



# Shareholder

A quarterly newsletter from Sealaska

## Haa Aaní – Balanced Land Management

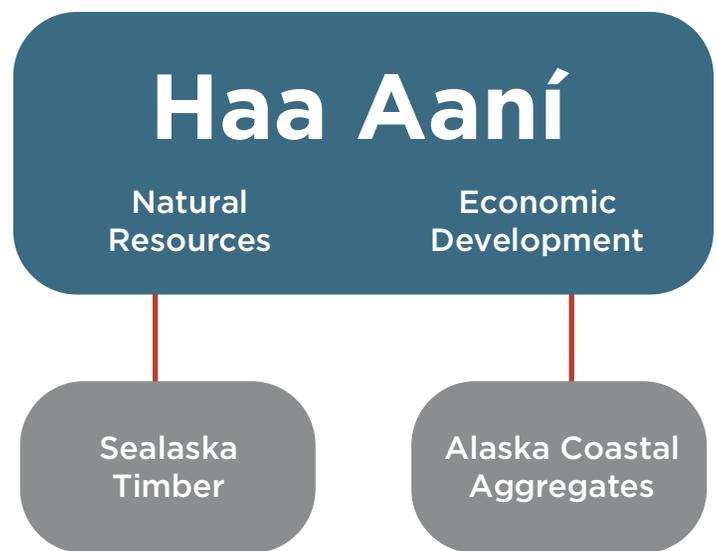
### UNIFYING SEALASKA LANDS AND COMMUNITY EFFORTS

Sealaska has advanced Haa Aaní's purpose and commitment to the region by aligning our natural resource efforts with our economic development activities. Haa Aaní is now a holding company that includes Sealaska Timber and Alaska Coastal Aggregates.

"By elevating Haa Aaní to involve all of our natural resource efforts and community focused work, we can achieve our goal of creating meaningful financial benefit to Sealaska and meaningful opportunities for our communities," said Anthony Mallott, Sealaska president and CEO. "Haa Aaní economic development activity will continue as an integrated department within Haa Aaní, carrying forward community focused and collaborative efforts."

In addition to Sealaska Timber, Haa Aaní will explore new economies through natural product harvesting, carbon sequestration and other land use opportunities.

"Sealaska is making positive impacts in the region by managing our resources and envisioning new economic opportunities. Integrating Haa Aaní will perpetuate our efforts well into the future," said Mallott. "Elevating Haa Aaní affirms our connection to traditional homelands and complements Sealaska Natural Foods and Sealaska Government Services."



Organizational chart for Haa Aaní

## Sealaska Timber, Successfully Overcomes Transition Year in 2015



Sealaska land technician Gary Mills and family

Before Congress and the president approved House Resolution 3979, which included the Sealaska land entitlement bill, Sealaska Timber and contractors were uncertain if Sealaska would be in the timber industry in 2015.

"The law passed in the eleventh hour—literally as we were forced into considering shutting down operations at Sealaska Timber," said Anthony Mallott, Sealaska president and CEO. "We have spent the last year strategizing to ensure a consistent smaller timber program can achieve profitability and be a meaningful industry for our rural communities."

The timing of the land legislation was one of Sealaska Timber's greatest challenges. "We were elated when the legislation passed but had to shift into overdrive, achieving permitting and planning 2015 operations that would have otherwise been performed far earlier," said Mallott. "We effectively did two years of operations in one, while also preparing long-term strategic plans."

Sealaska Timber would like to sustain in perpetuity harvest levels to maintain nearly 600 jobs and millions in payroll and infrastructure dollars that Southeast communities rely on.

"Meaningful jobs, educational scholarships, land stewardship programs, environmental quality monitoring, cultural programs and shareholder dividends are all tied to this important rural industry," said Mallott. "2015 was an extraordinary transition year that achieved profitability and set the foundation for 2016 as a new start. 2017 and beyond will solidify our model for sustained harvest and allow other land uses outside of a timber harvest."

# A Letter to Shareholders from Natural Resources Committee Chair Richard Rinehart



## Dear Shareholders,

The Sealaska board of directors recently combined the Lands Committee and Sealaska Timber board into the Natural Resources Committee and I have the honor as serving as the first chair. The committee is responsible for all land-based policy, guiding principles for land management and most importantly to ensure the Native ownership and proper care of Sealaska lands in perpetuity.

Our Southeast Alaska traditional homelands are the cornerstone of our existence, a relationship so special it has survived millennia and thrives today. Sealaska will always invest in our lands to maintain a healthy, growing forest. When we consider a timber program, we also consider other opportunities that can positively benefit the region, with the most exciting being the development of a carbon sequestration project. We would like to construct a carbon project from our lands that will protect sensitive forests and provide financial benefit, while continuing to leave land available for our small-scale timber harvest that supports regional jobs.

Sealaska leadership has spent the last year strategizing to ensure a consistent smaller timber program can achieve profitability and support a meaningful industry for rural communities. Sealaska's smaller annual harvest will be approximately 40-45 million board feet, 60 percent smaller than our historic average harvest. Our goal of a smaller sustainable cut, can support a stable, local workforce that can bridge our timber program to a second growth timber program. To create a stable industry that local communities can rely on for economic opportunities and jobs requires adequate and consistent timber.

Sealaska directors reaffirmed that Sealaska's ANCSA lands are collectively owned by its shareholders and will be managed according to Native values. Landmark policy forever declares how Sealaska will protect and benefit from the land and lays out key priorities, including Sealaska's continued commitment to Landless communities and Native veterans in Southeast Alaska.

### Here are a few other recent committee highlights:

- Organizational restructure that increases collaboration and includes creation of, and approval for recruitment for, a Haa Aani vice president position to lead our coordinated natural resource efforts
- Approval of Sealaska Timber's 40 million board feet harvest plan in 2016
- Long-term planning that broadens opportunities from our lands and ties us more closely with our traditional communities

Community focus and one unified voice across our Haa Aani operations will strengthen Sealaska. I look forward to reporting our progress.

### Sincerely,

Richard Rinehart

Sealaska Natural Resources Committee Chair

## 2016 Financial Update

### SEALASKA REMAINS FOCUSED ON PROFITS BEFORE ANCSA SECTION 7 (I) AND INVESTMENT INCOME.

- This year Sealaska is focused on business development and integrating our new lands into our strategic plan. We are on budget to show improved profitability over 2015.
- Investments in new businesses through our acquisition process will add to our financial performance, which will be visible within our 2016 financial results later in the year.
- We continue to make structural improvements to Sealaska that will help build a solid platform for long-term business growth and efficiencies.
- Investment income is difficult to project but we are hoping to show improvement over 2015. For the first quarter results we are currently ahead of all of 2015.
- ANCSA Section 7(i) income continues to be a key contributor but is expected to drop in 2016 due to lower oil prices.
- Overall income in 2016 should be close to 2014 results with lower 7(i) income being offset by increasing operational income.

# Partnership Creates New Value from Sealaska Land

Haa Aani became a partner and supplier with Dear North, a consumer brand developed by Huna Totem Corporation. Dear North develops and markets uniquely Alaskan food products to consumers in the Western United States, including the popular Wild Alaska Spruce Salmon Bites.

“Consumers are very excited about these products and flavors and we look forward to an ever deepening relationship with Haa Aani economic development as we expand our market distribution and product offerings,” said Anne French, vice president marketing of Dear North.

Wild Alaska Spruce Salmon Bites is a smoked coho product, enhanced with the slight herbal infusion provided by spruce tips in the smoking process. The spruce tips are sourced directly from Sealaska lands.

Haa Aani natural resources and economic development teams collaborated to develop a small-scale spruce tip program in Hoonah, Alaska to supply Dear North. Alaska Tree Trimmers, a shareholder-owned business, harvested the spruce tips. The partnership is a great example of why bringing Sealaska’s natural resource businesses under one integrated and efficient entity is leading to more collaboration and increased opportunities.

“We have effectively created opportunity that captures spruce tips as a new marketable product from a pre-existing program,” said Ed Davis, director of the Haa Aani economic development team.



## In Memory

Sealaska pays tribute to shareholders who have recently walked into the forest.

George Abbott – Juneau, AK (83)

Carol Aceveda – Douglas, AK (72)

Yolanda J. Ballard – Abilene, TX (51)

Patricia A. Barber – South Prairie, WA (65)

Jack Booth – Metlakatla, AK (65)

Freda M. Borchick – Tucson, AZ (83)

Barry B. Brown – Sitka, AK (49)

Mark A. Canul – Anchorage, AK (53)

Mary F. Carter – Midland, TX (74)

Harriet R. Chilton – Juneau, AK (89)

Emily L. Dangeli – Terrace BC, Canada (85)

Terry Lee Ester – Anchorage, AK (39)

Margretta J. (Peggy) Exendine – Juneau, AK (64)

Rodney J. Franzen – Cuba, NM (60)

Gladys Aceveda Friday – Kake, AK (89)

Edward Johnnie Gamble – Angoon, AK (80)

Delores E. Gardipee – Seattle, WA (68)

Jeffrey M. George – Angoon, AK (68)

Rachel P. George – Anchorage, AK (82)

Dee M. Gerdis – Albuquerque, NM (92)

Evan A. Gonzalez – Juneau, AK (42)

Betty J. Hestand – Longview, TX (79)

PollyAnna Horton – Anchorage, AK (56)

Elsie Mae Hughes – Juneau, AK (87)

Stephanie E. Irvine – Keaau, HI (27)

Alexis G. Jackson – Seattle, WA (80)

Howard Jensen – Anchorage, AK (59)

Martha A. Johnson – Ketchikan, AK (75)

Rodney J. Katzeek – Juneau, AK (59)

Mary Ann Lee – West Jordan, UT (58)

Gloria Walker Light – Fairview, MT (55)

Robert W. Loescher – Juneau, AK (68)

Marion D. Madden – Skagway, AK (64)

Shannon Magorty – Juneau, AK (52)

Olga Makaily – Juneau, AK (84)

Michael R. Makeshine – Fort Washakie, WY (44)

Stanley S. Marsden – Craig, AK (85)

Harvey B. Marvin – Juneau, AK (80)

Lillian Marvin – Juneau, AK (75)

Debra J. McCormack – Anchorage, AK (60)

Alfred McKinley – Juneau, AK (83)

Thelma B. Phillips McMahan – Kake, AK (44)

Malcolm J. Miller – Petersburg, AK (74)

Tyrone H. Milton – Anchorage, AK (56)

Mary Anne Navitsky – Sitka, AK (68)

Henry H. Neligan – Ketchikan, AK (103)

Donald J. Nickerson Sr. – Klawock, AK (73)

Russell W. Peratrovich – Palmer, AK (64)

Miguel R. Perez – Craig, AK (65)

Mary Ann Perkins – Sitka, AK (88)

Alice Powers – Anchorage, AK (74)

Evaristo A. Quinoveva Jr. – Anchorage, AK (44)

Ida Mae Rabbat – Hoonah, AK (61)

Susan E. Ray – Anchorage, AK (62)

Esther J. Reeves – Ketchikan, AK (85)

Jerald W. Schroeder – Seattle, WA (67)

Machelle V. Shake – Anchorage, AK (55)

Robert B. Sirstad – Elk Grove, CA (68)

Leona J. Skultka – Sitka, AK (59)

Erin M. Solomon – Bellingham, WA (41)

Fredrick Stevenson – Juneau, AK (59)

Jeffrey A. Syfert – Pendleton, OR (64)

Donald Thorne – Tacoma, WA (85)

Timi Akie Todo – Seattle, WA (53)

Theodore K. Torgramsen – Wrangell, AK (49)

Andrew Vallejo – Douglas, AK (29)

Lucille C. Walrod – Battleground, WA (70)

Helen A. Watkins – Juneau, AK (76)

John P. Watson Sr. – Juneau, AK (84)

Edward Weston – Ketchikan, AK (48)

Frank Eugene White – Seattle, WA (63)

Frank O. Williams Jr. – Redmond, OR (80)

Nicholas M. Williams – Sitka, AK (78)

Michelle D. Wright – Anchorage, AK (47)

Deborah Yeltatzie – Ketchikan, AK (59)

**Please note** that Sealaska will publish shareholder names only after the Shareholder Relations Department has received proper documentation.

# HAA AANÍ Our Land — Sealaska



← 362,000 ACRES (1.6% OF)

## 35% WORKING FOREST

Our working forests maintain strong habitats for wildlife and have no negative effects on salmon streams.

### SE Economic Development

- 400 to 600 Jobs
- \$17 Million of Wages

### Community Partnerships

- Workforce Development
- Road Building and Other Contracts

## 65% MATURE FOREST

These forests will not

- Light and Selective Harvest
- Carbon Sequestration
- Wetland Mitigation

## CEO Letter

Dear Shareholders,

Sealaska's land ownership through ANCSA is 1.6 percent of our original 23 million-acre homelands. Yet we have made solid contributions and advancements to the regional economy, environmental management and social and cultural well-being of our communities for more than 35 years.

The balanced land management structure outlined below can offer current benefits and continue to provide opportunity for generations to come.

Of Sealaska's 362,000 acres of which only 90,000 has been clearcut, we will:

- Utilize 35 percent in perpetuity as a working forest. As a working forest we will harvest timber using the best science for land management. Sealaska's working forest cycle can:
  - » Grow healthy forests that maintains good wildlife habitat
  - » Have no long-term negative affect to salmon streams
  - » Have an economic impact by maintaining hundreds of jobs in rural areas that equals millions in payroll within a small-scale sustainable harvest

- Utilize 65 percent as mature forest to maintain other opportunities such as:
  - » Light and selective harvest
  - » Carbon sequestration
  - » Wetland mitigation
  - » Natural product harvest
  - » Community and cultural use

Our long-term, sustainable view, built upon a history of experience, science and business development, exemplifies the Native value of *Haa Shuká*—taking action for benefits today and for future generations.

We are changing how we work internally and are seeing the benefits from the integration efforts within Sealaska Government Services and Haa Aaní.

I am excited about Sealaska's future and hope you will share in our optimism after reading the articles in this edition of the *Shareholder* highlighting our activity and progress.

Sincerely,

Anthony Mallott, President and CEO

# Sealaska's Sustained Commitment



(SOUTHEAST ALASKA)

## FOREST

be clearcut

- Community and Cultural Use
- Light and Selective Harvest



*Balanced land management with strong stewardship allows for current economic benefit, while maintaining opportunities for future generations (Haa Shuká).*

## Haa Aaní: Protecting Lands

### EXPERIENCE AND SCIENCE ADVANCE ECONOMIC, ENVIRONMENTAL AND SOCIAL VISION

Brian Kleinhenz leads the care, utilization and policy implementation for Sealaska land as part of Haa Aaní. His team, along with leadership and staff from Sealaska's timber, aggregates and regional economic development teams work in coordination to achieve the economic, social and environmental goals of the Sealaska board and management.

Many of the changes from the new operational structure are largely behind the scenes, however, all stakeholders will notice improvements, according to Kleinhenz.

"Shareholders and community members will experience a single voice from Sealaska. They will also play an important role in planning processes and benefit from higher velocity communications and more values-focused action that will make even greater positive impacts. We will continue to build relationships and trust in order to identify areas of opportunity for collaboration and partnerships in energy, minerals, natural foods, young-forest management and other land-based areas."

"Sealaska invests in comprehensive and long-term scientific research that has benefited the entire region for more than 30 years," says Kleinhenz. "We care for our Native lands for future generations—this is only achieved through scientific research to ensure our methods are sustainable and maintain the quality and health of forests and watersheds."



Sealaska Forester Brian Kleinhenz

### Sealaska Directors Protect Native Lands

In January 2014, Sealaska directors reaffirmed that Sealaska ANCSA lands are collectively owned by its shareholders and will be managed according to Native values. A single resolution now documents important land policies and emphasizes our sacred connection to our land. This landmark policy forever declares how Sealaska will protect and benefit from the lands, which have sustained the people of the Tongass for thousands of years, and lays out key priorities, including Sealaska's continued commitment to Landless communities and Native veterans in Southeast Alaska. The policy incorporates Native values and principles into Sealaska's land management philosophy.

### GUIDING PRINCIPLES FOR SEALASKA LAND MANAGEMENT

#### Alignment with Core Native Values (Values In Action)

Will help support long-term timber industry in Southeast through well managed harvest and continued strength of land stewardship

#### Financial Benefit from Working Forest

Reassess the whole value chain of the timber harvesting and other vegetation operation with focus on providing continued economic benefit to our shareholders and the economy of Southeast Alaska

#### Increase Benefits from Unique Land Asset

Fully assess other ways to create value from our unique land asset—carbon credits, wetland mitigation, forest products, tourism—through partnerships with experts who have demonstrated success

## SHI Revitalizes Practice of Dugout Canoe Making



Left: TJ Young and Jerrod Galanin; Middle: Apprentice carvers working under Master carver Steve Brown; Right: Master Carver Steve Brown with apprentice Jerrod Galanin

Sealaska Heritage Institute (SHI) is partnering with Sitka National Historic Park to make a full-size dugout canoe. This effort will document and revitalize an endangered craft of carving traditional dugout canoes. Finely crafted dugout canoes have been an essential component of Southeast Alaska Native culture. Until the modern era, dugout canoes served as the primary transportation method for trading, seasonal travel, hunting, fishing and gathering.

The institute began pursuing the project in earnest after artists, participating in SHI's first Native Artist Gathering in 2015, ranked canoe construction as its highest priority, according to Sealaska Heritage Institute President Rosita Worl. "We could identify only a few master carvers who are able to make traditional canoes and that set off alarms," said Worl. "Our long-term vision is that today's apprentices will eventually master the craft and lead their own canoe projects, passing their knowledge to the next generation of apprentices."

Mentor and Master Carver Steve Brown leads the Sitka National Historic Park dugout canoe team that includes four apprentices. Brown and his apprentices will be on site at the Walter Soboleff building in Juneau, Alaska from early February through May and accessible to visitors.

Sealaska Corporation donated the 28-foot red cedar log, valued at \$3,000, for the project.

## Sealaska Log Donations Perpetuate Our Vibrant Culture

Since 1998 Sealaska has donated more than 800 logs from its forested lands to support and advance cultural projects across the region. Regional clans, Native organizations and communities are eligible to request log donations via an application and approval process administered through collaborative effort of Sealaska and Sealaska Heritage Institute. The donation policy and application forms are available at [www.sealaska.com](http://www.sealaska.com).

### Sealaska Log Donations Support and Advance Cultural Projects Across the Region

<b>Total Market Value</b>	<b>\$622,000</b>
<b>Totem Logs</b>	<b>63</b>
<b>House Post Logs</b>	<b>2</b>
<b>Canoe Logs</b>	<b>8</b>
<b>Building Logs</b>	<b>747</b>
<b>Other (Screens/Drums)</b>	<b>8</b>
<b>Total Logs</b>	<b>828</b>

## A Time for Healing

### SEALASKA SUPPORTS DOUGLAS INDIAN VILLAGE

Goldbelt Heritage Foundation will commemorate the Douglas Indian Village and honor the memory of the descendants of the Douglas Indian Cemetery. The project is a collaboration with the Douglas Indian Association, Juneau Parks and Recreation and the Juneau School District. The effort will culminate with a proposed plaza at Savikko Park in Douglas, Alaska titled A Time for Healing.

Sealaska directors approved a log donation request that will be used for two totem poles, one at the new plaza site and one for the Gastineau Elementary School in Douglas.

SEALASKA TOOK ON THE RESPONSIBILITY of protecting and strengthening Southeast Alaska Native culture, the "container of wisdom" left by our Elders. As a result, Sealaska established **Sealaska Heritage Institute** in 1980 to administer cultural and educational programs. Since inception Sealaska has donated roughly \$30.6 million in cash donations and in-kind services to Sealaska Heritage Institute.

A recent study found that for every dollar invested by Sealaska over the last nine years, SHI generated more than two additional dollars, in addition to providing employment and contract opportunities for more than 50 shareholders annually and incalculable educational and cultural benefits.

# Timber Program Equals New Opportunity

## SEALASKA SEEKING YOUNG, PASSIONATE INDIVIDUALS FOR CAREER TRAJECTORY

Sealaska board and management's commitment to operating Sealaska Timber in perpetuity opens the door to a broad range of career paths to support the industry. "Sealaska believes a local workforce is necessary for a sustainable second growth industry," said Bob Girt, Sealaska Timber senior environmental compliance and community liaison specialist. Girt remembers his first day on the job with Sealaska. He started on March 7, 1985, as a field engineer based in Craig, Alaska.

Over the last 30 years, his career with Sealaska kept him in the woods, mapping out the next harvest unit or road. He will now focus on permitting compliance, but more importantly bring awareness to forestry career opportunities. "The experience of working in Southeast, with some of the best mentors in the industry, is rewarding with life-long career opportunity," says Girt. "We care equally about the economy, the environment, the vitality of wildlife and fishery, and our ongoing contribution to social and cultural advancement. We want you to join this important work."



## NEW TRAINEE PROGRAM SUPPORTS CAREERS IN FORESTRY AND NATURAL RESOURCES

Sealaska is excited to announce a new Natural Resource & Forestry Trainee Program. This exciting pilot program will offer a meaningful summer experience to one trainee. Sealaska shareholders and descendants with a high school diploma or GED are eligible to apply. Sealaska is seeking one motivated individual to attend the summer-long pilot program. The trainee will support the functions and mission of Haa Aaní natural resources team and Sealaska Timber. This rewarding opportunity is located on Prince of Wales Island.

## SSP FORESTRY TRAINING ACADEMY

Haa Aaní and the Sustainable Southeast Partnership (SSP) are working with the United States Forest Service and the State of Alaska for a two-week forestry academy. Ten participants will spend two weeks developing forestry skills such as timber inventory, logging operability, protection of fisher and karst resources, deer habitat enhancement and more. Participants will immediately put skills to work for a seasonal crew that will conduct inventory for future timber, fish and wildlife management on Price of Wales Island.

"Managing the Tongass is something that needs to be in the hands of the people who live here," said Alana Peterson, SSP program director. "This training is an effort to increase local capacity in the skills that are required to manage our lands."

**For information on all opportunities, please visit [Sealaska.com](http://Sealaska.com).**

## SEALASKA RECRUITING FOR MARKETING LEADER FOR SEALASKA TIMBER

Haa Aaní is recruiting for a straightforward, experienced marketing leader for Sealaska Timber to lead, identify, pursue and close deals in the Korean, Japanese, Chinese and domestic markets and manage product delivery. This is a full-time/salaried role slated to begin as soon as possible and based in Seattle, Wash., Juneau or Ketchikan, Alaska.



# Stewardship Practices Enhance Our Lands

Silviculture is key to Sealaska's sustainable timber harvest program. Sealaska takes care of our forests so that forests can continue to take care of people. When we do this our forests produce: better quality lumber, shorter time between harvests, increased volume of sustainable harvest, and greater abundance of fish and wildlife habitat.

Pre-commercial thinning is the process of removing certain trees so that the healthiest ones can thrive. Careful thinning improves the growth, quality and health of remaining trees. Basal pruning removes the lower branches of the tree, up to 17 feet. Removing the lower branches lets more sunlight reach the forest floor helping to maintain understory plants.

Sealaska works with a network of Southeast Alaskan-owned small businesses to perform all its thinning, planting and pruning work. These businesses are all owned by Sealaska shareholders or descendants.

## SILVICULTURE WORK PERFORMED IN 2015

Sealaska performed a great deal of forest stewardship work in 2015:

- 3,534 acres of pre-commercial thinning (PCT)
- 459 acres of pruning
- 537 acres of planting (48,000 spruce and 7,000 yellow cedar)

Sealaska is proud to have some of our sister corporations as clients. We performed the following work on behalf of village and urban corporations in 2015:

- Goldbelt, Incorporated: 396 acres of PCT
- Kake Tribal Corporation: 891 acres of PCT
- Huna Totem Corporation: 86 acres of PCT
- Klawock Heenya Corporation: 530 acres of PCT

**For information on silviculture visit:**  
[www.sealaska.com/why-we-do-it/our-land/stewardship](http://www.sealaska.com/why-we-do-it/our-land/stewardship)

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## DISTRIBUTION FAQs

### Sealaska shareholders have asked, when are my distributions taxable?

- ANCSA Section 7(j) distributions to Urban and At-Large shareholders are always taxable
- Sealaska dividends to shareholders can be taxable when Sealaska generates sufficient taxable income

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[WWW.SEALASKA.COM](http://WWW.SEALASKA.COM)

## Q1 2016

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Our **PURPOSE** is to strengthen our people, culture and homelands.

Our **VISION** is to be an Alaska Native enterprise of excellence built on our core cultural values.

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