer; sister, Lois Harke; and other nieces, nephews, step-children, step-grandchildren and step-great-grandchildren.

Floyd Allen Tetpon, 71

Floyd Allen Tetpon passed away Feb. 4 in Eagle River, Alaska. Mr. Tetpon was born July 6, 1941, in Shaktoolik, Alaska. He was an avid hunter and pilot who felt fully alive when he was in the air. Mr. Tetpon was most proud of his children, grandchildren and his wife of 50 years. He is survived by his wife, Lucy Tetpon; daughter, Adriene Active; and sons, Alan and F. Brian Tetpon.

Condolences

John Milton Curry, 82

Manuel Kvasnikoff, 73

Florie John Rudzavice III, 57

Correction

In the obituary for Debra Kay Dundas, which appeared in the March 2013 newsletter, her place of death was incorrect. She passed away at the Alaska Native Medical Center.

Help locate shareholder addresses

The following CIRI shareholders do not have a current mailing address on record. Shareholders can fill out the change of address form at CIRI's offices, download it from the CIRI website or send a signed and dated letter that includes the new address, telephone number, birth date and the last four digits of their social security number.

Byron Keith Abell
Jaimie Lee Allmond
Wayne Bert Anasogak
Steven Patrick Bright
Donna Faye Burgess
Diana Marie Call
Roger Charles Canfield Jr.
Melissa Mae Carlson
Benjamin Conan-James Charles
Harry Siegfred Cleveland
Rose Courtright

David Bryan Curtis
Jessica Carolee Donaldson
Christy Lynn Downs
Mario Lanza Dyer
Richard Leslie Erickson
Wade Matthew Estochin
Brian Keith Finley
Andrew Jaquie Galaktionoff
Nathan Edward Huckabay
Linda Sue Johnson
Walter Antone Johnson Jr.

Dana Loren Kallander
Maryette Louise Kanabak
David Michael Karabelnikoff
Alyssa J. Kashevaroff
Alicia Ruth Lopez
Michael West Mason
Nellie Lavonne Mayer
Myrtle Barbara Miles
Lee Modrok
Clarence Andrew Nazuruk
Denice Ann Oliva

Ronald Joseph Peterson
Debbie Ann Poe
Jessica Irene Proctor
Louise Marie Proctor
Esther Rita-Ahsoak Rastopsoff
Mark Alan Reisdorf
Sierra Tiffany Rife
Melanie Brook Ritter
Garrett Clayton Rowe
Jeanette Marie Rowley
Linda Denise Smith

Viola M. Soxie
Veronica Ann Takeuchi
Michelle Ann Tremblay
Brian Thomas Watson
Harry Markum Watson
Ralph Lee Watson
Brandy Jean Whitcomb
Steven John Whitley
Walter Stanislaus Whitley Jr.
Cathy Lynn Wilcox

April **2013**



EDITOR • Brianna Cannon
DESIGN • Amanda Rothbarth, Creative North • © CIRI, 2013
LAYOUT • Bangerter Creative, LLC



Contact us

2525 C Street, Suite 500
Anchorage, AK 99503

Mailing address:
P.O. Box 93330
Anchorage, AK
99509-3330

Phone number:
(907) 274-8638

Fax number:
(907) 279-8836

www.ciri.com

Shareholder Relations:

(907) 263-5191
(800) 764-2474
Fax number:
(907) 263-5186

First-Class Mail
U.S. Postage
PAID
Permit No. 257
Anchorage, AK

P.O. Box 93330
Anchorage, Alaska 99509-3330

