

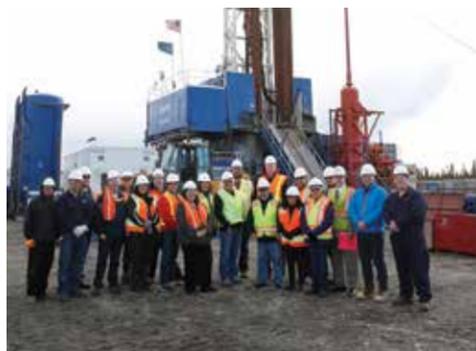
Ahtna Kansas

FALL 2016



**HOW TREES CAN PAY OFF WHEN
YOU LEAVE THEM STANDING P. 12**
DRILLING FOR A BETTER FUTURE P. 10

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PRESIDENT'S MESSAGE BIG PROJECTS BRING BIG SHAREHOLDER JOB OPPORTUNITIES

Dear fellow shareholder,

This was one beautiful Alaska summer. As Fall comes to an end, I hope you had a chance to spend some time outdoors, whether it was to fish, hunt, pick berries, or simply spend time with family. Hunting season starts the preparation for the colder seasons coming on.

Our companies have been very busy, and I'm excited to share some information on our projects and people.

With the start of the Tolsona drilling project and carbon-credit opportunities, our vision statement – "Our culture unites us; our land sustains us; our people are prosperous." – continues to be at the forefront of our strategy. After our annual meeting and strategic-planning meeting, it is clear that our Board is looking to management to focus on regional development. Ahtna Netiye' CEO Tom Maloney gives us a little more insight on how we are achieving this important goal in his message.

Shareholder workforce preparedness, or shareholder development, goes hand-in-hand with our growing business portfolio. More regional development means more jobs opportunities for our shareholder-owners and their families. I attended the Workforce Gathering event put on by our Shareholder Development team in Fairbanks. I can't believe how much I learned about job interviewing and resume writing. A big thanks goes to Mercedes "Starr" Knighten and her team for putting on the August event. Keep an eye out for future events like this. It's important for our shareholder-owners to be ready to apply for the jobs that are being opened by the big projects we have in Alaska and elsewhere.

The hard work of Ahtna's staff enabled our company to be highlighted in Alaska Business Monthly this past quarter.

This kind of company awareness and heightened visibility opens doors to more opportunities. The article spotlighted Ahtna's successful performance in business, land and traditional hunting and fishing protections, and shareholder development. You can read more about the article later in this issue.

November 8 is a big date for us and our state. It's voting day. I can't express how important it is to exercise our right to vote. Our voice is strong, and it must be heard. Get educated on ballot measures and political leaders, and make an informed choice at the polls in November. As we've seen in recent Alaska state legislative races – every single vote matters.

Did you know that you are reading an award-winning publication? I'm so proud of the shareholder-owners, subsidiaries and partners who have made the Ahtna Kanas such a beautiful, informative communication tool. Your input and participation has earned the Ahtna Kanas first place in the Public Relations Society of America, Alaska Chapter, Aurora awards. Keep the great stories coming!

In closing, I'm so proud to see that we are truly living up to One team, One Ahtna. Our teamwork and passion for our heritage and culture, both in the business world and within our communities, is inspiring. Keep up the great work!

Tsin'aen,

Michelle Anderson, President
Ahtna, Incorporated

Ahtna, Inc. and Ahtna Netiye' senior management team



Michelle Anderson
President, AI



Tom Maloney
CEO, AN



Roy J. Tansy Jr.
Executive VP, AN



Kathryn Martin
Senior VP, AI



William M. Tisher
CFO, AI



Joe Bovee
VP of Land and Resources, AI



Douglas Miller
VP of Human Resources, AI



Matt Block
General Counsel

Ahtna Subsidiary Presidents



Craig O'Rourke
President, AGSC & ADB



Brenda Rebne
President, AFSI & APSI



Vicky Dunlap
President, ASTS & ALL



Susan Taylor
President, KEC, AKHI & ATSI



Tim Finnigan
President, AES & AEI



David O'Donnell
President, AC & PPC

If shareholder-owners would like to submit articles for the next issue of the Kanas, the submission deadline is November 4, 2016.

For questions or more information about the Kanas, please contact the Media and Communications office: Shannon Blue at (907) 230-7058 or sblue@ahna.net

GET OUT THE NATIVE VOTE!



Your vote is very important. On November 8, we have a chance to make voting easier for all Alaskans. Vote yes on Ballot Measure No. 1. This ballot measure will automate voter registration for all Alaska residents who apply for the PFD. This will improve:

- Overall voter registration rate in Alaska
- Accuracy of Alaska's voter rolls
- Rates of Alaska Native voter registration

Let your voice be heard. Find more information at PFDvoter.com or visit us at AKNativeVote.com.



CEO'S MESSAGE

AHTNA'S SAFETY RECORD POSITIONS US FOR SUCCESS

Dear shareholder-owners,

In the midst of some potentially very big projects for our

Ahtna team, safety remains paramount for our Board of Directors, our management and Ahtna employees. I'm continuously impressed with the level of professionalism and dedication to the safety procedures that hold our team to such a high standard.

It's this standard that has led Ahtna to having the most successful year ever in regards to workers' compensation and incident-report claims, both telltale indicators that our safety standards are the best they've ever been.

Our work ethic and commitment to safety are major reasons for our success in expanding our business during these challenging economic times. I want to thank the men and women of Ahtna for making this possible and for mentoring our younger employees.

After our recent strategic-planning meeting with the Board of Directors, our priorities shifted to focus on regional development opportunities to provide maximum benefits to shareholder-owners. This strategy centers on local employment, training and lower energy costs in our region.

Two of our most recent and exciting regional developments are the Tolsona gas well and carbon credits. We have made a significant investment to pay to train shareholder-owners for positions in drilling and wilderness safety. Thus far, 100 percent of employees hired for these two programs have been Ahtna shareholders-owners, with approximately 20 positions filled. These positions include roustabouts, site security and safety, material handling and expeditor, along with an intern to job shadow the designated company representative. As work takes place 24 hours a day, seven days a week, project employees are working 12-hour shifts, seven days a week for a total of 84 hours a week. These positions pay handsomely for our shareholder-owners.

Separately, Ahtna Environmental, Inc. (AEI) is fully engaged in a carbon-credits project, working with Finite Carbon, a world leader in helping landowners take advantage of the carbon that's stored in their land's trees by selling the credits to companies like BP.

All the field personnel hired for this project are Ahtna shareholder-owners and the program has required extensive work by our support groups in legal, finance and HR. One of our first steps was to retrofit an old structure into a bunkhouse and office space for employee use. We have also mobilized other Ahtna-owned equipment.

Shareholder-owners working on this project received extensive paid training. We expect fieldwork to be done by the middle of October and hope to have primary results on the carbon content of our forest by the end of the year.

Carbon credits allow us to preserve our trees yet still receive value for them. While this is all brand new to us, this project has huge potential in an evolving climate-change world. We would like to thank BP for providing Ahtna with this opportunity, including transferable skills and training for our shareholder-owners.

Apart from these large projects, we are looking at a tourism opportunity in the Denali area and at hard-rock mineral deposits on our land. We seem to have more opportunities than we have staff resources right now, which means we will look to grow as demands dictate.

The government fiscal year end is September 30, and our companies are working hard to secure more wins for our government businesses. Having 8(a) companies with high security clearances positions us well to support sensitive government operations, including many contracts with the FBI Academy in Quantico, VA.

Ahtna Construction and Primary Products Corporation (AC&PPC) continues its strong working relationship with Alyeska Pipeline Service Co. Our safety culture has earned us more work with Alyeska, including a new, five-year mineral and mining project. AC&PPC is also working on the Talkeetna airport, the Exit Glacier road project in Seward and avalanche control projects in Cordova and Valdez. We recently hired two shareholder-owners as operators for the avalanche work.

As every Alaskan knows, the state of Alaska is undergoing significant economic challenges. This year's budget deficit will be almost \$4 billion and our Permanent Fund Dividends were reduced to \$1,000 per person to help balance the budget. We feel blessed that our business in Alaska continues to grow as we develop regional development opportunities for the benefit of our shareholder-owners. Please check our website for job openings, keep your records updated and communicate your availability to Shareholder Development.

As Ahtna continues to grow, we need our shareholder-owners to be work-ready.

Thank you,

Tom Maloney
Chief Executive Officer



Tom Maloney and Michelle Anderson on-site at Tolsona

#18



Thanks to the hard work and dedication of all our employees, Ahtna, Inc. and the Ahtna family of companies were ranked #18 on the list of Top 49er Alaska Businesses of 2016. Pictured above is Ahtna Executive Vice President Roy Tansy Jr. (left) with Alaska Business Monthly Vice President of Sales Charles Bell (right).

SUBSIDIARY SPOTLIGHT

AHTNA TECHNICAL SERVICES, INC. (ATSI) FOCUSES ON BASE OPERATIONS SUPPORT

ATSI has had a productive year in securing relationships and identifying specific opportunities to pursue. The company is currently focusing on security, janitorial and base-operations-support services (BOSS) contracts while employing personnel in Alaska, Arizona, South Carolina and Texas.

PROJECT HIGHLIGHTS

Security and food service for the Florence Detention Center

ATSI provides detention guard, perimeter guard, checkpoint guard, training staff and food services in Florence, AZ under the authority of the Immigration and Nationality Act.

This is a secured facility in which all personnel entering the facility pass through a checkpoint manned by our employees. Florence is located in southern Arizona near the Mexican border and generally operates at a maximum operational capacity of 700 detainees. The status of the detainees at Florence Detention Center (FDC) ranges from individuals who have administrative detention orders for violation of immigration law to former convicted felons awaiting deportation back to their home countries.

ATSI's operation at FDC is fully self-contained in that it

successfully provides its own equipment, management, human resources, supplies and forms that pertain to the fulfillment of our contractual obligations.

ATSI is responsible for providing a safe, secure environment for detainees being held at the FDC facility. Personnel are highly trained by our organic training department and act as first responders to violent situations, medical emergencies and any other emergency situations that may arise at the facility.

Multi-functional facilities-support services at Marine Corps Air Station Beaufort

ATSI provides services at the 6,900-acre Marine Corp Air Station in Beaufort, SC. The ATSI team performs base operations support services ranging from facility upkeep and repair to vehicle-maintenance services. While providing these services, ATSI helps ensure that more than 700 Marines and sailors, and their component squadrons and tenant units, are readily deployable.

ATSI continues to support new and expanding operations at Beaufort. For example, ATSI helps support the Navy with the first dedicated F-35B pilot training center. In 2014, the Marine Fighter Attack Training Squadron 501 relocated to MCAS Beaufort from Eglin Air Force Base, FL, to train pilots for the first operational F-35 squadron and the Marines' military-instructor cadre. Serving as the hub for F-35B pilot training, MCAS Beaufort will also host international pilots flying the short takeoff and vertical landing F-35 variant.

numerous crash victims, providing first aid to those in immediate need and stayed with victims for six hours until medical transport arrived.

Ahtna Support and Training Services Project Manager Jeremy Reams prevented a 4-year-old child from drowning. He remembered a public-service campaign on how silent an actual drowning is and was able to recognize the signs immediately. His quick actions in observing the child and diving into the pool to retrieve her prevented a tragic situation from occurring.

STAR AWARDS



Ahtna Technical Services, Inc (ATSI), Ahtna Engineering Services (AES) and Ahtna Support and Training Services (AhtnaSTS) Safety, Health and Environmental Program (SH&EP) presents LEVEL 1 Star Awards.

Jamie Cook, Seth Howard, Curtis Lane, Leonard Sanders, Carl Schaaf and Todd Youngdahl with Ahtna Technical Services Inc. figured out how to solve decade-long issues with the hanger doors at Marine Corps Air Station in Beaufort, SC. The team resolved safety hazards and improved the reliability and safety of the work area for our Marine customers and our crew.

Ahtna Engineering Services Andy DuComb and Felipe Restrepo responded to a call to aid victims of a tragic vehicle crash in Atka. Upon arrival, they triaged



Ahtna Support & Training Services Operations Manager Donald "Jay" Neal speaks to shareholders about job opportunities

AHTNA SHAREHOLDER DEVELOPMENT HELPS SHAREHOLDER-OWNERS GET JOB-READY

Ahtna's Shareholder Development Department is always looking for new ways to help connect shareholder-owners with job opportunities and provide education to help them succeed in their career goals.

We have heard a lot of feedback from our Ahtna Shareholder Survey and events throughout the year that career events are helpful and offer great insight into Ahtna's operations and the opportunities available.

We recently hosted a Shareholder Workforce Gathering in Fairbanks, where company updates were provided by Ahtna management, including Ahtna, Inc. President Michelle Anderson, Ahtna Netiye', Inc CEO Tom Maloney and subsidiary presidents and staff. There was also time allowed for questions and answers from attendees and workforce-readiness tips were given by Ahtna Shareholder Development Coordinator Starr Knighten.

The event wrapped up with a resume-writing workshop in which shareholder-owners were able to work one-on-one to make sure their resumes would put them at the top of recruiters' lists.

Keep on the lookout for events like this in the future!

INTERVIEW TIPS

Practice your listening skills

You can get caught up in presenting an image to the employer and fail to listen. Listening is a powerful tool to be used. When practicing your answers to questions, also practice listening to the interviewer.

Body language

Body language is as important as what you say. Watch your posture and placement of your hands. You want to look relaxed and confident.

RESUME TIPS

Boost your skill set

If you are not financially able to pursue an advanced degree, taking additional coursework in your field can boost your skills. One class a semester can help you in your daily work. Doing any kind of study as an adult shows commitment to your personal development, which is always an attractive quality.

Objective statement

An objective statement should be used when you are making a huge career change and want to explain why. Otherwise, use a summary statement, also known as "summary of qualifications" or "competencies," which consists of a few strong statements to help summarize your skills and experience.

Contact info

Contact information should be prominent. You do not have to include your mailing address anymore. You should list your city and state, phone number and a professional email. If you must create an email address, make it respectable.

Non-traditional work

Don't forget your volunteer work and board affiliations. Youth should list babysitting and house and yard cleaning. Not getting paid for a job doesn't mean you didn't develop skills doing that job.

Register or update your Talent Bank profile: shareholder.ahtna.net. Questions or need information? Contact M. Starr Knighten at shdevelopment@ahtna.net or 907-822-3476.

LANDS SPOTLIGHT

GLENNALLEN: FROM ROAD CAMP TO REGIONAL HUB

Unlike most other communities in the Ahtna region, which are sites of Native villages, Glennallen got its start as a construction camp.

Its name comes from Major Edwin Glenn and Lt. Henry Allen, both leaders in the early explorations of the Copper River region. The name was originally written as two names, but later made into one word by the post office.

The community dates back to construction of the Glenn Highway in the early days of World War II. The U.S. built a series of military bases in Alaska, primarily to supply aircraft and other war materiel to Russia as part of the Lend-Lease program. Highways were then built to supply the bases. The Glenn was one of these roads, connecting Anchorage to the Richardson Highway.

Road construction began in the spring of 1941 and the going was brutal. "While some of the work was done by a Cat, a lot of it was done by hand. These men did that work in spite of swamp, mosquitoes and weather. The Cats simply could not go over the swamp. The men could and did," according to Florence Clayton, editor of the Copper River Current.

By 1942, the construction supervisors decided they needed a base camp. Some 300 men were working on the road,

including many who would become Ahtna leaders and Elders: Ben Neeley, Fred and Pete Ewan, Gus Johnson, Harry and Hans Johns, Nick Lincoln, Johnny and Frank Billum, Adam, Lloyd and Henry Bell, Tony Jackson.

They chose a spot on Moose Creek. Harry Heintz, a transplanted Seattleite, said the water "was not too bad, even if it was a little yellow in color." The camp first consisted of a few bunk tents, a cook tent and a tent garage. A house was built in the fall.

The highway was completed in 1945. Glennallen developed as a small community around the site of the camp, becoming a commercial center for motor traffic along the Glenn and Richardson highways.

Today Glennallen is the supply hub of the Copper River region and home to 483 residents and the headquarters for Ahtna. Local businesses serve area residents and tourism from the Glenn Highway traffic with supplies, services, schools and medical care. State highway maintenance and federal offices are in Glennallen. RV parks, lodging, fuel and other services cater to independent travelers. The National Park Service's Wrangell-St. Elias Visitor Center and the Copper River Princess Wilderness Lodge were completed in 2002 at Copper Center.



Glennallen, October 1956. Photo courtesy of Steve McCutcheon, McCutcheon Collection; Anchorage Museum, B1990.014.0.TV.065.11

LAND DEPARTMENT PROGRAMS RANGE FROM GRAVEL TO EASEMENTS

Too often Native allotments or other shareholder-owner property gets conveyed without a dedicated easement to the property. To resolve this, Ahtna implemented a policy in 2015 that allows shareholder-owners up to a 60-foot-wide easement across Ahtna land to their property.

The Land Department staff works with local utility companies and the Alaska Recorders Office to establish and officially record the easement. Shareholder-owners are responsible for construction costs and necessary permits.

Ahtna also issues sand and gravel permits that allow shareholder-owners to take up to 100 cubic yards of pit-run gravel annually for personal use. If a shareholder-owner needs more gravel, the Land Department can issue a one-time permit for a larger quantity. Only pit-run gravel is allowed at no charge and the shareholder-owner must provide loading and transportation. Other sand and gravel products may be available locally and sold at the production price.

Other services provided by Ahtna include:

- Firewood and house logs, although certain restrictions apply to Shareholder Village Corporation stock and assistance while harvesting
- Property assistance in the form of survey-monument location and marking, land-title research, land-document preparation and mapping
- The Merger Land Use Program (MLUP)

Established during the 1980s after the Ahtna ANCSA village corporations merged with Ahtna, Inc., the MLUP allows shareholder-owners to select one acre of Ahtna land for every 20 shares of original village corporation stock. The process includes an application, land selection, testamentary disposition or will, approval by the successor village organization and Land Committee, identification and marking the property corners and then the issuance of a lifetime estate for the property. Shareholder-owners must have a testamentary disposition (TD) or will on file before the lifetime estate can be issued. Shareholder Records can guide you through the process.

COPPER BASIN COMMUNITY SUBSISTENCE PERMIT HUNT PROGRAM

Here are instructions on how to apply for a Copper Basin community subsistence hunting (CHS) permit.

- Before you apply for your permit, call Ms. Stickwan at (907) 822-3476 to get moose and caribou permit numbers.
- Participants may apply online in mid-October 2016 at www.adfg.alaska.gov.
- Click on the "Subsistence" tab (top of the page, fourth tab to the left), scroll down to "Regulations and Permits" (middle of the page) then click "Permits for Cultural and Subsistence Harvest (Hunting)" under "Cultural and Subsistence Harvest." Then click an application option under "Community Subsistence Harvest and Permit Conditions."
- Unit 13 moose hunting season is August 20-September 20, 2017.
- Unit 11 moose-hunting season and Unit 13 caribou-hunting season remain the same as previous years.
- While moose and caribou surveys are voluntary, Ahtna, Inc. is asking households to fill out a moose and caribou household survey in 2016 and 2017. Household moose and caribou survey forms can be downloaded at <http://www.adfg.alaska.gov/index.cfm?adfg=huntlicense.cultural>.
- CSH head-of-household and households survey forms will also be emailed from ADFG to those who have provided an email address on last year's moose and caribou application.
- Please return filled-out moose and caribou survey forms to:

Email To: cshmoose@ahтна.net
Mail to: Ahtna, Inc., PO 649, Glennallen, AK 99588

- Surveys are important as they help to determine bag limits, subsistence hunts customary and traditional use of species, rural and non-rural determination areas, and amounts necessary for subsistence uses, etc.
- Hunters are required to have a CSH permit and an "any bull" moose locking tag in their possession to harvest a moose that does not meet general season antler restrictions, and must affix the "any-bull" moose locking tag to the main beam of one antler or lower jaw immediately after harvest.

Contact your village administrator for questions on the distribution of 2016-2017 locking tags.

Cheeshna Tribal Council (907) 822-3503
Chitina Traditional Village Council (907) 823-2215
Gakona Village Council (907) 822-5777
Gulkana Village Council (907) 822-3746
Mentasta Traditional Council (907) 291-2319
Native Village of Cantwell (907) 768-2591
Native Village of Kluti-Kaah (907) 822-5541
Native Village of Tazlina (907) 822-4375

Twin priorities of Tolsona - shareholders and safety

Now that the Tolsona gas well has been spudded – that’s industry jargon for beginning drilling – the pace of activity has intensified, and much of it involves Ahtna’s shareholder-owners.

“Ahtna is proud to serve as the owner-operator of this program and ‘spudding’ of our first well is an important milestone in our efforts to explore the natural-gas potential in our region and help combat the rural energy crisis. It has taken years of preparation to get to where we are today, and we are optimistic of a significant find,” said Ahtna President Michelle Anderson. “We continue to be focused on operating at the highest safety standards and helping to create local jobs for our shareholders.”

Ahtna Construction completed the road and pad work last spring, Ahtna Environmental Services managed all contract opportunities, and Alaska-based contractors, such as Petrotechnical Resources of Alaska (PRA), are providing drilling-support services.

AEI has offered employment to five shareholder-owners for roustabout, safety/security and material handler expeditor positions. A roustabout is a general-maintenance worker at the drill site. Three additional shareholder-owners went through the entire hiring process to be ready to step in or supplement other employees, if needed.

An intern shareholder-owner is working a noon-to-midnight schedule. This allows the intern to work with both of the company representatives and observe both shifts’ work activities.

Human Resources and Shareholder Development worked with subcontractors to place shareholder-owners in positions wherever possible. As the work progresses, “We do expect more opportunities. Everyone associated with the project knows the two



top priorities are safety and shareholders,” reports Starr Knighten, shareholder development coordinator.

Ahtna Construction and Primary Products Corporation (ACPPC) touched up the road and pad to handle the heavy hauls associated with the rig. The 2 million-pound drill rig, required materials and rolling stock equipment were transported from the Kenai Peninsula in over 40 truckloads by Lynden Transport.

The entire mobilization was complex, with supplies coming from Prudhoe Bay, Cook Inlet and other locations throughout Alaska and the Lower 48. “We have contracted with the best in Alaska’s drilling business to manage our field activities,” Tom Maloney, Ahtna Netiyé’ CEO said.

The well is behind schedule due to uncertainties over the status of state oil and gas credits, which funded a significant part of the seismic work and site preparation – and now the drilling. “Ahtna would not be doing this exploration if the tax credits were not in place,” Anderson said.

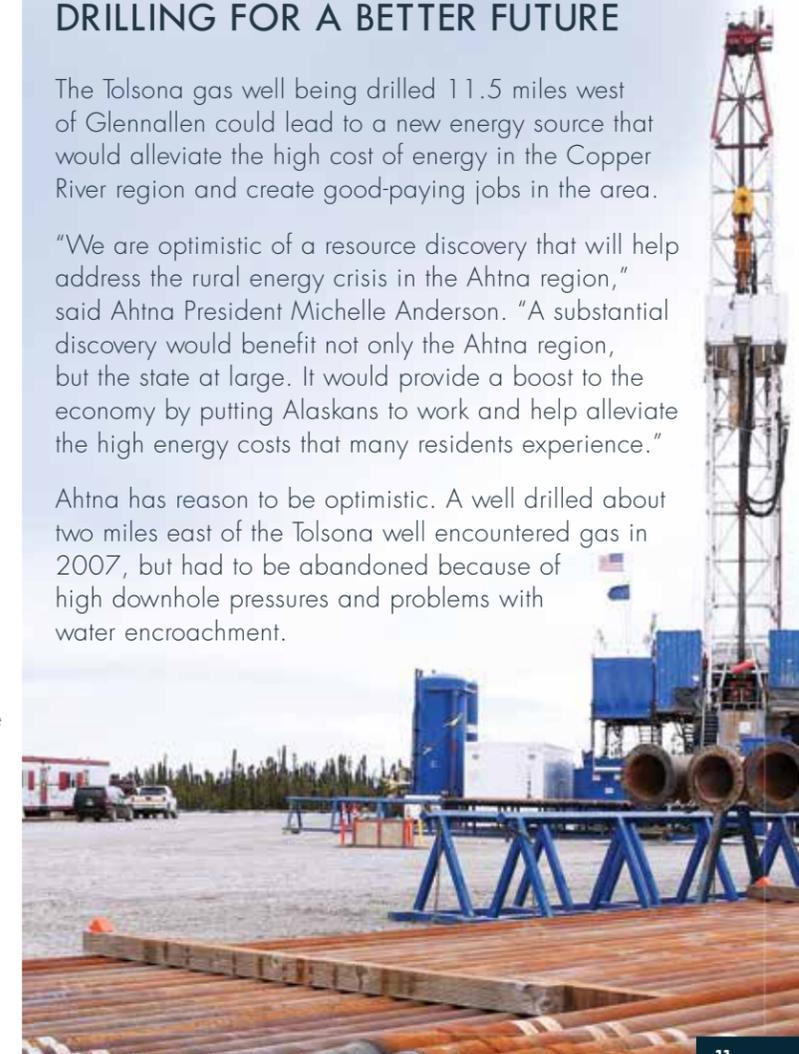
The project is on state land and is targeting thick sandstone at depths between 4,000 and 5,000 feet. The drilling is being done with a Saxson rig owned by the global drilling company Schlumberger. About 50 Alaskans are working at the drill site. Drilling is expected to be completed in late October, when the well will be secured and the drill site cleaned up.

DRILLING FOR A BETTER FUTURE

The Tolsona gas well being drilled 11.5 miles west of Glennallen could lead to a new energy source that would alleviate the high cost of energy in the Copper River region and create good-paying jobs in the area.

“We are optimistic of a resource discovery that will help address the rural energy crisis in the Ahtna region,” said Ahtna President Michelle Anderson. “A substantial discovery would benefit not only the Ahtna region, but the state at large. It would provide a boost to the economy by putting Alaskans to work and help alleviate the high energy costs that many residents experience.”

Ahtna has reason to be optimistic. A well drilled about two miles east of the Tolsona well encountered gas in 2007, but had to be abandoned because of high downhole pressures and problems with water encroachment.





HOW TREES CAN PAY OFF WHEN YOU LEAVE THEM STANDING

TO HELP DETERMINE WHETHER AHTNA CAN PROTECT ITS FOREST RESOURCES BUT STILL RECEIVE VALUE FOR THEM, AHTNA KICKED OFF A FOREST-CARBON-SEQUESTRATION INVENTORY PROJECT IN AUGUST.

“THE TRADITIONAL VALUE OF RESPECT FOR THE ENVIRONMENT AND PROTECTION OF OUR VAST NATURAL RESOURCES HAVE SUSTAINED THE AHTNA PEOPLE FOR GENERATIONS,” NOTED AHTNA PRESIDENT MICHELLE ANDERSON. “AHTNA IS NOW LOOKING INTO A PROGRAM THAT WILL PAY US FOR CONTINUING TO PROTECT OUR FOREST RESOURCES.”

NMI Timber Cruiser employee Steve Majors measures and marks trees.

The program is called “carbon offsetting”. It allows companies such as electric utilities and oil refineries to compensate for the carbon-dioxide pollution they create – their carbon footprint – by preventing the same amount of pollution from happening somewhere else. More precisely, one carbon offset means compensating for emitting one ton of carbon dioxide (CO₂) into the atmosphere by preventing a ton of CO₂ from entering the atmosphere elsewhere on Earth.

In Ahtna’s case, that means preserving our forests since trees pull CO₂ from the air when they grow.

“There’s two ways to generate finance on a timber property,” said Dick Kempka, Climate Trust’s chief commercial officer. The Climate Trust is a conservation finance non-governmental organization that is working with some Native villages and corporations to keep trees standing.

“One, you cut the trees and you get paid for the timber. Another is to protect the trees. You don’t get payment for that unless you can do a carbon deal. This is a new kind of conservation finance mechanism that gives value to the eco asset on the property that formerly had no value.”

Alaska’s first successful carbon credit program is the 8,200-acre Afognak Forest Carbon Project, which was created in 2006.

Ahtna has teamed with Finite Carbon, a world leader in helping landowners take advantage of the carbon that’s stored in their land’s trees by selling the credits.

Here’s how it works:

Finite Carbon provides the capital to get forest carbon projects developed and approved at little to no cost to landowners like Ahtna. Once a project is successfully

registered and approved, Finite Carbon takes a minority percentage of the registered offsets. Post approval, a landowner receives market insight, offset sales support, training and ongoing project monitoring. Finite Carbon is responsible for every step in the process that leads to carbon revenues. There is an in-house industry expert for each step (other than verification, as that task must be performed by an outside third party, whom Finite Carbon will hire and pay).

Here are the specific steps:

- Conduct a feasibility study of the forest
- Complete a carbon inventory of the forest
- Select appropriate registry/protocol
- Translate inventory into carbon model and management plan
- Prepare and submit project plan to chosen carbon registry
- Hire third-party project verifier once plan is accepted and registered
- Submit project verification to registry and receive allocation of carbon offsets

- Market and sell carbon offsets in Finite Carbon’s proprietary network or engage top brokers to broaden sales process

The first step is under way. Following wilderness training and bear guard certifications, six two-person crews of shareholder-owners are inventorying 300 permanent forest plots across 700 square miles of Ahtna land.

“Thanks to all of the Glennallen staff for supporting these work activities,” said Tom Maloney, Ahtna Netiyé’ CEO. “We cannot do any work in the region without excellent support from our One Team, One Ahtna corporate personnel.”

Alexa FitzGerald is the onsite coordinator and team lead on the project for AEI. “She is a young environmental scientist from Talkeetna and a great example of our talented Ahtna workforce,” Maloney said.

Crews are expected to hike more than 900 miles to reach all the plots, with the field project wrapping up in October. Four Ahtna four-wheelers and two pickup trucks are supporting the effort.

Ahtna will keep shareholder-owners updated as this project progresses.



AEI Bear Guard and Ahtna shareholder Christopher Hobson unloading the helo.

INTERNATIONAL COMPANIES ON HUNT FOR CREDITS

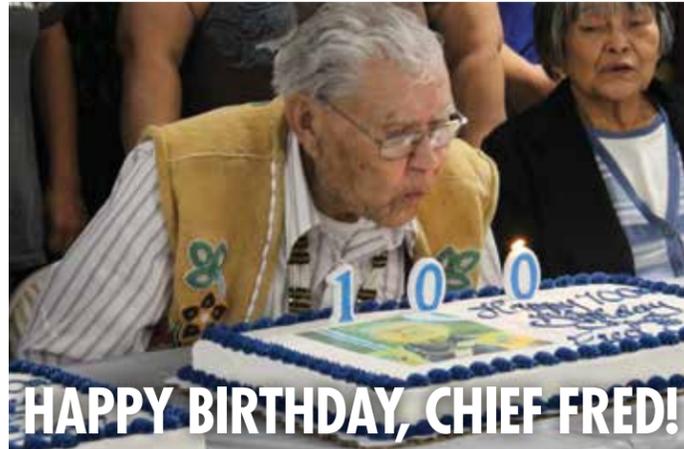
What are the credits worth?

Tim King, director of the Carbon Technology Transfer Center in Washington state, said tree-planting projects in Washington have captured \$100 to \$200 per acre for landowners who have reforested their property.

And an emerging market in Chicago, known as the Chicago Climate Exchange, trades carbon credits to various energy companies for about 95 cents each.

King said international oil companies, such as BP, Amoco, Shell, Texaco and ExxonMobil, all have carbon-credit divisions that invest in projects, such as forest preservation and reforestation, to mitigate greenhouse emissions.

SHAREHOLDER SPOTLIGHT



HAPPY BIRTHDAY, CHIEF FRED!

At 100 years of age, Fred Ewan has seen a lot, knows a lot and has more stories than can be told in any one history book.

Fred was born in a small cabin at Crosswind Lake about 30 miles from Gulkana on Aug. 15, 1916. Fred, who is still sharp as ever, even remembers his exact time of birth – 3 o'clock in the afternoon – although it's not officially recorded. When asked how he knew this, Fred said that even as a baby he could see the sunlight, to which one can only laugh at his cheery attitude and infectious humor.

Gulkana Village Council hosted Fred's 100th birthday celebration August 20 at the Gulkana Community Hall. Other sponsors included Ahtna and the Copper River Native Association.

When asked what he wanted for his 100th birthday, Fred said he wanted to see many cars, traditional foods and fiddle dancing. He got his wish. There were many cars as people from all up and down the highway came to honor Fred. A delicious moose-head soup and other mouthwatering foods were served potlatch-style. Of course, there was cake.

Traditional Indian song and dance were enjoyed throughout the evening, followed by fiddle music and dancing. It was an evening filled with good cheer, good food, good company and quite a few Fred stories that brought tears of joy, love and laughter. The beautiful and thoughtful gifts showed how beloved Fred is to his family, community and all who have been touched by his wisdom and generous spirit.

Many people traveled a great distance to honor Chief Fred and celebrate his birthday.

Tsin'aen – thank you, to all who made this a memorable celebration and to all those that came to honor Chief Fred.

As Ahtna's Traditional Chief, Fred was recently featured in the Ahtna Kanas Summer 2016 issue. The electronic version can be viewed on Ahtna's website at <http://ahtna-inc.com/shareholders/kanas-newsletter/>

You can also enjoy the photo album of the birthday celebration as posted on Ahtna's Facebook page: <https://www.facebook.com/Ahtna.Inc/>



NOW STARRING IN 'DEADLIEST CATCH'

Early in Sean Dunlap's life, he remembers his friends telling stories of the lucrative crabbing life - the lifestyle, challenges, environment and even the thrill of danger peaked Sean's interest in becoming a crab-boat fisherman.

Ahtna shareholder-owner Sean left Anchorage at age 16 and moved to Washington state.

For more than 30 years now, Sean has embraced the exciting but dangerous crabbing life. What's more is that he and his crew have recently been regularly featured on Discovery Channel's "Deadliest Catch."

Sean's boat, the Saga, is a 1978, 107-foot bender crab boat built out of Mobile, AL. Like most other crabbers,

Sean goes out to sea for extended amounts of time during the season – sometimes up to three months at a time.

"It's hard work, but I love it!" Sean says.

Sean says he loves being on deck, preferring to sweat and work it out with his brothers than to sit in the stuffy wheelhouse. Despite his affection for fishing, he considers it the ultimate love-hate relationship: "When I'm out there, I hate it. But when I'm home, I miss it. It calls to me."

When asked how it feels to be a part of a popular T.V. series he says, "It's an honor to be able to show off all our hard work to the world."

Sean is back at it again for the 2016 king crab season and the start of season 13 of "Deadliest Catch." See if you can spot him.

HER PICTURE SPEAKS VOLUMES

You could call our president, Michelle Anderson, a "cover girl."

Anderson is featured on the cover of the September issue of Alaska Business Monthly, which has a special section on Alaska Native business. In a lengthy interview, Anderson tells readers:

"I'm Athabascan, so I was raised in and around the Ahtna Athabascan culture. The values that we talk about today are values I was raised with. I believe in what I talk about because I was raised up in it. I understand it. I get it."

The story's author notes that Anderson is "passionate" about getting shareholder owners into leadership positions.

"We understand the value of money and that we have to make it, but also the value of traditional hunting rights and fishing rights," Anderson says. "Those are just as important if not more so."

Selected Alaska Business Monthly stories are posted on Akbiz.com, and you can view the article under the "News" section of the Ahtna, Inc. website.



ERICA CRONIN IS 'SUPER WOMAN'

Congratulations to Erica Cronin who earned a dual bachelor's degree in arts and sciences on September 4. Erica is the daughter of Mike and Diane Cronin and granddaughter of Archie and Mary Bindara. Her family calls her their "Super Woman" because she accomplished her degree mostly as a single mother while attending school full-time, working a part-time job and building her home with Habitat for Humanity. On January 1, she married Casey Slinkard. They have two children, Freida and Scarlet.

Her family is thankful for the commitment of Ahtna and Copper River Native Association to Native youth education. Without their scholarships, Erica couldn't have made her dream a reality.

FAIRBANKS AHTNA LANGUAGE LEARNERS AND SPEAKERS OFF TO GREAT START



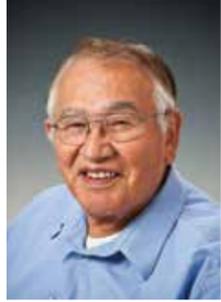
ALLS Fairbanks from left to right, Christina Nicholas, Matthew Evans, Grant Rebne, Raymond Folger, Laura Thronsen, Elaine Folger, Britta Wiseman, River Wiseman, Al Yatlin Jr.

The Fairbanks Ahtna Language Learners and Speakers (ALLS) group has led the way and started with a great team of dedicated learners! The Fairbanks ALLS group is being led by Christina Nicholas with Raymond Folger. Both Christina and Raymond are from Yedatene Na' (Cantwell).

The Fairbanks ALLS group had their first official meeting in June, kicking off the ALLS Program. Each member completed their ALLS paperwork and accepted their responsibilities as ALLS members.

The ALLS Program will be starting again after hunting seasons! Check the Ahtnalanguage.com website for more updates or the ALLS – Ahtna Language Learners and Speakers Facebook group! Tsin'aen – Axona!

MEET THE BOARD



PASSING CULTURE ON TO NEXT GENERATION EXCITES TANSY

Veteran Board member Roy Tansy Sr. says the decisions the Board makes today will benefit generations to come.

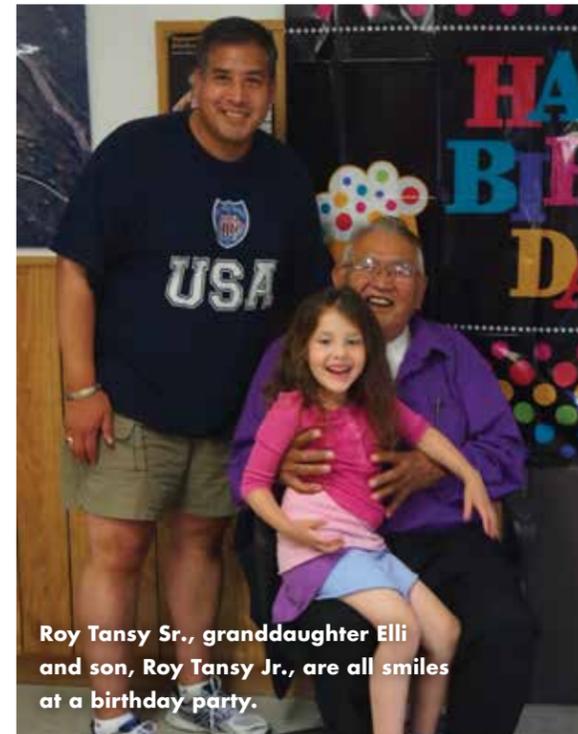
Tansy, who now lives in Fairbanks, has three children – all grown up now, of course – and 11 grandchildren. He was married for 41 years to the love of his life.

What tribe are you with?

Native Village of Cantwell (Yidateni Na'). My clan is the Naltsiine (Big Sky Clan).

Describe your family lineage, childhood and/or inspirations (memories, teachings, lessons).

I was born in Cantwell in 1934. I have four sisters, one of whom has passed away, and two brothers, both of whom have passed away. I grew up hunting and fishing in the Brushkana area. I had my first dog sled when I was 12 years old. My dad taught me to take care of my guns, tools and how to live off of the land.



Roy Tansy Sr., granddaughter Elli and son, Roy Tansy Jr., are all smiles at a birthday party.

What excites you the most about the Board's work?

Working on regional development projects that will provide benefits to the shareholders, promote growth to the region and bring work opportunities to our people. Seeing the next generation take over the company and passing on our culture and traditions.

What do you want all shareholder-owners to know about the Board?

That the Board is working hard for the shareholders and that we are listening to their needs. We also want them to know that we are not just planning for tomorrow or next year, but for the generations to follow.

Can you tell me more about your work history and community involvement?

Early Warning Protection for Military Air Force during the Cold War; Alaska Road Commission; President, Ahtna Development; Alyeska Pipeline Service Company; Board of Directors, Fairbanks Native Association; President, Native Village of Cantwell; Board of Directors, Tanana Chiefs Conference.



Sister Jane Nicholas and her husband Gregory sit on the couch with Roy while Roy's other sister, Helga Wiebe and husband Ray, pose behind them.

CONDOLENCES

In loving memory of our shareholder-owners who have passed

Jeffrey B. Routt
 Joshua H. Goodlataw
 Margaret Kirsch
 Nelson John
 Nickolie C. Ewan
 Viola E. Soper

CALENDAR OF EVENTS

OCTOBER

Oct 17 & 19 - Elders & Youth Conference, Fairbanks

Oct 20-22 - AFN Convention, Fairbanks

Oct 23 - Customary & Traditional (C&T) w/ ADF&G Meeting, 9 a.m., Fairbanks

Oct 25 - Class L Deadline

NOVEMBER

Nov 5 - Joint Successor Village Organization, 9 a.m., Tazlina Hall

Nov 7 - Investment Committee, 9 a.m.

Nov 7 - Shareholder Committee, 1 p.m.

Nov 8 - Land Committee, 9 a.m.

Nov 11 - Veteran's Day

Nov 16 & 17 - Budget Workshop, Anchorage

Nov 18 - Deadline Address and Direct Deposit Updates

Nov 18 & 19 - AI/AN/Subs BOD Meetings, Anchorage

Nov 19 - AI/AN/Subs BOD Meetings, Anchorage

Nov 24 & 25 - Thanksgiving Holiday

DECEMBER

Dec 9 - Glennallen Christmas Gathering, TBD

Dec 16 - Anchorage Christmas Gathering, 5 p.m. ChangePoint

Dec 25 - Christmas

Dec 30 & 31 - New Year's Eve Holiday

= Video Conference

FINANCIAL UPDATE

Consolidated Balance Sheet

The Consolidated Balance Sheet shows economic resources that we own (assets), what we owe (liabilities) and the stockholders' ownership in the business (stockholders' equity). The Consolidated Balance Sheet reflects a snapshot picture of our business at any given time.

Consolidated Statement of Operation

This statement shows our sales, expenses and profit from operations. It is a reflection of our business activity and gives an overview of how we are doing financially during a certain period of time.

AHTNA, INCORPORATED, AND SUBSIDIARIES Consolidated Statement of Operations (unaudited) For the Period Ending August 31, 2016 and 2015

	2016	2015
Revenues	\$ 128,924,790	115,001,823
Other regional corporation natural resources (7i)	1,530,080	2,601,062
Cost of revenues ¹	108,065,427	96,434,451
Gross profit ²	108,065,427	96,434,451
Operating expenses ³	17,631,498	15,933,097
Income from operations	4,757,945	5,235,337
Other income (expense):		
Investment income	61,093	291,906
Interest expense	(98,425)	(178,685)
Gain from sale of property and equipment	26,388	844,839
Social, cultural and educational programs	(245,076)	(527,523)
Other	233,258	(478,502)
Total other income (expense)	(22,762)	(47,965)
Income before income taxes	4,735,183	5,187,372
Income taxes expense	(1,770,265)	(2,228,290)
Net income ⁴	2,964,918	2,959,082
Net (income) loss attributable to noncontrolling interests	(24,254)	(12,366)
Net income attributable to Ahtna, Incorporated	\$ 2,940,664	2,946,716
Earnings per share	12.36	12.39

¹**Cost of Revenue** – Costs incurred in providing services to customers.

²**Gross Profit** – Revenue less cost of revenue.

³**Operating Expenses** – Costs associated with running core operations on a daily basis, such as general and administrative payroll, insurance and professional services.

⁴**Net Income** – Profit left after all expenses have been paid.

⁵**Cash and Cash Equivalents** – Includes cash and other liquid investments that are convertible into cash within three months.

⁶**Marketable Securities** – Investments in marketable securities, such as stocks, bonds and mutual funds.

⁷**Accounts Receivable** – Money owed from customers to Ahtna from sales to customers.

⁸**Prepaid Expenses** – Amounts already paid for future services or goods.

⁹**Oil and Gas Exploration Costs** – The costs for exploring for oil and gas in the Ahtna region.

¹⁰**Property Plant and Equipment** – The cost of property and equipment purchased by the company less depreciation or costs for using the equipment

¹¹**Line of Credit** – Shorter-term amounts borrowed from financial institutions or banks to conduct operations.

¹²**Accounts Payable** – Amounts owed for purchases made by the company.

¹³**Accrued Expenses** – Amounts that will be paid in the future for company activity that has taken place.

¹⁴**Billings in Excess of Costs and Estimated Earnings on**

Uncompleted Contracts – Amounts billed on contracts that are in excess of costs recognized to date on contracts.

¹⁵**Long Term Debt** – Longer-term amounts borrowed from financial institutions or banks to conduct operations.

¹⁶**Total Stockholders' Equity** – Stockholder/owners ownership in the company and/or assets less liabilities.

AHTNA, INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets (unaudited)

August 31, 2016 and 2015

Assets	2016	2015
Current assets:		
Cash and cash equivalents ⁵	\$ 561,600	2,475,513
Marketable securities ⁶	2,499,866	1,308,761
Accounts receivable, net ⁷	29,067,008	28,887,185
Inventories	289,868	167,139
Prepaid expenses and other current assets ⁸	330,848	1,320,468
Costs and estimated earnings in excess of billings on uncompleted contracts	2,642,505	4,594,449
Total current assets	35,391,659	38,753,515
Deferred taxes	–	1,233,837
Other assets	282,746	106,743
Oil and gas exploration costs ⁹	6,977,418	3,125,728
Property and equipment, net ¹⁰	20,670,947	13,058,035
Total assets	\$ 63,322,806	56,277,858
Liabilities and Stockholders' Equity	2016	2015
Current liabilities:		
Line of credit ¹¹	\$ 3,426,106	1,334,136
Accounts payable ¹²	10,860,878	4,357,497
Accrued expenses ¹³	13,725,065	15,917,045
Current portion of long-term debt	1,102,749	790,152
Billings in excess of costs and estimated earnings on uncompleted contracts ¹⁴	2,017,979	5,581,363
Income taxes payable	1,082,068	1,659,195
Deferred income	1,286,305	–
Other current liabilities	667,509	216,631
Total current liabilities	34,168,659	29,856,019
Long-term debt, less current portion ¹⁵	895,457	485,940
Deferred taxes	3,210,579	3,046,616
Total liabilities	38,274,695	33,388,575
Stockholders' equity ¹⁶ :		
Common stock, no par value. Authorized 2,750,000 shares; and 233,800 shares issued and outstanding, at 2015 and 2014, respectively	–	–
Contributed capital	–	–
Retained earnings	34,946,920	21,214,655
Accumulated other comprehensive income, net of tax	61,019	36,949
Total stockholders' equity attributable to Ahtna, Incorporated	25,007,939	21,251,604
Noncontrolling interests	40,172	1,637,679
Total stockholders' equity	25,048,111	22,889,283
Commitments and contingencies		
Total stockholders' equity	\$ 63,322,806	56,277,858



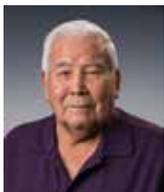
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Jason Hart
Treasurer



Linda Tyone
Secretary



Roy J. Tansy Sr.



John E. Craig



Lucille Lincoln



Dorothy Shinn



Karen Linnell



Franklin John



Angela Vermillion



Jessica Rock



Genevieve John

Corporate Headquarters

PO Box 649
Glennallen, AK 99588
Phone: (907) 822-3476 | Fax: (907) 822-3495
Toll Free: 1-866-475-0420

Anchorage Office

110 W. 38th Avenue, Suite 100
Anchorage, AK 99503
Phone: (907) 868-8250 | Fax: (907) 868-8285
Toll Free: 1-888-562-5316

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