

# raven's circle

Photo by Paul S. Walder



## Peak moves Doyon drill rig for BP project

Peak Oilfield Service Co. (Peak) moved Doyon Drilling Inc.'s brand new drilling rig roughly 16 miles from Deadhorse to K-pad on April 5 for a BP drilling project. The move took about one day. The structure in the forefront weighs approximately 1.5 million pounds and stands at about 65 feet tall.

Peak is one of Alaska's leading oilfield service support and general contracting companies. Peak is the preferred company when projects require work in Alaska's environmentally sensitive arctic. Learn about Peak at [www.peakalaska.com](http://www.peakalaska.com).

## CATC early bookings are looking up

Targeted marketing, direct flights improves CATC's 2011 prospects

CIRI Alaska Tourism Corp. (CATC) reports that its year-to-date pre-season bookings and reservations for independent and international travelers, groups, wholesale, conferences, conventions and weddings have surpassed 2010 numbers during the same period. Targeted international marketing and direct flights to Alaska appear to have improved CATC's outlook for the 2011 season.

CATC expanded its international presence this year to capture a larger share of the market. In January, CATC staff traveled to German-speaking Europe and Asia to meet with tour operators and media representatives and to talk with travelers at consumer-oriented events. Foreign travel to Alaska is projected to increase in 2011 and beyond.

Korean Airlines and JetBlue will inaugurate direct flights to Alaska this summer. Condor, a German airline, will operate several flights each week between Anchorage and Frankfurt starting May 7. Edelweiss Airlines, based in Zurich, Switzerland, will also offer new flight service this summer between Anchorage and Zurich.

Marine tour bookings are looking up since CATC began its popular gray whale watch tours in early April. The daily tours, which often star gray whales, humpback whales and orcas in Resurrection Bay, will begin April 29. CATC will begin its national parks tours mid-May.

"Our guests are ecstatic about the abundance of wildlife they are seeing on our tours," said Paul Landis, CATC chief operating officer. "Everyone at CATC is looking forward to the 2011 season and to showcasing the very best lodging and marine tours Alaska has to offer."

CATC is Alaska's largest, locally owned visitor services company. It helps travelers experience the best of Alaska, including national parks, wildlife and glaciers. CATC is a wholly owned CIRI subsidiary and a certified Minority Business Enterprise. Learn more about CATC at [www.ciritourism.com](http://www.ciritourism.com).



Photo courtesy of CATC

*CATC offers day cruises for guests wishing for the opportunity to see gray whales, humpback whales and orcas.*

## Save the date and RSVP Shareholder information meetings and 2011 Annual Meeting of Shareholders

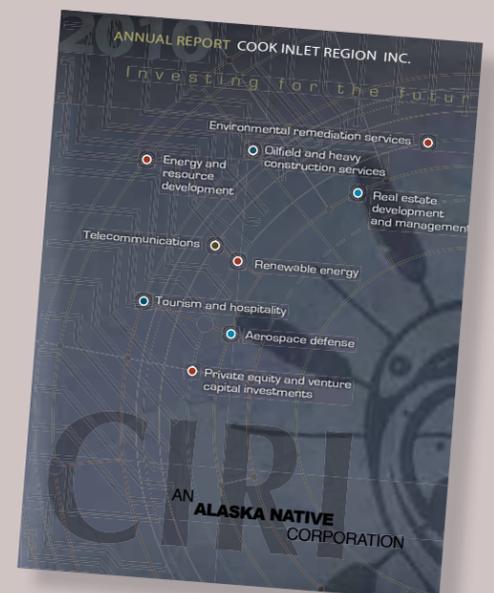
Help CIRI ensure there will be enough food. Please RSVP for the Kenai meeting by 5 p.m. Monday, April 25 and the Anchorage meeting by 5 p.m. Monday, May 2, by calling (907) 263-5191 or (800) 764-2474 and selecting option 5.

**10 a.m. Saturday, April 30**  
Kenai Middle School  
201 North Tinker Lane  
Kenai, Alaska

**10 a.m. Saturday, May 7**  
William A. Egan Center  
555 West Fifth Avenue  
Anchorage, Alaska

### Annual Meeting

**10 a.m. Saturday, June 4**  
Dena'ina Civic and Convention Center  
600 West Seventh Avenue  
Anchorage, Alaska



Special April newsletter feature:  
**Guide to CIRI's 2010 annual report**  
See pages 4 and 5

CIRI is on **Facebook!** Get the latest CIRI news and updates at [facebook.com/cirinews](http://facebook.com/cirinews)

A word from the president

# 2010 CIRC annual report president's letter to shareholders (excerpts)

By: Margie Brown, CIRC president and CEO

Dear Fellow Shareholders,

CIRC has had an eventful 39 years of history, and with guidance from the CIRC Boards of Directors, the Company has prospered and CIRC shareholders have benefited. There have been good years and not so good years. The global financial difficulties of 2008 and 2009 showed that CIRC is not immune to economic downturns affecting the rest of the country, or the world. CIRC business interests are influenced by local, national and world market forces and trends. Our Company, however, maintained a strong financial position throughout the economic crisis because it had a strategically diversified portfolio, conservative level of debt and the resolve to stay its course.

CIRC is realigning its investment portfolio to match emerging market trends. We are investing in developments that hold the promise of producing long-term value, with sustainable cash flows and income in future years.

To realign, we must invest in businesses and undertake ambitious development projects that can generate long-term growth and sustainable revenue. These investments require redeployments of capital that will almost certainly decrease CIRC's near-term net income. Accounting rules require us to depreciate certain investments, which reduces CIRC's net income in the early years of the investment and makes it difficult to show increases in the underlying value of that investment until it is sold.

Also, today's economic environment is forcing most businesses and investors to reset their expectations of potential earning power. The business climate during much of the past decade, perhaps peaking in 2006 and 2007, commonly produced investment returns that are difficult to replicate today, without the Company taking on unwise levels of risk.

As a result of reorienting CIRC's portfolio to achieve the objectives discussed above, the Company earned a net profit of \$16.5 million in 2010, down from \$24.5 million in 2009. But its total assets increased to \$735.2 million from \$732.5 million in 2009. Total shareholders' equity at year-end 2010 was \$627.4 million, down from \$635.4 million from 2009.

There are many examples of how CIRC's diverse business portfolio offers a buffer against hard-hit sectors. CIRC's heavy construction and oilfield service operations were particularly resilient in 2010. Peak Oilfield Service Co.'s performance was boosted by contracts it won to support ExxonMobil's North Slope operations. Alaska Interstate Construction replaced the bridge over the Tanana River and constructed several other large road projects. Looking forward into 2011, we are concerned that the already demonstrable drop-off in work on the North Slope by the oil and gas explorers and producers will diminish the financial performance of these two companies.

North Wind Inc. also delivered a strong performance in 2010. It supplied environmental remediation and construction services for a variety of projects including U.S. Department of Energy nuclear waste cleanups in Los Alamos, N.M., and at the Hanford site near the Columbia River in southeastern Washington state.

CIRC Alaska Tourism Corp. (CATC) produced good returns for CIRC's tourism and hospitality division despite Alaska's weak 2010 visitor season. The Company's aggressive marketing and yield management program increased day cruise passenger counts at both Kenai Fjords Tours and Prince William Sound Glacier Cruises. We are cautiously optimistic about CATC's 2011 visitor season because its preseason bookings are tracking slightly ahead of last year, although cruise ship visitors are again predicted to decline.

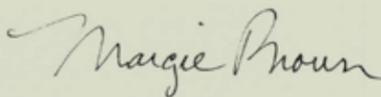
CIRC Land Development Co.'s acquisition of high-quality multifamily properties is consistent with our strategic plan to diversify our real estate portfolio, bring assets into the Company that are already developed and deliver positive cash flows in the near term. CIRC recently invested in four large multifamily apartment properties in Tucson and Phoenix, after market prices there adjusted downward.

Our Company continues to pursue emerging market trends by expanding its energy and cleantech business investments. It is moving forward with an underground coal gasification development on CIRC land on the west side of Cook Inlet. Additionally, the Company plans to proceed with wind power generation project investments.

I am excited by the investments and projects that we have underway because they promise to improve the Company's performance, even if we must be patient to see the full benefit of these investments. CIRC has historically been a successful, investment-focused company that produced strong but uneven profits. Now we are intent on transforming the Company to support long-term growth and sustainable income by including more investments in stable operating businesses that will help the Company weather unforeseen, perhaps even catastrophic, economic events.

I am honored to have the opportunity to lead CIRC, and I am grateful for the support shown by my fellow shareholders, the Board of Directors and my colleagues as we work together to ensure that CIRC will continue to benefit shareholders and their descendants for generations to come.

Thank you,




## CIRC Board of Directors

Charles G. Anderson, Aleut,  
Chairman

Roy M. Huhndorf, Yup'ik,  
Chairman Emeritus

Patrick M. Marrs, Aleut,  
Vice Chairman

Thomas P. Huhndorf, Yup'ik,  
Secretary

Michael R. Boling, Athabaskan,  
Treasurer

Douglas W. Fifer, Tlingit,  
Assistant Secretary

Penny L. Carty, Aleut,  
Assistant Treasurer

Hallie L. Bissett, Athabaskan

B. Agnes Brown, Athabaskan

Rolf A. Dagg, Yup'ik

Erik I. Frostad, Athabaskan

Jeffrey A. Gonnason, Haida

Katrina M. (Dolchok) Jacuk, Aleut

Ted S. Kroto Sr., Athabaskan

Louis "Lou" Nagy Jr., Yup'ik

## Did you know?

Alaska Interstate Construction LLC (AIC) was awarded two Governor's Safety Awards of Excellence at the 2011 Governor's Safety and Health Conference in late March. AIC's North Star logistics team and the Alaska Aggregate Products' Deadhorse shop each received an award for its commitment to hazard analysis and reduction. AIC is Alaska's civil contractor of choice when public works projects require specialized expertise and fleets of heavy equipment. Learn more about AIC at [www.aicllc.com](http://www.aicllc.com).

## CIRC Alaska Tourism Corp. (CATC) is recruiting a sales and marketing coordinator

This position is located in Anchorage, Alaska. Please visit [www.ciri.com](http://www.ciri.com) to review the job description and access the CATC employment application. If you meet the minimum qualifications and would like to apply, please submit a resume, letter of interest, and a CATC application to CIRC Human Resources, P.O. Box 93330, Anchorage, AK 99509-3330, or by fax to (907) 263-5508. If you have questions regarding this position, please contact CIRC Human Resources at 907-263-5541 or [hrreplies@ciri.com](mailto:hrreplies@ciri.com). CIRC shareholders are invited to apply.



## Former CIRI Director Clare Swan inducted into Alaska Women's Hall of Fame

Swan recognized for commitment to Alaska Native issues



Clare Swan

Image courtesy of CIRI

Former CIRI Director Clare Swan was recently inducted into the Alaska Women's Hall of Fame. Swan was recognized for her achievements in political activism related to issues that affect Alaska Native people, including subsistence fishing rights and community health.

Swan was born and raised on the Kenai Peninsula. She served on CIRI's Board of Directors from 1991 to 2005 and on Cook Inlet Tribal Council's Board of Directors since 1998, where she has been board chair since 2000.

Swan was honored as Elder of the Year by the Alaska Federation of Natives in 2009. She is most thankful for her husband of 60 years "who has supported me as a person."

## CIRI needs your help locating shareholder addresses

The following CIRI shareholders do not have a current mailing address on record and should fill out the change of address form at CIRI's offices, or download it at [www.ciri.com/content/shareholders/change.aspx](http://www.ciri.com/content/shareholders/change.aspx) or send a signed and dated letter that includes the new address, telephone number, birth date and social security number.

Merrianna Marie Baehm  
 Roseanna Alexandria Baehm  
 Susan Eva Bates  
 Roberta Lee Blakemore  
 Rita Jean Bonner  
 William Clayton Bouwens Jr  
 Ryan Jay Bridenbaugh  
 Erik Otto Broad  
 Amber Marie Christensen  
 Frank Ross Cooper  
 Wendy Kaye Crowell  
 Dominik Kai Dalton  
 Kamakana Charles-Nukapigak Danner  
 Mark Christopher David  
 Eric Lindsay Devlin  
 Richard Leslie Erickson  
 Donald James-Dale Fleek  
 Robert Allen Garner  
 Brenda Kelli Gish  
 Gary Phillip Hanthorn  
 Dennis W Harper  
 Diana Dawn Henderson  
 Michael Kelly Jacobs  
 Paulina Sarah Jacobs  
 Axel Emmanuel Johnson Jr  
 Deborah Lou Jones  
 Marilyn Elizabeth Joslyn  
 Alyssa J Kashevaroff  
 John Harold Klotz Jr  
 Thomas S Korn  
 Kyle L Larson  
 Londa Sue Larson

Echo Vatina Lehrkind  
 Charles David Merica  
 Gloria Jean Miller  
 Quentin D Norman  
 Anisha Lee Oksotaruk-Lumiansky  
 Lonnie Dean Owens  
 Raymond Wayne Ozenna  
 Deborah Florence Parr  
 Debbie Ann Poe  
 Richard Clay Powell  
 Paula Katherine Pry  
 Christine Amelia Redick  
 Earl Mathew Regan  
 John F Ryan  
 Kirsten Helene Scott  
 Robert Charles Snyder  
 Jeanna Brooke Mason Stay  
 Rachel Ann Stephan  
 Ruth Ann Stephan  
 Debra Leigh Stone  
 James David Swartz  
 Kari Anna Thomas  
 Steven Edward Toms  
 Michelle Ann Tremblay  
 Richard Donald Dean Vowell  
 Roger Ivar Wallin Sr  
 David Edward Watson  
 David Clifford Weston  
 Virginia Bernice Wilcoxson  
 Zenith Charles Williams Jr  
 Anthony J Wilson Sr  
 Agnes Louise Wright

## In Touch with shareholders



Shari Huhndorf

### Professor

CIRI shareholder and professor Shari Huhndorf, Ph. D., will join the University of California Berkeley's Department of Ethnic Studies. Professor Huhndorf formerly served on the board of directors for The CIRI Foundation. She joins Berkeley from the University of Oregon, where she was a professor of ethnic studies, women's and gender studies.



Kurt Hermansen-Jent

### Commercial diver

CIRI descendant Kurt Hermansen-Jent recently graduated from the Commercial Diving Academy in Jacksonville, Fla., with numerous professional diving, welding and medic certifications. Hermansen-Jent has been selected to enter the apprenticeship program with Alaska Piledrivers and Divers Local 2520. He thanks his family and The CIRI Foundation for their support.



Kaydin Vaughn Messenger

### Baby Kaydin

CIRI shareholder Juanita Pickering and her husband Rick proudly announce the birth of their second grandson, Kaydin Vaughn Messenger. Baby Kaydin was born March 15. He weighed 8 pounds, 8 ounces and was 20 inches long. His parents are Jessica Jane and Brian Messenger.



Kellie Marie Nelsen

### University graduate

CIRI shareholder Kellie Marie Nelsen recently graduated magna cum laude from Western Washington University with a Bachelor of Arts in education. Nelsen is the daughter of Kevin and Sue Nelsen of Puyallup, Wash., and the granddaughter of CIRI shareholder Herman Nelsen of Seward, Alaska. She thanks The CIRI Foundation for its support.



Eli Wolfered Whiteley

### Baby Eli

CIRI shareholders Susan and John Allison and Jeanette Agoney proudly announce the birth of their grandson, Eli Wolfered Whiteley. Baby Eli was born March 13 at the Alaska Native Medical Center in Anchorage. His loving parents are CIRI descendants Nicole Allison and Demetrius Whiteley.



Madeline Ruby Hains

### Baby Madeline

Madeline Ruby Hains, granddaughter of CIRI shareholder Remona Ruiz Budnick, was born on March 12 in Walla Walla, Wash., to proud parents Lt. Col. Decker and Mrs. Caroline Hains.



Anthony "David" Christiansen

### University Graduate

Anthony "David" Christiansen, CIRI descendant and The CIRI Foundation recipient, will graduate from Alaska Pacific University on April 30 with a bachelor's degree in business administration and management. He is the son of CIRI shareholder Anthony Dale Christiansen and CIRI employee Michele Christiansen. He plans to pursue a second bachelor's degree in spring 2012 to pursue his passion for music.



## Alaska Laborers

Provide

## Career Opportunities



The Alaska Laborers are currently accepting applications for an upcoming opening into their Apprenticeship Program.

This is a great opportunity for *Alaska Native people and CIRI shareholders* to learn valuable skills in multiple aspects of construction while working as a team. On the job training provides good wages and excellent benefits while building the foundation for a successful career.

**Contact the Alaska Laborers' Training School at (907) 345-3853**

# Alaskans Building Alaska

## CIRI Chooses Respect



CIRI participated in the Choose Respect rally on March 31 to take a stand against domestic violence and sexual assault. Learn more about Choose Respect at <http://gov.alaska.gov/parnell/priorities/choose-respect.html>.

# 2010 annual report

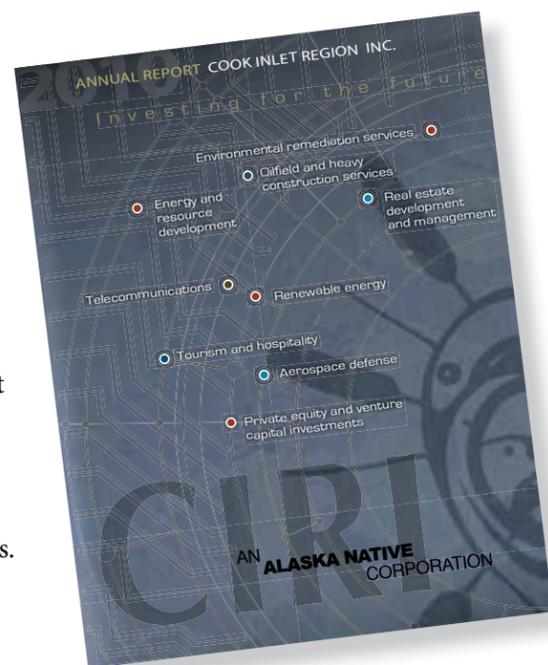
## How to read CIRI's financial statements

CIRI recently released its 2010 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 24-27 of CIRI's 2010 annual report.

The consolidated financial statements include:

- **Balance sheets**
- **Statements of operations**
- **Statements of changes in shareholders' equity and comprehensive income (loss)**
- **Statements of cash flows**

They are accompanied by footnotes that provide additional details about the Company's investments and discuss Company earnings and its financial position at year-end. Following the financial statements is additional information about the Company's operations and holdings. An independent auditor, KPMG, LLP, audits the financial statements and issues its opinions as to CIRI's conformity with generally accepted accounting principles.



**CONSOLIDATED BALANCE SHEETS**

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December 31,	2010	2009
	(in thousands)	
<b>Assets:</b>	\$ 78,908	80,085
Cash and cash equivalents	112,050	102,325
Marketable securities (notes 4 and 11)	-	814
Receivables from investment security sales (notes 4 and 7)	34,024	21,718
Trade and other receivables, net (note 5)	1,735	3,742
Restricted cash and cash equivalents (note 17)	963	-
Income taxes receivable (note 16)	82,769	127,023
T-Mobile exchange rights agreement (notes 6 and 11)	159,451	161,512
Investments in unconsolidated affiliates (note 7)	152,902	135,744
Real estate investments, net of accumulated depreciation of \$8,285,000 and \$8,255,000 for 2010 and 2009, respectively (note 9)	43,807	46,745
Property and equipment, net of accumulated depreciation of \$44,241,000 and \$39,927,000 for 2010 and 2009, respectively (note 10)	38,792	22,247
Natural resource and energy investments	22,748	22,748
Goodwill (notes 2 and 8)	1,820	2,489
Intangible assets, net (notes 2 and 8)	5,217	5,290
Other	-	-
<b>Total assets</b>	<b>\$ 735,186</b>	<b>732,482</b>
<b>Liabilities and shareholders' equity:</b>		
<b>Liabilities:</b>	\$ 26,639	30,244
Notes payable (note 12)	19,897	16,725
Accounts payable	20,581	17,624
Accrued liabilities (notes 7, 17 and 18)	9,618	11,589
Due to other regions, at-large shareholders and village corporations (note 13)	-	427
Income taxes payable (note 16)	29,800	19,890
Deferred income taxes (note 16)	921	507
Other	107,456	97,006
<b>Total liabilities</b>	<b>266,339</b>	<b>209,159</b>
<b>Shareholders' equity:</b>		
Common stock of no par value (note 14)	208,464	209,159
Paid-in capital	419,135	424,842
Retained earnings	-	-
Accumulated other comprehensive income - unrealized gains and losses on marketable securities (note 4)	(165)	1,388
<b>Total shareholders' equity attributable to Cook Inlet Region Inc.</b>	<b>627,434</b>	<b>635,389</b>
Noncontrolling interests (note 14)	296	87
<b>Total liabilities and shareholders' equity</b>	<b>\$ 735,186</b>	<b>732,482</b>

(See accompanying notes to the consolidated financial statements.)

## Consolidated Balance Sheets

- **Assets:** What the Company owns
- **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.
- **Investments in unconsolidated affiliates:** CIRI's ownership interests and other corporations, partnerships, limited liability companies and joint ventures in which CIRI does not hold a controlling interest.
- **Real estate investments, net:** Real estate in Alaska and other states. These investments include commercial and industrial properties for lease or sale and residential developments and other lands held for development or sale.
- **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:

- **Real estate income** includes property leases, property management fees and brokerage commissions as well as revenues from the sale of real estate holdings
- **Construction income** is CIRI's share of earnings from its 50 percent ownership in two construction and oilfield service companies
- **Government income** includes CIRI's operations that provide services to local, state and federal government agencies
- **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 out-of-state hospitality properties
- **Natural resources and energy income** is primarily from oil and gas royalty revenues and from the 7(i) resource sharing payments received from other ANCSA corporations
- **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 627,800, the number of outstanding CIRI shares, to report the amount of income earned per share.

**CONSOLIDATED STATEMENTS OF OPERATIONS**

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Years ended December 31,	2010	2009	2008
	(in thousands, except income (loss) per share)		
<b>Revenues:</b>	\$ 7,324	10,601	9,738
Real estate	7,614	17,320	6,181
Construction	118,198	667	4,408
Government services	8,960	11,924	10,881
Telecommunications (note 6)	18,339	16,334	23,934
Tourism and hospitality	12,043	12,266	16,856
Natural resources and energy	3,750	(9,276)	(3,897)
Private equities	12,129	20,057	(56,982)
Investment securities	188,357	79,893	11,119
<b>Total revenues</b>	<b>252,514</b>	<b>180,056</b>	<b>106,156</b>
<b>Expenses:</b>	8,792	6,822	6,966
Real estate	313	(923)	329
Construction	110,323	2,809	5,367
Government services	155	18	7
Telecommunications	21,512	21,265	24,187
Tourism and hospitality	3,643	4,852	1,696
Natural resources and energy	1,233	1,354	973
Private equities	674	539	445
Investment securities	14,855	13,436	12,134
General and administrative and shareholder relations	161,500	50,172	52,104
<b>Total expenses</b>	<b>266,339</b>	<b>209,159</b>	<b>209,159</b>
<b>Income (loss) before income taxes</b>	<b>(13,825)</b>	<b>(29,103)</b>	<b>(103,003)</b>
Income tax (provision) benefit (note 16)	16,759	24,509	(22,747)
<b>Net income (loss)</b>	<b>(7,066)</b>	<b>(4,594)</b>	<b>(125,750)</b>
Less income attributable to noncontrolling interests, net of income tax provision of \$132,000, \$6,000 and \$41,000 for 2010, 2009 and 2008, respectively	(224)	(11)	(70)
<b>Net income (loss) attributable to Cook Inlet Region Inc.</b>	<b>\$ (7,290)</b>	<b>\$ (4,605)</b>	<b>\$ (125,820)</b>
<b>Income (loss) per share of common stock</b>	<b>\$ (26.34)</b>	<b>\$ (39.02)</b>	<b>\$ (36.34)</b>

(See accompanying notes to the consolidated financial statements.)

## The Consolidated Statements of Changes in Shareholders' Equity and Comprehensive Income (loss)

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 2010**

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

Years ended December 31, 2010, 2009 and 2008

	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Equity Attributable to CIRI	Non-controlling Interests	Total
<i>(in thousands, except number of shares)</i>						
Balance as of January 1, 2008	\$ 209,159	467,522	7,003	683,684	-	683,684
Net income (loss)	-	(22,817)	-	(22,817)	70	(22,747)
Change in valuation of marketable securities, net of \$3,879,000 of deferred income taxes (note 4)	-	-	-	-	-	-
Total comprehensive income (loss)	-	-	(6,603)	(6,603)	-	(6,603)
Change in noncontrolling interests, other than allocation of income	-	-	-	(29,420)	70	(29,350)
Elders' Benefit Program distribution (note 14)	-	-	-	-	25	25
Cash distributions - \$35.39 per share (note 14)	-	(9)	-	(9)	-	(9)
Balance as of December 31, 2008	209,159	422,478	400	632,037	95	632,132
Net income	-	24,498	-	24,498	11	24,509
Change in valuation of marketable securities, net of \$580,000 of deferred income taxes (note 4)	-	-	-	-	-	-
Total comprehensive income	-	-	988	988	-	988
Change in noncontrolling interests, other than allocation of income	-	-	-	25,486	11	25,497
Elders' Benefit Program distribution (note 14)	-	-	-	-	(19)	(19)
Cash distributions - \$35.24 per share (note 14)	-	(10)	-	(10)	-	(10)
Balance as of December 31, 2009	209,159	424,842	1,388	635,389	87	635,476
Net income	-	16,535	-	16,535	224	16,759
Change in valuation of marketable securities, net of \$912,000 of deferred income taxes (note 4)	-	-	-	-	-	-
Total comprehensive income	-	-	(1,553)	(1,553)	-	(1,553)
Change in noncontrolling interests, other than allocation of income	-	-	-	14,982	224	15,206
Purchase of subsidiary shares from noncontrolling interest (note 14)	-	-	-	-	(15)	(15)
Elders' Benefit Program distribution (note 14)	(695)	-	-	(695)	-	(695)
Cash distributions - \$35.42 per share (note 14)	-	(6)	-	(6)	-	(6)
Balance as of December 31, 2010	\$ 208,464	419,135	(165)	627,434	296	627,730

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.)

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	2010	2009	2008
<i>(in thousands)</i>			
Years ended December 31,	\$ 16,759	24,509	(22,747)
<b>Cash flows from operations:</b>			
Net income (loss)	4,570	3,287	23,386
Reconciliation of net income (loss) to net cash provided by operating activities:	(224)	(11)	(70)
Earnings of unconsolidated affiliates, net of distributions	7,784	5,212	4,529
Noncontrolling interest	(52)	31	44
Depreciation and amortization	(15,989)	(653)	36,056
Amortization of premiums and discounts on marketable securities	7,220	(19,152)	-
(Gain) loss on sale of assets	(8,663)	(11,544)	(10,493)
Unrealized loss (gains) on marketable securities	(3,753)	-	-
Accrued income on exchange rights agreement	1,518	-	11,545
Purchase price adjustment on acquisition (notes 3 and 8)	2,689	9,922	10,279
Imputed interest expense	10,822	8,981	(25,477)
Write-downs of assets	(6,566)	89,330	-
Deferred income taxes	16,115	109,912	27,052
Changes in operating assets and liabilities, net of businesses acquired (note 3)	83,281	148,006	223,099
<b>Net cash provided by operations</b>	<b>6,320</b>	<b>(89,206)</b>	<b>35,463</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of marketable securities	(73,780)	(196,891)	(103,223)
Purchases of marketable securities	660	4,833	1,470
Proceeds from disposals of real estate investments	6,751	438	3,421
Capital returned from investments in private equities	53,076	3,545	5,619
Capital returned from investments in unconsolidated affiliates (note 7)	(2,080)	(2,906)	(7,430)
Cash invested in operating property and equipment	(42,922)	(17,121)	(15,051)
Cash invested in real estate	(764)	-	-
Purchase of noncontrolling interest	-	(8,593)	-
Purchase of government services, net of cash acquired	(17,240)	(19,724)	(25,562)
Cash invested in private equities	(662)	(793)	(46,880)
Cash invested in partnerships and limited liability companies	6,320	(89,206)	35,463
<b>Net cash provided by (used in) investing activities</b>	<b>(8,115)</b>	<b>(5,628)</b>	<b>(1,021)</b>
<b>Cash flows from financing activities:</b>			
Principal payments on notes payable	6,745	3,327	3,867
Proceeds from issuance of debt	(6)	(10)	(9)
Distributions to Elders' Benefit Program	(22,236)	(22,124)	(22,218)
Distributions to shareholders	(23,612)	(24,435)	(19,381)
<b>Net cash used in financing activities</b>	<b>(1,177)</b>	<b>(3,729)</b>	<b>43,134</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>80,085</b>	<b>83,814</b>	<b>40,680</b>
Cash and cash equivalents at beginning of year	\$ 78,908	80,085	83,814
<b>Cash and cash equivalents at end of year</b>	<b>\$ 159,000</b>	<b>\$ 163,900</b>	<b>\$ 124,494</b>

(See accompanying notes to the consolidated financial statements.)

## Consolidated Statements of Cash Flows

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

- CIRI generated net \$16.1 million from its operations in 2010**
- CIRI invested net \$6.3 million cash in 2010 in operating assets, affiliates and marketable securities**
- CIRI paid \$22.2 million in shareholder dividends in 2010.**

## 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.

**Equity:** Total assets minus total liabilities equals total shareholders' equity.

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

**Fiscal year:** Also called a financial year; any yearly period without regard to the calendar year at the end of which a company or organization determines its financial condition. CIRI's fiscal year is Jan. 1 through Dec. 31.

**Liability:** A company's legal debts or obligations that arise during the course of business operations.

**Limited liability company (LLC):** A LLC is a business organization that combines elements of both partnership and corporations. It limits the legal risk to its owners to only the amount of their investment.

**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 made by operating a business or earned from holding an asset.

## CIRI volunteers!

Shareholders and the public are invited to take part in community activities

CIRI is dedicated to being a responsible corporate citizen and encourages employees to share their time and talents with charitable nonprofit organizations. CIRI employees often volunteer at local nonprofits Koahnic Broadcast Corp. (90.3 KNBA), Cook Inlet Tribal Council, KSKA/KAKM, Bean's Café and The Food Bank of Alaska's Mobile Food Pantry during lunch or outside of work hours.

CIRI invites shareholders and the public to join CIRI in making Anchorage a better place to live through volunteerism. To learn more about volunteer opportunities, call Justina Meyer at (907) 263-5113 or keep an eye on CIRI's Facebook page at [www.facebook.com/cirinews](http://www.facebook.com/cirinews).



CIRI employees recently volunteered with the Food Bank of Alaska at a Cook Inlet Housing Authority senior residential campus.

## In Memory

### Martha O. McCarthy, 70

Martha O. McCarthy died Nov. 29, 2010, in Anchorage. Ms. McCarthy was born Aug. 23, 1940, at the Kakanak Hospital in Dillingham, Alaska. "We'll miss her laugh and smile dearly," said her family. She is survived by her daughter, Brenda Johnson; son-in-law, George Johnson; sisters, Hildur Duncan and Marie Hanson; brothers, Edwin Anderson and Carl Gronn and his wife, Nina; and many nieces and nephews.

### Donald N. Outwater, 71

Donald N. Outwater died Mar. 1 at the Alaska Native Medical Center in Anchorage. Mr. Outwater was born Dec. 16, 1939, in Deering, Alaska. He is survived by his daughters, Denise Starr and Angeline DelReal; sons, Brent and Blayne Outwater; and stepsons, Mike Piscocoya and Donald N. Outwater II.

### Betty Pete, 76

Betty Pete died Mar. 12 at the St. Elias Hospital in Anchorage. "Betty had a surprising sense of humor, unexpected, joyful..." said her family. Ms. Pete was born Aug. 28, 1934, in Akiak, Alaska. She is survived by her children, Agnes Phillips, Pauline Pete and Raymond Pete; and many grandchildren and great-grandchildren.

## Condolences

Louise Koweluk Blake, 57  
Mary Catherine Hamilton, 45  
William Joseph Hughes, 81

## Stock will prize

The winner for the April 2011 stock will participation prize is Debra Ann Redmond. To be eligible for the monthly \$200 prize drawings, shareholders must have a will disposing of their CIRI shares on file in CIRI's Shareholder Relations Department. The CIRI stock will form and instructions are located on the CIRI website at [www.ciri.com](http://www.ciri.com). Contact CIRI's probate staff at (907) 263-5191 or toll-free at (800) 764-2474 to verify whether you have a will on file.

## Shareholder / descendant-owned business

### Alaskan Drums and Crafts

[www.alaskandrumsandcrafts.com](http://www.alaskandrumsandcrafts.com)  
(907) 740-0439  
[Wasilla\\_eagles@yahoo.com](mailto:Wasilla_eagles@yahoo.com)(email)

CIRI shareholder Sarah Dick owns Alaskan Drums and Crafts, a company specializing in handmade Alaska Native crafts and wearable art. She is Tlingit of the Eagle Clan, Athabascan and Inupiaq. Dick began her business twelve years ago when a friend bought a pair of Athabascan-style beaded gloves that she made. She operates her business out of Wasilla.

Email [info@ciri.com](mailto:info@ciri.com) or call (907) 263-5114 to submit your shareholder-or descendant-owned business information.

april **2011**

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