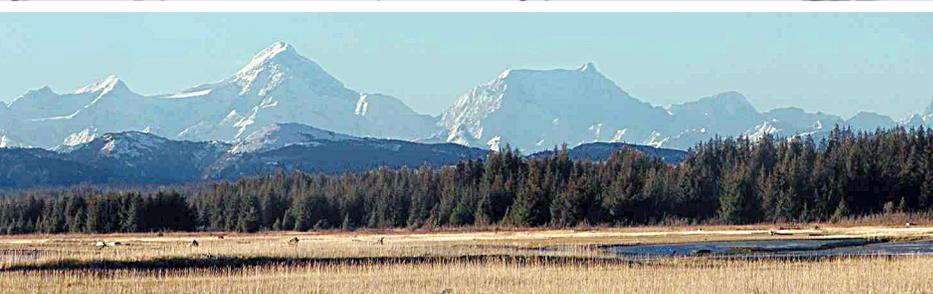


2009 Alaska Economic Performance Report

Sean Parnell
Governor
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Susan Bell
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Department of Commerce,
Community, and
Economic Development

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Development



The *2009 Alaska Economic Performance Report* covers a range of economic indicators, industries, and government action. In most cases, fiscal year information is compared to information from prior years to identify relevant changes in the economy. When fiscal year 2009 data was not available, calendar year data was used. Simply stated, there are normal and unplanned delays in the availability of information, and each information source follows its own schedule. The goal here is to provide a diverse snapshot of the Alaska economy, by industry, for 2009.

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Governor Sean Parnell STATE OF ALASKA

Dear Alaskans,

We live in a land of abundant resources and incomparable beauty. Our administration is committed to transforming our vast potential into economic opportunities for all Alaskans. While most states have struggled recently, Alaska has largely avoided the economic and employment hardships that other states have experienced during the recession. Our balanced budget and almost \$12 billion in reserve, not including the Permanent Fund, put us in an enviable position compared with many other states.

We have many successes to look to for inspiration and guidance as we face the challenges ahead. Alaska's unemployment rates are improving and our bond rating was recently upgraded to AAA. While other states have recently increased taxes and fees by nearly \$25 billion, we have decreased Alaska's tax burden to stimulate economic activity.

We must continue the course of spending less, taxing less, and saving more for the future, while investing in infrastructure to grow and develop Alaska's economy. Further, we must work with the private sector to maximize investment and job opportunities.

We have seen the value of this approach already. Working together with Alaska businesses and the Legislature, we increased tourism marketing funding and reduced the cost of conducting business in our state. In Cook Inlet, we helped craft a business package to bring more natural gas to market by incentivizing exploration, production, and storage. We also reduced royalties on geothermal exploration to make production activity more economically feasible. Additionally, based on input from the private sector, we are proposing lower taxes on oil development.

By continuing to work together, we can create a more competitive jobs environment. Coupled with ensuring access to resources and responsible development, we will grow and diversify our economy.

We are building a solid economic foundation for ourselves in this unique state we call home. And together, we will ensure Alaska remains a land of opportunity for all Alaskans.

Best regards,

A handwritten signature in blue ink that reads "Sean Parnell".

Sean Parnell
Governor



State of Alaska

Sean Parnell, Governor

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EXECUTIVE SUMMARY

Alaska's strong economy and abundance of natural resources positions Alaska well for future generations.

2009 HIGHLIGHTS

Nominal GDP \$45.7 billion

Real GDP \$41.7 billion

Real Per Capita GDP up 1.9%

Alaska Ranks 3rd in U.S. for Per Capita GDP

Total State Revenue \$2.5 billion

Permanent Fund \$29.9 billion

ANCSA Corporations total revenue \$7.1 billion
with total profits of \$364.6 million

CDQs total assets \$642 million

Population 692,314 (47th largest state)

Total wages increased 2.4% to \$14.9 billion

Oil and Gas contributed \$6.1 billion to the
state through tax and royalty payments

Mining industry valued at \$2.9 billion

Seafood harvest value was \$1.4 billion at the
ex-vessel and \$3.6 billion at first wholesale

Visitor industry saw
1.6 million summer visitors

\$87.9 million in timber exports

Agriculture industry
receipts totaling \$31.9 million

Alaska's exports totaled \$3.3 billion

Federal spending totaled \$14.2 billion ranking
Alaska 1st in the U.S. based on per capita
federal spending.

Alaska's economy fared extremely well during 2009 compared to other states. While most of the U.S. was significantly impacted by the collapse of the real estate market and job losses in the financial sector, Alaska's economy remained strong. Alaska is one of only four states in which gross state product increased during 2009. While Alaska's employment level broke its 21-year growth streak, Alaska had one of the lowest unemployment rates nationally. Alaska Native Claims Settlement Act (ANCSA) corporations continued to grow, while entities associated with Alaska's Community Development Quota (CDQ) program continued to increase their importance to the Alaska economy. Solid oil prices continued providing funds to the state's treasury while seafood, minerals, tourism, and timber continue to provide economic opportunity statewide.

Nationally, much of the information reviewed for this report indicated during the later part of 2009 the economy started to rebound from the lows in late 2008 and early 2009. As 2009 came to an end, the economy was starting to show signs of life with commodity prices increasing, unemployment rates flattening, and stock market volatility decreasing.

GROSS DOMESTIC PRODUCT

.....
\$45.7 billion 2009 GDP
.....

.....
\$41.7 billion Real GDP
.....

.....
\$59,638 Per Capita GDP
.....

.....
3rd Alaska's Rank in U.S.
for Per Capita GDP
.....

Gross Domestic Product (GDP) by state is a broad indication of the state's economy. It measures the value of goods and services produced within the state, based on national prices. This measurement captures wages and salaries to workers, income earned by businesses, and business taxes. GDP is measured two ways. One is in current dollars, which have not been adjusted for inflation, and the second is in real dollars, which is an inflation-adjusted figure. Recent real GDP has been adjusted for inflation based on the value of the dollar in the year 2005. Figures for 2009 are advance estimates published on November 18, 2010.

Alaska's GDP in current dollars decreased 5.8 percent from \$48.5 billion in 2008 to \$45.7 billion in 2009. Current GDP decreased for the first time since 1998, when the state experienced a 7.4 percent decline. Current GDP figures are not good indicators of change over time, as they do not take into account inflation or deflation in the economy.

Real Gross Domestic Product by state is a good measure of economic change over time. In 2009, real GDP by state was linked to 2005 dollars to adjust for inflation or deflation. In 2009, Alaska's real GDP increased by 3.4 percent from \$40.3 billion in 2008 to \$41.7 billion. Alaska ranked fourth

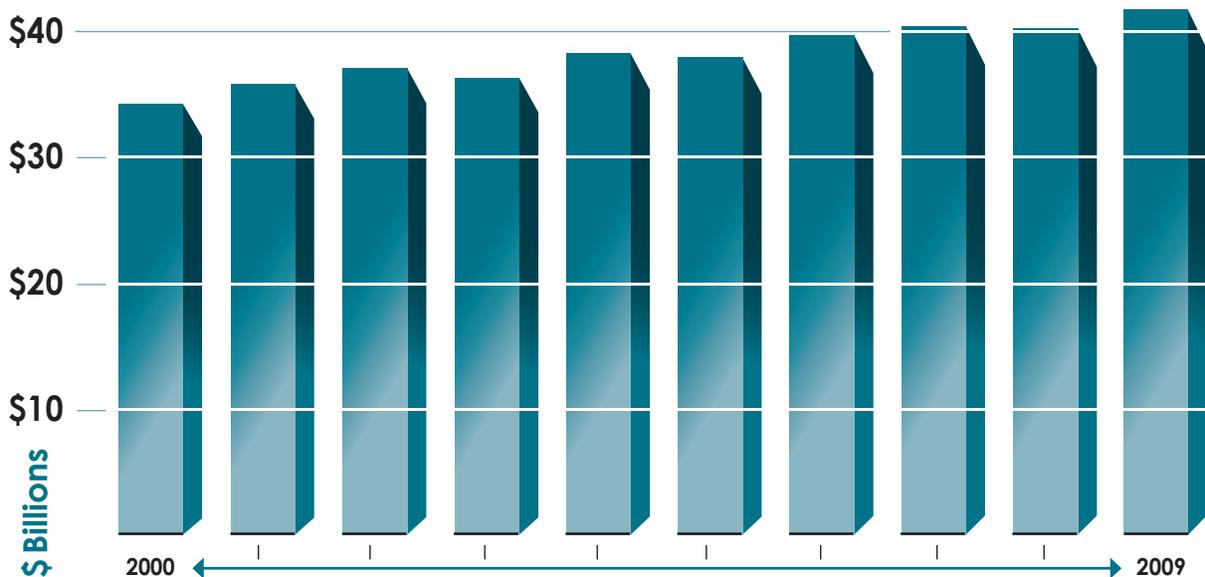
in the country in terms of real GDP growth, as measured between 2008 and 2009, revealing relative economic stability in Alaska during a tumultuous year elsewhere. Only Oklahoma, Wyoming, and North Dakota saw greater increases in real GDP during 2009. As a nation, real GDP declined 2.1 percent in 2009.

Alaska's per capita real GDP increased 1.9 percent to \$59,638 in 2009. Alaska now ranks third in the U.S. in terms of per capita real GDP. National per capita GDP totaled \$42,031 in 2009, a 2.9 percent decline from 2008.

SOURCE:

- U.S. Department of Commerce, Bureau of Economic Analysis, 2010. Regional Economic Accounts. <http://www.bea.gov/regional/gsp/>

REAL STATE GDP, 2000 - 2009



STATE REVENUE

.....
Total Revenue

\$2.5 billion in Total Revenue

.....
\$6.1 billion from Oil

.....
\$(6.6) billion from Investments

.....
\$2.1 billion from Federal

.....
\$0.9 billion from Other

Total state revenue is calculated by tallying all individual sources of revenue, including investments held by the Alaska Permanent Fund and other investment accounts. Governments calculate investment gains and losses based on the change in value of assets for the corresponding fiscal year. Due to fluctuating markets, changes in asset values reflect either gains or losses. However, those gains and losses are considered “paper” gains or losses and are unrealized until assets are sold. In fiscal year (FY) 2009, the state’s general investment fund (GEFONSI), the income from which goes into the general fund, had a positive return and contributed \$247 million to the state’s general fund. However, the state’s pension funds, Permanent Fund and some state trust funds suffered losses in value during FY 2009. Losses in value were a result of soft investment markets during FY 2009. These losses have mostly been restored by subsequent changes in investment markets. These investments are primarily held for future use and “paper” gains or losses have little direct impact on Alaska’s economy or spending.

Total state revenue equaled \$2.5 billion in FY 2009, a decline from 2008 when state revenue peaked at \$13.1 billion, as a result of record oil prices and changes to the State of Alaska’s oil and gas tax structure. In 2009, lower oil prices, coupled with a rough investment climate, led to a decrease in total state revenue. In 2009, Alaska’s oil industry contributed \$6.1 billion to state revenue, while federal outlays

Total Tax Revenue

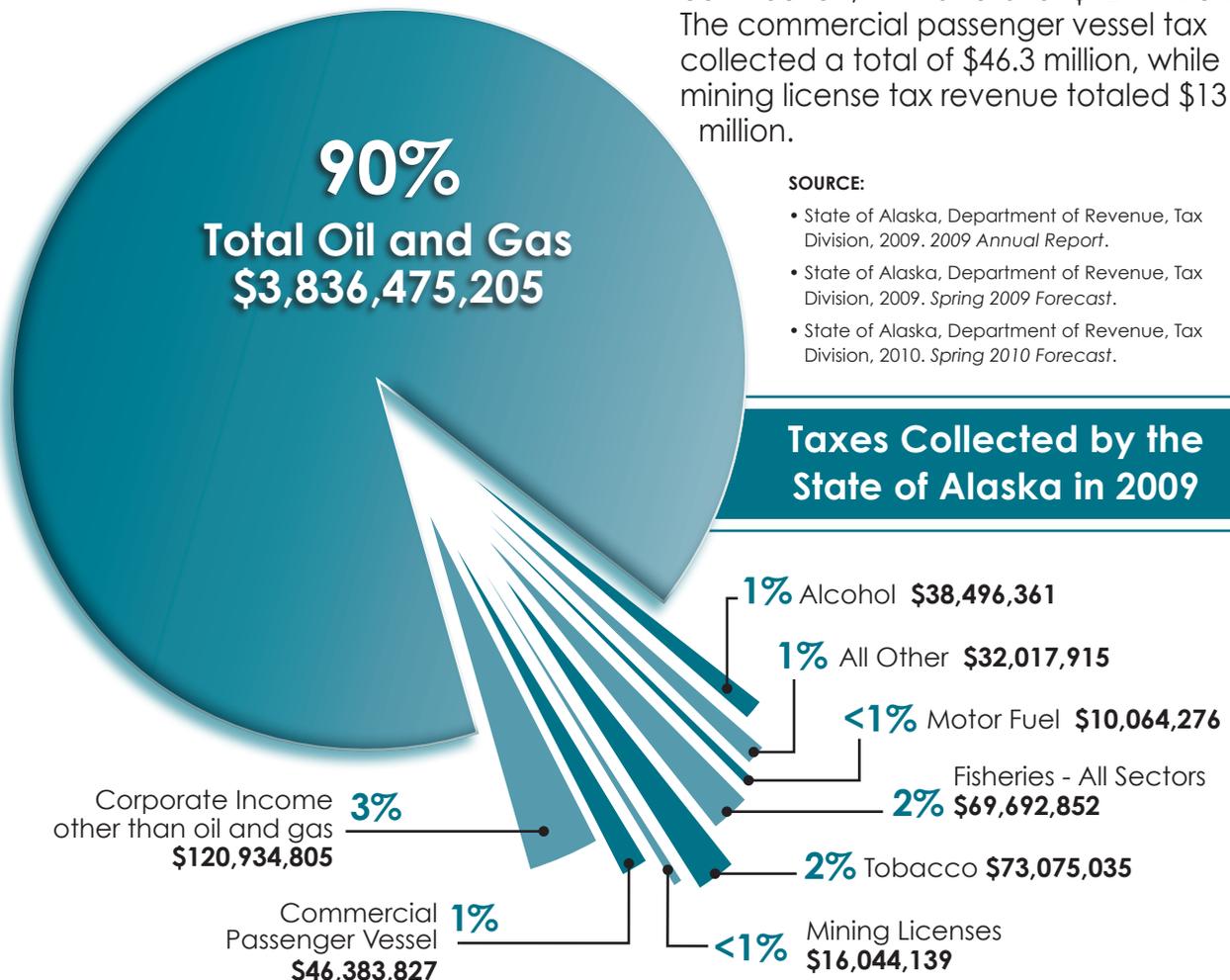
\$4.5 billion FY 2009 Tax Revenue

\$3.8 billion Oil and Gas Contribution

\$121 million Corporate Income Tax

contributed \$2.1 billion. Other revenue, which includes non-petroleum taxes, fees, fines, rent, and royalties, added \$948 million. Investment revenue, which is represented in the accounting of state revenue, had an unrealized loss of \$6.6 billion during FY 2009.

The main source of state revenue comes from tax collections, which totaled \$4.2 billion in FY 2009 – a decline from 2008 when \$8.5 billion was collected. The main contributor to state tax revenue is the oil and gas industry, which paid a total of \$3.8 billion to the state, accounting for 90 percent of all state tax revenue. Out of the state's non-petroleum tax sources, corporate income taxes provided the largest contribution, with a total of \$121 million. The commercial passenger vessel tax collected a total of \$46.3 million, while mining license tax revenue totaled \$13 million.



SOURCE:

- State of Alaska, Department of Revenue, Tax Division, 2009. *2009 Annual Report*.
- State of Alaska, Department of Revenue, Tax Division, 2009. *Spring 2009 Forecast*.
- State of Alaska, Department of Revenue, Tax Division, 2010. *Spring 2010 Forecast*.

Taxes Collected by the State of Alaska in 2009

All Other Includes: Vehicle Rental, Gaming, Telephone and Electric Cooperative, Estate and Large Passenger Vessel Gambling taxes, Tire Fees, and Regulatory Cost Charges.

ALASKA PERMANENT FUND

\$29.9 billion

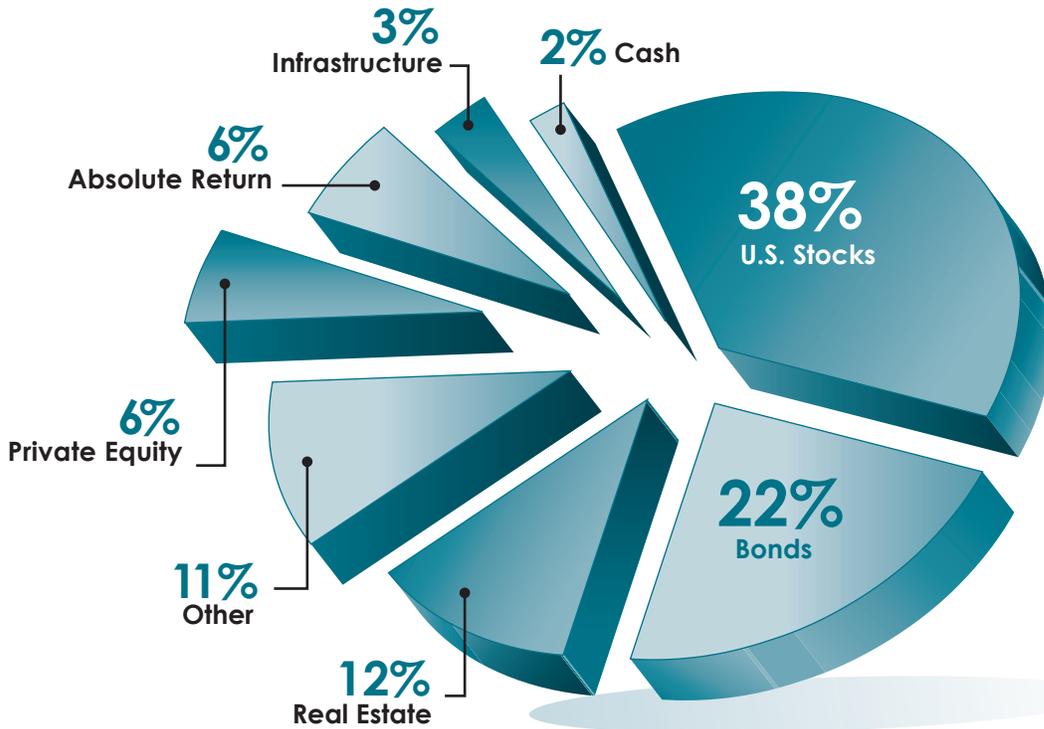
18% decrease

\$857 million Dividend Distribution

Fiscal Year (FY) 2009 was the most difficult year in the history of the Alaska Permanent Fund. The economic turmoil of 2009 created market volatility, leading to negative returns for the fund. While declines in asset value are difficult, the Permanent Fund's performance was competitive, when compared to market peers.

At the conclusion of FY 2009, the Permanent Fund balance was valued at \$29.9 billion, an 18 percent decrease over FY 2008. During FY 2009, the Permanent Fund paid out \$857 million in dividends to Alaska

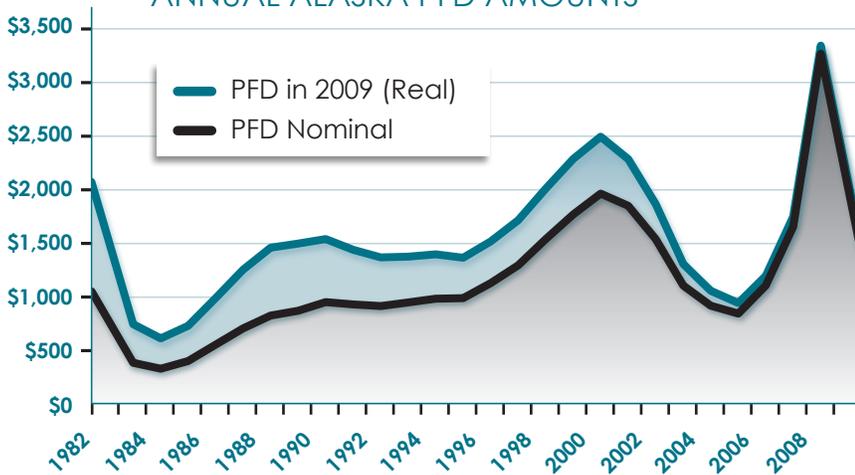
ALASKA PERMANENT FUND ASSET ALLOCATION



residents. Volatility in the world economy, which began in 2008 and continued into 2009, significantly affected financial markets and led to two years of negative returns to the Alaska Permanent Fund.

In 2010, markets began shedding losses from the previous two years, and asset values climbed back from lows seen in 2009. As of October 8, 2010, the Permanent Fund's unaudited value was \$36.9 billion, a 23 percent increase since the close of FY 2009.

ANNUAL ALASKA PFD AMOUNTS



SOURCE:

- Alaska Permanent Fund Corporation, 2009. *Managing the Present, Investing in the Future: Annual Report 2009.*

ANNUAL ALASKA PFD AMOUNTS



ANCSA CORPORATIONS

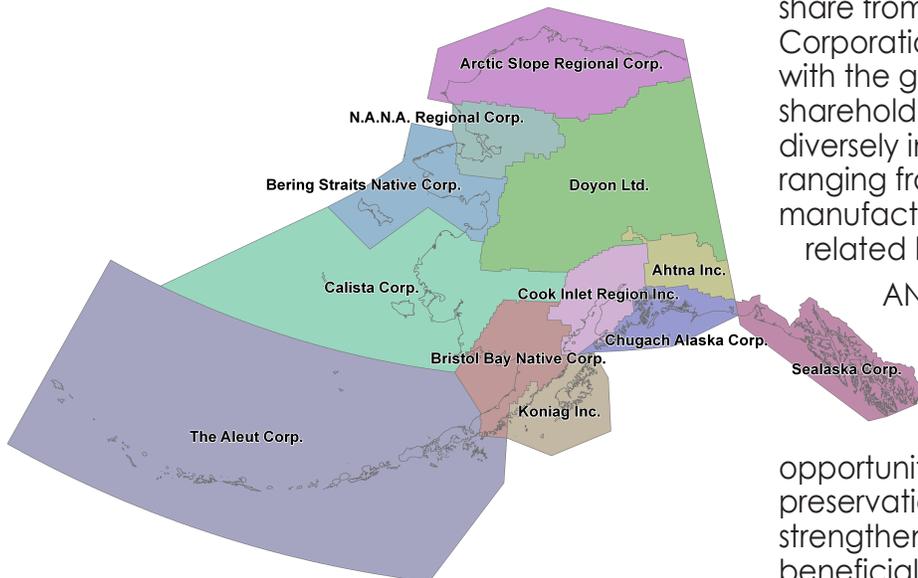
\$7.1 billion	Total ANCSA Corporations Revenue
\$1.9 billion	Arctic Slope Regional Corporation
\$1.4 billion	Bristol Bay Native Corporation
\$1.3 billion	NANA Alaska Corporation

\$364.6 million	Total Profits
\$169 million	Arctic Slope Regional Corporation
\$43.5 million	The Aleut Corporation
\$33 million	Chugach Alaska Corporation

The 12 Native corporations formed by the landmark Alaska Native Claims Settlement Act (ANCSA) in 1971 continued their strong financial performance with growth from 2008 to 2009. Total revenue for all 12 corporations increased to \$7.1 billion in 2009, while total net income increased to \$364.5 million. During 2009, the strength of their collective performance was further underscored by no individual corporation posting a loss – unlike in 2008, when the financial market turmoil led to investment losses for some corporations. Losses realized during 2008 came from the devaluation of portfolios - not declines in business operations. In 2009, the Chugach Corporation became the fourth corporation with annual revenue exceeding \$1 billion, joining Arctic Slope Regional Corporation, Bristol Bay Native Corporation, and NANA Regional Corporation.

In 2009, shareholders received dividends ranging from \$1 per share to \$57.12 per share from their associated corporations. Corporations invest in multiple businesses with the goal of maximizing returns to shareholders. Corporations are invested diversely in businesses nationwide, ranging from military services to manufacturing, as well as energy-related businesses.

ANCSA REGIONAL CORPORATIONS



ANCSA corporations provide substantial opportunity to shareholders through numerous services, ranging from employment opportunities and training to cultural preservation. The continued financial strengthening of these corporations is beneficial to Alaska's economy and important to Alaska's future.

Alaska Native Claims Settlement Act Corporations

ANCSA CORPORATION	REGION	MONEY FROM ANCSA (MILLIONS)	2009 REVENUE (MILLIONS)	NET INCOME	SHAREHOLDERS	DIVIDEND PER SHARE (2009)
Ahtna Incorporated	Cantwell to Mentasta to Harvard Glacier, to Chitina River	\$13.0	\$231.0	\$1,720,709	1,200	\$2.79
The Aleut Corporation	Alaska Peninsula to Aleutian, Shumagin, and Pribilof Islands	\$19.5	\$146.0	\$43,491,000	3,574	\$6.00
Arctic Slope Regional Corporation	North Slope region	\$22.5	\$1,945.0	\$169,269,000	9,616	\$57.12
Bering Straits Native Corporation	Nome and Seward Peninsula	\$38.2	\$162.3	\$8,076,984	6,334	\$1.00
Bristol Bay Native Corporation	34 million acres in the Bristol Bay region	\$32.0	\$1,391.6	\$5,174,000	8,400	\$12.00
Calista Corporation	56,000 square miles in southwest Alaska	\$80.1	\$203.0	\$18,064,000	13,000	\$2.20
Chugach Alaska Corporation	Prince William Sound	\$11.5	\$1,105.3	\$33,532,000	2,002	\$40.72
Cook Inlet Region Incorporated	38,000 square miles in Southcentral Alaska	\$34.4	\$79.9	\$24,489,000	7,693	\$35.42
Doyon Limited	Alaska-Canada border, westward near Norton Sound	\$54.4	\$308.5	\$17,248,419	17,500	\$3.68
Koniag Incorporated	Kodiak Island	\$23.0	\$115.6	\$6,102,000	3,633	\$8.73
NANA Regional Corporation	38,000 square miles in Northwest Alaska	\$44.0	\$1,257.8	\$17,107,000	12,044	\$12.00
Sealaska Corporation	Largest landowner in Southeast Alaska	\$93.0	\$201.0	\$20,285,000	20,174	\$2.15
12 Corporations		\$465.6	\$7,147	\$364,559,112	105,170	\$22.98 (Avg.)

The 13th Regional Corporation is not included within text or analysis as information regarding 2009 performance was not available at the time of printing.

COMMUNITY DEVELOPMENT QUOTA (CDQ) PROGRAM

\$642 million Total Assets

\$173 million Total Revenue

\$2.2 million In Training and Scholarship Programs

The Western Alaska Community Development Quota program (otherwise known as the CDQ program) was established in 1992 by the North Pacific Fisheries Management Council during the allocation of Bering Sea pollock between the inshore and offshore sectors. The CDQ program was created to receive pollock allocations, providing royalty opportunities, in an effort to benefit 65 Western Alaska communities.

Over the years, elements of the program have changed and some of the six groups have reorganized. However, the goal of “creating strong sustainable fisheries-based economies in Western Alaska communities” has remained the same.

The six CDQ groups have grown in importance to Alaska's economy. CDQs provide job opportunities and programs that positively impact the 65 represented communities. Substantial investments in fishery-related assets throughout the Bering Sea have increased the economic value and impact of Bering Sea fisheries on those Western



Source: Western Alaska Community Development Association

Alaska communities and the State of Alaska. Recently, CDQ entities have made substantial investments in fisheries-related assets in an effort to retain more of the economic value of the Bering Sea/Aleutian Islands Fishery. These investments return financial capital, allowing the CDQs to reinvest in more fisheries assets, as well as invest in human capital through training and scholarship programs, and provide various community benefit programs. CDQ groups are set up as 501 (c)4 or 501 (c)3 private non-profits. Some groups have developed for-profit development subsidiaries with the goal of returning investment dividends for non-profit activities.

In 2009, total assets held by groups of the CDQ program equaled \$642 million, with net assets of \$499 million at year-end – an increase of 9 percent and 4 percent, respectively. Total CDQ revenue increased 25 percent between 2008 and 2009 to \$173 million. Strong financial performances have afforded groups the ability to continue making investments in fisheries-related

.....
\$18.7 million In-Region Direct Wages

.....
\$17.4 million Paid to Local Fishermen by CDQ Owned Processors

businesses, as well as investment in human capital through training programs. In 2009, \$2.2 million was invested in training and scholarship programs to prepare residents for job opportunities, an increase of 15 percent over 2008. CDQ groups are also significant employers in their regions. In-region direct wages paid by CDQ groups totaled \$18.7 million in 2009. CDQ-owned processors paid an additional \$17.4 million to local fishermen.

SOURCE:

- Western Alaska Community Development Association, 2008. *Western Alaska Community Development Quota Program: Supporting the Advancement of Bering Sea Communities. 2008 CDQ Sector Report.*
- Western Alaska Community Development Association, 2009. *Western Alaska Community Development Quota Program: Supporting the Advancement of Bering Sea Communities. 2009 CDQ Sector Report.*

CDQ PROGRAM	2008	2009
In-Region Employment (wages)	\$15,779,072	\$18,705,625
Training and Education Expenditures	\$1,933,647	\$2,216,082
Total Assets	\$587,279,017	\$642,076,054
Net Assets, End of Year	\$480,530,125	\$498,654,503
Total Revenue	\$138,577,986	\$173,319,847

POPULATION

.....
692,314 2009 Population
.....

.....
3rd Smallest State in
Terms of Population
.....

Communities by Population

.....
Anchorage

Fairbanks

Juneau
.....

An annual estimation of Alaska's population, released on January 26, pegged the state's population at 692,314 in 2009¹. Alaska's population grew 1.5 percent between 2008 and 2009, slightly faster than the 2000 to 2009 average of 1.1 percent. Alaska remains the 47th largest state, based on population, ahead of North Dakota, Vermont, the District of Columbia, and Wyoming.

Alaska's population growth is a result of natural increases (births minus deaths) and positive net migrants. From 2008 to 2009, Alaska added 8,076 people through natural increases and 2,261 through net migration. The positive net migration is the first the state has seen since 2003-2004. According to the State of Alaska's demographer, the increase in net migration is a result of military movement.

The Matanuska-Susitna (Mat-Su) Borough continues to be the fastest growing area since the last census. The Mat-Su has grown at an annual rate of 3.8 percent from 2000 to 2009. However, between 2008 and 2009 the fastest growing borough in the state was the Aleutians East Borough, which grew 2.9 percent. The long-term trend for the area indicates only modest growth (0.3 percent) since the last census. In terms of population the Municipality of Anchorage and Mat-Su Borough continue to lead the state with both areas growing 2.3

.....
8,076 Natural Increase in Population
.....

.....
2,261 Net Migration
.....

percent from 2008 to 2009. During this time period, the Municipality of Anchorage added 6,676 people, while the Mat-Su Borough added 1,885 people.

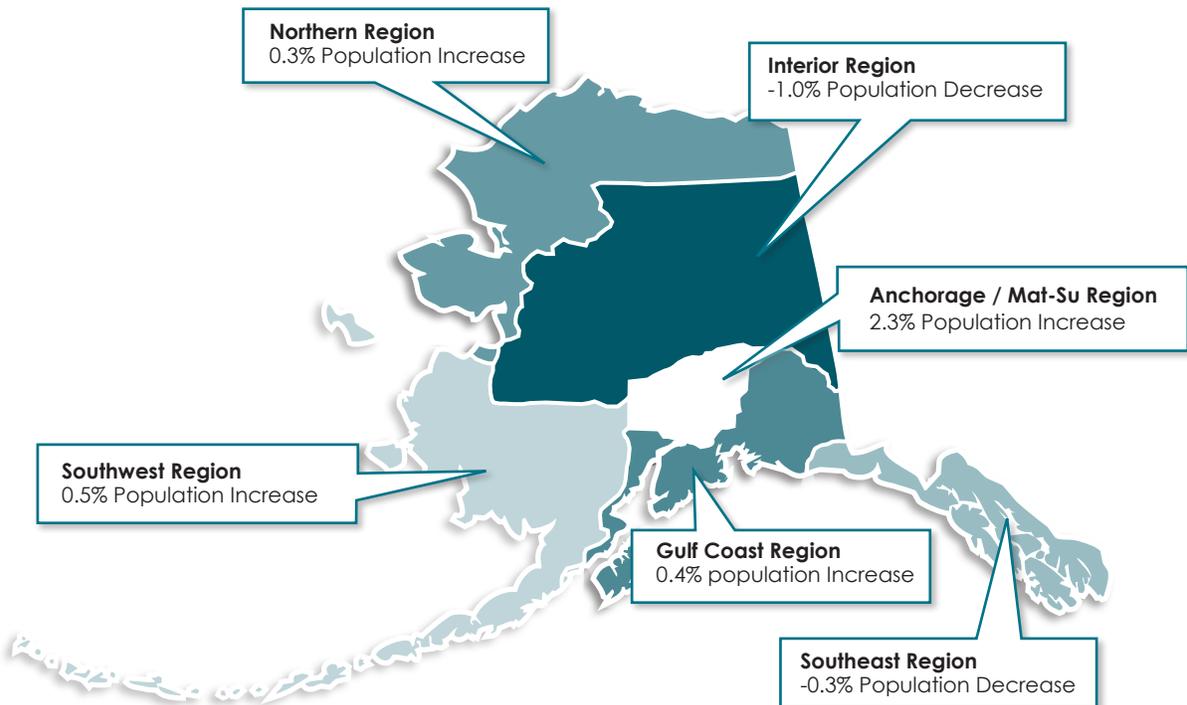
The Municipality of Anchorage remains the largest community, with an estimated population of 290,588. Fairbanks moves up to become the second largest community, with a population of 32,506. Juneau follows in third, with a slight population increase to 30,661.

SOURCE:

• State of Alaska, Department of Labor and Workforce Development, 2008. State, Borough, and Place 2008 Population Estimates. <http://laborstats.alaska.gov>

¹ Population estimates include U.S. Armed Forces in Alaska and excludes seasonal populations.

STATE POPULATION MAP (2009)

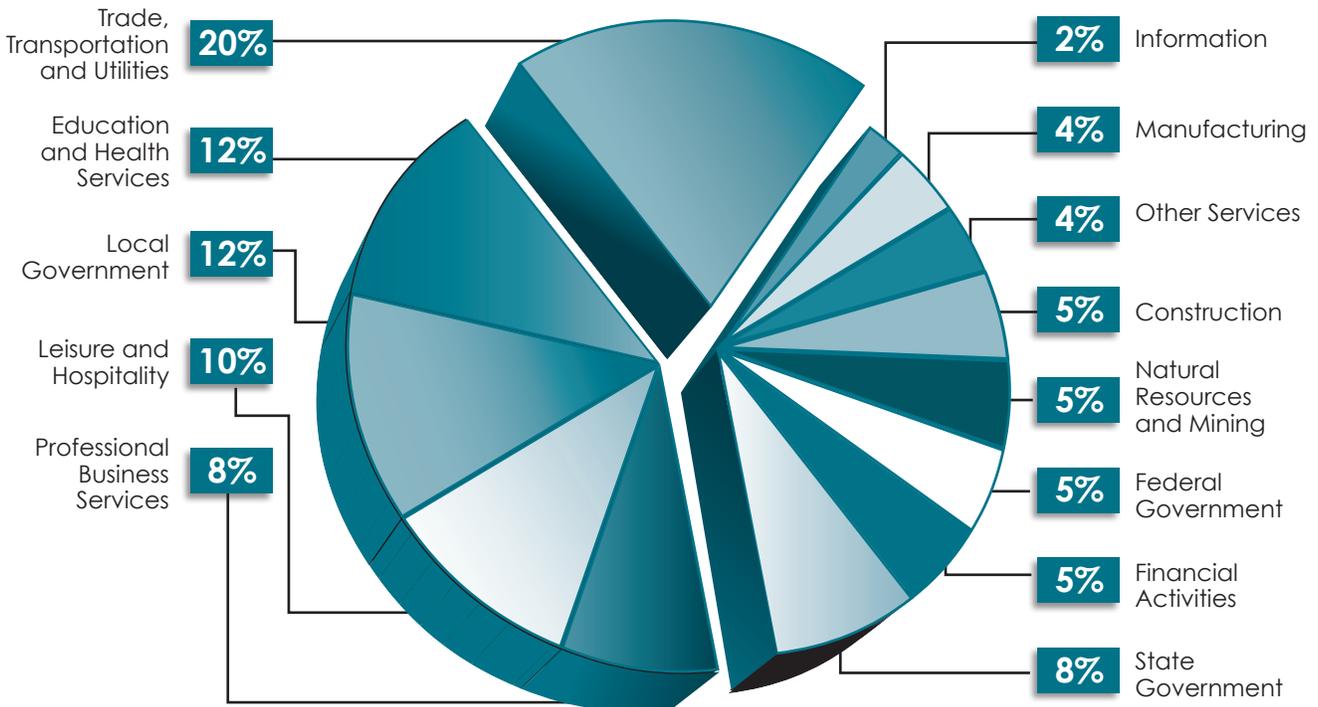


EMPLOYMENT

-
- 0.5%** Decrease
(breaks 21 consecutive years of growth)
-
- 1,459** Job Decline
-
- 4.4%** Increase in Healthcare and Social Assistance
-
- 2.4%** Increase in Oil and Gas Extraction
-

Alaska's streak of 21 consecutive years of job growth ended in 2009¹. Alaska's average monthly employment decreased 1,459 jobs, or 0.5 percent, to 320,265. In 2009, the fastest growing sector was healthcare and social assistance, with employment growth of 4.4 percent¹. The oil and gas extraction sector followed, increasing employment by 2.4 percent. Other sectors with employment increases include government and food processing (seafood). Every other industry experienced employment declines during 2009, some more severe than others.

INDUSTRY PERCENTAGE OF TOTAL ALASKA EMPLOYMENT



.....
82,216 Largest Employer:
 Government Jobs

.....
63,330 Jobs with the Largest
 Non-Government Sector:
 Trade, Transportation,
 and Utilities

Wage

.....
\$14.9 billion Total Wages

.....
2.4% Increase

.....
\$13,924 Highest Monthly
 Wage: Oil and
 Gas Extraction

.....
\$1,605 Lowest Monthly
 Wage: Leisure and
 Hospitality

Alaska's largest employment sector is government, which is comprised of federal, state, and local government employees. Government employment totaled 82,216 in 2009, a 1.6 percent increase over 2009. The largest non-government sector, in terms of employment, was trade, transportation, and utilities with 63,330 employees. Health care and social assistance was a distant second, with 37,051 employees.

In 2009, despite declines in the number of employees statewide, total wages for all industries increased 2.4 percent to \$14.9 billion, with average monthly wages totaling \$3,886 per month. The oil and gas extraction industry had the highest monthly wages at \$13,924, a 3.2 percent increase over 2008. Mining support was second, with monthly wages of \$8,164, a 3.1 percent increase. The lowest average monthly wage was earned in the leisure and hospitality sector, which saw an average monthly wage of \$1,605 a 0.6 percent decrease over the previous year.

SOURCE:

- State of Alaska, Department of Labor and Workforce Development, 2008. Quarterly Census of Employment and Wages Preliminary 2008 Annual Data. <http://almis.labor.state.ak.us>

¹ Excludes self-employed workers.

OIL AND GAS

.....
\$6.1 billion Total Restricted and Unrestricted Taxes and Royalties

.....
\$888.2 million in Restricted Revenue

.....
\$5.1 billion in Unrestricted Revenue

.....
5.7% Decrease in Oil Production

Alaska's oil and gas industry continues to be the largest source of state revenue, while providing some of the highest paying jobs in the state. In 2009, oil price volatility seen in 2008 settled down, and the state experienced a steady increase in the price of oil throughout 2009. The average West Coast spot price for a barrel of Alaska North Slope crude began the year at \$39 in January. The price rose steadily throughout the year to \$75 per barrel in December, an increase of 93 percent.

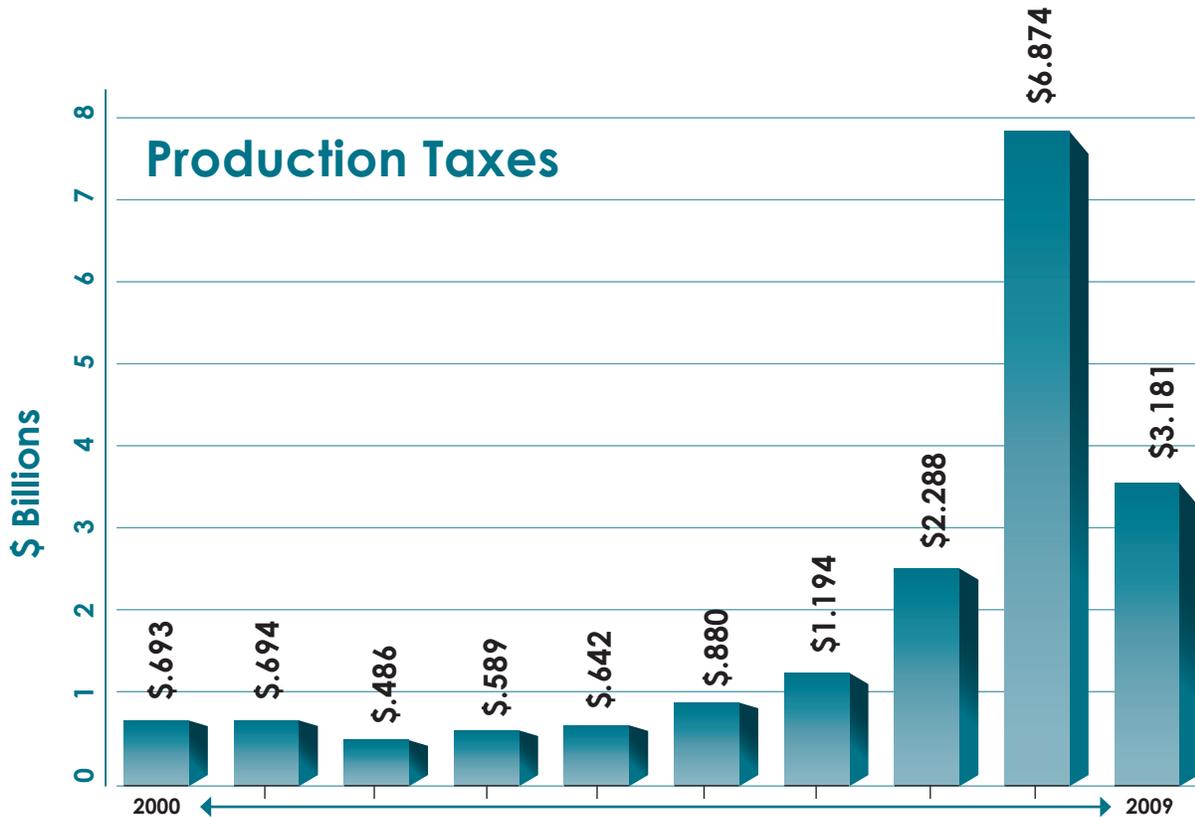
According to the Department of Revenue, for FY 2009, the oil and gas industry paid \$3.1 billion in production taxes, \$1.5 billion in royalties, \$492.2 million in corporate income taxes, \$670.8 million in royalties to the Alaska Permanent Fund and education fund, \$202.6 million in tax settlements to the Constitutional Budget Reserve, \$111.2 million in property taxes, \$14.8 million in National Petroleum Reserve-Alaska (NPR-A) royalties, rents and bonuses. In total, the oil and gas industry paid \$5.1 billion in taxes and royalties to the State of Alaska's unrestricted budget, accounting for 89 percent of unrestricted revenue in FY 2009. The industry contributed another \$888.2 million in restricted revenue. The total contribution from the oil and gas industry was \$6.1 billion during FY 2009.

Oil production from state lands decreased 5.7 percent, from 270.6 million barrels to 255.0 million barrels.

Gas production on state lands produced 111.9 billion cubic feet of gas, an increase of 7 percent, with royalties of \$71.2 million during 2009.

SOURCE:

- Department of Natural Resources, Division of Oil and Gas, 2009. *Royalty Monthly Summary Report: January – December.*



MINING

.....
\$2.9 billion industry
.....

.....
\$2.5 billion in Production
.....

.....
\$180.0 million in Exploration
.....

.....
\$330.8 million in Development Expenditures
.....

The gross value of mineral production is equal to the recovered minerals or metal, multiplied by the average price of the commodity for the year.

The total value of Alaska's mineral industry in 2009 was nearly \$2.9 billion, down \$204 million from 2008's value of \$3.2 billion. The decline in total value was primarily a result of lower metal prices, increased operating costs, and a worldwide economic slowdown. Mineral production volumes remained strong, and the value of mineral production increased more than 1 percent from the 2008 value. For 14 consecutive years, the total value of the Alaska mineral industry has exceeded \$1 billion, while 2009 is the fourth consecutive year in which the total value has exceeded \$2 billion.

Development expenditures were noted at the Rock Creek, Pogo, Fort Knox, Kensington, Greens Creek, Chuitna coal, and Usibelli sites. There were significant exploration expenditures for many projects around the state, as mineral prices have remained strong. Mining provides high-wage jobs and the industry's close ties to Native corporations benefit shareholders.

In 2009, Alaska's mineral production value totaled \$2.5 billion, while exploration totaled \$180.0 million, and development expenditures were \$330.8 million. Alaska's mineral industry provided approximately 422 full-time-equivalent exploration jobs, 371 full-time-equivalent development

jobs, and 2,487 full-time-equivalent production jobs in 2009. The 2009 total payroll of Alaska mineral industry jobs is estimated to be \$320 million.

Alaska's largest producing mines include: the Red Dog lead and zinc mine near Kotzebue; the Pogo gold mine near Delta Junction; the Fort Knox gold mine near Fairbanks; the Usibelli coal mine near Healy; and the Greens Creek gold, silver, lead, and zinc mine near Juneau. The industry provided some of Alaska's highest paying jobs. The average monthly wage for mining in Alaska during 2009 was \$7,588, according to the Alaska Department of Labor and Workforce Development, compared to an average monthly wage for all industries in Alaska of \$3,886.

Ninety-two percent of Alaska's 104 million acres of state-owned land is open to mining. Twelve Alaska Native regional corporations own an additional 44 million acres, and some of them actively market resource development on their lands. Approximately 49 percent of the 215 million acres of federal lands in Alaska is open to mining. Corporations have partnered with international investors to develop the North Slope oil fields and the Red Dog mine, and more recently to explore Alaska's Southwest region.

Presently, more than 33.6 million ounces of gold reserves have been identified in the Donlin Creek project, making it one of the largest undeveloped gold projects in the world. Based on a 2009 project feasibility study, Donlin Creek is thought to be one of the few sites worldwide with the potential to

produce more than 1 million ounces of gold annually.

One of the largest gold projects on the continent is the Pebble Copper-Gold project, with an estimated measured and indicated resource of 55 billion pounds of copper, 66.9 million ounces of gold, and 3.3 billion pounds of molybdenum, and an inferred resource of 25.6 billion pounds of copper, 40.4 million ounces of gold, and 2.3 billion pounds of molybdenum. The deposit also contains quantities of silver, palladium, and rhenium.

SOURCE:

- International Tower Hill Mines, Ltd., 2010. www.ithmines.com
- McDowell Group. 2010. *The Economic Benefits of Alaska's Mining Industry*.
- Northern Dynasty Minerals, Ltd., 2010. *The Pebble Project*. www.northerndynastyminerals.com
- NovaGold, 2010. *Donlin Creek*. www.novagold.com
- State of Alaska, Department of Labor and Workforce Development, 2010. *Alaska Economic Trends (October 2010)*.
- State of Alaska, Department of Labor and Workforce Development, 2010. *Quarterly Census of Employment and Wages Preliminary 2008 Annual Data*. almis.labor.state.ak.us
- State of Alaska, Department of Natural Resources, Division of Geological and Geophysical Surveys, 2010. *Alaska's Mineral Industry 2009: Special Report 64*.

ALASKA MINING DEVELOPMENT 2009

1 RED DOG

Development expenditures by Teck Cominco at Red Dog were \$29.0 million in 2009. Projects included mill project design and studies, Supplemental Environmental Impact Statement (SEIS), scoping studies, and tailings dam construction.

2 NIXON FORK

Gold-copper mine, approximately 35 miles northeast of McGrath. The mine was closed in October 2007, pending additional exploration drilling and possible sale. The mine was sold to Pacific North West Capital Corporation and was subsequently acquired by Fire River Gold Corporation. A complete re-evaluation of the mine, mill, resource, and tailings reprocessing is in progress.

3 FORT KNOX MINE

Development activities in 2009 included drilling, stripping, and construction. Construction activities included continued construction of the Walter Creek heap leach facilities and major upgrades to the mill gravity circuit and semi-autogenous grinding (SAG) drive. In 2009, total development expenditures at Fort Knox Mine were \$133.1 million.

4 LIVENGOOD

International Tower Hill Mines Ltd. estimates the Money Knob deposit at the Livengood project northwest of Fairbanks contains 6.9 million ounces of gold indicated and 1.4 million ounces of gold inferred at a 0.7 grams/tonne cutoff.

5 POGO

The Pogo gold mine began operations in 2006 and was declared to have reached commercial production in April 2007. Capital expenditures at the project during 2009 are estimated at \$70.00 million and included 16,771 feet of lateral drilling, construction of a new 78-person camp, and installation of a grout curtain extension in the recycle tailings pond.

6 CHUITNA COAL

PacRim Coal completed environmental, permitting, and engineering work to advance its Chuitna Coal project located west of Anchorage on the north side of Cook Inlet.

7 KENSINGTON

The Kensington Gold project is owned and operated by Coeur Alaska, Inc. (Coeur), a wholly-owned subsidiary of Coeur d'Alene Mines, Inc. All major underground development activities and surface facilities at Kensington were complete by 2009 with the exception of the tailings facility. The U.S. Supreme Court issued a ruling favorable to Coeur Alaska on June 22, 2009 and construction of the tailings facility resumed. Coeur spent more than \$48.0 million on development at Kensington in 2009.

8 PEBBLE COPPER-GOLD MINE

This world-class copper-gold-molybdenum deposit is located north of Lake Iliamna. The project is owned by the Pebble Limited Partnership, an Alaska limited partnership formed between a wholly-owned U.S. subsidiary of Anglo American PLC and a wholly-owned entity of Northern Dynasty Minerals Ltd. The project is currently in the pre-feasibility and pre-permitting research stage; baseline environmental and socioeconomic research studies continued in 2009. The Pebble deposit contains an estimated measured and indicated resource of 55 billion pounds of copper, 66.9 million ounces of gold, and 3.3 billion pounds of molybdenum, and an inferred resource of 25.6 billion pounds of copper, 40.4 million ounces of gold, and 2.3 billion pounds of molybdenum. The deposit also contains quantities of silver, palladium, and rhenium.

9 DONLIN CREEK

The Donlin intrusion-hosted gold project in Southwest Alaska, a joint venture of Barrick Gold Corp., NovaGold Resources Inc., and Calista Corp., contains an estimated 33.6 million ounces of gold reserves.

10 ROCK CREEK/BIG HURRAH

Rock Creek gold mine is currently in care and maintenance status. NovaGold plans to sell the project. Capital expenditures at Rock Creek in 2009 were \$24.3 million. Probable reserves at Rock Creek and satellite Big Hurrah are 8.6 million tons at a grade of 0.0379 ounces of gold per ton and 1.32 million tons at 0.1407 ounces of gold per ton, respectively.

11 USIBELLI

The Usibelli coal mine is currently experiencing growth as demand for coal has increased. Usibelli has proposed expansion into Wishbone Hill, which they estimate would add 75-125 jobs in the Matanuska-Susitna area for five years.



SEAFOOD

.....
\$1.4 billion Ex-Vessel Value

.....
\$3.6 billion First Wholesale Value

.....
\$1.6 billion in Exports
.....

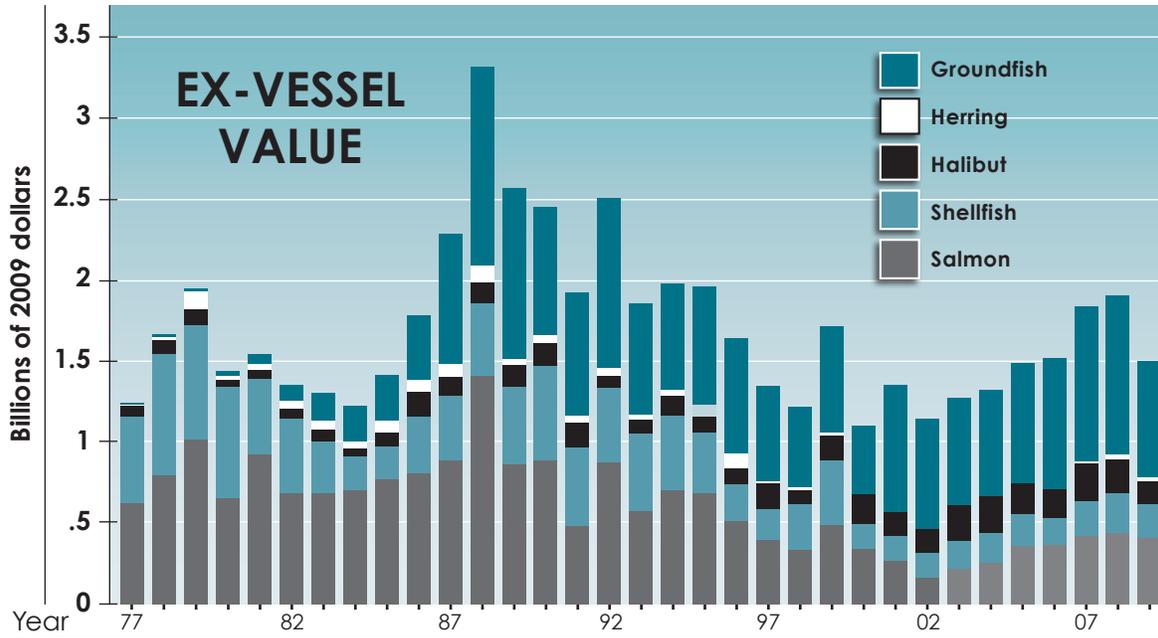
The first wholesale value is defined as the price point when a product first leaves the processor's distribution network. This information is collected by the Department of Fish and Game in the Commercial Operators Annual Report.

In 2009, Alaska's commercial fishermen harvested \$1.4 billion worth of seafood at the ex-vessel level, which translates to approximately \$3.6 billion worth of product at the first wholesale level. While the 2009 value is a decline from 2008, when the ex-vessel and first wholesale values were \$1.9 billion and \$3.9 billion, respectively. The decline in value during 2009 was a result of lower total harvest volumes-not soft prices. Alaska seafood exports totaled \$1.6 billion, down 10 percent over 2008, but still accounting for almost half of Alaska's total export value.

Dutch Harbor/Unalaska topped the nation's list for the highest volume of seafood deliveries for the 21st consecutive year. A total of 506 million pounds of fish and shellfish were landed at Dutch Harbor, a decline of approximately 18 percent from 2008.

Kodiak ranked fourth in total fish landings last year, up from fifth place in 2008, with seafood deliveries totaling 283 million pounds, compared with 251 million pounds the previous year, an increase of 17 percent. Eleven Alaska ports made the top 50 U.S. ports listings, including Naknek-King Salmon, Sitka, Ketchikan, Petersburg, Cordova, Seward, Homer, Juneau, and Kenai.

ALASKA'S TOTAL FISHERIES VALUE (NOMINAL & REAL) 1990-2009



Source: Alaska Department of Fish and Game

Top U.S. Ports

(Based on Fisheries Landings)

.....
2nd Dutch Harbor (\$160 million)

.....
3rd Kodiak (\$104 million)

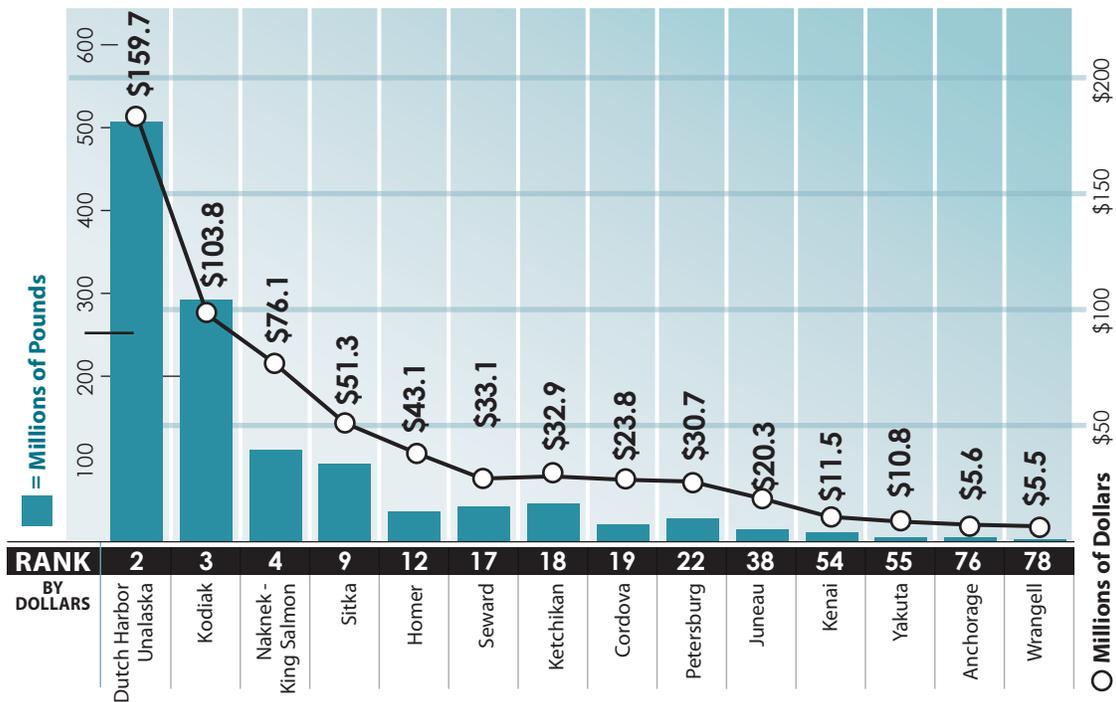
.....
4th Naknek-King Salmon (\$76 million)

.....
4 Alaska ports in U.S. top 10, by value

For ex-vessel landing values, New Bedford, Massachusetts, retained first place at \$249 million, followed by Dutch Harbor at \$160 million, down \$8 million from 2008. Kodiak's landing value of \$104 million, an increase of more than \$5 million put Kodiak in third place, while Naknek-King Salmon followed in fourth at \$76 million, up more than \$10 million in value.

The commercial groundfish fishery is the largest and most valuable commercial fishery in the state, accounting for approximately 56 percent of Alaska's total seafood production value. In 2009, commercial fishermen received \$712 million for total groundfish harvests, 27 percent less than the previous year,

2009 ALASKA COMMERCIAL FISHERIES LANDINGS AMONG TOP 100 DOMESTIC PORTS RANKED BY DOLLARS



a reflection of a reduced total allowable harvest quota. Pollock accounts for the largest share of Alaska's groundfish industry in volume and value. In 2009, pollock total allowable catch was 855,000 metric tons, worth an estimated \$235 million. A decline in the 2009 allowable catch, along with a soft surimi market, resulted in more pollock produced for the frozen fillet and headed/gutted markets. Pollock fillets and headed and gutted products increased to 44 percent of all product forms, while surimi and minced products fell to 27 percent of production.

In 2009, Alaska's seafood exports totaled \$1.6 billion, down 10 percent from 2008, but still accounting for 48 percent of Alaska's total exports. Japan continues to be the state's largest seafood export market, followed

by China, Korea, Germany, the Netherlands, and Canada. Markets in Asia accounted for nearly three-quarters of Alaska's seafood exports, with Alaska seafood exports to the European Union making up another 20 percent.

At almost 162 million fish, Alaska's 2009 commercial salmon harvest was the 11th largest on record since statehood, and 16 million more salmon than the 2008 commercial salmon harvest of 146 million fish. In value, the 2009 harvest was worth \$414 million, which exceeds the 10-year average value of \$345 million (inflation adjusted) and is slightly lower than the \$443 million fishermen earned in 2008. Sockeye salmon accounted for 56 percent of total salmon ex-vessel value, up 12 percent from 2008. In 2009, approximately 28 percent of total

seafood earnings were attributed to salmon harvests.

Alaska produced 27 million pounds of fresh headed and gutted salmon and 4 million pounds of fresh fillets in 2009. While the number of pounds of fresh headed and gutted salmon declined slightly from 2008 production, the amount of fresh fillets increased in 2009 by almost 25 percent, reflecting a continuing trend of increasing fresh fillet production. At \$147 million, frozen headed and gutted salmon currently accounts for 63 percent of fresh/frozen salmon value. In 2009, total wholesale value for the September to December period was down 9 percent, from \$437 million in 2008 to \$398 million. Much of this decline is attributed to lower roe prices in 2009. According to the Alaska Salmon Price Report, despite similar sales volume for the period, total wholesale value of roe products dropped by half in 2009, from \$124 million to \$61 million. However, salmon roe values of 2008 represent a market-driven spike, and the price declines of 2009 reflect a return to more typical levels.

During the 2009 halibut season, which opened in March, fishermen landed 43.5 million pounds, or 96 percent of the allowable quota. The value of halibut in 2009 declined compared with the previous year, with total ex-vessel

halibut earnings at \$140 million, versus \$211 million in 2008, mainly the result of a 5 million pound decline in total catch compared with 2008. Prices paid to fishermen ranged from \$2.32 to \$3.71 per pound, depending on the size of the fish, port, and month landed, according to National Marine Fisheries Service (NMFS) standard ex-vessel price report.

In 2009, the total allowable catch for sablefish was set at just under 28 million pounds, compared to 31.4 million pounds the previous year. Continued strong demand in 2009 resulted in increases in ex-vessel prices offered by Japanese buyers, approaching \$3.50 per pound on round-weight basis. Japan continues to dominate the sablefish market, controlling more than 80 percent of sales.

Alaska shellfish, comprised of crab, shrimp, and miscellaneous shellfish, play an important role in the Alaska seafood industry. During 2009, commercial shellfish harvesters landed 98 million pounds – 4 million pounds less than 2008 – with an ex-vessel value of \$207 million, or \$40 million less than the previous year. Most of Alaska's shellfish harvest value is attributed to Bering Sea king and opilio crab harvests. In 2009, 21 million pounds of red king crab worth \$102 million was harvested by commercial fishermen. Opilio crab harvests

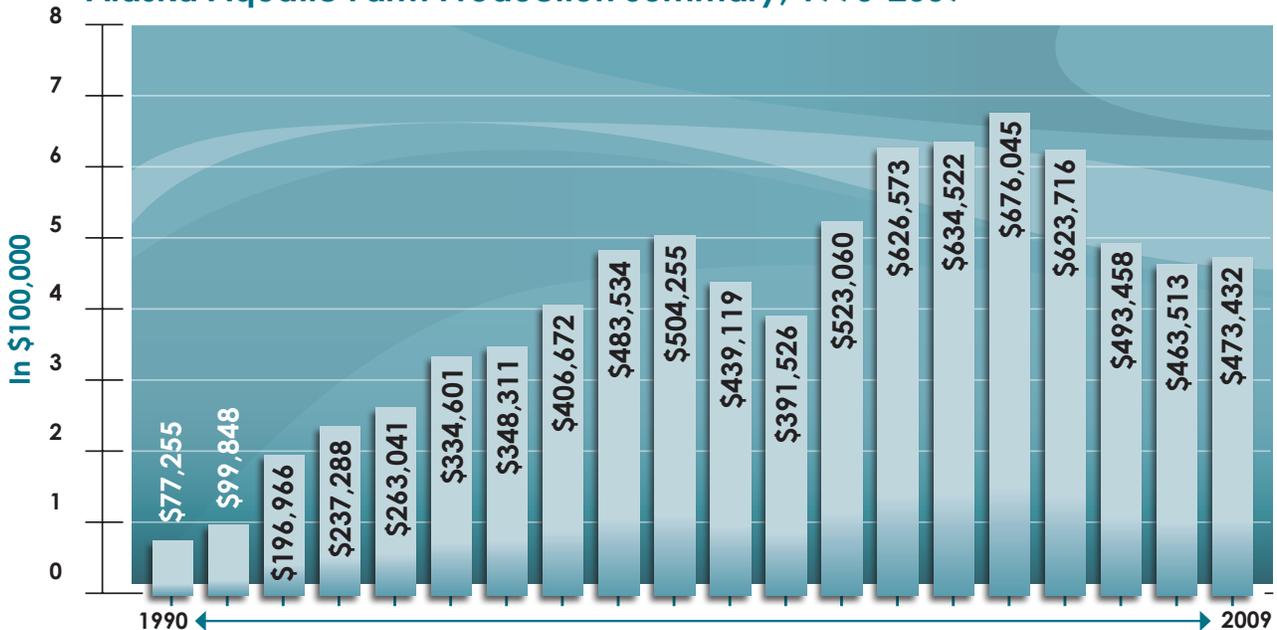
totaling 59 million pounds in 2009, worth \$80 million to commercial fisherman.

Mariculture efforts in Alaska focus on oyster, mussel, and clam production among approximately 25 productive permitted farms. Essentially all earnings come from oyster sales. In 2009, the farm gate value from Alaska mariculture sales totaled \$473,000, up slightly from \$463,500 in 2008; however, lower than the 10-year average of \$534,610. Until 2009, total farm gate value has been declining since reaching a high of \$676,045 in 2005.

SOURCE:

- U.S. Department of Commerce, National Oceanic and Atmospheric Administration (NOAA), 2008. *Dutch Harbor-Unalaska, Alaska and New Bedford, Massachusetts Remain Top Fishing Ports.* www.noaanews.noaa.gov/stories2009/20090722_ports.html
- U.S. Department of Commerce, National Oceanic and Atmospheric Administration (NOAA), 2009. *Fisheries Management Catch Reports: Catch Reports for Groundfish, CDQ, and IFQ Fisheries.* www.fakr.noaa.gov/sustainablefisheries/catchstats.htm
- State of Alaska, Department of Fish and Game, 2009. *Commercial Operator Annual Report (COAR).* [www.admin.adfg.state.ak.us/confluence/display/ADFGPDS/Commercial+Operators+Annual+Report+\(COAR\)](http://www.admin.adfg.state.ak.us/confluence/display/ADFGPDS/Commercial+Operators+Annual+Report+(COAR))
- State of Alaska, Department of Revenue, Tax Division, 2009. *Annual Alaska Salmon Production Report: September – December 31, 2009.*
- State of Alaska, Department of Fish and Game, 2009. *Commercial Fisheries Special Publication.*
- State of Alaska, Department of Fish and Game, 2009. *2009 Alaska Commercial Salmon Harvests and Exvessel Values.* www.cf.adfg.state.ak.us/geninfo/finfish/salmon/catchval/blusheet/09exvesl.php
- Alaska Seafood Marketing Institute (ASMI), 2009. *Alaska Salmon Price and Production Report (ASPR).* www.alaskaseafood.org/fishingprocessing/seafoodweb_may10/groundfishflatfish.html
- State of Alaska, Office of International Trade, 2009. *2009 Export Update.*

Alaska Aquatic Farm Production Summary, 1990-2009*



*Numbers generated from the Mariculture Information Database. Production was taken directly from the *Aquatic Farm Operation Permit Annual Reports*. Production numbers listed here do not include hatchery or flupsy (nursery) sales.

TOURISM

.....
1.8 million Visitors

.....
\$3.4 billion Total Visitor Spending

.....
\$1 billion Labor Income

.....
36,200 Jobs

.....
\$208.6 million Taxes and Revenues

The Alaska Visitor Statistics Program (AVSP) estimates over 1.84 million out-of-state visitors came to Alaska between October 2008 and September 2009; a decrease of 5.7 percent from 1.94 million visitors in the 2007 – 2008 visitor season. The majority of the 1.84 million visitors exited the state by air (934,100) or by cruise ship (835,000); the remaining visitors exited the state by highway (64,900) or ferry (10,200).

Alaska receives 87 percent of its visitors in the “summer” season between May 1st and September 30th. Summer visitors dropped 6.2 percent from 1.7 million in 2008 to 1.6 million in 2009, the largest decline in visitor numbers since 1985. Approximately 82 percent of these visitors visited the state for vacation and pleasure. The remaining visitors visited friends and relatives (9 percent) or conducted business for all or a portion of their trip (9 percent).

Although the AVSP measures visitors by the way they exit the state, another way to count visitors is by visitor market. In the summer of 2009, 1,026,600 visitors (down from 1,033,100 in 2008) participated in a cruise for all or a portion of their trip. The Division of Economic Development estimates 505,200 visitors (down from 597,200 in 2008) of the 684,400 summer visitors who exited the state by air represented the “air only” market (visitors who entered and exited the state by air). Approximately 69,900 summer visitors (down from 77,100 in 2008) represented the highway or ferry market, visitors who entered or exited the state by highway or ferry.

In the 2008 – 2009 visitor season, the *Economic Impact of Alaska’s Visitor Industry* report estimated Alaska visitors accounted for a total of 36,200 full- and part-time jobs, over \$1.1 billion in labor income, \$3.4 billion in total spending (direct, indirect and induced effects), and \$208.6 million in taxes and revenues to municipal and state governments. Direct visitor spending equaled approximately \$2.1 billion and generated 27,100 jobs and \$800 million in labor income. The strong seasonality of Alaska’s visitor industry caused peak season employment (directly or indirectly connected to the industry) to increase to an estimated 40,000 jobs. About half of industry employment occurred in the Southcentral region (49 percent) and nearly one-third in Southeast (29 percent). About one in six (17 percent) visitor industry jobs were located in the Interior. The

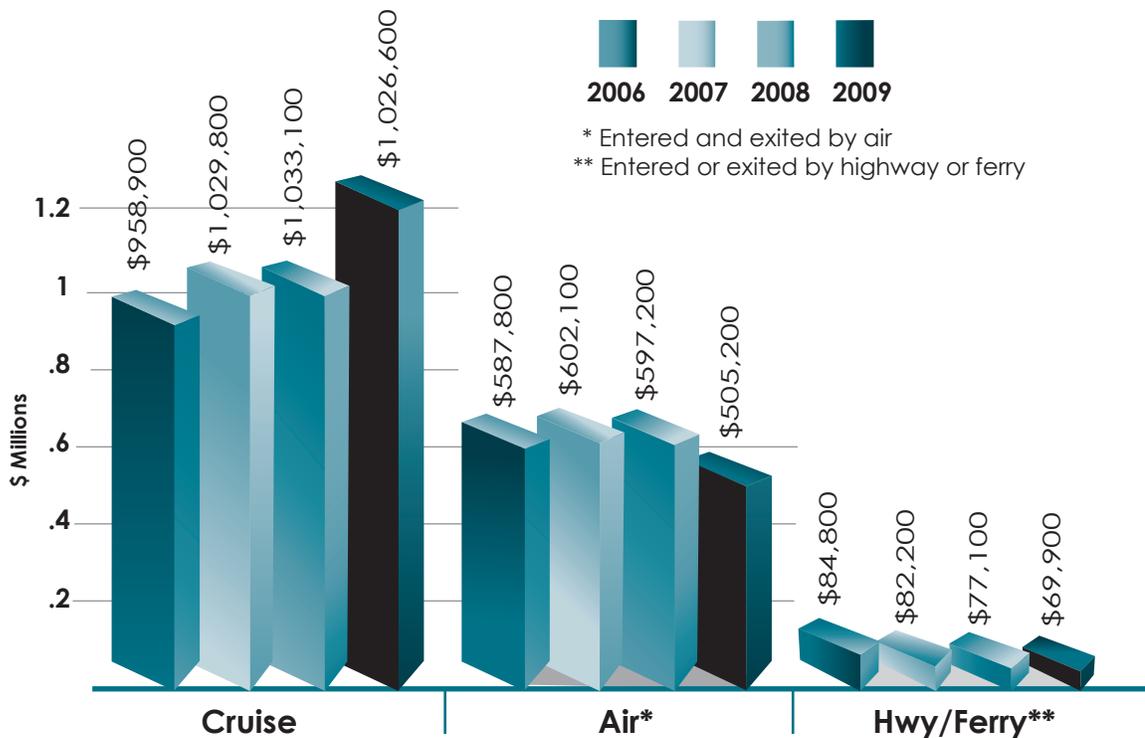
Southwest and Far North regions had 1,500 and 300 visitor industry jobs, respectively.

2009 was an unusual year in the Alaska cruise market. A severe national recession forced deep discounting to fill berths on cruise ships. The cruise market was down approximately 1 percent. Cruise and all visitors also proved to be reluctant spenders. Based on modeling conducted for the *Economic Impact of Alaska’s Visitor Industry* report, full-year visitor spending for all visitors declined by approximately \$270 million between 2007 – 2008 and 2008 – 2009, a 15 percent drop.

SOURCE:

- McDowell Group, Inc., 2009. *Alaska Visitor Statistics Program V, Interim Visitor Volume Report, Summer 2009*. Department of Commerce, Community, and Economic Development, Division of Economic Development.
- McDowell Group, Inc., 2010. *Economic Impacts of Alaska’s Visitor Industry*. Department of Commerce, Community, and Economic Development, Division of Economic Development.

**ALASKA VISITORS BY TRANSPORTATION MARKET
MAY TO SEPTEMBER 2006 AND 2009**



FORESTRY

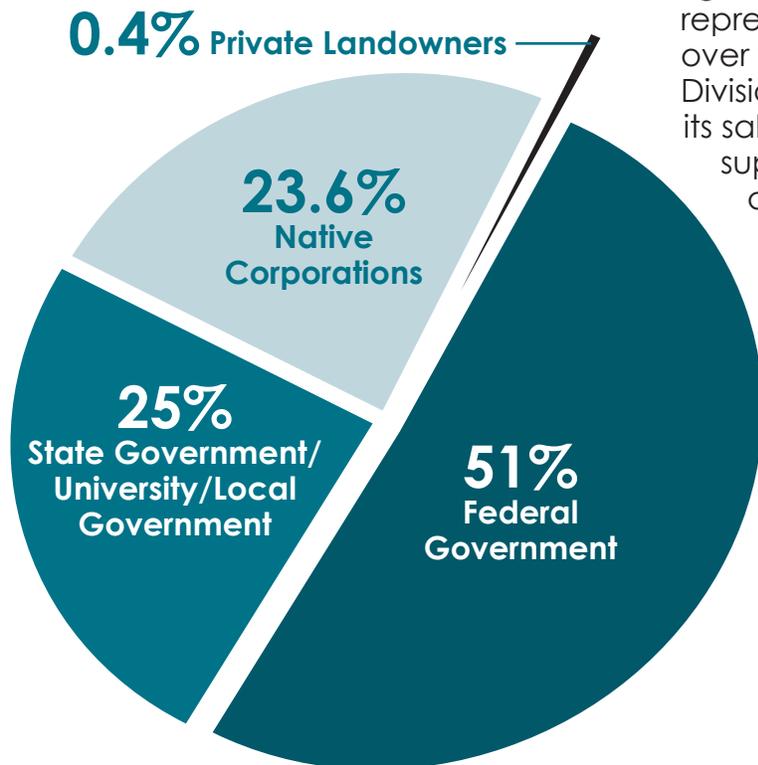
.....
159 mmbf Sold Statewide

.....
18.1 mmbf Sold by
 Division of
 Forestry

.....
\$87.8 million in Exports

million board feet (mmbf)

Alaska Timber Resource Landholders



Alaska's timber resource is managed by four landholders: federal government (51 percent); state, university, and local governments (25 percent); Native corporations (23.6 percent); and other private landowners (0.4 percent). Historically, most of the commercial timber harvest has occurred in coastal Alaska, primarily on federal and Native corporation lands. There is, however, new interest in the resources of Alaska's boreal forests, which consist of white spruce, paper birch, and quaking aspen.

Timber volume sold from state forested lands increased in 2009 to 18.1 million board feet, in 91 sales to 58 purchasers statewide. While this figure has decreased since 2007, it represents a 17 percent increase over 2008 volumes. In 2004, the Division of Forestry accelerated its sales schedule in an effort to support struggling sawmills with declines in sales from federal lands. The State of Alaska's ability to sustain that pace is limited. Recently, the state expanded its state forests in an effort to guarantee fiber volume will be available to mills in the future.

State timber revenue, from sales on state land, declined in 2009 to \$617,000. After a peak in 2008, the state's 2009 revenue figure was more in-line with the ten-year average of \$617,200.

In 2009, forest product exports increased 6 percent to \$87.8 million. China became the top export destination, followed by Japan, Korea, Canada, and Taiwan.

According to the U.S. Forest Service publication *Production, Prices, Employment, and Trade in Northwest Forest Industries, All Quarters 2009* Alaska's timber harvest totaled 159 million board feet. Harvest volume includes timber on state, federal, and private land.

SOURCE:

- Warren, Debra, 2010. *Production, Prices, Employment, and Trade in Northwest Forest Industries: All Quarters, 2009*. U.S. Department of Agriculture, Forest Service: Pacific Northwest (PNW) Research Station (Portland, OR). PNW-RB-259.

AGRICULTURE

.....
\$31.9 million in Cash Receipts
.....

.....
680 Farms Statewide
.....

.....
8 Certified Organic Farms
.....

Alaska's agriculture industry is small compared to the rest of the United States. Alaska accounts for less than 1 percent of the value of U.S. agriculture receipts. Alaska's agricultural production is mostly crops, which account for 80 percent of Alaska's total receipts, with livestock and products accounting for 20 percent. Cash receipts to farmers totaled \$31.9 million in 2009, representing an estimated 2 to 3 percent of Alaska's food needs. In 2009, there were an estimated 680 farms statewide using 880,000 acres of land. The average farm occupied 1,294 acres. This figure is highly skewed due to the inclusion of grazing leases in western Alaska. In Alaska, there are 8 certified organic farm operators growing products on 442 acres of land.

Alaska's largest agriculture sector in 2009 was greenhouse and nursery crops, with total receipts of \$14 million. This sector was followed by hay at \$4.4 million, potatoes at \$2.8 million, cattle and calves at \$1.7 million, and dairy products at \$1.3 million.

SOURCE:

- U.S. Department of Agriculture, 2009. Farm Income: 2009 Cash Receipts by State Data Set. www.ers.usda.gov/Data/FarmIncome/FIRkDMUXLS.htm
- Nakazawa, Tony and Hans Geier, 2010. *Agriculture in Alaska 2010*.

INTERNATIONAL TRADE

\$3.3 billion value of exports

8.1% decrease

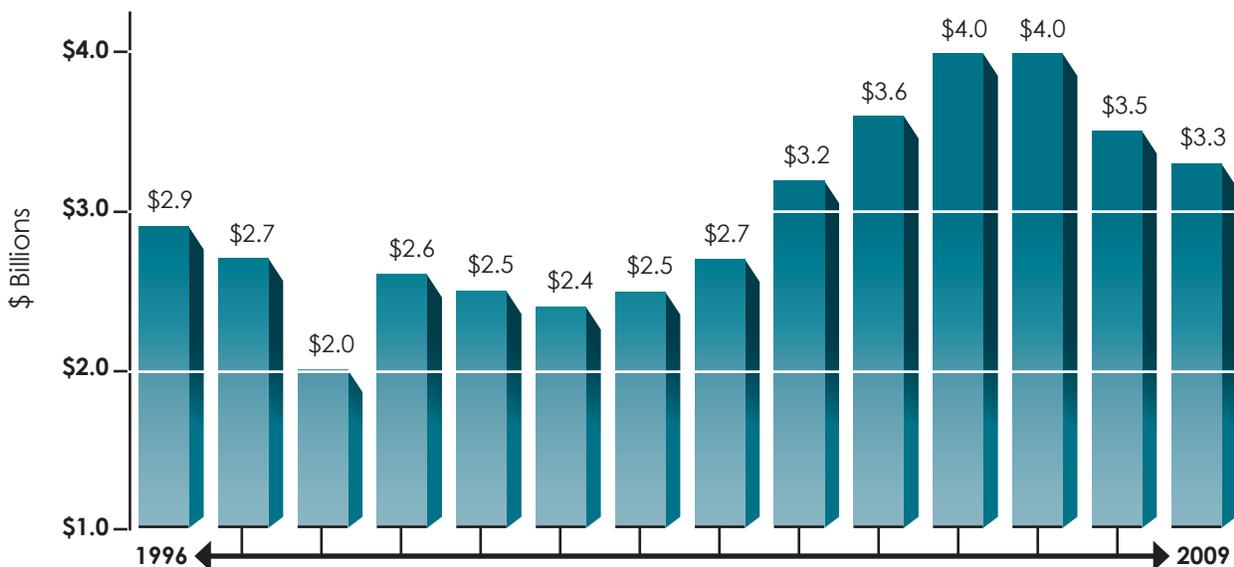
5th best year

Alaska's 2009 exports reached \$3.3 billion, the fifth best year for state exports. While exports dipped 8 percent from 2008, overall Alaska fared well as national exports declined 18 percent. Over the last two years, Alaska's performance in exporting has been better than national averages. Alaska's top trade partner continues to be Japan, followed by China, Republic of Korea, Canada, Switzerland, and Germany to round out the top half dozen markets.

Seafood

In 2009, the value of Alaska's annual seafood exports totaled \$1.6 billion, a 10 percent decrease from the previous year. Alaska seafood exports to Japan, still the state's largest seafood export market, totaled \$540 million. Seafood

ALASKA'S TOTAL EXPORTS (1996-2009)



exports to China were over \$400 million for the second year in a row while seafood exports to Korea were \$224 million. Seafood exports to Canada totaled \$73 million.

Japan remains extremely important for Alaska's seafood exports; however, over the past decade, Alaska seafood has found its way into more countries than ever. In 1999, Alaska seafood exports to Europe accounted for less than 5 percent of the total seafood exports. In 2009, European markets continued their upward trend in importance to the Alaska seafood industry. The increased demand in Europe for Alaska seafood is linked to the value those markets place on healthy eating, food traceability, sustainability of fisheries, and the strength of the Euro.

Minerals

In 2009, mineral exports grew to \$842 billion, a result mostly from increases in zinc, lead, and gold prices. Alaska accounts for more than three-fourths of all U.S. zinc production. Again, Canada was Alaska's largest minerals market in 2009. Strong minerals prices in 2009 resulted in a 22 percent increase in the export value of Alaska's minerals.

In September 2010, Kensington gold mine added 225 full-time employees to the mining industry in Alaska. Kensington's parent company, Coeur Alaska, has entered into a contract with China National Gold Group Corporation, China's largest gold producer, for the purchase of gold concentrates produced at the mine. The agreement is the first of its kind between one of China's state-owned corporations and a U.S. precious minerals mine.

Energy

The value of Alaska's 2009 energy exports

was \$328 million. Refined petroleum product exports declined 70 percent to \$38.4 million. Coal exports rose to \$33.1 million, an increase of 43 percent. Liquid Natural Gas (LNG) exports in 2009 were \$256.7 million, continuing Alaska's relationship with Japan, which began more than 40 years ago.

In 2010, the federal Energy Regulatory Commission extended the authorization to export Alaska Liquid Natural Gas (LNG) to Japan. The original export authorization was issued in April 1967 and has been extended numerous times. The Kenai Liquid Natural Gas (LNG) plant has been an important source of jobs on the Kenai Peninsula since export began.

Forest Products

The value of Alaska's 2009 export of forest products was \$87.8 million, up 6 percent. In 2009, China became the largest export market for Alaska's forest products industry. China is followed by Japan, Korea, Canada, and Taiwan. Forest products exports have been relatively stable over the last few years.

Foreign Investment

For more than 50 years, foreign investment in Alaska has resulted in jobs in the mining, forest products, seafood, visitor, and energy industries. Natural resource development requires a multi-year effort of exploration, permitting, and construction. Businesses in the United Kingdom, Japan, and Canada have invested heavily in the state.

A recent example of significant investment is the 12-year, \$378 million development effort from Japan's Sumitomo Metal Mining Corporation in Pogo Gold mine. The mine provides nearly 300 local jobs in interior Alaska.

An economic impact study commissioned

by the Consulate of Canada in Anchorage showed that nearly three-quarters of all Alaska mining industry exploration and development expenditures in the 25-year period from 1981 to 2006 were from Canadian companies.

International Aviation

More than 20 international air cargo carriers operate at Ted Stevens Anchorage International Airport. The State of Alaska's success in expanding regulatory authority from the federal government for international cargo transfer in Alaska provides valuable opportunities for international air cargo carriers.

International passenger air service contributes to Alaska's visitor industry at the same time it introduces Alaska to thousands of visitors. China Airlines

provides scheduled year-round service between Anchorage and Taipei. Condor has operated seasonal passenger charter service to Anchorage and Fairbanks from Frankfurt since the early 1990s. Japan Airlines has initiated winter passenger charter service from Tokyo to Fairbanks, centered around tour packages that highlight northern climate visitor activities, including aurora borealis viewing.

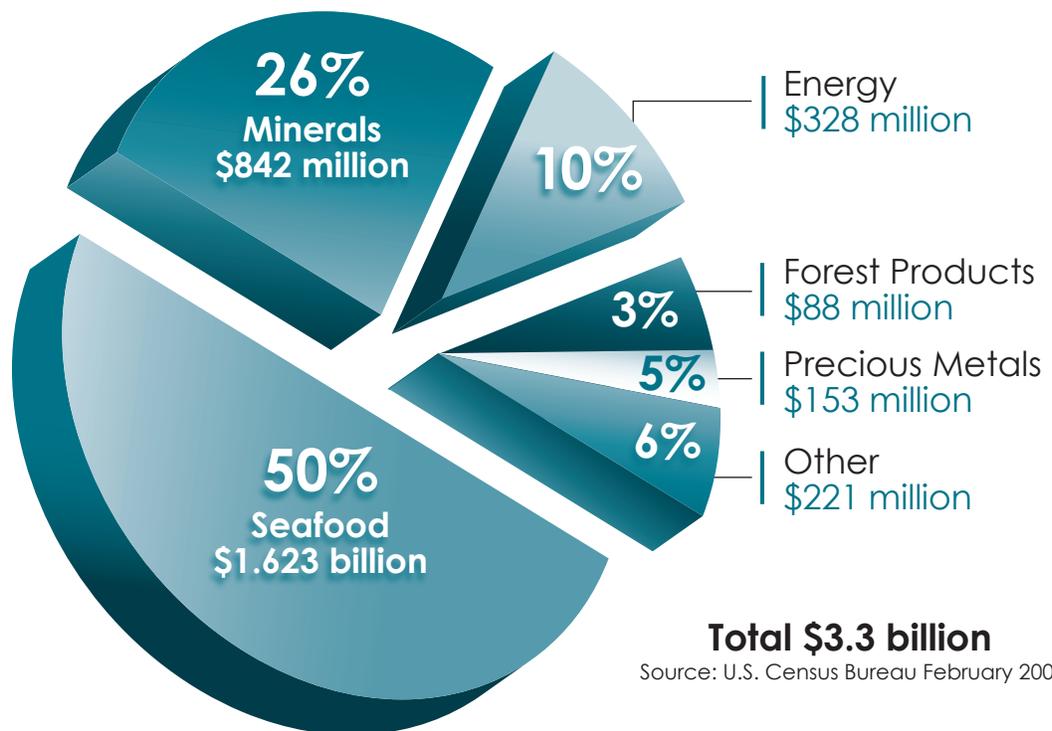
International Visitor Industry

The Alaska Travel Industry Association (ATIA) has contract trade representatives in several countries, and conducts travel trade training and seminars in key markets. Excluding Canada, approximately 11% of Alaska's visitors come from other countries.

SOURCE:

• State of Alaska, Office of International Trade, 2009. 2009 Export Update.

MAJOR EXPORT PRODUCTS 2009



FEDERAL SPENDING

\$14.2 billion 2009 federal spending

51% increase

\$20,351 per capita

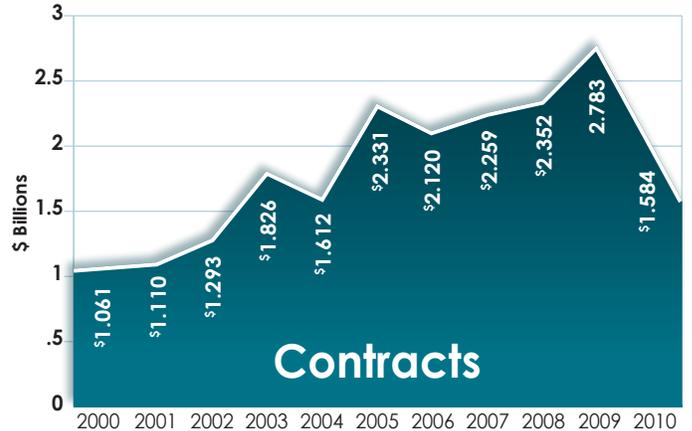
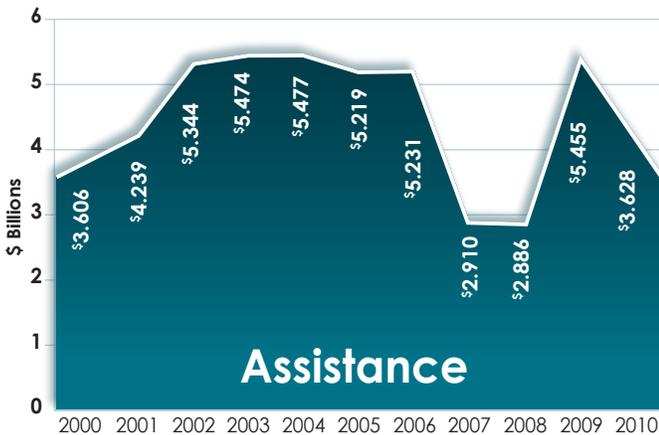
48% increase

1st in U.S. per capita spending

Federal spending has a significant impact on Alaska's economy. Federal funds contribute to military and federal government employment, as well as provide support for specific in-state programs and projects. In many cases, state dollars are also used to leverage federal funds in matching programs helping to improve Alaska communities.

Federal spending in Alaska has been on the rise since 2000. In 2009, the passage of the American Recovery and Reinvestment Act (ARRA) resulted in increased flow of federal funds. Alaska received a total of \$14.2 billion, an increase of 51 percent over 2008.

FEDERAL SPENDING (2000-2010)

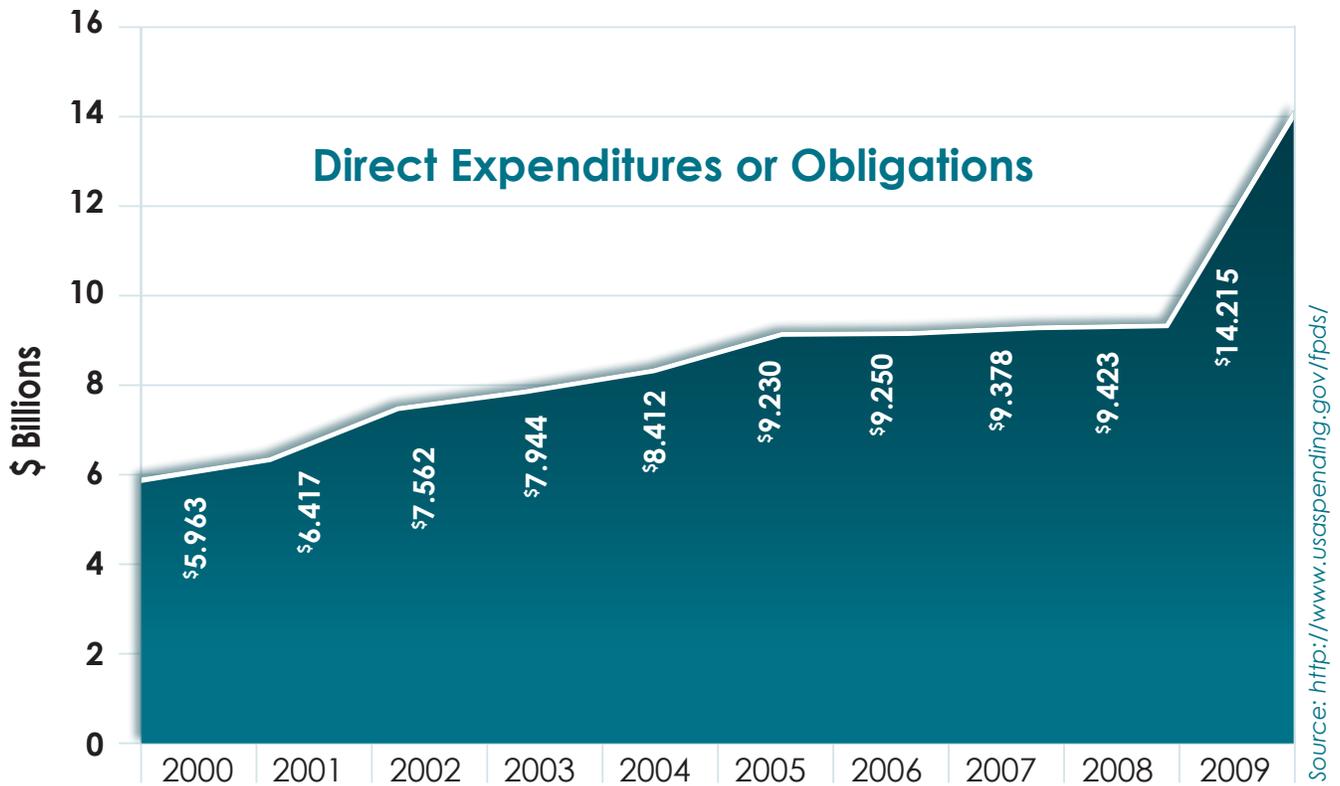


In 2009, federal spending per capita in Alaska was \$20,351, a 48 percent increase. Alaska currently ranks first in total per capita federal spending, followed by Virginia and Hawaii. Alaska ranks first in grants, second in salaries and wages, as well as procurement.

SOURCE:

- U.S. Department of Commerce, Census Bureau, 2010. *Consolidated Federal Funds Report for Fiscal Year 2009: State and County Areas.* CFFR/09. www.census.gov/prod/2010pubs/cffr-09.pdf

FEDERAL SPENDING (2000-2009)





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