Peak builds ice road for Kenai exploration

NordAq to explore long-term gas prospects on CIRI subsurface estate

Peak Oilfield Service Co. (Peak) is building a 3-mile ice road and 1-acre ice pad to provide access to NordAq Energy Inc. (NordAq) for exploratory drilling on CIRI subsurface estate below the Kenai National Wildlife Refuge. Peak is constructing the 30-foot-wide road using a mixture of freshwater, ice chips and snow. Ice roads are not common on the Kenai Peninsula, and it has required unusual measures, including renting three snowmakers from the Alyeska ski resort and trucking ice from local salmon processing plants.

NordAq plans to drill the “Shadura” gas prospect in the Refuge and will target the Beluga formation sands between 6,000 feet and 11,000 feet deep and the Tyonek formation sands between 11,000 and 14,500 feet deep. Directional drilling from an off-refuge site to reach these targets was not feasible because of the distance involved. The ice road accesses NordAq’s drill site with minimal environmental impact because it follows wetlands and winds around timber islands to avoid tree cutting. CIRI received the subsurface acreage as part of the Cook Inlet Land Exchange and will receive royalties if gas is produced.

The project has generated jobs for about 150 Kenai Peninsula residents and many subcontractors, according to a NordAq representative.

“There have been so many people in the community involved in the project and community support has been tremendous,” the NordAq representative said.

Drilling is expected to begin late in January or early February and will be concluded by early March.

CIRI and Nabors Industries Inc. each own 50 percent of Peak. Peak provides a variety of equipment, maintenance, support, construction and general contracting services to oil, gas and chemical projects on Alaska’s North Slope, the Kenai Peninsula, the Matanuska Valley and Valdez. Peak also provides procurement, safety, engineering services and electric power systems across Alaska.

CIRI shareholder discount programs

CIRI shareholders, their spouses and children are eligible to receive a 30 percent shareholder discount with CIRI Alaska Tourism Corp., when booking a day cruise with Kenai Fjords Tours or Prince William Sound Glacier Cruises, or reserving a room at Talkeetna Alaskan Lodge or Seward Windsong Lodge. For additional information or to make your reservations, call Alaska Heritage Tours at (877) 258-6877. Limited availability, restrictions, taxes, fees and terms and conditions apply.

CIRI has also obtained discount benefits for CIRI shareholders for wireless phones and plans with ACS, GCI and AT&T. Visit www.ciri.com/wireless to learn more.
A word from the president

Alaska must improve urban and rural education options

By: Margie Brown, CIRI president and CEO

Recently, Governor Parnell asked me to offer my suggestions about education reform in Alaska. I thought hard about what advice to offer. My analysis is shaped by my family’s own experiences with Alaska’s education system. This generational view begins with my grandfather, Adams Hollis Twitchell, whose impact on my family continues today.

My grandfather was mostly a self-educated man with a mind inclined to natural science and a hunger for life-long learning. His life in Western Alaska would come to include owning and operating trading posts and reindeer herds. And it would include raising a family and providing his children with opportunities for formal education.

Educating children in remote, rural Alaska then was much different than today. For grandfather’s children, including my father, formal schooling began at the mission at Holy Cross. After receiving encouragement from his Jesuit teachers, my father traveled alone to Fairbanks from the small community of Flat to attend high school.

Traveling away from home for schooling was the only realistic option at the time. Much more recently, the decision in the Molly Hootch lawsuit and the resulting Tobeluk consent decree changed schooling options dramatically. Coming providentially at the same time as the wealth poured into state coffers from the royalties from Prudhoe Bay, these legal actions led to the state opening 105 secondary schools in rural Alaska, providing Alaska Native children throughout the state the option to attend high school in their own communities, including for the first time, in rural Alaska. Not only would these new schools provide for grade school and middle school children, they would also incorporate high school students as well.

While the 1972 Molly Hootch decision was a landmark, the world has changed dramatically in the last 39 years. I believe now is the time to accurately reassess the impacts of that decision. Failure to carefully consider its effects nearly four decades later would be a disservice to our children and grandchildren.

Clearly there were excellent outcomes from the Molly Hootch lawsuit and Tobeluk consent decree. No longer would parents of grade school children face the prospect of the entire family leaving home and village so children could go to grade school - the very decision my parents made when they decided they must move from our village of Talkeetna. Sending young children away to school was unacceptable to them. Providing for schooling in a home-village for young children was a huge and necessary change in the law.

But when considering today’s high school age children, and the challenges they face in an increasingly competitive marketplace, I feel the impacts of the Molly Hootch decision require reevaluation. In fact, I fear that without an honest look at success at the high school level for small village schools, we are shirking our duty to inquire and we threaten allowing a generation of high school students arriving at college or trade school unprepared and undereducated. And in today’s competitive world, undereducation places these students at a severe disadvantage.

U.S. testing has scored Alaska students near the bottom among the states, with Alaska Native students ranking among the worst performing groups in the state. And these trends are getting worse. Alaskans are barely in the game when our academic scores are below average and fewer than half of Alaska Native students graduate from high school. These statistics are ominous because educational attainment directly correlates with virtually every quality of life measurement, including employment, income, propensity to crime and substance abuse, and even life expectancy.

Cook Inlet Tribal Council (CITC), a CIRI-affiliated nonprofit, has developed several programs that are steadily improving Alaska Native and American Indian academic performance. CITC’s school-within-a-school program has been in Anchorage grade, middle and high schools for nearly a decade and is steadily improving participant proficiency and scores on standardized basic assessment tests and high school graduation qualifying exams.

CITC educators have determined that the biggest challenges to improving performance for all Alaska Native and American Indian students in Anchorage are the homelessness (and near-homelessness), residential transiency and family instability among students. CITC is addressing these problems by building its innovative Dena’ina House residential school in east Anchorage for Native and American Indian students aged 14 to 18. Dena’ina House will provide comprehensive education services that experts and policy makers expect will significantly improve students’ academic performance and life outcomes.

CIRI’s private equity portfolio currently includes fund investments with the Carlyle Group, Kohlberg Kravis & Roberts and Hellman & Friedman. CIRI has diversified its private equity interests to include global power and energy, clean energy, distressed debt, European investments and financial services sector investments. CIRI’s private equity investments have generated more than $100 million in earnings since 1997.

In 2009, CIRI invested $5 million with the Westly Group, a private equity fund that invests in clean technology. Westly’s holdings include interests in Amyris, an alternative fuels company. CIRI also made a $10 million direct investment in Codexis, a California-based biotech company that specializes in developing clean technology for the biofuels, pharmaceutical and air treatment markets.

CIRI’s marketable securities portfolio includes a diversified mix of domestic and international stocks, U.S. and corporate bonds and cash. Marketable security investments can be liquidated on short notice and converted to cash. CIRI uses its marketable securities portfolio to generate earnings while maintaining sufficient liquidity to fund current operations, shareholder dividend payments and new investment opportunities. CIRI expects its marketable securities portfolio to shrink in the near term as it increases its investments in operating businesses.

Investments continued from page 1

CIRI Board of Directors

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Roy M. Huhndorf, Yup’ik, Chairman Emeritus
Patrick M. Mann, Alutiiq, Vice Chairman
Thomas R. Huhndorf, Yup’ik, Secretary
Michael R. Boling, Alutiiq, Treasurer
Douglas W. Fisher, Tlingit, Assistant Secretary
Penny L. Carty, Alutiiq, Assistant Treasurer
Hallie I. Bissett, Alutiiq, Treasurer
B. Agnes Brower, Alutiiq, Treasurer
Rolf A. Dagg, Yup’ik

Erik I. Frostad, Athabascan
Jeffrey A. Gonznson, Haida
Katrina M. (Dokchick) Jauk, Alutiiq
Ted S. Kroto Sr., Athabascan
Louis “Lou” Nagy Jr., Yup’ik

Michelle Brown, CIRI president and CEO

Visit http://stonehornridge.com to learn more.

The Dena’ina Athabascan word for coal approximately translates to “stone horn”. Stone Horn Ridge LLC is an Alaska energy company formed to expand energy options through underground coal gasification.
2011 Elders’ payment schedule and direct deposit information

The trustees of the CIRI Elders’ Settlement Trust approved the 2011 distribution schedule for Elders’ payments in December 2010. The payments will occur in the same months as CIRI’s quarterly distributions in order to reduce the number of months that some Elders lose their social security income payments because their monthly income exceeds limitations set by the Social Security Administration.

The 2011 trust payments are scheduled for March 11, June 10, Sept. 9 and Dec. 9. The trust mandates quarterly payments of $450 per eligible Elder for as long as the trust has assets available to make the distributions. Original shareholders who are 65 years of age or older and who own at least one share of CIRI stock as of those dates are eligible to receive payments. CIRI shareholders who are turning 65 and want to receive the payments do not need to do anything other than to keep a current mailing address with CIRI's Shareholder Relations Department.

Direct deposit safeguards against misplaced, lost or stolen checks and helps trust payments mailed to them in check form on March 11. do not participate in direct deposit of their CIRI dividends will have their $450 trust payments electronically transmitted by 5 p.m. Alaska Standard Time on Friday, March 11. A non-negotiable voucher will be mailed to show how much was deposited. Previously, the payments could only be issued in check form. Eligible Elders who do not participate in direct deposit of their CIRI dividends will have their $450 trust payments mailed to them in check form on March 11.

Direct deposit safeguards against misplaced, lost or stolen checks and helps shareholders receive their trust payments faster. There is no need to wait until a check arrives and no need to make a trip to the bank. If you have not already signed up for direct deposit and would like to take advantage of this payment option, simply complete a Direct Deposit Authorization form and return the completed form along with a voided check or deposit slip from your checking or savings account with any bank, savings and loan or credit union. Direct deposit forms are available on CIRI's website, www.ciri.com, and from CIRI's Shareholder Relations Department. If you have any questions about direct deposit or you need an authorization form, please contact Shareholder Relations at (907) 263-5191, or toll free at (800) 764-2474.

Board write-in candidate information due Feb. 25

Shareholders interested in running for the CIRI Board of Directors as a write-in candidate – including those individuals not selected for the Board-recommended slate – will have an opportunity to submit information for inclusion in CIRI’s election materials.

Subject to CIRI’s election policies and procedures, the names, photographs and personal statements of all eligible candidates may appear in CIRI’s election materials. Completed candidate information packets must be submitted to CIRI on or before 5 p.m. Alaska Standard Time on Friday, Feb. 25, 2011, to qualify and may be dropped off at CIRI’s Shareholder Relations Department at 2525 C Street, Suite 104, in Anchorage, or faxed to (907) 263-5186. Interested shareholders will be able to obtain write-in-candidate information packets from the Shareholder Relations Department, and the forms will also be posted to the CIRI website.

There is no charge to write-in candidates to have his or her information included. This process enables any eligible CIRI shareholder to run for the CIRI Board with minimal effort and expense, and the company hopes it will also reduce the number of mailings and materials shareholders receive.

CIRI shareholder tax information

CIRI has mailed IRS 1099 forms to all shareholders for the 2010 tax year. Some shareholders will receive a second 1099 form if they also received 7(j) payments and/or shareholder prizes. The 1099 forms reflect payments including:

- Quarterly dividends (reported in boxes 1a and 1b on Form 1099-DIV)
- CIRI Elders’ Settlement Trust distributions (reported in boxes 1a, 1b and 3 on Form 1099-DIV)
- 7(j) resource payments (reported in box 3 on Form 1099-MISC)
- Shareholder prizes (reported in box 3 on Form 1099-MISC)

CIRI paid a total of $35.42 per share ($3,542 per 100 shares) in 2010 quarterly dividends. These distributions are reported on Form 1099-DIV in box 1a (ordinary dividends) and box 1b (qualified dividends).

Quarterly dividends, Elders' distributions are reported on Form 1099-DIV.

The amount reported in box 1a on the 2010 Form 1099-DIV is the total of all taxable distributions CIRI paid in 2010 for quarterly dividends and Modified Elders’ Benefit Program distributions. Box 1b shows the same amount and may qualify for a reduced tax rate. If you have held your shares for less than one year please consult your tax advisor regarding the proper tax treatment of qualified dividends.

If you inherited new shares during 2010 you may have an amount reported in box 3 (nondividend distributions) on the 2010 Form 1099-DIV. Please consult your tax advisor for the appropriate treatment of distribution totals reported in box 3. In some circumstances, depending upon an individual’s tax basis in their stock, some or all of the box 3 total could be subject to tax.

Payments received from the CIRI Elders’ Settlement Trust had both a taxable and nontaxable portion, with the taxable portion reported in boxes 1a (ordinary dividends) and 1b (qualified dividends) on Form 1099-DIV, and the nontaxable portion reported in box 3 (nondividend distributions). If you received all four of the payments made from the CIRI Elders’ Settlement Trust last year, $1,772.13 is reported in boxes 1a and 1b, and the remaining $27.87 is reported in box 3.

At-large shareholders received a $12.2713 per share (or $1,227.13 per 100 shares) 7(j) resource revenue payment in 2010. If you are an at-large shareholder, your 7(j) payment is reported on a Form 1099-MISC in box 3 (other income). The resource revenue payment derives from resource sharing among the 12 regional corporations as required by the Alaska Native Claims Settlement Act. Your 7(j) payment appears on a different form because resource revenue payments are not dividends and are not considered investment income. ANCSA requires that resource revenue be paid to village shareholders’ village corporations, so that CIRI does not report these payments as individual shareholder income. CIRI reports payments made in 2010 to shareholders for prizes or awards on Form 1099-MISC in box 3 (other income).

Shareholder prizes, 7(j) resource payments are reported on Form 1099-MISC.

Remember, it is your responsibility to accurately report your CIRI income on your tax returns. Also, please note that the proper IRS forms and schedules to use when completing your tax return may vary depending upon the types of payments received from CIRI. For example, as stated above, the 7(j) payments CIRI makes to at-large shareholders are reported on a Form 1099-MISC, and IRS instructions stipulate that IRS Form 1040A is not the proper form to use if a Form 1099-MISC was received. CIRI cannot provide tax advice and shareholders are encouraged to consult with a tax advisor regarding individual circumstances and applicable federal and state tax requirements.
SCF opens new dental clinic
New clinic to better serve needs of Elder patients
Southcentral Foundation (SCF) recently opened a dental clinic dedicated to serving the needs of Elder patients. The clinic, deemed by SCF a "dental home," is located in a space adjacent to the SCF Elder Program in Anchorage's Chugach Square Mall.

The new dental clinic is staffed by dentists, dental hygienists and dental assistants. "We are very pleased to announce the opening of the Chugach Square Dental Clinic for the Elders of our Native community," said Dr. Kevin Gottlieb, SCF vice president of resource and development. "The goal is to reduce barriers and make it more convenient for Elders to have their general dental needs met."

More than 1,000 Elders are enrolled in SCF's Elder program, which offers a range of services from health screenings, classes, and meal services to beading and sewing circles at the Chugach Square Mall. To learn more about the SCF Elder program, visit www.southcentralfoundation.com/services/elders or call (907) 729-6500.

CITC YouthBuild program to begin recruiting early February
Five-month program can transform lives of youth

Young adults enrolled in the CITC YouthBuild program participate in a six-part series that leads up to building low-income housing as a part of their training. Mental toughness training, education, construction education, construction on-the-job training, leadership training/volunteer work and post-YouthBuild career counseling and case management are included in the program.

More than 1,000 Elders are enrolled in SCF's Elder program, which offers a range of services from health screenings, classes, and meal services to beading and sewing circles at the Chugach Square Mall. To learn more about the SCF Elder program, visit www.southcentralfoundation.com/services/elders or call (907) 729-6500.

CIRI seeks to measure shareholder interest in genealogy
CIRI receives many inquiries for shareholder genealogical information, which it does not have. The Bureau of Indian Affairs conducted enrollment for the regional corporations formed as a result of the Alaska Native Claims Settlement Act. The regional corporations, including CIRI, did not receive copies of the ANCSA enrollment applications nor did they receive family tree information, and instead received only statistical information from the BIA on those individuals determined eligible and enrolled to their respective regions.

Still, knowing who our families are and where we come from is an important value in our Alaska Native cultures. In recognition of this, CIRI is exploring ways to potentially assist shareholders who are interested in genealogy. This may include membership discounts to online family history sites like www.ancestry.com, or other avenues. If made available, such services will not be free to shareholders.

As the first step, the company needs to gauge the number of shareholders who would be interested in taking advantage of such support. Shareholders can indicate their interest in the genealogy effort to CIRI in the following ways:
• Go online to www.ciri.com, click on the "Contact Us" link at the bottom of the page, then fill out the "Contact Us Form" and make sure to select "Genealogy" as the "Message Subject"
• Call (907) 263-5146 and leave a voicemail message that includes your full name, as it appears on your CIRI records, your telephone number and a brief statement of your support for a genealogy project.

Please note that in the interest of privacy, CIRI will not release any shareholder information in connection with the proposed genealogy project. Shareholders wanting to learn more about genealogical research can visit www.ancestry.com

Deadline: 5 p.m. Alaska Standard Time, Friday, March 4.
In Touch with shareholders

Baby Peters
CIRI shareholder Florence Wiehl of Anchorage announces the birth of her grandson, Brandon James Peters Jr., born on Jan 1. He was 6 pounds and 18 1/2 inches long. He is the son of Jacqueline Larsen, a CIRI descendent, and her fiancé Brandon.

University graduate
Proud parents Georgia and John Mario are pleased to announce the graduation of their daughter Linnea Maria Mario from Portland State University. She graduated with honors, receiving a Bachelor of Science in Criminology and Criminal Justice with a minor in psychology. Linnea Mario is pursuing a career in law enforcement.

Five generations and 61 years of marriage
CIRI shareholders Carl Kelly and Doris Steib Kelly shared this family photo that represents five generations and 61 years of marriage.

CIRI needs your help locating shareholder addresses

CIRI strives to ensure correspondence, reports, newsletters and dividends reach shareholders in a timely manner. It is important for shareholders to notify CIRI Shareholder Relations and the U.S. Postal Service of all address changes. The following CIRI shareholders do not have a current mailing address on record with the shareholder relations department and should fill out the change of address form at CIRI’s offices, or download it at www.ciri.com/content/shareholders/change.aspx. You can also write a letter, signed by the shareholder, which includes the new address, telephone number, birth date and social security number.

William Frank Alfatater
Bonney Jewell Ahnarma
Robert Joseph Baker
Robert James Berg
Philip Alan Boatner
Sharon Glasshof Bohnert
Lisa Marie Boster
Bernadette Gloria-Ione Buffum
Martin Andrew Campbell
Dominic Nefaro Charles
Eric Travis Clark
Joshua Franklyn Covey
John Wilson Cross
Sarah Christine Dallas
Stephen Dallas Dodson
Oxen Francis Eben
Shirley Marie Foley
Ernest Edward Fortenberry
Debra Jean Foss
William Joseph Fuller
Leona Marie Gallant
Julia Ann Giles
Letha Helen Hazel
Julian Hermann
Jon Robbins Holstrom
Wanda Lynn Jackson
Beverly Ruth James
Pauline Jeffrey
Julie Maria Johnnie
Brian Wayne Jones
Russell Thomas Jones
Marilyn Elizabeth Joslyn
Agnes Anne-Marie Kallman
Wayne Lars Kallman
Rita Victoria Kostenborder
Glen F Larson Jr
Gerry Alan Lindgren
David Atlas Lock Jr
Amanda Irene Matson
John Lawrence Matson
Larry George Matson
Jack William Mccord
Geraldo Harry Nelson
Santos Noyakuk
Lane Gennaro Okpealuk
James Langsosom Osikoitaruk
Len Pauline Osikoitaruk-Wood
Michael Fredrick Ote
Joshua Thomas Outwater
Stayce Marie Pead
Myrna Kay Peet
Debbie Ann Poe
Gary A Richmond
Daphne Diane Rondeau
Ogbum Rosser
Deanna Mary-Virginia-Sue Sackett
Richard Brian Schilling Tottkaylok
William John Shepard II
Valorie Jean Shore-Jones
Vida M Saxie
Marcy Lee Stander
Lonee Lamar Stanford
Frances Martha Stevenson
Steven Dennis Stewart
Alison Renee Streeter
Anthony Wayne Waterbury
Zenith Charles Williams Jr
Fannie Alice Woodell Jr
Lorena Zelter

Robert James Ekstrom
Memories and personality still making people laugh

At 87 years old, mobility doesn’t come easily to CIRI shareholder Robert James Ekstrom. He is confined to a wheelchair, and he lives in a 24-hour staffed nursing home in Auburn, Wash. Life isn’t what it once was, but to the delight of people in his life, his charisma, memories and sense of humor have not dimmed with age.

His father, Jim Ekstrom, was a runaway from New York City’s Swedish Harlem who left for Alaska at age 14 as a cabin boy on a clipper ship. In Alaska, his father met his mother, a Den’a,ina Athabascan named Nancy Stephan Hedberg (Dutnalna A. Stephan) of Kenai.

Ekstrom is an Anchorage legacy, whose memories of early life in Anchorage illustrate a vastly different city landscape. In his youth, dairy farms and a dump still existed downtown. In fact, Ekstrom earned a living as a youngster herding cows for 25 cents a day at a dairy farm that used to exist on 4th Avenue.

He says he had a happy childhood and was raised by his father in a small home on 2nd Avenue. He was a good student in school because he says “the kids with good grades were let out early to go fishing.”

As a youth, his favorite memories involve playing hockey – an inexpensive sport that his best friend, the late Iasm Hilary, taught him after they fished ice skates out of the former downtown city dump.

Another favorite memory of his is getting lost while hiking in the middle of winter with Hilary by Point MacKenzie and stumbling across a cabin whose only contents were a large supply of dry oatmeal and an old gramophone record-player. He says they “ate dry oatmeal like horses” and kept warm by dancing to the song Raccoon Coats by spinning the vinyl record by hand. When he tells the story to friends and family, just as he does with many other stories, he intersperses it with animated songs.

An interesting fact among many about Ekstrom is that he learned to speak and translate Swedish from his father. He also learned that when he thought he was turning 50 years old, he was actually turning 49 because he had never obtained a copy of his birth certificate and was told that his birth year was 1923, when in fact it was 1924. His actual birthday was a day earlier in the month as well – from then on Ekstrom comically encouraged his family and friends to honor him on both days.

Ekstrom is a World War II veteran who served in an infantry division in the Philippines. He advanced to corporal before being honorably discharged after the war. He then went on to work in Felger, Alaska, where he met his first wife, the late Grace Murphy (Konig) and mother of four of his children. The couple was married in Anchorage, where they resided until they divorced. Several years later he married his second wife, Shirley Mack, with whom he shared his life for 44 years until her death in 1999. The couple owned three successful businesses.

As an adult, Ekstrom was known for his generosity and for giving people who may have had a hard time finding a job a chance at employment at one of his businesses. His charisma and humor earned him many friends from across the socio-economic spectrum, from successful attorneys to down-on-their-luck men with little or no formal education.

Ekstrom moved to Washington to be near family after his wife died and his health began to falter in 2000.

“I miss Alaska and I wish that I could get together with people that I was raised with, even though they are no longer around. I suppose that I’m next… I have very little regrets,” says Ekstrom.
President’s message continued from page 2

Urban Alaska students have long out-performed their rural peers because higher student densities enable economies of scale that provide more and better education programs and services for fewer dollars. I am convinced that residential school programs like CITC-inspired schools and schools within schools, where highly functioning and resilient students that are ready to take on life’s challenges is the result.

We need to act soon to fix Alaska’s education system. We must make education a statewide priority and implement proven and innovative offerings, students are offered the full and robust array of extracurricular school opportunities; and where highly functioning and resilient students that are ready to take on life’s challenges is the result.

As the newly elected Governor Parnell takes office to lead our state, I urge him and his administration to work with the Alaska Native community to begin the dialog of systemic change. We need to act soon to fix Alaska’s education system.

We owe it to our children to act, not from fear, but from our vision of what can be. more culturally sensitized world, we can create residential regional high schools where enhancement, not destruction, of Alaska Native culture is promoted; where high academic standards are expected and pursued; where along with academic opportunities; and where highly functioning and resilient students that are ready to take on life’s challenges is the result.

We need to act soon to fix Alaska’s education system. We must make education a statewide priority and implement proven and innovative programs like CITC-inspired residential schools and schools within schools, to improve learning and close Alaska’s academic performance gaps, before it is too late. And we need to look beyond residential schools in Anchorage to other regional centers across the state.

We owe it to our children to act, not from fear, but from our vision of what can be.