We are ASRC.

ASRC's mission is to actively manage our businesses, our lands and resources, our investments and our relationships to enhance Iñupiaq cultural and economic freedom—with continuity, responsibility and integrity.

ASRC is Iñupiaq. The Corporation is owned by and represents the business interests of approximately 11,000 Iñupiaq shareholders. Seventy-five percent of ASRC's senior executives are Iñupiat, including the Corporation's president and chief executive officer. Our cultural values are integral to the business decisions we make. The Corporation is designed to grow profits and job opportunities in order to strengthen the economic and cultural health and freedom of our people.

ASRC has been one of Alaska's leading corporations for two decades. The Corporation has built five businesses in several sectors: energy and oilfield services, petroleum refining and marketing, construction, government services and resource development.

ASRC began in 1972 with $22 million from the Alaska Native Fund. Today, ASRC is a corporation with revenues in excess of $2.5 billion that provides strong, consistent value to our approximately 11,000 Iñupiaq shareholders.

The number of ASRC shareholders is expected to grow three to four percent each year for the foreseeable future. Looking ahead we need to grow and diversify in order to sustain our dividends, nurture new homegrown talent and create more job opportunities for our shareholders.

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On behalf of Arctic Slope Regional Corporation (ASRC), I am proud to present the 2012—2017 Strategic Plan. This document will serve as a guide for our employees, shareholders and stakeholders as we embark on a new five-year journey along the spectrum of success for ASRC. Over the next five years, ASRC will drive to diversify its holdings to reach $225 million in sustainable earnings before interest and taxes (EBIT) and a sustainable $55 dividend.

ASRC has proven that it has the business acumen to sustain our corporation in the face of a global market downturn, attacks aimed at Alaska Natives through shifting philosophies under federal Indian policy, and a decline in investment activity on Alaska’s North Slope. We recognize that an undertaking of such scope requires careful self-evaluation and thorough strategic planning. Our goals aim to provide even greater shareholder benefits by 2017.

In order to succeed, we need to understand from where we have come. It is important for us to reflect on the success of the previous strategic plan and use it as a tool as we navigate along this spectrum of success. The purpose of this document is to provide a blueprint for the ASRC family over the next five years.

CHALLENGES

Current and emerging economic conditions are expected to put downward pressure on earnings and dividends while forecast growth in outstanding shares applies upward pressure. While there are challenges ahead, navigating through difficult economic circumstances is not new to ASRC. There is a perfect storm of economic and political conditions ahead that requires new approaches and a variety of short- and long-term solutions to achieve sustainable financial and social benefits for our shareholders by 2017. Those challenges include:

- Stagnant investments and a static investment climate for onshore legacy fields on the North Slope
- Potential taxability due to increased profitability in the near-term
- Shifting of federal government fiscal priorities, Indian policy and increased regulatory overreach
- Turbulent national economy

We are prepared to meet those challenges with a disciplined, methodical approach to protecting our foundation and growing our portfolio for the benefit of our shareholders, employees and stakeholders.

CALL TO ACTION

ASRC is a large family. We have several successful companies, high-performing and talented employees, a proud and engaged shareholder base, successful partners and meaningful stakeholders. We all have a role in ASRC’s success. ASRC is committed to preserving its role as the largest Alaskan-owned company, business leader and corporate community citizen. Please join ASRC as we embark on a new journey along this spectrum of success.

Kakanaaq

Rex A Rock, Sr.

ASRC President & CEO
Our Business Values (Piġusivut)

We strongly believe that our blend of Iñupiaq and business values are uniquely combined to deliver high levels of performance and meaning. Our core values are the cornerstone of our success.

Our Culture as Iñupiat

Iñuuniagiqput
Iñupiaguvluta

Our culture is who we are and provides us with the guiding principles in our everyday business practices, guaranteeing continuity of the Iñupiaq culture across generations.

Stewardship

Qaunaksiriŋqput

We employ financial discipline when managing our lands and assets to ensure that increases in business performance and shareholder returns are sustainable.

Integrity

Ilumun
Atuumaniniq
Piġusivut

We do what we say we do. We adhere to high moral principles and professional standards and operate with transparency and accountability.

Reflecting on the Last Five Years

In 2007, we made an ambitious promise to our shareholders: Double our economic power and impact for the benefit of our shareholders by 2012. ASRC has largely succeeded in accomplishing the goals established in the 2007—2012 Strategic Plan.

ASRC’s growth and resilience are attributable to three primary competitive factors:

- **Deliberate business decisions strengthened our core competencies in the energy, government contracting and construction sectors.** ASRC took advantage of the positive impact of rising commodity prices. We invested in our petroleum refining sector. We utilized the opportunities provided by the Small Business Administration’s (SBA) 8(a) program to develop the skills and experience necessary to pursue contracts in the “full and open” federal contracting space. These decisions strengthened our core competencies and positioned us well for future growth.

- **Strong revenues, healthy earnings and solid performance.** ASRC has managed a healthy balance sheet, limited debt, a favorable tax position and strong earnings. This position gives us the resources and skills to grow the company by continuing to strengthen existing operations as well as diversify through merger and acquisition activities.

- **Improved our productivity.** ASRC increased effectiveness, controlled costs and leveraged talent within the ASRC family of companies. This will be instrumental in identifying future cost efficiencies, improving profit margins and furthering our competitive edge in the years ahead.

This section highlights the success of three primary pillars from the 2007—2012 Strategic Plan.
FINANCE
Goal: Achieve financial and operational goals of $150 million in sustainable pre-tax earnings, $50 shareholder dividend and a 15% rate of return on our capital investments.

SUCCESS FACTORS:
ASRC maintained growth and profitability during the recent period of international and domestic economic volatility. A variety of factors contributed to this success.
- Cost efficiencies were identified and implemented.
- Products and services were better aligned to compete for government contracts.
- Opportunities in the market were successfully seized to generate gains that provided record dividend levels.

SHAREHOLDER GROWTH
Goal: Strengthen and extend our Iñupiaq values across multiple generations.

ASRC ALASKA SHAREHOLDER EMPLOYEES

SUCCESS FACTORS:
ASRC effectively linked business and job opportunities with shareholders. We strengthened the bond between our family of companies and the economic health and well being of our shareholders. We actively recruited shareholder employees, becoming a leader in shareholder hire among all Native corporations in Alaska.

Resolution of Conflict
Atisíniqanikun
While respecting our differences, we deal with the inherent tension in our decision-making processes by strengthening our partnerships.
The next generation has arrived.
Forty percent of ASRC shareholders today are under 18 years old. Our corporate internships and mentor programs within our family of companies and scholarships provided through the Arctic Education Foundation are effective. These efforts continue to cultivate the next cadre of village leaders and ASRC employees.

VILLAGE AND COMMUNITY ECONOMIC DEVELOPMENT

Goal: Actively participate in sustainable economic development in our region.

SUCCESS FACTORS:
SIGNIFICANT ACCOMPLISHMENTS

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<thead>
<tr>
<th>ASRC VILLAGE ECONOMIC DEVELOPMENT</th>
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<tbody>
<tr>
<td>2007</td>
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<tr>
<td>North Slope Village Alliance:</td>
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<td>Approved</td>
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<td>Arctic Slope Community Foundation:</td>
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<td>North Slope Marketplace:</td>
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<td>Arctic Education Foundation:</td>
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<td>Support strategic planning</td>
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<td>Broadband Application</td>
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<tr>
<td>Staff Village Resource Representatives</td>
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<tr>
<td>Assist BASC with grant reporting</td>
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<tr>
<td>Provide consulting services to various North Slope organizations</td>
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<tr>
<td>Arctic Capital:</td>
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<tr>
<td>$7.7 million loaned to North Slope</td>
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<td>ASRC Community Partnering Initiative</td>
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SIGNIFICANT ACCOMPLISHMENTS

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<th>CROSS-GENERATIONAL TRANSMISSION OF VALUES</th>
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<td>2007</td>
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<tr>
<td><a href="http://www.iaminupiaq.com">www.iaminupiaq.com</a> launched</td>
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<td>Institute ASRC Days in North Slope villages</td>
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<tr>
<td>Develop ASRC curriculum for HOBBO’s Alaska Native Studies program</td>
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<tr>
<td>Roll out Big Brothers/Big Sisters across North Slope</td>
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ASRC actively pursued opportunities to positively impact village and community economic development.

ASRC has a long history of helping facilitate economic growth in our villages. We have invested in scholarships for students, provided small business loans through our subsidiary Alaska Growth Capital and contributed to building capacity with numerous community-based organizations on the North Slope. We remain committed to helping support economic development with resources and technical assistance where needed.

Foundations played key roles.

ASRC’s contributions to Arctic Education Foundation (AEF) and Arctic Slope Community Foundation (ASCF) added value to workforce development that benefits the Corporation as well as village economies. AEF did this directly with scholarships and other programs to fuel the talent pipeline of future leaders inside and outside the Corporation.
ASRC’s board of directors and senior leadership team have an ambitious agenda to mitigate risk factors and grow the Corporation. Strong leadership, supported by thousands of talented employees, sustains a healthy balance sheet, creates substantial liquidity and borrowing capacity and provides significant increases in our pre-tax earnings and dividend payments per share. The ASRC board and senior leadership team intend to execute an integrated approach to grow and diversify the Corporation’s core base of business and further increase pre-tax earnings and dividend levels by 2017. Leading tools and strategies will include the following:

**Mergers and acquisitions.** Minimal debt, a favorable tax position and available cash give the Corporation the liquidity necessary to acquire new businesses inside and outside of Alaska. A successful acquisition strategy will diversify revenue streams, increase earnings and generate new job opportunities for shareholders.

**Tax strategy.** Natural resource development on our Alaska Native Claims Settlement Act (ANCSA) lands has provided and continues to provide significant tax benefits to the Corporation. However, our profitability may soon outpace our tax benefits, negatively impacting shareholder dividends. A cross-functional team of senior leaders will actively manage the Corporation’s tax strategy.

**Operational excellence.** The Corporation is looking to develop ways to increase effectiveness, control costs and leverage talent within ASRC and its subsidiaries. Operational excellence is responsible for achieving significant cost efficiencies, improving profit margins and increasing competitiveness.

**Subsidiary strengths.** We will look to our subsidiaries’ strengths to position for future growth and provide shareholder employment and services in the region.

**Shareholder employment.** ASRC aims to connect shareholder employees to advancement and career paths that align with the Corporation’s current holdings along with new opportunities that emerge as a result of future acquisitions. ASRC is committed to growing a talent pipeline of young Iñupiat that includes the next generation of leaders and employees.
Village and community economic health and well being.

ASRC invests resources and provides technical support to improve the economic vitality of our local Iñupiat villages. By strengthening and growing local businesses, the Corporation seeks to marry culture and economy, raise new money for community-based organizations providing human and social services, expand partnerships and strengthen village economies.

THE TIME FOR ACTION IS NOW. ASRC HAS THE EXPERIENCE, AMBITION AND OPERATIONAL READINESS TO TURN POSSIBILITIES INTO PROSPERITY.
Finance

We believe we have weathered the worst of the global recession.

The high price of oil worked in our favor as we retained a large portion of our core earnings base. In 2010 we reached a significant milestone in our corporate history by achieving over $1 billion in shareholder equity. We have virtually no debt, strong earnings and a unique tax position. We have strengthened our ability, experience and qualifications, which we expect will continue to benefit us in the future.

These conditions—along with natural resource development possibilities—create exciting opportunities here in our own backyard. Our healthy cash flow and access to capital puts us in a strong position to pursue business opportunities that are good for our shareholders and good for our bottom line.

As we look ahead to 2017, taxability is a concern. ASRC’s lands are extraordinarily valuable and provide substantial tax benefits. We have carefully managed natural resource development on our Alaska Native Claims Settlement Act (ANCSA) lands to provide significant tax advantages to our Corporation. These advantages continue today. However, due to our profitability, our earnings may outpace the tax benefits we receive from our natural resources. A senior team of leaders from across the Corporation is assessing our position and what can be done to manage our tax position. This is a priority for the Corporation and our subsidiaries—one we will communicate to our shareholders, employees and stakeholders.

Other economic and political considerations as we look ahead to 2017:

- Together, federal contracting and energy provide approximately 90 percent of our pre-tax earnings. This makes us vulnerable to fluctuating market conditions and federal spending levels.
- Oil production is slowing and future exploration and development efforts remain uncertain. New onshore exploration may be limited due to environmental and critical habitat regulations, as well as the Alaska’s Clear and Equitable Share (ACES) tax structure that discourages investments in oil and gas development. Continued decreases in the Alaska oil and gas industry, including declining Trans-Alaska Pipeline System (TAPS) throughput, could have a negative effect on the overall Alaska business environment.
- The building boom that began 30 years ago with the 800-mile Trans-Alaska Pipeline System (TAPS) and other large-scale infrastructure projects across the North Slope has trickled compared to prior years.
- Government spending is down. There are fewer projects and more competitors. Additionally, the SBA is considering changes to the 8(a) program that could negatively affect our participation.
- Our shareholder base is growing at three to four percent a year, which puts extra pressure on dividend growth. The same is true for inflation, which decreases buying power of the dividend over time.
It is time for a new approach. We intend to pursue a robust merger and acquisition (M&A) strategy designed to increase earnings and dividends by growing and diversifying our business. As we explore diversifying into markets outside Alaska and new business lines, recessionary pressures may play a more direct role in our earnings growth. For this reason, we are working with our subsidiaries to identify opportunities. By aligning resources we continue to position ourselves well for future growth.

FINANCIAL PILLAR
Our goal: Achieve $225 million in sustainable earnings before interest and taxes (EBIT) and $55 per share dividends by 2017.

STRATEGY 1:
Leverage our healthy balance sheet and positive operating cash flow.

STRATEGY 2:
Actively pursue high-quality growth opportunities through acquisitions.

STRATEGY 3:
Diversify and balance our portfolio of investments and holdings.

STRATEGY 4:
Actively manage our tax position.

STRATEGY 5:
Grow our core base.
Shareholder & Employee Growth

We believe nurturing our homegrown talent is central to our business success. We’re proud to be a leader in shareholder hire among Native corporations in Alaska.

For 2012–2017, we intend to continue improving our efforts to ensure our shareholders know about, have access to and are ready for jobs within the ASRC family of companies. Connecting shareholder employees to advancement and career paths is a priority, along with nurturing our next cadre of leaders and employees.

As we grow the Corporation, we face two realities that impact workforce development: (1) Jobs in the construction trades are on the decline because there are fewer infrastructure projects; and (2) a new strategy to grow and diversify our business may shift some new job opportunities to other parts of the state or the country.

ASRC continues to encourage shareholders’ pursuits in school, college and their careers. We use our resources—scholarships, mentors, internships, job shadows and our partnerships to nurture our homegrown talent and prepare them for the demands of the changing jobs market.

The following strategies are designed to strengthen the capacity of the Corporation and our shareholders. We seek to bring new talent into our operations, create new job opportunities and put our young people on paths for education and economic success.
SHAREHOLDER & EMPLOYEE GROWTH PILLAR

Our goal: To be Alaska’s employer of choice by ensuring our shareholders and employees are ready, employed and on track for advancement in long-term, career-focused positions with ASRC and our stakeholders.

STRATEGY 1:
Increase the number of shareholders employed within the oil and gas industry.

STRATEGY 2:
Provide training and workforce development opportunities for all shareholders and employees.

STRATEGY 3:
Recruit and retain strong leadership in key positions.

STRATEGY 4:
Continue to keep our shareholders and employees well-informed about financial performance, tax status, Corporation activities and business decisions.

STRATEGY 5:
Strengthen shareholders’ and employees’ knowledge and engagement with Iñupiaq culture, language and traditions.
As ASRC has grown, the world around us has changed dramatically. In spite of this, our cultural values continue to be deeply rooted in our families and villages. We understand the ties our shareholders have with their traditional homes and land because we, too, are Inupiaq. We are committed to helping create opportunities that enable our shareholders to stay in or return to their villages, practice traditions and strengthen economic independence.

We believe the most effective economic development is grounded in the wisdom and expertise of our shareholders and our villages. One of ASRC’s responsibilities is to promote local efforts to grow local economies. We intend to help explore and promote new business and job opportunities for our shareholders with our subsidiaries, industry vendors and other stakeholders.

Our partnerships with village organizations and businesses are a hallmark of our corporate involvement. We will bring our business discipline and skills to help strengthen our village organizations. Further, we are committed to buying local services and employing local shareholders, where appropriate. The strategies in the Village and Community Economic Development pillar are designed to help improve the business and economic vitality of our villages for our people by strengthening and growing local businesses, connecting shareholders to training and education for real jobs, exploring new business opportunities that marry culture and economy and ensuring the North Slope has the technology, money and other resources to stabilize and grow village economies.
VILLAGE & COMMUNITY ECONOMIC DEVELOPMENT PILLAR

Our goal: Strengthen the business and economic vitality of North Slope villages.

STRATEGY 1:
Inventory, understand and address land pressures that stifle economic growth and development in our villages.

STRATEGY 2:
Collaborate with local entrepreneurs, Ilijaajvik College and employers to improve village capacity and business success.

STRATEGY 3:
Strengthen the unique competitive attributes of villages and promote inter/intravillage cooperation.

STRATEGY 4:
Promote economic development in all North Slope villages.

STRATEGY 5:
Promote and foster local agriculture and cottage industry opportunities in our villages.

STRATEGY 6:
Work with our communities to devise a mechanism to promote inter/intravillage trade.