

10/27/2003

**ARCTIC SLOPE REGIONAL CORPORATION
CORPORATE GOVERNANCE GUIDELINES
AS APPROVED BY THE BOARD OF DIRECTORS
July 29, 2003**

Introduction

These Corporate Governance Guidelines are intended to provide a structure and context within which the Board of Directors exercise their duties and responsibilities to serve the best interest of the Corporation and its shareholders. The Guidelines are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. They also recognize that the larger societal context within which the Corporation operates requires that the Corporation consider the interests of shareholders, employees, public, customers, suppliers and the communities within which we live and work.

Role of the Board

The board of directors are elected by the shareholders of the Corporation to oversee the management of the business and other affairs of the corporation. The directors, individually and collectively, accept the responsibility to use their skills and experience to provide objective and independent oversight and evaluation of management's performance in operation of the business. The board generally provides counsel and advice to management on significant issues facing the corporation. In addition, in carrying out its oversight and monitoring duties, the board will, among other things, review:

- annual budgets and capital programs, corporate objectives and goals, and continually evaluate management's performance against those objectives
- management's plans for action on major financial matters, including guarding and preserving the financial, human and other assets of the corporation
- longer term objectives, strategies, policies and plans of the corporation and its major business units, including succession, compensation and benefits plans
- assess major risk factors relating to the corporation and measures to address and mitigate such risks
- major structural changes, acquisitions or significant new directions in business activities
- systems, policies and controls utilized for proper management of the business and accurate reporting of results of operations
- compliance with laws, regulations and other requirements

This is not an exhaustive or complete list of the board's role and it is recognized that the board will remain constantly vigilant to ensure that its actions and areas of focus are responsive to changes in the corporation, its various stakeholders and the communities

10/27/2003

within which it operates. The board will also designate or appoint various committees to help fulfill the board's role.

The board also recognizes that in discharging its duties that the actual management of the business and affairs of the corporation are conducted by the CEO and the other senior executives under his or her control and supervision. In performing the functions of management, the CEO and the other senior executives are expected and required to act in a manner that is consistent with the oversight functions and powers of the board and the standards of the corporation and to execute any specific plans, instructions or directives of the board. The board and management also recognize that they are committed to working cooperatively, transparently and openly in order to maximize operational efficiency and long term value to the shareholders.

Responsibilities as a Director

It is the responsibility of each individual agreeing to serve as a director of the corporation to commit the necessary time and attention to properly carry out their duties. If that can not be done, service as a corporate director is not appropriate. Each director has an obligation to stay informed about the company and to inquire or ask questions when anything is unclear or uncertain. While electronic attendance at meeting is allowed, directors are expected to attend board and committee meetings in person to maximum extent possible. A director's duties require a duty of care and loyalty to the corporation, and carry with it an affirmative obligation to "inquire". This is a duty to the corporation as an entity and not to the shareholders or any individual group of shareholders. The legal duties of a corporate director will be discussed during each annual orientation session or other training opportunity sufficiently for each director to understand his or her obligations further. The corporation's General Counsel is available to provide specific answers or opinions on specific areas of concern by a director.

In order to carry out these duties, each director should generally understand:

- the principal operational and financial objectives and plans and strategies of the corporation
- the results of operations and financial condition of the corporation and all significant business units
- the major risks facing the corporation and the internal control systems and policies in place to monitor and address those risks
- the necessary information required to decide the issues presented to the board for decision
- the standing of the company relative to its competitors and industry sectors

In all actions taken by the board, directors are expected to exercise their business judgment in what they reasonably believe to be in the best interests of the corporation. In those actions, the directors may rely on the honesty and integrity of the corporation's senior management and its outside advisors and auditors.

In order for the board to carry out its oversight functions, all directors are expected to actively participate in discussions and meetings. Debate must be open and candid. Questioning and probing inquiries by directors to management is to be welcomed and accepted in the spirit of cooperation and accountability, and not seen as intrusive or

10/27/2003

confrontational. Accountability is expected and is not viewed as blurring of management and director roles, but rather as the recognition of those roles.

Internal Controls

The importance of internal controls for the corporation can not be emphasized enough. The board relies upon the corporation's internal controls to ensure that the information being provided to it is timely and accurate, including information on current business and strategic performance, financial statements, legal compliance, and material regulatory and litigation matters. The board is absolutely committed to ensuring that the corporation has the necessary internal controls and processes to ensure the effectiveness and efficiency of operations, reliability and timeliness of financial reporting, and compliance with relevant laws and regulations. This includes financial accounting controls, reliability and integrity of both financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, compliance with laws, regulations and policies, ethical standards of conduct, and other matters relevant to the business. The board will hold management accountable to see that internal controls are put in place and followed, and management recognizes that the board should be able to rely upon these controls to effectively discharge its oversight responsibilities. The relevant corporate management, including that of subsidiary companies, is expected to certify as appropriate financial statements and other information in a manner similar to that required of public companies. Management is responsible to see that the internal controls of the corporation are appropriate for the size and structure of the company and that they are properly complied with at all levels of operation. The board and its audit committee will expect an annual review of internal controls by the external auditor as well.

The board also embraces the necessity for auditor independence as part of good corporate governance practices. The audit committee of the board will ensure that the external auditor maintains appropriate professional standards of independence in its work for the corporation. The external and internal audit functions are considered an important part of the oversight of the internal controls.

The board shall promote policies within the corporation that encourage a corporate culture of openness, honesty, fairness and accountability. These policies also should apply to the board and to relationships among the board, shareholders and employees. The ultimate objective of internal controls and policies should be to maximize total return and value to the shareholders and deal fairly and equitably with all stakeholders.

Board Composition and Size

The board of directors of ASRC is composed of fifteen members in accordance with the ByLaws. Any change in that would require amendment of those ByLaws. The qualifications for being a director are that the candidate be a shareholder and over eighteen (18) years of age. There are no significant federal or state statutory requirements for ANCSA corporation directors.

Directors are voted for on a corporate wide or area wide basis, i.e. all shareholders vote for any or all candidates not just the ones from the community or seat where the shareholder resides, receiving votes from all shareholders that wish to vote for them.

10/27/2003

Directors are elected for three year terms in classes of five directors each year. The fifteen board positions are designated seat numbers, with five for Barrow, one for each of the other seven villages, and three "At-Large" seats with no community designation. All seats, except the At-Large seats, require the candidate to be a resident of the community for which that seat is designated, though there is an exception for directors that go to work for the corporation. Shareholders are allowed to cumulate votes for one candidate or spread among candidates as they desire; total votes each shareholder has is equal to the number of seats being filled times shares owned.

The corporation allows any shareholder over eighteen to seek election to the board upon presenting a petition signed by 25 shareholders or at the board's discretion. The board as a whole acts as the nominating committee at present. Village input is often sought through the village corporation on village seat nominations. All qualified candidate names appear on the company's proxy statement; the board indicates which of the candidates have its endorsement.

The board is committed to increasing the role of independent directors consistent with the direction of recent recommended changes in corporate governance. It will strive to ensure that a majority of directors are independent and non-management directors; an independent director is a person not employed directly in a corporate position or in a management position in one of the companies operating units or subsidiaries. Over time it is the objective of the board to have no more than four management or inside directors on the board at any one time.

Board Meetings

Directors are required to attend board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. The ByLaws provide that three unexcused absences is deemed resignation from the board. The Chairman shall establish a calendar of standard agenda items to be discussed at each meeting scheduled to be held over the course of the year, and shall also establish the agenda for each board meeting. Generally, the board will schedule to meet seven (7) times per year. The schedule of regular board meetings shall be reviewed and approved by the board at its annual re-organizational meeting in June by resolution in accordance with the ByLaws. An annual calendar shall be published each June, as part of that resolution, setting forth the schedule for board and committee meetings for the next twelve months and when major matters will be scheduled for consideration.

Each board member shall be free to suggest items for inclusion on the agenda or to raise subjects that are not on the agenda for that meeting. The non-management directors shall meet in executive session, both with and without the CEO present, at least once per year.

Board meetings often include confidential discussions and disclosure of proprietary information that, consistent with the board's Code of Conduct, should not be disclosed outside the boardroom. Attendance by non-board members will be limited to management and others invited by the board for specific business purposes. Shareholders or others asking or seeking to attend the board meeting may be allowed to attend for the limited purpose of presenting an issue or request to the board, but shall not be allowed to attend other unrelated parts of the meeting. Such requests shall be made in writing and

10/27/2003

submitted to the Chairman of the Board at least one week prior to a regularly scheduled meeting; the Chairman will advise the shareholder or other party if and when they will be allowed to attend.

Information Flow to Directors

In order for the directors to properly prepare for board meetings, it is critical that information relevant to the meeting agenda items be provided to them well in advance of the meeting. The agenda and background or explanatory materials for items on the agenda shall be distributed to the directors at least seven days prior to the meeting. Information from a variety of sources, including management reports, internally prepared financial statements and materials from third party sources, and may be distributed in several methods, such as "regular" mail and e-mail or hand delivery. Maintaining confidentiality of the distributed information is also of prime concern; faxing information to individual directors is the least attractive alternative, though fax machines will be provided to any director that wishes such to be installed in his or her home. A computer will also be made available for access to board information as the system for on-line access is developed. In many cases, significant items requiring board approval may be reviewed in one or more meetings, as well as committee meetings, and voted upon in subsequent meetings, with the intervening time being used for clarification and discussion of relevant issues.

There will be increased utilization of electronic means of distribution of information to the board. A "portal" will be available to directors on the corporation's Internet or Intranet site to allow for limited confidential access to documents on line as well as facilitate questions and comments on relevant items and distribution of general news items.

Board Compensation and Expenses

The board has set its compensation by resolution in accordance with the ByLaws. This provides an annual fee of \$30,000 and \$500 per meeting for committee meetings for non-management directors. Directors employed by the corporation in management capacities do not receive additional compensation for their service on the board. The board has also adopted policies on loss of pay to attend meetings and reimbursement of travel costs for meetings and other company business. The company does not pay a fixed per diem, rather it has chosen to reimburse actual expenses. Directors are eligible to receive a company debit card to facilitate cash advances, but are not provided corporate credit cards.

The Compensation Committee is tasked with annually reviewing the compensation of the independent or non-management members of the board and providing recommendations to the board for changes or modifications.

Board Orientation and Education

There will be an annual orientation and training session held each fall for all directors. This session is usually facilitated by an outside expert that addresses the role and responsibilities of directors and discusses recent developments in the area of

corporate governance in America. New directors will be provided with a board manual that contains relevant corporate materials and background information on the company. The orientation sessions are also an opportunity for providing information on the company's strategic planning, significant financial and risk management issues, code of conduct, management structures, operating business units and industries, and other matters of general interest. New directors are also offered the opportunity to schedule site visits to significant company facilities and operations.

The corporation will make available to directors continuing education and external training sessions that may enhance their understanding of the role of corporate directors and overall corporate governance responsibilities. Occasional professional or technical presentations will also be scheduled for the board to further enhance the board's continued education and introduction to issues facing the corporation in the future.

Board Evaluation

The board shall annually review its performance as a whole and of each of its members. This evaluation will look at the values and commitments that are expressed in these Guidelines and assess how well they are being followed and achieved. The objective is to improve overall board performance and its contribution to long term success of the corporation.

Each director will execute an "Annual Performance Agreement" that sets forth his or her commitment for the year. This agreement will address attendance at board and committee meetings, corporate events or objectives that the director wishes to pursue, and any training or education objectives desired for the year. These will be considered by the board in its annual evaluation of director and board performance.

CEO Performance Evaluation

The board will evaluate the performance of the Chief Executive Officer (CEO) each year. This reflects that the board's primary communication in its oversight of the corporation is to the CEO; he in turn is primarily responsible to the board. This evaluation has been delegated to the Compensation Committee. The Committee's evaluation will include the review of base compensation, establishing annual goals and evaluating performance towards those goals and the overall objectives of the corporation. The Compensation Committee will report on its actions and decisions to the board in accordance with its charter and should meet in executive session with the full board at least once each year to discuss its report on the CEO and demonstrate how the CEO is providing the best long and short term leadership for the corporation.

Committees

The board has established the following committees: executive, audit, ethics, investment, and compensation. Each committee has the specific authority provided for in the ByLaws, a specific delegation of authority by the board, or by the terms of its charter. All committee charters will be approved by the board. The board may establish other or special committees from time to time to help it deal with particular issues. To the extent practicable, the board intends that members of the audit and compensation committees be independent or non-management directors.

10/27/2003

Management Investments

Board members and senior management of the corporation and of its subsidiary companies may not invest in opportunities sponsored by the company unless such participation is specifically approved by the board. Any such board member participation shall be disclosed in accordance with the Code of Conduct. This limitation shall not apply to opportunities offered by third parties to the general public, even though the corporation may participate, as long as the director's or employee's participation is not the result of his position with the company and is consistent with the company's ethics policies.

Review of Guidelines

These corporate governance guidelines will be reviewed annually and any changes or modifications considered by the board. This review should occur at the time the board does its annual performance review of itself.

10/27/2003

Succession Planning

The primary focus of the board on succession is to ensure there is an efficient process in place for preparing for the CEO's successor. The CEO and board, through the Compensation Committee, will discuss annually recommendations and evaluations of potential successors for the CEO's position, including career development plans for such potential successors. The board has also established a succession planning committee to prepare a broader and longer term succession plan for the corporation and its executives. The board will review the recommendations and actions of this committee on an annual basis.

Access to Management and Information

Directors shall have full and free access to senior management and other employees of the corporation, including the senior management of subsidiary operations. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO, the Corporate Secretary or directly by the director. Board members will use sound judgment to be sure that this access is not unnecessarily distracting to the operations of the company, and that it is used in a reasonable fashion and in the best interests of the corporation. The board encourages management to bring managers into the board meeting on a periodic basis so that they can provide additional insight into items being discussed because of personal involvement in an area, and so that individuals with potential leadership skills can be exposed to the board.

External Communication and Shareholder Contacts

The CEO shall be the primary spokesman for the corporation and the board expects that he will represent the corporation in public appearances and statements. Individual board members may meet or otherwise communicate with various constituencies that are involved with the corporation after consultation with the CEO.

Board members may have contact with individual shareholders from time to time and be asked about corporate activities and events. Directors may generally acknowledge issues that are being addressed by the corporation but will refrain from disclosing confidential information and matters not yet publicly announced.

Code of Conduct

The board has adopted a Code of Conduct governing the ethical conduct of its members and potential conflicts of interest. This is part of the broader Integrity Strategy and other policies are designed to ensure that the corporation complies with laws, rules and regulations that govern its business activities. It is expected that all employees and those we deal with will adhere to the highest standards of ethical business behavior.

Strategic Planning and Review

The board shall review the corporation's long term strategic plans and the main issues facing the company in the future in each odd numbered year. In addition, the board shall review the strategic and tactical plans of the corporation and each major business unit during the annual budgeting review cycle. Typically, the annual budget review and presentation meeting shall be held in November of each year with the final budget approval in December.